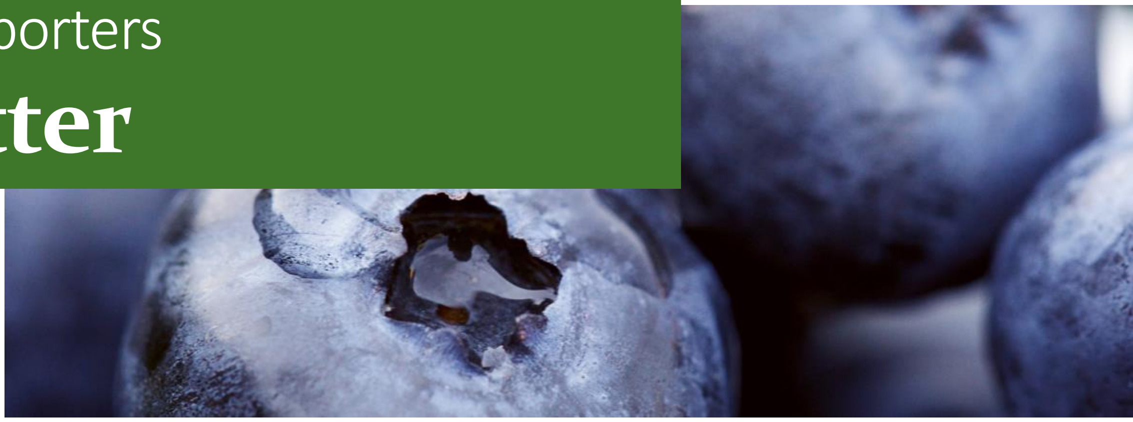
Southern Hemisphere Association of Fresh Fruit Exporters

Newsletter

September 2024



Association Update

Meetings

The activities of our association have been picking up speed over the past weeks, with some interesting actions taking shape now.

On 8 and 9 July, SHAFFE members gathered online for a general meeting of the association's members, which provided a new impetus and direction for our future work. From that meeting followed four meetings of our new Working Groups – on Statistics (13–14 August), Logistics (27–28 September), Sustainability (10 September) and Market Access (233–24 September), which were all very well attended and generated some great ideas as to how to further develop the association's activities.

Save the date!

All SHAFFE members are warmly invited to our next regular members' meeting on Wednesday 9 October 2024, from 9 to 10.30 am, at the IFEMA fair in Madrid, on the occasion of FruitAttraction.

Our next event will be a general members' meeting in Madrid, on the occasion of Fruit Attraction. The meeting will be held both in person and via weblink.

Involvement with GlobalGAP

SHAFFE is now actively involved in GlobalGAP's Working Group on the new "Environmental Sustainability Solution" and of its various sub-working groups. Our association has been represented by Belén Rios of Procitrus/ Asociación de Gremios Productores Agrarios del Perú, Albert Coetzee of the Citrus Growers' Association of Southern Africa and Ellen Pay, General Secretary of SHAFFE, in last week's sub-working groups on greenhouse gas emissions and footprinting; food losses and waste; and agricultural regeneration (i.e. soil health). Our participation in these working groups provides a unique opportunity to shape GlobalGAP's future new standard on environmental sustainability, and ensures that it takes due account of the challenges and unique circumstances faced by fruit growers in the Southern Hemisphere.

Welcome to the first edition of the Newsletter of the Southern Hemisphere Association of Fresh Fruit Exporters! The Newsletter is a work in progress, and we welcome any suggestions from members that can help us improve this publication. You are all warmly invited to send your regular contributions to this Newsletter to the SHAFFE secretariat at secretariat@shaffe.net.

