

# *“Keeping it Fresh”*

News from the FPEF – 17 June 2020

*Dear FPEF members,*

Let us start off this week's edition of our newsletter with something other than COVID-19 news, namely, some developments with regards to the blueberry industry:

- The FPEF and the SA Berry Producers' Association (SABPA) established the **Berries Joint Marketing Forum (BJMF)** on 3 June. The meetings will be chaired on a rotational basis between the FPEF and the SABPA and this inaugural meeting was chaired by the FPEF. The aim of the Forum is to serve as a centralized platform for stakeholders involved in berry production or exports, deliberating and communicating critical information. The Secretarial functions are being performed by the Berry Growers' Association - Elzette Schutte: [elzette@hortgro.co.za](mailto:elzette@hortgro.co.za)
- A FPEF member involved in blueberry exports recently (last week) completed our Top of the Class fruit export value chain training programme online, using Microsoft Teams (a first for the FPEF). They have also appointed two interns via the FPEF's graduate internship programme.
- They are also a partner industry in our PHI (Post-harvest Innovation) programme.
- SABPA will also become a member of FruitSA in future.



## **COVID-19**

As the COVID-19 information and statistics indicate, we will still be subject to regulations and efforts to mitigate the risk of spread and infections. The South African government's Risk Adjusted Strategy leads to constant changes in rules and regulations as more information about the disease becomes available. From FPEF's side we continue to share the latest information and developments with you.

Herewith, a **summary of the rules and regulations** which have been published in the Government Gazette since the previous edition of *Keeping it Fresh*:

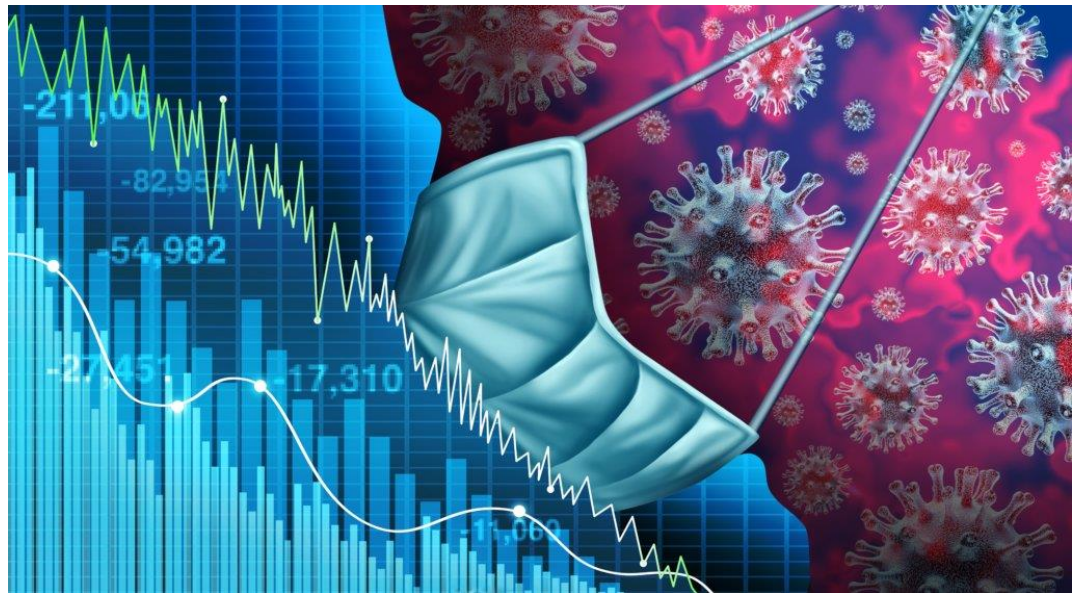
<b>New directions issued: Department of Home Affairs</b>	<a href="#">Home affairs amendment</a>
<b>The Minister of Trade, Industry and Competition repealed a number of directions for alert level 3</b>	<a href="#">Repeal of certain directions DTI</a>
<b>Communications and Digital Technologies</b>	<a href="#">Amendments for level 3</a>

More information on COVID-19 and its impact on our industry, local and global, is shared via webinars by various organisations on a regular basis – one such organisation of which the FPEF is a member is the PMA (Produce Marketing Association). Information and invitations are being sent to you via e-mail. If you have not received such information, please inform Claudia Walklett: [claudia@fpéf.co.za](mailto:claudia@fpéf.co.za)

**Wandile Shilobo, Agbiz's Chief Economist**, wrote the following on Monday (15 June):

### ***Agribusiness confidence fell to the lowest level since the 2009 financial crisis***

- The Agbiz/IDC Agribusiness Confidence Index (ACI) fell from the 50-point mark in the first quarter of the year to 39 in the second quarter. This is the lowest level since the third quarter of 2009, at the height of the global financial crisis. A level below the neutral 50-point mark implies that agribusinesses are downbeat about prevailing business conditions in South Africa. The ongoing COVID-19 crisis is primarily a health shock, but its impact on the economy has been severe and these sentiment results are a reflection of that. This second-quarter survey was conducted between the final week of May and the first week of June 2020. The ACI covers agribusinesses operating in all agricultural subsectors across South Africa.





