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FRUIT EXPORTS

Bitter harvest as shipping problems threaten SA exports

The new export season is gathering steam this month and problems at the vital export port of Durban, following the floods, will need to be resolved quickly to avoid SA losing an edge in a competitive world market

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by FRED MEINTJES

Harvest time for SA citrus has begun across the country. Picture: SUPPLIED

SA's fresh produce exports have grown significantly in the past few years because of their variety, efficient production and the ability to compete on the world market. Leading the way are citrus, table grapes, apples and pears, with avocados following up fast.

Avocados aside, the other fruits emerged from an environment that was highly regulated 20 years ago and today they are able to take advantage of a flourishing open market. But to stay competitive, they depend on a well-organised supply chain.

On most farms it is business as usual, except in the Kirkwood area of the Sundays River Valley, where mobs set buildings and equipment on fire in an apparent pay dispute last week. This violence aside, the biggest challenges for farmers lie elsewhere. In SA's case, ports and shipping are the major stumbling blocks.

The world that SA citrus and other fruit industries operate in has changed profoundly in the past two years. Covid and the war in Ukraine have had adverse effects. East European markets have been lost; the costs of fuel, fertiliser, freight and other essentials have risen; and the logistics chain is unstable.

Citrus constitutes the largest share of exported fruit at 40.8%, with oranges constituting 21.4%, according to the National Agricultural Marketing Council. This is followed by table grapes (14.7%) and apples (12.4%). In total the top 10 fruits exported from SA constitute 84.1% of all fruit trade.

Hannes de Waal, new chair of the Citrus Growers' Association of Southern Africa (CGA), says concerns of fruit farmers across the world have focused on logistics. He attended the world's biggest fresh produce event, Fruit Logistica, in Berlin in April and most delegates expressed concerns about the availability of containers, shipping opportunities and shipping schedules. "One of the greatest logistical threats to the sustainability of citrus farming in SA remains the huge increase in freight rates," says De Waal.

"These logistical constraints are compounded by other increasing input costs, including fertiliser prices almost doubling and agrochemical prices increasing on average by 50% in the past year." Rising fuel prices and freight costs, which increased 30%-40% in 2021, have also affected growers' profit margins, he says.

"These circumstances, coupled with unsustainable returns, will be the death knell for many citrus farmers."

The situation is similar in other major fruit export sectors. Though each one has its own challenges, all are based in rural regions where they are major employers. It is also not surprising that fruit growers, increasingly at the mercy of big retail operators when it comes to determining the price of their products, are becoming more agitated and vocal in their claims.

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- *Hannes de Waal, chair of the Citrus Growers' Association*

"With food price inflation increasing, farmers must receive more for their produce to cover these costs, especially when other players in the value chain are taking a bigger cut, with retailers in the lead," says De Waal.

"If the farmer does not make a profit, corners could be cut, which might then affect our planet and people. In time the grower will go out of business — which is something we want to avoid at all costs as an industry that supports over 120,000 jobs in the agricultural sector.

"The conversation around sustainability practices in farming that benefit the people and planet cannot ignore profit," he says. "It will take our collective effort to help ensure the continued profitability and sustainability of our local citrus industry, which generates R25bn in export revenue for the country."

De Waal has long experience in production, logistics and international marketing of fresh fruit. He is also MD of the Sundays River Citrus Co, one of SA's largest packers, exporters and marketers of the fruit. It plays a huge role in the Sundays River and Eastern Cape fruit farming economy.

The new export season is gathering steam this month and problems at the vital export port of Durban, following the floods, will need to be resolved quickly to avoid SA losing an edge in a competitive world market. The two other export ports, at Coega and Cape Town, already have their hands full in coping with other export categories, as well as the fast-growing citrus industries of the Western Cape.

The maths is simple. Between now and November growers are expected to pack and dispatch about 170-million cartons of fruit to their clients around the world. If the SA ports cannot deal with this, the consequences for the entire fruit export industry are dire.

And it's not just citrus; elsewhere in the country apples and pears are being shipped over the next two months. The stakes are high and getting the produce to market is increasingly out of the hands of those planting and harvesting the fruit.

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