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FRUIT South Africa

Newsletter | Mar/Apr 2022

We had just returned from Fruit Logistica Berlin at the time of writing. And I'm so proud of team SA – with special recognition and thanks to our colleagues in the Fresh Produce Exporters' Forum (FPEF) – for pulling together to showcase an eye-catching stand. The interest shown in the SA stand was indicative of growing global awareness of SA's fresh fruit industry.

It was so good to attend this landmark event in person again, after a two-year break due to COVID-19.

Our landscape continues to change and consumers' voices are dominating the fresh produce narrative more and more. The Fruit Logistica Trend Report 2022 isolates these as the top 10 trends that will impact the fresh produce business in 2022: sustainability, rising energy prices and inflation, health, local production, clicks-to-bricks (online retailers adding physical stores), labour (or the lack of it), changing supply chains, genetic ingenuity, taste and technology.

On the southern hemisphere front, we congratulate our counterparts in the Zimbabwe Horticultural Development Council for their début SHAFFE membership, further expanding the southern hemisphere fruit export footprint.

Back home, however, we lament the loss of life and structural damage caused by heavy rains in KZN, not to mention the economic impact. But we have shown in previous disasters that by working together, – as a country and indeed, an industry – we can rise above our challenges, and we can do it again this time around.

Lastly, I extend belated congratulations to Brent Walsh, the new Berries ZA CEO. We look forward to continued close collaboration with you, along with the rest of the associations under the Fruit SA umbrella.

Take care.

TRANSFORMATION

What is successful industry transformation? By Stephen Mantsho

Subtrop defines successful transformation as the establishment of commercially viable, black-owned farming operations able to compete in the local and export markets.

If implemented successfully, transformation in SA stands to bring about significant economic growth, especially in the rural parts of the country, increase job creation, and improve food security; and pertaining to the subtropical industry, uplift previously disadvantaged groups by including them in the mainstream food supply chain, improve balance for ownership and management, expand the total size of the industry, and increase yield and quality of produce.

The National Development Plan (NDP) rates agriculture as having the potential to create close to 1 million new jobs by 2030 – a significant contribution to the overall employment target. To achieve this target, the NDP identified key activities such as supporting the commercial agriculture sector in regions that have the highest potential for growth and employment, and developing strategies that give new entrants access to product value chains and support from better-resourced players.

Subtropical fruit production is critical for employment, as well as for the agro-processing sector in SA – especially in rural areas and peri-urban zones. And increased investment in horticultural production can help reduce rural unemployment, and contribute to GDP growth and exports. But integrating smallholder growers who can benefit from export opportunities remains a challenge.

Increasing the knowledge of growers, their income, and productivity on farms are key to driving effective transformation in the industry. As emerging growers become more productive, larger markets are served and agro-processing expands. This also enables non-agricultural sectors like the manufacturing and service sectors, to grow and increase employment.

For continued effectiveness, Subtrop has refocused its transformation activities based on five pillars: education and training, development, grower support, the black grower database, and long-term projects.

Investing in future industry leaders

Integrating the youth into the agricultural sector is an important part of the industry transformation agenda – along with incorporating all other previously disadvantaged individuals.

Hortgro recently hosted a bursary function in Stellenbosch where attending agricultural students had the opportunity to meet senior Hortgro staff – and this time, Western Cape Minister for Agriculture Dr Ivan Meyer was also able to attend.

In his speech, Hortgro Executive Director Anton Rabe reminded the attendees that agriculture is “the place to be”.

“The world is soon going to find itself with too many people and too little food. Agriculture is going to become more important than ever to ensure food security for millions.

“We still face many challenges: global logistics, the Russian/Ukraine war, and climate change. But we will get through this and are positive you will help us in that.”

Hortgro has spent just over R2 million on undergraduate bursaries over the past year, and more than R4 million on post-graduate students. Currently, there are 36 each of undergraduate and post-graduate students enrolled in various agricultural qualifications at different tertiary institutions across SA.

Between 2013 and 2022, the industry paid over R43 million in bursary funds to 704 students. The bursaries are funded by Hortgro Pome, Hortgro Stone and Dried Tree Fruit, and are augmented with funds from AgriSETA.

Addressing his peers, a previous bursary recipient, Chad van Wyk, shared his experiences in agriculture. “My parents took a huge gamble by supporting me in my first year at varsity. Money was tight, but getting this backing from Hortgro gave me an incredible opportunity,” he said. He went on to remind them of the privilege of being funded to study. Make the most of this great opportunity, urged Van Wyk, who is currently completing his masters degree while working at Provar (an independent cultivar evaluation company).

Dr Ivan Meyer also shared his family’s journey into education, saying that by getting a degree “you are breaking the chains of poverty”. Unlock your potential and make the most of it, he said.