- *The ACI comprises 10 subindices and all showed a significant decline in the second quarter of the year, with most reaching their lowest levels since 2009. This comes despite the fact that South Africa's agriculture and the food sector in particular, was operational during the strict level-5 lockdown period, except the wine, floriculture, wool and cotton subsectors, amongst others, which only resumed operating fully from level 4 and 3.*
- *In a nutshell, while South Africa's agricultural sector could register an improvement in output in 2020 compared to the previous year, and also an increase in export earnings, the cloud of uncertainty around the pandemic could continue keeping the sentiment depressed.*
- *With several economies set for sharp contractions because of the pandemic, the challenge South Africa's agricultural sector will likely face is a potential decline in demand locally and from several traditional export markets, and thus by extension lower agricultural commodity prices. This, in turn, will weigh on farmers and agribusinesses' finances and possibly the sentiment.*
- *Another important focus in the coming quarters will be on domestic agricultural policy, specifically land reform, which had dominated the landscape before the pandemic. Any path government takes in this particular policy will have an impact on levels of investment into the sector, and thereafter long-run growth prospects.*

Wandile also pointed out that the South African agriculture sector has the potential to be amongst the sectors that will drive economic growth and job creation during the post-COVID-19 recovery phase. The path to realising this growth does not need new policies. The South African government should rather, recast its vision of agricultural development using chapter six of the National Development Plan (NDP) as a point of departure. The NDP proposed a three-tier approach for agriculture and agro-processing to reach its fullest potential of creating one million jobs by 2030, namely the development of under-utilized land especially in former homeland areas and underperforming land reform farms (approximately 400 thousand jobs), the expansion of export-led high growth areas (approx. 250 thousand jobs) and the investment on agro-processing with integrated up-and downstream linkages (approx. 350 thousand jobs). But what will need to be done differently post the pandemic is the realization that the broad vision should be followed up with detailed operational plans to guide the officials and various stakeholders at the local level.



Linked to the abovementioned - our biggest risk is still the **ports**.

### **PORT OF CAPE TOWN**

The situation remains the same as last week and not much movement from the Cape Town Container Terminal side. Average vessel berthing delays = 13,5 days. Reefer Stack Occupancy is at 73% as of this morning.

The two vessels at berth is:

<b>MSC MICHELA</b>	2020/06/16 11:14	2020/06/19 04:00
<b>SANTA ISABEL</b>	2020/06/15 15:10	2020/06/20 06:00

The reefer stack is under pressure and the terminal will alert stakeholders when a decision is made to temporarily not accept reefers via the Transnet SMS alert system.

We request that exporters diverting fruit from Cape Town to Port Elizabeth, please inform us on the weekly volumes & commodities diverted. Truck congestion seems to build up in Port Elizabeth due to the increase in diverted fruit.

Please email [werner@fpéf.co.za](mailto:werner@fpéf.co.za) with the amount of volumes diverted.

Additionally, Transnet is investigating utilising rail from Cape Town to Port Elizabeth, to cater for the volumes diverted to Port Elizabeth. Therefore, it is important for exporters to kindly please provide an estimate on diverted volumes.

### **Cape Town Terminal Weekly Performance between 8 – 14 June 2020:**

No.	Objective	Key Performance Indicator	Measurement	Target	Mon	Tues	Wed	Thur	Fri	Sat	Sun	TOTAL	Comments
1	Increase throughput	No. of moves per day	No.	1800	1108	715	100	124	498	1160	1221	4925	
2	Truck turnaround time	All gates	Mins.	35	91	57	64	87	68	23	24	59	
		Main gate			114	76	87	141	110	28	30	84	
3	Number of vessels	No. of vessels completed per day	No.	11	0	1	0	0	0	1	0	2	
4	Wind delays / fog delays	-	Hrs	0	0.00	6.50	21.00	18.08	12.50	0.00	0.00	58.08	Wind / Vessel Ranging
5	Stack Occupancy	-	%	65%	62%	64%	65%	65%	62%	63%	55%	62%	
6	Reefer Stack Occupancy	-	%	65%	68%	74%	78%	84%	88%	91%	87%	81%	

### **TRADE SHOWS AND GENERIC PROMOTIONS**

#### **WorldFood Moscow 2020**

Kindly note that the deadline date for applications has been extended to the **23rd of June 2020**. Please ensure that you complete the appropriate application form and submit it by courier to the dtic and mark it for Attention Ms Basteba Morudi. You may contact her on her email: [BMorudi@thedti.gov.za](mailto:BMorudi@thedti.gov.za).



