

SA FRUIT INDUSTRY: Trends & Prospects

Konanani Liphadzi

CGA Citrus summit

11-12 March 2015

Phalaborwa, Limpopo



Content

- FSA Structure
- FSA Vision, Mission & Objectives
- FSA Key Priorities & Activities
- Overview of SA Fruit Industry
- Opportunities
- Conclusion



Fruit SA Structure



- FSA was established in the early 2000's as an umbrella organisation for the different fruit sectors.
- In 2013 Fruit South Africa was formalised as a not for profit company.



Fruit SA Board of Directors

Mr A Rabe - HORTGRO (Chairman)

Mr D Donkin - Subtrop

Mr A Kruger - FPEF

Mr W Bestbier - SATI

Mr J Chadwick - CGA



Fruit SA Vision & Mission

Vision

- A competitive, equitable and sustainable SA fruit industry.

Mission

- FSA creates and facilitates a competitive, equitable and sustainable environment for its members.



Strategic Objectives

- Establish FSA as the collective platform for the fruit industry of SA
- Engage constructively with government and other public institutions on policy, legislation and other fruit industry matter.
- Engage constructively with other strategic stakeholders
- Promote and coordinate broad based BEE, transformation and skills development
- Gather and disseminate key industry related information
- Communicate industry information to broader public and industry stakeholders



Key Priorities

- Market access and Trade enabling
- Government policy and legislation
- Infrastructure
- Information
- Technology
- Agricultural education and training
- Biosecurity
- Institutional arrangement
- Brand Fruit SA



Key Priorities & Activities

- Facilitation of trade and Market access for our fruits
 - Assigned dedicated capacity to coordinate market access
 - Market access visits to potential markets (Indonesia, Vietnam, India, China, Thailand, Hong Kong, Japan, S Korea, Philippines)
 - Participate in international trade fairs (Berlin, Moscow, Asia Fruit logistica, etc.)
 - Working with NAMC to broaden access to Africa market (27% Apples to Africa in 2013/14)



Key Priorities & Activities



Departure Point:
Market access
should drive
production



Key Priorities & Activities

- Government Relations
 - Constructively engagement with government leaders on industry issues (Minister, DG, Officials)
 - Representation in government forums e.g. ATF, FIVCRT, CEO forum
 - Provide inputs to government policies, legislations and strategies
 - Participate in relevant & beneficial activities e.g. DP's farm workers engagement in Paarl, Minister's stakeholder engagement in De Doorns, World Food Day, SA-NZ food safety workshop etc.
 - Participate in Trade missions & Business Councils relevant to the fruit industry



Key Priorities & Activities



- It is Government's responsibility to create a favourable environment for business to thrive
- World trade is a government-to-government business



Key Priorities & Activities

- Fruit Industry Social Compact (FISC)
 - FSA is the driver of FISC – which is an accord between government, industry and labor.
 - Fruit Industry Value Chain Round Table (FIVCRT) is a platform where the above parties meet and decide on issues which impact on the value chain.
 - 5 FIVCRT working groups are: Transformation; Resources; Employment and Worker Welfare; Research and Development and Trade

