FOREWORD

WASTED GROWTH
Can we afford it?

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SA's fruit industries are in a growth phase, with all sectors reporting an increase in "area under production" and relative export volumes. In the next five years, the citrus industry anticipates volume increases of 100% for soft citrus, and 60% for lemons available for export.

This growth comes at a time when the country is in serious need of employment opportunities and foreign earnings – and the fruit industry ticks both boxes. Fruit production, harvesting and handling are very labour intensive – the increase in lemon and soft citrus volumes will ensure 25 000 secure jobs. Furthermore, the two commodities stand to add R6 billion to the industry's export earnings.

But there's a catch: continuing to send additional fruit into present markets under present conditions, is likely to result in oversupply to these markets, with a concomitant decrease in returns. Likewise, if the logistics surrounding these exports are not improved, the fruit will not get to and through the southern African ports.

Most fruit industries are targeting Asia for the additional growth, and increased volumes into this region, over the past 10 years bodes well for the future. The process of gaining new markets, retaining current ones and optimising the conditions of market entry are reliant on a strong partnership between government and industry. In the past, actions surrounding market access have taken an inordinately long time to conclude. Apple access to China has, for example, taken all of 12 years. At this rate – dealing with one product at a time –, with six of our products presently vying for Chinese access, number six on the list could only see access in 2091. Then there's pending avocado access to both Japan and the US – application was made 11 years ago, with no finalisation to date. Drastic change is needed.

There's a fair degree of excitement about the signing of the African Continental Free Trade Agreement (ACFTA), and with good reason. Once endorsed by all, the agreement will cover 55 territories and impact 1.6 billion people. This should improve interregional trade, where Africa languishes at the bottom of the global ranking at 16% and South America is next, at 36%. The apple industry statistics showed that in the recent past approximately 40% of apples from SA were exported into Africa – so it can be done. In fact, many in government are urging the fruit industries to take advantage of this agreement.

However, there are significant hurdles to overcome. At a recent conference, one presenter highlighted the extent of bureaucracy by citing as an example the clearing of one container from SA to Angola: 56 customs signatures, 84 customs stamps, 83 documents (634 pages), 28 SADC certificates and five invoices. This is a matter that calls for urgent intervention. The agreement reflects lofty goals of eliminating tariffs on 90% of the tariff book by July 2020. There is resistance from countries like Malawi, who fund 50% of their fiscus through tariff revenues. They depend on this revenue.

As stated by Agbiz agricultural economist, Wandile Sihlobo, "the African continent is beset by other systemic problems such as poor quality or lack of infrastructure, unconducive business environments that make trade across borders particularly costly and nearly prohibitive, corruption and weak institutions which render legal recourse and dispute settlements redundant, among others".

Perhaps Africa holds the key in terms of absorbing volume growth within the fruit industries, but to make it work, sustained political will is needed to address these serious challenges.