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CEO's note

Writing this at the tail end of Women's Month, I find myself reflecting with pride on the general sentiment in the fruit industry when it comes to gender equity. I'm living proof of the great opportunities that reside within this dynamic industry, for women. That said, there remains much to be done to acknowledge those women who are already adding value in the industry, before we look to integrating more.

Panning the agricultural landscape, the Q2 StatsSA Quarterly Labour Force Survey brings hope: During this period, approximately 894 000 people were employed in primary agriculture in SA, up 1% q/q and 2% y/y. Hearteningly, this is the highest employment at farm level since the last quarter of 2016, confirms AgBiz Chief Economist Wandile Sihlobo.

However, significant challenges continue to plague the fruit industry, not the least of which are persistent port setbacks. Therefore, we welcome this recent positive announcement: Effective 1 April 2024, private-sector equity partner, International Container Terminal Services Inc of the Philippines, is set to come on board to form a new company to operate Durban Container Terminal Pier 2 (DCT Pier 2). Managing executive: Durban Terminals Earle Peters said, “We will be expanding the rail terminal to handle 1.9 million TEUs [twenty-foot equivalent units] on the rail side. We currently have three rail lines, and this will expand to six in the next four years. We will grow from 2 million TEUs to 2.8 million through the expansion of rail and not increasing the number of trucks.”

Professor Irrshad Kaseeram of the University of Zululand said, “This partnership is envisaged to improve the efficiency of the port terminals, which is critical for reducing costs, attracting investment and promoting South Africa’s GDP growth.”

A sore point that warrants special mention is the matter of the citrus industry navigating unfair trade rules by the EU against South African citrus. Consequently, jobs are hanging in the balance, not to mention critical trade relations. The industry is doing all it can – enlisting the leadership of the government – to resolve this critical issue (and others that affect the rest of the fruit industry).

On BRICS, Wandile (as chairperson of the BRICS Agri Business Working Group) draws attention to the importance of SA deepening agricultural trade with fellow BRICS member countries. Contextualising BRICS and South African agricultural interests in those markets, he points out – importantly – that this is “not at the expense of the existing and vital export markets in the African continent, EU, Asia, Americas, Middle East and others”.

I was pleased to attend the BRICS Ministers of Agriculture Gala Dinner, which was held alongside the 4-day 13th Meeting of BRICS Ministers of Agriculture. It’s heartening that the Joint Declaration by the meeting alluded to encouragement of policies enhancing open, free and fair agricultural trade, and removal of unjustified trade restrictions.

TRANSFORMATION

Transformation showcase début

Recently, the CGA-GDC and Fruit SA collaborated to organise a first-ever showcase for transformation initiatives, hosted by Batlhako Temo Farm in Brits, North West Province.

Established in 2020, Batlhako Temo Farm currently exports 50% of their produce to markets like Taiwan, the Middle East, Russia, the Philippines, China, and Singapore. They own 61.5 ha of land, of which 44.41 ha is planted and 22.78 ha is in production. This dynamic cooperative has five members comprising three women and two youth. In total, they employ 15 permanent workers, 20 contract workers, 81 seasonal workers, and host 15 in-service training students from various agricultural institutions.

This transformation progress status update demonstrated to attending stakeholders the strategic importance of transformation for the fruit industry. To date, Batlhako Temo Farm has received R1.6 million from Agriculture Madibeng for the installation of irrigation systems for 22 ha of land; R10 million from the Department of Agriculture, Land Reform, and Rural Development (DALRRD) for infrastructure, the establishment of 13 ha of new citrus orchards, mechanisation, and production inputs; and R1.2 million from the CGA-GDC, who also provide technical support.

While Batlhako Temo represents a heartening story of the rewards for grit and focus, insufficient and delayed funding, limited access to working capital, and water authorisation and land tenure constraints still count amongst significant impediments faced by particularly black producers.

As of 2021, the total Black Economic Empowerment (BEE) area under fruit production was 16 077 ha, representing about 8% of the total area under fruit production in SA during the same period. Due to limited responses amongst their members, the 2021 Fresh Produce Exporters' Forum survey recorded only 22 BEE exporters.

The fruit industry transformation strategy aims to have fully transformed BEE producers contributing 30% each of produced fruit and exports and having 15% equity across the value chain. Hence, Fruit SA drives transformation through coordinated BEE initiatives, skills development, and training.

This showcase demonstrates a commitment to measurable implementation of the industry transformation strategy.

