Newsletter

JANUARY/FEBRUARY 2020

CEO's note

At the start of a new decade – with a leap year thrown in –, one cannot help but be filled with anticipation.

But already, much has happened that could dampen our spirits, if we allow it.

Thankfully, in the recent Budget Speech, R495.1 million has been allocated to the Department of Agriculture, Land Reform and Rural Development "to improve compliance with biosecurity and support exports". So, though our economy has "stalled," as President Ramaphosa rightfully pointed out in his last State of the Nation Address (Sona), with political will and meaningful collaboration, we can still change SA's growth trajectory.

Speaking of collaboration, Fruit SA concluded 2019 with a breakfast seminar co-hosted with ENSafrica competition law executives. The focus of the seminar was on SA competition law in the context of the fruit supply chain, as well as the Competition Act as a potential tool to transform the economy. A healthy mix of industry role-players was in attendance.

Amongst other recent developments involving Fruit SA were exhibiting with industry peers at Fruit Logistica Berlin; joining the SA Plastics Pact; hosting a Fruit SA strategic planning session; and attending the BRICS Forum at the 11th BRICS Summit.

As for Fruit Logistica Berlin, the magnetism of the SA pavilion was evident in the vast numbers of visitors. We greatly anticipate the Department of Trade and Industry's (dti) annual announcement of the collective transactional value for the fresh produce community.

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Contact details

E-mail: admin@fruitsa.co.za

Website: www.fruitsa.co.za

Tel: +27 12 007 1150

Address: Grain Building, Agri-Hub Office Park, 277 Witherite Road, The Willows, Pretoria, 0400

Fruit Logistica Berlin

L-r: Fhumulani Ratshitanga (Fruit SA), Jacob Moatshe (Minister Counsellor: Economic, SA Embassy in Berlin), Corné du Plessis (dti)

One cannot help but gush, after having participated in another installment of Fruit Logistica Berlin, which took place on 5-7 February. This leading international fresh produce trade fair is highly celebrated in the industry.

At the event, SIZA, in conjunction with the Fresh Produce Exporters' Forum (FPEF), the World Wide Fund for Nature (WWF) and Fruit SA, presented a seminar to buyers on ethical and environmental compliance in the SA fruit trade. Fruit SA appreciated the opportunity to chair this engaging seminar.

The organisers of Fruit Logistica Berlin confirmed that despite challenges related to the coronavirus outbreak in China (including travel restrictions), the trade fair still managed to draw a record number of over 3 300 exhibitors, and more than 72 000 trade visitors from around the world. In fact, approximately 85% of the exhibitors were from outside Germany. And a substantial number of established new contacts and supply partnerships were reported.

Events like this one bear major significance in terms of alignment with the fruit industry's market access objectives (which represents one of the four prongs of the industry agenda, alongside transformation, strengthened ties with government and information management and communication).

The unmistakable positivity and passion amongst industry peers in attendance must've caught the visitors' attention, because the stands just continued to buzz.

Konanani chairing an ethical and environmental compliance seminar

Fruit SA joins the SA Plastics Pact

The SA Plastics Pact was officially launched on 30 January 2019 at the Radisson RED Hotel, at Cape Town's V&A Waterfront. The speaker line-up included Barbara Creecy (Ministry of Environment, Forestry and Fisheries), Juliet Lennon (Senior Research Analyst: New Plastics Economy, Ellen MacArthur Foundation), and Peter Skelton (Head of Strategic Partnerships, WRAP Global).

Fruit SA has signed up as a "support member" of the SA Plastics Pact.

By definition, supporting members "represent a broader group of organisations, that do not typically use plastic or plastic packaging, or have direct influence over the progress made towards the targets in practice. But they can contribute to the outcomes through their support in amplifying the messages, cascading best practices and sharing their expertise to help identify solutions."

Recognising the fundamental significance of plastics in our lives, the SA Plastics Pact is focussed on creating a world where plastics are valued, preventing them from ever being reduced to waste. It's a collaborative initiative that aims to create a circular economy for plastic packaging, in tandem with other local initiatives.

By 2025 the SA Plastics Pact will have transformed the means of use, production and disposing of plastics in SA. This will be achieved by meeting these four significant targets:

- circumventing problematic/unnecessary packaging through redesign, innovation or alternative delivery models
- 100% of plastic packaging to be reusable, recyclable and compostable (only in closed loop and controlled systems with sufficient infrastructure, or fit-for-purpose applications)
- 70% of plastic packaging being effectively recycled
- achieving an average of 30% recycled content across all plastic packaging.

Some of the industry benefits derived from aligning with the SA Plastics Pact include protection for our exporters from any possible unreasonable importer demands that fall outside of the pact; as well as the opportunity to demonstrate industry commitment to the environment by contributing more significantly to the conservation of our environment (this also paves the way for broader consumer acceptance of our produce).

For more information, visit: www.saplasticspact.org.za.