## **COVID-19 IMPACT ON PHI (Post-harvest Innovation Programme) AND PHI-SUPPORTED PROJECTS**

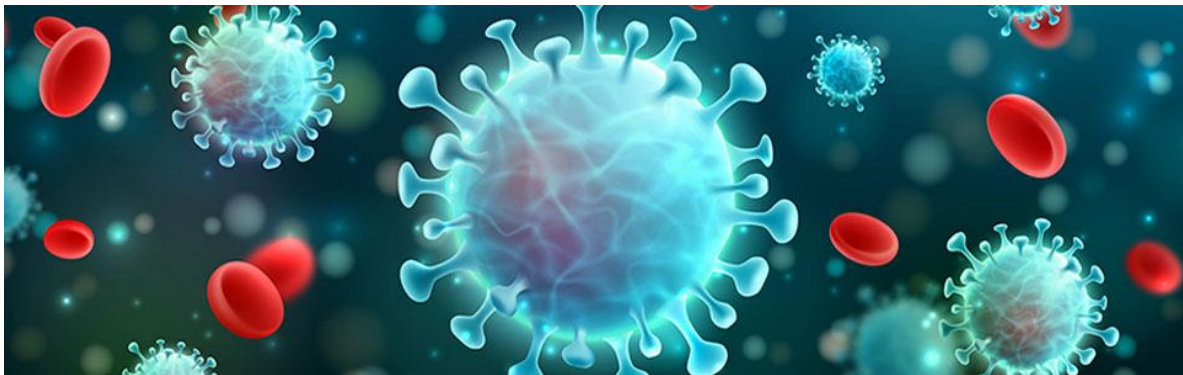
A survey recently conducted by the FPEF for the Department of Science and Innovation (DSI) on the effect of the Covid-19 lockdown on PHI-supported R&D third party contracts and beneficiaries revealed that a total of 16 out of 31 R&D projects were affected. A number of projects require an extension well beyond September 2021 when the current PHI cycle is due to conclude.

Other projects only require an additional three to nine months, which could be accommodated within the current funding cycle. Overall, the financial impact of these delays amounts to R1 143 504 of which R800 000 is for postgraduate student bursaries – many students have to re-register during 2021 to complete their qualifications. This amount does not include any provision for PHI's programme management and operational expenditure beyond September 2021. However, a possible future call for sector funding proposals by the DSI would address the programme operational and financial management challenge. If there is a future call for proposals and FPEF/PHI is successful, the abovementioned extended projects could be absorbed under the management of a new funding cycle.

While the DSI has not responded yet as to whether they have additional funding to address the abovementioned financial impact, the FPEF has also written to the various higher education institutions to enquire about their respective positions (perhaps contingency funds) to assist with student bursaries. The FPEF is still awaiting their response.

In addition to the abovementioned challenges identified, some industries' statutory levies may have been impacted on future research. Any impact on the sale of fruit due to logistics limitation may decrease funding available for research. Labour availability may also be a challenge as the number of infections may increase during harvesting time. This may have a negative impact on the performance of various orchard practices as well as downstream in the value chain (packing, transport, etc.). In essence, affected industries may possibly face a decrease in levy income due to the impact of Covid-19 on sales and labour (farm and the rest of the value chain) at the same time as they require further funding for projects that were due to terminate by September 2020, but now have to be extended due to the lockdown. This means that industries may potentially see a considerable decrease in the number of new projects they are able to fund. Fewer new projects means that researchers have to take in fewer postgraduate students and will experience a decrease in their output (i.e., graduates and publications). It also means a longer period to solve and address some of the industries' problems that are decreasing profitability and the competitiveness of the local industry.

On a positive note, Covid-19 restrictions have no impact on the FPEF's contractual deliverables to the DSI, which include



the number of postgraduate students supported as well as the racial demographic of students and researchers. However, the number of publications in international

scientific journals may be delayed due to delays in R&D projects' completion dates.

### **USEFUL LINKS – COVID-19**

You can find relevant information about **COVID-19** on our website: [www.fpef.co.za](http://www.fpef.co.za)

**Official SA Government information site:** <https://sacoronavirus.co.za/>

All official government **regulations and guidelines** are available at <https://www.gov.za/coronavirus/guidelines>

**Emergency Hotline:** [0800 029 999](tel:0800029999)

**WhatsApp Support Line:** [0600-123456](tel:0600123456)

*Let's keep our social distance, continue to wash hands and sanitise and wear our masks.*

***Kind regards***

***Anton***