Agri's Got Talent, transforming as it goes

Hortgro Executive Director Anton Rabe had a brainwave just over a decade ago: Agriculture is in essence all about the people who produce the food, and music is the perfect tool to dismantle boundaries and facilitate healing, reconciliation, and education.

It's common knowledge that music is used worldwide as a vehicle for social change and to bring communities together. Thus, Hortgro launched Agri's Got Talent (AGT) in 2014, making this its 10th year. AGT has grown to an iconic countrywide fruit industry event that not even COVID-19 could silence.

Many contestants who've come through AGT, have developed a passion to plough back into their communities, effecting lasting change. The competition builds confidence and life skills and inspires participants to serve as role models for their communities, and the lives they touch spark further change.

With AGT, agriculture becomes a people's story where music is the equaliser. It brings together people from all walks of life and transforms their world to varying degrees.

Talk about a success story with no end.

MARKET ACCESS

Pursuing Market Access in a Changing World (by **Mono Mashaba** Specialist Consultant: Market Development)

Fruit SA has been pursuing its international market access agenda with more vigour; the sustainability of the industry depends on it. Given the impact of the war in Ukraine on the global order, the outlook for the future trade map looks uncertain. Fruit SA has continued to focus on the work to ensure that political fallouts don't hamper the ability of the industry to trade within world markets where there's a demand for our produce.

Already, Fruit SA has held engagements with the embassies of the EU, the Philippines, Japan, Germany, Thailand, China, Vietnam, Singapore, Indonesia, and Malaysia. Part of these talks was raising awareness around hindrances to market access and their effect on food security. The reception has been encouraging and some of the embassies have even reached outside of their mandates to push for the speedy resolution and conclusion of market access negotiations. There have been very positive developments in Thailand (apples), the Philippines (table grapes), Japan (avocado), Vietnam (oranges) and the recent signing of the protocol effecting avocado access to China (a significant boon for the industry). We are hopeful that pending negotiations will be concluded before the end of 2023.

The issue of high tariffs, especially with India, also remains on the radar. We hope that the undertaking by the Southern African Customs Union (SACU) to resume the Free Trade Agreement (FTA) negotiations will start this year, as promised, and will soon produce the desired results. This will go a long way to levelling the playing field and ensuring that our fruit compete well in that market. The fruit industry also looks forward to President Ramaphosa using the opportunity of the BRICS Summit to raise the need for FTAs between the members. Fruit SA, through the BRICS Business Council's Agribusiness Working Group, has also submitted inputs about its aspirations regarding this Forum. Proposals have also been tabled with the Ministers of Agriculture Meetings, to ensure a speedy resolution of market access issues.

Fruit SA will also resume its annual international travel to pursue market access opportunities in Hong Kong (participating in Asia Fruit Logistica 2023), Vietnam, South Korea and Japan during September. October will see visits to Thailand and the

Philippines, followed by India and China in November. The Fruit SA delegation will be led by DALRRD, for government-to-government negotiations on market access. This accompaniment is significant for the fruit industry.

INDUSTRY

An overview of the fruit industry for the 2021/22 season

Fruit SA recently published a statistics booklet for the 2021/22 season, the fifth iteration in this series. The booklet provides detail on the total area planted, total production and distribution across the various market segments, on-farm employment, and historical price trends. It also highlights world fruit production and major producers in the southern hemisphere, including the South African position in these contexts.

In 2022 a total of 203 989 ha was planted to fruit (up by 3 119 ha from 2022) whilst production rose to 6 307 592 from 5 624 639 tonnes the previous season. Sixty percent of all fruit produced was exported to more than 100 countries around the world, 27% processed, 12% sold locally and 1% dried. Fruit sold on the local market increased by 402 736 tonnes in 2022 whilst exports increased by only 101 651 tonnes. It stands to reason, given significant challenges in the 2022 season, like shortfalls in infrastructure and capacity, port closures and bottlenecks in logistics, as well as average to low prices. We also saw the introduction of a new measure for false coddling moth by the EU, on South African oranges. All these factors influenced the dynamics in these two market segments.

The South African primary agriculture sector employed approximately 860 000 employees in the last quarter of 2022 (Stats SA, 2023) and about 37.6% of these jobs came from the fruit industry. And the industry employed 324 177 people directly on farms in 2022, constituting a 10% growth rate from 2021.

