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Newsletter | Nov-Dec 2024

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CEO's Note

At the time of writing, we had just entered the 2024 export season for stone fruit and table grapes, and the sentiment is positive.

However, for reasons beyond its control, in the 2024/5 season the citrus sub-sector lagged on its production and export targets. But the export of 60% of our world-class fruit to more than 100 destinations around the world remains a key strategic focus. In the 2022/3 season, the industry produced more than 6 million tonnes from 203 508 planted hectares. And our nearly 329 800 on-farm employees played a major role in achieving this feat.

Talking about employment, we are truly encouraged by the Stats SA Q3 Quarterly Labour Force Survey results that indicate a 294 000 increase in the number of employed South Africans and a 39 000 increase in agricultural jobs.

Figure 1 displays a generally upward five-year trend in exports to the EU and Russia – the EU being our major export market – as well as to the Far East and Asia. But the industry maintains vigilance to protect and expand its global market share for sustained viability. And we're keeping a close eye on geo-political developments around the ongoing Russia/Ukraine war and tensions in the Middle East.

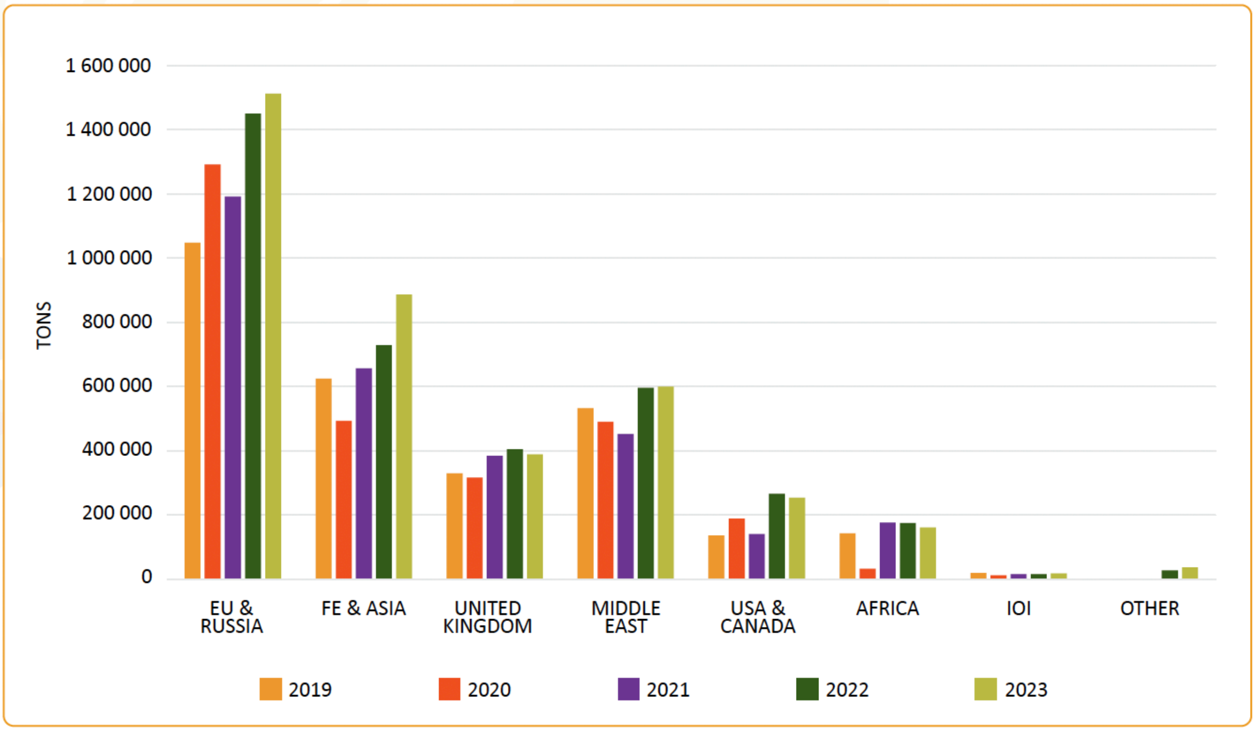


Figure 1: Exports per market segment – 5-year market trend. Source: Fruit SA Statistics Booklet 2022/3.