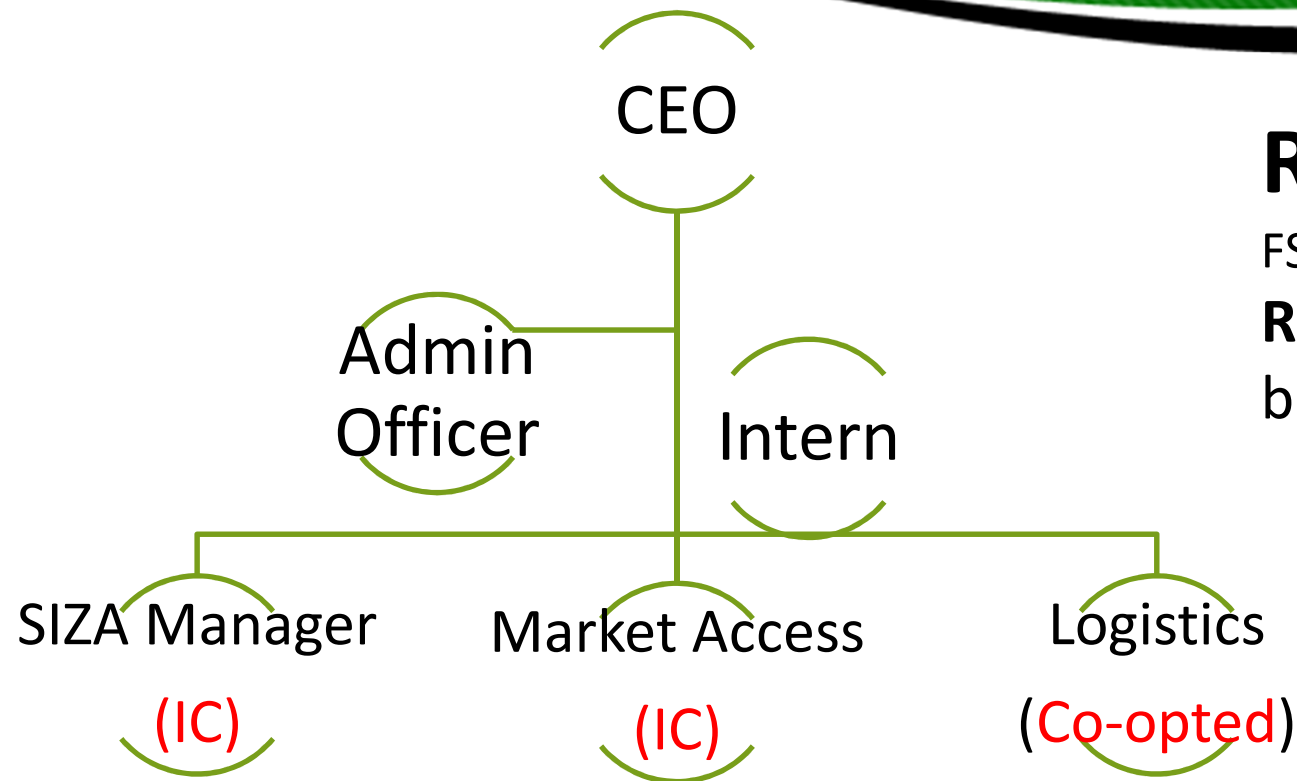


Key Priorities & Activities

- Infrastructure & Logistics
 - FIVCRT has a WG looking on Resources (Infrastructure)
 - Engage with relevant government leaders on issues affecting the industry (WC Minister of Transport & Min of Agriculture)
 - Provide inputs to government policies, legislations and strategies
 - Partners with other like minded organisations e.g. SASC
- Brand Fruit SA
 - Create brand awareness of SA fruits both nationally and internationally
 - Represent SA fruit industry in international forums e.g. SHAFEE
- Information
 - Informing members on legislative proposal, their implications, implementation procedures
 - Agri-hub, partnership between the fruit industry and IT provider
- Technology, Agricultural education and training, Biosecurity



Resources & Capacity within FSA



R3.35 million

FSA budget for 2014/15

R4.5 M – proposed
budget for 2015/16



IC = Independent Contractor



FSA roles & Activities

- 2 questions for growers:
 - Are you getting the value for your money?
 - What else should FSA do for you?

