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Newsletter | Jan-Feb 2025

Contents

CEO's note

STATE OF THE INDUSTRY

- Transformation
- Market access
- Government relations:
 - Public sector partnerships



CEO's Note

In this first edition of our newsletter series for 2025, let me start by wishing you – for the rest of the year – consistent effort, coupled with agility and exceeded expectations. The former two have indeed become a trademark of the South African fresh fruit industry.

Growing volatility in and uncertainty around the global fresh produce trade necessitates a sharpened industry focus on market access goals, as well as to continue to address prevailing challenges with urgency. But it's also key for us to be intentional about celebrating our milestones.

In February this year Minister John Steenhuisen visited a packhouse in Ceres to witness the preparations for a maiden apple shipment to Thailand – after a 16-year hiatus. Last year the industry also enjoyed significant victories on the market access front (more on that below).

I was pleased to join an industry delegation recently to meet with Chinese Ambassador to SA H.E. Wu Peng, to table trade matters. The Chinese market holds great potential for the South African fresh fruit industry.

As we continue to navigate industry challenges, the importance of robust collaboration is becoming even more apparent. So, big thanks to colleagues and stakeholders who have championed this focus area.

Lastly, I'd like to take this opportunity to welcome Dr Boitshoko Ntshabele – the new Citrus Growers' Association CEO – to the industry, and I look forward to working with him.

STATE OF THE INDUSTRY

It would take much more than one newsletter edition to give a comprehensive bill of health for the fresh fruit industry of SA. However, hopefully the points below provide an adequate perspective.

TRANSFORMATION

We’re 13 years away from 2038, the year by which the industry aims to have a fully transformed sector, with Black Economic Empowerment (BEE) growers participating meaningfully throughout the value chain. The goal is for them to contribute 30% of fruit production, 30% of exports, and to represent 15% ownership within the value chain.

Figure 1 gives a snapshot of black growers’ performance from 2021–2023 in terms of land ownership and output.

The graphic serves as a stark reminder of the immense need for stronger collaboration, to be able to reach the industry goal in 2038.

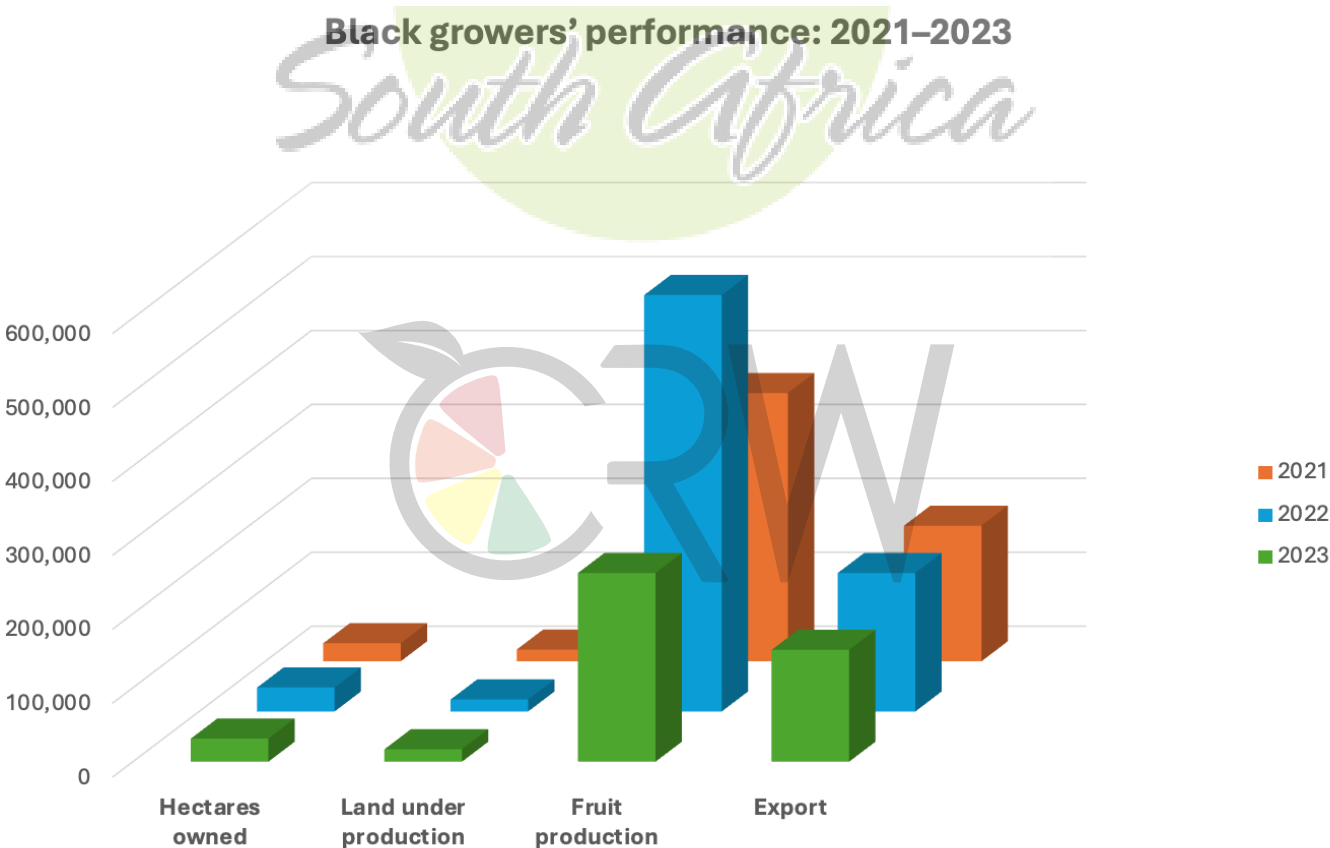


Figure 1: Black growers’s performance: 2021–2023

Economic development is the mainstay of industry transformation. But for transformation to be sustainable, a long-term, holistic approach is vital.