Shifting market dynamics continue to necessitate focused export market diversification on the part of the industry. And I commend the Fruit SA board members and my colleagues in the associations for their part in helping to strengthen industry efforts for improved market access.

As 2024 draws to a close, thank you for another year of growth and camaraderie. May we continue to work together towards a common vision in the new year, and beyond.

Please note that the Fruit SA offices will be closed from 24 December and will re-open on 2 January.

TRANSFORMATION

An industry overview

Transformation remains a strategic focus of the fresh fruit industry of South Africa.

Measurable transformation addresses historical injustices. Plus, by presenting an inclusive industry, it holds the promise of inclusive economic growth, empowerment, and strengthened global competitiveness. Collectively, the industry aims to achieve a fully transformed sector by 2038, with Black Economic Empowerment (BEE) growers participating meaningfully throughout the value chain. And the tireless efforts of the industry associations are the driving force behind progress made in transformation. Here are some of their achievements by the end of 2023:

- The **Citrus Academy** had awarded 1 012 bursaries worth R30.6 million, since inception of its Bursary Fund.
- Through the 50 Black Commercialisation Programme **Hortgro** allocated R29 million to 15 black-owned businesses.
- Altogether 68 graduates from the **Fresh Produce Exporters' Forum (FPEF)** have been employed since the launch of the graduate programme in 2016. And since its inception in 2004, a total of 1 287 individuals had completed the Top of the Class (TOC) Training Programme.
- The **South African Table Grape Industry (SATI) body** invested R5.5 million in the Vineyard Development Programme to help black growers renew and expand their vineyards.
- The **Subtropical Growers' Association** saw a substantive 54.8% increase in the value of industry exports by black growers, from R36.5 million in 2020 to R56.5 million in 2023.

In 2023 the area of land under fruit production by black growers is the only area that indicated an increase, from 16 346 ha in 2022 to 16 950 ha. Otherwise, the number of fruit farm hectares under black ownership decreased from 32 521 in 2022 to 31 409, and the volume of fruit produced by black growers showed a 54.66% decline from 563 384 tonnes in 2022 to 255 419 tonnes in 2023. As for the volume of exports by black growers, there was a 19.3% drop from 187 512 tonnes in 2022 to 151 306 tonnes.

These reductions can be attributed to the removal of older orchards that didn’t meet production targets.

MARKET ACCESS

Fruit SA Strategic Review

On 13 November the Fruit SA board gathered in Ballito, KZN to review its strategy.

But this group of industry veterans knows all too well that changing a strategy at random is counter-intuitive. So, staying the course, the NPC's objectives remain to:

- maintain its position as the collective platform for the SA fruit industry
- engage constructively with government and other strategic stakeholders on policy, legislation and other fruit industry matters

- promote transformation through coordination of BEE, skills development, and training
- collate and communicate key industry-related information to industry stakeholders and the broader public
- provide a platform for electronic certification.

The Fruit SA board plays a vital role in maintaining critical links with relevant government departments, imparting to them a clear understanding of industry pain points and proffering suited mitigations.

A stronger partnership with Transnet

PHOTO BY: Transnet Port Terminals

A positive industry outlook ushered in the 2024 export season for stone fruit and table grapes.

Industry leaders from Hortgro, SATI and FPEF were buoyed by Transnet's efforts to improve port infrastructure and operations. They produced a joint statement that marks a shift towards a stronger partnership, with transparent communication, between the industry and the parastatal.

Transnet's fleet boost at the Cape Town Container Terminal (CTCT) and the Cape Town Multi-Purpose Terminal (CTMPT) is set to improve efficiency and streamline the export of our world-class fruit to international markets. However, the industry is not quite out of the woods yet, and growers have been primed accordingly. Read the statement here.

HORTGRO
Growing Fruit IQ

Centre of Excellence for monitoring

In November the South African deciduous fruit industry announced the launch of a Centre of Excellence dedicated to advancing pest monitoring and safeguarding the future of the industry.

This is a significant step, given increasingly stringent phytosanitary requirements in the global trade arena.

The initiative is spearheaded by Hortgro to address increasing challenges posed by invasive pests and diseases.

