AGRICULTURE — FRUIT

1996

JANUARY — JULY

White predominance makes citrus industry vulnerable, says report

(3) FRUIT CT(BR) 3/5/96

By Roy Cokayne

Pretoria — The racial composition of South Africa's citrus industry places it in an exposed political position, according to a report commissioned by the World Bank.

The industry is predominantly white, and there is little involvement of blacks except as basic labour.

The report, which was released recently, said there was greater political vulnerability because the citrus sector in South Africa was unsure of how supportive the new national or regional governments were.

"The elimination of the general export incentive scheme, an export subsidy, is seen by some as not only a loss of valuable marginal income but also as evidence of reduced support from the new government in South Africa," it said.

The report is entitled Southern Africa Citrus Case Study and was compiled by Grahame Dixie of High Value Horticulture for the World Bank's Southern Africa Agriculture and Environmental Group.

The report also focused on Outspan International's monopoly of marketing in South Africa. It said this position was under threat from the new Agricultural Marketing Bill and was contrary to the basic tenets of the new constitution. This could endanger the integrated structure of the industry and might result in a fragmented industry, a decline in economies of scale and intraregional competition in overseas markets.

The report said received wisdom was that monopoly agricultural marketing was prone to inefficiency, incompetence and even corruption, but it said the South African Citrus Exchange, or Outspan International as it is now called, had proved to be an exception.

"The citrus export industry in southern Africa provides an object lesson of how to organise an integrated marketing chain for exporting fresh produce and the advantage of regional co-operation in agro-business."

Blacks will get involved in the citrus industry as more than hawkers and labourers if a new report's findings are implemented

The report said it seemed unlikely that monopoly or single-channel marketing could continue in South Africa, but it would be unwise completely to liberalise citrus exports.

"The aim of the new marketing Act should be to provide competition within southern Africa for products, thereby encouraging efficiencies within the region, but limiting inter-regional competition in overseas markets."

The system needed to provide for continued funding of research, promotion and international trade litigation, if this was necessary.

The report said the main aim of the Act should be to ensure orderly marketing within an overall strategy while maintaining as far as possible the existing export infrastructure.

It said increased competition within South Africa would improve Outspan's efficiency and performance, although it said Outspan had an excellent track record, its strategic planning was sound and the company's continued success was pivotal to the profitable future of the southern African citrus industry.

The report said the next decade's priority had to be the maintenance of growers' returns while exporting the additional 500 000 tons the sector would be producing.

"It is only if the industry can remain profitable that it can also be used as a powerful motor for black rural development and economic development in Zimbabwe, Mozambique and Swaziland."

The report said that throughout the sub-continent there was a sensitivity towards the issues of development and the need for greater black involvement in the industry.

But it said the ideas had not generally been translated into action and fresh citrus was not an ideal starter-crop for new farmers. The greatest opportunities for new jobs were likely to be those that added value after harvesting, such as in prepacking or semi-processing, although it was likely these businesses would be owned by whites.

"Nevertheless, the industry does have potential to provide significant opportunities for black-owned enterprises that provide services.

"During the start-up phase of these pioneer enterprises, some business guidance and assistance in creating the necessary linkages between black business and the white farm sector will significantly improve the chances of their success," it said.

BUSINESS

Langeberg posts earnings increase after sales boost

(3) FRUIT BD 3/5/96

Samantha Sharpe

CAPE-based fruit and vegetable processing group Langeberg Holdings posted a 36% increase in attributable earnings to R37,3m in the six months to March, boosted by improved international margins and increased local sales.

Langeberg MD Andries van Rensburg said that although local market conditions were uncertain, the international trading outlook was favourable.

"This will allow the group to achieve reasonable growth in earnings for the full financial year," Van Rensburg said.

Turnover rose a muted 4,5% to R449,1m, with operating income 28,4% higher at R51,6m. A net interest payment of R3,2m brought income before tax and abnormal items to R54,8m compared with a previous R42,8m.

A R700 000 abnormal item — rationalisation costs — showed net income before tax at R54,1m against R42,8m at the same time last year.

The group had embarked on a rationalisation process over the past few years to compete favourably on the international market and reduce the effect of the phasing out of GEIS.

A R16,8m taxation charge led to the R37,3m in attributable earnings. Headline earnings were 29% higher at 22c a share, while the group declared a 5,5c interim dividend, which was 22% higher than March last year. Net income a share rose 36,6% to 23,3c.

On the balance sheet side, shareholders' funds rose to R434,7m compared with a previous R392,8m.

A cyclical increase in stock levels during the deciduous fruit season and delayed international shipments resulted in the group's debt to equity ratio rising to 13% from 2,7%.

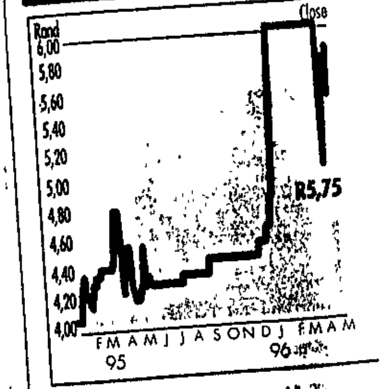
Van Rensburg said that the local deciduous fruit industry had experienced a higher crop intake, which had resulted in improved capacity utilisation.

"However, the adverse climatic conditions experienced during harvesting impacted negatively on our processing yields."

He said the group had experienced a steady growth in local sales, with its Koo and All Gold brands strengthening southern African market share.

A contraction on the supply of deciduous fruit and firmer prices had improved international competitiveness. "Our recently established alliance with the multinational food group, the Dole Food Company, has taken off well with good acceptance of Dole deciduous fruit in the European market," Van Rensburg said.

Langeberg Holdings



Langeberg reports 29% earnings rise

(136) (3) FRUIT

By Ann Crotty

CONSUMER INDUSTRIES EDITOR

CT (BR) 3/5/96

Cape Town — Langeberg, the fruit and vegetable canner, reported a 29 percent increase in earnings a share to 22c in the six months to the end of March, up from 17,1c in the previous six months.

The group achieved this through better operating margins because of improved profitability in its export business.

It has declared a dividend of 5,5c, up 22 percent from last year's.

The group's turnover increased 4 percent to R449,1 million from R429,8 million. An increase in operating margins from 9,3 percent to 11,5 percent led to a 28 percent surge in operating income to R51,8 million from R40,2 million.

Andries van Rensburg, the managing director, said the group enjoyed steady growth in local sales and benefited from improved international conditions. "A contraction in the supply of deciduous fruit as well as firmer prices improved our competitive advantage on international markets."

The recently established alliance with Dole, the multinational food group based in the United States, contributed to the good performance because "there was good acceptance of Dole deciduous fruit in the European market."

The group also benefited from a lower cost structure and the weaker rand. The expected drop in contributions from the general export incentive scheme therefore had little effect on the results.

Though there was a bumper deciduous crop, which led to improved use of capacity, poor weather during harvesting had had a negative effect on the group's processing yields.

Working capital needs rose from R45,3 million to R126,2 million because of the larger crop and delays in international shipments.

Van Rensburg expected favourable conditions to continue on international markets. Domestic demand was uncertain, however.

The group was also undertaking rationalisation steps that would adversely affect second-half results.

Analysts expected full-year growth of about 20 percent.

Juicy praise for Outspan

ST (BT) 5/5/96 (3) FRUIT

By DON ROBERTSON

OUTSPAN's single-channel marketing system has drawn praise from the World Bank, but it faces strong opposition from several local fruit growers who continue to oppose the scheme.

A report, released by the World Bank last week, says it is generally perceived that a monopoly agricultural marketing system is prone to inefficiency, incompetence and even corruption.

"The SA Citrus Board or Outspan International has proved to be an exception. The citrus industry in southern Africa provides a lesson on how to organise an integrated marketing chain for exporting fresh produce and on the advantages of regional cooperation in agro-business."

It says the southern African citrus industry is a major international player, accounting for more than 7% of world exports. This is likely to rise to 11% by 2005.

The reason for Outspan's success has been its need to remain competitive, and management has proved itself capable of organising orderly marketing. It has been relatively transparent in providing financial data such as prices, costs and returns, the report says.

However, the Independent Fruit Growers Association has slammed the monopoly marketing system which stops farmers from exporting their own produce.

The Citrus Board, of which Outspan is effectively the export wing, recently held a referendum among its members to gauge opinions to the single-marketing structure. The findings are expected to be released soon.

The World Bank report says, however, that Outspan has mastered the complex logistical skills of co-ordinating 600 000 tons of produce from 1 200 growers in four countries — South Africa, Swaziland, Mozambique and Zimbabwe — across a distance of 2 400 km to four sea ports with onward distribution in 140 vessels to more than 50 countries.

It adds that it has taken advantage of economies of scale in reducing unit costs, particularly in co-ordinating regional transport, the purchase of packing materials and chartering refrigerated shipping. It has developed new markets and provides sufficient returns to satisfy growers and stimulate new plantings.

The report says that Outspan has taken a strategic view of the future and continues to adapt rapidly to the changing international market. The exporter has recognised the need for vertical integration through investment in export markets.

Through the formation of Capespan, Outspan has positioned itself to service the expanding supermarket sector in Western Europe and to create a foundation for growth into Eastern Europe.

Outspan is the major exporter of "counter-season" citrus and as a result obtains premium export prices. It enjoys a longer supply season than other southern hemisphere countries. In doing so, it takes a regional view, with no apparent preference for South African products.

"This approach parallels those of industry giants like Dole and United Fruits," it says.

"Outspan has effectively privatised itself, so that it is now wholly owned by the export growers themselves and has set in train a process of improving efficiency and enhancing communication between the company and its shareholder growers," says the report.

It adds that the company has, through long-term research, managed to lower unit costs, reduce irrigation and pesticide usage and develop new fruit varieties.

It warns, however, that crops are vulnerable to droughts, that the elimination of the General Export Incentive Scheme represents reduced support from Government and that the citrus sector is over-staffed and under-skilled.

The report cautions against the planned increase of about 500 000 tons of export in the next 10 years, which could result in oversupply and lower prices. It praises Outspan for targeting Eastern Europe, South East Asia and Japan as future markets to counter this.

Significantly, it suggests that the priority of the industry for the next 10 years should be the maintenance of growers' returns.

FRUIT EXPORTS (3) FRUIT

GOLDEN HARVEST

FM 10/5/96

Total export revenue from the deciduous and citrus fruit sectors will hit a record R4,6bn in the year to end-December. And boosted by a weak rand — which has added 15%-20% to earnings — both sectors are looking forward to an even better 1997.

The industries' earnings will provide employment for hundreds of thousands of workers and valuable foreign exchange. Regional economies should benefit, too.

Also on a sweet note, sugar farmers say the good summer rains should more than double export tonnages to almost 1 Mt — well up on last year's 380 000 t. And gross export revenues could add another R1bn to the balance of payments.

SA Sugar Association media manager Chris Fitzgerald says sugar production should reach 2,25 Mt this year, following last year's disappointing 1,67 Mt.

"The season before saw a similar tonnage. The two previous years yielded only about 1,2 Mt/year because of severe drought. And though most sugar cane producers are smiling, irrigation farmers in Mpumalanga especially are happy now that the Komati River system is back to normal."

Unifruco chairman David Gant says the combination of a good rainy season and the low rand have given a decided shine to the citrus and sugar sectors. But, for the Cape's deciduous fruit, bad and unseasonal weather depressed the expected 7%-8% growth in volume output — the first time in a decade that industry output growth failed to materialise. Nevertheless, export revenues should grow by 10% to R2,2bn.

"Based on increased plantings, we had hoped for better growth. But hailstorms in the Cape's Langkloof area coupled with unseasonal rains in the Orange River valley led to sharp output reductions, especially of seedless grapes. A cold early summer also harmed the potential of some fruit crops," he says.

Sharp increases in labour and shipping costs will shave off some of the benefits of rand depreciation but the international quality name of the Cape brand should provide the usual price premium on overseas markets. So revenue should grow regardless of lower volumes.

"By next year, provided the weather is kinder, we should crack the R2,5bn export revenue target," adds Gant.

In the case of citrus, the picture is looking decidedly better following excellent summer rains. And, with underground water reserves restored and irrigation dams full, the outlook for the next few years is as good or even better.

"We expect export revenues to exceed last year's R1,65bn by R650m-R700m and the much bigger citrus crop should earn about R2,3bn-R2,4bn in forex. This increase will be achieved through the benefits of the low rand, a 16% rise in export volumes — to a record 49m cartons, from last year's 41,7m — and a real price increase anticipated in some markets," says Outspan International CE John Stanbury. He says new plantings should boost export volumes by 37% to 67m cartons by 2003 — when the new trees reach maturity.

With sanctions over, the industry is developing new markets in eastern Europe, the Far East and Canada. And the US market should soon open to SA exports.

"We expect our traditional European Union market, which takes about 60% of our exports, to shrink to about 40% of the total by 2003," says Stanbury. ■

LANGEBERG (3) FRUIT

MAKING UP FOR LOST GEIS

FM 10/5/96

Headline interim EPS, up 20%, are on track for the 28% increase for financial 1996 the *FM* suggested (*Leading Articles* February 16). But it has clearly been no easy road for MD Andries van Rensburg and his managers.

The headline earnings reconciliation statement shows that the rationalisation programme put in place by Van Rensburg's predecessor continues. It cost R1,3m in the first half and there's little to suggest a similar cost won't be incurred in the second six months as the company fights to reduce costs in the face of diminishing Geis proceeds (there will be none in 1997).

Commendably, margin rose to 11,5% compared with 9,4% a year ago. Paring costs and increasing volumes to achieve higher margin is the only way to survive the end of subsidisation.

As Van Rensburg predicted, local markets improved. Volumes grew as the strong brands gained market share. The large crop usefully increased capacity utilisation. But that's only half of it.

At least 40% of products are exported, mostly to Europe but also to the Far East. And a contraction in the international supply of deciduous fruits meant better times for the canned product in these markets and margin improved from firmer prices abroad as well as the rand's weakness.

Langeberg's rand hedge aspect should not be overlooked. In particular, its alliance with brand leader Dole Foods in Europe should ensure good export volume growth.

CANNED PROFITS

Six months to	Mar 31 1995	Sep 30 1995	Mar 1 1996
Turnover (Rm)	429,8	432,2	449,1
Pre-int earnings (Rm)	40,2	62,8	51,8
Pre-tax profit (Rm)	42,8	41,4	54,1
Attributable (Rm)	27,3	27,0	37,3
Headline earnings (c)	17,1	21,8	22,0
Dividends (c)	4,5	8,0	5,5

The balance sheet shows some interesting developments. At R477m, stock is 38% higher than at the same time last year and almost double that at end-September. Accordingly, interest-bearing borrowings have risen from zero six months ago to R57m and September's R64m cash balance has disappeared. Hopefully, the stockpile is strategic and will soon disappear, or interest receipts, which have helped shore up pre-tax profits, could turn negative.

Not surprisingly, due to the unexpected slackness in the economy, Van Rensburg says the outlook for demand at home is uncertain. But international markets should remain favourable and full-year earnings growth should be "reasonable."

With the fall in the rand, the stockpile could prove a much needed export bonanza. And continued rationalisation should help to diminish costs, in the short term as well as for the long haul. With sound management in place, there are good reasons to believe headline EPS for the year will reach the 48c proposed by the *FM*.

At 560c, the share is on a prospective p:e of 11,7. Given all the uncertainties, that seems fair for the moment. But I can't help wondering about the effect of rand depreciation on earnings. In six months' time, hindsight may make the share underpriced now. *Gerald Hirshon*

Experts proclaim unions the winners in new constitution

John Dludlu (132) BD 15/5/96

THE labour unions have emerged as winners under the new constitution which was approved by Parliament last week, according to constitutional experts.

Addressing a seminar to review business implications of the new constitution yesterday, Webber Wentzel Bowens partner Peter Grealy said the constitutional provision on "union security arrangements" would undoubtedly benefit trade unions should employers seek to challenge closed shop arrangements provided for in the labour relations Act.

Grealy was commenting on the section dealing with labour practices. This stipulated the Bill of Rights did not prevent law recognising union security arrangements contained in collective agreements. A further victory for workers was a right of access to information held by employers where it was required for the protection of the worker's rights.

DP leader in Gauteng Peter Leon expressed concern at the "ad hoc" and uncertain manner in which the provisions of the Bill of Rights would be applied between individuals, between people and companies, and between individuals and the state.

"This will bring a great deal of uncertainty to commercial life."

The Bill of Rights, he pointed out, should be a shield of citizens against the state and not a sword in the hands of the state.

However, the constitution protected SA's "holy cows" — the labour unions — from the horizontal application of the Bill of Rights.

On the controversial property clause, Leon lashed out at the new constitution, saying it was a Cinderella of the interim one, which struck a good balance between the right of the state to expropriate property and the right of property owners to compensation.

This balance had, in the new constitution, been tilted in favour of the state.

Leon, also a member of the Association of Law Societies, said the property clause was hostile to holders of mineral rights and investors.

Citrus study shows high return for local growers

(3) FRUIT

Louise Cook

BD 15/5/96

PRETORIA — A row has broken out in the citrus industry following a study by international accounting firms Barraclough & Co and Price Waterhouse Urwick which found that southern African growers earned a net return of about 46% on fruit exports.

Outspan spokesman Penny Palmer said the study, commissioned by the Australian Horticultural Corporation, ranked the citrus marketer and exporter as the top performer in industry co-ordination. Returns to growers in southern Africa were 17% higher than in the US and Australia.

Palmer said the study claimed that growers exercised control over their oranges from farm to market through organisations such as Outspan in SA and Sunkist in California.

The Australian market was mostly too fragmented for this type of integration.

But Valdi Jenson, chairman of the Fruit Growers' and Exporters' Association, which dismissed the findings, accused Outspan of a "vociferous propaganda war".

Without the pooling system, in terms of which producers delivered citrus to Outspan, top producers could earn up to 30% more, he said.

"Outspan has support from 52% of citrus growers. In terms of draft legislation, 60% support is required to continue with single channel exports," he said.

Citrus Board calls for export protection to squeeze competition

(3) FRUIT CT 22/5/96 (BR)

By Ann Crotty
CONSUMER INDUSTRIES EDITOR

Johannesburg — South Africa needs a single-channel export marketing system for the citrus industry because "we don't want people messing around in our playing fields", Charles van Veijeren, the chairman of the South African Citrus Board, said yesterday.

Van Veijeren was speaking at a press conference called to release the results of a survey commissioned by the Citrus Board and carried out by the chartered accountants KPMG.

The board said the results of the survey showed that 89 percent of southern African citrus growers supported the continuation of a single-channel export marketing system similar to that which has been in operation in operation since 1926.

The system has been managed by Outspan, which is the Board's sole export agent.

Of the 1 230 growers who were sent questionnaires a total of 830 responded.

Asked why, given this support, legislation was needed to enforce Outspan's privileged position, Van Veijeren said that while Europe was a stable and mature market, prospects for the South African industry pointed to future growth that would require the costly development of new markets.

"If we get individuals exporting to our stable markets, our position there would be disrupted," Van Veijeren said.

For this reason he said the legisiative backing for the single export system had to be kept in place with no individuals allowed to operate outside it.

Valdy Jensen, the chairman of the Independent Fruit Growers' and Exporters Association, said that the board and KPMG's interpretation of the poll's results were far too lax

"The reality is that the Citrus Board does not have the support it claims and is desperate to retain privileges for its agent Outspan, while the rest of the world has already either completely or partially deregulated."

Industry sources said the poll was carried out in an attempt to provide Outspan with ammunition to deal with an agricultural department that might become more hostile towards some long-standing institutions and particularly single-channel marketing systems.

Opponents of regulated marketing systems said that such systems resulted in a lack of choice by the producers.

They also caused a lack of accountability by the agent and these two factors led to inefficiencies.

'Regulated' citrus exports favoured

(3) FRUIT ARG 23/5/96

JOHANNESBURG. – An overwhelming majority of South African citrus growers were in favour of the retention of a regulated export marketing system, such as the South African Citrus Board, a KPMG survey has shown.

The survey, commissioned by the Citrus Board and administered by international audit and consulting firm KPMG, showed that 89,2 percent of the respondents voted in favour of a regulated export system.

KPMG said that 8,1 percent of the respondents were against regulated exports.

A total of 830 citrus growers, representing 67,5 percent of the registered growers and 84 percent by volume, responded to the survey.

The draft marketing bill being formulated allows for the future regulation of exports of agricultural products.

Citrus Board chairman Charles van Veijeren said in a statement that a single-channel export marketing system was not harmful to the South African community. – Sapa.

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ARGT 23/5/96 (3) FRUIT

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Fruit exporter predicts SA poised to lead world

ARG 28/5/96 (3) FRUIT

LLEWELLYN JONES
Business Reporter

SOUTH Africa's fresh fruit industry is set to take the lead in world export markets, according to Louis Kriel, the managing director of Unifruco and Capespan International.

Mr Kriel said the local industry would attain this elevated position through the cost savings made by Capespan on the international leg of the distribution process. At the same time, Capespan's international competitors had not been able to achieve the same cost savings.

Capespan is the sole distributor of Outspan and Unifruco products in the northern hemisphere. The organisation expects turnover of R4.1 billion this year, of which R320 million, or eight percent, will be passed on to farmers.

Mr Kriel said the savings made by Capespan would be passed on to producers. This year, 18,6 percent of turnover was budgeted for "overseas costs". This figure had come down from 20,5 percent in 1995 and 22,6 percent in 1994. Capespan estimated that it would be able reduce the "overseas costs" to 17,6 percent next year.

Mr Kriel said the attitude towards South African produce remained friendly, with new markets opening up.

While these new markets made South Africa less reliant on its traditional markets, Capespan still guarded those traditional markets jealously. The United Kingdom, Germany, France, Holland and Belgium accounted for 73 percent of Capespan's exports to Europe.

But Mr Kriel said there was also a certain amount of unease among local producers. The "main killer" was uncertainty about the future, driven mainly by perceptions of a hostile government.

This had been exacerbated by two years of disappointing crops and negative publicity towards single channel marketing.

JSE TRADING

OIL PRICES

UNIT TRUSTS

Unifruco challenged again

CT (BR) 29/5/96 (3) FRUIT

By Audrey d'Angelo

Cape Town — Unifruco's position as the sole marketer of deciduous fruit from South Africa in the northern hemisphere is under threat as the government considers allowing competition.

Louis Kriel, the head of Capespan, said yesterday that the single-market channel allowed economies of scale and reduced competition, leading to the best possible prices for South African growers. Capespan is the joint marketing operation for Cape and citrus fruit in Britain.

He said the prices obtained for Cape fruit were higher than those paid to the fragmented Chilean deciduous fruit industry, whose suppliers were played off against each other. The only other suppliers whose prices were in the same range as Cape growers were in New Zealand, which also had a single-channel marketing system.

Valdry Jensen, the chairman of the Independent Fruit Growers Association, said the association had 500 members who preferred to have the choice whether to market through Capespan or to sell their produce directly.

Disagreeing with points made by Kriel, he said Capespan had all the other growers in the southern hemisphere as competitors.

Kriel said streamlined systems introduced by Unifruco had cut costs drastically. The cost of discharge and storage had been reduced from 5,2 percent of gross sales in 1994 to 4,2 percent last year. It was budgeted to come down to 3,8 percent this year and 3,5 percent next year.

Transport costs had come down from 2,8 percent of gross sales in 1994 to 2,7 percent last year. They were expected to fall to 2,3 percent this year and 2,2 percent next year.

Cape crop bonanza

□ *Regional boost as excess grain moved to Free State, Gauteng silos*

WHEAT (3) FRUIT

ARG 3/1/96

Staff Reporter and Sapa

BUMPER grain crops in the Western Cape are set to boost the region's economy this year, while a stable supply of fruit and vegetables is expected to keep prices constant over the next few months.

The national Department of Agriculture predicts a strong showing for the maize, sunflower, groundnut, sorghum and soya bean crops sprouting in summer rainfall areas, provided the good rains continue.

André Visser, assistant director of the Epping Market, said farmers were predicting stable fruit and vegetable prices during the next few months.

"We foresee no shortages or over-supplies," he said.

The Western Cape's barley and wheat production had been so successful that some of the excess had to be stored in silos in the Free State and in Gauteng.

Countrywide, the 1995-96 wheat crop weighed in at around 2,28 million tons compared to last season's 1,83 million, the government's national crop estimates committee said yesterday.

But, in spite of the improved harvest, South Africa was still expected to import 360 000 tons of wheat to meet the domestic demand of about 2,4 million tons, said Wheat Board deputy general manager Johan Dorfling.

The record barley crop and good wheat crop in the Western Cape, a major winter grain production area, had created storage problems, he said.

"We've had to temporarily shift some barley up north, to empty silos in the Free State and Gauteng."

The Western Cape wheat crop was expected to be about 780 000 tons against last season's 738 144 tons.

Wheat Board spokesman Johan Erasmus said the 108 000 tons of wheat expected from North-West was "abnormal".

Meanwhile, the barley crop was expected to be about 50 000 tons more than usual at a record 300 000 tons, the second consecutive bumper crop.

Brewers were likely to use about 210 000 tons of barley, the Wheat Board said. Much of the rest would be exported, possibly to brewers elsewhere in Africa.

The Swartland's grain silos had never been so full, said Tienie du Plessis, general manager of grain production at the Western Cape co-operative.

Unifruco chief executive Anton du Preez said climatic conditions had resulted in this season's export fruit crop coming to market 10 days to two weeks later than last season's. This had led to a relative shortage of export fruit before the lucrative Christmas period.

The quantity of export apples and pears had been stable, the grape crop was slightly up, and the early stone-fruit crop slightly down due to the late December rain.

Unifruco exported 50 million cartons of fruit in 1995 and expected to export 51 million cartons this year.

FM 5/1/96

(3 - Fishing)

OCEANA

Greater quota security

Activities: *Catching, processing and canning of fish; food canning; cold storage provision; trading; shipping, clearing and forwarding.*

Control: *Tiger Oats 50%.*

Chairman: *D Ncube. MD: D Behrens.*

Capital structure: *98,5m ords. Market capitalisation: R493m.*

Share market: *Price: 500c. Yields: 3,9% on dividend; 7,6% on earnings; p:e ratio, 13,1; cover, 1,9. 12-month high, 500c; low, 290c. Trading volume last quarter, 545 000 shares.*

Year to Sep 30	**'92**	**'93**	**'94**	***'95**
ST debt (Rm)	—	—	—	8,3
LT debt (Rm)	9,6	4,5	6,7	6,1
Debt.equity ratio	—	—	—	0,12
Shareholders' interest	0,5	0,6	0,4	0,4
Int & leasing cover	—	—	—	31,8
Return on cap (%)	17,2	20,1	19,9	22,7
Turnover (Rm)	375	362	454	593
Pre-int profit (Rm)	37,0	43,1	49,6	68,0
Pre-int margin (%)	9,6	11,9	10,7	11,3
Earnings (c)	193,0	251,2	290,5	38,2
Dividends (c)	120	156	171	19,7
Net worth (c)	1 067	1 151	1 017	122

* Share split 10x.

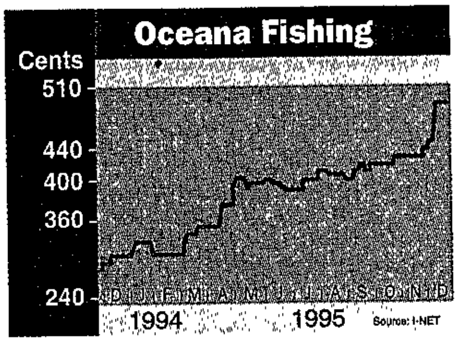
While all three divisions of the Oceana group contributed to a good improvement in results for financial 1995, the most significant event during the year was the change in the ownership structure of the company.

There is now a broad spread of new shareholders. These include Real Africa Investments, fishermen's associations, pelagic quota holders, local business interests and individual investors, along with more than 80% of Oceana's employees who voluntarily bought shares at market price.

This has empowered many who previously had no effective participation in the fishing industry and no means of gaining entry.

Tiger Oats changed its shareholding from a 70,5% stake in operating company, Oceana Fishing (Ocfish) to 50% of Ocfish Holding which now controls 50,2% of Ocfish.

It did not do this for altruistic reasons. It was a hard-headed, politically motivated decision that has, as MD David Behrens says "greatly increased the merits of our constant quest to obtain quota security and to increase quota mass." So far all concerned are winning because of the improved performance.



After falling consistently as the company's diversification strategy took hold, in 1994 the fishing division's share of after-tax profit was 35%. In 1995 the trend reversed and the division contributed 45%.

Higher landings of pilchards resulted in the cannery enjoying good volume growth. Landings of anchovies were unchanged, so fish meal and oil operations could only achieve a marginal profit in spite of record landings of nonquota pelagic species.

Better trading and clearing and forwarding activity increased the trading division's turnover by 36%. Operating margins rose as a result.

The Cold Storage division enjoyed "unusually high" occupancy levels for most of the year as imports of meat and chicken required "in-transit" storage space. The additional capacity usage produced a much higher earnings contribution. It was further enhanced as the company last year increased its stake in Commercial Cold Storage from 60% to 100%.

Group operating profit rose 40%. But because of new acquisitions and a continuing capital expenditure programme to expand and upgrade handling and storage equipment, the net cash position changed. Interest of R2,1m was paid instead of the R3,8m received in 1994. EPS rose 31%.

Behrens is expecting the sound performances in both the fishing and trading divisions to continue for financial 1996 but is estimating that demand for cold storage space will lessen to normal levels. Yet he is uncharacteristically optimistic and says "group earnings are expected to show a good increase in the coming year."

Assuming a rise of 30% in EPS to 50c puts the share on a prospective p:e of 10. At the current 500c, the share represents good value.

Gerald Hirshon

SEA HARVEST (3) FISHING

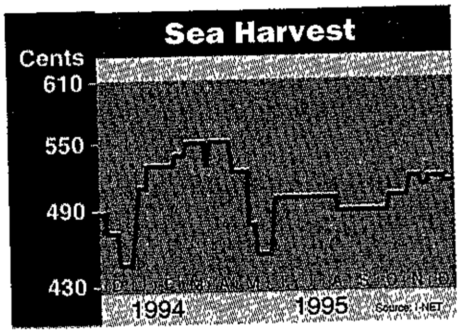
Taking the bait

FM 5/1/96

Activities: *Deep sea trawling. Processes frozen and chilled seafoods.*
Control: *ICS Holdings 62% (Ultimate holding company: C G Smith).*
Chairman: *H E Kramer. MD: L Penzhorn.*
Capital structure: *100m ords. Market capitalisation: R515m.*
Share market: *Price: 515c. Yields: 4,5% on dividend; 9,5% on earnings; p:e ratio, 10,5; cover, 2,1. 12-month high, 550c; low, 440c. Trading volume last quarter, 693 000 shares.*

Year to Sep 30	'92	*'93	'94	'95
ST debt (Rm)	1,5	1,4	1,2	0,7
LT debt (Rm)	5,2	3,9	2,2	1,5
Shareholders' interest	0,57	0,60	0,64	0,48
Return on cap (%)	36,0	29,7	20,8	18,9
Turnover (Rm)	312,4	‡318,2	329,2	360,9
Pre-int profit (Rm)	91,2	‡66,8	58,2	75,4
Pre-int margin (%)	29,1	21,0	17,6	20,9
Earnings (c)	60,1	‡44,8	40,2	49,1
Dividends (c)	34,6	26,0	19,0	23,0
Net worth (c)	145,9	168,2	189,4	192,0

* 15-month period. ‡ Annualised.



The most important restraint on Sea Harvest's earnings has been the size of its hake quota, which has been static for a few years.

To overcome this obstacle, the company has sought to improve its catch per unit and raise efficiencies in adding value.

A third, more remote option was always available — to enter the Namibian fishing industry. When Namibia's Gendev Corp earlier this year put its Lüderitz-based hake and lobster interests on the market, Sea Harvest chairman Eckart Kramer took the bait "hook, line and sinker."

Sea Harvest Corp of Namibia — 51% owned by Namibian institutions and 49% by Sea Harvest — bought Gendev's three companies, Lalandii, Blue Angra and Capensis Fishing. These have 9 560 t of hake and 45 t of lobster quotas, fishing vessels, processing and cold storage facilities.

The acquisition could prove to be an astute move. The Namibian hake resource is reputed to be recovering well from the overfishing that took place until the newly independent government stopped it.

Sea Harvest now has additional assets and another sorely needed venue for expanding its core business of catching, processing and marketing seafood.

Kramer will not disclose the price paid for the acquisition but reckons there are large synergies between the Saldanha and Lüderitz factories.

In SA waters this year the hake resource was in good shape and Sea Harvest's fishing returned to a normal catch pattern. A better catch rate, with greater factory efficiencies and sound trading locally and internationally, led to much better results.

Kramer says the continuing capital expenditure programmes undertaken to improve expertise in beneficiating hake have created high acceptance for the product in the US, Australia and Europe. More than 40% of output is exported and he is confident demand from these countries and locally will remain firm for at least the remainder of this financial year.

With quotas restraining earnings growth, the market has not rated the share like others in the food sector.

Now, even though the new investment is not expected to boost earnings in 1996, the company has better chances for growth. And prospects can only improve as Namibian quotas expand with the hake resource there. Sea Harvest's balance sheet is strong. It has R96m cash and continues to invest in the latest technology to add value and increase productivity while pursuing fish farming research techniques.

As a provider of quality protein food for local and international markets, the company has the potential for solid, if not exciting, earnings growth. At 515c, the share offers sound value. *Gerald Hirshon*

CAPE VISITOR *Johan Carse, right, the marketing manager for the port of Cape Town, with Chang Shu, a captain of a Taiwanese vessel*

PHOTO ACHMED KARIEM

Foreign fishing vessels boost economy

By Audrey D'Angelo

Cape Town — Japanese and Taiwanese fishing vessels calling regularly at Cape Town are contributing more than R340 million a year in foreign exchange to the South African economy, according to Johan Carse, the marketing manager for the port of Cape Town.

More facilities had been provided to encourage them to lay up their ships in Cape Town at the end of the fishing season and to have repairs carried out here instead of sailing back to their home ports, he said yesterday.

A Japanese corporation was conducting a feasibility study to determine whether to invest in a ship lift and other repair facilities.

Carse said if this project materialised it would mean training local people in Japanese technology which would be an important contribution to the RDP.

He said discussions about the proposed repair facilities had been held with the Mitsui Corporation and with the Japanese government's development organisation, Jaido.

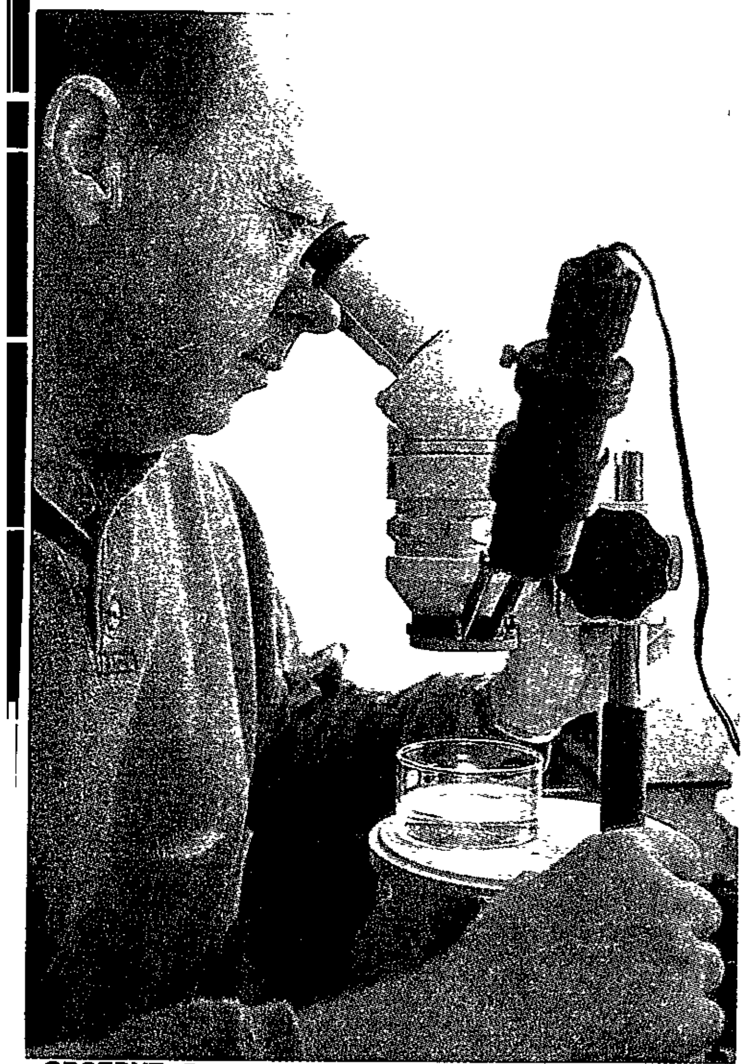
The money spent had a multiplier effect, like the tourist rand. In addition to the ships' owners spending money in the port, with chandlers and refuelling, the crews also spent money at businesses in the city.

(3) FISHING CT (BR) 5/1/96

Farming abalone a costly business

☐ *Budding industry may reduce widespread plundering*

ARG 9/1/96
(3) FISHING



OBSERVE: Doctor Robin Carter peers through a microscope to inspect one of his tiny charges at the CSIR nursery at Hermanus.

THEY are no more than glorified seawater snails, but there are few South Africans who live at, or visit, the southern Cape coast who do not know that special delicacy, the perlemoen. Staff Reporter HENRI du PLESSIS witnessed how science has enabled man to farm this sought-after and much plundered marine resource.

PERLEMOEN, or abalone, is an emotion-charged issue, with wide-scale plundering of the popular delicacy along the coast.

It has featured prominently in the country's crime statistics as perlemoen pirates destroy the resource to supply eager foreign markets for lucrative deals.

In some cases, abalone has even been traded for drugs like Mandrax, instead of cash.

Behind these stormy scenes, however, a group of scientists and businessmen has found a way of farming these creatures in an economically viable way, opening up a route to a possible future in which plundering would be reduced, simply because the market was sufficiently supplied with cultured abalone.

However, the industry is still in its baby shoes and the cost of setting up is high. It is a highly technical exercise and knowledge of the creature and its very special requirements is essential before a would-be abalone farmer should embark on such a venture.

But already nine independent producers have set up shop, with the biggest facility aimed at producing 100 tons a year, according to Robin Carter, marine biologist of the Council for Industrial and Scientific Research, who plays a central role in this budding industry.

Cultured abalone also have a few advantages over their wild brothers and sisters, Dr Carter says.

"There is a strong and well based demand for cultured perlemoen of 50 to 90 mm in size for the Far East market," he said. "The market in the Republic of China accepts the smaller size, while the top end of the Japanese market prefers the 80 to 90 mm size.

"Cultured abalone is more tender and offers a greater footmass compared to size.

"The greatest challenge in the culture of abalone is to provide seed abalone — the small 10 mm individuals that have to grow to the right size in the commercial tanks or raceways at commercial quantities (millions per year).

"This is technologically demanding and very high viability production systems do not yet exist. Suitable abalone farming sites are also not that common and require careful selection.

"Then you have a choice of culture routes — you can either choose to develop and use natural food (seaweeds) or buy commercial artificial food such as that produced by Seaplant Products, who have become a world leader in producing quality artificial abalone food.

"The abalone spend about six months in the hatchery/nursery and then have to grow for between 24 and 30 months in the raceways of the commercial farm before they are market ready. That is partly what makes it such a costly business to get into — you have to wait up to 36 months before you begin getting an income."

To stock up a raceway system with seed abalone may cost millions — to produce even 10 tons a year requires 200 000 seed abalone.

Sea water has to be pumped from the sea to the farm at all times, requiring a large pumping set-up and adequate controls of water quality.

For one, the water always has to be clear of predator organisms, especially when the abalone are still quite small. Secondly, contaminants such as trace metals can lead to high mortalities in all stages.

COMPARATIVE: This is the size the abalone should preferably reach after 30 months to be market-ready.

Pictures: ANDREW INGRAM, The Argus.

Another large expense is the civil engineering required — for example, depending on the growing system, hectares, or two to three rugby fields, will be needed to house a 100 ton a year establishment.

The raceways are normally long tanks with seawater in which special baskets containing the abalone are kept. Abalone feed mostly at night and by day try to find the most shaded part of the basket in which to hide.

The more often they are handled, the higher the death rate. But they must be moved to bigger areas every three months as they grow because they need a minimum of twice their own surface area of space around them to be able to feed adequately.