In 2022 SA was ranked the 15th biggest fresh fruit producer globally (with a focus on Fruit SA fruit only) and ranked second in citrus exports. SA was ranked fourth in fresh fruit production in the southern hemisphere, in the 2022 season, and the largest fresh fruit exporter (followed by Chile). Brazil held lead position in fresh fruit production in 2022.

Regarding the markets, the EU and Russia remained the largest destination for South African fruit at 40%, followed by the Far East and Asia at 20%, and the Middle East at 17%. The UK took 11% while the US and Canada absorbed 7%, followed by the rest of Africa at 5%.

Market access breakthrough for avos in China raises hopes

Avocados recently gaining access to China on the back of pears less than two years ago, is significantly encouraging for the blueberry sector, but also for the rest of the fruit industry of SA.

Expressing praise for the speed with which the avocado application was finalised, Berries ZA Operational Manager Elzette Schutte also shared optimism for the stone-fruit sector of the industry whose application for Chinese market access stands to be considered next.

To date, nearly 200 tonnes of South African blueberries have been shipped to the Far East. This market holds significant promise for blueberries, as well as the rest of the produce from the South African fresh fruit industry. The UK shipment from SA has almost doubled and Europe's share is hoped to catch up as the season progresses.

This year, SA started its blueberry exports in week 25 and has had a good run so far, with a 23% YTD rise over 2022/23 exports and an export estimate of 25 000 tonnes. Europe and the UK remain the main buyers of South African blueberries. However, exporters have also sent 120 tonnes more to the Middle East.

The Transnet employee strike in October 2022 affected South African blueberry growers disproportionately, therefore the next six weeks are critical for the blueberry supply chain.

The original version of this article can be found on freshplaza.com.

Continued industry focus on port operations

The fruit industry continues to focus on finding sustainable resolutions for prevailing port challenges. The FPEF plays a vital representative role with relevant stakeholders to ensure – through effective collaboration – that the interests of the industry are prioritised, for far-reaching economic benefit.

Therefore, progressions like the Cape Chamber of Commerce and Industry workshop earlier this year regarding the establishment of a logistics cluster, are viewed positively by the industry. The session focused on how a cluster model might contribute to the efficacy of logistics in the Western Cape.

In attendance were prominent participants from the South African Association of Freight Forwarders (SAAFF), Transnet, the Western Cape Government, Stellenbosch University, and several other organisations.

As a member of the Cape Chamber of Commerce, the FPEF plays a crucial role in the logistics ecosystem. The Chamber also identifies the FPEF as a key stakeholder, representing the exporters. Freight movers, law enforcement, importers and government represent other vital role players. There was unanimity amongst the group regarding the need for cooperation amongst stakeholders, for collective efficacy in the Western Cape logistics ecosystem.

The industry has focused relentlessly on finding solutions to this critical area of the supply chain. But for sustainable success, a shared vision and meaningful collaboration are imperative.

SA table grapes – looking to a brighter future

Table grapes comprise a considerable portion of overall fresh fruit exports from SA.

Some of the key markets for South African table grapes are currently the EU, the UK, the US, and Canada, with market expansion opportunities identified in the East (especially China). Sound government-to-government relations are a critical caveat for viable and sustainable market access. Particularly, because SA is a southern hemisphere player competing in the same window of supply with markets like Chile, Peru – a new aggressively competitive player on the block – and Australia, which currently exports predominantly to China producers who operate in a highly competitive marketplace.

Encouragingly, the demand for quality produce in key markets abroad aligns well with the quality focus of the local table-grape industry.

But how do SATI and its members remain agile in the face of prevailing challenges that significantly impact producers and the industry as a whole? Chantell Ilbury, a keynote speaker at the 2023 SATI AGM, highlights two key drivers to consider into the future: the nature of events within which the industry must operate – whether they can be reasonably managed or are completely out of kilter – and understanding consumer-led supply, particularly matching cultivars to retailer and consumer demand. From this, she identified four possible scenarios: the unsustainable, having a thriving industry/business, approaching the inevitable, and survival of the fittest. For SATI to be successful as a player, enabling a thriving industry, says Chantell, meeting its "meaning of winning" in five years is crucial, which is likely to mean:
• ±20 000 ha planted with "preferred cultivars"
• efficient logistics/alternative options available
• retaining preferential market access.

Five-year producer targets, as a meaning of winning, were identified as:
• favourable pricing
• efficient production
• retaining preferential market access
• matching on-farm output to markets.

The session ended on a heartening note: If all these conditions are met by 2028, the table-grape industry of SA will have reached a "thriving industry/business" scenario.

View the complete presentation on the SATI website.