Hortgro Executive Director Anton Rabe emphasised the urgent need for comprehensive pest surveillance as new pests increasingly threaten the industry's sustainability and profitability, from crop damage to quarantine risks. "We must understand where pests occur and where they don't, as this directly influences crop protection strategies and practices," Rabe stated.

The deciduous fruit industry aims to enhance its resilience and international competitiveness through the Centre of Excellence initiative. Read more here.

Subtrop Marketing Symposium

On 6 November Fhumulani Ratshitanga and Nomonde Ntloko attended the Subtrop Marketing Symposium on behalf of Fruit SA. They found it most engaging, with discussion topics ranging from the agricultural outlook and BRICS to climate change and context around SIZA and the Confronting Climate Change Initiative.

Exploring the factors that impact agricultural growth prospects, Dr Tracy Davids from the Bureau for Food and Agricultural Policy (BFAP) said that global trade is being conducted against a backdrop of prevailing global uncertainty.

Declining world prices for commodities, said Davids, have been impacted by external factors like recovery from droughts and floodings, persistent geopolitical tensions and fragmentation, the trade policy environment where protectionism is rising, and escalating costs for farm labour and electricity tariffs. This makes for a “flat” expectation around agricultural GDP growth under baseline conditions, she says. But all is not lost. Possible mitigatory actions to encourage investment include sharpened market access tactics, improved infrastructure and logistics, and grower support.

BFAP reports that in 2023 fruit and nut exports totalled R80 billion, making it the “single biggest agricultural export group”. And comprising R33.9 billion of that, citrus is “the single biggest agricultural commodity group exported by South Africa in 2023”.

Regarding focused implementation of the objectives contained within the Agricultural Agro-processing Masterplan (AAMP), Davids referenced **Figure**

2, noting that by implementing the proposed interventions, R 32 billion could be added to Agricultural Gross Domestic Product (AgGDP).

	Field Crops	Livestock	Horticulture	TOTAL
Real GPV added By 2030	R6,4 BILLION	R18,8 BILLION	R7,1 BILLION	R32 BILLION
Increased productivity	2,6 MT of grain from modelled field crops	0,61 MT from modelled livestock sub-sectors	633 226T of produce from modelled horticulture crops	2,6 MT Field Crop 0,6 MT Horticulture 0,6 MT Livestock
Increased Jobs	9 311 Jobs & 37 500 livelihoods across field crop value chain cluster	22 237 Jobs & >159 000 livelihoods impacted across livestock value chain cluster	22 056 Jobs across horticulture value chain cluster	Total additional Jobs 71 487 (16% increase on 2030 baseline)
Increased hectares	388 000Ha across field crops cluster		22 000Ha across horticulture cluster	410 000Ha (12%)

Figure 2: Effective implementation of AAMP interventions can unlock R32 billion on top of the baseline. Image supplied by BFAP.

Hearteningly, over the past decade, agricultural growth has outpaced the rest of the economy. But volatility remains and risks are still elevated.

You may access the Symposium content here.

South Africa-Indonesia agricultural cooperation

November marked 30 years of diplomatic ties between South Africa and Indonesia. South Africa joined in the celebration of this landmark by hosting an “SA Week”, which coincided with the second ASEAN South Africa-Joint Sectoral Cooperation Committee (ASA-JSCC) Meeting.

Werner van Rooyen, Chief Operating Officer at FPEF, represented the industry at this signature event. Among his engagements were meetings with the South African Ambassador to Indonesia H.E. Mr Mpetjane Kgaogelo Lekgoro and officials from the Department of Agriculture, Land Reform and Rural Development (DALRRD); as well as the Indonesian Chamber of Commerce and its members where he participated in a panel discussion. Van Rooyen also represented Fruit SA at the second ASA-JSCC Meeting, did a presentation at the DALRRD Exhibition Day, and attended a cocktail function at Ambassador Lekgoro’s residence.