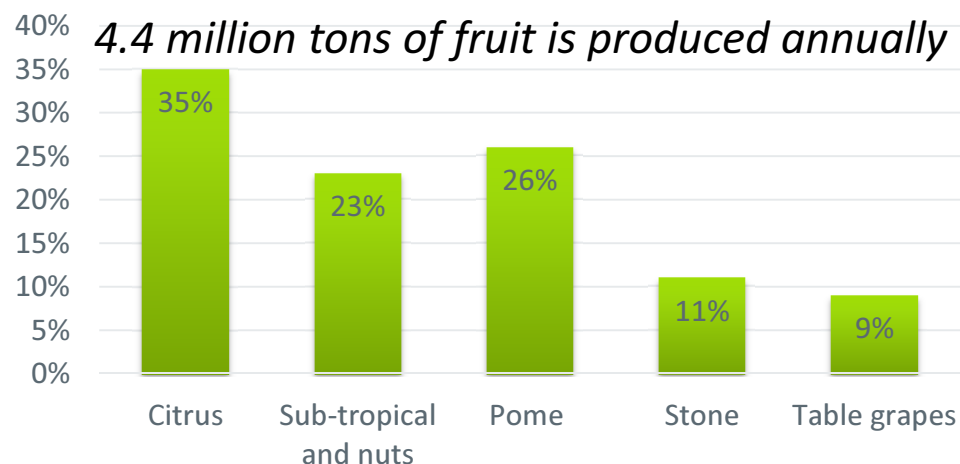


South African Fruit Industry

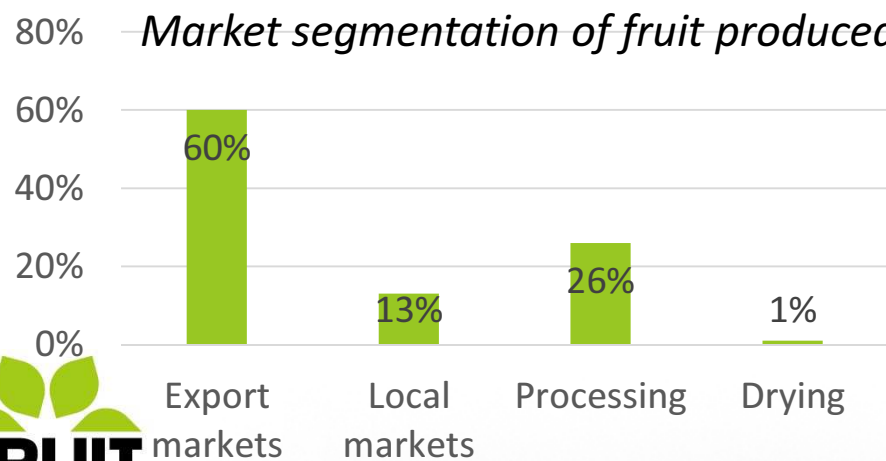


Fruit Industry in Context

4.4 million tons of fruit is produced annually



Market segmentation of fruit produced



DESTINATION	PERCENTAGE
Europe	34%
UK	15%
Russia	9%
Middle East	19%
Far East	16%
Africa	4%
USA/Canada	3%



Fruit Industry in Context

Contribution to the Economy

- 50% of all agricultural exports from SA is fresh fruit
- An annual turnover of R24,4 billion



Job creation & Employment

- 165 000 people directly employed (10% contribution)
- 8 000 people directly providing services to the fruit industry
- 109 000 people employed in downstream service

Key Issues facing the Fruit Industry

- Raising production costs (labour, electricity, fuel, agro-inputs, etc.)
- Uneven international trade environment (tariffs, SPS, non-tariff barriers)
- Inadequate infrastructure (road, rail, ports, etc.)
- Policy uncertainties (land reform, NDP, etc.)
- Transformation (snail pace, impatience, etc.)
- Evolving production environment

