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Attending the Fruit Attraction and Asia Fruit Logistica 2023 trade shows served as a reminder that South Africa remains a meaningful contender in the global fresh produce trade arena. Industry participation in trade shows of this calibre is vital – to help sustain existing relationships and to forge new ones. Therefore, the industry welcomed funding of the Fruit Logistica stand, by the Department of Trade Industry and Competition; the Fruit Attraction stand was industry funded.

In this last quarter of 2023, we reflect on the country's Q2 GDP growth of 0.6% on the back of a 0.4% increase in Q1, as reported by Stats SA. With nearly 204 000 ha planted, and a production total of over 6 300 000 million tonnes in 2022, the fruit industry makes a meaningful contribution to the economic growth of South Africa.

To continue to be economically viable, the industry has to keep a keen eye on costs, especially to safeguard the profitability of our growers. Last month Derek Donkin, Paul Hardman and I comprised a Fruit SA delegation that embarked on a roadshow to the UK and Germany. The objective was to engage with retailers and other key stakeholders on sustainability, as well as the cost of compliance for fruit exports to those markets. The success of the visit lay in valuable insights gained into the two markets, and it opened communication channels with the retailers and other stakeholders. However, this was only the first of future annual visits to communicate and follow up on commitments made, and to continue to explore a mutually beneficial way forward.

The growing global human population continues to place pressure on the need for food. Having more than tripled since the mid-twentieth century, it "reached 8.0 billion in mid-November 2022 from an estimated 2.5 billion people in 1950", reports the United Nations. This, with a total of 9.7 billion people projected for 2050. As for South Africa, the Stats SA total population forecast of 70 million by 2035 constitutes a 15.51% increase from their estimated total of 60.6 million people at the end of June 2022. The agriculture sector – and therefore, the fruit industry – has its work cut out in terms of sustainable food production. The October focus on food security is a reminder to continue to grow collaborative public-private output, to mitigate meaningfully against rising unemployment, hunger, and poverty in South Africa.

On the topic of collaboration, Fruit SA has stopped for a brief moment to reflect on a decade – since its registration in 2013 – of being instrumental in facilitating the success of the export-oriented fruit industry, particularly when it comes to critical trade negotiations at government level. But this milestone and its many success stories couldn't have been achieved without the tireless efforts of the dynamic fruit industry associations.

We invite you to celebrate our 10th anniversary with us by following us on social media to join the conversation, and to hear our story.

TRANSFORMATION

The fruits of collaboration

The fruit industry seeks sustainable transformation that will produce far-reaching, inclusive economic growth. This requires accountability within a meaningful partnership with government, cemented by a shared vision.

Historically, the industry is characterised by significant barriers to entry for various role-players in the value chain. As black growers navigate the capital-intensive, long-term yielding nature of the industry, they also continue to face the headwinds of slow access to finance and significant delays in the issuing of title deeds (among others).

A robust political economy in the industry demands sound demographic representation and related support. Fully on board, industry associations continue to introduce and pursue initiatives to increase equitable participation of black role-players throughout the value chain – and the results are heartening. The total volume of fruit produced by black growers increased by a whopping 33% from 362 893 tonnes in 2021 to 481 384 tonnes in 2022. And the volume of exports sourced from black growers saw growth of 25% from 183 526 tonnes in 2021 to 229 439 tonnes in 2022.

Here's a glimpse at some of the efforts from the industry associations for the same year: The Citrus Growers' Association, through their Citrus Academy and Grower Development Company, spent R28.6 million (up until 2022) and R35 266 726.46 (during 2022) respectively, on bursaries and enterprise development. Hortgro reported a total of R582 050 allocated to bursaries. The FPEF (Fresh Produce Exporters' Forum) recorded 16 graduates appointed at 11 of their member companies, and 90 people trained through the Top of The Class programme. The South African Table Grape Industry spent R351 694 on support and advisory services. And in collaboration with Agri-SETA, Subtrop (South African Subtropical Growers' Association) trained 20 emerging avocado growers through the Subtrop Grower Development Programme.

The latest annual transformation review is due for release soon, reflecting industry associations' efforts in this critical strategic focus area. In the meantime, you may access previous iterations here.

GOVERNMENT RELATIONS

Effective engagement is key

Active engagement by government with their international counterparts in targeted fruit export markets, is of great strategic importance.

Trade agreements are the main differentiator between South Africa and the rest of the competitor countries that export fruit to the EU and the Far East (our main export destinations). Attempting to trade globally without watertight trade agreements would be like applying for a sought-after job without a CV. However, it is not within the mandate of fruit industry role-players to conduct these negotiations, which places considerable reliance on government.

The need for meaningful collaboration with government applies both on a national and provincial level. Industry associations continue to explore means to collaborate with provincial governments, to improve overall industry effectiveness. For example, Hortgro recently engaged with a delegation from the Free State government to impart an understanding of the deciduous fruit industry. "This engagement will hopefully be the first from many that will lead to the growth of the industry," says Hortgro Group Operations Manager Mariette Kotze.