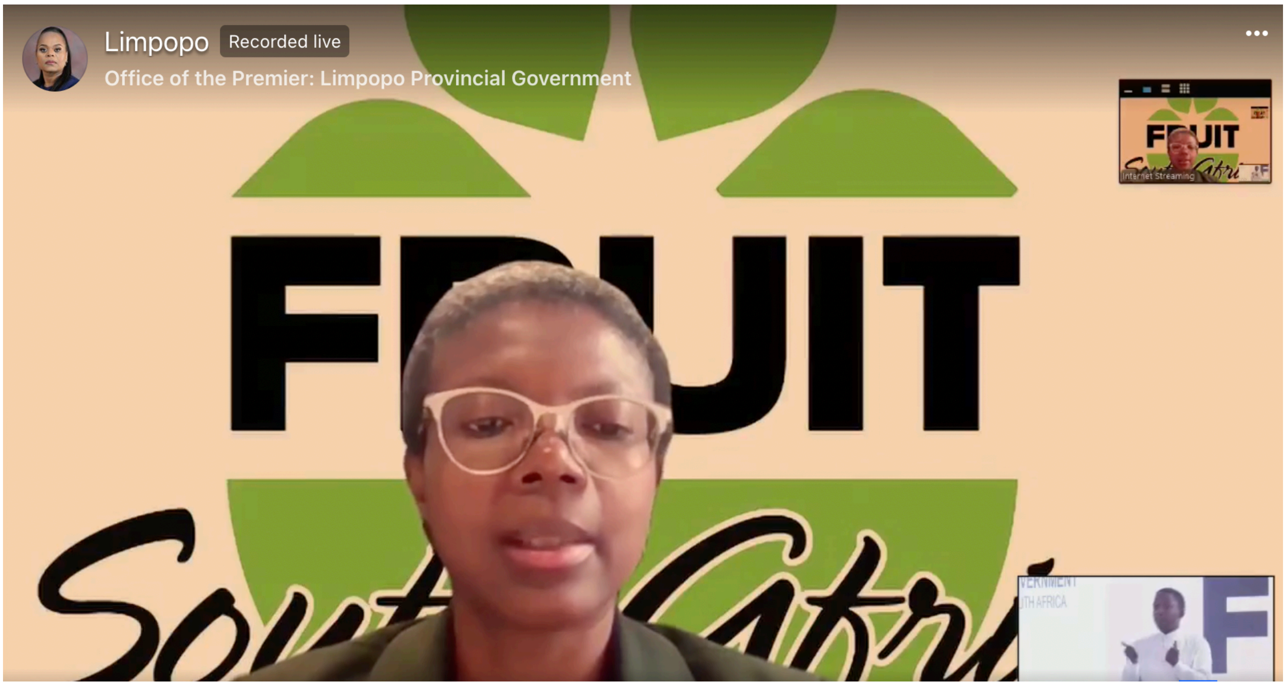
High import tariffs and delayed issuance of import quotas count among pending challenges to be resolved regarding fruit trade with Indonesia. However, with a growing focus on Asia as part of the industry strategy for export market diversification, Indonesia remains an important trade partner. Click here for an audio-visual summary of the SA Week.

The board thanks Van Rooyen for representing the industry so efficiently.

GOVERNMENT RELATIONS

Limpopo Government Investment Conference Plenary Session

Fhumulani Ratshitanga joined a panel discussion on “Agriculture and Agro-processing” virtually on 7 November. This was part of a two-day event that drew stakeholders from the private and public sector to explore Limpopo as an investment destination.



In this panel they explored agricultural opportunities in Limpopo and how these can be harnessed to help maintain food security. Ratshitanga used the opportunity to shine the spotlight on the meaningful economic contribution of the fresh fruit industry of South Africa. South African fresh fruit industry exports constitute 35% of the total agricultural export volume, she highlighted to the audience.

In the 2022/3 season:

- the industry produced >6 million tonnes of the fruit represented under Fruit SA.
- industry on-farm jobs totalled 329 000
- Limpopo represents 27% of the total fresh fruit planted hectarage (confirming the province as an important player in the food-production space).

The conference underscored the importance and potential of robust public-private partnerships. And Limpopo being so close to the Southern African Development Community (SADC) markets, also highlights the province as a great conduit for trade within the Africa Continent Free Trade Area (AfCFTA) context.

Assessing the impact of the conference, the office of Limpopo Premier Dr Phophi Ramathuba confirmed that investment pledges reached more than R120 billion.

Editorial team

Fhumulani Ratshitanga
Nomonde Ntloko
Catherine Milward-Bridges

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