COLLABORATION
Key to fruit industry success

Strengthened collaboration with government is a key component of the four-pronged fruit industry strategic agenda (alongside transformation, market access, and information management and communication). By Catherine Milward-Bridges (in consultation with Dr Mono Mashaba, Specialist Consultant: Market Development)

In the current evolving landscape, any business or sector worth its salt prioritises cultivation of meaningful partnerships through active collaboration with relevant stakeholders. Anything short of that is tantamount to self-sabotage. The agricultural sector of SA – and therefore, the fruit industry – bears an enormous economic and social responsibility. Therefore, it makes sense for the fruit industry to prioritise growing its collaboration with government, for sustained growth.

The Fruit Industry Value Chain Round Table

The fruit industry of SA takes its strategic agenda very seriously, and puts its money where its mouth is to ensure decisive implementation. The formation of the Fruit Industry Value Chain Round Table (FIVCRT) is a case in point.

The FIVCRT is a dialogue process amongst industry stakeholders that was established by Fruit SA (FSA) and the Department of Agriculture, Land Reform and Rural Development (DALRRD). Other stakeholders include the Department of International Relations and Cooperation (DIRCO) and the Department of Trade, Industry and Competition (dtic); the Perishable Products Export Control Board (PPECB), the National Agricultural Marketing Council (NAMC), and labour representatives. The FIVCRT objective is to foster collaboration amongst stakeholders, to ultimately secure an enduring competitive advantage for the fruit industry. This is done through, for example, regular engagement to collectively coordinate efforts, which is vital for the development and sustainability of the industry when it comes to policy and regulatory matters. Therefore, several engagement structures have been established between FSA and other stakeholders, including government agencies. And to ensure cohesiveness, the work of the FIVCRT is streamlined into five working groups, viz. transformation; employment and worker welfare; research and development; trade and market access; and resources and infrastructure.

In this iteration we explore market access and transformation.

Market access

The Trade Working Group (TWG) – one of the five working groups – is amongst those established by the FIVCRT to address specific industry needs and challenges. And with market access being critical to the sustainability of the fruit industry, this working group remains high on the FIVCRT radar. For the past three years, FSA has championed – along with stakeholders – the establishment of guidelines for effective coordination of market access applications for fruit exports to various countries. And to the immense relief of the industry, these efforts culminated in a watershed meeting on 26 October last year, where the FIVCRT Trade WG approved guidelines to coordinate efforts to advance market access negotiations. This was a significant catalyst for implementation, and a landmark development that underscored the importance of growing collaboration with government – and meaningful partnerships in general.

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The guidelines aim to:

- ensure effective collaboration between the Market Access Working Group (MAWG) for Fresh Fruit and Vegetables and the FIVCRT Trade WG
- define roles and responsibilities between government and industry in the market access negotiation cycle
- establish timeframe guidelines for market access protocol engagements
- develop a monitoring system for tracking progress with market access negotiations.

Successful implementation of these guidelines should result in:

- increased efficiency in the use of resources allocated to support market access negotiations
- inclusive prioritisation for market access, informed by market intelligence
- reduced periods of time to resolve market access constraints, and to speed up negotiations for new products
- increased fruit exports into new markets
- development of a stronger and more inclusive relationship between government agencies and industry
- improved capacity of fruit industry sectors to supply quality pest risk assessment (PRA) information, in support of the work of the National Plant Protection Organisation (NPPOZA) of SA
- improved capacity of the NPPOZA to timeously meet key requirements of the importing countries.

A latest development as a result of tireless behind-the-scenes negotiations is the signing of the pear protocol at the end of December last year, between SA and China. For the first time, this opens the market for South African pears into China. And given that SA produces about 410 000 tonnes of pears annually, of which about 50.5% (210 000 tonnes) is exported, Hortgro estimates on average, an additional 20% tonnage in exports as a result of this significant market access development. Therefore, SA will export about 40 000 tonnes of pears into China in the next two to five years. And with effective marketing, there's no reason why the industry cannot continue on this upward growth trajectory in years to come, with economic spin-offs like increased job creation and foreign exchange earnings.

But production volumes in SA are increasing annually at a rate of ±10%, in tandem with those in some competitor countries. This underscores the urgency for government and industry to work smarter, to ensure effective market access negotiation capacity (in terms of adequate resources), and to mitigate accordingly.

This critical need makes implementation of the approved guidelines all the more important, for robust collaboration in implementing the FSA Gain, Retain and Optimize (GRO) strategy (which aligns with the NDP Vision 2030 objectives for the fruit industry).

Transformation

As is the case with management concepts like corporate social investment (CSI), transformation is generally looked upon with a jaundiced eye. This scepticism is largely warranted, however, given the amount of posturing and box ticking that tends to prevail in this arena. To date, the Transformation Working Group (TWG) – another of the five working groups established by the FIVCRT – has published three annual reviews to provide a snapshot of industry initiatives for the period 2017 - 2020. And the respective industry fruit sectors highlighted in these reviews represent producers and exporters of citrus fruit, pome (apples and pears) and stone fruit (plums, prunes, peaches, nectarines and apricots), subtropical fruit (avocados, litchis and mangoes) and table grapes.

In July last year FSA hosted a session to review the Fruit Industry Transformation Strategy, where major changes in the agricultural funding landscape were highlighted. With government funding being limited as a result of SA's sluggish economic growth, the industry continues to seek innovative ways to integrate previously disadvantaged groups into the fruit industry value chain, even with reduced funding. Its goal is to, by 2038, have a fully transformed sector with BEE producers contributing 30% each of fruit and exports, and having 15% ownership across the value chain. During the session, it was also noted that special attention needs to be given to young people, women and people living with disabilities; as well as to the upliftment of the communities where fruit production takes place.

It's encouraging to note an uptick in industry inclusive growth at the time of the session: The area planted by BEE growers had increased by 21% to 17 480 ha since 2018, while production had grown by 29% to 424 702 tonnes. The number of Fresh Produce Exporters Forum (FPEF) member companies with black ownership had increased from 13 to 15 between 2019 and 2020 (based on responses from FPEF members). And overall, approximately 8% of total land under fruit production is in the hands of BEE producers (virtually unchanged y/y).

The fruit industry understands its role in helping to put bread on South Africans' tables. Therefore, meaningful partnerships (especially with government) are prioritised, to facilitate access to and growth of markets, with widespread knock-on effects.