To count them in a large production unit is an impossible task, so they are weighed and their numbers are calculated based on average mass.

The abalone is sold live and therefore fresh. When harvested, they are put to sleep with a soporific drug in their water, packed in a special container and loaded on to the aircraft.

For the layman, all this effort may seem too much, but when the figures are calculated, the reality is different.

At between $33 and $40, or around R130 a kilogram, 100 tons raises a lot of gross income — roughly R13 million a year. Considering that running costs, including labour, may even be as high as 60 percent, it still leaves a great net profit.

Fishermen vow to defy crayfish laws

(3) FISHING

☐ *'Scorched sea' plan until industry restructured*

ARG 16/1/96

ROGER FRIEDMAN
Staff Reporter

CONFRONTATION is looming between subsistence fishermen and officialdom. The fishermen have taken a formal decision to defy laws restricting access to crayfish and perlemoen until the industry is restructured.

Representatives of about 2 000 fishermen operating from Peninsula, south and west coasts harbours have formed the Fishermen's Action Group, voting immediately for a defiance campaign they have called a "scorched sea policy".

Sea Fisheries acting-chief director Rudi Laan has responded by warning that the law would continue to be enforced ... "rape in whatever form is not an acceptable method of problem-solving".

Andy Johnson, who chaired the action group's inaugural meeting, said yesterday the defiance resulted from impoverished fishermen having already exhausted "every available channel" in an attempt to persuade the authorities to grant them a legal slice of the lucrative pie.

Mr Johnson, who chairs a body called Informal Fishing Communities, is one of the members of the Fishing Policy Development Committee established by the government to formulate new policy.

He said fishermen had tried to operate within the law, begging the assistance of the policy development committee, the Quota Board, Sea Fisheries, President Mandela and Environment Affairs Minister Dawie de Villiers — all to no avail.

The gist of the fishermen's complaints was that the Quota Board — which allocated new quotas in November — failed to take the reconstruction and development programme into account.

Instead of addressing the needs of the poor, the board allocated quotas to "foreign individuals, rich business people, teachers and other non-fishermen", Mr Johnson claimed.

And to rub salt into the wound, the Fishing Policy Development Committee's technical committee on access rights recommended last month that quotas could only be taken away from a quota-holder if that person or business was compensated.

"We find that completely unacceptable. They got their quotas by taking advantage of a corrupt system which marginalised fishermen."

Mr Johnson said the scorched sea policy was the only remaining option. And the action group could count on the support of about 2 000 fishermen.

"We will completely ignore Sea Fisheries law because we regard it as illegal and unjustifiable," he said.

"We are embarking on a campaign of disobedience.

"If our members get arrested, we will respond with mass action.

"How can you justify giving some people the right to take out tons of seafood, but allow poverty-stricken fishermen nothing? The bottom line is that the monopolies and self-interest groups have all the resources.

"If someone can justify that, we are quite prepared to rethink our options.

"We understand the environmental concerns and that resources are not limitless, but we really feel we are left with no other option," Mr Johnson said.

Mr Laan said the Fishermen's Action Group appeared to be an initiative of people "who wish to better themselves at the cost of our resources".

Although Sea Fisheries was sympathetic to "fishermen who have been suffering hardship over many years", the scorched sea policy was unacceptable.

Marine patrol vessels need R2-m in repairs

Environment Reporter

SOME of South Africa's seven marine patrol vessels may be maintained and repaired for a little more than R2 million, but this must be regarded only as a temporary measure, says the Department of Environmental Affairs.

Responding to questions by Democratic Party senator James Selfe, the department gave this assessment of the vessels:

- Protector I — 25 years old. In very poor condition and not economically repairable, should be withdrawn immediately.
- Pelagus — 13 years old. Not suited for the work and costly repairs not justified, should be withdrawn by the end of March.
- Patella — nine years old. Not suited for the work and costly repairs not justified, should be withdrawn by the end of March.
- Protector II — 25 years old. Poor condition, but still economically repairable, should be withdrawn between July and December.
- Custos — 30 years old. In fair condition, but needing repairs. Too slow (10 knots or 20 km/h) to cope with modern vessels, should be withdrawn by December.
- Malagas II — 27 years old. In need of maintenance, should be withdrawn by 2000.
- Jasus — 25 years old. In need of maintenance, should be withdrawn by 2000.

ARG 16/1/96 16/1/96

Lack of funds brings fisheries law enforcement to a standstill

JOHN YELD
Environment Reporter

FISHERIES law enforcement has "virtually come to a standstill" along the coast because of a serious lack of funds and lack of staff, the Department of Environmental Affairs has conceded.

It warns that this could have "catastrophic" results for the fishing industry and for coastal fishing communities, many of whom are already struggling.

All seven of the department's marine patrol vessels are in a serious state of disrepair, and most are unseaworthy and incapable of providing an effective platform for fisheries inspections and law enforcement.

One of these vessels should be scrapped immediately and a further four withdrawn by the end of this year, the department says.

Fourteen of the 137 law-enforcement posts (10 percent) in its sub-directorate of marine conservation are vacant, as are 13 of the 60 (22 percent) in the patrol vessel section.

These admissions are made in a letter, signed on behalf of Environmental Affairs director-general Colin Cameron, to Democratic Party senator James Selfe, who last year posed a series of questions about South Africa's marine law enforcement during a session of the joint national assembly-senate portfolio committee on public service and administration.

Dr Cameron's letter states: "Our fish resources are constantly under threat from illegal harvesting and hence from the danger of over-exploitation ...

"The very important task of protecting our living marine resources, both on and offshore, is currently under severe pressure owing to a critical lack of both manpower and funding to effectively control the exploitation of marine resources along the entire South African coastline.

"It must be stressed that failure to protect our fishing resources will have catastrophic results for South African fisheries, especially for those coastal communities dependent on them."

Effective fisheries law enforcement required a constant presence at sea, but only three of the department's seven marine patrol vessels were operational because of their age and the lack of proper maintenance because of inadequate funding, the letter states.

Because of these vessels' generally poor condition, control functions could not be executed efficiently.

Repairs could be regarded only as temporary measures.

"To be effective, vessels designed and built to achieve optimum effectiveness in all South African sea conditions are essential."

The department had asked the Navy to provide and maintain fisheries patrol vessels, but had been told this was "not quite within their (the Navy's) scope of operations".

(3) FISHING

Fish shop owners up in arms

Labour Reporter

ANGRY fish shop owners in the Western Cape have demanded that Irvin and Johnson Ltd meet their demand for fresh fish. ARG 19/1/96

A group of 45 fish shop owners, from as far afield as Malmesbury, converged on I & J's offices at the Waterfront yesterday and demanded to meet the management.

Louis Paulo, whose Malmesbury fish shop has been in operation for 38 years, said he needed about 1,2 tons of hake a week, but he got only half of this.

"Fish is a cheap meal and most people prefer hake to other fish," he said.

"We have to use I & J because they have a virtual monopoly. Other suppliers would be even less able to meet our demand."

A spokesman for the group, Mannie Gouveia, said I & J management had agreed to get five tons of fresh hake a week to the shop owners from Monday.

"We need seven to eight tons a week," said Mr Gouveia. "But we have accepted their compromise and will see what happens."

I & J spokesman Sisa Mawisa said in a statement afterwards that the company's hake catch varied according to season.

"Large hake, as a proportion of total catch, is less in summer and the reverse is true in winter.

"The supply to the local market is based on the catch, which predominantly consists of smaller-sized hake in summer.

"However, the local fresh fish market prefers to use large hake exclusively.

"As a result, there is insufficient supply of large hake during summer months."

Fishing body bailed out for R1,3m

(3) FISHING ARG 20/1/96

JEAN LE MAY
Staff Reporter

TREVOR Manuel, Minister of Trade and Industry, has come to the rescue of the cash-strapped fisheries policy development committee (FPDC) with a promise of R1,3 million to enable it to complete its work.

The committee was established by Environmental Affairs Minister Dawie de Villiers late in 1994 to develop a new national fisheries policy. It was due to report last October, but by November it had produced only an interim report and was running out of money.

Arnold Slater, deputy director (marine resources) of the sea fisheries division of the Department of Environmental Affairs, told Saturday Argus yesterday that after protracted negotiations Mr Manuel had agreed to an interdepartmental transfer of R1,3 million.

It had been stipulated that there should be strict financial control and that the committee should produce its final report by June, said Mr Slater. Once the report had been produced, there was still the long process of preparing a White Paper by Dr De Villiers' department for submission to parliament, he said.

There have been criticisms that the committee has splashed money around, with lavish offices in Cape Town, inflated staff salaries and a great deal spent on travel. It was financed by a grant of R503 000 from the Department of Environmental Affairs, while the Small Business Development Corporation, the Development Bank of Africa, the Masimbane Trust (apparently formed by SA Breweries) and private donors promised another R417 000.

In November committee chairman Mandla Gxanyana said only R663 000 had actually been received. It was reported to the committee that there there was only R178 000 in the kitty for running expenses of working committees, and the fisheries committee borrowed R15 000 from Kalk Bay representatives of the informal sector to pay staff salaries. Questions were being asked about unpaid debts of R64 000, mostly for expensive equipment and furnishings, which had been run up without proper authorisation.

Meanwhile the working committee of the FPDC has had a rough passage because subsistence fishermen have threatened to withdraw their representative from it because they were displeased with the Quota Board, which had carried on allocating quotas although the committee was busy considering ways of restructuring it.

The fishermen were also displeased that the technical committee of the FPDC had suggested that people whose quotas were reduced in order to allocate new quotas should be compensated.

Mr Slater said yesterday that he had appealed personally to the fishermen to rethink their strategy and to remain within the FPDC in order to bring about changes instead of defying the law.

Saturday Argus understands that informal sector fishermen were still "considering their options" over the weekend, when they would decide whether to attend the three-day get-together of the working committee at Devon Valley Country Club this week or whether to continue their boycott.

The Quota Board had continued to allocate quotas to "rich companies, foreigners and non-fishermen" and had ignored the needs of the poor, informal sector representative Andy Johnston was reported as saying.

Mr Johnston said that subsistence fishermen, who had appealed without success to official circles from President Nelson Mandela downwards, had decided to defy laws restricting access to crayfish and perlemoen.

There was a row about the compensation issue at the FPDC's technical committee report-back meeting last month. Technical committee chairman George Branch, professor of zoology at the University of Cape Town, told Saturday Argus at the time that "this will become a legal matter".

"Ultimately, compensation may have to be paid because the constitution says that nobody's rights may arbitrarily be taken away from them."

Talks on navy role in policing

(3) FISHING

JOHN YELD, Environment Reporter

THE SA Navy's role in helping to police South Africa's fisheries is to be discussed at a top-level meeting next week between the director-general of Environmental Affairs, Colin Cameron, and the head of the navy, Robert Simpson-Andserson.

This was revealed at a press briefing today by Environmental Affairs Minister Dawie de Villiers, who said poaching was "of very great concern to us" but that South Africa did not have enough funds to equip an effective marine inspectorate.

"The number of inspectors is far below what is required and their salaries are a major problem," Dr De Villiers said.

"But we're not going to get enough money next year or even the year after, and we'll have to find new methods."

There was "close co-operation" with the navy which was of great importance in policing South Africa's offshore areas, but much of the poaching, involving species like perlemoen and rock lobster, occurred in the inshore area, Dr De Villiers said.

"There are limitations ... The navy is not a panacea." ARG 26/1/96

There would be discussions next week between Dr Cameron and Admiral Simpson-Anderson to see how co-operation could be improved.

KwaZulu Natal's tropical fish farmers fall prey to cheap imports

(3) FISHING CT (BR) 26/1/96

By Stuart Rutherford

Durban — Not even the tropical fish industry has escaped the flood of imports that has swept into South Africa recently.

The biggest tropical fish farm in the country, KwaZulu Natal's Amatikulu Hatchery, which produces 12 species including Koi, reports its sales have dropped by 1 million fish in the past year.

Amatikulu supplies half of the 8 million ornamental fish sold in South Africa each year. The total value of ornamental fish sales in the country is estimated at R10 million a year.

Fanie Myburgh, the owner of the hatchery, says the situation has been exacerbated by a decrease in air-freight prices, making imports cheaper, and a lack of ground water in South Africa after the drought.

Exports from the hatchery, 95 percent of which go to Europe, have remained constant at between 1 million and 1,5 million fish a year.

The farm is located near Gingindlovu on the KwaZulu Natal north coast. It rents 220 pools to 15 rural fish farmers and has found this to be more productive than running the pools itself.

In an attempt to improve efficiency, Myburgh recently decided to rent out most of the remaining facilities at the hatchery to local farmers. This enables the company to reduce its role to the provision of technical and marketing support.

Support is invaluable to the small fish farmers, considering tropical fish have a mortality rate of 5 percent or more.

"Out of an investment of R70 000, a farmer can earn himself an income of R3 000 a month, after paying off interest and the loan," says Myburgh.

But he says their entrance is restricted by a lack of loans from development organisations like the Small Business Development Corporation (SBDC) and the KwaZulu Natal Finance Corporation.

"Unless we as a company are prepared to guarantee the money the black farmers borrow to set up their own farms, the development corporations are not prepared to supply funding," he said.

"We believe it is not our responsibility to finance the farmers."

Reacting to these allegations, the SBDC says it was reasonable to expect the hatchery to supply security for loans because the farmers are totally dependent on Amatikulu for their success.

The SBDC says it has provided two loans worth R637 500 to Amatikulu and the farmers, and that it would like to provide more funding to Amatikulu in the future.

The hatchery's marketing strategy has also changed. "We are no longer going to the wholesalers. We are now going directly to the retailers, which knocks 20 to 30 percent off the final costs," says Myburgh.

Retailers welcome this new approach, but say the reduction in price has had little effect on sales in the fish market, where demand is fairly static.

Myburgh started tropical fish farming in 1982, after a one-year failed experiment with fresh water prawn farming. The hatchery has grown exponentially since then.

Today, 250 people are employed in and around the hatchery. Operations have been expanded to include marine prawns, fish flakes, goldfish and plants for tanks.

The hatchery has a virtual monopoly on the sales of aquarium plants in South Africa, but the potential is still enormous.

"South Africa has got some of the most beautiful plants in the world, but we aren't allowed to reproduce and export them because South African law forbids it."

Despite the increasingly competitive market, Myburgh is confidant about the future and is investigating the possibility of bringing tourists to the farm.

But like other development plans in the area, this will have to wait for a significant improvement in the surrounding infrastructure, says Myburgh.

Poaching rife but funds insufficient for marine inspectorate

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This was revealed at a news briefing yesterday by Environmental Affairs Minister Dawie de Villiers, who said poaching was "of very great concern to us" but that South Africa did not have enough funds to equip an effective marine inspectorate.

"The number of inspectors is far below what is required and their salaries are a major problem," De Villiers said.

"But we're not going to get enough money next year or even the year after, and we'll have to find new methods."

For law enforcement to be effective it was essential to have the full co-operation of coastal communities and to devise "creative" policing.

"We need to win the hearts and minds of people, and to link the inspectorate with other agencies," the minister said.

There was close co-operation with the navy, which was of great importance in policing South Africa's offshore areas, but much of the poaching, involving species like perlemoen and rock lobster, occurred in the inshore area, De Villiers said.

"There are limitations – the navy is not a panacea."

There would be discussions next week between Cameron and Simpson-Anderson to see how co-operation could be improved.

Referring to the fisheries policy development committee, headed by Mandla Gxanyana, De Villiers said it had made "wonderful progress".

He had set it a June deadline, after which its recommendations would be taken to the parliamentary portfolio committee and then the Cabinet before a white paper was published.

Referring to criticism that the committee had been working slowly and that an additional R1,3-million had had to be found for its budget, De Villiers said its work was "complex".

(3) FISHING Star 27/1/96

Racial clashes between pupils at Pretoria schools probed

(30) Star 27/1/96

Alleged racial incidents involving three city schools are being investigated by a district director of education in Pretoria.

Two incidents – one apparently involving a throttling attempt by a black boy pupil of a white girl, and the other a scuffle on a municipal bus between black and white pupils from two schools – are believed to have taken place during the week.

The schools are Hoërskool Staatspresident C R Swart, Hoër Tegniese Skool Johan Vorster and Hoërskool Silverton.

The alleged strangulation attempt at C R Swart followed an altercation between a black Standard 8 boy and a white Standard 6 girl. It was reported to the police's child protection unit in the city.

In the other incident it is believed that fighting broke out between black pupils from Silverton who wanted to sit on the upper level of a double-decker bus and tried to make white pupils from John Vorster sit on the lower level. The fight was stopped by teachers.

Police moving to wrap up inquiry on massacre collusion

(27)

Durban – Investigations of alleged police complicity in a Christmas Day massacre at Shobashobane on the KwaZulu Natal South Coast will be largely completed by the end of next week, the SAPS said yesterday.

The police reporting officer in the province, Neville Melville, who is heading the investigation, said: "It is anticipated at this time that the bulk of our investigations will be completed by the end of next week."

He said the main allegation being investigated was that police had been warned of the attack but had failed to take appropriate preventive steps.

Claims that police had conducted a search for arms on the eve of the attack to clear the way for the massacre were also being investigated, as well as allegations that police had failed to respond to the massacre.

At least 18 people were murdered when several hundred people went on the rampage in Shobashobane. Star 27/1/96

Police earlier in the week said significant progress had been made in the investigations. – Sapa

'Mummy, I'm dying', driver told Winnie after city centre fracas

ANC MP Winnie Mandela told the Johannesburg Regional Court yesterday she had not been under the impression she was under attack in a 1993 shootout in the city centre that left two men dead.

She was testifying at the inquest for her driver/bodyguard John Lawrence and pedestrian Dumisani Ntshangase, who were killed in the November 20 shooting.

Lawrence had been wounded when he leapt out of the car, which was stopped on Simmonds Street, and fired towards the car's rear, Mandela said.

This was after a shot fired at the car had smashed the rear window, she said. Mandela was seated on the left of the rear seat. She said Lawrence had flung himself out of the car and fired shots at a target she could not see. He had then jumped back into the car and she asked him to drive on.

"Mummy, I will never be able to drive you again, I am dying," had been his reply, she said.

The inquest was postponed to Friday. – Sapa

New head of Sea Fisheries appointed

(3) FISHING

Staff Reporter ARG 30/1/96

MONDE Mayekiso was today appointed head of Sea Fisheries by Minister of Environmental Affairs and Tourism Dawie de Villiers.

Dr Mayekiso, presently special assistant to the vice-chancellor at Fort Hare University, starts his new job on March 1.

Dr De Villiers said he was confident Dr Mayekiso would make a "substantial contribution, especially with regard to the Reconstruction and Development Programme".

"Dr Mayekiso joins the department at a very important time, and his in-depth experience and work in a number of fields relating to the fishing industry will assist him in bringing a new and fresh approach to the department.

"He also brings with him an insight into the problems and needs of local communities.

"Being involved in these communities, he is able to determine their needs and initiate RDP programmes which will have a direct effect on their upliftment."

Dr Mayekiso, 41, completed undergraduate and honours degrees in Zoology at the University of Fort Hare, followed by an Msc from Rhodes University and a PhD from the University of Maryland. His work has included studies in quantitative techniques in fishery management and fishery science.

● Dr Mayekiso replaces Louis Botha, who resigned a month after he and his administrative director, Guillaume de Villiers, were held hostage in his office for 38 hours by angry fishermen.

Fisheries chief to focus on RDP

(3) FISHING CT(BR) 31/1/96

FROM REUTER

Cape Town — Fulbright scholar Monde Mayekiso was yesterday appointed as the first black chief director of sea fisheries.

A departmental spokesman said Mayekiso, 41, would oversee the restructuring of the troubled fishing industry, reporting to the director-general of environment affairs.

Environment Affairs Minister Dawie de Villiers said Mayekiso would work closely with coastal communities seeking access to the fishing industry and would initiate reconstruction and development programme projects.

"His in-depth experience and work in a number of fields relating to the fishing industry will certainly assist him in bringing a new and fresh approach to the department," he said.

De Villiers said last week he hoped to begin the restructuring of the fishing industry before the end of the year.

Mayekiso studied at the University of Fort Hare, Rhodes University and has a doctorate in marine and environmental science from the University of Maryland. He was a Fulbright scholar in 1979.

Fruit beverage industry in SA gets a packaging lift

(3) FRUIT CT (BR) 10/1/96

By Ross Herbert

Johannesburg — South Africa's fruit juice and beverage business is about to get a lift. Call it a packaging Wonderbra.

Beverages whose fruit taste comes from chemicals rather than the real thing will no longer have to suffer the imitation label. Such drinks will be known as flavoured, whether their taste derives from chemicals or natural fruits.

The changes, which became law in November, are the first stage in a complete rewrite of juice packaging and labelling rules by the agriculture department that has given consumers a case of sour grapes.

Others say the issue begs for a new means of involving the public in the regulatory debate.

The transformation of imitation drinks into flavoured ones has already become law, although labels have not yet caught up.

Juice, squash and various drinks that until now have been obliged to declare themselves sweetened will — if new draft regulations go forward in their present form — suddenly appear identical to more expensive unsweetened varieties.

The only difference will be a requirement that sweeteners be listed in the fine print.

"What will the average consumer think about labelling sweetened and unsweetened products the same. This is a very serious issue," said Ina Wilken, the director of the Consumer Council and a member of a working group entrusted with reviewing proposed agriculture department regulations.

Theo van Rensburg, an agriculture department expert closely involved in rewriting the rules said: "I don't think that criticism is justified. If we stayed with an imitation label, we would have restricted many people in the market."

The change from imitation to flavoured was made, according to the department, to accommodate manufacturers of such new products as sodas or mineral waters with fruit-like flavours.

Adding to the confusion, products that are made from a mix of say orange and apple juice with added fruit-based sugars can still be labelled pure juice.

According to the department, the changes are designed in part to bring South African regulations in line with international norms.

But industry regulation is still "by the industry and for the industry", said deputy director Eben Rademeyer, a view that angers some consumer groups.

According to Van Rensburg, the department has not yet decided whether it will issue its new regulations for public comment or simply publish the rules as approved by the working group, which includes consumer groups, the department of health and beverage makers.

Wilken and Mathebula say the public needs to have a meaningful chance to comment on regulations published in the Government Gazette. Mathebula recommends a radio or television programme to outline changes in law that have a significant effect on consumers.

FRUIT EXPORTS

Out in the cold

(3) FRUIT

FM 12/1/96

The merger between Serva Ship, owned by Unifruco and Outspan, and Universal Reefers, owned by Safmarine, could provide fruit growers with yet another indication of the consequences in store for them of the new dispensation being implemented under their noses.

It might deprive them of any benefits which may accrue through the future deregulation of the agricultural sector.

The Competition Board has announced it is to probe the US$150m deal.

The announcement, made over the festive season, which is holiday time for the citrus growers but coincides with the frantic harvest season of the deciduous fruit growers, could seem intended to escape the notice of the fruit farmers.

They have not been kept informed, or even consulted on the move which will see their produce used to underpin the new company. Details of the merger which must impact on Outspan and Unifruco fruit producers (and shareholders) have not been made available to them.

Outspan and Unifruco, both enjoy the enormous power base provided by a government decree that fruit producers lose ownership of their produce if it is intended for export. They have transformed themselves from the boards created to assist the farmers, into public companies operating for profit, and now operate apparently without any of the constraints one would expect from a statutory body in its monopolist position.

Though the merger of the fruit companies' shipping management operations with Safmarine's Universal Reefer company apparently creates a new profit opportunity, Unifruco MD Anton du Preez makes it clear in his announcement that the farmers will not enjoy any special benefit or advantage through this acquisition. Deprived by legislation of the right to distribute or market their own produce, and to choose their shipper, farmers could easily find themselves used as a source of easy revenue to build up the ailing and obsolete fleet previously owned by Universal Reefers.

Particularly since the new operation, openly stated as being underpinned by SA fruit growers, will still be based offshore, along with a host of other offshore companies (Unifruco alone has about 24) and performance monitoring by the fruit producers will be impossible.

The Independent Fruit Growers & Export Association says while other sectors in agriculture have deregulated speedily with spectacular benefits to producers, the pattern emerging in this industry seems to be one of alienating the assets (and control thereof) of the fruit farmers while restricting their options through retention of statutory control until the new order has been established.

The apparent objective being to create an organisation so powerful it will totally dominate the export mechanism and make it very difficult for individual or small groups of growers to target and develop speciality markets even in the event of formal deregulation of the citrus and deciduous fruit industry. And this in spite of the fact the infrastructure has been built up by contribution from all growers over many years.

The part played by the Department of Agriculture in this cannot be overlooked, as it alone stands between the fruit producers and the freedom many of them seek to market and distribute their own produce, say the independents. While espousing free market principles, the department under Kraai van Niekerk finds excuses to delay the inevitable deregulation of all agriculture and not just some of it.

Representatives of European fruit distribution companies who visited SA last month confirmed that this country would be "flooded" with fruit buyers within days of any deregulation and that producers of good quality fruit would benefit considerably.

The independent's association membership now represents over 25 000 hectares of fruit production and has members ranging from very large corporate production units to privately farmed units of less than 10 hectare, all of whom support the ideal of freedom to export their fruit. The organisation does not seek the demise of the existing structures, only the right for its members to have a choice, and if they so wish to compete against it.

Some of the members feel that merely having the freedom to move if they wished would make the two fruit bodies sufficiently accountable, and such a move would not be necessary. ■

SA's fruit exports get a top rating

(3) FRUIT

ST (BT) 21/7/96

By MARCIA KLEIN

TESCO, the massive British retail chain, is one of South Africa's biggest clients for consumer products and is the single biggest client of South African fruit exporters.

Unifruco, the international marketing group of the deciduous fruit industry, says Tesco is Unifruco's largest customer with sales running to more than £30-million annually.

Sir Ian MacLaurin, Tesco's chairman, was in South Africa last week to cement relationships with farmers and exporters. He says Tesco has always bought canned fruit from South Africa.

Tesco was mainly an importer of canned fruit from Langeberg. But with a change in consumer preferences, it now imports more fresh fruit.

Tesco imports grapes, citrus, plums, apples, pears and exotic fruits and is "a huge importer of South African wine".

It still sells canned products but this is now a small part of its business. Canned fruit sales are on the decline, whereas fresh fruit sales have increased by 25% a year over the last few years.

Sir Ian says South African fresh fruit exporters are tops "when looking at value, continuity of supply and quality".

"I have been around the farms and seen the husbandry which is on a par, if not better than the rest of the world."

Another reason for importing from South Africa is the need to have a good chill chain, where products are kept in an almost chilled state. From the chill store, products are loaded onto ships and unloaded in Britain 14 days later.

South African products are in Tesco stores within 16 days. Sir Ian says that at this time of year South Africa has a huge advantage over the rest of the world. Fruit imports from Chile take 21 to 24 days, and New Zealand is a month away.

"With the quicker rate of supply, coupled with the integrity of the product, South Africa is a leader in the field", he says.

His cursory glance at the South African retail market seems to indicate that stores are eight to 10 years behind those in Britain, particularly in terms of logistics, distribution systems and efficiencies.

"There is a huge opportunity to do the fresh side of the business better here. We are successful in the food chain because we all work together, from the grower right the way through".

Tesco sends people to South African so they can plan their respective needs together. "This is very much a combined operation. It is in our interest that everyone along the chain understands our problems and needs and that each section is profitable," he says.

He says the tradition of squeezing manufacturers is not the right way to go.

Tesco pays its suppliers in 30 days. "To keep manufacturers waiting gives them a problem and they have to cut training and innovation budgets, and inefficiencies flow back along the supply chain."

Tesco has 500 stores in Britain, 130 in France, 65 in Hungary and 45 in Poland. Its own brand makes up 45% of sales while branded goods make up 55%.

Citrus exports spurt ahead

(3) FRUIT

ROY COKAYNE

Pretoria — Southern African citrus exports through Outspan International are expected to grow at least 5 percent this year to 44 million cartons worth R1,8 billion.

But Outspan International managing director, John Stanbury, said this export estimate was conservative and the group hoped to export close to 50 million cartons, which would boost gross sales to about R2 billion.

Last year a record 41,7 million cartons were exported to 60 countries, compared with 39,6 million cartons in 1994.

"From a marketing viewpoint, the outlook for the increased export citrus crop is positive. Indications are that the northern hemisphere citrus season will end early, which will open the market for Outspan in Europe in particular.

"Exports to new markets such as Canada and eastern Europe, developed by Outspan since the early 1990s, will also be substantially higher than those of 1995," he said.

Reasonable

Stanbury said the early end to the northern citrus season meant Outspan would be able to enter the market at more reasonable levels instead of waiting for an increase in demand to push up prices.

He said western Europe accounted for between 50 and 55 percent of Outspan's exports and the Middle East about 30 percent.

Stanbury attributed the expected increase in exports to the widespread recent rains and the number of new citrus trees coming into production.

"The Northern Province and Mpumalanga, two of the largest citrus production areas, have in particular been severely affected in recent years by the ongoing drought.

"However, the good rains received over the past month or two bode well for citrus production from those areas.

"The fact that major dam levels are still rising and that farm dams are full will ensure the success of this year's crop and enable a good crop to be set for the 1997 season," he said.

The condition of trees had improved markedly since the breaking of the drought and fruit size was expected to be good. But Stanbury said that the potential export crop in some areas had been affected by heavy winds and hail damage.

Port delays build as imports, fruit exports grow

(3) FRUIT

Shipping Reporter ARCI. FEB 15/2/96

DELAYS to vessels waiting for berths at the container terminal have increased steadily over the past weeks with most ships having to wait at the outer anchorage for 60 hours or more.

The Spevda Vraedos had only 10 containers to discharge and seven to load, yet she had to remain at anchor for 57 hours, while Cosco's Tao He had 20 boxes to discharge and 11 to load, and was delayed before berthing for 52 hours. NKY's container ship, Ise, worked her containers with her own deck cranes at the combi terminal, until the stradlers broke down, forcing the vessel to wait four days for a berth.

The fruit berths are also under pressure with exports in full swing. A number of vessels have had to anchor in the roadstead until their berths became available. With a steady flow of imports expected as well, delays in Cape Town are expected to continue for the next few months.

■ MAKING her first visit to Cape Town this week is the Japanese cruise ship Nippon Maru.

The 21 903-ton ship is on a special voyage carrying students from various nations

LANGEBERG HOLDINGS

PROFIT THROUGH PRUNING AND PARTNERSHIP

(3) FRUIT FM 16/2/96

Losing its subsidy lifeline

For most of its existence as a listed company, only the receipt of government subsidies in the form of export incentives (Geis) has kept Langeberg Foods profitable.

This Tiger Oats subsidiary, with brand names such as Koo and All Gold, is big In financial 1996 its turnover will be almost R1bn. It affects the livelihood of hundreds of farmers and their dependants and it has about 2 300 permanent and 6 000 seasonal employees.

Nick Dennis

Now — just when Langeberg is facing static or even declining international demand for canned foods — its Geis lifeline is being removed.

Can it remain a viable company?

The recent behaviour of its share price suggests it can. At December 22, the price was 460c. It is now 600c. Investors have reassessed the share, presumably in the belief that it will survive and prosper.

A year ago, when the share was around 400c, the *FM* said it offered good value (*Companies* January 20 1995). There are sound reasons for reiterating this.

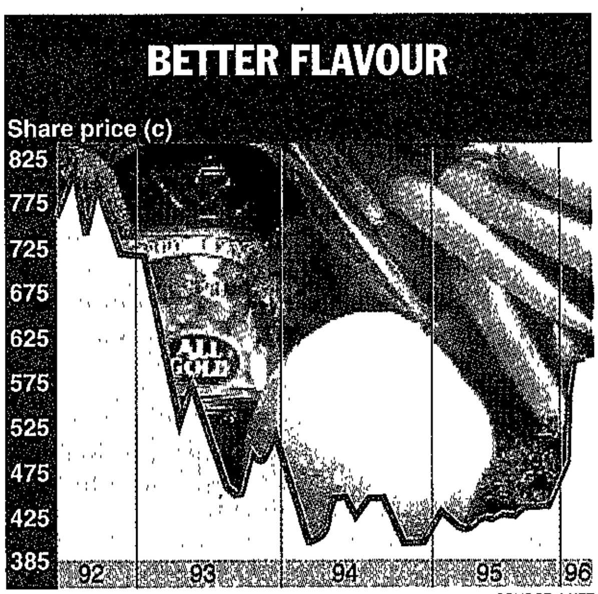
Langeberg chairman — and Tiger Oats MD — Nick Dennis has shown that his own brand of business philosophy pays. Dennis was previously MD of ICS, another C G Smith subsidiary This group had long been a lacklustre performer when Dennis joined in 1990. Its share was then trading at R8 Since then, ICS subsidiaries — including Sea Harvest, Early Bird and Renown — have become profitable dynamos. Dennis transformed ICS and its price is now R43 He is bent on doing the same with Langeberg.

Dennis believes that trying to add value to a cost base that is too high renders a company a candidate for liquidation. When he joined ICS, his first step was to strip away as much overhead costs as practical in the subsidiaries.

He says only after the cost base is satisfactory can managers set about adding value. "It's a process," he adds. "Cost repairing, making the business cost-competitive and creating innovation, adds value to it and its products, takes time and can only be achieved if the right people are in place."

Dennis clearly has the ability to select and position executives. Before Andries van Rensburg (41) was appointed MD of Langeberg late last year, he was a main board director of Oceana Fishing (another Tiger Oats subsidiary) and MD of its fishing division. Before that, he was GM of Langeberg's Paarl factory.

Dennis says Van Rensburg was appointed because "he's clever and action-orientated, is a no-nonsense guy, makes it happen and wants to get the job done." At Oceana, Van Rensburg was responsible for extensive rationalisation. He reduced numbers sharply at St Helena Bay and Lambert's Bay. He is uncomfortable about the social consequences but adds that "spreading poverty is no solution — wealth has to be created."



SOURCE I-NET

Langeberg is firstly in the food industry and only secondly in the packaged fruit industry. With foreign demand for its products shrinking, it badly needs internationally acceptable innovation.

Only through innovation will it find ways of overcoming growing consumer resistance to canned fruit. It's also the only way it will generate long-term return on capital employed which will be acceptable to Dennis.

The reason for stunted canned fruit demand starts with technological progress. Most types of fresh fruit can now be shipped around the world under controlled temperature conditions and reach their destinations in good condition. And research indicates that today's consumers prefer fresh fruit, mainly for health reasons.

Next to processed puddings, such as ice-cream and other convenience desserts, fresh fruit is canned fruit's biggest competitor Together, prepackaging, processed desserts and fresh fruit are eating into canned fruit's market share. Yet the market remains large. In Europe alone, Van Rensburg says, 60m "basic" cartons (each containing 24 x 2lb cans) are consumed each year. Mainly due to sanctions, Langeberg was never able to develop a brand name there

But the US-based multinational Dole Food Company, best known for its canned pineapple, has a large slice of the European canned food industry and a distribution organisation to match. That's why Langeberg formed a strategic alliance with Dole on a royalty basis.

It could turn out to be a masterstroke for both and the key to Langeberg's longevity.

Continued on page 34

Continued from page 30

Dole has no deciduous fruit in its product range. Sales of canned pineapple are way ahead of sales of its other canned fruit (mainly mango, paw-paw, tropical fruit salad).

The introduction of SA canned, Dole-branded deciduous fruit — especially with the internationally acknowledged high quality of the SA product — should generate a positive response among canned fruit marketers in Europe.

While Langeberg will continue to export and sell its own brands to existing outlets, it can market its products to private label stockists in Dole territory as well. Initially, the alliance should raise Langeberg's sales and profitability in Europe. The company will continue to pursue expansion in Far Eastern markets.

Apart from its other problems, Langeberg is fighting on the financial front to compensate for the reduction and tax of Geis benefits in the short term and the elimination of Geis in the long term Hence the stringent rationalisation over the past 18 months.

Most of the costs of rationalisation were carried in financial 1995. Roughly 200 jobs were made redundant. Van Rensburg says total rationalisation cost was about R23m (pre-tax) for the year, all incurred in the second half.

As part of the process, and to break up the centralised structure inherited from the days when Langeberg was a co-operative, the company has been restructured into three subsidiaries, the organisation has also been flattened. Decentralised management now ensures authority, accountability and responsibility are inseparable in each of three basic areas of activity.

All processing operations will take place under Langeberg Food Processors. Langeberg Foods Southern Africa is to market and distribute locally and to other African countries. Langeberg Foods International will operate from the Isle of Man to bolster arrangements with Dole and as a stepping stone to Europe and the rest of the northern hemisphere.

About 40% of Langeberg's turnover is now exported. Most goes to Europe but 25% is shipped to the Far East, Japan being the biggest consumer. Since sanctions were lifted, Langeberg's own label export sales have increased.

Van Rensburg estimates that about 5% of exports will be sold under the Dole label in 1996 and 10% in 1997. In five years' time, about half of the exports could be under the Dole label.

In financial 1995, Geis made exports more profitable than local sales. But because Langeberg receives no relief from the Lomé Convention — which exists to protect European producers — it pays a 24% duty on most of its products entering Europe (These duties are to be lowered in terms of Gatt to 19,2% duty by 2000).

PROFILE

Activities: Canning, freezing and drying fruit and vegetables
Control: Tiger Oats 64%, C G Smith holds ultimate control
Chairman: N Dennis.MD: A V van Rensburg
Capital Structure: 160m ords.
Market capitalisation: R960m
Share market: Price: 600c. Yields: 2,1% on dividend; 6,3% on earnings; p:e ratio, 16,04; cover, 3,0. 12-month high, 600c; low, 400c. Trading volume last quarter, 726 000 shares

Year to September 30	'92	'93	'94	'95
ST debt (Rm)	23,9	17,3	0,3	–
LT debt (Rm)	50,5	81,7	0,1	–
Debt:equity ratio	0,28	0,29	n/a	n/a
Shareholders' interest	0,58	0,58	0,75	0,73
Int & leasing cover	6,7	7,5	12,9	n/a
Return on cap (%)	20,4	14,5	15,0	16,1
Turnover (Rm)	742	755	819	862
Pre-int profit (Rm)	102,9	82,9	74,4	89,7
Pre-int margin (%)	13,9	11,0	9,1	10,4
Earnings (c)	54,7	41,9	37,5	37,6
Dividends (c)	16,0	14,0	12,5	12,5
Tangible NAV (c)	185	207	233	254

Sales into Europe accounted for 55% of export turnover but only 30% of gross margin. That is why Langeberg is seeking other markets, with the Far East expected to be a major growth arena.

The prospect of higher prices off a low base in the northern hemisphere and the tie with Dole bode well for growth in exports in financial 1996.

Locally, prospects for a buoyant, if not exciting, financial 1996 are good. It is estimated about 70% of Langeberg's local sales are to black consumers, many of whom depend directly or indirectly on the agricultural sector for their income.

Local sales are sensitive to this group's discretionary income. Van Rensburg says that, because of the good rains, better returns from the agricultural sector — "everybody underestimates its role" — are expected.

He's "very bullish" about the local market's off-take for canned products in the coming year and believes that, for the first time in years, there should be volume growth domestically.

However, the SA climate continues to dictate Langeberg's fortunes. Dennis notes that the company's financial record is flawed by the volatility of its earnings because of this factor He believes "shareholders don't hold food stocks for volatile earnings."

This volatility is being addressed as a strategic problem. Solutions are being sought to avoid the perception that Langeberg is a producer of commodity foods. The possibility of further international competition entering the local market worsens this perception.

In the year to September 1995, Langeberg's pre-tax profit rose 37,5% to R94,3m but the effective tax rate increased to 36,2% from 12,6% in 1994 as Geis became taxable from last March and assessed losses were fully used in the previous year. Attributable earnings and EPS were maintained at R60,2m and 37,6c respectively

The biggest short-term threat to profit growth remains the effect of Geis reduction (14% taxable in 1995, 12% in 1996, 10% in 1997 and zero in 1998) But the Dole alliance and better sales volumes at home will help to cushion the impact. Moreover, the severe cost-cutting already done will boost margins.

A reasonable estimate of turnover growth would be 14% for the next two years and 13% in financial 1998 Dennis says the company is striving for a 14% margin but will not achieve it in 1996 because further rationalisation is needed.

Realistically, a margin of 12% could be realised in 1996 to take operating profit to about R115m (depending on the rand/US$ rate and precise Geis revenues), up about 28%. If EPS increase similarly to 48c, the prospective p:e is 12,5.

