

Jan-Louis Pretorius – Groep 91 Uitvoer

Significant volume of grapefruit may not be exported this year due to cost pressure

The South African grapefruit season started around two weeks earlier than usual, with the majority of grapefruit growers in the northern areas currently undertaking selective harvesting from the inside of tree canopies, which are usually the larger fruits.



Although the international sales and consumption window for South African grapefruit is long and relatively stable, supply is usually concentrated during the last half of April and the first half of May. This year, says Jan-Louis Pretorius, CEO of Groep 91 Uitvoer in Letsitele, Limpopo Province, there is a conscious intention amongst growers and exporters to do everything possible to extend the harvest over a longer period.

“Given the drastic cost increases across our entire supply chain, especially shipping rates, as growers we can ill afford unnecessary stock build-up in our markets, as this usually results in downward pressure on pricing and returns back on farm. Add to this the general congested state of our ports and the case for growers to extend their harvesting of grapefruit over the longest possible window becomes very clear.”

Exportability of 40% to 45% of export crop called into question

“Environmental conditions were positive during the growing season and chances are fairly good that we will see an increase over 2021 in total production. However, exports will not see this same growth due to the high probability that low margin lines like class 2, processing grade, large (count 28/32) and small (count 55/60) fruit will not reach a break-even return and will therefore not be packed and shipped.”

In 2021, processing grade fruit represented 16% of exports, while class 2 made up 6%. Large fruit traditionally destined for Russia represented 9% and small fruit a further 12%.

“That’s between 40% to 45% of the traditional export crop which potentially comes into question because of commercial reasons. It’s putting grower sustainability at risk if the ridiculously high shipping rates remain.”



Juice market is a fair prospect

There is little demand for fresh grapefruit locally (although a fully matured first-class grapefruit from Letsitele can’t be beaten on eating quality, Jan-Louis remarks) but the juice market is in fairly good condition. Local processing of grapefruit, in relative terms to Valencia oranges and lemons offers a fair alternative to exports.

The time between packing fruit and its ultimate arrival in the market has drastically lengthened over the past two seasons, having wide-ranging implications for growers, from increased cash flow pressure to potential arrival quality implications.

“We are very concerned about the delays experienced at the port and throughout the logistical chain,” Jan-Louis says; this concern has been worsened by the effect of the recent floods on Durban and the access roads to the harbour.

Fruit will go to Russia, but under very difficult conditions

Russia and surrounding countries like Ukraine (which was a very important grapefruit market for South Africa), Georgia, Azerbaijan are of cardinal importance to South African grapefruit exporters from a commercial viewpoint, he says.

“I understand there are alternatives being investigated, but they come at a massive price. It is possible to get fruit there through other routes, but high returns will be needed to compensate for the high cost of logistics and we’re not yet convinced that the purchasing power is sufficiently strong. Moreover, we have to keep in mind the depreciation of the Rouble.”

Getting fruit there, is just one part of the puzzle. To eventually obtain a meaningful return back on the farm, is the next challenge, he adds. A mere trickle of South African grapefruit has gone to Russia so far this season, but some fruit will continue to be exported under very difficult conditions.

“This is an incredibly complex season which lies ahead, with so many variables outside of our control

that have to be kept in mind just to survive. The cost inflation we're seeing is simply not sustainable." He concludes: "Everyone is feeling very uncomfortable at the moment."



GROEP 91 UITVOER

For more information:

Jan-Louis Pretorius

Groep 91 Uitvoer

Tel: +27 15 345 1671

Email: admin@groep91.co.za

<https://www.facebook.com/people/Groep-91-Uitvoer/>

Publication date: Tue 19 Apr 2022

Author: [Carolize Jansen](#)

© [FreshPlaza.com](#)