

# SA FRUIT & VEGETABLE CANNERS' ASSOCIATION

## SAFVCA Newsletter: September 2007 (Issue 4 of 2007)

### GOOD NEWS FOR FRUIT CANNING!!!

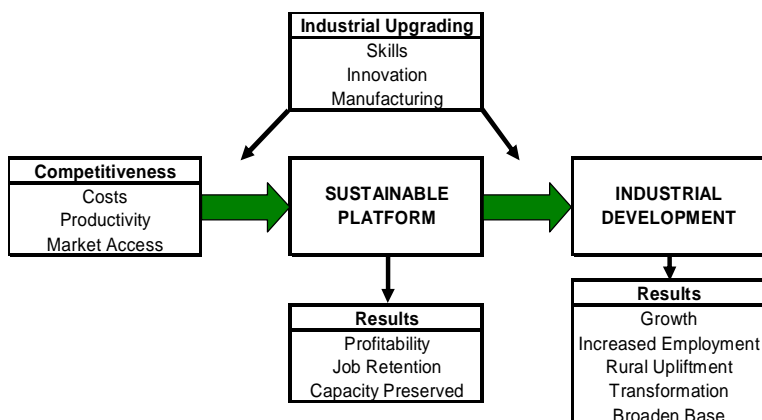
#### NATIONAL INDUSTRIAL POLICY FRAMEWORK (NIPF) & INDUSTRIAL POLICY ACTION PLAN (IPAP)

The National Industrial Policy Framework (NIPF), which was tabled before Cabinet in January 2007, was officially launched by the DTI in August 2007, together with the Industrial Policy Action Plan (IPAP). The NIPF has a fundamental role to play in achieving the Accelerated Growth Initiative of South Africa's (ASGI-SA) goals of accelerating GDP growth to over 6% by 2010 and halving unemployment and poverty by 2014.

The purpose of the Industrial Policy Action Plan (IPAP) is to give effect to the NIPF objective which is to provide strategic direction to the economy in respect of industrial development i.e. to grow and diversify manufacturing and services. In this respect, the IPAP singles out 11 sectors for immediate implementation of which Agro-Processing is one sector and where the **Fruit Canning Industry** is specifically cited with an objective to improve the profitability and competitiveness of the industry.

This is a major achievement for the industry to be included in the IPAP and places substantial responsibilities on the industry to use this opportunity to achieve the sustainable platform from which it can grow, increase employment/skills, uplift communities, transform and broaden its base. To give effect to this, the "PPP" Fruit Canning Industry Initiative's Business Plan is the ideal vehicle to use as it is suitably aligned with the NIPF's objectives.

#### Fruit Canning in context of NIPF & IPAP



**EU MID TERM REVIEW** As you are no doubt aware, these important negotiations are currently underway. During June, the EU tabled its interests and the parties also focused on exchanging its defensive positions. During the Aug/Sep meetings, SA tabled its interests, which included our industry's offensive interests i.e. elimination of duties and quotas. No agreement has yet been concluded; although the parties are still aiming for completion by end Dec 2007. Whilst it is understood that the negotiations have progressed satisfactorily, the outcome is still uncertain.

SAFVCA continues to place great focus on this area and in so doing has implemented (in conjunction with experienced consultants) a Support Programme/Strategy to position the industry in SA and in the EU. Both the departments of Trade & Industry and Agriculture have been engaged at all levels to ensure our case is well motivated. Further, during July, the industry visited canners, traders and importers in Europe to obtain their support. During October, an industry delegation will meet with parliamentarians, embassies and other key stakeholders in Germany and Brussels.

#### UPCOMING EVENTS: OCTOBER/NOVEMBER 2007

- ❖ **02/10**: Meeting with Department of Agriculture re EU Quota
- ❖ **05/10**: Fruit Industry Gala Evening
- ❖ **14/10**: Anuga Food Fair, Cologne (14 to 17 October)
- ❖ **02/11**: DTI/Industry Leadership Group Meeting (Q3)
- ❖ **05/11**: Cuba Trade Mission/Show
- ❖ **19/11**: Quarterly SAFVCA, SAFVCEC & Cottatrade Meetings

#### Some Interesting Articles ...

- "Things could be a lot juicier for SA": [Business Day 03/09/07 \(attached\)](#)
- "Californian peach yield to be best in seven years": [Foodnews 07/09/07](#)
- "More Greek Peaches but less canned": [Foodnews 14/09/07](#)
- "Shortfall in Spanish canning predicted to last into 2008": [Foodnews 14/09/07](#)
- "Cut in Italian pear crop may benefit Chinese canners": [Foodnews 14/09/07](#)
- "Asparagus balance of power swings back to Peru": [Foodnews 21/09/07](#)
- "China plans to move deeper into fruit puree production": [Foodnews 21/09/07](#)

**EFTA**: A revised target date for implementation of this agreement has been indicated for 01 January 2008. At this point in time, there appears to be a delay within the SACU countries as the completion of the ratification process in Namibia and Swaziland is still outstanding.