Aside from cost competitiveness, Dennis wants "a strong balance sheet." Langeberg already has that. It has no long-term debt, at year-end held R64m cash and has a healthy current ratio.

All indications are that the company will soon emerge from its dark age. As Dennis says. "The score sheet must tell and the share price is the score sheet." Langeberg has dynamic management. It will soon become cost competitive, if it isn't already. It is forming strong alliances and has the cash to make acquisitions. And Dennis is determined to make it a global participant of consequence.

Gerald Hirshon

Fruit grower's net profits fall

Weather affects WB Holdings volumes

ARG 7/3/96 (3) FRUIT

Business Editor

BAD weather hit Cape fruit producer W B Holdings last year, cutting net profits by more than half.

Volumes were down by a quarter in the year ended December, the company said.

Pre-tax profits dropped disproportionately by 57 percent to R2,1 million, because of the fixed nature of farming expenses.

Net profit came in at R2,1 million from R4,75 million in 1994.

But the dividend has been held at 8c and chairman Robert Silverman was upbeat about the future.

Weather conditions were much better, he said, and production should be significantly higher this year.

"The latest reports from Europe indicate no large carryover stocks and it is thus expected that our quality Cape fruit will continue to perform well in 1996."

W B is to develop 20 hectares of new plantings this year, at a cost of R1,8 million; a further R1,8 million will be spent on housing, equipment and a fruit tree nursery.

■ The Nkomati nickel joint venture is to go ahead, Anglovaal and Anglo American said today. Exploitation of the sulphide zone on two Mpumalanga farms would yield 10 000 tons a month of ore milled, giving 3 000 tons of concentrate, at a capital cost of R140 million.

■ Palabora Mining said the development of a R1,5 billion copper mine below the current open pit operation in Northern Province would start in June. Copper production from underground was estimated at more than 90 000 tons a year from the year 2003.

■ Northern Engineering Industries Africa, a member of the Rolls Royce Group, more than trebled attributable profits to R16,4 million in the year ended December, on the back of a 20 percent increase in turnover.

Directors said gearing had been reduced to 12 percent but no dividend would be declared so as to retain cash and avoid secondary tax on companies. Dividend payments would be resumed this year, they said.

■ Packaging, printing and property company Alex White reported a R58 000 loss for the six months to December 1995. Heavy investments in machinery and product development had coincided with low consumer demand for some of the products for which the group produced packaging, directors said.

No dividend was declared.

Govt offers to buy fruit farms for workers

(3) FRUIT BD 8/3/96

Patrick Wadula

GOVERNMENT has offered to buy three bankrupt Mpumalanga farms from Crookes Brothers for R16m for the 600 farm labourers who work there.

Land affairs department communications director Maurice Smithers said the ministry had made the offer earlier this week, and the JSE-listed company was still considering it.

The three fruit farms — Lomati, Doornkraal and Ooshang — were liquidated at the end of last year after owing almost R28m to creditors.

Crookes Brothers bought the farms after they were liquidated, with the intention of turning them into sugar plantations, but it was prevented from taking control of them by the workers, who feared retrenchment.

Smithers said government planned to make R15 000 available to each household through the Inala Trust, formed by the farm workers to manage the farms, for a total of R9m. The department would advance the farm workers the remaining R7m, repayable within a year.

FRUIT EXPORTS

(3) FRUIT

PLUM DEAL

FM 15/3/96

Capespan, the export wing of Outspan and Unifruco, has signed a joint venture with one of the main freight handlers at the port of Antwerp, Belgium. The R90m deal is set to strengthen the South African fruit and vegetable exporter's market position in much of the European Union, SA's most important fresh produce market.

Last year Capespan exported about R3,5bn worth of products into Europe. Capespan MD Louis Kriel says Europe is SA's natural market. "We have a clear advantage over our major opponents, South America and New Zealand, because we are only two weeks' sailing to Europe. Our opponents need about 25 days to reach Europe. This means that we can present European retailers with a better quality product at an interesting price, at a time when the domestic, European market does not have stock."

Kriel, however, came to the conclusion that too many phases from produce arrival in European ports to delivery to the retailer cut the margins of the growers at home. "About 9% of our export value goes to the farmer. Therefore, it is our task to find ways to increase their revenue. The most logical one was to select strategic ports, where we assume all responsibilities relating to the servicing of sales to our customers. The saving potential is about R400m."

However, the Capespan venture will hardly endear it to members of the Independent Fruit Growers' Association. The association will see the latest move as a further bid to entrench single channel marketing. Members claim that given the opportunity to market their own produce far higher returns would be seen — which seems to be borne out by Capespan's current return rate (9%) to growers.

Kriel says a study found that Antwerp was the most appropriate port to service a market of about 110m consumers in the Benelux, large parts of Germany, Northern France and Switzerland.

Capespan joins hands with Belgian New Fruit Wharf. A new fruit and vegetable terminal will be erected, which will include a cold storage facility for up to 40 000 pallets by the end of 1997. Capespan's share of the investment has not yet been finalised, but will be less than one third. Antwerp will process 40% of all exports to Europe, Britain will look after about 30%, with a similar percentage being off-loaded in Hamburg and two south European ports.

Kriel is bullish about market prospects, which explains the commitment Capespan has made to its ports of entry. "We're looking at about 74m cases of produce in 1995, the first full year after the establishment of Capespan. For the year 2000 we want to increase our market share to about 120m cases." He expects the largest market growth in stonefruit, soft citrus, subtropical fruit and desert grapes.

His main worry is the EU's perception that South African growers pose a serious threat to the heavily subsidised common market. "This fear is totally misplaced," he stresses. "We are a southern hemisphere producer, which implies that our products enter the European markets when they are out of stock. Hence, we don't understand the hefty import duties we have to pay. The EU charges us 24% on peaches when they don't have supplies. Reducing import duties would further increase profit margins in SA." ■

half the group's turnover and con- 17,2 percent to 29,7c (23,4c).

Peachy performance for WB Holdings' Cape fruit

(3) FRUIT CT(BR) 18/3/96

STAFF WRITER

Johannesburg — WB Holdings' quality Cape fruit would continue to perform well this year, Robert Silverman, the chairman, said in the group's annual report.

He said the weather conditions for fruit farming had improved during the season. He also said that the European fruit markets had indicated no large carry-over stocks.

"In summary, this year should reflect a marked improvement in profitability."

In the year to December last year, attributable income declined from R4,8 million to R2,1 million on turnover which fell from R16,1 million to R14,1 million.

Dividends were maintained at 8c a share.

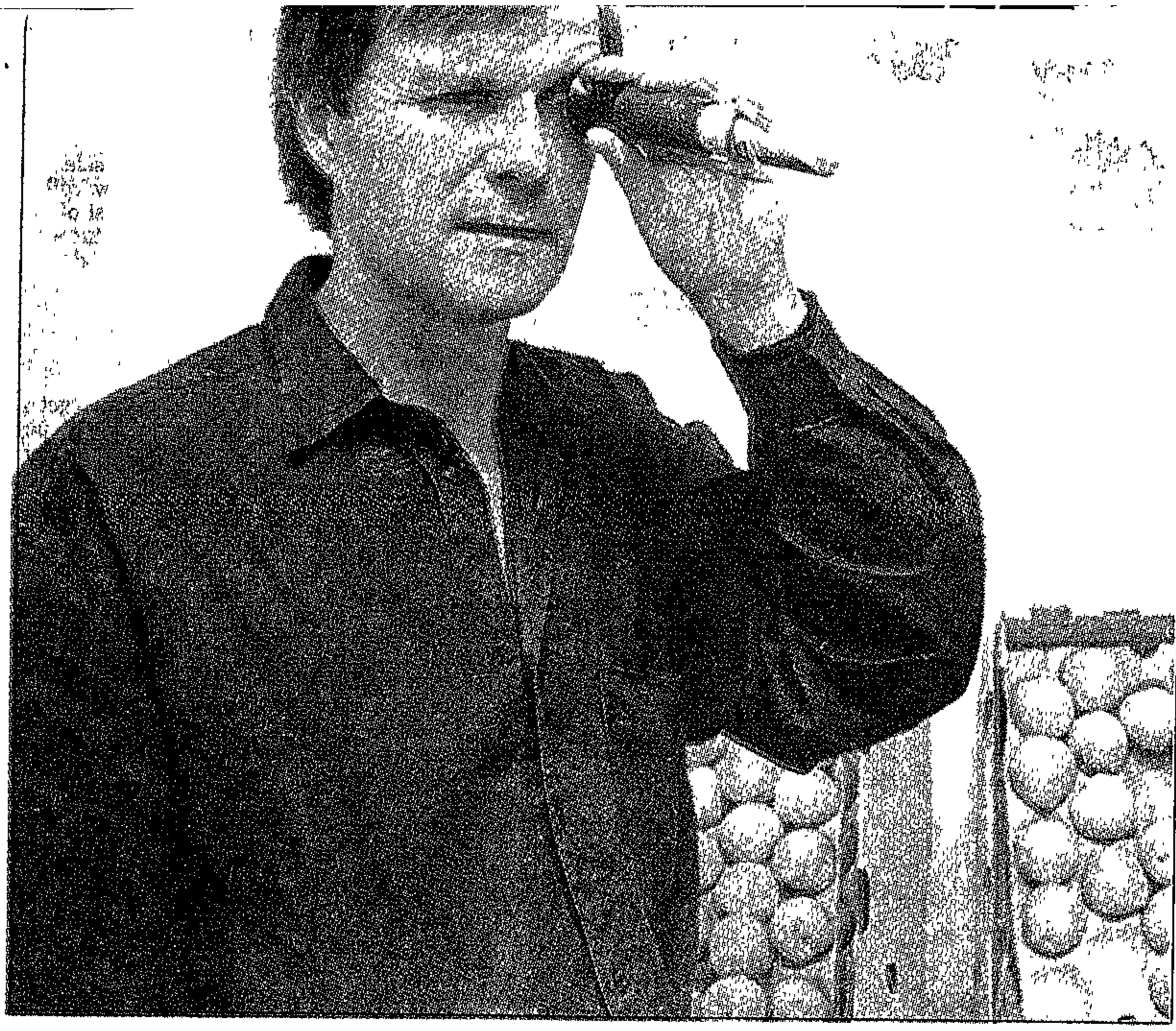
Unfavourable weather conditions resulted in a 25 percent reduction in fruit volume on the previous year. The effects of the loss of the general export incentive scheme also hurt last year's results.

Silverman said that notwithstanding the poor results, the group had enjoyed favourable cash balances throughout most of the year.

1,7 tons of infected poultry destroyed in a year

(3) POULTRY ARG 30/3/96

SINCE April 1 last year, 1,7 tons of imported poultry had been declared unfit for human consumption with salmonella enteritidis and typhimerium, Agriculture Minister Dr Kraai van Niekerk said. The meat was from Europe, the Americas and the East he said in reply to a question from Senator Errol Moorcroft (DP). – Sapa.



KEEPING IT SWEET . . . Dr Malcolm Dodd checks the sweetness of the fruit with his "sweetometer" at the Trans-Fresh laboratory at Cape Town's harbour **Picture: AMBROSE PETERS**

Sweet future for fruit and vegetable exports

③ FRUIT ST 24/3/96

By Jeremy Woods

A LEADING American corporation, Trans-Fresh, who specialise in making rarified air to keep perishable fruit fresh during transportation, is making a major impact on Western Cape agricultural exports.

Trans-Fresh came to the Western Cape a year ago and targeted deciduous fruit and vegetable shippers as likely users of their technology, which involves controlling the temperature and atmosphere levels inside a container.

And the move into the local agricultural market is beginning to pay off.

"In the first year of business we have easily beaten our budgets and now that exporters have experienced the improved quality our air control systems bring to their fruit during transportation, the business looks set for an exciting future," says Dr Malcolm Dodd, managing director of Trans-Fresh in Cape Town.

The key to the Trans-Fresh operation is its preservation of fruit and vegetables during a long export journey.

This is done by sealing a container with plastic sheeting and installing a portable computer with a specially developed software programme to regulate the flow of oxygen through the container during the voyage.

"When fresh fruit and vegetables are harvested they continue to breathe, consuming oxygen and emitting carbon dioxide. By using our computerised Tectrol system to control the atmospheric components, the respiration rate is lowered and the product maintains its quality over longer periods of time," says Dr Dodd.

An important factor in this operation is finding the right rate of respiration for the right product.

One hurdle to installing the Trans-Fresh system is its cost.

"It increases shipping costs by about 25 percent a container of goods and this is obviously a significant added cost that shippers have to contemplate," says Dr Dodd.

"However, the significant growth of the business over the last year suggests local exporters are prepared to pay this price so long as using our system allows better prices to be obtained for the goods transported."

But there is another interesting facet to the use of Trans-Fresh, who operate in a number of other food-exporting countries.

"So long as the system is being used by competing countries to their advantage, major fruit and vegetable exporting countries like South Africa will be forced to look at it."

There has been such a range of inquiries from growers that Trans-Fresh has now opened a small laboratory close to Cape Town harbour.

"We are running a series of tests on various products to see how they respond to our air control systems. Once growers see the effect of our methods on their produce here, they feel more confident about using them during export," says Dr Dodd.

Unifruco lifts export profit

(3) FRUIT CT (BR) 28/3/96

By Audrey d'Angelo

Cape Town — Unifruco, the international marketing group of the deciduous fruit industry, lifted income before tax from exports of fruit, juices and wine to R31,8 million in its past financial year compared with R25,5 million in 1994.

The annual dividend is 38 percent higher at 90c (65c) a share.

During the year the group handled 54,5 million cartons of its products, at a gross value of R2,141 million, compared with 52,1 million cartons worth R1,959 million in 1994.

David Gant, the chairman, said Vinfruco, the group's wine export subsidiary, had more than doubled export volumes over the past year to more than 4 million litres.

Sales of pure fruit juice had gone well in Britain, the Netherlands and the Far East, he said. Gant said these results had been achieved in difficult conditions, with high unemployment in the northern hemisphere, strong competition from other producers, unusual climatic conditions and very competitive pricing in overseas retail sectors.

Marketing costs had been cut through the formation of a shipping joint venture between Unifruco, Outspan International and Safmarine. This, and the setting up of distribution channels in Europe, would help the South African fruit industry to become "the most competitive in the world in terms of cost", he said.

Proposed changes to marketing Bill raise fears

Unifruco rejects ANC proposals

CT(BR) 11/4/96

(3) FRUIT

BY ANN CROTTY

Johannesburg — The ANC's suggested amendments to the Marketing of Agricultural Products Bill would result in increased bureaucracy and increased government intervention, said David Gant, the chairman of Unifruco.

Unifruco is South Africa's deciduous fruit export organisation.

At a media briefing yesterday, Gant said the ANC's proposals were rejected by 90 to 95 percent of producers and that implementation of a marketing Act along the lines suggested by the ANC would have the potential of breaking up the South African deciduous fruit industry.

In terms of the ANC's proposals, Unifruco's position as an effective single-channel marketing organisation would come to an end. Under existing legislation there was some leeway for deciduous fruit producers to apply for permits for independent export, but food analysts said this was extremely limited and that producers were effectively obliged to use Unifruco.

The ANC's proposals allow for the creation of "no less than five agents for the purposes of exporting products to different markets". The use of a co-ordinated single-desk system that would unite the five agents in their approach to the international market is also suggested by the ANC.

The ANC's proposals are aimed at ensuring producers have a choice of agents with whom to deal and if they are accepted, would mean the end of Unifruco's position as sole export agent.

Gant said Unifruco "passionately believes in a controlled and co-ordinated marketing approach". Among the reasons he put forward was the fact that as an agent of all South Africa's deciduous fruit producers, Unifruco enjoyed "massive economies of scale", which helped in the negotiation of freight rates and increased its power in negotiations with very large and powerful retail buyers in Europe.

"Because of our size we have been able to develop a partnership situation with the European retailers," said Gant. Unifruco was also able to set prices in that market.

ANC sources were adamant that their proposals would not increase levels of bureaucracy or intervention, but would increase the levels of transparency and freedom in the industry. They believe the importance of size in dealing with foreign markets can more efficiently be accommodated by a united single-desk system operating with a number of agents.

Food analysts responded with cynicism to Unifruco's claims that it offered the most efficient export system for deciduous fruit producers, referring to the inherent inefficiencies of a legislated monopoly and complaints from producers.

ST(BT) 14/4/96

US fruit importers get 'cold shoulder'

(3) FRUIT

By CIARAN RYAN

A CONSORTIUM of US fruit importers, which says it could double SA fruit exports to the US "at a stroke", claims it has been given the cold shoulder by Unifruco, the sole exporter of deciduous fruit.

Requests to buy SA fruit have been directed to Fisher Brothers of Canada, Unifruco's US agent.

Mandela Dlamini and Associates, representing a consortium of US buyers in South Africa, claims that Fisher Brothers has been unsuccessful in penetrating the huge east and west coast markets. Colm Allen, who represents a consortium of US buyers which includes Dandrea Produce Inc, one of the largest food distributors on the US east coast, says he is surprised at the treatment meted out to potential buyers.

"We would be willing to place an order for millions of cartons of fruit immediately if we could — but we can't," says Mr Allen. "Nor can we put in a counter-bid to market SA fruit in America against Fisher Brothers. We are effectively locked out of the SA market."

Mr Allen adds that attempts to establish the volume of SA fruit sold into the US each year have been stonewalled by Unifruco.

"Before we can place an order, we need to know the quality and cultivar of the fruit, but Unifruco will not tell us. We believe in free markets and our real gripe is with the Deciduous Fruit Board, not Unifruco."

Unifruco is appointed as the country's sole export agent by the Deciduous Fruit Board.

Unifruco's manager in charge of the American market, Andrew Southwood, says the company is willing to look at all business proposals. "No one is precluded from doing business with Unifruco. Mandela Dlamini and Associates is just one of several interested buyers. I am surprised they make these claims after one preliminary meeting, particularly in view of the fact that they were due to come back to us."

Mr Southwood says Fisher Brothers' contract with Unifruco is subject to annual review and he rejects charges that it has been unsuccessful in penetrating the US market.

The war of words between Unifruco and independent fruit growers intensified this week with Unifruco's claim that 90%-95% of fruit growers rejected the implementation of an Agricultural Marketing Act similar to that proposed by the ANC.

Valdy Jensen, head of the Independent Fruit Growers and Exporters Association, says "it is this sort of arrogant and unsubstantiated claim" which highlights the need for an open market.

Unifruco faces $20m London court action

BD 17/4/96 (3) FRUIT

Samantha Sharpe

CAPE TOWN — Fruit export group Unifruco could face a $20m damages claim from a London High Court legal action brought by Jersey-based Discount Tonnage Limited.

Discount Tonnage chairman and CE Colin Carter said yesterday the company was seeking performance from Unifruco and its subsidiary Serva Ship in terms of a contract made last year involving its use of Serva Ship's empty cargo space on return trips to SA.

Carter said an initial preliminary High Court hearing had proved inconclusive, with a second hearing scheduled next month.

It was premature to discuss damages, with the legal proceedings intended to enforce performance under the original contract and the matter still subjudice.

But sources close to the company said a claim for loss of earnings arising in the first seven years of a possible 28-year contract was estimated at about $20m.

Unifruco spokesman Fred Meintjes said the exporter had opposed the action because Discount Tonnage had failed to live up to core requirements of the agreement — that both Serva Ship and Discount Tonnage make a profit out of the shipment.

"Until now Discount Tonnage has not been able to provide Serva Ship with south-bound cargo that met with the first requirement of the agreement. On this basis we are opposing the matter."

Unifruco came under the spotlight recently with its announcement of a deal between Serva Ship — co-owned by Outspan — and Safmarine's Universal Reefers to merge their refrigerated cargo shipping business.

The transaction is the subject of a Competition Board investigation. Board chairman Pierre Brookes said it had received documentation from the parties involved, which it had passed on to those opposing the merger for further comment.

Independent SA fruit growers have claimed the merger would give the new company domination over refrigerated fruit exports — which made up a hefty chunk of the country's R3,3bn annual fruit exports industry.

Eskom: outstanding payments owed by bulk consumers

413 Mr J J NIEMANN asked the Minister for Public Enterprises:†

What was the amount in outstanding payments owed to Eskom by bulk consumers in each of the provinces in each of the latest specified three calendar years for which information is available?

N724E

The MINISTER FOR PUBLIC ENTERPRISES:

Outstanding payments by bulk consumers in each of the provinces over the latest three calendar years are as per schedule.

OUTSTANDING BULK PAYMENTS FOR THE PROVINCES

Province	*31 December 1995 (Rm)*		*31 December 1994 (Rm)*		*31 December 1993 (Rm)*	
	Excluding interest	*Including interest*	*Excluding interest*	*Including interest*	*Excluding interest*	*Including interest*
Gauteng	565	888	475	666	456	592
Mpumalanga	62	79	43	54	34	40
Northern Province (VEC)	58	60	0	0	0	0
North West	23	35	20	29	16	19
Northern Cape	0	0	0	0	0	0
Western Cape	7	8	4	4	0	0
Eastern Cape	47	51	13	14	0	0
Free State	26	54	26	54	0	0
KwaZulu-Natal	0	0	0	0	26	39
Total	788	1 175	581	821	532	690

Export of deciduous/citrus fruit (3) FRUIT

414. Mrs M J BADENHORST asked the Minister of Agriculture:†

What was the total income derived from the export of (i) deciduous fruit and (ii) citrus fruit in the (a) 1993-94, (b) 1994-95 and (c) 1995-96 financial years?

N725E

The MINISTER OF AGRICULTURE:

	(a) 1993-94	(b) 1994-95	(c) 1995-96
(i) Deciduous fruit	R1 900 567 100	R2 076 111 932	R2 300 000 000
(ii) Citrus fruit	R 991 000 000	R1 337 000 000	R1 632 000 000

White collar crime

420. Mr D M BAKKER asked the Minister for Safety and Security:†

(a) How many cases of white collar crime were reported in the (i) 1993-94, (ii) 1994-95 and (iii) 1995-96 financial years and (b) what was the total amount involved in each of these financial years?

N731E

The MINISTER FOR SAFETY AND SECURITY:

(a) (i) Comparable figures are not available for the 1993-94 financial year as records have been kept in their present format only since January 1994.

Hansard

(ii) In the 1994-95 financial year, 53 600 cases were reported to the Commercial Crime Component of the South African Police Service.

(iii) In the 1995-96 financial year, 52 386 cases were reported to the Commercial Crime Component of the South African Police Service.

(b) *1993-94*

The monetary value of these crimes in the 1993-94 financial year is unavailable because records have been kept in their present format only since January 1994.

1994-95

The total amount involved in cases reported to the Commercial Crime Component of the SAPS in the 1994-95 financial year is R3 855 797 494.

1995-96

The total amount involved in cases reported to the Commercial Crime Component of the SAPS in the 1995-96 financial year is R2 623 462 956.

However, it must be noted that the above monetary values are b ased on the values initially reported, that is the estimated loss at the time of the crime being reported to the SAPS. The monetary value involved in these cases could, therefore, have either substantially increased or decreased during the course of the investigations.

Broadcasting Monitoring and Complaints Committee: budget

439. Ms M SMUTS asked the Minister for Posts, Telecommunications and Broadcasting:

(1) (a) What amount has been or is to be budgeted for the Broadcasting Monitoring and Complaints Committee until 1999, (b) how many (i) members and (ii) other specified staff members of the Committee are employed by the Committee, (c) what annual salary is being paid to each of the (i) members and (ii) staff members of the Committee and (d) from which premises is the Committee currently conducting its operations;

(2) whether the members and/or staff members of the Committee are entitled to any (a) car, (b) travel, (c) subsistence and/or (d) other specified allowances; if so, what allowances in each case;

(3) whether the Committee has purchased any premises from which to conduct its operations; if so, (a) which premises, (b) at what cost and (c) what other expenses were incurred or are being incurred as a result of this purchase; if not,

(4) whether the Committee is renting any premises; if so, what is the annual rental?

N754E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING:

(1) (a) For the 1996-97 financial year, an amount of R300 000 has been budgeted for remuneration and a sum of R73 800 for travel and hearing expenses.

(b) (i) Five (5) members (including IBA co-chairperson, Mr P de Klerk) (six co-opted members). (ii) None. All work for the BMCC is undertaken by the staff of the Monitoring and Complaints Department along with their IBA functions.

(c) (i) R84 000 in total to the Chairperson; R1 000 per hearing to the other members excluding Mr P de Klerk, the IBA Council representative on the BMCC. (ii) Not applicable.

(d) IBA offices in Rosebank, as and when the need arises.

(2) (a) No.

(b) Travel expenses incurred by the Committee in attending hearings and meetings are paid for by the IBA. Each expense has to be motivated and there is no travel allowance as such.

(c) No.

(d) No.

(3) The BMCC has purchased no premises, and thus no costs have been incurred.

(4) The Committee only meets on a part-time basis. It has no premises of its own and used the IBA's offices for meetings and hearings.

Fruit farms stung by bee deaths

(3) FRUIT ST (CM) 23/6/96

By JESSICA BEZUIDENHOUT

A MYSTERIOUS bee killer is wiping out Western Cape colonies and posing a serious threat to the fruit industry.

A third of the commercial bees in the Western Cape, and parts of Gauteng and Kwazulu/Natal, used largely for pollination of fruit trees, have been killed over the past three years by the disease.

Commercial bee keeper Robert Post warned that the Western Cape's entire commercial bee colony could be destroyed by the disease.

"We have discovered similarities between the symptoms affecting our bees and those of the European Foulbrood Disease, which was first recorded in South Africa in 1909."

He said this disease often manifested itself when bees appeared to be stressed, which could be attributed to agricultural chemicals being sprayed on fruit crops and a shortage of nectar-producing plants.

Some hives, however, could survive up to two years because of an inherent resistance to the infection.

Commercial bee keepers were worried that they may no longer be able to deliver hives to farmers, who sometimes rent thousands for pollination in spring.

Western Cape University virologist Dr Shaun Davison said there was no reliable information on why the bee colonies were dying and that it would be premature to suggest causes.

AGRICULTURE — FRUIT

1997

WB Holdings to expand fruit orchards, change labour force

3 FRUIT   BD 1/4/97

Nicola Jenvey

DURBAN — Industrial food group WB Holdings would invest R4,4m to expand its orchards by 12ha, providing additional water lines for future irrigation schemes and constructing new buildings during the current year, chairman Robert Silverman said in the annual report.

The group also revealed its intention to switch from migrant to permanent labour to increase productivity. A stable labour force would benefit from training for specialised functions.

WB Holdings owns five Western Cape farms which produce apples, pears and plums for the export and local markets. Situated in Grabouw and Villiersdorp, the farms exceed 3 500ha of which 470ha are currently being farmed with an additional 230ha envisaged for further development.

In the year to December revenue sales increased to R19,9m from R14,1m and net profit before interest rose to R6m (1995: R2,1m).

Silverman attributed the improvements to the 55% increase in fruit tonnage, higher export prices and the general hike in international fruit juice prices.

Operating expenses were in line with budget with the exception of higher labour and spraying costs.

The labour overrun had resulted from the larger crop, while the increased spraying costs were incurred during the heavy rains, but the increases were more than offset by improved revenue.

Silverman said the development of a further 20ha of new orchards on the Theewaterskloof farm last year had been made more difficult and costly by unseasonal weather.

The new deciduous fruit tree nursery had been established and was on target to produce some of the trees required for future plans.

Silverman warned that the current crop was unlikely to be as substantial as last year, but the anticipated weaker rand would compensate for lower volumes.

Unifruco may lose export monopoly

Farmers get the right to choose

CT (BR) 18/4/97 (3) FRUIT

ANN CROTTY

Johannesburg — Deciduous fruit farmers will be allowed to export their fruit to a market of their choice, using an agent of their choice, for the first time since the 1930s, in terms of recommendations made by the National Agricultural Marketing Council this week.

The council's recommendations come ahead of the September implementation of the new Marketing of Agricultural Products Act, which removes statutory backing for single-channel marketing systems.

For the season starting in November, the council has recommended an export permit system be maintained, but that it should include no restrictions in terms of volumes or destination. For nearly half a century, deciduous fruit farmers have been legally obliged to use Unifruco, an agent appointed by the Deciduous Fruit Board, to export their output.

The recommendations, which have the force of law, were welcomed by independent deciduous fruit growers who were dissatisfied with the service provided by the single-channel marketing system and have been battling with the government for years for permits to allow them to make their own export arrangements.

Gross earnings for the 1996 season from deciduous fruit exports was R2,9 billion. According to Unifruco projections, this was expected to increase to R5,5 billion by the year 2004.

Industry analysts had expected that the council would have recommended a more gradual approach to deal with the demise of the single-channel marketing system. But one producer remarked that the use of a sunset period would have been unnecessary as most farmers would be inclined, in the initial years at least, to continue using Unifruco.

The decision to retain the use of permits for the time being is seen as an attempt to enforce a minimal level of regulation that will largely relate to the provision of information by independent exporters to a central body.

One farmer said that, at this stage, the only threat to a multi-channel export system was that, in the long term, it could result in South Africa earning less foreign exchange because of undercutting by individual exporters.

Professor Eckart Kassier, the chairman of the council, said it was important to create an effective system which could co-ordinate market information from the future exporters. "Competition is a good thing but we should try to avoid a situation where South African producers were aggressively undercutting each other..."

Kassier said the need to establish a co-ordinated marketing effort to avoid such under-cutting was under discussion with industry players.

Restrictions on citrus fruit farmers will not be removed for this season.

□ **Orchard Battle, Page 18 and Inside Agriculture, Page 26**

CT(BR) 25/4/97

Outspan squeezes its citrus exports into new markets

(3) FRUIT

ANN CROTTY

Johannesburg — Outspan, the Citrus Board's sole export agent, is forecasting record volumes of citrus fruit exports this year with 50 million cartons being exported to 60 countries, John Stanbury, the managing director of Outspan, said yesterday.

This was more than 10 percent higher than the previous record of 45,5 million cartons exported last year, earning R1,65 billion in foreign exchange, he said. But industry analysts have speculated that, despite the expected increase in volumes, the increase in value would be disappointing.

Outspan recently recognised that demand in its traditional markets had stabilised and therefore increased its effort to develop new markets.

"Western Europe will this year take 50,5 percent of exports compared with 56,3 percent in 1996. Some 13,5 percent will go to the Far East compared with 9,5 percent last year. Eastern Europe, in which new markets are being developed, will take 9,7 percent compared with 9,2 percent last year," Stanbury said. Outspan would export to the US for the first time, he said.

Development of new export markets was vital as the citrus export crop was expected to increase to 75 million cartons by 2003, he noted.

Monopoly's pricing policy 'inept'

③ FRUIT

Unifruco riles grape producers

ET (MR) 5/3/97

Ann Crotty
CONSUMER INDUSTRIES EDITOR

Johannesburg — Grape farmers' projected income from Unifruco, the Deciduous Fruit Board-appointed export agent, has been slashed by an average of 20 percent in little over six weeks, according to the price lists recently made available to farmers.

Industry sources said yesterday that farmers have interpreted this as a ploy to maintain loyalty ahead of the expected deregulation of the deciduous fruit industry. The list of grape payments covers 21 cultivars.

In December last year, when government authorities were for the first time considering allocating permits for fruit export to independent parties, grape farmers received "seasonal payment projections" from Unifruco which reflected prices that were substantially ahead of actual payments in the previous years.

The projected payment for this year's sweet sultana cultivar was R42,50 for 5kg compared with an actual payment of R24,88 last year; for Thompson it was R46 compared with R31,85, and for black gem it was R71 compared with R58,50. The projected prices were sufficiently attractive to dissuade a number of farmers from contracting to supply their grapes to independent parties.

In mid-February Unifruco issued a set of revised projections to grape farmers. These were down by between 9 and 70 percent on the earlier figures. The sweet sultana projection was down to R27, which was little changed on last year's price of R24,88; Thompson was revised from R46 to R36, and black gem was revised from R71 to R50.

In early February the government announced it was granting independent export permits for an unexpectedly small volume of fruit. According to independent players in the industry, many farmers had by now committed their crops to Unifruco. These were the two main factors behind the downward revision of projections.

"By mid-February most farmers want to have made plans. This and the fact that independent permits were so restricted left grape growers with little option but to accept the revised projections," said one independent.

Significantly, days after releasing the revised projections, Unifruco issued a press statement referring to the widespread support it continued to enjoy from fruit farmers.

Unifruco counters that the reason for the revised projections included the strengthening in the rand against currencies of countries where the bulk of grapes were being sold, a tougher market than expected because of greater competition from Chile, and a delay in harvesting the local seedless cultivars.

Analysts said that given Unifruco's long history and its dominance in the industry, its grasp of market conditions was inept. And forex analysts said Unifruco has considerably overstated the strengthening of the rand and also has not taken into consideration the beneficial effects on dollar-denominated international freight charges.

'Unifruco won't seek protection in export trade'

(3) FRUIT

BUSINESS EDITOR

ARG 18/3/97

Unifruco will not seek statutory protection to retain its place as the sole export agent for deciduous fruit, chairman David Gant told the annual meeting in Stellenbosch yesterday.

Mr Gant said Unifruco was not a statutory monopoly but a public company owned by growers, and which aimed to market their fruit according to agreed conditions.

It had no rights to issue export permits or control standards.

Faced with deregulation and the scrapping of the Deciduous Fruit Board, Unifruco would try to keep growers' support through performance, Mr Gant said.

Its export costs were lower than comparable companies elsewhere in the southern hemisphere or in North America, he said, citing a fall in costs from 24 percent of gross income to 17,5 percent which put R300 million a year into growers' pockets.

Mr Gant criticised "blatantly wrong" comments about Unifruco by "uninformed commentators and others with their own interests only at heart".

On the current season, he said the stronger rand and an oversupplied market was limiting sales but the company's shipping interests and wine and fresh juice exports should boost performance.

Unifruco's growers reap records

CT(BR) 18/3/97 ③ FRUIT

AUDREY D'ANGELO

Cape Town — An estimated 2 000 growers who export deciduous fruit through Unifruco will share a record payout of more than R1,45 billion, David Gant, the Unifruco chairman, said at the AGM last night.

He said the growers' payment for the 1996 season would be 20 percent more than the previous year although export volumes were lower.

He said this was because of the weakness of the rand, which had boosted the value of foreign currency earnings, and a strong demand for Cape produce.

"On a like-for-like basis, payments to growers have exceeded those of our competitors in the southern hemisphere by at least 35 percent per kilogram."

However, Gant said, Unifruco's own profit attributable to shareholders fell by 25 percent to R16,6 million from R21,9 million and the dividend was 30c lower at 60c (90c) a share.

This was because of "increased operating costs as a result of expanded areas and levels of service to the deciduous fruit industry without a commensurate increase in its commission income. The lower profit underlines the sensitive relationship between a low commission base and fluctuating volumes on a season-by-season base."

However, income from investments in the group's service and diversified operations had risen from R3,1 million in 1995 to R9,6 million last year, helping to offset Unifruco's reduced income from its deciduous fruit exports.

Payments to growers have exceeded those of competitors in the southern hemisphere

Gant said Unifruco had significantly reduced its overhead costs in terms of volumes and value achieved. The number of cartons sold per staff member had risen from 35 000 in 1990 to more than 50 000 in the past season.

"Independent benchmark studies conducted by the Australian Horticultural Society confirmed that our export costs locally and overseas are substantially lower than those of any comparable export company in the southern hemisphere or North America."

Gant said the present season was a difficult one. The export season had started late, the rand had strengthened particularly against the British pound and German mark, and the market was generally over-supplied.

Despite this the group expected to increase its pretax profit by about R10 million as a result of improved performances from its shipping operation and exports of wine and fresh fruit juice.

Gant stressed that Unifruco was a company owned by growers and not a statutory body.

Operating costs hit Unifruco's profit

(3) FRUIT BD 18/3/97

Samantha Sharpe

CAPE TOWN — Fruit export group Unifruco posted a 25% decline in attributable profit to R16,6m in the year to September as income from investments and diversified operations failed to offset increased operating costs.

The fall in earnings was accompanied by a 33% fall in the group's dividend to 60c a share.

Announcing the results at the group's annual meeting last night, Unifruco chairman Dave Gant said Unifruco's expansion into new areas and heightened service levels to the deciduous fruit industry had increased operating costs, without a commensurate increase in its commission income.

However, a weaker rand and strong demand for branded "Cape" produce had boosted export earnings for its producer suppliers, with export payments to producers climbing 20% to a record R1,45bn.

"The lower profit in the wake of higher export payments underlines the sensitive relationship between a low commission base and fluctuating volumes on a season-by-season basis," Gant said.

He said gross export values for deciduous products had grown from R1,1bn in 1990 to R2,7bn currently, with a projected turnover of R4,2bn for 1999/2000.

Gross payments to growers had increased from R600m to R1,6bn in the same period and were likely to exceed R2,4bn in 1999/2000 — a factor of four in 10 years.

"More relevant, however, is the growth in payments per carton which overall for all deciduous fruit increased from R16,50 in 1990 to R28,50 per carton currently. While this is not quite the same level as the domestic consumer price index, it is well ahead of the devaluation adjusted inflation index of export m_rkets," he said.

On overhead costs, Gant said Unifruco had succeeded in significantly reducing its overhead costs in terms of volumes and values achieved, with cartons sold per staff member employed increasing from 35 000 in 1990 to 50 000 currently and values earned increasing from R1,2m to R2,5m a staff member.

Reductions in overseas costs achieved through Capespan International in Europe had brought average overseas cost from a level of 24% of gross to 17,5% of gross and were estimated to add at least R300m a year to grower income.

On the outlook for this year, Gant said the current season was difficult, with the late harvests, the relative strength of the rand against the pound and Deutschmark and a generally oversupplied market inhibiting income growth. However, Unifruco expected to boost its pretax profits by about R10m.

COMPANIES

WB Holdings realises juicy profit from fruit

BD 19/3/97 (3) FRUIT

Janet Parker

FRUIT farming and export company WB Holdings lifted taxed profit 156% to R5,5m in the year to December due to good crops, a weaker rand which improved export prices and higher international juice prices.

Chairman Robert Silverman said although fruit size decreased significantly last year, the tonnage picked improved 55% compared to the disappointing 1995 crop. The improvement in profit was achieved in spite of poor weather conditions.

Share earnings increased to 58c a share (1995: 23c) and a final dividend of 13c (8c) was declared. The total dividend for the year of 18c was covered 3,2 times.

Operating profit soared 183% to R6m compared to R2,1m for the comparable period. The interest bill increased to R102 000 from R13 000, due to large capital development.

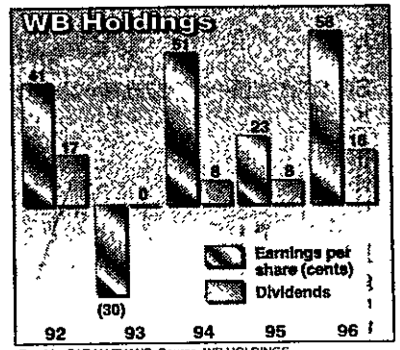
Twenty hectares of new orchards were planted and 4ha of apple orchard removed and replanted. Expenditure on nursery and orchard development amounted to R2,6m while an additional R1,4m was spent on plant and equipment and R1m on housing for labour.

Pretax profit increased to R5,9m (R2,1m) while tax shot up to R395 000 (R38 000). Silverman ascribed the sharp increase in tax to profit being greater than the available farming capital development allowances. He said future taxes would be lower than the standard rate for company tax due to continued expansion and development of new farming operations.

The group's plans for this year include planting 12ha and replanting 1ha, additional building, as well as equipment purchases.

Silverman said a more permanent labour force would be employed as opposed to migrants, as "increased productivity is achieved with a stable force which benefits from instruction in functions such as tree training and pruning".

He said it was unlikely this year's crop would be as good as last year's, but he expected that the weaker rand might compensate for some of the decline in volume.



Graphic SARAH EVANS Source WB HOLDINGS

legal proceedings? Let us administer your ...
Once we're ...

WB fruit growers yield juicy results

CT(BR) 19/3/97 (3) FRUIT

Audrey d'Angelo

Cape Town — Fruit-growing company WB Holdings, in the Saldanha group, achieved record earnings of 58c (23c) a share in the year to December 31, the directors reported yesterday.

The final dividend is 13c (8c), making a total of 18c (8c) for the year. Gross revenue rose to R19,9 million (R14 million) and operating profit to R5,9 million (R2,1 million). Net profit before tax was R5,8 million (R2,1 million), and after tax was R5,4 million (R2,1 million). Net asset value a share rose to 432c from 392c.

