

FROM THE DESK OF THE CEO (15/22)

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Justin Chadwick 15 April 2022



“We long to return to normal, but normal led to this” Ed Young

At the beginning of the 2021 season the message was one of cautious optimism, as we felt that the worst of COVID was over, and we had a good 2020 season. As the 2022 season dawns the message is one of caution (without the optimism). There are so many red flags that growers are worried about – and rightly so.

RAIN RAIN RAIN

And, while we advised growers at the CGA Roadshows to expect the unexpected in 2022 – I did not foresee that to include seeing containers drifting down the National Highway (N2). This week, Durban received over 500 mm of rain over a four-day period and the impact has been devastating. Apart from highways becoming rivers, many homes were washed away, lives were lost and infrastructure damaged. For exporters through Durban Port the biggest concern is that Bayhead road – the feeder road to Durban Container Terminals – has had half the lanes washed away; and the integrity of the rest of the road is questionable. The roads to most cold stores are still intact – we will monitor developments in terms of getting containers to and through the port and keep growers updated. Mitchell Brooke and Dave Watts are meeting with Transnet regularly and are posting situation reports out to growers – please contact Tanya tanya@cga.co.za if you need a copy.

FRUIT LOGISTICA

It was great to be back at fruit Logistica in person in an environment where one could actually talk to colleagues and friends about the issues that face us in 2022, in three dimensional rather than the impersonal two dimensional video conferencing that dominated our lives in 2020 and 2021. Although the trade fair was smaller and foot traffic less, it seemed people were less hurried and able to spend more time with those that were there.

Some take home messages:

- After supporting South African growers in the past with an impressive pavilion befitting South Africa’s position in the fresh produce world, it was extremely disappointing that DTIC decided not to contribute in 2022. This after the President had spoken about export led economic revival and the importance of the fruit industry during his State of the Nation Address (SONA), and governments utterances of support for the industry. In reality CGA, SA Table Grape Industry (SATI), HORGRO, SATI and FPEF funded the South African stand – which reduced in size as the chosen site had been lost due to governments no show.
- Although we have always known that logistics is going to be a challenge in 2022, most concerns were about availability of containers, shipping opportunities and shipping schedules (timing). However, the talk around the fair was about the massive increase in freight rates. The fact that a logistics company occupied the site that South Africa gave up may be a reflection of who is doing best in the value chain. It is rather disappointing that old loyalties seem to be forgotten as hugely inflated levels was the talk of the fair. The tide will turn. Cargo owners will find a way to survive – and that survival may exclude those who are skinning them now.
- Problems faced by Southern African citrus growers are not unique – at the World Citrus Organisation (WCO) networking event it was clear that all citrus growers around the world are facing similar challenges – logistics constraints, increasing input costs and unsustainable returns. The message of unsustainable returns seems to be coming from farmers in other sectors as well – and a recent FAO report indicates that food price inflation is increasing. But is the farmer receiving any more for his produce in order to cover these ever increasing costs? In most cases the answer to this question is “no”. Others in the value chain are taking a bigger cut, with retailers in the lead. If the farmer is not making a profit he could cut corners which impact on planet and people, and in time he/she will go out of business (and then what?). It is time for retailers to price fresh produce based on the value to consumers, and to pass on more of this price back to the producer. From what I heard at Fruit Logistica growers are receiving returns that are not sustainable.
- We held the WCO at the San Miguel stand and what a dynamic bunch of young professionals hosted us there. It is so good to see a company that values women and youth in their business. We also noticed this in the roadshows when we visited South African growing regions, Eswatini and Zimbabwe – a good crop of youngsters showing their ability in a tough industry.

THE CGA GROUP (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY & CITRUS ACADEMY) ARE SUPPORTED BY AND WORK FOR THE SOUTHERN AFRICAN CITRUS GROWERS’