SHAFFE
Southern Hemisphere Association of Fresh Fruit Exporters

SHAFFE warns against impact of major dockworkers' strike looming at ports on US East and Gulf Coasts

The International Longshoremen's Association, the largest North American union for maritime workers, is planning a complete work stoppage for 1 October in East Coast and Gulf ports in the United States of America. The strike would shut down a total of 36 ports, thereby significantly affecting the supply of fruits from the Southern Hemisphere into the United States of America and Canada. For example, Delaware's Port Wilmington is the country's leading gateway for imports of fresh fruits, including grapes, stonefruit, apples, pears, cherries and berries from Chile; citrus fruits from South Africa; apples and pears from Argentina; kiwifruit from New Zealand; and grapes from Peru and Brazil. Other important entry points for our fruits include the Port of Philadelphia and the Port of New York and New Jersey, all of which risk being shut down as a result of the strike. The impacts from a potential strike would be magnified by ongoing issues in the Red Sea and Panama Canal, effectively choking off major arteries of global trade.

SHAFFE has contacted the US Government to highlight the potential detrimental impacts of the strike, not only on our industry but also on consumers in North America. We have urged the Biden administration to engage with the International Longshoremen's Association and the United States Maritime Alliance to ensure that a new deal is negotiated quickly, or that ports remain operative and cargo is kept flowing while negotiations continue.

If this issue affects you, please contact the SHAFFE secretariat asap. We are liaising with the Canadian Produce Marketing Association (CPMA), one of our co-members in the Global Coalition of Fresh Produce, to help compile impact statements from the industry on how the disruptions would impact programmes and product flow. Your input could help us support efforts to avert the worst impacts of the strike, for example by urging shipping lines and port operators to prepare themselves for the redirection of shipments to Canadian ports, or exploring diplomatic channels to keep certain critical supply routes open.

The **Global Coalition of Fresh Produce**, of which SHAFFE is a member, is organizing a meeting for its members on 9 October, in the same meeting room as the one SHAFFE will be using at Fruit Attraction, and just after our meeting from 10.30 until 12 am. All SHAFFE members are warmly invited to attend the Coalition's meeting as well. For more information on the Coalition, its members and activities, visit its website at www.producecoalition.net.

The **Canadian Produce Marketing Association**, one of our co-members in the Global Coalition of Fresh Produce, is inviting all SHAFFE members to a cocktail at their booth at Fruit Attraction in Madrid, on Wednesday 9 October from 5.30-6.30 pm. To register for the cocktail, go to https://cpmaacdfl.wufoo.com/forms/rzdbch90q50s78/.

SHAFFE launches survey into service conditions and costs imposed by shipping lines

The SHAFFE Working Group on Logistics has issued a survey into the service conditions and additional costs imposed by shipping lines upon fresh fruit exporters. Indeed, the consolidation of the shipping industry into a very limited number of shipping lines is affecting the quality and efficiency of the services provided by this industry. It gives shipping lines the power to unilaterally impose their conditions on clients, not only in terms of pricing but also in terms of service conditions. This results *inter alia* in limited choice for exporters, inadequacies in the services offered, and unfair and confusing add-on costs and penalties appearing unexpectedly on shipping invoices, in addition to the contracted freight cost.

SHAFFE members agree that the fresh fruit export industry must speak with a single voice to redress the balance of power between exporters and shipping lines, and express the need for fair and equitable rules in global shipping. To do this, SHAFFE will publish a "**charter of good shipping practices**" to ensure fair choice and options on shipping services as well as avoid unfair and confusing add-on costs.

In order to draft such a charter, we are asking all members to provide examples of unfair service conditions and cost additions, and suggest general guidelines or "best practices" that would prevent such practices. Based on your input, we will draw a list of general, clear and simple "best practices" or guidelines, which the shipping industry will be asked to co-sign. SHAFFE will then be in a position to recommend these entities to its members as co-signatories that they can trust and support and do business with.

The online survey can be filled out at

https://forms.office.com/e/KfT7fKbczZ (English), or https://forms.office.com/e/qrNwuy8zU7 (Spanish).

