



# KEEPING IT FRESH

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fresh produce  
EXPORTERS' FORUM  
SOUTH AFRICA

**News from the FPEF – 22 May 2024**

## ***Dear FPEF Members,***

With a few days left before **the elections**, it seems prudent to share some information regarding it with you – as provided by **Agbiz's Chief Economist, Wandile Sihlobo**:

Policy direction and commitment to implementation will be critical for agriculture. A rough scan of various political parties' manifestos shows that agricultural matters are well-featured, with varying views on land reform. Also, evident this time is an appreciation of what the sector could continue to contribute to the rural economy, job creation and the national food security.

New policies should not be introduced. The focus should be on implementing and updating the existing programmes where necessary. The starting point should be the Agriculture and Agro-processing Master Plan (AAMP).



### **Ten areas that require the attention of the SA agricultural leadership post-elections:**

1. **Land reform:** The DALRRD should continue finalizing the Land Reform and Agricultural Development Agency. This Agency will help release the roughly 2,5 million hectares of land within the State Land Holding Account to beneficiaries, amongst other tasks. The Agency will also implement the beneficial selection criteria for such land. This land can potentially improve the inclusiveness and growth of the agricultural sector and employment possibilities. There may be a need for collaboration with various implementing agencies at different stages of the land release process. The DALRRD has championed this work and should see it to completion in the next administration. Blended Finance could also be aligned with this work.
2. **Animal health:** Minister Thoko Didiza appointed the Ministerial Special Task Team to provide insight on ways of improving animal health in South Africa. The report provides clear policy guidelines, which should be implemented in the new administration. The livestock and poultry subsector forms nearly half of the South African agricultural economy, which makes this task vital, especially for the export drive that is a focus in the sector.

3. **Agricultural product standards:** There have been various complaints in the industry about the practice of appointing assignees and their associated exorbitant costs. This aspect should be addressed in the next administration as such costs burden producers and consumers. Importantly, in some cases, the value addition of some of the assignees is not straightforward, and if anything, they add ambiguity and costs to the food system of South Africa.
4. **Registrar for Act 36:** The DALRRD, academia and organized agriculture have collaborative work underway to improve the capacity and effectiveness of this crucial office that registers all new agrochemicals, seeds and other agricultural products. The initiatives underway must continue under the new administration. The delays and backlogs in the Registrar's office may slow SA's agricultural productivity; thus, it is vital that DALRRD collaboratively with the private sector work to address the inefficiencies and continue with interventions underway.
5. **Agricultural exports:** The South African government has done admirable work opening various export markets over the years. These efforts should continue to focus on India, China, Saudi Arabia, and Egypt, amongst others. Continuous efforts should also be made to nurture the existing markets in Africa, the EU, the Americas, parts of Asia and the Middle East. The rising geopolitical tensions in the world remain a concern, and South Africa should work to open as many export markets as possible to improve diversification.
6. **Ports and rail:** Transnet's new management continues to collaborate. Adequate ports and rail are critical to agricultural exports and domestic product distribution.
7. **Roads and municipalities:** While this work is not necessarily under the DALRRD, it remains vital for the success of agriculture and agribusinesses. Improving roads and the effectiveness of municipalities should remain high on the agenda post-election.
8. **Rural crime:** Stock theft and other forms of crime undermine investment in agriculture and the growth of small towns. This is, again, an area outside the DALRRD, but the department's leadership should raise it in various forums and ensure that improvements are made.
9. **Water:** Post-elections, there is a sensible collaboration with the Department of Water Affairs and various stakeholders to improve the policy dispensation on irrigation water.
10. **Statistics:** The DALRRD should work to improve the statistics on agriculture across all subsectors. These are critical for monitoring, evaluation and policy formulation. There remain some gaps in our understanding of certain aspects of South Africa's agricultural economy, particularly the smallholder and informal value chains, partly because of inadequate statistics.



*The important question for our industry is how do we as industry best interact with a new parliament and a possible coalition?*

The CEO of Fruit SA, **Fhumulani Ratshitanga**, recently alluded to the importance of our industry operating in partnership with Government:

*For the fresh fruit industry of South Africa, going solo and operating in silos are as outdated as relying on a horse and cart to get around, says Fhumulani Ratshitanga, CEO Fruit South Africa (FSA). "The R63 billion export-oriented fresh fruit industry of South Africa relies heavily on specific services by the South African Government. It's only through well-negotiated, favourable trade agreements and other market access requirements initiated by government, that the industry can successfully penetrate export markets around the world, while competing successfully. Therefore, the role of government greatly impacts the ability of the industry to navigate the competitive international fresh produce terrain, and to – consequently – contribute meaningfully to the national agenda," states Ratshitanga. Given the importance of these government functions, and the potential economic ramifications, alignment between industry strategic focus areas and government policies is critical.*

Other interesting general facts, not linked to the election, but highlighting **the importance of the Agriculture sector** are:

- South Africa is the only African country which is under the top 40 agricultural exporters in the world.
- Horticulture is the only agricultural industry in South Africa which created jobs in the recent years.
- The average Black participation in the agricultural sector is 10%.