ENSafrica and Fruit SA co-hosted a seminar on the Competition Act amendments

On 6 December 2019 Fruit SA and ENSafrica collaborated to co-host a breakfast seminar on bruise prevention, which was prompted by recent amendments to the Competition Act. Participants comprised mainly individuals from export and logistics companies within the fruit industry.

The content of the seminar hinged mainly on the relevant implications and added risk factors surrounding amendments to the Competition Act. Speakers at the seminar were Konanani Liphadzi from Fruit SA and Charl van Rooyen from the Western Cape Department of Agriculture, who spoke respectively on the fruit industry transformation strategy, and constraints in commercialisation of black fruit producers. From ENSafrica, HB Senekal and Darrel Smith presented on competition law and key highlights and trends, prohibitions, and using competition law as a tool to transform the industry.

Pertinent issues arising from the presentations and subsequent discussions included growing impatience around the slow pace of transformation in SA; farmers having to comply with 90 different laws; the lengthy application process for Environmental Impact Assessments (EIAs) and water rights; and SA's skewed ownership profile, and the Competition Commission's intended focus on the food and agro-processing sector as one of the priority sectors.

The responsiveness of the attendees confirmed the significance of the content discussed. So, a good session all round.

Fruit SA strategic planning session

Delegates at the Fruit SA strategic planning session

On 25-26 November 2019 Fruit SA held a strategic planning session in Pretoria, where its objectives, vision, mission and other strategically significant matters came under the spotlight.

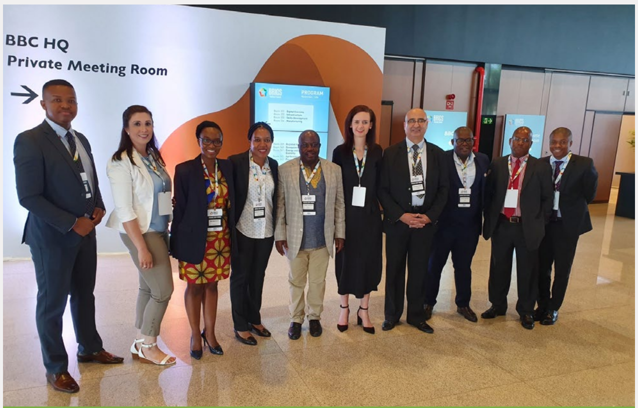
The theme of the session recognised that stakeholders all view and engage with Fruit SA from different vantage points. However, the session succeeded in reaffirming the mandate of Fruit SA, as well as the strategic focus areas of transformation, market access, government relations, and information management and communication.

It was decided that the Fruit SA vision, mission and value statement would remain unchanged. However, to prevent Fruit SA from becoming "all things to all men", focus on its core responsibilities will continue. The Fruit SA management team also gave an overview of progress made in all strategic focus areas.

Closer collaboration with government and other organisations can only make for enhanced cohesion and credibility in distributed industry information.

Overall, the session made for robust debate. And with collaboration and focussed implementation, the potential benefits are far-reaching.

BRICS Forum at the 11th BRICS Summit



Getting ready for the BRICS Business Council Meeting

Attending the BRICS Business Forum at the 11th BRICS Summit on 13-14 November 2019 in Brazil, allowed for meaningful discussion and shared insights amongst the delegates.

The Forum (which preceded the summit) is where President Ramaphosa and other BRICS leaders connected with delegates. Here, the objective was to improve dialogue between the council and BRICS leaders around economic, trade, business and investment ties. SA's BRICS membership helps facilitate increased trade, investment, tourism, capacity building, and skills and technology transfers. This, in turn, equips SA to wage a more rigorous fight against the triple challenge of unemployment, poverty and inequality.

At its inception, this grouping of the world's five emerging economies was hardly met with loud cheers. But India and China's economic growth – notwithstanding their own domestic challenges – has been instrumental in BRICS's collective growth. For SA and Brazil growth has been sluggish, and for Russia sanctions by the EU and the US have been an Achilles Heel.

However, the time is right to aggressively pursue the BRICS trade and investment agenda.

e-Certification adoption

We're pleased that e-Certification (e-Cert), the new platform for phytosanitary certification, is growing in its adoption rate amongst our growers. For the 2020 citrus season, for example, all applications for phytosanitary certificates will be handled using this e-Cert platform.

Thorough preparation on the part of growers, well before the start of the season will ensure ease of use of the platform. Packhouses, cold stores, exporters and freight forwarders need to use the process, in order to export effectively. IT service providers also need to be consulted to ensure they are prepared for upcoming changes.

Our grape exports kicked off on 1 November 2019 on the e-Cert platform, using the online Phytosanitary Application Module (ePhyto). Applications were processed via IT vendor systems and integration application programming interfaces (APIs). Manual applications were done using the online ePhyto application portal. With input from the industry, many changes have been made on the system to streamline the user experience of completing and managing applications. To date, nearly 11 000 phytosanitary certificates have been issued through the system for the table grape industry.