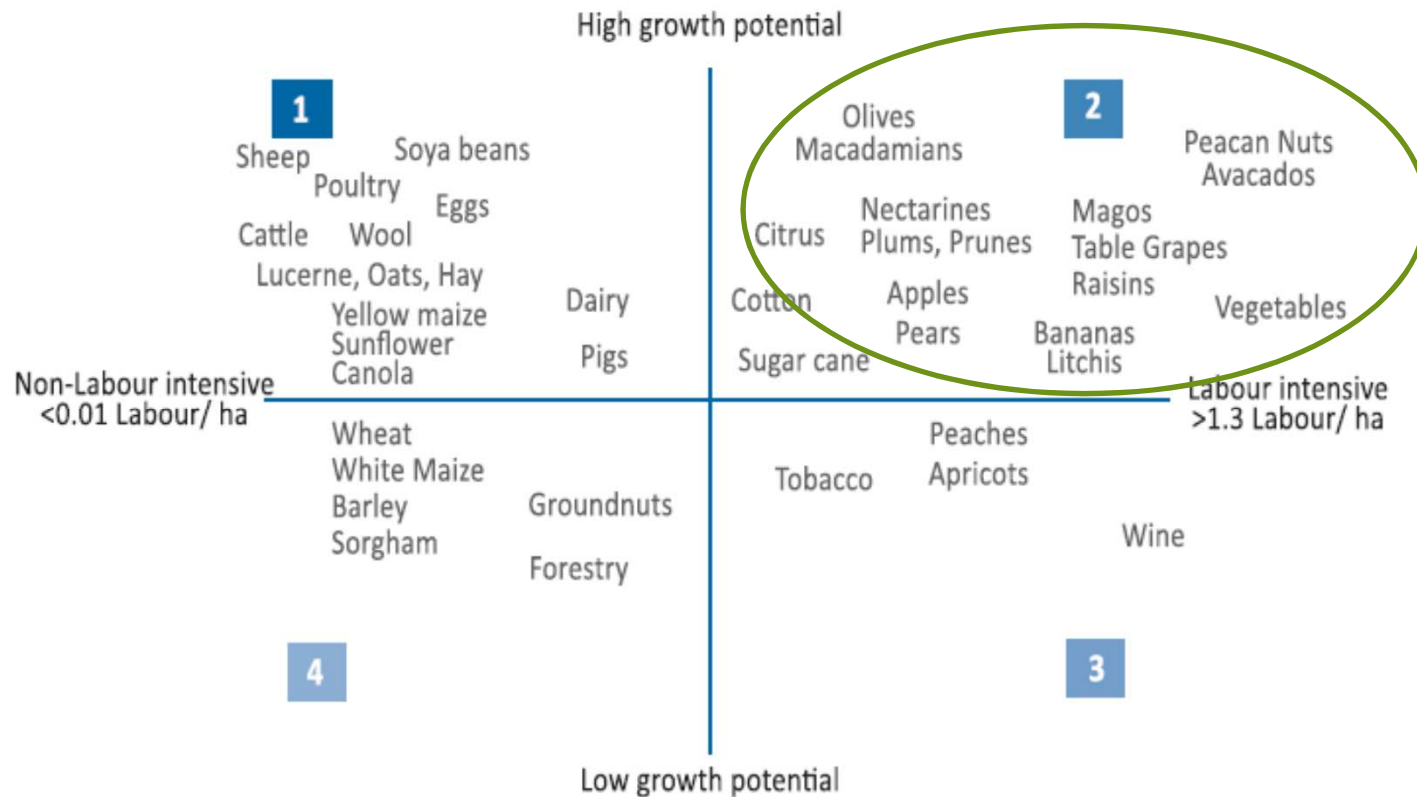


Opportunities



NDP Imperative: 1 million jobs created in Agriculture by 2030

Agricultural growth and employment potential



Source: Bureau for Agricultural Policy, 2011³

Increased Production & Market Access

- Domestic market is growing with the growth of the middle and upper class
- New markets in the Far East, Asia, Russia and Africa
- Potential for increased fruit production as land reform projects become fully productive



How can the Fruit Industry get Involved?

- Agricultural Policy Action Plan (APAP) – expected to bring 1 million ha of under-utilised land into full production over the next 3 years. *How can the fruit industry contribute?*
- Government wants to enhance agro-processing exports which have been growing rapidly especially to new markets in Africa and China. *Africa is the new frontier for growth!*



Land Reform

- Biggest challenge is to keep the industry competitive and profitable.
- New proposed law - a ceiling of land ownership will be set at a maximum of 12 000 ha.
 - *swimming against the tide?* International trends shows that farms are getting bigger to remain economically viable!
 - Is there a middle ground somewhere? Kenyan out grower model?
- Office of Valuer-General - once established the law will stop the reliance on the Willing Buyer-Willing Seller method for land acquisition by the State.



