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Newsletter | Nov/Dec 2021



CEO's *note*

Looking back from this tail end of the year, it's nearly impossible not to be filled with gratitude – for the gift of life, but also for being a part of this truly dynamic industry that has shown such remarkable grit during these uncertain times.

Like last year, we've weathered a lot as an industry: the July unrest, port setbacks, and changing dynamics in export markets. But, to mention a couple, we've also had breakthroughs in export agreements, and the UN Food Systems Summit where the role of fruit in terms of sustaining food security (amongst others) was underscored.

And may I remind you of SA's star status when it comes to producing world-class fruit in abundant supply for expectant targeted countries. We may all pat ourselves on the back for complying, hanging in, pushing through, and – in many cases – refusing to take no for an answer when it mattered most.

Thank you to everyone who has contributed to making our remarkable fruit industry what it is today; and for everyone's constant support and willingness to assist when called upon – particularly amidst pandemic-related challenges. I can't think of a better industry in which to lead, apply my competencies, and thrive (thanks to a stimulating environment).

I take this opportunity to wish Willem Bestbier (SATI CEO) and our industry associate, Dr John Purchase (Agbiz CEO) all of the best as they both retire. And for those planning to take a break, happy holidays and safe travels.

TRANSFORMATION

Transformation Working Group

On 13 and 14 October 2021, some members of the Fruit Industry Value Chain Round Table's (FIVCRT) Transformation Working Group and representatives of the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) visited Matsafeni Mdluli Farms (in Mbombela) and Koelتهhuis Packhouse (in Kiepersol). They are both black-owned entities and members of the South African Avocado Growers Association (SAAGA). The visit was hosted by Subtrop.

Matsafeni Mdluli farm/s

The Matsafeni Mdluli Farm – which is 100% black-owned – was received through restitution in 2003. The farm counts amongst the successful land restitutions farms in the country. The Matsafeni Mdluli Farm owners first leased out the farm in 2004, and in 2005 they started to learn farming techniques on a few hectares within the farm, and eventually took over the whole farm.

The farm comprises a 275 ha avocado orchard, a 254 ha pecan orchard, and 11 ha of litchis. Ranked amongst the top five South African avocado farms, the enterprise truly restores faith in land restitution. And it's heartening to see the beneficiaries thriving. In fact, their produce is sold in both local and international markets.

Koelتهhuis packhouse

Koelتهhuis packhouse was acquired by the RJ Khoza Family Trust in 2007. At the time of the visit, the packhouse was packing avocados, which are marketed locally and internationally. In addition to its own produce, the packhouse also packs for other producers. And the establishment boasts a state-of-the-art packing facility that complies with some of the most stringent market standards.

Both these enterprises are a beacon of hope for sustainable transformation and inclusive growth.

FPEF fruit export value chain training



The fruit industry continues to use training as a lever for sustainable transformation.

In October this year the Fresh Produce Exporters' Forum (FPEF) completed the 2021 fruit export value chain training programme for emerging farmers.

Four groups comprising a total of 44 emerging farmers were trained, including citrus farmers in Fort Beaufort and the Sundays River Valley, deciduous fruit farmers in the Western Cape, and table grape farmers in De Doorns. The training was rolled out in collaboration with the Citrus Growers' Association Grower Development Company (CGA-GDC), the Deciduous Fruit Development Chamber SA (DFDC-SA), and the SA Table Grape Industry (SATI).

The four-day programme was tailor-made and the content covered topics like cold chain management, quality management, packing and packhouses, logistics (sea, road, air and documentation), export markets and relationships with export marketing agents. The main objective was to give farmers a better understanding of the value chain beyond the farm gate. Of course, this is of critical importance for their effective engagement with the service providers responsible for packing and marketing their crops.

Overall, programme funding was provided by AgriSETA with the CGA-GDC financing the Sundays River Valley training.

MARKET ACCESS

FIVCRT Trade Working Group approves guidelines to coordinate efforts for market access negotiations By Mono Mashaba (Specialist Consultant: Market Development)



There are several engagement structures between Fruit SA (FSA) and other stakeholders – including government agencies – to coordinate efforts, ensuring the development and sustainability of the fruit industry on policy and regulatory matters.

The Fruit Industry Value Chain Round Table (FIVCRT) is a structure where all stakeholders, including the fruit industry, government (DALRRD, DIRCO, DTIC, PPECB and the NAMC) and labour representatives meet to collectively coordinate their efforts for the achievement of the said objectives.

The Trade Working Group 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-led stakeholders have sought to establish guidelines for effective coordination of market access applications for fruit exports to various countries, culminating in a watershed meeting on 26 October. It was then that the FIVCRT Trade WG approved guidelines to coordinate efforts to advance market access applications – an important catalyst for implementation.

The purpose of the guidelines is 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 to support the National Plant Protection Organisation of SA's (NPPOZA) work
- improved capacity of the NPPOZA to timeously meet key requirements of the importing countries.