**2008 EU QUOTA**: The deadline for submissions of applications for the 2008 Quota has been gazetted as 15 October 2007.

For any further information, kindly contact SAFVCA's office on Tel: 021-871 1308 or email [info@safvca.co.za](mailto:info@safvca.co.za)

## **"Things could be a lot juicier for SA"**

**(Business Day - The Exporter Supplement: 03 September 2007)**

SA PRODUCES some of the world's best quality canned peaches, pears and apricots, but the industry's global market share has been declining against a background of expansion by competing countries. The domestic deciduous fruit industry brings in revenues of about R1,5bn a year, 85% of which comes from exports. But industry insiders believe things could be a lot juicier.

Many of the reasons for the sector's difficulties lie beyond its control: the world trading system allows governments in the rich industrialised countries to subsidise less competitive fruit canners while simultaneously erecting high tariff barriers to the entry of products from more competitive producers, such as those in SA.

To combat this, a new initiative is being spearheaded by the trade and industry department in the form of a partnership between the Western Cape government, the South African Fruit and Vegetable Canners Association, the Food and Allied Workers Union and communities in the fruit-producing and canning areas. The department is pumping R8,4m into the venture via a Sector Wide Enterprise Employment and Equity Programme grant, which stipulates that funding be on a 50-50 basis. The remainder is coming from the Canners Association.

At the launch of the initiative last month, Deputy Trade and Industry Minister Rob Davies said he was acutely aware of the importance of the deciduous fruit canning industry for the livelihoods of many communities in Western Cape, specifically in the Breede River winelands area. The total industry employs about 30000 people, including factory and farm workers, most of whom are each responsible for the wellbeing of another three people. This is an issue close to Davies' heart. Since 1994 he has been a constituency MP to the Breede River winelands area and says he has become "painfully aware" of the difficulties the industry has experienced and of the effect this has had on the lives of the communities.

"The closure of the fruit canning line in Paarl a few years ago was a traumatic event for that community and other areas cannot afford to experience this. Many of us are convinced that fruit canning is an industry where SA has significant comparative and competitive advantages and where there is scope to offer a pillar of stability and growing prosperity to communities in rural Western Cape and elsewhere."

Another roleplayer, Nassos Martalas of Langeberg and Ashton foods, says South African producers believe they are competitive in terms of costs and efficiencies and can compete with global producers. "But we need to be allowed to do so. The northern hemisphere countries, by limiting our access to those markets, make it very difficult for a fair contest in the marketplace."

Martalas has welcomed the government's efforts to negotiate with the northern hemisphere on free trade, but is anxious to see the initiative making headway in other areas too. "This is clearly a long-term process, and in the short to medium term it is our hope that a forum such as this will develop innovative ideas to help sustain our industry until such time as the northern hemisphere can be brought to its senses."

Not surprisingly, high on the initiative's agenda is the issue of transformation. Canners Association chairman Rudi Richards says one of the initiative's key tasks is to focus on black economic empowerment (BEE). Currently the industry's poor profitability is not attracting lucrative BEE investments, and there is little scope for small enterprise development. There are only a handful of black fruit farmers, with the older, more established family owned farms still ruling the roost.

But Richards believes that kind of change will come as the programme achieves success in the other areas it is tackling, such as a more aggressive branding and marketing campaign, benchmarking to improve yields, and better market access. In terms of market access, Richards hopes to see signs of success by the end of this year once the European Union (EU) completes its mid-term review, where he says the South African government needs to negotiate a better market access deal. At the moment EU countries have duty-free access to SA, but domestic producers have an export quota to the EU. Richards argues that this is unreasonable, considering that Chile, which until recently had a similar arrangement with the EU to SA's, has now been granted duty-free access from 2010. Chile faces similar poverty and community upliftment challenges to SA's.

Jobs are already being affected by the sector's struggles. "What's worrying are the signs of cracks starting to develop, such as farmers not planting sufficient crops to maintain the level of supplies that we used to. This will have a deleterious effect in more ways than one in the short to medium term."

To achieve the greatest success in the shortest amount of time, the initiative is taking a task team approach, with each team responsible for different issues. Davies says it is hoped the work of the task team on marketing and market access will succeed in identifying opportunities in nontraditional markets.