

FROM THE DESK OF THE CEO (18/19)

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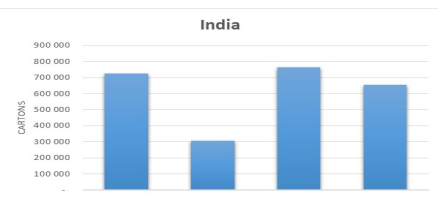
“The tree laden with fruits always bends low. If you wish to be great, be lowly and meek.” – Sri Ramakrishna Paramahansa

INDIA

Last week a delegation from Fruit South Africa visited New Delhi and Mumbai. This was the fourth year that Fruit South Africa sponsored Fresh Produce India (FPI). Some observations:

- In New Delhi the delegation met officials to discuss the in transit cold treatment review. It is hoped that the requirements will be reviewed without much more delay (after it was confirmed that trial shipments of oranges had been successfully received).
- A visit was undertaken to a high end retailer in Mumbai (similar to Woolworths in South Africa). It was concerning that labelling on the shelves was at odds with the fruit stickers. Grapefruit with Egypt stickers was labelled as “Product of the USA”, while Egyptian Valencia’s were labelled as “Product of South Africa”. The manager explained that product changed from week to week and sometimes they were slow in changing the shelf labels. This seems a tall story given that South African Valencia’s would have last been shipped to India in November 2018.
- This was a high end retailer – and yet the fresh produce was of a very poor quality. A lot of the produce would not be found in any store in South Africa.
- And yet the prices were exorbitant – Egyptian grapefruit (labelled US) was selling at US\$17.33 per Kg (US\$ 300 per 15 Kg carton); Egyptian Valencia (labelled as South African) was selling for US\$2.9 per Kg or US\$ 43.5 per 15 Kg carton; this at a time when the same carton was selling for under US\$8 in the market. Two points to be made – demand is going to be poor at these sorts of prices, and there are huge margins being made between wholesale and retail.
- Exporters will need to invest time and resources in understanding the market, building networks and educating the supply chain if they aim to exploit the obvious market potential.
- An interesting development is that of private ports in India – presentations from private port operators showed new cold store construction and a focus on the quick clearance and movement of perishable products.
- Over 75% of fresh produce is still sold through traditional markets (modern or “organised” retail is still small). This is important to understand when forming a marketing and distribution strategy for India. Exporters who are serious about the Indian market need to visit the country in person – no amount of reading or being briefed can replace personal experience; it is a market like no other.
- Local partnerships are important – especially for storage and distribution.
- Stability of legislation, rules and regulations are a risk.
- Smart phones are used as a marketing tool in India. Learn how to use the different media channels effectively and demand can be stimulated.
- The Indian market is wide and diverse – there are over fifty cities in India with more than one million inhabitants.

Export volumes of citrus from South Africa to India remain at low levels:



PACKED AND SHIPPED

Million 15 Kg Cartons to end Week 17	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2017	2018	2019	2018	2019	2019	2019	2018
Grapefruit	2.7 m	2.1 m	2.5 m	0.9 m	1.1 m	17.1 m	16.6 m	18.8 m
Soft Citrus	1.9 m	2.2 m	1.4 m	1.4 m	0.8 m	18.3 m	18.3 m	16.2 m
Lemons	3.9 m	4.5 m	3.2 m	3 m	2.4 m	22 m	21.8 m	19.9 m
Navels	0.4 m	0.3 m	0.1 m			26.9 m	26.9 m	26.7 m
Valencia		0.1 m				52.9 m	52.9 m	54.4 m
Total	8.9 m	9.2 m	7.2 m	5.4 m	4.3 m	137.2 m	136.4 m	136 m

CGA GROUP OF COMPANIES (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY & CITRUS ACADEMY) ARE FUNDED BY THE SOUTHERN AFRICAN CITRUS GROWERS