The directors said the improved profits were mainly because of a 55 percent rise in fruit volumes and the weaker rand, which boosted the value of export earnings.

They warned that the late season and unfavourable weather conditions would mean lower production this year "but it is anticipated that the weaker rand will compensate for some of the decline in fruit tonnage".

'It is expected the weaker rand will compensate for some of the decline in fruit tonnage'

They said plans for the expansion of farming operations should ensure future taxes remain below the standard rate of company tax.

Discussing the new Marketing of Agricultural Products Act, which had put a stop to statutory single-pool marketing schemes, they said the group had committed itself to selling its export and local fruit through the same channels as last year.

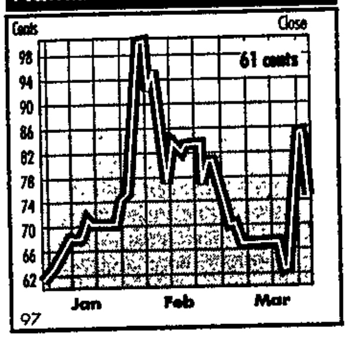
They said poor weather conditions meant a lot of fruit was too small for export to Europe, where Unifruco was well organised. Smaller fruit could be exported to southeast Asia where Unifruco's organisation was less strong. The share closed unchanged yesterday at 410c.

Namsea nets a big loss and defers merger plan

CT(BR) 19/3/97

Maggie Rowley

Namibian Sea



Cape Town — Poor landings off the coast of Namibia saw Namibian Sea Products (Namsea) netting a loss for the year to December 31, the company reported yesterday.

The group had an attributable loss of N$9,1 million or 8c a share against a profit of N$19,8million, equal to 18,2c a share, the previous year. Hence, no dividend is to be paid.

The company said in view of the poor results and the continuing uncertainties in the fishing industry, the proposed merger of Namsea and Namibian Fishing Industries (Namfish), in which Namsea has a 38 percent stake, had been deferred.

Namfish reported an attributable loss of N$10,5million for the year to December 31, equal to a loss of 32,1c at the share level against a profit of N$559 000 for the year to December 31 1995.

The directors said during the past year the industrial quotas for the group's pelagic interests were landed in full but had had particularly low oil yields.

Losses in the group's white fish interests were substantially reduced in the second half of the year, owing to a tight control on expenditure.

Looking ahead, the directors said the pelagic catching season started earlier than usual in January, and the industry had landed the initial permissible catch of horse mackerel with extremely good oil yields having been achieved.

The hake initial total allowable catch (TAC) has been set at 110 000 metric tons. Northern Fishing has increased its share of the TAC and has been granted the right to convert 1 000 metric tons of its wet fish quota into the potentially more lucrative freezer quota. Catches to date had been reasonable, said the directors.

The share closed yesterday at 75c, down 10c.

OUTSPAN INTERNATIONAL

CAUGHT NAPPING

(3) FRUIT
FM 21/3/97

Despite extensive experience on global markets, even Outspan International was caught unawares by the sharp fall in the rand last year.

The usually canny citrus body — which realised foreign exchange "opportunity benefits" of R25m and R21m respectively during 1994 and 1995 — has just reported a R14m forex loss.

"We will report this in the current year's annual results," says MD John Stanbury.

He says the "small forward cover loss" amounts to 0,7% of total turnover of R1,9bn and resulted from "the rand's most dramatic decline since World War 2."

Outspan manages its forex to tie or lock in high returns on the spot market — "and we do not speculate," says Stanbury.

He adds that during the rand's previous sharp declines, when many private-sector corporations sustained multimillion-rand forex losses, Outspan did not lose any of its producer members' potential proceeds.

"This loss is not significant," says Stanbury, "though it will be reflected in final returns to farmers."

Meanwhile, Outspan citrus export volumes achieved their third successive record volume growth in the 1996 marketing season — from the previous year's 42m cartons to an estimated 45,5m cartons.

"And, following excellent summer rains in the Northern Province and full irrigation dams, we expect the 1997 export crop to exceed 50m cartons," he adds.

It's hoped average export prices — which did not keep up with last year's inflation rate due to the availability of European summer fruit and certain climatic factors that impaired quality — will also show real growth this marketing year.

Stanbury says Maputo harbour took a record 7,5m cartons over the past export season. Outspan plans to boost this figure to 10m in the 1997 export year.

Export facilities are leased from Mozambican authorities and Stanbury foresees Maputo taking about 35% of the future export crop in the long term when facilities are upgraded.

"This is a cheaper route than Durban. We are also investing R23m in upgrading and expanding the Durban citrus terminal, to cope with the increased crop for 1997 and beyond." *Arnold van Huyssteen*

Grape war: SA court ruling hailed

'Signal to investors'

ARG 1/2/97 (3) FRUIT

RICH MKHONDO
FOREIGN SERVICE

Washington – American business leaders have applauded a Pretoria court ruling that grants royalty rights on South African production of a widely grown table grape to the California firm that developed it.

The business leaders say the ruling will boost South Africa's efforts to attract foreign investment by showing the country adheres to the rule of law.

For four years, the variety of tasty grapes known as Sugraone have been at the centre of a legal battle between US company Sun World and the South African Table Grape Association.

The table grape had become an important farm export as South African firms launched an all-out effort to open markets for the country abroad. More than 100 growers had been developing and exporting the grapes to developed countries, including the US.

But Sun World had accused South African growers of illegally obtaining cuttings of the vines needed to produce Sugraone grapes, after the California-based company declined to license production because of anti-apartheid sanctions.

After last month's landmark ruling, Sun World will now qualify for annual royalties worth millions of dollars from 10 000 acres of the grapes grown in South Africa. The ruling, the first under South Africa's 20-year old patent law, makes it illegal both to propagate Sugraone vines, or to sell the grapes they produce, without permission from Sun World.

"It is a landmark ruling for both South Africa and us," said David Marguleas, vice-president of Sun World International. "We are heartened by it. It will encourage the introduction of many other varieties of table grape into South Africa."

The court ruling comes five months after the Appeal Court in Bloemfontein ruled in favour of US burger giant McDonald's in the two-year battle for its trademark, which a South African businessman had used since the sanctions era.

Mr Marguleas said his company was eager to introduce its varieties in South Africa and other countries whose growers respected breeders' rights.

"The December 19 ruling is going to encourage more breeders to introduce more varieties in South Africa," he said.

This view was supported by the Association of Third World Affairs, the United States-South Africa Business Council and Investor Social Responsibility Research Centre, all based in Washington.

'It sends a strong message to the world that South Africa is ruled by law'

"It sends a strong message to the whole world that South Africa is ruled by law. This will encourage foreign business firms to come and invest," said Lorna Hahn, head of the Association of Third World Affairs in Washington. "Many people have been bad-mouthing South Africa, saying the country and its leaders are unbusinesslike. This dispels that myth."

Business Council executive director Daniel O'Flaherty said: "The ruling is a positive step. It confirms for everyone to see that the country is open for business."

Since 1992, vine-growers representing the parastatal export group, Unifruco, have been fighting Sun World's attempts to be recognised as the variety's owner, arguing that Sun World's patent expired in 1989.

Last week the SA Table Grape Association said it did not need the table grape variety, saying it had produced more than 10 million seedless vines in the five years since Sugraone was registered here. But Mr Marguleas said: "It is all rubbish. If they didn't need the variety, why did they allow this case to drag on for four years?"

'Abnormal weather' damages grape crop

(3) FRUIT

Louise Cook

BD 24/2/97

EXCESSIVE humidity and fungal diseases in the Western Cape's Bergriver Valley had delivered the worst blow in 40 years to farmers growing table grapes for export, sources said at the weekend.

A producer at Paarl, Louis Borel, said losses in the area could be as high as R120m. "Farmers were experiencing a totally freak season. They do not expect to harvest half the usual crop."

Producer Graham Retief confirmed the crop at Paarl, Wellington, Saron and Riebeeck West had been severely damaged by "abnormal weather this season", but said he had no idea of the extent of the damage.

"The crop committee of Unifruco is aware of the problem — they are sitting again next week. Various areas in the Western Cape are effected but the Bergriver Valley is by far the worst hit."

But Unifruco spokesman Fred Meintjies said despite disaster in the Bergriver Valley area, table grape exports should be on track — possibly even better than last year.

"Other areas, such as the Orange River production area, are experiencing excellent conditions." Preliminary estimates for table grape exports from all the production areas suggested an improvement of 3-million cartons on last year's exports of 20,5-million cartons, he said.

Unifruco in shipping company talks

(B) FRUIT BD 26/2/97

Samantha Sharpe

CAPE TOWN — Fruit marketer Unifruco and shipping group Safmarine were in talks to resolve a conflict of interests in Safmarine's recent joint venture with Norwegian shipping company Lief Hoegh and its shipping arrangement with Unifruco and Outspan — a move which could see Unifruco take a stake in the new company.

Both Safmarine's joint venture arrangements have created worldwide shipping companies, Universal Reefers with Unifruco and Unicool with Lief Hoegh, which would more than likely compete with each other.

Unifruco GM for operations Anton du Preez said Unifruco was negotiating with Safmarine about how the conflict of interest could be resolved. This could be through Unifruco's acquisition of a stake in the newly formed Unicool or an incorporation of systems.

"What is clear is Universal Reefers will continue to operate as is in 1997," De Preez said.

On Unifruco's 1997 deciduous fruit crop, Du Preez said that original estimates for 57-million export cartons had been revised to 53-million following unseasonal weather.

Unifruco would be selling produce in 65 countries and would reap benefits from its newly introduced least cost distribution system in SA and Europe, which would cut unproductive costs and contribute significantly to the net farm income of producers.

While initial cost savings through the least cost distribution method were estimated at between £10m and £15m in 1996/97 this was expected to increase substantially in the years ahead, Du Preez said.

(3) FRUIT

Unifruco to pay more to growers

CT (BR) 26/2/97

AUDREY D'ANGELO

Cape Town — Unifruco, the fruit exporter, will pay growers more rands for fruit varieties this year than they did last year, Anton du Preez, Unifruco's operations manager, said at a presentation yesterday.

The 2 000 growers who exported deciduous fruit through Unifruco last year shared a pay-out of R1,4 billion.

Du Preez said the company was expecting to export a total of 6,87 million cartons of stone fruit compared with 6,4 million last year and 53 million cartons of apples, pears and grapes compared with 50,4 million last year.

A spokesman said 80 percent of growers who exported through Unifruco under the single channel marketing system had signed contracts to continue using its services despite deregulation which would come into force in September.

He said growers who had not yet signed were shareholders who said that they saw no need for a contract to continue dealing with "their" company.

Erik van Vlanderen, Unifruco's chief operating officer, said the company had successfully diversified into exports of wine and fruit juice.

Huge cost savings would be made through a system of partnership with four ports in Britain and Western Europe — Sheerness, Antwerp, Flushing and Bremerhaven — where fruit would be sent directly to the customers' distribution centres, cutting out the need for middlemen.

The system has already resulted in savings of between £10 million and £15 million for the year.

Unifruco sets sights on new markets as exports grow

3 FRUIT

BUSINESS EDITOR ARG 26/2/97

The fruit salad Unifruco is exporting this year to its mainly European customers will contain plenty more peaches, slightly fewer nectarines and apples, more apricots and grapes and a few more plums.

In total, Unifruco expects to export 53 million cartons compared to last year's 50,4 million which netted R2,4 billion in foreign exchange, the group's general manager of operations, Anton du Preez, told a media briefing.

About one fifth of the crop has already been shipped.

Mr Du Preez said hail and rains had delayed fruit crops by up to three weeks, affecting Christmas sales.

In the Langkloof, hail had damaged apples, pears and stone fruit. Table grapes in the Boland and apples in some parts of the Western Cape had also been damaged but seedless grape harvests in the Orange River region were back to normal after last year's disappointing crop.

Apart from 6,9 million tons of stone fruit, Unifruco expected to export 16,4 million cartons of apples, slightly less than last year, 22 million cartons of grapes (7 percent more than last year) and 7,9 million cartons of pears (16 percent more than last year).

Mr Du Preez said European supplies of pears and apples were higher than last year but Unifruco faced weaker competition from other Southern Hemisphere suppliers because of bad weather.

Pointing out that only 7 percent of the shipped crop had been sold at this stage, he said it was too early to tell what the exchange rate effect on prices would be.

But though foreign currency prices for early season fruits were lower than last year in some cases, the fall in the rand would ensure higher payments to producers, Mr Du Preez said.

Unifruco has started a programme of joint ventures in core European harbours, where the European partner supplies the port facilities and Unifruco guarantees the volumes of fruit imported.

An agreement has already been signed with a partner in Sheerness harbour in the United Kingdom and other deals are in the pipeline for facilities in Antwerp, Belgium, Flushing, Holland and Bremerhaven in Germany.

Mr Du Preez said though 80 percent of the crop was still sold on European markets, new growth areas included the United States, the Middle East and the Far East.

Unifruco's goal, Mr Du Preez said, was to sell 30 percent of exports outside Western Europe.

ROY WIGLEY

Peachy: Belinda Jackson and Chris Louw test sugar levels in export fruit at the International Harbour Services fruit terminal at the Cape Town docks

SA citrus exports 'are set for growth'

BD 14/1/97

(3) FRUIT

Samantha Sharpe

CAPE TOWN — SA's citrus fruit exports were set for healthy growth following the US agriculture department's decision to lift a longstanding ban on citrus imports from SA, citrus fruit marketing group Outspan International said yesterday.

The US decided late last week to lift the ban on citrus imports from the Western Cape, which produced about 20% of SA's citrus fruit, although fruit grown in other regions would be subject to import restrictions based on concerns about fungal diseases.

Outspan International MD John Stanbury said the US market offered significant export potential for SA citrus, with about 1-million of the estimated 50-million citrus cartons destined for export this year to target the US. Outspan International exported 45-million cartons — about R1,9bn in turnover — last year.

However, Stanbury warned that all citrus exports to the US would be subject to stringent US regulations, with the fruit also subject to cold sterilisation before entering the US.

Outspan International marketing manager regional markets Christo Botha said the organisation planned an aggressive marketing foray for the US market, with the long-term vision for a 10% share of all export earnings to result from exports to the US.

"However, this depends on gross selling prices and currency fluctuations as well as our ability to convince the US to relax its ban on all SA citrus fruit growers," he said.

"This is a market of about 225-million people, with the SA citrus season opposing that in California and Florida."

FRUIT EXPORTS (3) FRUIT

FOOT IN THE DOOR

FM 17/1/97

US government approval for imports of SA citrus from the Western Cape is a breakthrough for the industry. The abolition of the ban will help the sector's export drive.

It also heralds the first move to capture a slice of a market of about 225m people as the SA citrus season is directly opposite to that of Florida and California.

Outspan International MD John Stanbury says an initial target of 1m cartons will be exported to the US this year for the first time. But fruit grown in other areas of SA will still be subject to US import restrictions because of fears of fungal diseases.

Stanbury adds that last year Outspan exported 45m cartons of citrus fruit to 60 countries resulting in a turnover of R1,9bn. Exports in the coming season are expected to exceed 50m cartons.

Meanwhile, the prolonged winter in the Western Cape made its presence felt in the deciduous fruit industry which has missed a substantial part of its usual pre-Christmas export trade. Fruit normally picked at the beginning of October was not harvested for foreign markets until November-December.

But Unifruco spokesman Fred Meintjies says now that the province is into summer, the industry is moving into top gear which will see more than 50m cartons of deciduous fruit exported. Last year the market was worth R2,4bn.

Meintjies says that the 1996-1995 seasons were similar in terms of volume of fruit exported though he's cautious in forecasting any great revenue increase this season.

He expects roughly a 10% increase in pear and apple exports by the time the season ends in July-August this year. There is the possibility of 25,5m cartons for export compared with 23m in 1996. About 23m cartons of table grapes and 6,4m cartons of stone fruits will go overseas. Meintjies says more than 500 000 cartons were lost because of hail damage at Langkloof. This week there was another severe hail storm in the area but final damage figures have not yet been returned.

He forecasts that volumes of saleable fruit in foreign markets may increase this year because of controls Unifruco has introduced at the various ports overseas. These controls are designed to ensure that only fruit in excellent condition is released for sale and that the ratio of returnable goods is reduced.

Prices in European markets are positive and this year should see the benefits of quality control systems by way of increased returns. ■

Fruit board flouted rights to seedless vine — lawyer

(3) FRUIT BD 27/1/97

Reinie Booysen

THE Deciduous Fruit Board "wrongly encouraged" SA grape growers over the past four years to disregard a US company's plant breeder's rights to the Sugraone table grape variety by planting vines obtained illicitly from overseas in the 1980s, Sun World Inc, which is based in California, said at the weekend.

Sun World's attorney Bastiaan Koster, of the patent and trademark law firm John Kernick, challenged claims by the SA Table Grape Association and the SA Plant Improvement Organisation (SAPO) that SA had no need for the grape cultivar.

Koster said that according to information he had gathered from the industry, it was "common cause that Sugraone has been planted extensively in SA and is at present sold commercially and exported under the name Festival Seedless".

Royalties

Last month an appeal board convened under the Plant Breeders' Rights Act turned down an application by the Deciduous Fruit Board for Sun World's rights to the Sugraone cultivar to be cancelled — effectively preventing anyone from exploiting the vine in SA without paying royalties to Sun World.

Koster said although "it may be" that the plant improvement organisation had not been involved in the illegal propagation of the vine, "it is understood the vine has been illegally propagated by private nurseries".

"If the local grape industry has no need for the Sugraone cultivar, why did they get involved in four years of expensive litigation with the aim of invalidating Sun World's right to Sugraone?" Koster said.

Statistics from the Johannesburg fresh produce market showed that 138 624kg of Festival Seedless were sold during the 1994/95 season.

"During the 1995/96 season 326 739kg of Festival Seedless were sold — a remarkable increase of 135%.

"One can only assume that this upward trend will continue during the present season," Koster said.

Dealers at the Johannesburg fresh produce market and the Cape Town fresh produce market had indicated that the Festival Seedless cultivar was extremely popular, "particularly because of its early ripening, extended shelf life and nice golden colour".

Some dealers were of the view that Festival Seedless would take over from Sultana and other traditional seedless cultivars.

Taking into account the sales at other fresh produce markets, it could be "realistically extrapolated" that at least 1-million kilograms of Festival Seedless grapes were sold locally during the 1995/96 season, Koster said.

"It is well known that the bulk of the Festival Seedless cultivar is exported."

He had learned "on good authority" that Festival Seedless plantings in SA were approaching 1 000ha.

"With a typical yield of 3 000 cases of export quality grapes — each case weighs 5kg — it might well be that the annual export potential of Festival Seedless or Sugraone is of the order of 2-million 5kg cases."

Statistics

Koster said it was known that SA was at present exporting a total of 20-million 5kg cases of table grapes.

"The statistics in respect of Festival Seedless must be known to Unifruco.

"It would be enlightening if they were prepared to publish their official statistics," he said.

Sun World senior vice-president David Marguleas said the company was "totally committed to vigorously defending and enforcing our Sugraone plant breeders' rights. We intend to take swift, aggressive action against any and all infringements," Marguleas said.

Hanekom frees fruit exporters

(3) FRUIT

MARC HASENFUSS
CAPE EDITOR

CT (BR) 31/1/97

Cape Town — The dismantling of the Deciduous Fruit Board's stranglehold on the marketing of South Africa's deciduous fruit took a significant step forward yesterday when Derek Hanekom, the minister of agriculture and land affairs, issued instructions which permitted exporters to bypass the board.

The multibillion-rand deciduous fruit industry is one of the country's largest foreign exchange earners. Critics of the board have said it has handicapped the development of the industry's export potential.

Hanekom issued permits yesterday for the export of deciduous fruit to Europe, North America and the Middle East.

Deon Joubert, the general manager of the Deciduous Fruit Board, said the decision followed the approval by Hanekom of recommendations proposed by the newly constituted National Agricultural Marketing Council.

He said the recommendations dealt with the appeals against the board's refusal to grant permits for exports outside the regulated system to the three overseas markets for this year's season.

Joubert said the total volume of fruit allocated for these permits could not exceed 3,75 percent of the board's export estimates for each cultivar, in each of the markets.

The board has implemented a policy of extending marketing access for all market participants in anticipation of the Deciduous Fruit Scheme being abolished at the end of September.

Joubert said the policy involved the granting of permits to all markets except Europe, North America, and the Middle East. "Permits to these markets were refused to ensure the optimal use of the economies of scale."

Langeberg sets its sights on European market gains

CT(BR) 10/12/96 (3) FRUIT

MARC HASENFUSS

Cape Town — Langeberg Holdings, the fruit and vegetable canning company owned by Tiger Oats is setting its sights on strong market gains in Europe following an alliance between its international arm and the Dole Food Company, the company said in its annual report released yesterday.

Andries van Rensburg, the managing director of Langeberg, said in the report that the alliance with Dole, a leading US multinational food group, would contribute materially to the repositioning of Langeberg Foods International (LFI) within the European Union.

Langeberg Foods International has entered into a sales and distribution alliance with Dole's European packaged food operations. It has also secured the use in Europe of Dole's brand name for canned deciduous fruit.

Van Rensburg said this would move Dole products to more profitable markets by providing the infrastructure for customs clearing, warehousing and direct distribution to the trade. The direct contact with its European market was a great advantage and should enhance Langeberg Foods International's market penetration, he said.

"Positive signs are being seen with the first initiatives to obtain listings for LFI's canned fruit with supermarkets," he said. "This has encouraged the subsidiary to improve stock availability through strategically located distribution centres in the EU."

In the short period that the alliance had been in place, benefits had already been achieved through the transfer of international marketing experience, he said.

"In addition, certain innovative products which were developed jointly with Dole, will be launched in the coming year," Van Rensburg said.

SA's seedless grape exporters may choke on royalties judgment

(3) FRUIT BD 24/12/96

Reinie Booysen

SA EXPORTERS of seedless grapes may have to pay millions of rands in damages and royalties to a US firm for the right to grow Sugraone — one of the most popular table grape varieties in the world — after a landmark court judgment in Pretoria late last week.

The judgment, the first of its kind under SA's Plant Breeders' Rights Act, upheld the right of Sunworld Inc of the US to registration of the Sugraone varietal, also known in SA as Superior Seedless, Festival Seedless, White Sultana, Black Cat, JC Seedless and SS 77. The vine is among the three most popular table grape varieties, particularly among exporters, as it ripens early and travels well.

Before the political changes in SA, its US owners refused to licence it to local growers, who eventually acquired it illicitly. It rapidly gained popularity.

The Deciduous Fruit Board, its sole exporting agent Unifruco and the SA Plant Improvement Organisation challenged the registration of Sunworld's rights to the vine under the Plant Breeders' Rights Act of 1976, mainly on the grounds that Sunworld's rights expired in the US in 1989.

However, the Appeal Board established in terms of the act by the minister of agriculture upheld Sunworld's registration about four years after litigation was initiated in 1992.

Sunworld attorney Bastiaan Koster of Johannesburg patent and trademark attorneys John & Kernick said his client had indicated its willingness to licence the vine to SA growers "two years ago, but they rejected the offer". Several million rands in past and future royalties were at stake, he said.

A Unifruco spokesman said he was unable to comment on the ramifications of the judgment without having studied it. He declined to say what portion of local grape production or exports would be affected. SA growers exported 5,6-million cartons of seedless grapes last season.

Koster said the judgment would have wide repercussions in demonstrating that the plant breeders' act "has teeth". Like the McDonald's trade mark case decided by the Appellate Division earlier this year, this was yet another instance of SA enforcing its laws to establish the rights of foreigners in accordance with modern international practices. "It is now an infringement not only to propagate a registered plant but also to sell the harvested material," said Koster.

Sunworld holds the rights for Sugraone in France, Israel, Italy, Morocco and Spain. A pending application in Australia is currently under litigation.

Capespan objects to critical report

Heather Parker (3) FRUIT

BD 15/11/96

LONDON — Capespan, formerly Unifruco, has reacted strongly to an international report which claims the labour practices of its apple farmers are unacceptable.

British body Christian Aid has launched a "change the rules" campaign asking consumers to put pressure on UK supermarkets to ensure produce suppliers worldwide do not exploit workers.

"We are asking them (the supermarkets) to give the same care and attention to the people producing the product as to the product itself," said a Christian Aid spokesman.

Along with Peruvian asparagus, Colombian bananas, Brazilian coffee, Sri Lankan tea, and Thai prawns, the campaign singles out SA apples as a source of concern.

In a letter to Christian Aid director Michael Taylor, Capespan MD Louis Kriel said he objected "most strongly to your wild, unsubstantiated claims and innuendos".

While he could not claim that apple farmers were without fault, he said: "The vast majority of our growers subscribe to and apply a progressive code of employment and social discipline, unequalled in any other developing country ... Even during the apartheid era we were more frequently watched and investigated by hostile journalists and church groups than any other agricultural industry in the world.

"Without exceptions the Cape deciduous fruit farmers scored highly in respect of general working, housing and social conditions."

In response to Kriel's complaints, Christian Aid policy director Paul Spray took a conciliatory tone but insisted conditions ranged from "the most progressive to the worst remnants of apartheid".

He said areas which still needed attention were low pay, health issues, unfair dismissal and resistance to trade union representation on some farms.

However, he said: "We both recognise and welcome the improvements in the industry and your own declared commitment to improving workers' conditions. We also applaud your best practice farmers and note that some important points in our proposed code of conduct are already contained in your own."

Langeberg to increase its market share abroad

BD 11/11/96

Jacqueline Zaina (3) FRUIT

LANGEBERG Holdings would look beyond SA's borders for volume and margin growth in its 1997 financial year, financial director Johann Cilliers said at the weekend.

Although the domestic market was expected to grow in the next year, the group stood to benefit from increasing market share in southern African and Europe.

In line with the group's objectives of global competitiveness, local operations had been rationalised during the past year to optimise production capacity. Plant rationalisation and the closure of the Mossel Bay facility had resulted in the retrenchment of 600 workers, he said.

Although European demand was expected to weaken slightly next year because of good fruit crops in the main EU countries, there was significant potential to grow by increasing Langeberg's presence in the retail sector.

Cilliers said Langeberg intended to grow its 8% share of the international canned deciduous fruit market by marketing its product in Europe under the Dole brand through its recent alliance with multinational food group The Dole Food Company.

Cilliers said higher rand realisations owing to the current exchange rate had the potential to make the group's international business more profitable. However, it still faced 20%-24% duties on exports to Europe, from which EU countries remained exempt. Duties on exports to the US and Far East were also high.

The group's expansion into Africa was looking promising, with some of its southern African operations having yielded high volume growth in the year to September. Cilliers said the Koo and All Gold brands had been well received in these markets.

The group intended to expand into western and central Africa next year.

eign contracts would have hurt the

Fruit growers to share R1,4bn payout

(3) FRUIT CT (BR) 16/10/96

AUDREY D'ANGELO

Cape Town — The 2 000 growers who export deciduous fruit through Unifruco will share a R1,4 billion pay-out this year, which will be 19 percent more than the R1,1 billion they received last year.

David Gant, the chairman of Unifruco said, yesterday that the rand's weakness had boosted foreign exchange earnings. That, together with higher prices charged for South African fruit and tight control of costs, had enabled the group to achieve gross earnings of more than R2,5 billion on overseas markets despite the disappointing apple and pear crops.

Gant told growers at their annual conference in Stellenbosch that deciduous fruit had dominated exports with a turnover of R2 435 million. Exports of subtropical fruit, wine and fruit juice had contributed a further R100 million.

Export earnings from deciduous fruit were 17 percent higher than in the previous season though the quantity of the fruit sold was lower.

Small apple and pear crops and disappointing quality because of climatic conditions limited total fruit exports to 50,5 million cartons compared with 51,2 million last year.

David Gant, Unifruco chairman

Gant said that it was essential to maintain the high quality which enabled Cape fruit to command premium prices overseas.

On deregulation of the local market, Gant said Unifruco's success with exports of unregulated subtropical fruit, wine and fruit juice, had shown that it was fully geared to the new environment.

"While Unifruco accepts the desire of a small number of growers to opt out of a single channel marketing scheme we remain confident, based on contractual commitments by growers, that at least 90 percent of them will continue to use their own wholly owned organisation, Unifruco, to market their products around the world."

Unifruco slams state, Minister

(3) FRUIT

Deciduous fruit exports expected to grow – Gant

ARG 16/10/96

ESANN DE KOCK
BUSINESS REPORTER

South African deciduous fruit exporter Unifruco expects to see a return to growth in export volumes next season in spite of what chairman David Gant calls the "inhospitable" and "unaccommodating" attitudes of Government to the fresh fruit export industry.

This was the message yesterday at Unifruco's Annual Growers' Conference in Stellenbosch where more than 1 000 fruit growers gathered for an indepth look at the state of the deciduous fruit industry.

Unifruco's managing director Louis Kriel said the outlook for South Africa's deciduous fruit exporters looked good, and a growth in export volumes was expected this season.

His optimism was echoed by chairman Dave Gant who said the group had earned more than R2,5 billion on overseas markets during the past year – despite a disappointing crop and unsatisfactory quality.

Mr Gant said a producer survey showed 86 percent of producers indicated that they would continue to market through Unifruco even if fruit exports were deregulated.

He lashed out at the "inhospitable, unaccommodating and bordering on the irresponsible" attitude of Government and Minister of Agriculture Derek Hanekom towards the fresh fruit export industry.

The Minister, he said, seemed unlikely to entertain single channel exports for any markets, in spite of the enabling powers given to him in the new Marketing Act for Statutory Single Channel Export Schemes.

Mr Gant said Unifruco would have to face the reality of not being able to rely on statutory mechanisms to impose the co-ordination and disciplines it had become used to, but it would not compromise on the retention of statutory grading, quality standards and handling practices.

"These are guarantees for reputation and survival in the market place."

Deciduous fruit still dominated exports with a turnover of more than R2,435 million and export earnings from deciduous fruit had risen by 17 percent compared with last year, Mr Gant said.

The portion of earnings paid to producers amounted to R1,4 billion or 58 percent of the gross turnover – which was an increase of 19 percent compared with the previous year.

If single channel marketing for deciduous fruit was abolished, this would mean a significant fragmentation of the industry, a drop in prices and higher costs.

Unifruco should remain in a position to maximise the export income for its supplying producers and minimise their costs better than any of its competitors, Mr Gant said.

Unifruco partners to invest R500m

CT (BR) 16/10/96 (3) FRUIT

AUDREY D'ANGELO

Cape Town — Unifruco's European alliance partners will invest about R500 million in dedicated ports and other facilities in the next 12 months, Louis Kriel, the managing director of the overseas marketing and distribution company, said yesterday.

He told growers at their annual conference in Stellenbosch that the outlook was good, provided strict quality control was maintained. "Given normal climatic conditions, we should see a return to Unifruco's growth in export volumes, which were affected by bad weather during the past season."

David McCann, the managing director of the Irish-based Fyffes group, said South African fruit exporters faced intensified competition from other countries in the southern hemisphere.

He said big supermarket chains were becoming more powerful and wanted to sell fruit under their own brand names.

Unifruco executives based overseas said northern Europe was the company's main market and southern Europe second, but North America and Eastern Europe had great potential.

Hanekom

Fruit export industry pelts 'hostile'

BD 16/10/96

(3) FRUIT

Samantha Sharpe

CAPE TOWN — The attitude of government — and Agriculture Minister Derek Hanekom in particular — towards the fruit export industry was "inhospitable, unaccommodating and bordering on the irresponsible", Unifruco chairman Dave Gant said yesterday.

The fruit marketing group has rejected plans to outlaw single channel export marketing, a move it says would lead to "significant" industry fragmentation and cost increases for farmers.

Unifruco and subsidiary Capespan charge members an effective 4% commission on the turnover pool gleaned from deciduous fruit exports, which amounted to R2,4bn in the 1996 season, in return for marketing SA fruit in overseas markets. The portion of earnings paid to producers last year was R1,4bn or 58% of the gross turnover — 19% up on the previous year.

Speaking at the group's annual grower's conference in Stellenbosch, Gant said members had accepted the inevitable phasing out of regulated marketing. "It would seem the minister is highly unlikely to entertain single channel exports for any markets ... (and) it may now be questionable whether we will be able to raise statutory levies for research, industry association and promotions in light of the minister's preference for voluntary levies in this regard."

Gant said Unifruco accepted the desire by a small number of growers to opt out of a uniform marketing scheme. But he warned that fragmentation of the industry could only lead to lower prices for farmers and to cost increases.

"Not surprisingly there are already clear signs that companies and individuals are increasingly seeking opportunities to join the fruit exporting bandwagon from SA, and are making proactive attempts to procure such fruit outside of Unifruco.

"Unifruco must (therefore) remain and increasingly be put in a position to maximise the export income for its supplying producers and minimise their costs better than any of its competitors can."

He said Unifruco would not compromise on the retention of statutory grading, quality standards and handling practices, which were the industry's guarantees for reputation and survival in the market place. "For the rest, the mood in our industry is clearly to have as little as possible interference from a hostile minister and deteriorating department of agriculture."

Unifruco MD Louis Kriel said about R500m would be invested by Unifruco's European alliance partners in dedicated ports and value enhancement facilities in the next year. Significant cost savings and improved stock and quality control would enable the group to enhance values, eliminate non-value adding intermediaries and retain product control up to the final trade customer.

"Given normal climatic conditions we will see a return to Unifruco's growth in export volumes which were affected by bad weather during the past season. We are confident that ... we will be able to improve on our turnover and payments to growers during the coming season," Kriel said.

Lift on Cape citrus ban irks Californians

(3) FRUIT BD 2/9/96

Simon Barber

WASHINGTON — California fruit growers are objecting to the US agriculture department's proposal to lift its ban on imports of citrus from the Western Cape.

Removal of the ban, imposed because of fears SA fruit could contaminate US orchards with blackspot fungus, has been heartily endorsed by several of the US's largest wholesalers and supermarket chains anxious for out-of-season supplies.

The agriculture department projected that, in the absence of the ban, SA exports to the US would total about 37 000 tons this year.

The department gazetted its desire to lift the ban in early July. The move would only apply to fruit certified as having been grown in and shipped from the Western Cape.

The department said it was satisfied the province was free of blackspot — a discolouring disease endemic in much of southern Africa which renders citrus unsellable in the fresh fruit market — and that it would remain free under existing SA government controls.

In a July 31 letter, Paul Engler, president of the California Citrus Quality Council, asked the department to withdraw its proposal.

Blackspot was still present in the Western Cape, he suggested, noting that "citrus fruit infected with the ... fungus often shows no symptoms. The disease is quiescent and undetectable until the export fruit is exposed to warm temperatures."

To support this contention, Engler attached a description of the disease from a technical reference manual. Ironically, it states that "disease spread is unlikely through the movement of infected fruit".

Florida state's agriculture commissioner, Bob Crawford, has told the department he accepts its proposals, although he would like routine surveys for the pathogen to be carried out and existing regulatory barriers to be maintained.

The department believes Californians should not be concerned about SA competition. Likely SA imports represented a "fraction of 1%" of US production, which was worth $2,25bn in the 1994/95 season.

Meanwhile, US wholesalers and retailers are eager to obtain SA citrus. As of last week, three of the country's largest supermarket chains and two major distributors had written to the department backing an end to the ban.

Unifruco denies breach of contract

(3) FRUIT CT (BR) 4/9/96

By Marc Hasenfuss

CAPE EDITOR

Cape Town — Unifruco, the deciduous fruit marketer, has slammed as "farcical in the extreme" a claim of nearly R1 billion brought by Discount Tonnage Limited (DTL) against the company and Serva Ship, its subsidiary, for alleged breach of contract.

The claims stem from an alleged agreement between DTL, a Jersey-based shipping company, and Serva Ship.

DTL alleged that Serva Ship reneged on a contract to allow DTL to use the space on its empty homeward-bound fruit vessels to transport general cargo.

It also alleged that Serva Ship did not make its ships available and had signed a competing agreement with Safmarine. Unifruco is being sued for allegedly inducing Serva Ship to breach its contract.

The claims resulted in Serva Ship's vessel, Snow Delta, being attached in Cape Town harbour yesterday.

Fred Meintjies, Unifruco's spokesman, said yesterday that his company and Serva Ship would defend any action brought by DTL and would move to recover any losses that could result from the decision to attach the Snow Delta.

He dismissed as groundless DTL's claims regarding breach of contract. "We question the sincerity of DTL which was, at its own request, still negotiating in good faith with Unifruco and Serva Ship while launching its proceedings to attach the Snow Delta."

Meintjies said DTL had formally cancelled the agreement between itself and Serva Ship at a meeting on Monday. He said DTL had offered to close the case if the Unifruco board was willing to compensate it for expenses incurred.

Meintjies said Unifruco's directors had intimated that though they were satisfied that Serva Ship was not in breach of its agreement with DTL, and the allegations had not been proven or tested, they would re-examine the matter and respond to DTL after their next board meeting on October 9.

Meintjies said that when the contract between DTL and Serva Ship was signed in January last year, DTL had said it would be able to provide substantial volumes of southbound cargo. "But to date, only four small cargoes have been offered, only one of which has met with the terms and conditions specified in the agreement."

He said the previous action brought against Serva Ship and Unifruco in the High Court in London failed recently, with costs being awarded against DTL.

Hanekom warns fruit export industry

(3) FRUIT   BD 11/9/96

Louise Cook

PRETORIA — Agriculture and Land Affairs Minister Derek Hanekom warned yesterday that he would be unsympathetic to requests to maintain single channel marketing within the R3,8bn fruit export industry.

Hanekom told a Transvaal Agricultural Union fruit conference yesterday that government's withdrawal from agricultural marketing would open the door to competition.

Unifruco and Outspan are the sole agents appointed by the Deciduous Fruit and Citrus Boards to handle exports.

The previous Agricultural Marketing Act, giving the two control over exports, is to be replaced later this year.

The new legislation stipulates that producers have to submit a "business plan" to government for continued state intervention.

Hanekom said state intervention in marketing was no longer "appropriate" — the whole economy was moving to free markets and competition. "I do not believe that Unifruco will cease to exist, but it will no longer be in a position to prevent other agencies from operating in the market," Hanekom said.

Unifruco chairman David Gant said deregulation was unlikely to strip the company of more than 10% of its export volumes. Most producers "would like to see us continue as a marketing agent".

Outspan declined to comment ahead of the new marketing Bill passing into law.

EU puts fresh squeeze on fruit exports

(3) FRUIT BD 13/9/96

Samantha Sharpe

CAPE TOWN — The European Union (EU) has slapped fresh constraints on fruit and vegetable imports, sparking claims that this conflicts with its plans to offer SA a free trade agreement.

The restrictions, effective from September 1, force importers to seek import licences for a string of products, including citrus.

The licences — in place at least for the next year — were imposed despite protests by northern European countries following lobbying from southern Europe, which opposes opening the EU market to SA agricultural products.

The licensing requirement comes amid growing parliamentary discontent with the EU about its negotiations on a free trade pact. The EU's negotiating mandate excludes about 40% of SA agricultural products.

Trade and industry department Eu-

Continued on Page 2

Fruit

(3) FRUIT

Continued from Page 1

BD 13/9/96

ropean section head Wilhelm Smalberger said such barriers would be raised when SA began formal negotiations with the EU.

"SA also has import controls in certain areas, but the phasing out of these controls will clearly be on the table when we finalise our trade mandate early next month."

Smalberger said the department had asked industry to notify it of all barriers affecting trade with the EU.

SA fruit exporter Unifruco said the licensing system was being justified as a monitoring system for agricultural import volumes into the EU, but could become a mechanism to apply quotas to SA exports.

Spokesman Fred Meintjies said the licences imposed "an extra bureaucratic burden" on traders and could eventually be used to penalise exporters.

ANC MP Rob Davies said the import licences illustrated the problem of protectionism in Europe.

"It shows the kind of thing we have to deal with in terms of talks with the EU. The playing fields are clearly not level," he said.

Star 26/9/96

SA banana growers warned of viral disease

(3) FRUIT

By Norman Chandler
Pretoria Bureau

South Africa's banana industry has been alerted to a plant disease which could cause widespread damage to the crop. Known as banana bunchy top disease (BBTD), it has been recorded in this country for the first time following scientific tests conducted overseas.

BBTD, which causes leaves to bunch up together in rosette form, is the most serious virus affecting bananas worldwide and can, says the Agricultural Research Council (ARC), have serious financial implications.

Widespread in the Pacific and Asia, the virus is transmitted by aphids. Although the virus has been detected previously in this country and is controlled in terms of the Agricultural Pests Act, BBTD was unknown.

