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CEO's *note*

Now in Q2, it feels like we've hardly come up for air from navigating the unrelenting challenges of last year.

"We have seen a return of 'older' risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest, geopolitical confrontation, and the spectre of nuclear warfare. These are being amplified by comparatively new developments in the global risks landscape, including unsustainable levels of debt, a new era of low growth, low global investment, and de-globalization." This excerpt from the World Economic Forum Global Risks Report 2023 provides a sobering glimpse of the status quo, globally.

The report further highlights imminent national elections in several G20 countries, including the US, SA, Türkiye (rebranded from "The Republic of Turkey" on 26 May 2022), Argentina, Mexico and Indonesia. And it warns that "the election of less-centrist leaders and adoption of more 'extreme' policies in economic superpowers may fracture alliances, limit global collaboration and lead to a more volatile dynamic."

Back home in the fruit industry, the effects of EU policy development; fiscal constraints, pressures on consumers' disposable income; recurring unrest; and loadshedding and water management issues count among profound setbacks.

The effect of these and other challenges on growers is concerning, placing the industry in survival mode. And in the absence of notable change, sadly, many growers are reaching the end of their tether. Though, emerging growers are being affected most severely. Therefore, the industry focus is on ensuring their long-term success, rather than merely chasing new hectares or integrating additional entrants.

So yes, we'd be forgiven for dissolving in a pool of despair. But let's keep searching for opportunities to maximise, like adopting a more coordinated approach when addressing external challenges, exploring ways for stronger collaboration with Government (for improved tactics in trade negotiations), and better use of technology.

Despite our on-going challenges, I have no doubt that we will continue to find workable solutions to keep selling our world-class fruit in an increasingly competitive arena.

TRANSFORMATION



Heartening transformation stats from the Fresh Produce Exporters' Forum

Measurable transformation provides a realistic view that allows for targeted corrective action – where necessary – for inclusive economic growth.

The Fresh Produce Exporters' Forum (FPEF) conducts a short annual survey for a snapshot of the transformation status of its members. This enables the organisation to track transformation progress, keep the government updated, and secure funding from the Department of Trade, Industry and Competition (dtic) for FPEF activities such as trade fairs.

With a 55% response rate, 84 members had completed and returned the survey. The results reflected an increase (to 25%) in the number of FPEF members who are BEE compliant. Also, 26 FPEF member companies provided additional details of specific transformation initiatives that they have undertaken.



The Doornkloof story

A robust three-way public-private partnership between the Western Cape Department of Agriculture (WCDoA), Hortgro and Pepsico saw the circumstances at Doornkloof go from dire to hopeful.

The team behind the WCDoA Comprehensive Agricultural Support Programme (CASP) explored grants as part of an agreement whereby Hortgro would execute funding and provide additional support through the WCDoA Commodity Project Allocation Committee (CPAC) process. But it was no walk in the park. The electricity at Doornkloof was cut off, and because Government may not repay old debt, Hortgro footed the bill to enable them to irrigate.

Pepsico provided Doornkloof with technical assistance and advice, as well as market outlets for their products. And though they did not offer new loans or grants, they did write off two major production loans, leaving only the original purchase loan and related interest. Hortgro and the WCDoA then used CASP to provide a combined grant package for immediate production and a relative yield, as well as infrastructure development.

But effective management remains a critical part of the success of a farm, and Doornkloof is no exception.

“This is a good farm with potential. If it is managed properly, it can be very successful. The four of us are great on the production side. But up until now, we were never part of the management process,” says beneficiary Ellouise Volmink.

Michael Oerson, Senior Agricultural Advisor in Laingsburg for the WCDoA said: “In 2021 we got involved in this project, with various applications to the CASP program. In 2022 it was approved, and the funds were transferred to Hortgro. With all these jigsaw pieces in place, Doornkloof can now work.”

This is an encouraging reminder that with meaningful partnerships, sustainable transformation is hardly a pipedream.

MARKET ACCESS



A focused approach to market access (by **Mono Mashaba** Specialist Consultant: Market Development)

The most recent Fruit Industry Value Chain Round Table (FIVCRT) Trade Working Group (TWG) meeting focused on market access, and the industry approach to this critical strategic pillar.

Industry growth (current and predicted) presents a double-edged sword of encouragement and warranted concern. On the one hand it promises much-needed economic growth and job creation, on the other it highlights the growing urgency for preparedness.

The fruit industry is focused on growing its access to markets, to enable economic growth and aid food security. But a coordinated approach is vital, especially when it comes to negotiations with governments in targeted international markets. Hence, the critical importance of a formal strategy was reiterated during this TWG session, to facilitate a united stance amongst South African officials, like conducting effective phytosanitary negotiations.

Also high on the radar, was the need for concurrent processing of market access applications. The industry remains encouraged by significant wins like pears' access to China and table grapes to Vietnam.