CGA Grower Development Company

Celebration of a five-year GDC milestone

Since the launch of the Citrus Growers’ Association’s Grower Development Company (CGA-GDC) in 2016, there has been a great deal of measurable success in transformation initiatives.

The organisation was established as a platform of engagement, to ensure that the needs of black growers are properly heeded and actioned.

And 124 black-owned enterprises later – with 9 369 hectares in production across eight provinces – the future holds great promise.

The CGA-GDC has been guided by these strategic objectives:

- develop and implement a transformation strategy and support programme for the citrus industry
- facilitate access to technical and business management knowledge and services to develop successful, financially viable enterprises
- facilitate national, regional and international market access for black citrus growers

- enhance organisational capacity to ensure service excellence and financial sustainability.

But the proof of the pudding is always in the eating, which brings us to the top-five achievements of the CGA-GDC over the past 5 years. They are:

Supporting the sustainable development of black citrus growers: Through technical and business support programmes, the organisation has given crucial compliance and accreditation support to 40 black citrus growers, in order to commercialise their produce.

Public-private partnerships: These have helped the CGA-GDC to empower emerging growers with 71 expanded hectares for plantation, which has predominantly been rolled out in partnership with the Department of Rural Development and Agrarian Reform Eastern Cape (DRDAR-EC) and nationally through the Land Development Support Programme and the Department of Agriculture, Land Reform and Rural Development (DALRRD).

Growing the number of exporting black citrus growers: The organisation is heartened by the growing number of developing farmers who now enjoy access to new markets, along with the opportunity to earn foreign currency.

The CGA-GDC partnership with ABSA to empower and develop black growers: This includes programmes aimed at increasing their knowledge base and the provision of training specific to the citrus industry. For example, the CGA-GDC has established 16 study groups in citrus growing regions across the country to help emerging farmers improve the quality of their fruit.

New technologies for emerging growers: The CGA-GDC partnership with the University of Pretoria (UP) and its Virtual Irrigation Academy (VIA) has resulted in the launch of a programme that enables growers to merge the science of irrigation with their own practical experience. The UP has also provided various useful tools and technologies for emerging growers.

With a gross value of R20 billion (2019) and nearly 90 000 registered hectares, the citrus industry accounts for 40% of SA's export citrus and employs approximately 120 000 people.

MARKET ACCESS

The Russia-Ukraine crisis: impact on market access for South African fruit (by **Dr Mono Mashaba,** Specialist Consultant: Market Development)

The world has become one big village with interdependent inhabitants. Beyond COVID-19, the Russia-Ukraine conflict has certainly underscored this sobering truth.

The unfortunate conflict has had a profound impact on global agricultural trade. And being a global enterprise, the fruit industry is really feeling the resultant market access disruptions caused by these major importing countries. It presents a significant viability issue.

In 2020 SA's agricultural exports to Russia and the Ukraine amounted to R4.1 billion, with the fruit industry contribution valued at about R3 billion. And let's not forget, SA's fruit industry accounts for 50% of the value of the country's agricultural exports.

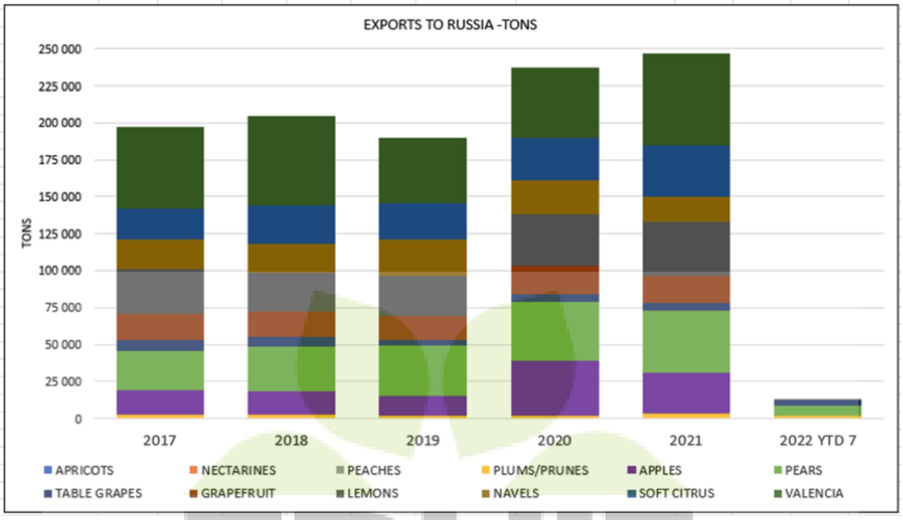

Fig. 1 South African fruit exports to Russia (Source: Agrihub). This excludes all locally produced fruit that is not exported to Russia.