"Because of the potential for BBTD to cause devastation to the banana industry, it is recommended that South Africa maintain quarantine legislation regarding the virus," says the ARC. In the last 60 years, the disease has caused great damage to Australia's banana industry.

The ARC has also suggested that major banana tissue culture laboratories re-test their material for plant viruses.

Some tests recently completed on bananas from Hazyview, Tzaneen and Komatiepoort have been reported as negative but vigilance is being maintained.

Plan to export apples kicks off this month

(3) FRUIT BD 16/8/96

Louise Cook

A R43m farming scheme to export 20 000 tons of apples from the eastern Free State by 2004 will be launched at the end of the month.

The scheme, to be run jointly by the Free State provincial government, Sentraal Oos Co-operative at Bethlehem and the Bethlehem council, will accommodate 150 new black farmers.

Sentraal Oos manager Hans Meiring said that if the new farmers, still to be selected, farmed successfully over the next three years, they would be able to buy their allotments.

Meiring said the Free State agriculture department had sunk R7,6m into training and site development. An undisclosed amount was also likely to come from the International Finance Corporation next year.

Unifruco to lose state protection

(3) FRUIT CT (BR) 21/8/96

By Barry Streek

Cape Town — Unifruco, the deciduous fruit exporting company based in the Western Cape, will lose its statutory protection and will have to compete in the market, Derek Hanekom, the agriculture minister, said yesterday.

"The role of marketing boards will have to be strictly defined. There can be a role for the maize board or the meat board but it has to be very different," he said.

"There can be no argument for statutory protection powers for any company such as Unifruco. Unifruco could continue to exist but (it) would have to exist in a competitive environment."

He said some marketing boards would have to join those that had already disappeared. The government would no longer automatically intervene in agricultural marketing, but would only do so if a strong case for intervention had been made.

He said the National Marketing Council would advise the minister. Any decision on statutory powers would be based on its advice, making decisions clear and transpare

Hanekom also said most white South African farmers not guilty of illegally evicting farmworkers and the few who were doing so were tarnishing the image of the majority.

Unifruco's state contract may be cancelled

(3) FRUIT

CT (BR) 23/8/96

By Audrey d'Angelo

Cape Town — Unifruco, the private company owned by fruit growers, may have its contract with the Deciduous Fruit Board cancelled as a result of proposed changes to the Agricultural Marketing Act.

If the contract, which is for single-channel marketing of fruit overseas, is cancelled, the benefits of Unifruco's research might be restricted to its shareholders.

A spokesman said yesterday that Unifruco Research Services, a subsidiary company, researched changes in demand in different markets as well as plant breeding to produce new plant varieties.

"We project demand 15 years into the future and advise growers what varieties to plant. Our marketing research people test how new varieties are likely to fare in world markets," he said.

The spokesman said Unifruco had its own cold storage facilities in Cape Town harbour so that fruit could be kept under controlled conditions until it was loaded aboard ships.

OUTSPAN

(3) FRUIT

Golden glow in the east

FM 30/6/97

New deal gives smaller citrus exporters the pip

The transition period between the Marketing of Agricultural Products Act of 1996 — which took effect at the beginning of the year — and the previous Act is creating wobbly underfooting for smaller citrus exporters.

The latest agreement between Outspan, the official marketing agent of the Citrus Board, and Metro Cash & Carry pinpoints the problem.

Outspan entered into a joint venture with Metro International in Hong Kong. The joint venture will distribute product there, in the Pacific Rim and China. The new company, Metspan, is a similar operation to the joint marketing drive with Unifruco in western Europe called Capespan.

Now other smaller citrus producers are eyeing the market — hence the outcry. But, says Outspan GM (corporate marketing) Andre Venter, it's a "free market. Producers who want to do their own exports can do so by applying for a permit. The demise of all the old agricultural marketing schemes at the end of this year means that it will then be a truly free market."

All citrus exporters are shareholders in Outspan. Indications are that 90% of the shareholders would like to continue with the current arrangement. However, Competition Board chairman Pierre Brooks says "we have not yet had a formal complaint, but we will certainly look at this new arrangement."

Whether the deal falls within the ambit of the Competition Board is another question, as the board is primarily concerned with domestic competition. "But," says Brooks, "though the deal might be aimed at the export market, there may be domestic implications."

Venter says: "the Far East has enormous potential — and it is for this reason that we have sealed our relationship of the past two years with Metro International of Hong Kong." He adds that the current 3m-4m cartons exported to the East could be increased to 12m-14m cartons. Over the past two years the joint venture lifted exports 120% to Hong Kong and adjacent markets.

Chairman of the National Agricultural Marketing Council Eckart Kassier says: "The interim phase before the new arrangements take effect is difficult to manage. But a return to single-channel marketing for agricultural products is highly unlikely."

Piet Badenhorst

Cape fruit grower keen to establish new export channels, says chairman

LLEWELLYN JONES (3) FRUIT
BUSINESS REPORTER

ARG 1|5|97

Cape deciduous fruit grower WB Holdings is looking at establishing new export channels for its goods as early as next year, chairman Robert Silverman said at the company's annual general meeting yesterday.

WB Holdings owns five farms in the Villiersdorp and Grabouw areas, and produce apples, pears and plums for the export and local markets.

Mr Silverman said the company was always looking at ways to add value to its goods and, with the removal of statutory single channel marketing, it would look at ways to export its goods other than through Unifruco, the single channel marketing agent.

"I believe Unifruco has grown far too big with their wine selling and their Outspan selling. They are such a huge organisation that one wonders as to their ability to really look after the apple and the pear crop.

"But it is not as simple as that."

He said a co-operative had recently had to reduce the price of its goods sold in the Far East after a buyer realised he had paid more for his goods than a competitor had paid Unifruco for similar goods.

"So it is not an easy solution to go on your own, especially when you are dealing with a perishable article – that is why we are hesitating."

'High November rainfall and reduced sunlight hours have affected crop'

Mr Silverman told shareholders that this year was unlikely to be as good for WB Holdings as last year because of poor weather conditions.

Operations manager Riaan Botha said high rainfall in November and poor average sunlight hours in the Elgin area – 50 percent less than normal – had adversely affected the quality of the crops for the entire industry.

"The main issue for us is size," Mr Botha said.

"We are picking sizes that the European supermarket trade doesn't want – and so we have to sell outside the supermarket trade where the margins for us are lower."

The biggest impact had been in apples where the industry could not supply the spectrum of goods the market was looking for.

The apple crop had also been three to four weeks late, Mr Botha said.

Juicy results for Langeberg as turnover rises by 25pc

FRUIT

THABO MABASO
BUSINESS REPORTER

ARG 2/5/97

Boland-based processed fruit and vegetable canner Langeberg Holdings yesterday reported buoyant interim results for the six-month period to March 31, saying turnover had increased by 24,8 percent to R560,5 million.

Despite the good results, Langeberg Holdings' chairman Nick Dennis said that export prospects for the remainder of the year looked uncertain due to a stable rand and the phasing out of the General Export Incentive Scheme (Geis) on July 11 by the Department of Trade and Industry (DTI).

The DTI this week cited budgetary constraints as the reason for scrapping Geis.

Mr Dennis, however, expressed confidence that the domestic market, which had pushed the company's profit margins upwards during the interim period, would again lead to good results in the second period.

"The international market has become much more competitive due to a generally improved supply of canned fruit, especially in the Northern Hemisphere, which has resulted in lower than expected margins for the group. Despite this the group increased its export sales volume," he said.

Brands, such as Koo and All Gold, also made strong headway into Southern Africa making the products a sought-after delicacy. The trend was the same in the rest of Africa, he said.

The company also reported 10,2 percent growth in attributable income to R41,1 million. Headline earnings per share increased by 10,4 percent to 25,5c per share. The interim dividend remained unchanged from last year at 5,5c per share.

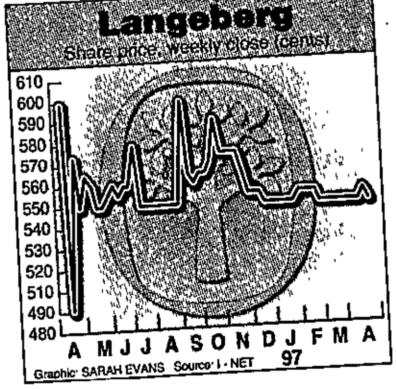
Shareholders funds increased to R493,8 million while net asset value rose by 7,0 percent to 308,6c per share.

Langeberg rises above tough market

BD 2/5/97

(3) FRUIT

Samantha Sharpe



CAPE TOWN — Fruit and vegetable processor Langeberg lifted attributable income 10,2% to R41,1m in the six months to March, despite tough international market conditions and a major reduction in the General Export Incentive Scheme (GEIS).

The growth in income was accompanied by a 10,4% increase in headline earnings to 25,5c a share — stripped of profits on the sale of fixed assets net income a share was 10,2% higher at 25,7c — and an interim dividend declaration of 5,5c, which was unchanged from the same time last year.

Langeberg chairman Nick Dennis warned that uncertainty in the export market could offset a continuation of good performances in the domestic market into the second half, with earnings for the full financial year forecast at similar levels to last year.

Turnover increased 24,8% to R560,5m in the review period following favourable conditions in the local market and increased market share for the Koo and All Gold brands.

However, fruit processing in the Western Cape was hampered by adverse climatic conditions, which affected supply to overseas customers, he said.

Dennis said this had been exacerbated by increased competitiveness in the international market, which had resulted in lower than expected group selling prices and margins. Operating income increased 10,9% to R56,5m.

A GEIS reduction from 14% last year to 6% this year also had a big impact on the bottom line.

Net interest paid of R1,2m from R3,2m at the same time last year brought net income before tax and abnormal items to R57,7m, 6,7% up on March last year. A marginally lower tax charge of R16,6m brought attributable income to R41,1m from R37,3m.

A R300 000 profit on the sale of fixed assets was reflected in headline earnings of R40,8m.

On the balance sheet, shareholders' funds increased to R493,8m from R461,5m, while net asset value rose 7% to 308,6c a share. Borrowings of R2,9m translated to negligible gearing, with the group in a financially strong position, Dennis said.

MARKETING *Casualties likely as market is thrown open*

Gloves will come off for SA's fruit export business

CT(BR) 2/5/97 (3) FRUIT

FRANÇOISE BOTHA

Cape Town — South Africa's fruit export business, valued at R5,5 billion a year, was expected to attract aggressive competition and millions of rands of investment in the run-up to the abolition of single-channel marketing, Johann Laubser, the managing director of Longridge Winery, said yesterday.

"Everybody who takes on Outspan and Unifruco will have to prove to the producers that they are better. Many will not be and their operations will soon fold," he said.

The single-channel fruit marketing system, which is controlled by Outspan and Unifruco, will remain in place until September 1, when it will be thrown open to competition.

Laubser said the industry would attract some large players who were prepared to make significant investments, as well as lots of "rats and mice" operators, many of which would most likely only export a single container of fruit in a given year.

The more aggressive players were likely to invest in packing, warehousing and cold storage facilities, offshore offices and shipping operations.

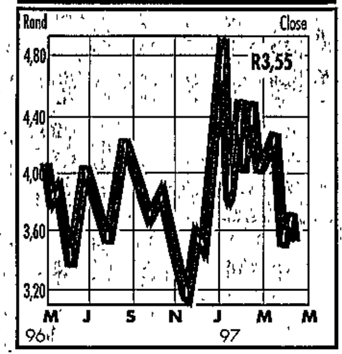
The investment would flow not only from the liberalisation but also from sharply higher export volumes, which had already increased by about 10 percent a year, said Laubser.

An analyst, who asked not to be named, said the industry could attract investment of at least R50 million over the short term, with figures likely to climb as export volumes grew.

"Investment will also depend on the prices these exporters can achieve, which will also depend on the types of fruit they produce and the markets they plan to enter," the analyst said.

According to broad market speculation, Exatrade, the country's largest import-export firm with an annual turnover of R3,5 billion, was positioning to become a meaningful player in the fruit export market.

Laubser said an official announcement on Exatrade, which owns a significant stake in Longridge Winery, would be made soon.



Producer will look for alternatives to Unifruco

(3) FRUIT

MARC HASENFUSS

CAPE EDITOR

CT (BR) 2/6/97

Cape Town — WB Holdings, the JSE-listed deciduous fruit producer, would look at alternative export marketing channels to Unifruco next year, Alan Silverman, the managing director, said on Wednesday.

Addressing shareholders at the company's annual meeting, Silverman said the company's apple, pear and plum crop was already committed to Unifruco this year but stressed that the marketing arrangement could be re-examined next year.

"We are looking to add value to our export crop but it's too early to say if there are viable alternatives to Unifruco. If there are good channels we will take advantage of these."

Robert Silverman, the chairman of WB Holdings, cautioned that it was not a simple matter for companies or fruit farming co-operatives to export on their own accord.

He said competition with Unifruco could be a problem.

"We are marketing perishable products and the buyer could play Unifruco and other parties off against one another ... this is why we are slightly hesitant to make decisions about marketing alternatives."

Silverman said, however, that there was a perception that Unifruco had become a bureaucratic organisation and had diversified into Vinfruco (wine exports) and Outspan (citrus products). "This has diluted their focus on the marketing of apples and pears overseas."

Langeberg has torrid time in export arena

CT(BR) 2/5/97 (3) FRUIT

MARC HASENFUSS

CAPE EDITOR

Cape Town — Langeberg Holdings, the fruit and vegetable canner in the Tiger Oats stable, squeezed out a 10 percent increase in attributable earnings to R41,1 million after experiencing a torrid time in export markets in the year to March 31.

Headline earnings came in proportionally higher at 25,5c a share, but the dividend payout was kept at last year's 5,5c level.

Nick Dennis, the chairman of Langeberg Holdings, said yesterday the results were satisfactory in light of competitive international market conditions, fluctuating currency markets and a reduction in the general export incentive scheme (GEIS) from 14 percent to 6 percent.

Langeberg's production is split about 60/40 between local and international markets. About 45 percent of international sales are destined for Europe, and these transactions are settled in marks, which have weakened markedly against the rand.

Total turnover jumped 25 percent to R560 million as a result of strong growth in local sales as leading brands Koo and All Gold bolstered their market share.

However, the growth in operating profit was restricted to 11 percent at R56,5 million as trading margins were reduced to 10 percent from last year's more than 11 percent.

Dennis said yesterday that though international sales had increased, the improved supply of canned fruit in the northern hemisphere meant a more competitive international market.

Fruit processing in the Western Cape was hampered by adverse climatic conditions.

Langeberg looks set to match earnings for the year to March 31 1998. Dennis expected the company to continue its strong showing on the domestic market, but warned that prospects for exports remained uncertain, with a stable rand and the further reduction in GEIS likely to hinder profitability.

Langeberg's balance sheet, however, remains sound, with borrowings of R2,9 million making for a favourable gearing ratio of only 0,6 percent.

Langeberg closed at R5,50 on Wednesday with 2 000 shares changing hands.

□ Business Watch

'Independents' fail to acquire permits

Citrus Board puts squeeze on exporters

CT 6/5/97 (BR) (3) FRUIT

Ann Crotty
Consumer Industries Editor

Johannesburg — With only weeks to go before the citrus season ends there is still no sign of export permits being granted to independent parties in terms of the agreement between the government and the Citrus Board, industry sources said on Friday.

At a meeting held two months ago the Citrus Board agreed on the conditions and criteria according to which permits would be issued for a limited amount of the present season's crop. But although a considerable volume of this season's crop has already been picked and packed, none of the parties applying for export permits has received a response from the Citrus Board.

Derek Hanekom

In terms of the old Agricultural Marketing Act, the Citrus Board has control over the granting of permits for the export of citrus fruit. Until this season, all exports to South Africa's main markets were undertaken by the Citrus Board's agent, Outspan.

Derek Hanekom, the minister of agriculture and land affairs, introduced a new agricultural marketing act which comes into effect in September. In terms of this new marketing act, the Citrus Board will be dissolved and Outspan will cease to have any legislative support for its monopoly agency position.

Under pressure from the government the Citrus Board agreed to issue export permits for a small percentage of this season's crop to parties other than Outspan. The board agreed that so-called independent exporters would be allowed to export a total of 6 percent of last season's crop volume. The permits were to be granted on conditions determined by the Citrus Board.

The conditions set included the provision of market-sensitive information to the board, which is seen by the "independents" as a competitor because of its long and close relationship with Outspan.

The board required that any party granted a permit had to report actual sales by volume and by market destination. In addition, the conditions stipulated that: "In the event of permits granted to new or niche markets, details relating to the nature of the niche market had to be provided."

Although the board is about to disband, any party granted a permit will have to pay a 2 percent "industry development charge" on the free on board value of the fruit to the board.

Despite the rapidly increasing time pressure on hopeful applicants, the board has so far not issued one permit and has not indicated reasons for the delay.

SA brands make their mark worldwide

BD 7/5/97 (3) FRUIT

Louise Cook

OUTSPAN, Appletiser and the Krugerrand are among the top 300 international brands, according to the latest edition of the UK publication, The World's Greatest Brands.

It is the first time SA brands have been rated in the top 300.

London-based brand evaluators Interbrand said "lots" of SA brands had been considered, but only Outspan, Appletiser and the Krugerrand had made the grade. "The three brands have tremendous international spread, the key to their selection," said Interbrand Africa's Jeremy Sampson.

Once again the world's top brand was McDonald's, followed by Coca-Cola, Disney and Kodak.

Sampson said Interbrand's evaluation methods went beyond brand equity to brand power. "Basically it covers not only what people feel about brands but also what brands can do. "The recipe for success lies in consistency and building a strong relationship with the customer."

Outspan GM Arend Venter said the company was delighted and proud to be counted among the best known and best performing brands in the world. "Outspan's advertising and promotional campaigns have been aimed at building a brand based on consistent and reliable quality and service."

Appletiser SA international operations director Colin Grundling said to be counted among the top brands was testimony to years of consistent brand marketing. "We are the largest selling sparkling apple juice in the world."

Rand Refineries financial manager Johan Botha said the Krugerrand brand had always been synonymous with gold coins — and was one of SA's most famous exports.

Sampson said Interbrand's index was used all over the world, mainly by brand specialists. However, company managements had also started relying on the information to assess the performance of their products compared with those of the opposition.

Monopoly accusations greet Outspan's venture with Metro

(3) FRUIT CT (BR) 12/5/97

ANN CROTTY
CONSUMER INDUSTRIES EDITOR

Johannesburg — Metro Cash & Carry (Metro) has established a multimillion-rand joint venture with Outspan, the citrus fruit export agent, for the marketing and distribution of citrus fruit to Hong Kong, the Philippines, Thailand and China, Metro sources said last week.

The launch of the joint-venture company, called Metspan, has been greeted with criticism from independent agents who charge that Outspan is using the last days of its statutory power to attempt to replace a statutory monopoly with a commercial monopoly.

One agent argued that it was inappropriate for Outspan to enter into an exclusive commercial agreement with a dominant player like Metro while Outspan was still enjoying the benefits of being the dominant agent of the Citrus Board. "How can they be doing private commercial deals if they are still effectively an instrument of state policy?", asked an independent agent. The agent added that, in terms of legislation, Outspan's privileged position would continue for several more months.

His concern, which is shared by other independent agents, is that the combination of Outspan's traditionally strong procurement position with local producers and Metro's strong position as a South African export agent in Hong Kong will effectively prevent independent agents from making any inroads into what is believed to be a highly lucrative and fast-growing market.

An additional concern is that this joint venture may be the first of many. Metro has a formidable international network that includes interests in Israel, Russia, the Middle East, Malawi and Botswana. There is also concern that Metro might look at similar deals with Unifruco, which for years was the exclusive export agent of the Deciduous Fruit Board.

John Grainger of Metro's international division said at this stage there were no plans to extend Metspan's brief beyond citrus fruit and the Far East: "At this stage we just want to see how Metspan will do. There are no discussions about Unifruco or Africa."

The joint-venture agreement provides for an exclusive supply of citrus fruit from Outspan to Metspan for distribution in the Far East. If Outspan was unable to supply sufficient fruit to Metspan, other sources would then be used.

FRUIT *Unifruco says late rains caused disastrous delay*

Anger over dumping of plum crop

CT(BE) 20/5/97 (3) FRUIT

ANN CROTTY

Johannesburg — Unifruco, the fruit exporting body, said yesterday it had dumped 100 000 cartons of plums in Europe earlier this year.

Plum farmers have disputed the amount dumped, claiming it was as much as 800 000 cartons, which they say resulted in many of them receiving R18 a carton instead of the R28 a carton they were promised at the beginning of the season.

Fred Meintjies, Unifruco's public relations manager, was adamant that only 100 000 of a total 2,1 million cartons of a particular cultivar had to be dumped with processors in Europe.

He said the plums had to be dumped because local climatic conditions had delayed the crop.

This meant it arrived in Europe at the same time as the Chilean plum crop.

Meintjies said there was excess supply of a product that had limited shelf life. "Two days either way can be disastrous," he said.

The situation was aggravated by a 40 percent larger than expected crop.

Industry sources and plum farmers said the 100 000 carton figure was nonsense and argued that the single-channel marketing system severely compounded the manageable effects of late rains. The avoidable consequence was the dumping in Europe of 800 000 cartons, they said.

One agent said the 36 percent drop in farmers' income from plums was proof that 800 000 cartons were dumped.

"If it was only 100 000 out of 2,1 million, then the farmers' income wouldn't have been so badly hit," he said.

A plum farmer, who is adamant he will never use Unifruco again, said the late rains were a small part of the problem. It was Unifruco's handling of the fruit which greatly aggravated the situation, he said.

"They could have put experts on the ships to ensure the conditions were right, that the temperature was appropriate and that the stacking and air flow was right.

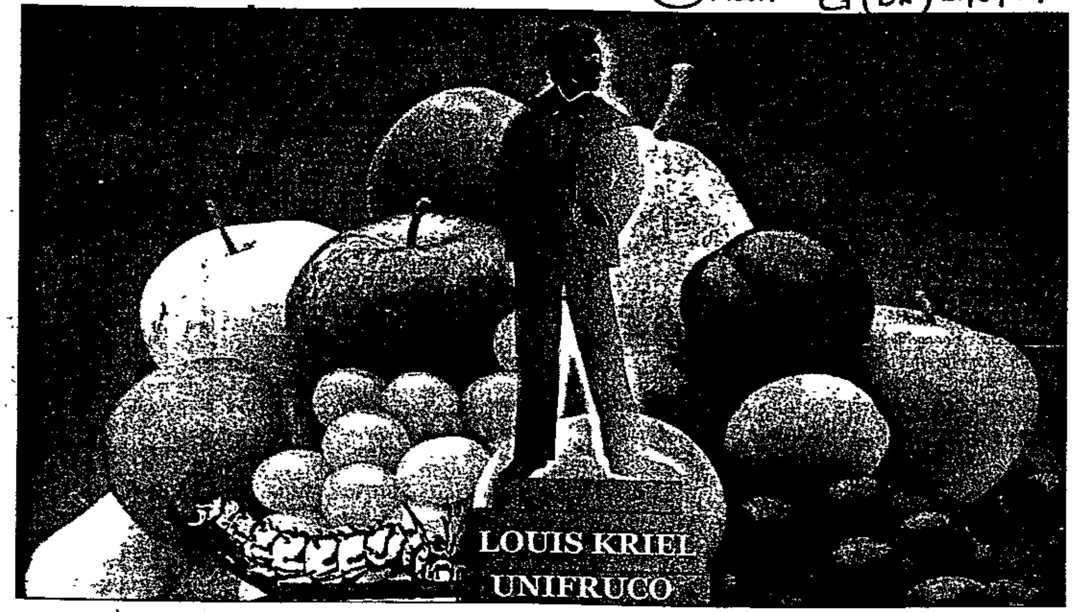
"They could have paid those experts R40 000 a week and we'd all be better off now," he said.

UNIFRUCO

End in sight for the lucky dip stranglehold

③ FRUIT CT (BR) 21/5/97

ANN CROTTY



One dispassionate observer suggested that a statue be erected to Louis Kriel, the powerhouse behind Unifruco and its extensive web of associated international operations that fall under the very large Capespan umbrella. The statue would be in recognition of the powerful export industry some people argue Kriel has built up almost singlehandedly.

"The deciduous fruit industry was one of the few South African industries that flourished internationally during the sanctions era," said one of Kriel's many enthusiastic supporters. To emphasise the point he refers to the international slump suffered by the South African wine industry during the same period, suggesting this was a result of a lack of any concerted efforts by South African interests.

Under Kriel's direction Unifruco has become a powerful multibillion-rand export organisation.

This positive view of Kriel does not enjoy undisputed support. Indeed, there is increasing evidence of disenchantment within the very farming community that has been an integral part of the so-called success story of Kriel and Unifruco. As the prospect of release from Unifruco's statutory-backed stranglehold on the deciduous fruit export industry moves into sight, an influential number of farmers and co-operatives is becoming increasingly critical of what is on offer from the Deciduous Fruit Board's export agent.

A system that had its origins in the 1930s, when it was virtually impossible for individual farmers to export to Europe, it was given considerable impetus from the Nationalist Party's single-channel approach to agricultural marketing and really came into its own in the sanctions years of the 1980s. The system obliges every deciduous fruit farmer to hand over all the produce he wants exported to Unifruco, which is the Deciduous Fruit Board's appointed export agent. Until 1988 even fruit destined for the local market had to be handed over to the board, which then arranged the marketing and sales function.

For a number of years a handful of "independent" farmers has been engaged in a battle with the authorities for permission to organise the export of their own fruit. The war ended this year. Thanks to the efforts of the ANC government, the single-channel marketing system — which is the primary source of Unifruco's power — is to be dissolved with effect from September this year. What this means is that deciduous fruit farmers will be able to decide for themselves who will export their fruit. In making this decision the farmers will also be effectively deciding how they will be paid for their fruit.

Under the Unifruco system farmers hand over their produce on the basis of a projected price. The actual price paid to the farmer can change significantly by the time he receives full payment, which can be anything up to 10 months after he has handed over the fruit. The bulk of the payment is received within the first three months.

One farmer described this as the "lucky bag" payment system. "You never know when you're going to be paid and when a cheque does arrive, you never know how much it'll be for." He said this made budgeting and arranging bank finance extremely difficult. To illustrate his point he referred to this year's plum crop: "Before Christmas we were being promised terrific prices by Unifruco, but we were recently told we'd be getting substantially less. My crop quality was excellent and I supplied it early in the season but because Unifruco had to dump 800 000 cartons, I'm going to be penalised."

Unifruco strenuously denies that anything like 800 000 cartons were dumped. A spokesman said that there was trouble with just 100 000 cartons and even some of this was rescued. The drop in the farmer's payment was aggravated by the price elasticity in an over-supplied market.

But the plum farmer's complaints go to the very heart of the discontent with Unifruco's management of the single-channel export marketing system. It is not just about the "lucky bag" payment process; the infamous pooling system means that farmers with quality produce receive no reward.

With regard to the pooling system, Unifruco says it has made adjustments that allow some provision for quality variation. But farmers contend that they have seen no evidence of such changes. Commenting on the recent plum fiasco, a former Unifruco executive remarked that the pooling system did not allow for even limited selective picking that would lead to a more regulated intake by Unifruco.

On the payment system, Unifruco's explanation is that it has not bought the fruit from the farmer but is merely acting as an agent. It cannot pay out until it has sold the produce, received payment and then done its own accounts.

Despite the criticisms Unifruco seems confident that, even without statutory backing, it will hold onto its dominant position. There is general agreement that it will, in the short to medium term, hold on to about 80 percent, largely because for the bulk of the produce and the farmers it has played an important role. It has provided individual farmers with a wide spread of extremely useful crop-related services and by being a guaranteed buyer for produce of a certain minimum quality, it has ensured that farmers did not have to get involved in time- and energy-consuming marketing issues.

As a comparatively small farmer said: "I would be unhappy and nervous about the present situation changing; I know nothing about marketing and don't think it's worth my while tc become an expert."

Centuries-old Morgenster estate to boost local olive oil industry

(3) FRUIT BD 4/6/97

Samantha Sharpe

CAPE TOWN — SA's fledgling olive oil industry looks set for a substantial boost following the first olive harvest from virgin olive oil producer Morgenster.

Morgenster owner Giulio Bertrand bought the estate, which dates back to 1711, five years ago, subsequently planting extensive Italian olive cultivars new to SA in a bid to produce locally a high quality extra virgin olive oil.

The term virgin indicates the acidity-free quality of an olive oil, with the lower the acidity the healthier and softer the oil. Extra virgin oil has the lowest acidity.

Italian-born Bertrand said an anticipated 5 000l of virgin olive oil was expected to flow from the farm's 25ha of olive trees, which would be increased to 40ha by the end of next year. While declining to disclose revenues from the harvest, he said a typical half-litre bottle retailed at between R55 and R60.

He said current table olive production in SA was estimated at between 2 500 and 3 000 tons a year, with olives for olive oil production at around 1 500 to 2 000 tons, producing around 300 tons of oil.

While it was difficult to forecast SA's future needs, with the olive oil market still in its infancy, its US counterpart had grown 20 times in the past 20 years following increased awareness of the product's health benefits — a trend which was fast catching on in SA, Bertrand said.

Morgenster expected to produce about 60 000l of oil within the next five years, making up about 20% of SA's local production, with some of the product to be exported to Europe, the US and Far East.

About 50% of SA's olive oil is imported from Italy, Greece and Spain.

The farm was also producing new trees of which there were currently around 20 000, which would be offered for sale to encourage an Italian enhancement to locally produced olive oil.

"Healthy competition improves the product. If I can help in the right way, I'll be happy. If you know where you want to go, there is plenty of space for everyone," Bertrand said.

If the cultivation of olives signalled the coming of age of a civilisation, then the Cape was SA's cradle, with SA olive growers well positioned to benefit from the trend to an olive oil culture.

Citrus Board agreement 'arrogant'

CT(BR) 6/6/97 (3) FRUIT

ANN CROTTY

Johannesburg — The latest agency agreement between the Citrus Board and Outspan, the citrus marketing company, appears to contravene the powers held by the board as it gives Outspan ownership of all fruit delivered to it, an industry source said yesterday.

He said the tone of the agreement was indicative of the arrogant and cavalier manner with which the board and Outspan had run South Africa's citrus industry for years. "Not only does the board appear to delegate authority it does not have, its attitude to farmers is disturbing," he said.

Another industry source said yesterday that it seemed unlikely the board had the authority to hand over the ownership of the fruit.

A legal expert said the legal definition of an agent precluded the agent from assuming ownership. "An agent is a person authorised by another person to carry out transactions with third parties on their behalf."

The agency agreement says that to avoid doubt, and in terms of the act, "the ownership of products delivered to Outspan for marketing, in terms of this agreement, will, upon such delivery, vest in Outspan".

The fact that the agreement provides for Outspan to receive a subsequent commission adds to the confusion. "Outspan shall be entitled to charge a commission from exporters as agreed to from time to time by the Citrus Board to cover the expenses incurred in the execution of its duties of this agreement," it says.

Neil Oosthuizen, Outspan's general manager, said the agreement superseded a previous agreement signed by the board and the Southern African Co-operative Citrus Exchange in 1965.

The latest agreement states that the board appoints Outspan "as its sole and exclusive agent, with all powers which the board is entitled to in terms of the act (the Marketing Act of 1968) and the scheme (the Citrus Scheme promulgated in March 1994) to delegate to such agent for the purpose of export marketing of each citrus fruit," he said.

AGRICULTURE (3) FRUIT FM 27/6/97

Going for green-gold

Virgin olive oil sees Mediterranean culture take root in SA

The recent maiden pressing of Italian olive varietals at historic Morgenster Estate in Somerset West may signal that the fine olive oil culture of the Mediterranean is taking root in SA.

Certainly, this is the wish of expatriate Italian Giulio Bertrand, who in 1992 bought the 18th Century Morgenster homestead and half the 200 ha land from the Cloete family.

He recently bought the second half from Pieter Cloete for an undisclosed sum. This has reconstituted Morgenster Estate, which adjoins Anglo American-owned Vergelegen.

Bertrand, whose family fortune was made in textiles, decided to plant not only vines on the slopes framing the home of his semi-retirement but also five varieties of Italian olive tree. The 25 ha currently under olive trees will be increased to 40 ha by the end of next year; potential oil production is 60 000*l*.

"SA may not have a traditional olive oil culture," says Bertrand, "but there is growing interest in the health benefits and fresh flavours of olive oil." He adds that 15 years ago few Americans were using it. "Today, olive oil consumption in the US is huge."

In the lead-up to the maiden pressing, which yielded about 5 000*l* of extra virgin oil, Bertrand has primed the market with the original recipe produced in central Italy where his family has farmed olives for generations. The 500 m*l* bottles of fruity, slightly peppery, green-gold oil are marked Morgenster Extra Virgin Olive Oil and sell at about R46 a bottle for six ex-estate and at R60 from some food emporiums.

***Giulio Bertrand** . . . holding out the olive branch*

Nor is Bertrand alone in encouraging epicures and health nuts (olive oil is low in saturates and the term "extra virgin" indicates an oil of the lowest possible acidity). Apart from the Costa family, who have included an extra virgin oil in their commercial Costas line, there are a number of boutique producers.

Hamilton Russell Vineyards (HRV), for one, sold out of the 4 800 375 m*l* bottles (R45 a bottle) it produced last year of a lighter, less complex style of extra virgin oil than the Morgenster.

"Wine is a better business," says owner Anthony Hamilton Russell, "but not only do olive trees thrive in land unsuitable for vines, they spread labour over the year.

"Besides, if our industry continues to grow there may be export opportunities. We will be making fresh oil when European oil has already been in the bottle for six months."

Linda Stafford

ADVANCED ECONOMIES

The Eastern wave

The shift from manufacturing to service sectors in the industrial countries has prompted the International Monetary Fund to relabel these countries.

In future they will be known as "advanced economies," says the recently published *World Economic Outlook 1997*.

And the group will be expanded to include Hong Kong, Singapore and Taiwan. The reclassification reflects the advanced stage of economic development these economies have reached.

"They all share a number of important industrial country characteristics, including per capita income, well developed financial markets and high degrees of financial intermediation, and diversified economic structures with relatively large and rapidly growing service sectors."

Ethel Hazelhurst

Unifruco fights to stay on top in free market

ARG 30/6/97

Growers wooed to remain on board

(3) FRUIT

LLEWELLYN JONES
BUSINESS REPORTER

Unifruco, which has been the sole legal exporter of deciduous fruit since the 1930s, is fighting to maintain its position as the country's main exporter of deciduous fruit in a deregulated environment.

On September 30, it loses its sole right when the Deciduous Fruit Board (DFB) is disbanded in terms of the new Agricultural Marketing Act, which was passed last year.

The DFB was one of many agricultural boards established under the old Agricultural Marketing Act in the 1930s to intervene in markets by removing surpluses or marketing products overseas.

The DFB took control of the export of deciduous fruit, ensured that minimum quality standards were maintained and raised levies for research.

Most of these duties were administered by Unifruco, which also gained the contract as the sole export marketer of deciduous fruit. Now Unifruco is wooing growers to remain under the company's wing and continue supplying it with fruit.

But Unifruco was "completely at ease" with the deregulation of the industry, said managing director Louis Kriel. The board and management "fully accepted" the realities of deregulation and had no illusions about its changing status from "the industry's global player" to " the major global player of the industry".

"This nonsense that we are fighting off deregulation is simply not true," Mr Kriel said. But it was still vital for the deciduous-fruit growers to present a united front in the global marketplace.

He believed the South African industry should try not to repeat the mistake of deregulation in the Israeli fruit-growing industry.

"The Israeli industry has fragmented – it's an absolute disaster, with producers undercutting each other just to get on to supermarket shelves.

"Individual producers can only compete on lower cost or lower price if they have a strong trademark or a quality product for which customers are prepared to pay more."

Mr Kriel said Unifruco was looking for the voluntary support of at least 85 percent of the current 2 300 deciduous -fruit growers in the deregulated environment – a target he believed could be achieved.

The 15 percent of growers he expected not to "come on board" involved 5 percent which gave the organisation 50 percent of its problems – "and we don't want them" – another 5 percent of growers which Unifruco "genuinely" wanted on board but were determined to go their own way, and the remaining 5 percent which were as yet undecided.

"We are very confident in our future – we don't think we have pie-in-the-sky ambitions and we have excellent relationships with our overseas customers," Mr Kriel said.

He also said that no one else had the infrastructure to carry out the large-scale marketing which Unifruco had handled until now.

Landmark decision on food, canning industry

'Tomato sauce, lemons not essential'

ARG 1/7/97 (3) FRUIT (89) (153)

THABO MABASO
BUSINESS REPORTER

A 38-year-old provision in the Labour Relations Act (LRA) that deemed tomato sauce and lemons to be essential foods and banned strikes in the food and canning industry has been lifted following a landmark decision by the Commission for Conciliation, Mediation and Arbitration (CCMA).

The CCMA's Essential Services Committee ruled last week that the sector did not constitute an essential service.

The decision was the first to be taken by the committee which was set up last year to rule on which sectors of the economy constituted essential and non-essential services.

The CCMA defines essential services as those which, if interrupted, would endanger the life, personal safety or health of the whole or any part of the population.

Committee chairperson Dhaya Pillay told Business Argus that investigations had failed to reveal what reasons there where in 1959 for deeming the food and canning industry to be an essential service.

"Nothing seems to make any sense. I think that it's quiet hilarious because some of the commodities they declared as essential include tomato sauce and lemon citrus," Ms Pillay said.

"Nobody is going to die if they have tomato sauce."

Ms Pillay speculated that their inclusion on the list of essentials may have been part of a plan by the previous government to stem political demonstrations, which trade unions seemed to spearhead.

"I suppose it was also a political decision to protect farmers from workers who wanted to strike," Ms. Pillay added.

The LRA stipulates that workers employed in essential services cannot strike and that disputes must be referred for arbitration.

A spokesman for Langeberg Foods, one of the biggest canning plants in South Africa, said the company would not be affected by the ruling because it had not used the provision banning strikes.

The Food and Allied Workers' Union could not reached for comment.

The committee also ruled that the supply and distribution of petrol or other fuels to local authorities was a non-essential service.

The regulation and control of air traffic and the weather bureau, as a support service to air traffic control, have been declared essential services.

CCMA spokeswoman Happy Zondi said that the committee had also probed the supply of electricity, water and sanitation and firefighting to see if they were essential or not.

"The determinations with respect to whether or not these industries are essential will be published shortly in the Government Gazette," Ms Zondi said.

COMPANY NEWS

Exporter confident it will retain about 85 percent of country's annual exported fruit volume

Unifruco has no fear of deregulation

CT (BR) 2/7/97 (3) FRUIT

ANN CROTTY

Johannesburg — Unifruco, the deciduous fruit export agent, expects to retain about 85 percent of the country's annual exported fruit volume in a deregulated environment when other export agents will, for the first time, be able to compete with it, Louis Kriel, the managing director of Unifruco, said earlier this week.

Kriel said farmers accounting for about 5 percent of the deciduous fruit crop were committed to using independent agents. About another 5 percent would want to test what is on offer from other agents, and "we will not accept fruit from about 5 percent of growers because of poor quality".

HOLDING UP *Louis Kriel, the managing director of Unifruco*

There are 2 300 deciduous fruit growers in South Africa. In the 1996 season, they produced 42,7 million boxes of fruit for export with a value of £338 million.

The 1997 season is expected to have generated 49,5 million boxes for export with a value of £370 million.

Capespan International, which handles the exports for Unifruco and Outspan, is forecasting a deciduous fruit export crop of 60 million boxes for the 2000 season with a value of £465 million.

In preparation for the deregulated environment, Unifruco has launched a "winning way" strategy, a key feature being to tie producers in to three-year contracts. Kriel, who is also the managing director of Capespan, said the three-year commitment was necessary for stability.

A Unifruco document says a preferred supplier will be: "a reliable producer who commits all exportable produce exclusively to Unifruco. The duration of the contract will initially be three years, rolling annually thereafter. Cost of service will be a fixed pallet rate plus 3,5 percent commission on gross returns. Preferred suppliers will qualify for a full performance bonus."

Ad hoc suppliers to Unifruco will only be considered if they do not hold any disadvantages for preferred suppliers. Cost of service will be a fixed pallet rate plus a 3,5 percent commission as well as a 2,5 percent "disturbance" commission. Ad hoc suppliers will not qualify for a performance bonus.