Navigating the evolving international trade regulatory environment requires government support

The on-going dispute between South Africa and the EU regarding phytosanitary entry conditions around citrus black spot is a typical example of a trade issue that demands focused high-level negotiation at government level. This is critical for the economic viability of the industry and the country at large – especially with the fruit industry being the largest job creator in the agriculture sector. Last month the citrus industry announced early closure (15 September) of citrus export to the EU, to delegate handling of citrus demand to the northern hemisphere. The South African citrus season in Europe ends naturally around 15 October.

"South Africa continues to advocate for an open and rules-based global governance, trade, financial and investment system," said President Cyril Ramaphosa in his address in August on South Africa's foreign policy. It must be a system that does not depend on the exercise of power or unilateralism, he added, "but the advancement of the interests of the peoples of the world."

And, for the first time, G20 meetings will be hosted in Africa in 2025, with South Africa assuming the presidency of the G20 group of nations.

In principle, these bode well for the future of South African trade in the global arena, and spark hope for the fruit industry.

The industry continues to explore new ways to enhance its partnership with government, to effectively navigate the shifting goalposts in the international fresh produce trade arena.

MARKET ACCESS

A growing appetite for South African fruit

Sustainable market access is what puts food on the proverbial table of the fruit industry of South Africa. Without it, the industry wouldn't be able to maintain the nearly 325 000 jobs that it currently provides.

A recent trip to Asia Fruit Logistica 2023 was a reminder of a growing appetite for the world-class fruit of South Africa, with queries from multiple visitors to the South African stand. Currently, 20% of South African fruit is exported to Asia and the Far East (nearly 800 000 tonnes in 2022, the highest ever). However, at >1.4 million tonnes, Europe and Russia combined still enjoy the lion's share of 40%. As for the Middle East, potential buyers at the trade show expressed keen interest in estimated volumes of South African fruit (particularly deciduous and citrus) that could be shipped to their shores. And with access for South African avocados now granted by China, many Chinese visitors at the stand asked about when export to their country would materialise.

This is a crucial time for the fruit industry to "strike while the iron is hot", to maximise the growing global interest in its produce. But not without favourable trade agreements that enable optimal export to targeted markets.

Here's more on the Fruit SA experience at Asia Fruit Logistica 2023.

Dialogue with officials in targeted markets in the East (by **Mono Mashaba**, Specialist Consultant: Market Development)

An industry delegation made use of the time in the East, before and after Asia Fruit Logistica, to visit Vietnam, Hong Kong, South Korea, and Japan to continue market access discussions.

Support from DALRRD (Department of Agriculture, Land Reform and Rural Development), and the South African embassies in all the visited countries certainly contributed to the success of the visits. Engagements with regulatory authorities yielded the desired outcome, imparting insight into the changing environment of market access negotiations, which is key for achieving the GRO (Grow, Retain and Optimisation) objectives of the fruit industry. The respective NPPOs (National Plant Protection Organisations) of Vietnam, South Korea and Japan shared vital information regarding efficiency-boosters in PRA (pest risk analysis) processes, as well as important references/standards used in decision-making in market access applications. Expediting the processing of market access applications in South Africa to accommodate the dynamism in these markets, is vital.

All the NPPOs in the visited countries indicated that they have prioritised the finalisation of protocols currently being negotiated (oranges in Vietnam, table grapes in South Korea, and avocados in Japan), pending consensus on and finalisation of outstanding technical matters and regulatory processes with NPPOZA.

It's critical for South African market access applications to be accompanied by a tailored negotiation strategy and tactics, aligned to the targeted export destination. And closer collaboration between DALRRD and industry R&D capacity is required regarding fruit pest and diseases management research. This will elevate the position of South Africa in influencing the setting of ISPMs (International Standards for Phytosanitary Measures) in international forums.

The attendance of DALRRD Director of Biosecurity Dr Ntshabele contributed significantly to the effectiveness of discussions with the NPPOs of the importing countries. The industry looks forward to his accompaniment on future market access visits of this nature, to help ensure that the desired objectives are met.

LOGISTICS AND INFRASTRUCTURE

Transnet woes demand increased collaboration

The recent announcement by Transnet of a R5.7 billion loss has raised grave concern – within the fruit industry, but also countrywide. This development is set to cost South Africa R1 billion in daily output (equivalent to 4.9% of annual GDP), jeopardising 68% of the country's GDP. The calculated impact constitutes export goods that didn't manage to leave our shores, plus, exorbitant transport costs, and lacking infrastructure, says GAIN Director Prof Jan Havenga.

These statistics impact greatly on the export-oriented fruit industry. Therefore, the industry – with the valued guidance and representation of selected members – continues to collaborate with Transnet and government to identify and implement sustainable solutions to complex challenges.

On a recent visit to international retailers who purchase South African fruit, logistics stood out as a major pain point, placing the security of South African fruit supply under increased scrutiny. With an open economy (where our goods are mostly traded outside of the country), South Africa relies heavily on import and export. This places the spotlight on requisite optimum performance of the infrastructure and operations in our ports and rail, and on our roads.

But with the newly formed National Logistics Crisis Committee and a commitment from Transnet, there is reason to hope for a turnaround, concludes Havenga reassuringly.

View the full interview with Prof Havenga here.