Transformation

- What are we doing? How do we package and communicate it?
 - R23 M spent by FSA associations in 2014/15
- How do we attract young people & women into the fruit industry?
- “Agricultural growth offers a potentially powerful tool for spearheading broad-based poverty reduction in Africa” (IFPRI Issue Brief 63). *How can we unlock this potential? Are there case studies or pockets of excellence to learn from?* Is this what Min Nkwinti is asking for!



'Agriculture is a catalyst for growth and food security' (SONA 2015)

Nine point plan to ignite growth and create jobs:

1. Resolving the energy challenge.
2. Revitalising agriculture and the agro-processing value chain.
3. Advancing beneficiation or adding value to our mineral wealth.
4. More effective implementation of a higher impact Industrial Policy Action Plan.
5. Encouraging private sector investment.
6. Moderating workplace conflict.
7. Unlocking the potential of small, medium and micro enterprises (SMMEs), cooperatives, township and rural enterprises.
8. State reform and boosting the role of state owned companies, information and communications technology (ICT) infrastructure or broadband roll-out, water, sanitation and transport infrastructure as well as
9. Operation Phakisa aimed growing the ocean economy and other sectors.



Conclusion

- The labour intensiveness and growth potential of the fruit industry presents an opportunity for job creation, poverty alleviation and overall contribution towards rural economic development
- This can only be fully realised through Private-Public-Partnership

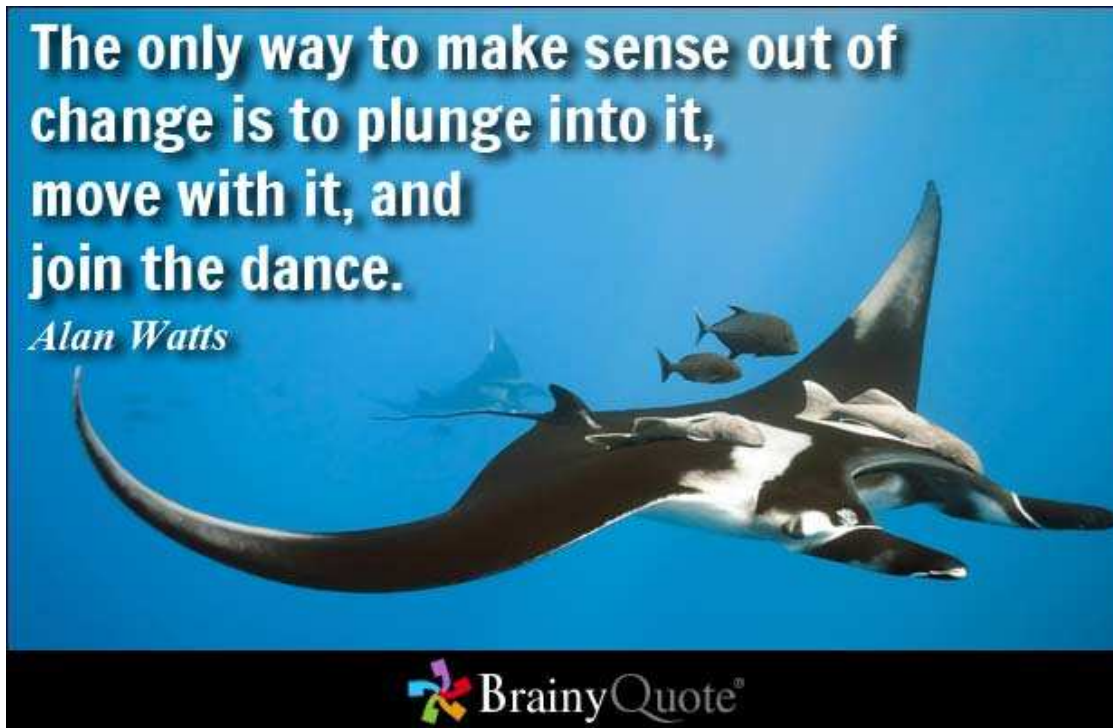


Change

- Become an active part of change-not its victim, *Myles Munroe*

The only way to make sense out of change is to plunge into it, move with it, and join the dance.

Alan Watts



BrainyQuote®

Thank you