Kriel said there was a variety of reasons why Unifruco would be the "major global player of the industry" after deregulation, chief of which was the company's experience and its low-cost distribution system, which is being refined to remove unproductive middlemen and unnecessary handling. He said Unifruco would continue to use the Cape brand as well as Jardin du Cap, Bella Nova and Crown.

But industry sources dispute Kriel's claims of low-cost distribution and say they have been able to achieve more attractive returns because they did not have to fund Unifruco's expensive overhead structure.

☐ **Business Watch**

Company News

FRUIT *'Producers must make united application'*

Citrus industry wants pooling

CT(Be) 3/7/97 (3) FRUIT

Ann Crotty

LOOKING AHEAD *John Stanbury, the managing director of Outspan*

PHOTO. JOHN WOODROOF

Johannesburg — The citrus industry has indicated it intends to apply for an intervention in the export of citrus as soon as the market is deregulated, John Stanbury, the managing director of Outspan, the citrus export agent, said yesterday.

Stanbury said although the new Agricultural Products Marketing Act would see the South African Citrus Scheme fall away by year-end, there was scope within the legislation to enforce a pooling system for the export of citrus fruit.

But industry sources said if a pooling system was enforced, it would result in a continuation of the statutory single channel export marketing scheme, which has come in for so much criticism from the new government. "It would be politically unacceptable and it would be unworkable," said one source.

But Stanbury believed if sufficient numbers of producers made a united application to the ~~National Agricultural Marketing~~ Council, they could establish a statutory backed pooling system for exports.

He said in terms of the new act a pool system could be imposed with four conditions — that it optimised total export earnings; that it ensured the long-term viability of the industry; that the structures involved in the pooling system be efficient and be open and accessible to all players in the industry; that it would have the support of affected parties which included consumers and labour; and that it would not jeopardise the country's food security.

Stanbury believed if producers responsible for 51 percent of the country's citrus exports wanted intervention, they would not get it. "But if there was support for such a move from as many as 80 percent of producers, it was likely they would get it."

Although there are 1 200 citrus growers and 250 packers in the export industry, 50 growers and packers account for about 83 percent of exports. Ahead of the deregulation deadline, Outspan is focusing on these players and attempting to tie them into three-year contracts.

Outspan sources said the board and management of the large packhouses would be key players in the new environment.

Outspan to scale new heights

FRUIT 3 ~~WINE~~

Louise Cook BD 3/7/97

CITRUS exporter Outspan International expected to ship a record of 50-million cartons to overseas destinations this year — topping the R2bn gross sales mark for the first time, the company said yesterday.

Exports handled by Outspan last year amounted to 45,5-million cartons netting R1,94bn.

But MD John Stanbury warned in Pretoria that a deregulated fruit export market next year could see a price war between the new Exacape Group and Outspan, hampering the development of overseas markets for citrus.

"Although Outspan would be surprised not to retain at least 60% to 70% of its current market share in citrus exports once the free market sets in, there will simply no longer be any cross-subsidisation of new markets by existing ones."

This year only 6% of exports were by agents operating under licence. So far Outspan has exported 16-million cartons with 42% of the crop expected to go in July and August, Stanbury said.

"While the year-on-year increase in exports is positive in that it results in more stable employment and greater foreign exchange earnings for SA, there are several challenges; the world supply of citrus, especially that of southern Africa and other southern hemisphere countries, is increasing and fruit prices are declining in real terms on international markets."

This, together with the 48% subs[redacted] European Union producers receiv[redacted] put pressure on southern Africa cit[redacted] growers and agents. Outspan said [redacted] strategy "took into account the limi[redacted] ability" of western European marke[redacted] now absorbing 52% of fruit compa[redacted] to 74% 20 years ago. New markets [redacted] cluded Eastern Europe, North Amer[redacted] and the Far East.

Analysts said Extratrade Grou[redacted] recent acquisitions in Cape To[redacted] based Multifruit and Cape Town Cargo Terminal and its association with wine exporter Longridge Winery, was likely to pose a "formidable challenge" in the SA fruit export market next year.

Cape plantation to extend olive oil production

(3) FRUIT

Samantha Sharpe

BD 9/7/97

CAPE TOWN — Somerset West olive oil producer Morgenster has purchased an adjoining 90ha farm for R11m, restoring the 1711 estate to its original size and significantly boosting potential output.

The farm's 1997 olive oil production was estimated at about 5 000*l* of virgin olive oil, with volumes before the land acquisition expected to increase to about 60 000*l* over five years.

Morgenster owner Giulio Bertrand said the estate's total acreage had been extended to 200ha following the purchase, with the additional land to be used to extend the olive and vine plantations.

While it was still too early to gauge the effect the new land would have on the farm's production capacity, Bertrand said at least half of the land could provide soil conditions which were suitable for further olive plantations. About 40ha would produce olive oil by the end of next year.

Cape weather pares fruit prices for exporters

CT (BR) 14/8/97 (3) FRUIT

Marc Hasenfuss

CAPE EDITOR

Cape Town — WB Holdings (WBHold) — the apple, pear and plum exporter — suffered one of the worst deciduous seasons in two decades to slump R2,4 million into the red in the half-year to June 30.

The share price has peeled down to R2,60 from a January high of R6, indicating a significant loss for the full year to December 31. Stated net asset value is over R4 a share.

WBHold's interim turnover dropped 36 percent to R5,2 million while squeezed trading margins realised an operating loss of R2,2 million.

Alan Silverman, the managing director of WBHold, said yesterday the weaker trend would probably extend into second-half trading and that full-year turnover could be substantially lower.

He attributed the poor deciduous crop to unusually heavy rains and cold weather in the Western Cape spring and summer this year.

"The overall crop was 26 percent down in volume on the previous year, and a much larger percentage than usual consisted of small, poor-quality fruit, which was sent for juicing."

Silverman said the unusual weather conditions meant the picking season was three to four weeks late — resulting in the company's fruit arriving in Europe after its southern hemisphere competitors.

"As a result Cape fruit became a price follower and not a price setter."

Contrary to early industry indications, he noted average fruit prices were markedly down on last year — 34 percent for apples and 48 percent for pears.

Silverman said this year's budgeted capital expenditure had been reduced from R4,4 million to R3,1 million.

"Most of this was committed very early in the year to the development of nine hectares of pears and three hectares of proteas before the poor prices became evident."

He said no interim dividend was considered because the company would trade at a loss for the year.

INSIDE AGRICULTURE

A bunch of realities confront grape exporters

CT (BR) 15/8/97 (3) FRUIT

On September 1 Unifruco will cease to be the sole legal exporter of deciduous and other fruits from South Africa. A simple rule will then apply to exports of these products: anything goes.

This reality has struck home to the table grape producers of South Africa, among all the other farmers of internationally coveted export fruits from this country. The table grape industry is an interesting example because it has boomed recently. Plenty is at stake among farmers and exporters.

Unifruco was the exporter of table grapes, with a national total of some 21 million cartons a year.

The Hex river valley in the Western Cape, the traditional producer of table grapes, at present yields about 12 million cartons. The Orange river region around Upington-Kakamas produces about 5 million cartons, and the rest of SA (including areas of the Northern Province) 3 million cartons.

Producers expect prices this coming season will vary between R20 and R38 a carton. This is big money. Total gross value of table grape production in SA last year, according to the department of agriculture, was R1,2 billion.

JUSTINE NOFAL

There are no strict controls from any quarter on the number of hectares planted of this lucrative export crop. Consequently, the hectarage has increased dramatically in the Orange river region in recent years.

Some farmers have been enlarging their vineyards by 200ha a year. There is sufficient land available for further expansion in the region.

The Hex river valley is at a relative disadvantage as far as expansion goes, since not much more land is available in the area.

In addition, its production season is just too close to the production season of other table grape producing countries in the southern hemisphere.

The Orange river crop, by contrast, has an early production season. This places it perfectly to take advantage of scantily supplied northern markets of Europe, the Middle and Far East. The result is good prices for a product that is low in supply and high in demand.

Understandably, the Hex river valley producers are quite envious of their Northern Cape counterparts. At times they have been angry, especially when the end of the Orange river crop has been "rolled over" to ride on the back of the Hex river valley's early crop.

But all these industry conflicts are fading away before the prospects of an entirely deregulated export market.

Now the two groups of producers realise they are in the same boat. They rely on the same small group of active exporters. Unifruco and about five others are actively recruiting producers for the coming export season.

Reliance is the operative word. For the first time these producers are having to take exporters at their word, or rather the wording of their contracts.

There is no statutory regulation to protect producers. There is no state lifeboat to rescue a lost container. There is no government strong arm to crack down on unreliable agents.

Producers are torn between staying with Unifruco, signing a contract locking them in with this exporter for several years, or trying out a smaller, more streamlined but relatively untried exporter.

The promise is for lower overhead costs, more target marketing and quicker payments to producers.

One of this group is Cape-based New African Fruit Exporters. So far they have secured 800 000 cartons to market this coming season.

The changes are a headache for producers, but at R30 a carton (each one contains 5kg of grapes) it is a headache well worth producers bearing. That is, until the newly deregulated industry stabilises and independent exporters build up some kind of track record.

Deciduous Fruit Board makes business plan for own demise

BD 20/8/97 (3) FRUIT

Samantha Sharpe

CAPE TOWN — The Deciduous Fruit Board announced yesterday it would submit a business plan to the agriculture ministry requesting its own demise.

The plan would make provision for the board and its advisory bodies and all current statutory intervention in the industry to terminate operations at the end of September.

The board said it had accepted that its mandate to develop a statutory intervention system had come to an end, with the industry's three producer associations able to take on any necessary responsibilities.

The associations had sufficient industry support to raise a voluntary levy and to fund essential services, including research and plant improvement, by the recently formed Deciduous Fruit Producer Trust.

The board said apart from the obvious abolition of the current deciduous fruit scheme, its dismantling meant no further export permits would be issued for the 1997/98 season. Nor would levies be raised. It would also not request any statutory intervention on behalf of the industry. Export regulations, standards and requirements administered in terms of the Agricultural Product Standards Act were still applicable.

Deciduous Fruit Board runs out of juice

(BR CT 20/8/97 (3) FRUIT

Marc Hasenfuss

Cape Town — The Deciduous Fruit Board would ask the minister of agriculture to abolish the board and the Deciduous Fruit Scheme next month, Deon Joubert, the general manager of the board, said yesterday.

This move would place even more power in the hands of producers. The decision followed a strategic work session in Kleinmond in the Western Cape last week between the board and the three producer associations — the SA Pome Fruit Producers, SA Stone Fruit Producers and SA Table Grape Producers.

Joubert said that, during the session, the producer associations informed the board that its mandate — essentially to develop a statutory intervention system — had lapsed.

The decision was another important step by producers ahead of the long-awaited "free exporting scheme", effective from October 1.

Deciduous fruit farmers would be allowed to export their fruit to a market of their choice, using an agent of their choice, for the first time since the 1930s, following recommendations from the National Agricultural Marketing Council in April,

Previously producers were hampered by a single-channel marketing system, which required all fruit destined for offshore markets to be distributed through Unifruco.

"Although the new fruit exporting scheme will free producers to sell anywhere in the world, the board still had some powers of intervention in terms of collecting compulsory marketing levies," Joubert said.

He said the board had accepted that its mandate had come to an end after the leadership structure of the producer associations assured it they had the support of the industry to raise a voluntary levy and fund essential services like research and information.

These essential services will now be entrusted to the recently formed Deciduous Fruit Producer Trust.

New exporter sees strong demand for SA fruit

ARG 25/8/97 B FRUIT

BUSINESS EDITOR

Poised to take advantage of the deregulation of fruit exports is marketing company Frutopia which has just opened a packing and refrigeration plant in Franschoek.

The plant, which will employ up to 66 permanent staff, will pack and market citrus and deciduous fruit for local and export markets.

"We expect this year to export about half the fruit we market," said general manager Johan de Jager, "and eventually we estimate up to 70% will be exported."

Set up in 1991 by Francois Conradie on his farm Bordeaux in the Franschoek valley to supply Woolworths with packed fruit, Frutopia has grown over the years and now procures apples and pears as well as stone fruit from farms in Villiersdorp, Ceres, Grabouw, Elgin and Paarl.

It also gets citrus from Franschoek, Swellendam and Citrusdal.

The company has been exporting since 1994, when it tackled the Angolan market with businessmen Isaac Dos Anjos and Jose' de Lima, both of whom are on the Frutopia board. Export markets now include other African countries, the Indian Ocean islands of Reunion, Mauritius and the Seychelles, Europe, North America, Singapore, Pakistan, Thailand and Brazil.

Mr De Jager said Frutopia now had a network of top-class buyers across the world and demand was three times as great as present supply.

The company was set to take advantage of the long-awaited scrapping of the export permit system, announced this week by the Deciduous Fruit Board, he said.

"We have been planning this plant for two years, since it became clear that under the new government the agricultural control boards and single-channel marketing had to go."

FRUIT CT(BC) 28/8/97

Subtropico eyes international markets

Subtropico, the unlisted company which took over the assets of the Banana Board three years ago, was preparing to enter the export market this summer for the first time, Johan Herselman, the marketing director, said yesterday. He said it planned to export bananas to the Middle East. Competitors were too well established in Europe for Subtropico to enter that market.

Subtropico, which handled only bananas three years ago, has expanded into sales of other fruit and vegetables. Yesterday it reported a 29 percent rise in consolidated net income to R1 571 302 (R1 213 977). The dividend to be paid to its 400 shareholders will be 16,6 percent higher at 18c (15c) a share on turnover of R121 million (R96 million). Piet Botha, the executive director, said sales of fruit accounted for 72 percent of turnover. "Sales of vegetables have increased considerably, with potatoes now making up nearly 10 percent of total sales." — *Audrey D'Angelo, Cape Town*

(3) FRUIT

Government asked to save 2000 fruit jobs

3 FRUIT

LYNDA LOXTON

CT(BR) 15/9/97

Cape Town — The government will be asked this week to take urgent action to help Cape-based Langeberg Holdings, the fruit and vegetable processing company, to weather the drastic cutbacks of traditional canned deciduous fruit exports to Europe.

Rob Davies, the parliamentary trade and industry committee chairman, said he would table a motion in parliament tomorrow calling for urgent short-term action to save about 2 000 jobs. Jobs in farms and factories were threatened by Langeberg's decision to phase out deciduous fruit processing at its Paarl factory and transfer it to its Ashton factory, he said. Fruit purchases would be slashed in the process.

Andries van Rensburg, the managing director of Langeberg, said last week the company would slash its export production to Europe by almost two-thirds.

Fruit bodies to play a key role in deregulation

ANN CROTTY

③ FRUIT

Johannesburg — The Perishable Products Export Control Board and the independent Deciduous Fruit Producers' Trust looked set to play a key role in overseeing the difficult transition period facing the deciduous fruit industry in the first year in which there would be no statutory regulation, sources said last week. CT(BR) 29/9/97

Professor Eckart Kassier, the chairman of the National Agricultural Marketing Council, said although there was no possibility at this stage of a single channel system being reinforced under the new regulations, there could be a single desk system that would allow for the co-ordination of exporting effort. "We would encourage something like a single desk system, but it needs to be set up quickly," said Kassier. A single desk system involves five or six parties that are authorised to export.

Producers who have fought for a deregulated system are not prepared to entertain the notion of a single desk system which, they believe, involves too much authority and risks the creation of another monopoly.

But there is concern within the industry that the move from a highly regulated system to a completely deregulated one could result in confusion and undermine the country's ability to export.

Kassier said an important objective of the new marketing act was optimising export earnings, and this required some co-ordination of export activities. "Bottlenecks do exist in the system and we have arranged meetings with the board and other groups to see how the difficulties will be best resolved."

Most parties involved have accepted there will be some short-term confusion that will weaken the export performance, but proponents of a deregulated system believe the longer-term effect will be positive.

In terms of the new Agricultural Marketing Act, deciduous fruit farmers who want to export part or all of their crop will no longer have to apply to the Deciduous Fruit Board for a permit to do so. Under the old legislation the export of deciduous fruit was regulated by the board, which passed on sole licence for export to Unifruco. This meant that over the years the board and Unifruco have built up a massive information-backed export body.

While many farmers have indicated they would continue to use Unifruco to export their fruit, a number of the larger producers have indicated they would use independent export agents.

But there is increasing concern that farmers will lose out in the confusion and decide to revert to Unifruco, in effect recreating it as a monopoly export body.

One of the independent producers said the extent to which confusion in the deregulated market could be minimised would depend on co-operation from Unifruco and the board.

"I would think that organisations that are in a privileged position would be accommodating in this regard but, of course, it would depend on the nature of the information," said Kassier.

Fruit exporters gear up for open season

BD 1/10/97 (3) FRUIT

Louise Cook

A SLEW of new fruit exporters is set to emerge in a cutthroat market following yesterday's demise of the Deciduous Fruit Board.

The board, which had a stranglehold on the fruit industry, for years gave Cape Town-based Unifruco a sole agency on deciduous fruit exports. For the past year the board has issued permits to other exporters, but only for markets designated "noncore", such as the Far East and North America.

However, the market is open to all from today. Pierre van der Merwe, CEO of Cape-based Multifruit, said the demise of the permit system opened the way for Multifruit to become a "serious" exporter to Europe next year. "We are very positive — a range of well-established European agents are keen to handle SA produce," he said. Other newcomers include Grabouw-based Two-A-Day, Ceres Fruit Growers and Stellenpak. These companies are expected to find themselves in a price war when they start exporting to SA's biggest fruit markets. Unifruco says prices in Europe have slumped by an average 20% this year.

Unifruco public affairs director Fred Meintjies said the company had exported 51-million cartons instead of an expected 56-million cartons to Europe this year compared with last year's 50-million cartons.

The main reasons for strained conditions in Europe, especially in the pear and apple markets, were huge carryover stocks at the start of the SA export season. In addition speculators held back large quantities of South American fruit supplies.

"The marketing season in Europe was considerably shorter due to a late season in all southern hemisphere countries. More fruit had to be sold over a shorter period," Meintjies said.

A rise in the rand against most European currencies also resulted in lower returns to SA farmers.

The board's CEO, Deon Joubert, said industry participants were discussing its future structure. A decision on the fate of the board's R9,5m assets was expected in the next few weeks.

Big Three take stand on fruit exports

BD 2/10/97 (3) ~~BCFC~~ FRUIT

Louise Cook

THREE large fruit exporters in the Western Cape — Two-a-Day, Ceres Fruit Growers and Stellenpak — said yesterday they did not support independent fruit exports to SA's prime European markets.

The companies said contrary to market speculation they had no interest in creating "conditions of destabilisation" in the European market and would export only to "noncore" markets, mainly North America and the Far East, through independent agents.

In the past Unifruco exported about 70% of SA's deciduous fruit to Europe as the only agent allowed by law.

But with the demise of the Deciduous Fruit Board on Tuesday, exporters are free to break into international markets.

Indications are that about 20 agents plan to operate in Europe next year. But Two-a-Day, Ceres Fruit Growers and Stellenpak said they would continue to use Unifruco as their agent.

Two-a-Day MD Meirion Williams said: "Most SA producers are responsible and realise that price wars are not in their interests. New agents who trigger unrealistic price competition are likely to lose producer support."

Plum packer and exporter Stellenpak MD Dawie Scholtz supported this view, saying the company would focus on the Far East for independent exports but still use Unifruco in Europe.

However, Pierre van der Merwe, CEO of Cape-based Multifruit, another serious contender for the European market, said a recent trip to Europe had proved that a range of established European agents were keen to handle SA produce for the first time.

By January all control boards will have shut down and citrus fruit marketing will be free.

Unifruco chiefs quick to cash in on deregulation

Louise Cook (3) FRUIT

FORMER Unifruco executives have wasted no time in taking advantage of the deregulation of SA's fruit industry, with confirmation yesterday that Cape-based food, fruit and flower exporter Fruveg, and the UK's largest fruit juice manufacturer, Gerbers Food Group, were close to finalising an export joint venture. BD 3|10|97

SA citrus and deciduous fruit marketing was opened to free trade this week after being restricted to a single channel — Unifruco — for decades.

A number of free agents have entered the market, but the Fruveg-Gerbers joint venture will establish a new company headed by former Unifruco chairman Leo Fine and will include former GM Denis Searson, among others.

Roy Fine, MD of Fruveg, which has been involved in cut flower and fresh produce exports from SA for 80 years, said SA fruit would be sold on the prime European and UK markets under the brand name Sunpride from next year. Sunpride was well-established in Europe and the UK as Gerber's choice fruit juice brand, he said, which would give the company a head start when breaking into the market.

The deal with Gerbers would establish a new company, also to be called Sunpride, and was close to being finalised. Gerbers would be a minority shareholder in the venture, which would target Europe but also seek to enter other international markets.

"Sunpride is being formed to take advantage of the newly deregulated export market and is designed for the producer who wants an own identity without any pooling system," he said.

Fine would not disclose the expected cost of setting up the new company, saying negotiations on such details would be completed this week. But turnover of about R150m was expected next year through the export of 3-million cartons of citrus and deciduous fruit. "This will be a major breakthrough. SA fruit will be marketed under a brand name associated with choice fruit juices in Europe and the UK," he said.

PEACHY PROSPECTS *Max le Roux, the northern region area manager of Unifruco, with a box of peaches destined for international fruit markets*

PHOTO JOHN WOODROOF

(3) FRUIT

Fruit exports likely to net R3bn

CT (PM) 6/10/97

FRANK NXUMALO

Johannesburg — An estimated 3 500 tons of deciduous fruit exported to Europe, the Middle East and North America this season will earn South Africa about R3 billion in foreign currency, Unifruco, the fruit company, said at the weekend.

Marthinus Strauss, Unifruco's producer services general manager, said the company had already succeeded in securing almost 85 percent of the total volume of deciduous fruit exports from South Africa.

"We believe that a very positive season will herald the new era of deregulation, but the actual volume that can be exported by us is in the hands of nature," Strauss said.

Unifruco kicked off the new fruit exporting season on Friday when a consignment of Early Grand peaches destined for markets in Britain and Germany left aboard a South African Airways flight.

Max le Roux, Unifruco's northern region area manager, said the extreme heat in that region would probably result in an increase in exports of stone fruit, particularly peaches and nectarines, due to the acceleration of the ripening process.

The company said prospects for the coming season looked promising in the Western Cape with good blossoming reported in orchards in most of the fruit-producing regions.

"Everything points to a normal season, with good crop yields expected, particularly in the Elgin, Grabouw and Villiersdorp areas," Le Roux said.

The first Cape peaches would be harvested in the next few weeks while the picking of early plum and grape varieties started in November, he said.

New plans for deciduous fruit industry

CT(BR) 10/10/97 (3) FRUIT

Frank Nxumalo

Johannesburg — The Deciduous Fruit Board (DFB) said yesterday it would submit a business plan to the minister of agriculture as soon as possible to request that the Deciduous Fruit Scheme and the Deciduous Fruit Board be abolished and replaced by a new Deciduous Fruit Producer Trust.

Deon Joubert, the DFB's executive manager, said the decision followed a strategic work session held in Kleinmond last week between the DFB and the three producers' associations — the South African Pome Fruit Producers' Association, the South African Stone Fruit Association and the South African Grape Fruit Producer Association.

"During the work session, the producer associations informed the DFB that its mandate — to develop a statutory intervention system with suitable instruments for implementation — has lapsed," said Joubert.

'The DFB says it has accepted that its mandate has come to an end.'

"The mandate was originally obtained during the countrywide DFB and producers' association meetings, held between May 5 and 14 this year as well as during the three DFB advisory meetings held on May 19 and 20.

"The DFB says it has accepted that its mandate has come to an end after the leadership structure of the producer associations assured the board that they have the support of the industry to raise a voluntary levy and to fund essential services such as research, plant improvement and information through the recently formed Deciduous Fruit Producer Trust," said Joubert.

Joubert said closing down the board had a number of implications. Key among these was that it will not issue any permits for the 1997-98 season from October 1 or raise any levies for the export of deciduous fruit.

tween points for longer distances and pick up another car on arrival.

Budget Rent A Car MD Errol Richardson says growth has slowed this year, but he's not complaining about 6% overall growth and 10% growth in the Western Cape which, he says, benefited from the publicity Cape Town received in bidding for the Olympics.

The 5 000 vehicles on order for Budget is 6% higher than last year. Its major supplier will be Toyota, but Volkswagen and Honda will also get substantial orders. **David Pincus**

(3) FRUIT

FRUIT EXPORTS

Core business set for growth

But grapefruit gets sour European reception FM 24/10/97

Fruit farmers face mixed fortunes this year. Exports of deciduous fruit are expected to leap 20% while citrus remains at 1996 levels.

Deciduous fruit exporter Unifruco says favourable early-season production and marketing trends point towards a possible R500m jump in export revenues to R3bn for the current season

"In the season which has just begun we expect to handle about 85% of deciduous fruit exports, with the balance expected to go through about 140 newly independent individual exporters," says Cape Town-based Unifruco public affairs GM Fred Meintjies.

Though Unifruco's single-channel export powers have not yet been officially deregulated, farmers in provinces north of the Vaal River, who are now bringing in early-season fruit, are already acting as independent exporters, says a spokesman for the National Marketing Council. The single-channel export marketing scheme is expected to fall away by the end of the year.

On a more sombre note, single-channel exporter Outspan International says citrus export sales are expected to equal, at best, last year's R1,93bn foreign revenues.

Outspan's exporting season is now coming to an end, with 40m cartons of fruit — representing 90% of the crop — already shipped out to markets in western and eastern Europe, North America and the Middle and Far East. Outspan MD John Stanbury says exports should equal last year's 45,5m cartons — which is about 10% down on early-season estimates of 50m cartons.

"The reduction in the original expectation is due to two factors. First was the late start to the season as a result of unseasonally warm weather, which meant fruit coloured up late. Second, the heavy rains affected the percentage of the crop available for export," says Stanbury.

Grapefruit, especially, had a disastrous export season Arriving late on the European market, the crop collided head-on with a bumper European melon crop, which pushed SA grapefruit off Continental breakfast tables This led to a 40%-50% drop in grapefruit export prices.

Outspan International, still acting as a single-channel exporting agent for the Citrus Exchange, is expected to continue operating until the end of the marketing season next March. "But," says a spokesman for the National Marketing Board, "as the new Marketing Act also provides for certain levels of intervention, on condition that the majority of farmers support such measures, the continuation of a form of single-channel marketing is not out of the question"

As irrigation dams in the Western Cape's winter rainfall area and in the mainly northern summer rainfall area are full, the coming summer's El Niño-induced drought is not expected to affect crops. **Arnold van Huyssteen**

Langeberg loses in exports

31/10/97

(3) PR11

Robyn Chalmers

FRUIT and vegetable processor Langeberg was hit hard by slack trading conditions in Europe to post a widely expected 34% drop in attributable income to R52,7m for the year ended September.

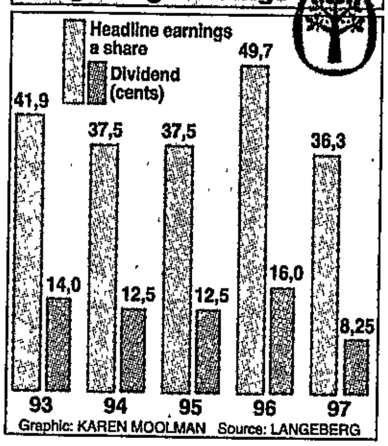
Langeberg chairman Nick Dennis said the group would withdraw from exporting to unprofitable areas, particularly in Europe. This would lead to rationalisation of the group's deciduous fruit-processing operations.

Headline share earnings, affected by a higher effective tax rate, fell 27% to 36,3c. A final dividend of 2,75c was declared, bringing the total dividend to 8,25c, down from 16c in 1996.

Dennis said although exports to the Far East had increased, oversupply of canned deciduous fruit in Europe had led to lower prices and sales volumes, exacerbated by the earlier-than-expectedphasing out of the general export incentive scheme (GEIS).

These factors contributed to a sharp reduction in export profits.

Langeberg Holdings



Graphic: KAREN MOOLMAN Source: LANGEBERG

The disappointing results seen internationally were reflected in a 19% drop in Langeberg's operating income to R88,9m.

"In light of the (European Union's) persistent refusal to grant Lomé concessions to SA-produced canned fruit, and the phasing out of GEIS, it is expected that structural imbalances will continue in the foreseeable future."

Losses of R4,1m are related largely to fruit-processing rationalisation costs.

Dennis said, however, that reasonable volume growth was seen locally with profit margins and market shares holding up. Despite an increase in the cost of new product launches, Africa saw satisfactory profit growth.

The group's balance sheet showed cash and deposits had fallen to R3,9m from R12,7m, but there were no borrowings. Shareholders' funds increased to R501m from R461,6m the previous year.

Looking ahead, Langeberg MD Andries van Rensburg said international marketing conditions were expected to improve in the current year following reports of lower deciduous fruit crops in Europe. However, exports still reflected depressed prices and export margins would remain under pressure into next year.

He said an increased focus on margin management and the growth of new product categories should ensure satisfactory results for the Africa business.

'EU must waive tariffs on fruit'

(3) FRUIT

Task team proposal to save jobs in canning trade

ARG 6/11/97

THABO MABASO
BUSINESS REPORTER

In a bid to save jobs in the canning industry, the Government should ask the European Union (EU) to waive import tariffs on South African canned fruit for a year, a task team set up by Minister of Agriculture Derek Hanekom has recommended.

The task team, appointed last week, includes representatives of the Food and Allied Workers' Union, the canning industry, fruit farmers and the ministry.

Speaking after the team's first meeting this week, task team convenor Alan Roberts, who is also advisor to Mr Hanekom, told the Cape Argus the proposal was a short-term measure to give the canning industry time to stand on its feet, after complaints by fruit exporters that tariffs were too high in EU countries.

Canners, such as Boland-based Langeberg Holdings, have complained that the 24% tariff the EU imposes on imported canned fruit is making its exports uncompetitive. Langeberg recently had to tell 2 000 seasonal workers at its Paarl factory that it could no longer afford to employ them.

The canning industry has also blamed the phasing out of the General Export Incentive Scheme (Geis) for its plight. Under Geis, 18% of exporters' turnover was not taxed.

Mr Roberts said the task team had also agreed to ask the minister to start a cluster study to look at which route the industry should take. The cluster study would conclude its work within a year.

"The main thing is to try to stop factories shutting down. We will draft our proposal into a document to be handed to the minister before the end of the week," Mr Roberts said.

Fanie Buys, general manager of the South African Fruit and Vegetable Canners' Association, said that if the EU did not agree to the proposals the task team would ask Mr Hanekom for a once-off cash injection for exporters in fruit farming and in the canning industry.

"The main goal of this injection would be to prevent the closure of factories," he said.

Food and Allied Workers' Union secretary general for the Western Cape, William Thomas, said the cash injection would be an attempt to level the playing fields between South African exporters and competitors from elsewhere in the world.

The task team would also try to meet with the Department of Trade and Industry and brief them about their proposals.

Last week the department resumed negotiations with the EU aimed at phasing out tariffs and trade barriers.

SACU members fear imminent free trade pact between SA and the EU will undermine customs income

Namibia anxious as talks bear fruit

CT (BR) 13/11/97 (3 Front)

JOHN BEETGE

Windhoek — With negotiations on a free trade agreement between South Africa and the European Union (EU) expected to be finalised by the middle of next year, concern is mounting in Namibia over the regional impact of the pact.

At a recent round of discussions held in Pretoria, negotiating teams from South Africa and the EU agreed to intensify their discussions, and set a timetable with a view to sealing a final pact by mid-1998.

The EU's mission in Windhoek said on Tuesday that both negotiating parties had reaffirmed their commitment to signing a bilateral agreement on trade, development and co-operation between the EU and South Africa.

Technical details necessary for further negotiations, including the definition of reference duties and product groups, were also agreed on during the 14th round of discussions last week.

To meet the mid-1998 deadline, South Africa and the EU agreed to convene a "stocktaking" ministerial meeting in February to review progress made so far in negotiations.

The meeting will be preceded by two rounds of talks in Pretoria and Brussels.

Separate talks on the proposed wines and spirits agreement between South Africa and the EU are also expected to take place before the February stocktaking indaba.

The two parties have also exchanged detailed lists of products to be traded between the two countries, and the tariffs they want to see levied on these products.

Southern African states, including Namibia, fear a free trade agreement between South Africa and the EU could result in cheap European goods flooding the regional market to the detriment of local industry.

The South African and EU negotiators are talking of scrapping duties on up to 90 percent of imported goods.

Regional members of the South Africa-led Southern African Customs Union (SACU) — Namibia, Lesotho, Swaziland and Botswana — also fear they would lose valuable income from customs duties, currently shared between SACU members.

Since independence, about 30 percent of the Namibian government's revenue has been from the SACU.

If the proposed EU-South Africa free trade agreement becomes a reality, it has been estimated that Botswana, Namibia, Lesotho and Swaziland could face a decline in revenue of between N$1,9 billion (R1,9 billion) and N$3,5 billion a year.

Although the SACU agreement prohibits the entry of goods imported under a bilateral agreement (such as the EU-South Africa free trade agreement) to the other member countries of the customs union, Namibia maintains this would be extremely difficult to enforce.

Namibia's lucrative beef industry, which makes up 90 percent of the country's agricultural gross domestic product, is likely to suffer most if the existing tariff protection in South Africa is eliminated.

Namibian beef producers feel they would be unable to compete with highly subsidised European beef entering the South African market.

South Africa is Namibia's major market for livestock and meat products, being the destination for more than 70 percent of the country's total exports in these commodities.

Experts have said the Namibian beef industry would be crippled if the proposed free trade agreement between South Africa and the EU materialised in its current form. — Sapa.

CT(BR) 27/11/97

Crookes hit by low prices and deregulation

SHIRLEY JONES

KWAZULU NATAL EDITOR

Durban — Disastrously low prices for export grapefruit and the negative effects of deregulation of the grain industry had dealt a double blow to Crookes Brothers, the diversified farming group, in the six months to September 30.

Dudley Crookes, the managing director, said yesterday that despite a 17 percent rise in revenue, the revised estimate of headline earnings of R15,5 million for the full financial year, the same as for the previous year, was disappointing.

Crookes said problems with the group's citrus operations centred on grapefruit exports, where prices were below the previous season. He said this was because South African fruit ripened two weeks later than usual, reducing demand and resulting in a clash with Spanish and American fruit. As a result, a large portion of the crop had to be sold for fruit juice at reduced prices.

Orange prices had remained at the same levels as predicted in March, which could signal some recovery in this area for the full financial year.

Crookes said a combination of reduced grain yields and quality had compounded the problems experienced as a result of deregulation of the industry.

He said the group's sucrose unit had done better than last year and the banana units were faring extremely well.

Crookes Brothers had also recently embarked on a number of expansions and new investments. He said, despite the past hardships, he was optimistic.

Exporters in price war

(3) FRUIT

Business Day Reporter

BD 2/12/97

INDICATIONS were that local fruit exporters, which have mushroomed since the scrapping of single-channel fruit exports of Unifruco and Outspan, were locked in a fierce price war.

Deciduous Fruit Trust chairman Peter Dall said SA fruit was being offered on overseas markets at discounts of up to 40% by about 132 local exporters.

He advised farmers to acquaint themselves with exporters' affairs and pricing.

Langeberg goes East for growth

(3) FRUIT

Exports on the rise

ARG 15/12 1997

BUSINESS REPORTER

Fruit and vegetable processing company Langeberg is looking for new markets in the Far East to counter difficult trading conditions in Europe which saw the company's profits take a heavy knock in the year to September.

Moving the company's export emphasis to the Far East comes too late for the thousands of workers that have been already been retrenched in the company's efforts to re-engineer the business and cut costs, but would give the company's export arm a strong boost for future growth and profitability.

In the annual report, Langeberg chairman Nick Dennis said plans to develop Far Eastern markets were well advanced and would contribute significantly to the group's strategic objectives.

"Langeberg is well equipped to satisfy demand from these markets with high quality products," Mr Dennis said.

"Special attention has been given to these markets in the restructuring of the international arm of the business."

He said export shipments to the Far East and Japan had already increased, with profit margins benefiting from stable prices and a stronger US dollar.

Import duties in excess of 20% on canned fruit sold into the European Union, and continued agricultural subsidies in the major producing countries such as Spain and Greece, had seen Langeberg's export profit margins dwindle and more and more.

The "premature and rapid" phasing out of the General Export Incentive Scheme (Geis) had only exacerbated the situation for Langeberg.

The result was that Langeberg decided to rationalise its deciduous fruit processing facilities, closing the Paarl plant and consolidating all the company's deciduous fruit processing operations at its Ashton plant.

This resulted in the loss of some 120 permanent and, at the peak of season, 3 000 temporary jobs.

Mr Dennis expected that the loss of Geis would be difficult to overcome, nothwithstanding the company's operational restructuring.

Further initiatives to lessen the impact of European Union tariff structures elsewhere in the group had also resulted in the decision to relocate Langeberg's asparagus processing plant from Ficksburg to Lesotho, thus providing Lomé Convention benefits on exports to Europe.

"With Europe being the predominant market for asparagus, this initiative will improve our competitiveness and should lead to growth in this category," Mr Dennis said.

Franschhoek Valley fruit goes global from R6-m warehouse

(3) FRUIT

Facility bolsters trade links with Angola

ARG 23/12/97

BUSINESS REPORTER

A new R6-million packing and warehouse facility, officially opened in Franschhoek Valley at the beginning of the month, will help put Boland fruit on the world's tables.

The facility was built for Frutopia, a marketer of deciduous and citrus fruit grown in Franschhoek Valley. After fruit industry deregulation, the company decided to expand to include the export market.

The facility comprises a packing shed, office, two atmosphere-controlled cooling chambers with a capacity of 1 500 crates, and a regular atmosphere cooling chamber with a 540-crate capacity.

Frutopia general manager Johan de Jager said the company was able to manage and market a farmer's entire crop.

"There is no pooling – each farmer's products are handled and marketed individually, with transparency throughout the entire process," Mr De Jager said.

"Our aim is quality not volume, and our marketing is geared to specific niche markets.

"We also have the advantage of being small, so we can react to market forces quickly."

One of these markets is Angola.

At the opening, Frutopia managing director François Conradie said the facility represented a step forward in South African trade relations with Angola, as the project had led to a partnership with Angolan businessmen Isac dos Anjos and José de Lima.

Project engineer Dawie Kriel of MBB said his company had been involved from the start.

"We put the plan on paper, modifying it repeatedly during the preliminary design phase, until it served the client's needs within the budget," Mr Kriel said.

"To optimise the outlay, flow of material and traffic, input from a wide range of specialists was brought in to assist Frutopia in developing the most logical warehouse for the site."

He said planning had taken into account the possible need for extending refrigeration facilities, packing equipment and produce handling areas.

World's fruit basket: the new packshed

AGRICULTURE – (3FRUIT)

1998

Heat has Cape fruit on crest of a wave

(3) FRUIT

ARGT 8/1/98

Unifruco sees boost for exports

LLEWELLYN JONES
BUSINESS REPORTER

Far from being damaged by the heatwave, deciduous fruit in the Western Cape is ripening faster than usual and producers are expecting a good season.

Mohammed Sheik, a spokesman for deciduous fruit marketer Unifruco, said the fruit industry had been fortunate in that the weather had already been generally warm before the heatwave last week.

"This allowed the fruit to adapt very easily – if the heatwave had come after a cold spell there might have been some significant damage," Mr Sheik said. "But if there is another wave of very hot weather, then we will be worried."

Indications were that stone fruit crops such as peaches, plums and nectarines would be on a par with last year's.

Warm weather had led to the fruit ripening much earlier this year, with some crops coming in as much as three to four weeks early. This was a distinct advantage to the deciduous fruit industry, which would be able to get its products on to the lucrative European markets well ahead of its competitors and in turn would allow local producers to charge far higher prices.

Last year cold, cloudy conditions delayed crops by three to four weeks. Apple exports, which were the most severely affected last year, looked as if they would now make up the 1,5 million cartons lost last year.