The matters mentioned above are more in the medium – to long term, but we also need to ensure that we stay involved in addressing current matters.

## **LOGISTICS & OPERATIONS**

### **Stakeholder Consultation session - Transnet CEO: Michelle Phillips**

The FPEF attended a stakeholder consultation session on operational performance and rail reform. The progress on the reform journey is set out in the freight logistics roadmap approved by Parliament last year. Pre-liminary 2023/2024 audit results were presented and Transnet Group OPEX resulted in approximately a 4.2% savings from the budget vs actual group OPEX realised.

In the port environment, Transnet Port Terminals is currently sourcing equipment from customers. In Durban, ten hauliers, three x reach stackers and three empty container handlers that were sourced, are arriving at the end of May 2024. The Durban equipment compliment increased with 35 hauliers and two reach stackers delivered before May 2024. In Cape Town two x reach stackers have been delivered with another two x reach stackers awaiting delivery at the end of May 2024.



Furthermore, the recovery plan scorecard performance targets were released for the 2024/2025 financial year. The targets remain modest yet there is a sense of optimism, striving towards a more positive outlook. In terms of rail, the 2024/2025 targets indicated a movement to 170mt on total rail volumes. Transnet highlighted their challenges with inadequate network maintenance funding and the impact it had on volumes declining & existing capacity constraints. There was also a request to include the agricultural sector as a corridor to improve rail volumes. Transnet proposed the use of global benchmarking practices and related revenue models to address the pricing strategy determining rail access. These pricing charges must effectively be prescribed by the regulator.

### Comments on the proposed Network Statement

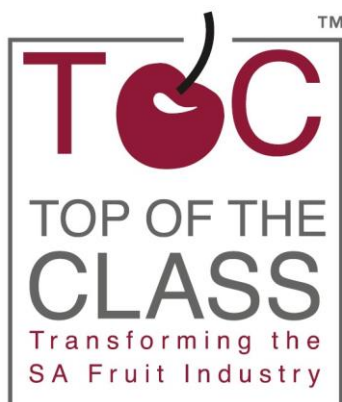
FPEF (Fresh Produce Exporters Forum) attended a public session in Cape Town to comment on the proposed Network Statement. The main topics discussed were fruit export geography and volumes, infrastructure requirements (e.g., off dock plug availability, reefer capacity, centralized rail wagon availability), and challenges with short haul rail (e.g., high costs compared to trucking).

### Operational status feedback on ports

For the past few weeks, shipping lines highlighted concerns around the draft at the Durban terminals, some contracted their own expects to do soundings and conclude that the draft in places is not sufficient and will impact vessel intake capacity. The dredger had to be positioned from East London and then broke down. Dredging has resumed but now further compounds the ship to shore crane breakdowns at Pier 2. Last week a low of 6 cranes deployed which increased the weekend to 10 and then declined to 7. Three cranes are expected to be back in service today, however there are two long outages that will only return to service in June and August, respectively. Until recently Pier 2 operated with 13 Ship to shore cranes. The terminal did manage to reach 60 available straddle levels after spending weeks of levels in the 50's. The low number of gangs deployed increased landside productivity and truck waiting times.

Equipment breakdowns at CTMPT terminal resulted in three days of excessive truck waiting time, up to 24 hours and some exporters elected to plug in reefers and return later. Terminal communication was lacking and only after escalating to senior levels, did we see intervention. As the terminal operates with ageing equipment, they should have operational procedures in place to deal with these eventualities.

## FPEF TOP OF THE CLASS (TOC) FRUIT EXPORT VALUE CHAIN TRAINING



This year's first interactive, **online TOC programme** is underway. The training programme spans a **total of six days** broken up into *three blocks of two days* each. The programme is aimed primarily at employees in junior to middle management in fruit export and associated companies. The training provides a **comprehensive overview of the whole value chain** from field to fork covering primary production, quality and cold chain management, compliance, packing and packaging, road, rail, air and sea logistics, logistics documentation, systems, global markets, sales and marketing. The next online **programme starts in October**. FPEF members wishing to find out more about the programme or to register are welcome to contact **Johannes Brand**. [johannes@fpéf.co.za](mailto:johannes@fpéf.co.za).

Best regards  
**Anton Kruger**



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