As can be seen in Figure 1, South African fruit exports to Russia are substantive. And the Russia-Ukraine conflict came just as SA's fruit industry had embarked on a recovery plan from market access disruptions caused by shipping challenges – due to COVID-19 restrictions and other operational setbacks at the ports, and the 2021 unrest. To boot, the ramifications of sanctions imposed by various countries against Russia are simply adding insult to injury for SA's fruit industry. Not to mention the growing urgency to identify and access alternative markets for our world-class fruit.

Fruit SA convened a crisis meeting with Minister Thoko Didiza to devise an action plan that will be jointly implemented, to mitigate against the negative impact of the conflict on market access. The draft action plan has already been shared with DALRRD and if endorsed by all stakeholders and implemented, it will guide the industry in its continued drive for economic growth and job creation. Importantly, the action plan also highlights the need to accelerate market access negotiations in order to conclude new protocols with other countries. Fruit SA serves as a crucial channel of guidance to relay to government growers' and exporters' first-hand experiences in their engagement with the different markets.

The fruit industry is heartened by government's acknowledgement of its (government's) vital role in helping to grow the country's economy, as well as the anticipated negative impact of the conflict on the sustainability of the industry.

INDUSTRY

BERRIES ZA
SUPPORTING SOUTH AFRICAN GROWERS

SA’s blueberry growers ended their season on a high

A 33% growth spike in shipments to Germany marked the end of a successful South African blueberry season.

This bodes well for SA’s blueberry industry growth vision in the German market.

Approximately 4 000 tonnes of blueberries were shipped to Germany this past season, representing a 1 000 tonne increase on forecasts and the industry’s largest-ever crop. This also constitutes 20% of the country’s total blueberry exports.

The welcome rise in shipments followed an intensified marketing campaign in Germany with various trade-focused activities, including advertising in key publications backed by targeted public relations activity, and narrating the story of South African blueberries through the trade media. A key aspect was a particular focus on explaining the sustainability credentials of the fruit, which is mostly shipped rather than flown, and produced according to UN Sustainable Development Goals. Also, various related projects are taking place across farms with regard to environmental and social responsibility consciousness, while work is ongoing to find innovative packaging solutions to reduce the carbon footprint of the fruit.

The blueberry industry also capitalised on the anticipation around Fruit Logistica – the world’s largest fruit and vegetable trade show in Berlin – by featuring relevant content in trade media.

This growing industry continues to set its sights on sustained growth in the potentially lucrative German market.

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fpef
fresh produce
EXPORTERS’ FORUM
SOUTH AFRICA

Fruit Logistica Berlin

This year the South African Department of Trade, Industry and Competition (dtic) pulled funding for SA's participation at Fruit Logistica Berlin.

But being absent from a trade show of this caliber was just not an option. So, the FPEF and grower associations hurriedly raised the funds to present what turned out to be a rather impressive 100m² SA pavilion. Kudos to FPEF Marketing Manager Marletta Kellerman, who managed to design and commission the building of the pavilion, which was crucial for the visibility of the industry. And the FPEF is grateful for everyone in the industry who banded together at such a crucial time.

Fruit Logistica Berlin 2023 is also excluded from the recently published dtic National Pavilion List until 28 February 2023, which leaves the industry to once again raise the funds.

And Fruit Attraction in Madrid is the next self-funded trade show that industry representatives will attend in October this year.

Ports

Growing urgency around port challenges has necessitated the creation of a logistics affairs manager role, to address critical logistics issues at the ports and to mitigate against the negative impact on the industry. The position will soon be filled.

Equipment reliability and availability significantly impact productivity across our national port system. A long-term strategy on equipment maintenance, procurement and replacement is a key requirement for growth in the industry, as well as the broader economy. The FPEF has been pulling out all the stops to lead industry negotiations with port authorities, to reach a sustainable solution.

SATI
South African Table Grape Industry

Latest crop estimate

At the time of writing, SATI had just released their latest season statistics.

The harvesting season for the Northern Provinces, Orange River, Olifants River and Berg River regions had come to an end, and the Hex River region was packing their last grapes.

The Hex River region started off with a promising season, and the production per hectare exceeded expectations with excellent grape quality.

Amongst their challenges were the colouring of the Crimson and limited rain. At the time, this region was still on track to achieve its high estimate of 24.3 million cartons.

Week 15 saw a 4.4.% increase in the national intake volume compared to 2021, to 77 366 298 million cartons (4,5 kg equivalent).

The industry has reiterated as a driver of success, the importance of timely marketing of its quality grapes in preferred export markets at certain price levels.

Much like the rest of the producers in SA's resilient fruit industry, those in the table grape industry have once again proven their mettle, despite industry challenges like logistical setbacks, adverse weather conditions, inflation and rising input costs, and the Russia-Ukraine conflict. And they are justifiably proud of their performance during the past season – probably the largest export season to date.