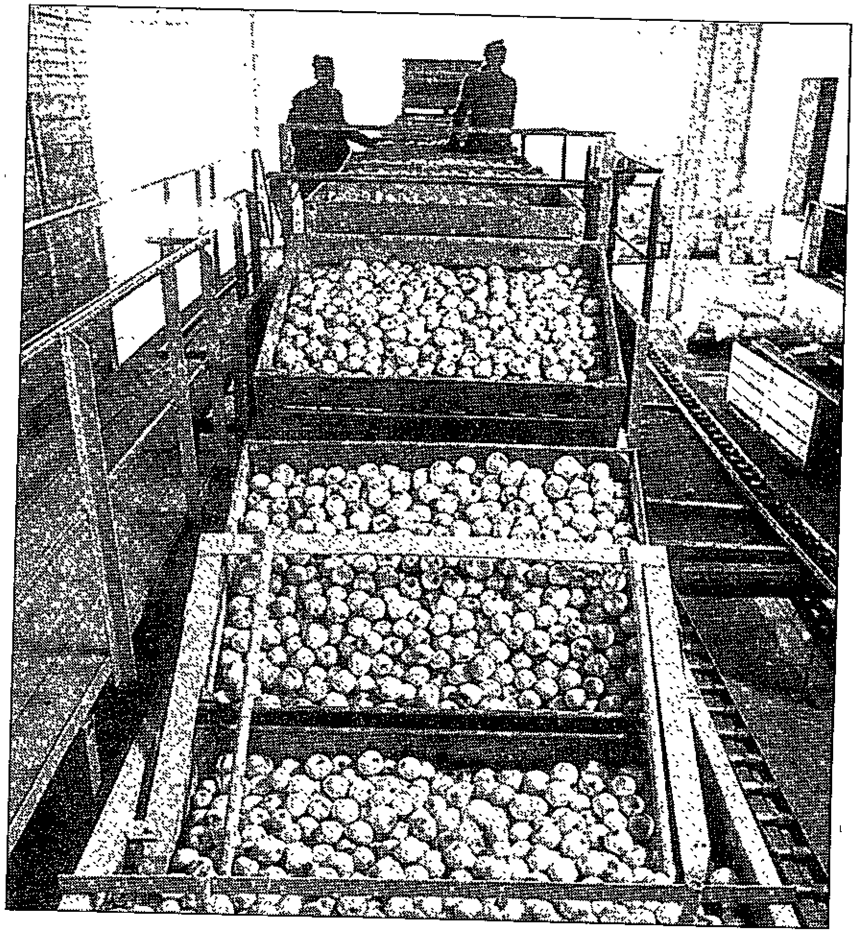
But it was possible that the grape crop, particularly table grapes, could be affected.

"Grapes around the Berg and Hex rivers are seeing some burn. There is some concern that another prolonged spell of heat could damage the grapes."

However, Mr Sheik said, the grapes from these regions constituted only a small proportion of the total.

Meanwhile, initial fears that this year's wine production could be cut appear to be largely unfounded.

Herman Böhmer, managing director of Stellenbosch Vineyards, said it did not appear the heat wave had "dramatically impaired either volume or quality". He expected crops to be better than last year's.



Fast fruit: this year's apple crop should hit Europe faster than usual thanks to the heatwave

FRUIT EXPORTS

3 FRUIT

Pithy start to new season

Growers expected to cash in on sliding rand FM 9/1/98

The fruit industry is expecting a R700m jump in 1998 export revenues with both Unifruco (deciduous) and Outspan International (citrus) predicting 16% earnings growth. This will boost combined 1998 fruit export revenues to a total of R5bn.

Rand-based fruit export revenues could well be further enhanced, should the rand continue its current decline against the US dollar.

The expected growth in forex income should also help compensate for the forecast drop in maize export revenues, if El Niño produces the predicted late-season drought in the summer rainfall region.

Deciduous fruit producers are looking forward to a bumper export season. This follows last year's dismal performance, brought on by a combination of bad weather and marketing woes, with European market prices depressed by big domestic and imported fruit surpluses.

This year, it's a different story. Unifruco GM, operations, Anton du Preez says: "After a cold, wet winter, we've experienced a good early export season, giving SA producers a valuable 10-14 day marketing window of opportunity against other southern hemisphere producers

"While fruit quality is better than last year, we also expect export volumes to be boosted by more than 20% — to about 60m-62m cartons."

This, combined with an expected 10%-15% increase in average rand price revenues, should boost forex earnings to about R2,8bn from last year's R2,4bn.

But, adds Du Preez, while industry volumes should show substantial growth, Unifruco no longer represents the whole industry.

With export deregulation effective from last October, several independent exporters have filled the gap.

Cape Town-based independent deciduous fruit exporter Multifruit joint MD Pierre van der Merwe says his group, which should export about 3m cartons this year, has obtained higher export prices for its clients — disproving the prediction by the fruit industry's protectionist lobby that the single channel system would lead to cutthroat competition and reduced export revenues

Van der Merwe foresees substantial growth for independent exporters

"Independents should handle 10m-12m cartons of deciduous exports this year. In future I expect Unifruco to control about 50% of the export crop, the balance being handled by independent exporters. But Unifruco must remain an essential role-player in the deciduous fruit export industry," he says.

The recent R42m purchase of a Cape apple farm by the UK-based Albert Fisher group adds further muscle to the independents, while others like Fruveg also contribute to the growing tally. Van der Merwe expects the current 25-odd "active" independents to be reduced to 5 or 6 within a few years

Outspan International CE John Stanbury anticipates the 1998 citrus export crop will be about 10% higher than last year's, following a strong increase in plantings over the past 5-6 years.

"With dollar-based freight rates expected to drop by about 10% this year, the rand value of the export crop should grow to about R2,2bn, from last year's R1,9bn," he adds

Arnold van Huyssteen

LANGEBERG

Cost hurdles in Europe

The company has been reshaped, but limited profit growth is expected

With the stock price plunging to record lows, Langeberg investors may be wondering how much further it could fall. The company has taken much of the pain of poor canned-fruit export markets on the chin, but concerns persist about the pace of its recovery.

At 270c a share, the fruit and vegetable processor's market value has been almost halved in the past year. Its rating is at a sharp discount to the food sector; previously they correlated closely.

Higher profits this year depend on improving European sales margins, deepening the penetration of new markets and consolidating its still strong local market share. While earnings may increase, the lift is unlikely to be large, which means the share price will remain under pressure.

MD Andries van Rensburg has spent much effort positioning Langeberg as a globally competitive processed food company. His toil has been uphill in a hostile trade environment.

Government has phased out export incentives quicker than expected to comply with World Trade Organisation commitments. That damaged Langeberg's competitive position in its key European export market. In addition, European Union governments maintained protection of their agribusiness, with production supports of 18%-24%.

- **ACTIVITIES:** *Fruit and vegetable processor and marketer.*
- **CONTROL:** *Tiger Oats 65%.*
- **CHAIRMAN:** *N Dennis. MD: A V van Rensburg.*
- **CAPITAL STRUCTURE:** *160m ords. Market capitalisation: R432m.*
- **SHARE MARKET:** *Price: 270c. Yields: 3,1% on dividend; 13,4% on earnings; p:e ratio, 7,4; cover, 4,4. 12-month high, 565c; low, 270c. Trading volume last quarter, 0,94m shares.*

Year ended September	'94	'95	'96	'97
ST debt (Rm)	0,3	—	0,1	0,7
LT debt (Rm)	0,1	—	0,1	0,3
Shareholders' interest	0,75	0,73	0,72	0,71
Int & leasing cover	12,9	n/a	37,3	26,1
Return on cap (%)	15	16,1	17,2	12,6
Turnover (Rm)	820	862	960	1 094
Pre-int profit (Rm)	74,4	89,6	110	88,9
Pre-int margin (%)	9,1	10,4	11,5	8,1
Earnings (c)	37,6	37,5	49,7	36,3
Dividends (c)	12,5	12,5	16	8,25
Tangible NAV (c)	232,9	254,4	288,4	313,1

That's resulted in Langeberg facing a cost disadvantage of about 35% in Europe. In the longer term, Langeberg is unlikely to gain significant access to this market, as the EU denies SA access to the beneficial duties of the Lomé Convention. Ironically, Langeberg is shifting its modestly profitable asparagus processing operation from Ficksburg, Free State, to Lesotho, a member of Lomé.

The inequitable duty and subsidy structure in the EU has prompted Langeberg to stop processing deciduous fruit at its Paarl, Western Cape, factory and to shift its marketing focus to other, more profitable markets, mainly in the East.

Van Rensburg says a European marketing agreement with Dole has been struck as the US company was unable to make inroads into the retail sector.

"The elimination of loss-making sales and the lower cost structure which should result from the revised relationship with Dole will enhance prospects" next year as profits will still be affected by large inventories of canned deciduous fruit this year, he says.

Improving exports to Africa and domestic market strength should produce earnings growth this year, though the pace is likely to be curbed by weak economic growth.

While Langeberg's stock has weathered most, if not all, of the downturn, it's probably not about to recover quickly, given existing trade agreements and slack economic demand. With the share trading at about a 15% discount to NAV, patient investors could take an early bet on Langeberg's recovery.

Sean Feely

Langeberg gears for continued pressure on exports

CT (BR) 19/1/98 (3) FRUIT

Vera von Lieres

Cape Town — Langeberg Holdings, the Cape fruit and vegetable processing company in the Tiger Oats stable, expects continued pressure on export margins in the first half of the year and will continue to steer clear of European markets in favour of other spots such as the far east.

After a series of structural hitches, the company experienced a topsy-turvy time in export markets last year, leading to a decision to slash its export production to Europe by almost two-thirds.

Nick Dennis, the chairman of Langeberg Holdings, said in the 1997 annual report that long-term growth would be achieved by successfully developing new markets and pursuing new trends in packaging and products.

"Plans to develop markets in west Africa and the Middle East are well advanced," Dennis said. "The far east, and especially Japan, are markets with significant potential.

"Special attention has been given to these markets in the restructuring of the international arm of the business."

Problems besetting the company in exporting to Europe last year included the import duties in excess of 20 percent on deciduous fruit, the continued subsidisation of Greek and Spanish producers and the abolition of the general export incentive scheme.

Langeberg said at the time that proposed cutbacks in deciduous fruit volumes would lead to a reduction of European volumes 60 percent and a restructuring of its Ashton and Paarl factories.

Dennis said the decision to withdraw from unprofitable world markets in favour of more attractive ones would inevitably result in a reduction of the packaging requirements for deciduous fruit.

"However, these steps are unavoidable and assistance will be given to producers to place the excess fruit elsewhere," Dennis said.

Efforts to increase the exposure in Africa of leading brands Koo and All Gold had been successful, and the Langeberg Foods Africa unit had performed well in local and other African markets, he said. The goal was to grow the categories of new products in Langeberg's African business.

The launch of new products such as the Koo Froozee range was seeing good volume growth, he said.

Other new launches included All Gold Tomato Sauce, Hugo's Mixed Fruit Jam and Koo Mayonnaise in sachets.

Koo Max-Mix, a mix of ready-to-eat beans and pasta in sauce, was also well received by consumers, Dennis said.

Langeberg's brands include Koo, All Gold, GoldReef, Naturlite, Silverleaf, Hugo's and Helderberg.

said.

Unifruco denies charges of grape price-cutting

CT(BR) 21/1/98 (3)FRUIT

ANN CROTTY

Johannesburg — Unifruco, which had a monopoly on the export of South African deciduous fruit to Europe until this season, is confident that it will return higher prices to its growers for this season's seedless grape export crop.

Fred Meintjies, a spokesman for Unifruco, said that so far a higher sterling price had been received for this season's seedless grape crop than in the previous season. Local farmers would also benefit from the rand's depreciation against the pound in the past 12 months.

Meintjies was responding to industry charges that Capespan International, which handles exports for Unifruco, had been undercutting prices in the European market in an attempt to put pressure on the unexpectedly high number of farmers who had opted to use independent export agents instead of the former monopoly.

Independents charged that such price-cutting meant prices in Europe were lower than a year ago, despite considerably less competition from Chile and the fact that the early South African crop benefited from the important Christmas period.

Meintjies stressed that price-cutting was not part of Unifruco's philosophy or its business policies. But he added that if South African competitors were undercutting Capespan, then Capespan was obliged to respond.

"We are now in a competitive situation and ... have to react to developments in the marketplace," he said.

Charges of price-cutting come with informal estimates that support for Unifruco has fallen far short of the 85 percent volume it had expected to retain in the deregulated environment.

An estimate from one independent grower put the level of Unifruco's support at just over 60 percent. Meintjies acknowledged that the level of support had been below Unifruco's expectations, but the lack of centralised data meant it was impossible to get an accurate measure.

He added: "We are on target to reach our contracted 50 million cartons of deciduous fruit exports for this season."

For grape growers, an early season and less-than-usual competition from Chile meant deregulation should have got off to a good start. However, the benefits of these positive factors could be undermined by the effects of price-cutting between suppliers.

In addition, there is the danger that if price-cutting resulted in reduced foreign exchange earnings for the country, the government could be persuaded to reintroduce some form of single-channel export system.

One European buyer said some price-cutting was to be expected in the wake of deregulation: "I had expected a Wild West situation in the initial period, but it hasn't been that bad; there was some price-cutting but it seemed to come from Unifruco, not the independents."

Pico reaping fruits of deregulation

Louise Cook (3) FRUIT BD 26/11/98

PAARL-based independent fruit grower, packer and exporter Pico has raised profit 50% since the deregulation of the fruit export market in November last year.

Pico MD Ben Potgieter said at the weekend that the higher profit was the result of marketing strategies which differed from Unifruco's, and tight product control.

Potgieter said: "We are getting better results (than last year when exports were controlled) because the growing, packaging and exporting is now all done by the same company. Until last year all deciduous exports by law had to be done through Unifruco. Pico's improved profit was largely the result of 300 000 cartons of fruit exported to Europe and the east.

Meanwhile, last week's trade delegation to Germany, Slovakia and Hungary, headed by Land and Agriculture Minister Derek Hanekom, held talks with European counterparts to focus on the high level of duties for out-of-season SA fruit to Hungary. Increased trade between SA and the European countries and quality and disease in farm products were also discussed.

Local vines in grip of black goo

~~(3) WINE~~ (3) FRUIT

MHG 30/1-5/2/98

Richard Spoor

South Africa's multi-million rand grape and wine industry is being threatened by a newly discovered fungus, dubbed "black goo", which may have contaminated most of the country's commercial vines.

The fungus, discovered by plant pathologist Dr JH Strauss-Ferreira, may account for losses of up to 50% of new plantings in the Orange River Valley and elsewhere since 1994.

The fungus is also believed to have infected up to 50% of young vinestock planted in California during the past three years, costing the industry there an estimated $250-million, says Strauss-Ferreira.

No figures are available yet for potential damage in South Africa, but growers have confirmed that one table-grape producer in the Orange River Valley has lost 14 000 new vines out of 15 000 — a loss of 93%. The accepted industry norm for vinestock losses is 10% and, at a price of up to R4 per vinestock, growers say that industry-wide losses could run into "hundreds of millions" of rands.

Vine growers, particularly in the high-risk Orange River Valley, accuse nurseries and the Wine Grape Improvement Association of providing inferior quality vinestocks that are more susceptible to black goo in an effort to meet increased demand.

Growers allege that the association, which is the sole supplier of rootstock, and nurserymen have weakened the plants by aggressively stimulating their growth with fertilisers in order to meet the huge growth in demand for vinestocks.

Gawie Kriel, chair of the association, has confirmed that demand has increased from 34-million to 50-million plants in less than three years, but denied any significant drop in quality. He does admit, however, that the association has supplied non-graded or "special etiquette" rootstock, which was not quite up to the association's usual standards.

A nurseryman from Wellington, who did not wish to be identified, has confirmed that the graded rootstock supplied by the association wasn't of a satisfactory standard and that more than half the plants grafted on to rootstock supplied by the association didn't survive.

He says nurserymen placed the responsibility for the infected vinestock squarely at the door of the association but were too scared to publicly criticise their only legal supplier of rootstock.

Kriel concedes that the was not anticipated, but said that all the association's members should take responsibility for the lack of foresight.

Ironically, the association was given a virtual monopoly on the grading and propagation of plant material in terms of the Plant Improvement Act, to ensure high-quality and disease-free plants were supplied to the industry.

Its production members and sole suppliers of rootstock are wine industry "big boys" — KWV, Stellenbosch Farmers' Winery and Distillers. Kriel also says he does not accept that the rootstock supplied by the association is responsible for the high levels of vinestock deaths.

Strauss-Ferreira, of the Nietvoorbij Institute of Viticulture and Oenology in Stellenbosch, suspects that the entire South African rootstock is infected with black goo.

The disease's pathogens clog up water-carrying vessels in vines with a black goo that eventually chokes off nourishment, causing a decline in the health of vines before killing the plants if they are put under any environmental stress.

Strauss-Ferreira says black goo may make vines vulnerable to other diseases. Black goo is so unusual that an entirely new genus has been created for it — *Pheaoacremonium*.

Strauss-Ferreira believes that the fungus could be killed if vinestocks are treated with warm water, but very few nurseries use this technique as it is costly and in itself poses a threat to the delicate young vinestock.

Whatever the cause of the current spate of vinestock deaths, the isolation of the fungus is an important breakthrough. Further research holds the promise of a treatment or cure, smaller losses and healthier and more productive vines.

The benefits for the South African and indeed the world grapevine industry could be huge. — *African Eye News Service*

'Black goo' virus threatens grape and wine industry

BD 2/2/98 (3) FRUIT

NELSPRUIT — SA's multimillion-rand grape and wine industry is being threatened by a newly discovered fungus, dubbed "black goo", which may have contaminated most of the country's commercial vines, African Eye News Service reports.

The fungus, discovered by SA plant pathologist JH Strauss-Ferreira, may account for losses of up to 50% of new plantings in the Orange River Valley and elsewhere since 1994.

The mystery fungus apparently also infected up to 50% of young vine-stock planted in California during the past three years, costing the industry an estimated $250m, Strauss-Ferreira said.

No figures are available for potential damage in SA, but growers have confirmed that one table grape producer in the Orange River Valley has lost about 14 000 new vines out of 15 000 — a massive loss of 93%.

The accepted industry norm for vine-stock losses is 10% and, at a price of up to R4 per vine-stock, growers say that industry-wide losses could run into "hundreds of millions" of rands.

Vine growers, particularly in the high risk Orange River Valley, accuse nurseries and the Wine Grape Improvement Association of providing inferior quality vine-stocks that are more susceptible to the black goo, in a bid to meet increased demand since 1994.

Growers allege that the association, which is the sole supplier of rootstock, and nurserymen weakened the plants by aggressively stimulating their growth with fertilisers in order to meet the huge growth in demand for vine-stocks.

Gawie Kriel, chairman of the association, confirmed that demand has increased from 34 to 50-million plants in less than three-years, but denied any significant drop in quality.

He does admit that the association has supplied nongraded or special etiquette' rootstock, which were not up to the association's standards.

However, a nurseryman from Wellington, who did not want to be identified, confirmed that the graded rootstock supplied by the association was not of a satisfactory standard and well over half the plants grafted onto rootstock supplied by the association did not survive.

Kriel conceded that the rapid growth in demand was not anticipated but said that all the association's members, who include nurserymen and farmers, should take responsibility for the lack of foresight.

Ironically, the association was given a virtual monopoly on the grading and propagation of plant material in terms of the Plant Improvement Act — to ensure that high quality and disease free plants were supplied to the industry.

Kriel said he did not accept that the rootstock supplied by the association was responsible for the high levels of vine-stock deaths. "Any number of factors could be responsible," he said.

Strauss-Ferreira, however, suspects that the entire SA rootstock is infected with the black goo.

He says black goo may make vines vulnerable to other diseases such as the 2000-year-old Roman disease, Esca, better known as black measles.

He says effective measures to control the scourge are some way off as not much is known about the fungus's origins, severity, spread or transmission mechanisms.

Shortage unlikely to boost the pineapple industry

Nicola Jenvey (3) FRUIT

OD 2/3/98

DURBAN — SA's pineapple industry is not expected to benefit from an increase in pineapple prices caused by a worsening shortage of the fruit.

London's Financial Times reported that processors estimated the juice concentrate delivered in Europe would be $1 750 a ton by year-end, a 35% increase in less than two years. Processor prices for canned pineapples were also climbing. Now $20 a case of 24 against $17 a year ago, they are expected to reach $24 by year-end.

Del Monte CEO and chairman Vivian Imerman said that internationally the industry was reaching "a critical shortage" and the prices would soon filter to the consumer. Del Monte processes about 25% of the world's pineapples.

However, SA Pineapple Association chairman Juan Southey said the international price rises would not boost the local pineapple industry dramatically. The Eastern Cape accounted for 96% of SA's production, but the industry has halved since its peak in the late 1980s. Langeberg Holdings and Del Monte disinvested in the region in 1993.

Southey said canned pineapple prices had stabilised since the highs in July last year. The R150m SA pineapple industry accounted for only 2% of the international canned market.

Collondale Cannery chairman Corder Tilney said government was still fighting with the European Union (EU) to remove duties on imported pineapples. The local market faced duties of more than 20%, yet pineapples exported from Kenya and Swaziland entered the EU duty free.

During the general export incentive scheme, farmers had recouped a margin of the duties through compensation. Now, despite Europe not producing its own pineapples and hence not having an industry to protect, SA farmers struggled to export to the EU and preferred the US and South America.

ECN reports Eastern Cape agriculture and land affairs MEC Max Mamase said the Peddie area could outstrip Bathurst-Port Alfred when it came to pineapple production. He said the lack of basic infrastructure in the area meant, however, an investment of R150m was required before this could be achieved.

Local government cancels Haarlem farmers' development aid

(3) FRUIT BD 2/3/98

Louise Cook

WESTERN Cape agriculture MEC Lampie Fick cancelled state development aid to a group of farmers at Haarlem near Uniondale with immediate effect when he discovered that the planned fruit export project was getting nowhere due to factions forming among the farmers.

The group of 28 small-scale fruit and vegetable farmers would have earned R450 000 a year after expenses once the department had completed an irrigation scheme and built a fruit packaging facility on the farm Anhalt. The farm was central government trust land and the idea was to develop it to generate an income for the poverty-stricken Haarlem community.

However a frustrated Fick said at the weekend the project would "stop dead in its tracks".

"Petty politics, faction-forming and a general lack of co-operation in the community has caused this. My department and myself will in future make our expertise available to communities and people where progress and effective state assistance is not hampered by a lack of co-operation and political agendas.

"My department will investigate all other development projects in the province to decide where to spend the money that would have gone to Haarlem. It is time the community dealt with the social, cultural and political causes of poverty — if not, any aid and technical assistance will continue to be neutralised and the poverty will continue."

Fick said Haarlem was the only project, out of 11 in the province, marked by a lack of progress. He said R4,9m in aid was cancelled after R680 000 was spent on some improvements to the irrigation system.

Work on the packaging facility had not started yet.

Meanwhile, Rural Development Corporation MD Tom de Wet said the cancellation of the project would jeopardise the long-term income prospects of the farmers.

COMPANY NEWS

INSIDE AGRICULTURE

(3) FRUIT

Olive-growing can diversify farming risk

CT (BR) 6/3/98

Farmers diversify to spread their risk across several products. A particular incentive to diversify is that livestock theft is rife.

When deciding how to invest, obviously farmers think of exporting, but not all products are suitable.

Planting olive trees is one answer. The olive tree suits South Africa's water-poor environment. If farmers plant olive trees now, in five and seven years they will begin to harvest the benefits.

Local production now is 5 000 tons to 6 000 tons a year, some 30 percent of which becomes olive oil and 70 percent fresh olives. This is processed locally. The domestic market is wide open: about 30 percent of table olives consumed in South Africa and about 60 percent to 70 percent of olive oil, are imported.

Our local market is growing at 8 percent to 10 percent a year. The worldwide demand for olives is growing by 15 percent to 17 percent a year. This is thanks to increasing awareness of the health benefits of the product.

JUSTINE NOFAL

The accent in Europe is to produce olives suitable for oil production. There is a demand in Europe for table olives. Exporting olives from South Africa to Europe is a promising possibility, especially in view of a favourable exchange rate.

The US imports 78 000 tons of table olives a year, and Australia 18 000 tons, so these too are promising markets.

There are several marketing choices open to farmers who invest in olive production.

They can deliver the harvested olives to local processors. The advantage here is that it is very little trouble. On the other hand, the farm may be far away from the processing plant, so transport costs will be high. Because the farmer has not added value to the olives, the return will be relatively low.

Farmers can market their olives on the central produce markets, just as they market onions and lettuces. The advantage of this is a potentially higher income without any processing involved. Disadvantages are that the olives need to be packed and transported, and selling on the central markets involves price uncertainty.

It is possible for farmers to process their own olives in 5kg and 20kg containers and supply these to restaurants, hotels and caterers. The advantages are a higher income, lower packaging costs and easier marketing. It will require research, though, to establish how to distribute the product effectively.

A fourth marketing possibility is processing, packaging and selling to the public at farm stalls and through supermarkets. This is labour-intensive, and obtaining shelf space in supermarkets is easier said than done. Supermarkets need constant supply too.

The most attractive possibility is for the farmer to process and pack the olives for export personally.

They can be partly processed and exported for further processing overseas, or the farmer can create a fully processed, packaged and branded product for export.

Some advantages of exporting from the farm are high income and intensive labour use. The challenge is to maintain a regular flow of supply.

Olive farming is a fairly extensive type of farming. It requires little labour during the year. Seasonal workers take care of the harvesting.

To establish an olive orchard is not expensive. Simple irrigation methods are adequate because the trees need relatively little water, and when they reach fruition they can produce for a long time.

Anyone who steals olives off a tree and tries to eat them will be bitterly disappointed. In this sense olive growing is theft-proof.

Independent citrus fruit growers call for end to controls

(3) FRUIT CT (MR) 11/3/98

ANN CROTTY

Johannesburg — Independent citrus fruit growers have challenged attempts by members of the old Citrus Board to secure a continuation of statutory controls on citrus fruit exports. They claim that Outspan, the industry's sole export agent appointed by the board, has lost the support of between 20 percent and 40 percent of farmers.

The newly formed South African Citrus Growers' Association (SACGA), which is described by analysts as a spinoff from the Citrus Board, has asked the National Agricultural Marketing Council (NAMC) for a continuation of some form of statutory export control, despite the enforcement of the Marketing of Agricultural Products Act 1996, which is aimed at abolishing statutory regulation in agriculture.

SACGA claims to have the support of 80 percent of citrus growers but industry sources said there was evidence it had considerably less. It based its request for continued controls on an alleged agreement between itself, the South African Independent Fruit Growers' Association and the Emerging Farmers, who, according to SACGA, have also agreed to the formation of the Citrus Export Co-ordinating Council (CECC). The apparent plan is for CECC to be registered as an section 21 company, which will manage the process of control.

Spinoff of the old Citrus Board asks for some form of statutory export control

Valdy Jensen, of the Independent Fruit Growers' Association, said the only agreement between the three parties related to the creation of some form of loose association. He said there was no agreement on requesting continued controls on exports.

Jensen urged all the parties to take one year to see how the deregulated system worked before considering reintroduction of any controls.

In terms of the act, certain limited statutory measures may be introduced if they advance the objectives of the act and if affected groups are consulted.

The NAMC recently said: "to date statutory measures in respect of records and returns and registration have been introduced in the maize and wheat industries". SACGA had made the only request for continued export controls.

In terms of the new act, a request for some form of export control would need "sufficient support" to win the backing of the NAMC.

Removal of these restrictions would require the support of the

services sector.

Nail's financial assets include

Times Media, which in turn has a 48 percent stake in Caxton.

"We never intended merging the business with that of NBS Boland

and a change in status from a (Pty) Ltd to a public company."

CT(BR) 18/3/98

NewFarmers in empowerment deal

(3) FRUIT

VERA VON LIERES

Cape Town — NewFarmers Development Company, the private company that invests in agribusinesses, has bought 64 percent of the newly formed Cape Olive group for R7 million, in a deal which will empower workers and management, David Gant, the NewFarmers' chairman, said yesterday.

"The move is in line with our strategy to enable management and workers to acquire shares in highly profitable agribusinesses and enter the mainstream of commercial agriculture," Gant said.

Hannes le Roux, the NewFarmers' MD, said R1 million worth of shares had been made available to workers and management, who had 18 months to ensure the financing as well as complete an extensive education and training programme.

The company was busy accessing R15 000 in settlement grants for each participating household from the department of land affairs. This would enable about 30 workers to finance their shareholding.

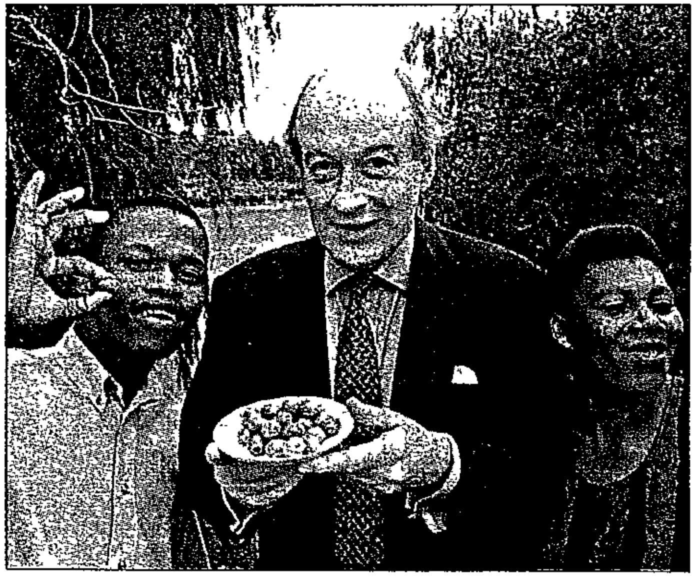
The olive project near Paarl was launched by Lord Cairns, the chairman of the Commonwealth Development Corporation (CDC), NewFarmers' largest shareholder.

South Africa's table olive industry is relatively new, but growth is up by 10 percent a year.

"The domestic market can be grown rapidly and there is good potential to compete on overseas markets," according to Stephen Hobson, the agricultural economist at NewFarmers.

He said the focus on the share equity scheme was a way to allow employees to take up ownership and be involved in decision making.

The olive project is the most recent investment of NewFarmers, which was formed in 1995 and is owned by various European development finance institutions, including the CDC and local financial institutions.



OLIVE, ANYONE? *Lord Cairns, with Cape Olive worker representatives Christie Pieterse, left, and Bess Suse at the launch of the NewFarmers' olive project* PHOTO ANDREW BROWN

CITRUS FARMING

Citrus Board, Outspan are lemons in the basket

(3) FRUIT ET (BR) 19/3/98

ANN CROTTY

So far, in its first year of deregulation, not an awful lot seems to have changed in the citrus fruit export industry. Anyone listening to discussion between stakeholders in the industry could be forgiven for thinking that the Citrus Board and Outspan, its export agent, were still firmly in control and calling all the shots — and had the backing of legislation.

According to the National Agricultural Marketing Council, which is overseeing the deregulation process, the implementation of the Marketing of Agricultural Products Act 1996 is almost complete.

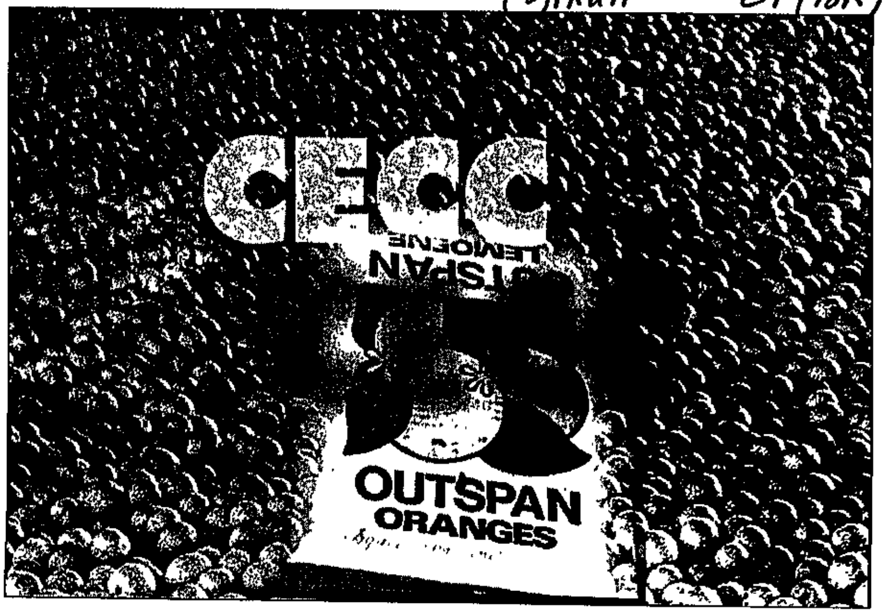
"Except for a few schemes which will remain in place in order to finalise certain outstanding issues — for example, levy collection and legal issues — and which will be managed by liquidation committees, all control boards ceased to exist on January 5 1998," the council said.

All except for the Citrus Board, that is.

In an address given at the recent TransAfrica conference, Valdy Jensen, the chairman of the South African Independent Fruit Growers' Export Association (SAIFGEA), said: "The Citrus Board and its sole agent, Outspan, contain elements which have not yet conceded the need for change and are involved in a dubious battle for continued statutory powers.

"The battle for the constitutional right to economic freedom is therefore not quite over for citrus producers and exporters."

Jensen has led that battle for a number of years, originally as a pioneer against a powerful foe who understood control over a multibillion-rand export industry was at risk, more recently as less of a lone voice.



Dawie Ferreira, the production research manager at Outspan International, said citrus constitutes almost 25 percent of the total commercial production of fresh fruit in South Africa.

"Of the 1,04 million tons of citrus produced in 1996, 65 percent was exported, accounting for 92 percent of total income for farms," he said.

He said since 1993, when 31,2 million cartons of citrus were exported, exports have increased — "and it is expected that 75 million cartons will be available for export by 2003".

Against the backdrop of this rise stand expected changes in the traditional export destinations. Demand in markets such as western Europe is expected to remain stable or even decline.

"This means that development of new markets will play an increasingly important role in marketing the increasing volumes over the next few years."

At stake is who will lead that development. Outspan believes it is best placed to play that role, although it has not said it in so many words. It is also backing itself with claims that it has the support of about 80 percent of exporting citrus farmers.

Independent farmers counter that Outspan's performance to date has been unimpressive. They criticise the organisation's inefficient handling of export markets and of suppliers.

They also claim Outspan, which derives its position from statutory controls, is not the appropriate type of organisation to make the most of opportunities in a free market.

Independent farmers say an increasing number of their peers are no longer keen to use Outspan and that the level of its support is closer to 60 percent than 80 percent.

The campaign being orchestrated by the Citrus Board and Outspan involves the recently created South African Citrus Growers' Association and the creation of a section 21 company called the Citrus Export Co-ordinating Council (CECC).

Ferreira said: "The mission of the CECC is to act as a representative national organisation on behalf of the citrus industry in promoting citrus exports through the collection of generic marketing information, the provision of export permits and the enhancement of market access and international competitiveness through the funding of research, community assistance and new farmer development."

The CECC has already approached the marketing council for approval to put the necessary controls in place.

The proposal sounds laudable, and if it was presented by a new and independent group it perhaps would receive widespread support. But there is an understandable nervousness that this is an attempt by key individuals to keep the old regime in place. The CECC would presumably use Outspan as its almost-sole agent, which would secure Outspan's future and the jobs of its executives.

This should be seen in the context of a recent press release from the marketing council which said: "The future role of Outspan and its infrastructure is still to be determined."

Ferreira claims that the South African Citrus Growers' Association, which was created by the Citrus Board, has come to an agreement with SAIFGEA and the Emerging Farmers about the formation of the CECC and its future role.

This is presumably why he felt justified in making an approach to the marketing council at this early stage. But before it makes any recommendations, the council has to be satisfied that the plan has widespread support from a broad range of interest groups.

Jensen denies such a deal was reached. He stresses that at a meeting of the three groups, it was agreed that a combined entity be formed but there were several non-negotiable differences. "We didn't even like the CECC name, which smacks of yet another state body."

A major concern is that the CECC would assume the old controls and that it in turn would be dominated by the old Citrus Board and Outspan personnel. So, in effect, the old system would continue in the politically correct guise required by the new system.

Jensen is hopeful the government will allow at least one year before taking a decision. He believes in that time citrus farmers will see some of the benefits of independence.

INSIDE AGRICULTURE

Pineapple industry rings in new era of future growth

ET (BR) 20/3/98 (3) FRUIT

JUSTINE NOFAL

A tough decade for the pineapple industry — particularly the pineapple canning sector — is giving way to hopes of future growth.

For a long time the number of producers and the number of hectares dedicated to pineapples have remained static. The main reason for this is overseas marketing which places pressures on production and canning.

But industry prospects are improving as it acclimatises to international trade conditions and refines its pineapple cultivars.

South African farmers produce two pineapple varieties.

The Queen is relatively small, with a golden colour, sweet taste and spines on its leaves.

The Cayenne is a large fruit with a paler flesh and a sharper taste. It is a canning pineapple, produced mainly in the Eastern Cape, while the Queen variety is common in KwaZulu Natal.

The four pineapple production regions in South Africa are Hluhluwe in northern KwaZulu Natal, the Eastern Cape/Border, the south coast of KwaZulu Natal, and Levubu in Northern Province. The last two regions farm pineapples on a much smaller scale than the first two.

Most fresh pineapples marketed locally go through the country's four main central produce markets (Johannesburg, Cape Town, Pretoria and Durban). The informal trade buys pineapples directly from farmers, resulting in particularly low prices at markets close to the production areas (Port Elizabeth, East London and Durban).

In 1996, 21 912 tons of fresh pineapples worth R34,53 million were sold on the nation's 15 central markets. In 1997, this rose to 22 871 tons worth R37,19 million.

Fresh pineapple exports are increasing. The department of agriculture says 3 801 tons worth R10,77 million were exported in 1996. By the end of September 1997, 2 890 tons worth R6,45 million had been exported, with the summer season still to come.

There are three obstacles to exporting fresh pineapples that still need to be overcome:

☐ Trade tariffs have to be relaxed so that South Africa can compete on an equal footing with other pineapple-producing countries;

☐ European markets have to be persuaded that the Queen is a desirable cultivar (they prefer a more acidic fruit); and

☐ Finally, the shelf life of the fruit must be extended to 28 days so it can be consigned by ship rather than air-freighted, which is expensive. Agricultural Research Council scientists are working on this problem.

After years of trouble, the future of the pineapple canning industry finally looks brighter. There are three canning plants, all in the Eastern Cape, in which farmers have the controlling interest: Summerpride Foods and Collondale Cannery in East London, and Valor Central Co-op in Port Elizabeth.

All are geared to export jointly, canning about 150 000 tons of pineapples a year, of which about 75 percent is exported.

Canned pineapple exports are also growing. The department of agriculture says 24 070 tons worth R74,35 million were exported in 1996, rising by the end of September 1997 to 17 905 tons worth R55,30 million.

South African exports canned pineapples mainly to Europe. This country has the advantage of superior-tasting pineapples, but must compete with developing countries such as Swaziland, Ivory Coast and Thailand. These countries face no tariff barriers into most major markets.

The consumption of canned pineapples locally is rising, which is good news for the industry. The canning industry plans to enhance its competitive edge by producing even bigger Cayennes that, in turn, yield bigger rings. Researchers are working on this too.

Given improved prospects for the industry, farmers are showing greater interest in producing pineapples. Large Queen plantations are planned in the Komati valley and Malelane, both in Mpumalanga.

Court allows UK firm to continue with claim

(3) FRUIT BD 24/3/98

Samantha Sharpe

CAPE TOWN — The Appeal Court has provided Jersey-based Discount Tonnage (DTL) with the go-ahead it needed for a R1,1bn damages claim in SA against Serva Ship, fruit exporter Unifruco's former shipping arm.

The dispute concerns an alleged breach of contract which DTL originally took to the London High Court, where it sought performance from Serva Ship in terms of a contract involving its use of empty cargo space on return trips to SA. The UK court said the matter was outside its jurisdiction.

Initial attempts to bring the matter into the jurisdiction of SA law were thwarted when DTL failed to convince the Cape High Court to attach a Serva Ship vessel, the Snow Queen, in the Table Bay docks, as a precursor to legal proceedings.

However, the recent Appeal Court ruling overturns this and confirms the attachment of the Snow Queen, effectively allowing DTL to proceed with its damages claim in SA.

DTL director Michael Pickstone-Taylor said that now that jurisdiction was no longer an issue, DTL could go ahead with its damages claim.

"The consequence of this judgment is that with the court confirming the attachment, it allows us to proceed with our damages action against Serva Ship in SA, which followed an attempt to settle out of court last December."

He said the earlier court proceedings concerned only a technical point relating to jurisdiction and that Serva Ship had been astute in avoiding dealing with the main issues between the parties.

These related to refrigerated vessels chartered to the SA fruit industry which continued to return home empty, resulting in significant loss of revenue for both the fruit industry and DTL.