Production volumes in SA are increasing annually at a rate of $\pm 10\%$. But the concurrent increase in production volumes in some competitor countries underscores the urgency for government and industry to work differently, to ensure effective market access negotiation capacity (in terms of adequate resources), and to mitigate where necessary.

When all is said and done, implementing the approved guideline has now become a necessity, and all stakeholders are excited about that. This will lead to the vital strengthening of capacity on both sides, to ensure urgency and robust collaboration in the implementation of FSA Gain, Retain and Optimise (GRO) strategy. What better way to achieve NDP Vision 2030 objectives for the fruit industry?

INDUSTRY

SA's ports: a key gateway to increased market access



The recently launched Global Container Port Performance Index (CPPI) by the World Bank and IHS Markit aims to identify gaps and opportunities for improvement that will benefit stakeholders from shipping lines, national governments, and consumers. And it's based entirely on IHS Markit's Port Performance Program data.

The index places East Asian container ports in its top 50 ports – amongst the most efficient in the world. And out of the 351 surveyed ports, Djibouti – the top-ranked African port – made 61st place, with Cape Town, Gqehebera, and Durban scoring positions 347, 348 and 349.

Minutes per container move is a key port performance metric of the index that shows large discrepancies in global port efficiency: Yokohama takes just 1.1 minutes on average to load or unload a container in a standard port call, while the average for equivalent workloads in African ports is 3.6 minutes.

Mitchell Brooke, CGA Logistics Development Manager, confirms that this year many citrus growers suffered significant losses, directly or indirectly due to the operational challenges at the ports. "If we do not address these issues and work collectively towards fixing them, citrus farmers will continue to bear the brunt." Of course, this extends beyond the citrus sector of the industry.

Next year, reminds Brooke, potentially 180 million cartons of citrus are expected to descend upon our ports for export. Bear in mind, the citrus industry of Southern Africa has the largest (by infrastructure), most diversified, and complex logistics chains on the African continent. It uses five seaports and 12 export terminals to export roughly four million tonnes of fruit to global markets. And this does not even take into account the rest of the fruit industry.

More focused collaboration between industry and port authorities remains a critical priority.

SATI's first crop estimate for 2021/22



The diverse fruit industry is renowned around the world for its world-class fruit, and our table grapes are no exception.

The South African Table Grape Industry (SATI) has released its first crop estimate for the 2021/22 season. Volumes are estimated to be in line with the previous season and SATI expects an intake volume range of 70.6 - 77.7 million cartons (4.5 kg equivalent), with the mid-point at 74.2 million cartons. This is close to the volume packed during the 2020/21 season.

New plantings of higher-yielding cultivars are expected to continue coming into full production. However, the 2021 vine census signals a decrease from 21 100 ha to 20 564 ha. Compared to 2019, the census shows a 1 234 ha decrease in plantings. This points to a consolidation in SA's table grape industry.

Drawing attention to the unpredictability of farming, SATI Chairman Anton Viljoen confirmed producers' focus on "going back to basics" – the aspects in their management from growing to preparing bunches, packing, and meeting customers' needs.

The country's table grape growers are committed to delivering the best quality table grapes, and are prepared to invest substantially in planting and growing the latest cultivars, and in the broader value chain.

The Northern Provinces and Orange River regions started packing in early November, while the Olifants River, Berg River and Hex River regions will start harvesting around December.

Crop estimates are done in co-operation with growers and industry experts who represent all production regions. And this crop estimate was produced using the best available information, experience and observations, the latest industry vine census and historical data.

First crop estimate for 2021/22 season (million 4.5 kg equivalent cartons)

2021/22 season estimate			Actual packed volumes		
Region	Low	High	2020/21	2019/20	2018/19
Northern provinces	7.70	8.30	7.88	6.10	7.12
Orange River	18.50	21.20	18.51	19.86	19.21
Olifants River	4.30	4.50	4.44	3.32	2.37
Berg River	17.80	19.50	20.06	16.27	13.79
Hex River	22.30	24.20	24.00	20.60	18.65
Total	70.60	77.70	74.89	66.15	61.13

HORTGRO

Hopeful stonefruit outlook



Hortgro does regular updates of crop estimates to keep the markets informed.

The plums estimate for fruit packed for the export market was adjusted to 15.7 million cartons (5.25 kg equivalent), representing a 3% increase on the previous season. As for nectarine exports, an increase of 10% to 7.1 million cartons (2.5 kg equivalent) was expected at the time. And, like our plums, nectarine export volumes continue to grow in parallel with new orchards.

Peach volumes are expected to be slightly down (-3%) on 2020/21, at 2.37 million cartons (2.5 kg equivalents). In recent years, dessert peach orchards

have seen a decline in total areas planted. But the apricot estimate remains the same at 681 000 cartons (4.75 kg equivalent) and is on par with the 2020/21 season. Apricot hectares have also experienced a decline in recent years.

Good fruit size hinges heavily on suited thinning practices. Therefore, growers continue to be guided in this critical area to avoid them having to contend with the largely unpopular smaller fruit.

Despite growers having experienced a cool spring and a delayed summer, hopes remain high for a good crop across all the stone fruit types.





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