Furthermore, GRO (gaining access to new markets, retaining access to existing markets, and optimising trading conditions) was emphasised as the key to realising potential job creation, and all the other economic benefits.

Moving forward as a united front, fruit industry role-players are ready to further maximise opportunities to grow the industry footprint. The upcoming BRICS Summit being a case in point.

INDUSTRY



Successful 2022/23 China Market Development Campaign launch

The month of March marked an important occasion for the South African Table Grape Industry (SATI): its successful 2022/23 China Market Development Campaign launch at Guangzhou's Jiangnonghui wholesale fruit market.

The wholesale market launch event was presented in partnership with Goodfarmer, a leading Chinese fresh-fruit importer. Approximately 200 people attended, including Chinese trade representatives. The opening remarks were delivered by Agriculture Counsellor Molatelo Mamadi, representing the South African Embassy in Beijing.

Against a backdrop of unprecedented growth and economic development, Chinese consumers continue to demand high-quality and nutritious fresh fruit year-round. Table grapes being a firm favourite in this market, consumers relish the new varieties and flavour profiles of this versatile fruit.

In collaboration with South African table-grape exporters, SATI adopted a focused campaign approach this season, to achieve shorter transit times, a narrower arrival window, and supply of a quality product in cultivars preferred by the Chinese market. This supply-focused strategy is bolstered by concurrent promotional activities by table-grape importers and retailers in China.

“We are thrilled to execute our China Campaign this season and continue building relationships with the fruit industry in China. The lifting of epidemic controls in China means we can once again hold in-person events with traders such as today’s event in Guangzhou. It also means the return of in-store promotions for consumers,” said SATI Chief Executive Officer AJ Griesel.

“South Africa has been exporting table grapes to China for several years and is running this campaign for the third year in a row, with its table grapes currently enjoying status for their good quality and sweet taste,” added Molatelo Mamadi, agriculture counsellor at the South African Embassy in Beijing.

Up until week 13, the industry had exported 62.37 million cartons (4.5 kg equivalent) table grapes.



Citrus Summit

Last month the Citrus Growers’ Association of Southern Africa (CGA) held its bi-annual Citrus Summit in Gqeberha, marking a four-year break since 2019 due to COVID-19.

Citrus exports from SA are expected to reflect an annual increase of 10 million (15kg) cartons for the next decade, reaching 260 million cartons by 2032.

But how will SA lay a foundation conducive to maximising this immense growth rate?

The Summit focused on identifying relevant opportunities to exploit and challenges to address, to prepare for the increased fruit to be shipped and absorbed by key export markets. Maintaining this momentum is critical for the long-term profitability and sustainability of the industry. Currently, the citrus sector sustains 140 000 jobs and brings in R30 billion in annual export revenue. And with the 10-year 260 million carton projection, the industry could potentially sustain a further 100 000 jobs and generate an additional R20 billion in annual revenue.

In her speech, Agriculture, Land Reform and Rural Development Minister Thoko Didiza acknowledged the many challenges faced by growers over the past year, including loadshedding, the new false codling moth (FCM) regulations passed by the European Union (EU), and the threat of these to orange exports. She also confirmed Government’s commitment to supporting the industry through broadening its multilateral relations with Vietnam, the Philippines and Singapore.

The industry looks forward to continued close collaboration with the Department’s newly-established Load Shedding Response Task Team, in order to come up with solutions to mitigate the impact of power outages on the agriculture sector.

Also in the speaker line-up, Agbiz Chief Economist Wandile Sihlobo led a panel discussion on achieving greater transformation in the industry. He was joined by black growers from across SA.

With over 500 delegates in attendance from across the citrus value chain, the Summit managed to address critical issues that – collectively – could either propel it forward or compromise it significantly.



The blueberry industry is super-keen on accelerated access to the Chinese market

“No good crisis ought to go wasted,” is the motto of Justin Mudge, blueberry farmer and board chair at BerriesZA.

China forecasts an annual requirement for 10 000 containers of blueberries from the southern hemisphere in five years’ time. “That equates to 10 times the current South African exports,” says Justin.

“If we continue on the current route [of no access into China], that opportunity will pass us by. Those blueberries will be produced elsewhere in the southern hemisphere and South Africa will allow others to effectively eat our lunch.”

Echoing industry sentiments, Justin also highlights restrictions around chemical application and registration, as well as on-going port challenges as setbacks of major concern.

Quite the pragmatist, he supports his father’s view: “any commodity will be produced to the limit of its profitability”. This warrants a rethink in terms of our market access tactics regarding blueberries – and all other industry fruits – targeted for Europe.

And likening market access to “a slow-burning fuse,” Justin acknowledges the much-needed support of and collaborative approach from DALRRD.

Note: This article was adapted from a feature on Freshplaza.com, titled “[Blueberry industry frustrated at receding Chinese access](#)”.





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