The Transformation Working Group – a component of the Fruit Industry Value Chain Round Table (FIVCRT) – has proven invaluable in identifying and addressing transformation needs along with government. Among these is the need to successfully navigate prevailing barriers to entry.

In that vein, Hortfin's recent celebration of seven years of "meaningful impact" is a reminder of the knock-on effects of meaningful collaboration, to bridge financing gaps among emerging growers. Hortfin is a pioneering blended-finance scheme established to drive economic development in the deciduous fruit and grape industries of South Africa.

And to help mitigate some of those prevailing economic barriers to value-chain entry, a number of industry associations have signed Memoranda of Understanding (MoUs) with the Land Bank under the Blended Finance Program. This promises to unlock enhanced support for transformation through tailored financial solutions.

MARKET ACCESS

The viability of the export-oriented fresh fruit industry hinges heavily on growing market share, and the establishment of a streamlined logistics ecosystem.

Last year exports reflected 21 million 4 kg equivalent cartons of avocado (including ± 1.5 million cartons from Mozambique and Zimbabwe that were exported through South African ports); 48.6

million 12.5kg equivalent cartons of apples (up 12% on the previous season); and 22 604 tonnes of blueberries (up 6.7%).

And by Week 6 this year, a total of 48.57 million cartons of table grapes had been shipped (up 4% on the previous season, to date).

The citrus sub-sector anticipates an export boost over the next seven years from 165 million 15kg cartons to 260 million, potentially creating 100 000 new jobs.

Some access wins

In 2024 there were maiden avocado shipments to China, Japan and India; oranges gained access to Vietnam; and apple exports received the green light from Thailand, with the first shipment having already been packed. These were significant milestones for the industry.

Trade show attendance

Another important component of market-access activities in the industry is international trade show attendance. In fact, at the time of writing, industry role-players had just returned from Fruit Logistica Berlin.





Industry representatives at Fruit Logistica Berlin (pictured from left): Werner van Rooyen, Fhumulani Ratshitanga, Dr Boitshoko Ntshabele and Derek Donkin

In 2024, industry role-players facilitated an estimated R8 billion in business transactions at Fruit Attraction in Madrid alone. These events provide a vital platform to showcase the industry, to build on existing trade connections, and to forge new ones.

It is encouraging to see the Department of Trade, Industry and Competition (dtic) funding national pavilions such as the one at Fruit Logistica Berlin. Consistent funding for these critical events will go a long way in supporting industry efforts to showcase the South African fruit offering to the world.

GOVERNMENT AND STAKEHOLDER RELATIONS

Stronger collaboration

Hearteningly, collaboration between DALRRD; the dtic; and the Department of International Relations and Cooperation (DIRCO) has become more robust. This bodes particularly well in terms of a market access strategy, as well as relationship-building between the industry and these vital Departments.

Remaining high on the Fruit SA agenda are favourable tariffs, improved maximisation of BRICS+, and focused implementation of the Agriculture and Agro-processing Master Plan (AAMP). As co-signatory of the latter, Fruit SA has a vested interest in helping to bring to fruition the immense potential locked in this dynamic Plan.

Public sector partnerships

The ports:

The previous newsletter reported on a strengthened partnership between the fresh fruit industry and Transnet. Since then, industry-value-chain stakeholders, the Western Cape Government, and Transnet Port Terminals have joined forces to enhance operations at the Cape Town Container Terminal (CTCT). This is a significant development for industry exports.



PHOTO: Transnet Port Terminals

The planned collaboration involves a substantive upgrade “to enable the terminal to increase capacity during the peak deciduous season by providing an additional reefer stack”.

Agbiz CEO Theo Boshoff expressed his anticipation of “growth and development in the sector,” through this critical partnership.

The Fruit Industry Value Chain Round Table:

In 2014 the Department of Agriculture, Land Reform, and Rural Development (DALRRD) and Fruit SA established the Fruit Industry Value Chain Round Table (FIVCRT) to foster economic and socio-economic development, enhance ownership in production, and improve access to the value chain.

Today, government officials’ active participation in the FIVCRT is a positive spin-off of focused attention – through this forum – on

improved engagement between industry and government. The FIVCRT has indeed become a beacon of public-private partnerships done right.

The South African fresh fruit industry continues to rely on effective collaboration with government departments – mainly DALRRD, the dtic, and DIRCO – to grow international market share for continued contribution to the South African GDP.

Role-players in the industry regularly impart critical industry information to government, to help forge a clear understanding of relevant challenges and dynamics. This presents a quid pro quo, whereby government officials and industry role-players are better aligned to support inclusive industry growth for widespread economic benefit, and industry gains a better understanding of government priorities.

Editorial team

Fhumulani Ratshitanga

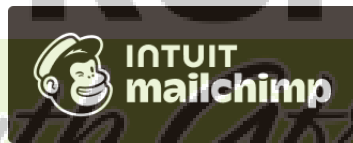
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