Global Coalition of Fresh Produce issues 2024 report on production and trading costs and prices

The Global Coalition of Fresh Produce – of which SHAFFE is an active member – has published the final results of its second survey into costs and revenues in the global fruit and vegetable industry, conducted in the spring of 2024. "We conducted this survey as a follow-up to the survey conducted by the Coalition in 2023, when producers and traders the world over were facing unprecedented cost hikes," said Ron Lemaire, Chairman of the Coalition and President of the Canadian Produce Marketing Association. "The aim of this new survey was to understand how the situation has evolved over the past year." According to the Coalition's new report:

- Despite some moderation of the cost rises experienced during and immediately after the COVID-19 pandemic, the industry continues to grapple with substantial cost increases across various inputs such as construction materials (+56% year-on-year), fertilizers (+33%), fuel (+31%), machinery (+30%), and shipping services (+28%).
- A majority of respondents have managed to increase their average selling prices compared to last year. However, most remain unable to fully offset rising costs for various reasons, including intense price competition in the fresh produce market, limited consumer purchasing power, and a lack of bargaining power with buyers.
- 76% of operators are operating at a break even or profit, compared to 81% in 2023.

"What is worrying," added Ron Lemaire, "is that financial strain has affected operators' ability to invest in critical areas like capital equipment, innovation, and expansion, which are all essential for long-term sustainability."

Looking ahead, the outlook remains daunting with ongoing geopolitical tensions, climate change impacts, and persistent inflationary pressures expected to prolong cost escalations. As a result, a substantial proportion of respondents fear for the future economic viability of their operations, with nearly 70% considering the possibility of closure within the next two to three years.

On the positive side, Ron Lemaire highlighted that "there is optimism within the market, and the industry has shown great resilience in adapting to immediate challenges." "However," he added, "the path to sustainable recovery and growth hinges on addressing the systemic issues driving cost increases, and ensuring adequate support for long-term investment and innovation."

The final report is now available on the Global Coalition of Fresh Produce website at https://producecoalition.net/publications/.

Source: Global Coalition of Fresh Produce, 19 September 2024

Historic citrus cases at WTO aimed at fairness and scientific accuracy

Last week, the South African Government took a historic step at the World Trade Organization (WTO). For the first time ever, South Africa has advanced cases in front of the WTO's Dispute Settlement Body (DSB) to the so-called "panel stage". This means panels will have to hear the case and rule on a trade disagreement between South Africa and the European Union within a number of months. The WTO's DSB is a relatively unknown but hugely important body that upholds the rule of law in international trade. It provides mechanisms through which disputes can be settled, and it ensures the stability necessary for global trade to function smoothly and fairly. The issues the DSB will have to rule about concern plant health measures imposed by the eu on citrus imported from South Africa. These measures are considered by the EU to be necessary to protect it from two citrus plant health threats: Citrus Black Spot (CBS) and False Codling Moth (FCM). South Africa already had a world-class and robust plant health system that ensures only safe, quality fruit is exported. Although measures were introduced on CBS as early as 1992, the additional CBS and FCM measures are recent developments. South Africa now has to comply with these unnecessary regulations, which include additional inspections, more intense spray programmes, excessive cold treatment protocols, numerous sampling and assessment procedures, and various other forms of costly administration. Complying with these measures places an immense burden on local citrus growers.

They have to spend almost R4 billion annually just to adhere to these measures. There are citrus producing areas in South Africa that are CBS free and CBS has never spread to those areas in South Africa, but the EU is progressively putting stricter measures in place because of a perceived risk of CBS spreading to the EU.

Source: Citrus Growers' Association of Southern Africa, From the Desk of the CEO, 12 July 2024.

Plum deal for Australian stone fruit growers

The Australian Government has secured another win for Australia's horticulture industry, with new market access to Vietnam adding our high-quality plums to existing trade for peaches and nectarines.

The development is part of a two-way agricultural market access agreement that provides Australian plums to Vietnam and Vietnamese passionfruit to Australia.

Australia's agriculture, fisheries and forestry exports to Vietnam were worth $3.7 billion in 2023-24, with growing trade for stone fruit to further solidify the relationship with our sixth largest export market. This outcome supports the agricultural industry's aim to grow towards becoming a $100 billion sector, and the Australian horticultural sector's aim to become a $20 billion business by 2030.

The next pairing on the trade agenda are Australian blueberries and Vietnamese pomelos, with negotiations well underway.

Source: Australia, Ministry for Agriculture, Fisheries and Forestry, 10 September 2024