FROM THE DESK OF THE CEO (17/15)

justchad_cga

Justin Chadwick (8 May 2015)

QUOTE OF THE WEEK "You are free to choose but you are not free from the consequences of your choice" A Universal Paradox

VIETNAM

In 2014 the Fruit SA delegation arrived in Hanoi, Vietnam at a small crowded airport; long queues at passport control, a bustle around the baggage arrival belts and noise and confusion in the crowded road outside. This year we arrived at a spanking new airport, a huge building – no queues at the passport control, plenty baggage arrival belts and quiet orderly conduct outside in the arrival area. A new double highway across a spectacular bridge whisks you into Hanoi in no time; to stay at the tallest building in Hanoi (the Lotte Hotel – in my experience the best service experienced anywhere in the world). This epitomizes VIETNAM ON THE MOVE – a young country with exciting prospects.

But the visit was not about updating Trip Advisor – for CGA the priority was to assess progress with the application for access for oranges, and to find out more about the market for imported citrus.

After some confusion it was ascertained that Vietnam Plant Protection Division (PPD) have received information with regard to the pest risk assessment (PRA) on sweet oranges from South Africa and the process is now in their hands. The information provided in February 2015 is under consideration by the relevant technicians; once this assessment is complete import requirements will be drafted and a site visit will be arranged. PPD were advised that the South African citrus season has begun and a request made to conclude such a visit before the close of the 2015 season. In addition, the site visit should include all citrus types (oranges, grapefruit, lemon and soft citrus) as they are produced on the same farms and utlise the same packhouses, transport and port facilities.

Imported fruit in Vietnam is very expensive; some spot prices in supermarkets and small mom and pop stores were R305/Kg for US Cherry's; R77/Kg for New Zealand grapes; R95/Kg for US Apples and R55/Kg for US navels. In discussions with importers it seems that most (if not all) of this product is airfreighted into Vietnam which could account for the exorbitant prices. These high prices mean that imported fruit is only affordable by the highest income shoppers which severely restricts the volumes sold. Most importers expressed a cautious approach when considering sea freight – although those who had sea freighted fresh produce to Vietnam spoke of a favorable experience.

Most imported fruit is sold through wholesalers – who then on sell to small retail shops found dotted around the city. The trend towards supermarket shopping is still in its infancy in Vietnam. With regard to citrus the preferred fruit are navel oranges (the perception is that Valencia types are not sweet enough).

Recent media reports indicate that in the first quarter of 2015 Vietnamese fruit and vegetable exports reached US$ 274 million; up 13% on 2014 levels; while over the same period imports dropped by 42% (to US$ 53 million).

CGA and FPEF members can get a full report on the Vietnam trip by e-mailing justchad@iafrica.com or anton@fpef.co.za

Once again we were blown away by the support from our Embassy staff in Hanoi. We met with Ambassador Magau who has taken a keen interest in expanded access for South African fruit; and were accompanied by Mat Matiwane and Marida van der Westhuizen-Nel throughout the visit. Mr Hung acted as translator, tour guide and photographer – a great asset at the Embassy!!

The delegation is now in Thailand.

PACKED AND SHIPPED

The Satsuma season is almost over with 90% of the 1 809 000 cartons packed to date. As in previous years the bulk of soft citrus shipped to date has been sent to the UK (2014 55%; 2015 56%). Russian imports have gained (2014 8%; 2015 16%) at the expense of northern Europe (2014 32%; 2015 23%).

With 2.3 million cartons of lemons already shipped the Middle East has received 53% (2014 39%); Far East increased from 13% to 20%; while Russian shipments have fallen from 28% to 13%.

To end Week 18 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	**2013**	**2014**	**2015**	**2014**	**2015**	**2015**	**2015**	**2014**
Grapefruit	4.4 m	3.9 m	3.3 m	1.9 m	1.3 m	15.3 m	15.7 m	15.6 m
Soft Citrus	2 m	2 m	2.1 m	1.7 m	1.7 m	10 m	10 m	10 m
Lemons	2.7 m	2.7 m	3.1 m	2 m	2.3 m	13.6 m	13.6 m	13.2 m
Navels	0.6 m	0.4 m	0.4 m	0.1 m	0.1 m	25.1 m	25.1 m	26 m
Valencia	0.1 m	0.1 m	-	-	-	49.1 m	49.1 m	50.9 m
Total	9.9 m	9.1 m	8.9 m	5.7 m	5.4 m	113.1 m	113.5 m	115.7 m