

# FROM THE DESK OF THE CEO (06/17)

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***“What is life but a series of inspired follies? The difficulty is to find them to do. Never lose a chance: it doesn’t come every day” George Bernard Shaw***

## **CITRUS SUMMIT – SOLD OUT!!**

The “house full” sign has gone up from the CGA Citrus Summit organising committee. With over 550 delegates now registered the venue is full to capacity and we are no longer able to accept any new registrations. Looking forward to seeing all delegates in Port Elizabeth!!

## **AFRICA – OPPORTUNITY FOR GROWTH**

Exports of citrus from South Africa, Swaziland and Zimbabwe into the African continent are extremely low. In 2014, 766 000 cartons were exported into Africa, by 2016 this had doubled to 1.5 million carton; but this represents only 1% of total exports. This is in stark contrast to the apple industry where 28% of the 2016 crop was destined for Africa. Although one should not compare oranges with apples it is interesting to see the spectacular growth of South African apples into Africa. The leading destination is Nigeria which imports 34% of African volumes – although this has decreased of late as falling oil prices batter the economy. Second largest by volume is Kenya – as the gateway into Eastern Africa (accounting for 15%). Senegal is next at 10%, followed by Togo (9%) and then a number of countries between 4 and 5% (Ghana, Cameroon, Angola and Ivory Coast). There is not much consistency in the small amount of citrus supplied into Africa – whereas in 2014 and 2015 Angola (20%), Gabon (16%), Kenya (27%) and Senegal (20%) were the main importers, in 2016 Mauritius (27%), Reunion (14%), Togo (11%) and Kenya (10%) were the main importers. In 2016 there was also a greater spread of countries.

As the southern African citrus volumes grow so will the need to explore new export destinations. It makes a lot of sense to divert some of this exploration into ways of expanding citrus exports into Africa. The apple industry has played a pioneering role and have learnt through trial and error, and hard work, how best to supply these markets. The citrus industry can learn from this and build on these experiences to grow volumes into these markets.

The apple industry list a number of challenges in growing their footprint in Africa. Logistics is a hurdle in growing volumes and ensuring good returns. Getting the fruit to and through the ports is both expensive and in many cases inefficient; poorly developed cold chain infrastructure and intermittent power supply adds to the risks involved. By all accounts the situation is improving and the fact that 120 000 tons of apples moves from South Africa to these markets means that it is possible.

Apple exporters also emphasise the need to establish strong networks and partners in these markets. Shortage of foreign currency and lack of credit guarantees means that shipping the fruit may be the least problem; getting paid can be a big problem. The South African banking sector is making big inroads into Africa – there may be opportunities to design services that could reduce this risk.

The Trade Work Group (TWG) of the Fruit Industry Value Chain Round Table (FIVCRT) met last Friday to develop a strategy to expand fruit trade into Africa. Government was well represented at the workshop – with Directorate International Relations and Cooperation (DIRCO), Department Agriculture, Fisheries and Forestry (DAFF) and Department Trade and Industry (DTI) all in attendance. It is important to understand the developmental and political aspects of targeted African countries – not just the trade aspects. The fruit industries were all represented, as were the PPECB, NAMC, BFAP and AGBIZ. The workshop was addressed by apple exporters who shared their experiences, as well as hearing about research done by Fruit SA, NAMC, and DAFF. From these presentations and the discussion that followed it was evident that West Africa (Nigeria, Ghana and Ivory Coast), East Africa (Kenya, Uganda and Tanzania) and Southern Africa hold the most promise (given the latest citrus figures one would need to add the Indian Ocean Islands of Mauritius and Reunion).

The TWG will now build on this first meeting to develop a public private strategy to expand fruit trade into Africa.

## **DIESEL FUEL TAX REFUND SYSTEM UNDER THE SPOTLIGHT**

A discussion paper outlining the main options for a simplified diesel fuel tax refund administration system and reform proposals has been published for comment by National Treasury. The discussion paper flows from announcements made in Budget 2015 to undertake a review of the diesel refund administration “to address anomalies in the system related to qualifying activities and beneficiaries”. The diesel refund system, introduced in 2000, provides full or partial relief for the Fuel Levy and Road Accident Fund (RAF) levy to primary producers in the agriculture, forestry, fishing and mining sectors. It is designed to protect international competitiveness of local industries and reduce the road-related tax burden of the RAF levy for certain non-road users. Producers who are registered for the Diesel Refund Scheme with SARS are encouraged to consult with their respective accounting firms regarding the proposed amendments to the Diesel Refund Scheme. Producers who are not registered with the Diesel Refund Scheme are similarly encouraged to consult with their respective accounting firms to assess whether your business complies with the requirements of the scheme to register with SARS and benefit from the refund scheme. For more information contact Mitchell Brooke [mitchell@cga.co.za](mailto:mitchell@cga.co.za).

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