Results from the Perishable Products Export Control Board (PPECB) quality and phytosanitary inspections at the packhouse; the Department of Agriculture, Land Reform and Rural Development (DALRRD) phytosanitary inspections; and any other checks will be updated on the system, and will be available centrally. This eliminates the need for the use of paper for phytosanitary certification purposes across the entire supply chain.

For more information, please visit www.ecert.co.za.

Temporary reprieve for hi-cube container use

Picture credit: Almar Container Group

The fruit industry has heaved a sigh of relief at confirmation of the extension on the moratorium on the hi-cube container ban, for another 18 months. Transport Director-General Alec Moemi issued the signed memorandum dated 24 January 2020, stating that the extension is pending a meeting with his Department within six months of this date.

Without the moratorium extension, the use of 12-meter hi-cube containers would be illegal in SA. Government has stated the instability of these containers, as well as linked damage to bridges as their reason for the ban.

The extension couldn't have come too soon. This, after hopes were dashed when nothing was gazetted around this much-needed extension, before the expiry date of the previous moratorium on 31 December last year.

The industry looks forward to ultimately reaching an economically favourable resolution with government around the legality of hi-cube containers.

SATI's third crop estimate for the 2019/2020 season

The effects of climate change are becoming increasingly evident in agriculture, in particular. And the table grape industry is no exception, with a notable decrease in overall production.

In the third crop estimate for the 2019/2020 season, the South African Table Grape Industry (SATI) CEO Willem Bestbier, confirms growers' continued focus on produce quality and service to international markets, regardless of an uncertain climate.

SATI's latest collective estimate is 59,6 - 64,7 million cartons (4,5 kg equivalents).

A crop volume reduction of about 2 million cartons is estimated for the Hex River region, at 20.3 million cartons. Estimates for the Orange River and Olifants River regions are 19.9 and 27.2 million cartons respectively; and the Berg River region's increased to 15.8 million. This region, which was not affected by the rain, harvested under ideal conditions with good quality grapes and berry sizes.

Cheeky® pear celebrates 10 years

Cheeky® pear

The deciduous fruit industry has reason to celebrate a successful decade of the thriving Cheeky® pear, which made its début in 2009.

This proudly South African blushed pear is an early ripening variety. It was the third significant addition to the range of pear varieties bred over two decades by the Agricultural Research Council (ARC), and has been making waves since.

The total plantings of Cheeky® in SA now stands at 462 ha. The Cheeky® pear is grown largely in the Ceres region, where it takes up 51% of the total hectare plantings; followed by Wolseley/Tulbach with 14%, Villiersdorp/Vyeboom with 11% and Groenland and Langkloof with 8%.

Cheeky® has outshone other pear cultivars planted over the last six years, showing a 100% growth rate from 232 ha in 2013 to 462 ha in 2018. This exponential increase in volume, coupled with the limited timeframe before the Forelle harvest, placed added pressure on growers, packhouses and marketers to meet relevant deadlines and requirements. Possibly, it also contributed to an increase in rub and scuff marks during the 2018/2019 fruit season.

Overall, the Cheeky® pear developed a bright red blush quite easily. And unlike other blush varieties, the intensity of the red blush in Cheeky® was hardly affected negatively by heatwaves in January last year.

As for market response, Cheeky® has been very well received, thanks to its attractive blush colour, taste and fruit size. It's regarded as a high-value pear cultivar, though prices were more under pressure during the last season, like for most other pears.

Subtrop explores certain industry challenges

In their Subtrop Marketing Symposium held on 6 November 2019, our colleagues in Subtrop deliberated on topics that were pertinent and enlightening, including climate change, port challenges and land reform.

Subtrop CEO Derek Donkin lauded the market access success of Peru and Columbia, in line with the session's strong focus on expanding market access and increasing consumption. The governments of these countries have effectively aligned themselves with the interests of their local industries. Donkin also acknowledged Agricultural Minister Thoko Didiza for the marked improvement in gaining traction for access to new markets for subtropical fruit. Both industry and government are actively pursuing export growth, which will benefit the economy and people of SA, he said.

On the topic of climate change, David Farrell, the founder of Blue North (a specialist consulting practice focussed on sustainability strategies) lamented SA's negative carbon story, which could only add to our global uncompetitiveness. He further cautioned that SA's new carbon tax regime, which may be extended to agriculture as from 2023, could see a 30 ha fruit farmer paying as much as R240 000 at the top end of potential carbon tax price scenarios.

As a means to mitigate, Farrell strongly recommends that farmers reduce emissions from fuel and fertiliser, and start implementing carbon sequestration plans on their farms, like soil health and biodiversity restoration.

Addressing prevailing port challenges, CGA Logistics Development Manager Mitchell Brooke urged growers to factor into their planning the fact that reefers that should take one week to leave the ports, are currently taking an entire month.

On land reform, Prof. Ben Cousins from the Institute for Poverty, Land and Agrarian Studies shone the spotlight on successful small-scale black farmers. They are the deserving beneficiaries of redistributed land, as they are the critical mass that would be needed to sway the landscape in terms of land ownership and commercial farming, says Cousins.