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Newsletter | Nov/Dec 2022

Last year in December, I started my note by pointing out the warranted gratitude amidst trying circumstances. My sentiments remain unchanged, but what a year!

We can all agree as an industry that the pressure has certainly not let up. It's mostly intensified, by varying degrees.

Notwithstanding steady progress being made in the discourse between the industry and port authorities, setbacks like the recent Transnet strike have caused multi-level damage, with far-reaching consequences. Then there are the on-going effects of the Russia/Ukraine conflict, input costs that continue to rise, and debilitating rolling power cuts with catastrophic consequences.

As for the ever-increasing regulatory and compliance requirements from the EU, – our main export destination market – their crippling financial effect on our growers has necessitated an intervention (read more about this further down).

But on a positive note, the Transformation Working Group Annual Review 2021 features highlights like an increase in farm hectarage under black ownership, from 11 720 in 2020 to 24 435 in 2021. Though, the review also reflects an overall decrease in production, which the industry is looking to address collectively.

Well, that's it from me. For those who are navigating in-season demands, all the best. And for the rest who will be downing tools, have a safe and joyful holiday season. Our office will close on 23 December 2022 and re-open on 3 January 2023.

TRANSFORMATION

Industry progress: 2021

Here's a snapshot of the strides made by the fruit industry sub-sectors in 2021, in terms of driving sustainable transformation. Click **here** for the comprehensive industry transformation report.

Just over 32 ha of citrus was planted and more than R16 million disbursed, under the Economic Transformation of Black Citrus Growers Programme (ETBCG).

The Citrus Commodity Project Allocation Committee (CPAC) issued a call for applications in the Western Cape, which resulted in a payout of more than R3.4 million, and production inputs to the value of R600 000. A total of 124 black citrus growers currently own 7 869 ha under citrus production in SA.

Hortgro is the national umbrella deciduous fruit commodity body for the pome-fruit (apples and pears) and stone-fruit (plums, prunes, peaches, nectarines, apricots, and cherries) industries.

Statistics relating to black agripreneurs' participation in this sector of the fruit industry reflect more than 54 000 ha planted, 77 BEE entities, and 40 100% black-owned enterprises.

During the 2020/21 financial year the South African Table Grape Industry (SATI) spent around R3 million on its Vineyard Development Programme. This initiative focuses on soil preparation, trellising and netting, in-field irrigation, and plant material. Beneficiaries comprise 43% females and 21% youth.

Through their helpdesk and advisory service, SATI continued to support potential and/or existing Broad-Based Black Economic Empowerment (BBBEE) growers with the planning, performance and compliance of their businesses.

In the 2021 academic year SATI also spent R583 334 to support 10 black students with subsidised tuition fees, study material, accommodation and living expenses.

The South African Subtropical Growers' Association (Subtrop) manages the affairs of the South African avocado, litchi and mango growers' associations.

From bursaries to mentoring and training, Subtrop has a keen focus on the development of its emerging growers. In 2021 Subtrop, in collaboration with the National Agricultural Marketing Council (NAMC), arranged a business training course for 20 avocado growers in the Vhembe region.

Since 2020 the number of black smallholders grew by 12% to 227, and hectares planted grew by 6% to 1 316. Also recorded, was an increase in the number of black growers on the Subtrop industry database of 13.9% in 2020 and 12.9% in 2021.

The Fresh Produce Exporters' Forum (FPEF) is a voluntary, non-profit organisation with more than 140 members who account for over 90% of fresh produce exported from SA.

Through the FPEF Graduate Placement Programme, the FPEF facilitated the placement of 14 graduates at 11 FPEF member companies – a record achievement in this context. Since the programme launched in 2016, 77% of the graduates were appointed in permanent positions.

The FPEF New Emerging Exporter Support Programme launched in February 2021, with the selection of four promising, aspiring exporters. They had gone through a rigorous selection process. Successful candidate exporters receive mentorship, coaching, hands-on exposure to the industry, and practical support (like guidance in post-harvest technical, logistics and risk management).

And the Top of the Class (TOC) Fruit Export Value Chain Training Programme saw a total number of 115 people trained in 2021, from FPEF members and the primary producer organisations under Fruit SA – an excellent uptake, indeed.

INDUSTRY

The cost of compliance

The fruit industry of SA is pro-compliance, but the effect of ever-increasing compliance cost on fruit growers' resources demands a formal intervention.

Fruit SA commissioned Source Consulting to do an evaluation of the cost of compliance related to farm-level social/ethical and environmental accreditations.

The findings confirmed lingering concerns.

The Citrus Growers' Association of Southern Africa (CGA), Hortgro, the South African Table Grape Industry (SATI) and the South African Subtropical Growers' Association (Subtrop) all participated in the exercise. They each identified a list of 10 growers representing small, medium and large farming operations for each of the fruit types. The study focused on all citrus types, pome and stone fruit, avocados and table grapes.

Formal interviews were conducted with the nominated growers and meetings were held with representatives of the different auditing firms, independent consultants, GLOBALG.A.P. SA, and SIZA.

Taking into account current market access requirements, the total cost of compliance ranges from R202 057 for small farms to R1.8 million for large operations.

More than 90% of the overall cost of compliance in primary agriculture comprises capital expenditure on infrastructure, systems, and procedures; as well as man-hours linked to preparing and conducting audits, and the physical audit cost levied by independent certification bodies.

Further findings:

- Emerging farms are at a particular disadvantage compared to medium and large farming operations.
- Medium-sized farms comprising multiple sites warrant multi-site audits, which spikes overall costs.
- Producers who use third-party consultants or have dedicated compliance staff, use more man-hours to meet compliance standards.

The study also noted that primary agriculture will, for the foreseeable future, continue to see an uptick in demand in terms of ethical, environmental and food safety compliance, with market access being the vehicle through which to enforce grower participation.

Fruit SA will provide periodic updates regarding the way forward in this critical matter.
Note: *This insert is an excerpt from an article by Fruit SA featured in the* SA Fruit Journal Dec'22/Jan'23 *edition.*

Key industry statistics: 2020/21

Below are key figures from the recently released Fruit SA Key Fruit Statistics booklet. These numbers certainly reinforce the global-contender status of the fresh fruit industry of SA. Click **here** for the complete booklet.

292 527 On-farm jobs	**200 136** Total hectares planted
65% Fruit exported	**39%** Export volume to the EU and Russia
36% Portion of total southern hemisphere fruit exports	**24%** Fruit processed
17% Portion of total southern hemisphere fruit imports	**11%** Fruit for local market
10.7 kg Annual p/capita fresh fruit consumption	**20th** Industry position ito global food production


Happy holidays
THE FRUIT SA OFFICE WILL
CLOSE ON 23 DECEMBER AND
RE-OPEN ON 3 JANUARY 2023
FRUIT
South Africa