Unifruco said the "novel" court decision confirming the attachment and conferring jurisdiction to the alleged claim by DTL on Serva Ship "if not overturned will hold far-reaching implications for ship charterers as whole and Cape Town as a safe port of call".

"The underlying dispute between DTL and Serva Ship arose after Serva Ship ceased to operate as the shipping arm of Unifruco and Outspan.

The alleged claim is seen as spurious and clearly an attempt at sensationalism and will be dealt with in the appropriate matter if ever brought to court."

The judgment and any subsequent actions would not affect the shipping of fruit by Unifruco or Outspan, Unifruco said.

Langeberg warns on interims

CT (BR) 25/3/98

MARC HASENFUSS

(3) FRUIT

Cape Town — Langeberg Holdings, the fruit and vegetable canner owned by Tiger Oats, warned shareholders yesterday that its earnings for the six months to March 31 would be significantly lower than the corresponding interim period last year.

This follows a dismal performance by Langeberg in export markets for the year to September 30, when bottom-line profits slumped from R80,2 million to R55,5 million.

Langeberg, which markets well-known brands like Koo and All Gold, advised yesterday that reduced volumes and the poor quality of the domestic deciduous fruit crop would have an adverse impact on profit.

The company cited continued depressed export contract prices as another negative factor.

Langeberg was confident export contract prices would firm in the second half of the year, but cautioned that the domestic market would remain under pressure.

The company's shares were untraded at R2,80 on the JSE yesterday, well off the annual high of R5,65.

Langeberg boasts a net asset value of R3,13 a share.

Fair weather expected to increase production levels by 10%

WB Holdings faces more fruitful exporting season

(3) FRUIT CT(BR) 27/3/98

MARC HASENFUSS
CAPE EDITOR

Cape Town — WB Holdings, the deciduous fruit exporter which reported rotten results last year, had seen crop quality and size improving in the new season, Robert Silverman, the chairman, said yesterday.

The company, which is listed on the JSE's Food board, reported a R4,7 million loss in the year to December 31 after adverse weather all but ruined the company's apple, pear and plum crops.

Silverman said fair weather conditions during the blossom period this year had resulted in an expected increase in production of up to 10 percent.

"Less fruit is going to juice, and better first-grade packouts are being achieved."

He said the current season was about two weeks early, which should yield better fruit prices for WBhold in the European market.

But Silverman said capital expenditure for this year's season had been slashed from R4,4 million to R300 000. He said future planned expenditure would be reviewed only when results for this season became clearer.

On marketing, Silverman said the removal of Unifruco's statutory right to market all local deciduous fruit would create a more competitive environment and benefit the industry.

He said while most South African fruit would still be packed by Kromco, about 12 percent would go to an independent packhouse and marketed outside Unifruco.

"This will afford management the opportunity previously denied of having an alternative channel with which to compare Kromco and Unifruco's performance," Silverman pointed out.

□ Business Watch, Page 2

Unifruco consolidates its social investments

③ FRUIT

Samantha Sharpe BD 2/4/98

CAPE TOWN — Fruit exporting group Unifruco planned to consolidate all its social investment activities under the umbrella of a new foundation, which would enjoy funding equal to at least 5% of Unifruco's net profits, the group said yesterday.

In terms of the group's latest set of financial results, this would translate into a budget of about R800 000 for the latest reporting period.

At the launch of the new foundation, Unifruco MD Louis Kriel said Unifruco and its deciduous fruit suppliers had been involved historically in a wide range of social investment activities.

It now has become necessary to consolidate all these activities to play a meaningful role in the development of the SA community, specifically the rural areas from which the group obtained most of its products.

Kriel said the basis of foundation support would depend on an individual project's role in terms of ownership and access to commercial agriculture for people in rural areas, as well as quality of life projects in rural communities.

Also eligible were projects involving education, training and cultural development, environmental protection, sport, recreation and healthy living. "We are committed to the transfer of skills and expertise to the people in our community and will join hands with our preferred suppliers and overseas clients in order to utilise any opportunity that may arise," Kriel said.

The foundation would be controlled by a board of trustees under the chairmanship of Unifruco director Fatima Allie, also deputy head of the centre for entrepreneurship at the University of Stellenbosch's postgraduate Business School.

Probe into Unifruco, Outspan

(3) FRUIT

Louise Cook

BD 8/4/98

THE assets of Unifruco and Outspan are the focus of an informal investigation by the National Agricultural Marketing Council, an advisory body to the agriculture minister.

The council was instructed by Land and Agriculture Minister Derek Hanekom to look into the facilities of the two companies to ensure they will be available for use by all stakeholders in the citrus and deciduous fruit industries, including the emerging farmer sector.

Yesterday both Unifruco and Outspan denied reports that the assets had been targeted for an investigation similar to the forensic probe into the assets of KWV last year.

Unifruco spokesman Fred Meintjies said the marketing council had asked for information on various aspects of Unifruco's operations and the company was "only too happy" to co-operate.

Outspan director Peter Misslebrook backed this view, saying that information relating to the company's operations in a deregulated market had been supplied to the council. There was no formal probe into Outspan, he said.

National Agricultural Marketing Council member Eugene Brock said discussions with the two companies were taking place to ensure that facilities such as warehouses and cooling stores could be available for use by all roleplayers.

New forum to promote fruit-growing industry

CT (MR) 28/4/98 (3) FRUIT

MARC HASENFUSS
CAPE EDITOR

Cape Town — The Deciduous Fruit Producers' Trust and the primary producers' associations had established a new industry forum that would have wide-ranging functions in the deregulated environment, Peter Dall, the chairman of the trust, announced at the weekend.

The Deciduous Fruit Producers' Industry Forum, formed as a section 21 company after prolonged discussions, comprised exporters, labour, trade, new farmers, the government and the Stonefruit Producers' Association, the Table Grape Producers' Association and the Apple and Pear Producers' Association.

Dall said the purpose of the forum was to ensure that issues of a common interest were addressed in a more effective and transparent manner.

"It will act as a representative national organisation of the deciduous fruit industry to promote the common interests of the industry," he said.

The most important function of the forum would be to co-ordinate and facilitate relations between directly affected groups in the deciduous fruit industry, Dall said.

"If necessary, it will also serve as the body through which limited statutory powers of the Marketing Act will be motivated."

A follow-up meeting of the Deciduous Fruit Producers' Industry Forum is scheduled for May 6 in Elgin.

Citrus estate negotiates R12m loan

THE 60-year old Zebediela citrus estate owned by the Northern Province is negotiating a R12m loan over three years from the Land Bank to stave off bankruptcy.

(3) FRUIT

Estate manager Kas van Niekerk said the estate, which produced oranges for the export market, had suffered a series of droughts and strikes.

He confirmed that Zebediela chairman Alidzulwi Naledzani held talks with the Land Bank last week to secure the loan which would be paid to the estate's sole shareholder, the Agricultural and Rural Development Corporation.

The estate has been under the management of the corporation for several years.

BD 29/4/98

REPORTS: Business Day Reporters, Sapa.

Fresh Del Monte Produce buys Trifrutas

MARC HASENFUSS (3) FRUIT

Cape Town — Fresh Del Monte Produce, one of the world's largest marketers of bananas, pineapples and melons, had acquired Trifrutas Holdings, a Franschhoek-based company that trades as Fruitopia, for an undisclosed sum, the companies said yesterday.

The deal gives Fresh Del Monte Produce, which has no links with the JSE-listed Del Monte Royal Foods, a key foothold in the South African fresh fruit industry.

Mohammad Abu-Ghazaleh, the chief executive of Fresh Del Monte Produce, said the strategic acquisition of Trifrutas was part of the company's continued push to identify, develop and bring to market new value-added products.

"This investment allows us to broaden our non-core product lines to include apples, pears, grapes and citrus fruits, which will be exported worldwide."

He said Fresh Del Monte Produce, which is listed on the New York Stock Exchange, expected to leverage the Trifrutas investment quickly and grow the business significantly next year and beyond.

François Conradie, the managing director of Trifrutas, said the deal was in the best interests of Trifrutas' growth.

"We look forward to becoming a part of the Fresh Del Monte Produce family. This is a very significant event and it will impact positively on the recently deregulated South African fruit industry."

He said a newly formed entity would trade as Del Monte Fresh Produce (South Africa).

Conradie said the acquisition of Trifrutas, which is privately owned, was settled by a share swop, but he declined to give the deal's value.

CT (BR) 5/5/98

Top fruit firm aims for W Cape pickings

3 FRUIT

FRESH Del Monte Produce, one of the world's largest marketers of bananas, pineapples and melons, has secured a key foothold in the Western Cape fresh fruit industry by snapping up Trifrutas Holdings, the Franschhoek-based company which trades as Fruitopia.

The strategic acquisition allows the New York Stock Exchange listed company to broaden its non-core product lines to include apples, pears, grapes and citrus fruits. These lines will be exported worldwide.

THE BEST OF BUSINESS REPORT

Mr Mohammad Abu-Ghazaleh, the chief executive officer of Fresh Del Monte Produce, said the Trifrutas business would be grown significantly next year and beyond.

ET 5/5/98

Trifrutas has mostly been involved in the value-added segment of the domestic fruit market but recently made an aggressive foray into export markets.

Mr Francois Conradie, the managing director of Trifrutas, described the deal as a very significant event that would impact positively on the recently deregulated South African fruit industry.

The new company will trade under the Del Monte Fresh Produce (South Africa) banner.

EU aid to exporters hits Langeberg's results

Louise Cook (3) FRUIT

SUPPORT for European Union exports and the uneven competition that this created for food and vegetable processor Langeberg was the main reason for its continued poor results, analysts said at the weekend.

Langeberg's headline earnings fell 40% to R15,3m in the six months to March. Turnover rose 7,6% to R603,6m. Operating income fell by 35,4% to R36,5m. No interim dividend was declared.

SA's R1bn-a-year canning industry has been under pressure as a result of the phasing out of government's export incentive scheme (Geis) in recent years.

Last week, parliamentary hearings discussed government incentives for local exporters, but indications were that stakeholders in secondary agricultural products, like food processing, might not benefit as much as manufacturers from government's Export and Marketing Industrial Assistance which replaced Geis.

Langeberg MD Andries van Rensburg said other reasons for the company's dismal results included pressure on local volumes and resultant high overheads. Prices on international market, which took up 35% of Langeberg's production, were under pressure, mainly due to SA's disappointing deciduous fruit crop last year.

Nonetheless, export prices of SA canned fruit were likely to improve in the next six months due to European fruit crop production problems, he said.

BD 12/5/98

Fruitopia faces court-room battle

(3) FRUIT ET (APR) 15/5/98

MARC HASENFUSS

CAPE EDITOR

Cape Town — Fruitopia, the Franschhoek-based fruit exporter recently bought out by Del Monte Fresh Produce, faces a multitude of litigation suits from local farmers who are claiming significant losses after inaccurate fruit counts, Chris Smith, a fruit farmer, said yesterday.

He said that last season Fruitopia had provided farmers with conflicting and inaccurate counts after a fruit sorting and grading machine went out of calibration.

"Farmers are aware that variances do occur from year to year, but it is certainly not normal for first grade counts to vary by more than 50 percent," he said.

Smith, who represents 10 Franschhoek farmers whose claims against Fruitopia range between R100 000 and R500 000, also questioned whether full disclosure of these potential claims were made to Del Monte during takeover negotiations.

The American multinational acquired Trifrutas Holdings, the holding company for Fruitopia, with effect from this month. Fruitopia now trades as Del Monte Fresh Produce (South Africa).

Smith said farmers were concerned that three months after delivery Fruitopia could not provide an accurate count and there was still a significant difference between the quantity of fruit delivered and the quantity sorted.

"This represents a significant loss to farmers who wish to be paid on the basis of an accurate count of the total quantity of fruit delivered," he said.

Del Monte Fresh Produce (South Africa) said this week that management could not comment.

Citrus growers' body to discuss levy

Louise Cook (3) FRUIT

THE Southern African Citrus Growers' Association, representing 2 000 to 3 000 growers, will meet in Pretoria today following the withdrawal of an application to the National Agricultural Marketing Council for renewed statutory levies on citrus farmers.

The application failed to win the council's approval on the grounds of insufficient support from producers.

In terms of recent changes to marketing legislation, statutory levies can be imposed on agricultural produce if all affected parties agree — including farmers, labour, traders and consumers — and several other requirements are met. A statutory levy also needs backing from the marketing council and Parliament's standing committee on agriculture.

Association chairman Willem van Staden said producers at today's meeting would have to decide whether a levy was justified and if so, whether it should be voluntary or imposed by law.

A levy would not be used for any marketing related purpose. Van Staden said the association was "neutral" concerning exporters, and would not favour one of them over another.

BD 27/5/98

Citrus and deciduous fruit had a disastrous year

Crookes boosted by sugar, bananas

CT(BR) 4/6/98 (3) FRUIT

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — A disastrous grapefruit export price and a disappointing deciduous fruit crop were offset by record sugar and banana yields, enabling Crookes Brothers, the agricultural group, to lift headline earnings 6 percent to R16,22 million (R15,34 million) for the year to March 31, Dudley Crookes, the managing director, said yesterday.

Crookes Brothers lost over R3,6 million on citrus and deciduous fruit. However, revenue from sugar before the deduction of administration costs and tax had escalated from R49 million to R58 million and profits from bananas had increased from R10,7 million to R15,9 million.

Overall group revenue rose 14 percent from R82,49 million to R93,68 million. Pretax income was up to R33,99 million from R22,46 million. Income after tax was R27,71 million (R15,47 million). Attributable income was R28,49 million (R15,47 million).

Headline earnings a share were up 5 percent to 135,2c (127,8c). Earnings a share were 237,5c (128,9c). The group declared a 37,5c a share dividend, bringing the total dividend for the year to 52c, 13 percent higher than last year's 46c.

Crookes said prospects for the current financial year were encouraging. Another record sugar crop was expected, and a good performance from the company's banana interests was again expected to deliver improved earnings.

The company increased capital expenditure from R11,82 million to R31,59 million, the majority of which went towards converting virgin land for additional sugar and banana plantations in Mpumalanga.

The disastrous performance of citrus in the last financial year was largely as a result of poor marketing by Outspan, which had even resulted in the dumping of fruit.

Prices for Marsh, or white grapefruit, were R7,04 a carton from R14,11 the previous year and R16,71 in 1996. Similarly, the R11,24 a carton for Star Ruby grapefruit was less than half the R23,67 last year and R25,05 in 1996. However, two weeks into the current grapefruit season Crookes was optimistic that prices for 1999 would again match those of previous years.

He said the losses on deciduous fruit were largely the result of poor weather which affected quality and volumes.

He expected new apple and peach varieties to begin to deliver increased profits in the financial year to March 1999.

Americans may be given a taste of SA pineapples

MD 10/6/98 (3) FRUIT

Simon Barber

WASHINGTON — SA pineapples, barred from the US market since the imposition of sanctions in 1986, may be allowed back following a US agriculture department's finding that they pose no threat of disease or competition to US growers.

The department said it expected SA to export up to 2 000 tons of the fruit to the US "depending on demand and available airfreight space".

This represented less than 1% of US production — mostly in Hawaii — and only 1,5% of consumption.

Ronald Campbell of the department's animal and plant health inspection service could not explain yesterday what had led to pineapples being kept off the list of fruit SA may export to the US. However, a recent pest risk analysis had identified no "pest of concern" lurking in SA pineapples, so the department was proposing to lift the ban, requiring only that they be inspected on arrival.

European Union and Asian countries are taking about 4 000 tons of SA pineapples a year. SA's annual production is 46 000 tons.

In 1986 the Comprehensive Anti-Apartheid Act banned imports of all SA agricultural products. With the lifting of the sanctions — seven years ago now — SA had to get its fruit and vegetables recertified as pest- and disease-free to resume shipments to the US, a trade specialist at SA's Washington embassy said.

SA apples, asparagus, ginger, grapes and plums may currently be exported to the US if the importer obtains a permit, according to an agriculture department list. Negotiations are continuing on mangoes.

Louise Cook reports that local pineapple growers stand to make a further R6m if the proposals by the US agriculture department to lift the 12-year ban go through.

Local exporters and market agents yesterday were cautious about the proposal, saying that the significance of the proposed move would depend on what health and quality requirements were laid down, as well as consumer reaction in the US.

Fedfa exports MD Cacho Cabral said US consumers were used to the Cayenne type pineapple, while SA exported Queen Victorias, which were smaller, yellow instead of white and sweeter than Cayennes.

"Depending on consumer reaction to a different fruit, the US could turn out to be a good market (for SA pineapples).

"It will also depend on the phyto-sanitary requirements put on SA. We will first have to wait and see," said Cabral.

SA market agent Mike Lotfe said pineapples were potentially easy to export because they were available throughout the year.

Exports boom for Cape fruit farmers

Weak rand creates bonanza

(5) FRUIT
ARU 9/7/98

CAROL CAMPBELL
SPECIAL WRITER

THE RAND AND YOU

The slide in the rand could mean dramatic growth for the fruit industry in the Western Cape as "cheap" South African exports are snapped up overseas and local growers develop the confidence to expand.

Unifruco spokesman Fred Meintjes said the major growth areas were table grapes and stone fruit like plums.

The industry was also seeing a steady growth in the demand for some varieties of apples and "blushed" pears.

Unifruco handled about 80% of the deciduous fruit exported from South Africa this season – 48 million cartons. The crop was slightly smaller than usual.

Fruit production remains one of the biggest areas for job creation in South Africa.

The industry can create 10 jobs at the same cost as one in the industrial sector.

Mr Meintjes said higher earnings for exporters through the fall of the rand would restore some confidence in the industry, particularly among apple and pear growers, whose past two seasons were not good.

"This confidence will inspire farmers to plant new varieties and renew old orchards, which will benefit exporters in the long term. It is still a bit too early to speculate on the real potential for growth."

But, while exporters count their profits, the drop in the rand will mean some increased costs.

Freight is paid in US dollars at South Africa's major shipping ports and, although the industry paid some of these costs in advance, farmers were protected only until the end of the season.

The cost of production inputs like machinery, fertilisers, packaging and, of course, interest rates on crop finance, are all expected to rise.

The fall in the rand happened near the end of the fruit season.

At this stage only some 12% of Unifruco's exports this year had yet to be sold – and this fruit was expected to reap substantial benefits for farmers because of the current exchange rate, Mr Meintjes said.

"The total benefit will depend on the performance of the rand during the next two months," Mr Meintjes said.

The deciduous fruit industry employs about 280 000 people – of whom 75% live in the Western Cape.

Most fruit is exported to Western Europe in a trade relationship which has lasted for well over a century.

Within the European market the United Kingdom is the biggest buyer, followed by Germany – where seeded grapes are most in demand.

Huge volumes of fruit are also sold to Scandinavia and Eastern Europe.

Buyers in North America and the Far and Middle East are fast learning that South Africa produces high quality fruit, which is good value for money, and these markets are also growing. Unifruco's fruit is sold in 60 countries.

"Right now we are looking to expanding our position in all our markets," said Mr Meintjes.

Fruit producers halt promotions in SA

BD 16/7/98 (3) FRUIT

Samantha Sharpe

CAPE TOWN — The Deciduous Fruit Producers' Trust would stop all deciduous fruit promotional activity in the local market — undertaken by promotional company Fresh Concepts — because of a funding shortage after the industry's deregulation, the company said yesterday.

Trust GM Anton Rabe said deregulation of the industry and the accompanying adoption of a system based on voluntary funding had drawn producers' attention to the various promotional activities to which they were contributing. "Producers reacted very positively to the continued funding of research, plant improvement, product development, production and marketing statistics, the provision of production, packaging and economic parameters as well as a general industry presence via the Deciduous Fruit Producers' Trust and the three producers' associations.

"However, although there initially appeared to be some industry support for the continuation of an awareness and education campaign for consumers … no consensus could be reached after an extensive consultative process within the industry to ascertain the level of producer support."

Rabe said it had been concluded that it would be prejudicial to unity within the industry to maintain a promotions levy after September 30 this year. It had been decided, therefore that the Deciduous Fruit Producers' Trust would not commit itself to the further funding of Fresh Concepts beyond that date, he said.

To continue to expect funding from producers beyond that date would be to highlight widespread dissent within the producer core concerning the need for and value of generic promotional activities.

FRUIT

eT (BR) 16/7/98

Producers reluctant to fund Fresh Concepts

The Deciduous Fruit Producers' Trust would stop its generic promotional activities and development of the local market through Fresh Concepts, a wholly owned company formed for the purpose, because producer members were reluctant to go on funding it, Anton Rabie, the trust's general manager, said yesterday. He said because of the deregulation of the industry and the adoption of a system based on voluntary funding, "producers were made much more aware of the various functions to which they have contributed in the past.

(3) FRUIT

"Producers reacted very positively to the continued funding of research, plant improvement, product development, production and marketing statistics, and the provision of production, packaging and economic parameters," Rabie said. However, no industry consensus could be reached on willingness to fund the work of Fresh Concepts, which would cease operations after September 30. A spokesman for the trust said Fresh Concepts would be wound up. — *Audrey d'Angelo, Cape Town*

Battle looms over market share in eastern Europe

Fruit exporters tangle

CT(MR) 5/8/98 (3) FRUIT

AUDREY D'ANGELO

Cape Town — A battle for market share in eastern Europe may be fought between South African fruit growers who still export through Unifruco and independent producers who choose to use channels offered by the Hamburg Port and Warehouse Company, it emerged this week.

A delegation from the port, which Unifruco stopped using in favour of the rival port of Bremerhaven, told independent growers this week they could sell 100 000 tons of fruit in eastern Europe.

The delegation was accompanied by Piotr Ptak Juzwiak, a leading Polish fruit importer and a director of Blue Net (SA) and Prestige Fruits (SA), who said his company imported 40 000 tons of fruit a year into Poland from Spain, Italy, Morocco and Argentina.

After a year, he was confident the market for South African fruit could be built up into 500 000 tons a year. Its quality was better than fruit from Argentina, and the weak rand gave South African exporters an advantage.

Juzwiak said the Polish economy was booming and there was a demand for South African grapes, soft fruit and citrus fruit.

He and Ulrich Gross, a director of the Hamburg Port Company, claimed that Unifruco had lost market share in eastern Europe because of trade politics.

But Eric van Vlanderen, the managing director of Unifruco in South Africa, said it had achieved "a very successful year in eastern Europe, with significant growth". He said about 7 or 8 percent of total exports of 700 000 tons went there.

"Russia is our third biggest apple market, and a lot of citrus goes to eastern Europe through Capespan," Van Vlanderen said.

INSIDE AGRICULTURE

Avocado growers enjoy Sunny perks

ET (MR) 21/8/98 (3) FRUIT

Technological advances in agriculture range from engineering new machinery to genetically altering plants and animals. South African avocado growers are now enjoying the benefits of a particularly pleasing technological innovation that increases yields by more than 30 percent.

Without the new system, avocado orchards are inclined to become overcrowded when trees reach maturity. The trees grow up to 10m tall. Their growth is rapid and abundant, and pruning merely stimulates growth. This makes pest control difficult.

A new plant-growth regulator called Sunny, discovered in Japan and perfected in Israel, has the approval of leading South African avocado growers.

Avocado trees are cut into pyramid shapes using a special pruning machine, then the regulator is sprayed into the trees.

This spray arrests the vegetative growth of the trees, making the orchard more manageable. The trees also receive more sunlight, which increases their productivity.

The fruit, particularly of cultivars like Fuerte and Pinkerton, is better shaped and better sized.

The improvement in Haso cultivars has been so marked that a greater percentage can be exported.

The benefits of the system are so significant that prominent avocado growers, who are usually reluctant to endorse products, have praised Sunny.

JUSTINE NOFAL

Tommie van Zyl is the chief executive officer of ZZ2 estates at Mooketsi near Tzaneen, Northern Province. He says using improved pruning techniques and the plant growth regulator could help the industry improve yields from less than five tons/ha to about 18 tons/ha, making South Africa competitive in the world marketplace. Competing growers overseas produce an average of between 15 and 20 tons/ha.

Applying a well-considered pruning programme, then spraying with Sunny, has delivered huge dividends for ZZ2.

The production of Fuerte this year was 21 tons/ha compared with 12,5 tons/ha last year, when Sunny was not used. The lowest yield at ZZ2 was 15 tons/ha and the highest 30 tons/ha. Yields of one cultivar increased from 7,4 tons/ha to 15 tons/ha.

Van Zyl says an improvement of 1,5 tons/ha is enough to justify the costs of using Sunny.

Anton Hough, who produces avocados from 28 000 trees on the farm Hokaai near Nelspruit, says his production has increased to 30 tons/ha thanks to Sunny.

"By applying the regulator, production can be doubled in a poor year. In a good year, it means an improvement of anything of between 30 percent and 50 percent," Hough said.

Philip Deetlefs, of the farm Bergplaas near Barberton, sprayed all 24 000 of his avocado trees with Sunny this year.

"The improved fruit quality means we produce an additional 37 500 cartons of avocados, over and above the usual 75 000 cartons per season," he said. "At about R9 a carton, this means an extra R337 500 income."

The introduction of Sunny, which is marketed by Sanachem, follows the development of a phosphoric acid product that is injected into the trunks of avocado trees to prevent root rot.

Unifruco suffers setback in court

BD 04/8/98

Louise Cook (3) FRUIT

THE legal battle between SA fruit exporter Unifruco and Sun World of California over plant propagation rights has stepped up a notch following a Cape High Court decision that gives the US company the right to backdate a possible damages claim to 1992.

Sun World contends that Unifruco infringed its exclusive right to propagate the seedless table grape known in the US as Sugraone, by growing the same plant and exporting its fruit under the name Festival Seedless.

Technical

Independent DNA analysis had established that the Festival Seedless and Sugraone grapes were "one and the same", Sun World said.

However, Unifruco did not believe the court's latest decision would be significant to the outcome of the case, calling Sun World's position a "technical and procedural argument on the admissibility of an amendment to (the) particulars of claim".

Unifruco legal counsel Brian Mackinnon said: "The court's decision does not extend to the merits of the case as a whole.

"Litigation is still in the very early stage and contrary to Sun World's claims, the judgment does not rule that it has a valid damages claim against Unifruco. It merely extends the ambit of a claim we plan to contest."

The SA company argued that any damages claim — the potential amount has not yet been quantified — should not be allowed further back than 1996, when the case had been first brought to court.

Sun World said it had developed the Sugraone variety and it was therefore its property.

The early ripening, white seedless grape commanded "premium" prices in the UK, Europe and North America and in terms of international plant propagation agreements, Sun World had the sole right to grant licences allowing other growers to produce the Sugraone grape.

"The grapevine was smuggled into SA, where it has been planted and grown without Sun World's authorisation.

Damages

"It is believed that at least 700ha have been planted throughout the Orange River and Western Cape producing areas," a spokesman said.

Sun World said last week that, as a result of the High Court ruling, it could now seek damages against Unifruco.

This would include royalties on its sales of Festival Seedless grapes as far back as 1992, although the size of the potential claim has not been calculated yet.

The war of the grapes

(3) FRUIT

ST (CM) 30/8/98

US firm presses on with legal battle

BOBBY JORDAN

A SEEDLESS "wonder grape" called Sugraone, slightly bigger and crisper than normal grapes, is at the centre of a legal battle that could have a costly impact on the Cape deciduous fruit industry.

California-based Sun World International, who claim exclusive rights over the popular table grape, this week said they were a step closer to claiming millions of rands' damages from the South African fruit industry.

According to a recent High Court ruling, Sun World has been given the go-ahead to seek damages for all alleged "illegal" sales of Sugraone in South Africa since 1992.

The ruling went against Cape-based fruit marketing company Unifruco, who had asked the court to limit the potential damages to fruit sales made since 1996.

Sun World claims Sugraone was smuggled out of America during the 1980s — when US owners refused to license it to Cape growers due to sanctions — and was soon covering about 700ha of Cape vineyards. The local seedless variety was dubbed "Festival Seedless".

Cape grape producers say it will be difficult to prove exactly how or why "wonder grapes" ended up in this region — despite DNA tests that showed "Festival Seedless" and "Sugraone" are one and the same.

South Africa granted Sun World plant breeders' rights for Sugraone in 1992.

"From a farmer's point of view they've got plant material from wherever they've got it," said Unifruco's legal adviser Brian MacKinnon.

"There's no real track of the sources from where the plant material came. (Sun World) are still a long way from proving that each clump of vines is necessarily the same cultivar — that's the main reason why they're resorting to press statements," MacKinnon said.

One of Sun World's legal representatives, Bastiaan Koster, said Sun World was determined to enforce its rights.

"Sun World is trying to make farmers aware that the company wants to settle. Royalties will have to be payable on both the vines and fruit, but there must be some compensation for what happened in the past," Koster said.

Farmers in the Western Cape would be given the option of buying a Sugraone-Festival Seedless settlement licence, Koster added.

Outspan, Unifruco 'plan to join forces'

BD 5/11/98 (3) FRUIT

Louise Cook

PRETORIA — Outspan is planning to merge its local operations with the Cape-based fruit exporting company Unifruco, says Outspan MD John Stanbury.

He said Outspan and Unifruco — which deal in citrus, deciduous and subtropical fruit exports — would sell their business to a new yet-to-be-established company, Capespan, in exchange for shares in a new holding company, Capespan Group.

The R400m deal was pending shareholders' approval later this month, he said.

If the deal went ahead, Frusal, a Unifruco subsidiary which handles subtropical fruit exports, would also be incorporated into Capespan.

Unifruco's Cape Town offices would become the new head office while Outspan would phase down its operations in Centurion as far as what would be required to provide vital services to citrus producers in southern Africa.

Stanbury expected that staff numbers would be cut by up to 25%.

"The combining of the two businesses would put the new company in a favourable position to compete against multinationals that have entered the fruit exporting arena since deregulation formally set in October last year," he said.

"The new company would be in a position to use the synergies from its combined forces to generate turnover of about R6bn or more a year." As separate companies, the current combined annual turnover was R5bn.

Stanbury said Outspan and Unifruco would hold annual general meetings later this month to determine whether shareholders supported the proposed move. In both cases approval of at least 50% of shareholders was required.

The companies' overseas marketing company, Capespan International, would increasingly focus on developing niche markets for products sourced from different countries.

"We are confident about remaining a world player in the supply of fresh produce.

"The proposed strategy is aimed at optimising returns in a deregulated market and providing acceptable dividends to shareholders."

Unifruco was not available for comment, but said in the October edition of its monthly publication, Cape Express, that "undisciplined competition" on overseas markets from SA fruit exporters had prompted a spiral of falling prices, with some German supermarkets putting up their margins by 200%.

"We are about the only country exporting agricultural produce without any form of government support," Unifruco MD Louis Kriel said.

The effect of the drop in the value of the rand would be fully evident only in the coming fruit export season and "more realistic" prices were also likely to come from health-conscious consumers.

Fruit merger plan courting trouble

(7) FRUIT CT (PR) 18/11/98

ANN CROTTY

Johannesburg — Plans to merge the operations of Outspan and Unifruco into a powerful international organisation called Capespan Group could precipitate a repeat of the courtroom battles that two years ago dogged KWV's efforts to convert itself from a co-operative into a private company, industry sources said yesterday.

In a joint statement issued yesterday, Unifruco and Outspan said the shareholders of both groups had approved the proposed merger of the worldwide interests of the two groups.

"The new organisation, Capespan Group Holdings Limited, to be controlled on an equal basis by Outspan and Unifruco fruit producers, will utilise assets of more than R400 million for the international marketing of nearly 100 million cartons of fresh fruit, wine and juice," said the statement.

Capespan would be one of the five biggest fruit marketing companies in the world, it added.

But a number of citrus producers have challenged the legality of the move and said that it had been done without proper consultation with the producers.

A spokesman said the ministry of agriculture was watching developments closely, but at this stage believed the move would be resolved by the producers.

The merger could also run foul of the proposed competition legislation which caps a company's share of one market at 35 percent.

FRUIT

1999

to a weaker US dollar, pressure on liquidity and US financial markets, and a limit on the downtrend in US interest rates as the risk premiums demanded by global investors rise. These distortions should cause a rapid decline in US economic growth in 1999."

At that point, US — and therefore international — interest rates may start falling. But a failing US economy won't do the rest of the world any good while it waits for the effect of lower interest rates to kick in.

SA must attract a larger share of global resources. One major obstacle to growth is the ossification of the labour market. Two pieces of legislation, the Labour Relations Act and the Basic Conditions of Employment Act, have boosted wage and non-wage costs of production over the past two years. This has squeezed return on investment — a disincentive to investors. And it has forced large numbers of people out of jobs to accommodate the increased costs involved.

The effect has been a double whammy for the economy as demand for capital investment has added to the upward pressure on interest rates at the same time as it created unemployment.

As long as interest rates aren't going to work for the economy, political leaders will have to do the job instead. A new approach is needed urgently — to sweep SA out of its cyclical trough and on to a higher growth path.

Ethel Hazelhurst

FRUIT EXPORTS

(3) FRUIT

CAPESPAN FEASTS ON THE RUSSIANS' APPETITE

FM 5/2/99

SA to press its demands for tariff reforms in upcoming talks

Russia's winter has famously defeated the invasions of Napoleon and Hitler. But there's one invader the snow and cold have never been able to repel: fresh fruit. It cannot be grown in Russian orchards and hot-houses and must be imported from abroad. It is this appetite for fruit on which SA's leading fruit exporter is banking.

Capespan has ambitious plans for Russia as the main market for SA fruit in eastern Europe. It's a trade worth at least US$40m annually. To push beyond that, Capespan has started planning for a new state-of-the-art fruit terminal in St Petersburg port — an investment that may cost $30m.

The company's ambitions survived the serious setbacks of last year, when deregulated export marketing prompted SA fruit growers to flood western Europe to such an extent that prices collapsed. That binge cut volumes available to Capespan to trade to its eastern European buyers, says the company's former eastern Europe marketing manager, George T'Joens. "We should have kept our commitments in eastern Europe and predicted what happened," he says.

What might have been a windfall for price-conscious Russian buyers didn't turn out that way, because in mid-August, the Russian government abandoned the rouble, defaulted on its treasury bonds and drove the commercial banking system into bankruptcy The import trade in fruit and most other foodstuffs virtually halted in Russia until November.

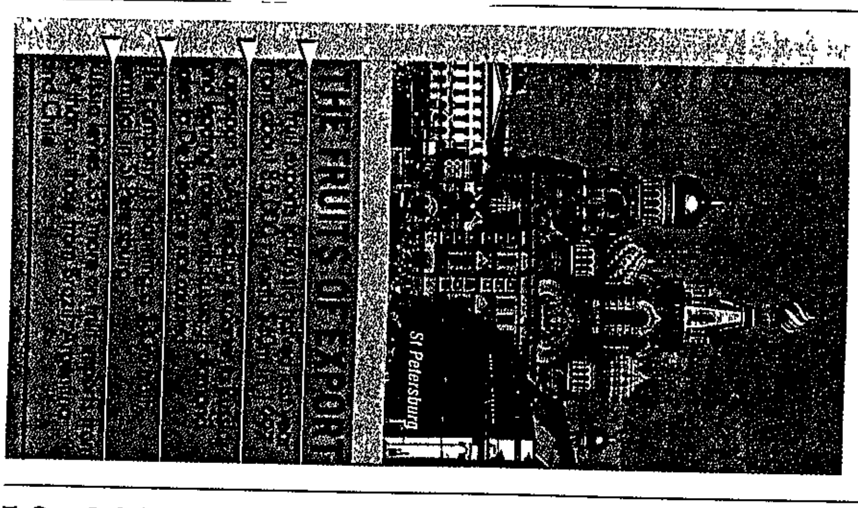
At its peak in 1997, Capespan sold 85 000 t of citrus, grapes, apples and pears worth about $40m to Russia. In 1998 its trade volume fell by almost half.

Capespan didn't lose money from defaulting buyers, as did many other traders, but the Russian crisis, followed by food price rises across the board, put a crimp in Russian consumer demand for fresh fruit.

Analysts are predicting stable demand for fruit in 1999, but with higher prices and sales revenue.

"This year we will work according to the circumstances," says a Capespan representative. "The grape season has started, and usually SA grapes sell well in Russia in February and March, when prices go down in western Europe. Apples and pears start in late March, and citrus in July. The buying capacity is less than before, but the market is normal."

Capespan ranks as SA's leading exporter to Russia, and leading trader with Russia, if one excludes sales of Russian diamonds to De Beers' Central Selling Organisation.



To cover the possible shortfall of fruit volumes, because SA marketers operate independently, Capespan executives are also considering supplying Russia with other SA commodities, such as soya beans, sugar and meat.

To boost its long-term position in the Russian fruit market — which is already the largest consumer of SA fruit in eastern Europe — Capespan is resuming work on the St Petersburg terminal project it considered, and shelved, two years ago. The company already has its own terminals in the UK, Germany and the Netherlands. A terminal in Russia could cost $30m.

An investment of this size would lend bargaining power to SA's demand that the Russian government change its tariff policy and give SA fruit imports a fair chance to compete against imports from Brazil, Argentina and Chile.

Under Russia's current Generalised System of Preferences (GSP), the South American countries are classified as "developing", and pay only 75% of the import duty that SA, as a "developed" country, must pay on imports.

When Deputy President Thabo Mbeki visited Moscow last September, he asked that Russia change its GSP designations. The issue is high on the agenda of the first session of the SA-Russia intergovernment commission on economic co-operation, due to meet in a few months.

Unless Russia agrees to the change, Capespan may decide to postpone its terminal.

John Helmer, Moscow

Capespan gains EU fruit niche

(3) FRUIT CT (BR) 29/4/99

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town – South Africa's presence in the European fruit market received a boost when the European Commission yesterday gave the green light for the acquisition of a 50 percent shareholding in Capespan International by Fyffes, the Irish fruit trader.

The commission said the link-up between the two companies did not raise a competition threat within the European Union (EU).

Their combined share of the EU market for fresh fruit would be less than 5 percent and they faced strong competition from rivals such as US groups Dole and Del Monte, the commission said.

Capespan International is a subsidiary of South Africa's Capespan Group, which will retain a 50 percent stake. The Capespan Group and Dublin based Fyffes will have a 10 percent stake in each other.

The link-up between the two companies, first announced late last year, follows the EU's approval last month of a free trade deal with South Africa. This deal is expected to come into effect by the end of the year. It is expected to boost South African exports to Europe even though a range of fresh and processed fruit products are not covered by it.

Fred Meintjies, the Capespan spokesman, yesterday welcomed the decision as an important step forward in trade relations between the EU and South Africa.

Capespan Group is controlled on an equal basis by Outspan and Unifruco fruit producers through their interests in Unifruco Limited and Outspan International.

The group plans to use assets of over R400 million for the international marketing of nearly 100 million cartons of fresh fruit, wine and juice a year. It is one of the largest fruit marketing companies in the world. Its expected turnover for 1999 is R4,5 billion.

Capespan Group provides an improved year-round service in the provision of deciduous, citrus and sub-tropical fruit. This is expected to result in significant cost savings and increase the competitive advantage of South African fruit export industries.

Capespan has a supply base of about 4 000 deciduous, citrus and sub-tropical growers who are expected to pack nearly 50 million cartons of deciduous fruit, 40 million cartons of citrus and 5 million cartons of sub-tropical fruit and vegetables in 1999.

Wine exports were expected to total 10 million litres.

Mondi factoring Safcol into its plans

BD 3/5/99 (3) FORESTRY

Robyn Chalmers

PULP and paper maker Mondi has proposed selling up to a quarter of its plantations to take advantage of the privatisation of the SA Forestry Company's (Safcol's) forests by creating bundles of assets that could fetch higher prices.

The unlisted group has issued a memorandum regarding the sale to a number of merchant banks to test the waters with international and local investors. Depending on their reaction, Mondi says it could follow the opposite route and increase its forestry holdings by bidding for Safcol assets.

The memorandum proposes that Safcol's 120 000ha of forest in Mpumalanga be combined with Mondi's 143 000ha of forest in Mpumalanga and Swaziland. Seven Mondi sawmills could be up for sale.

The document indicates that Mondi has begun rationalising local assets to focus on its core business: pulp, paper and packaging. Due to capital constraints, a timber market slump and the need to focus on core areas, "Mondi has decided to reduce its exposure to the solid wood sector". The sawmilling sector has been through tough times recently, with falling demand for sawn timber and sharply higher sawlog prices. One in three sawmillers in the formal sector is estimated to be operating at a loss.

Mondi corporate finance manager Gordon Carrihill said at the weekend that some form of rationalisation in the industry was inevitable. "We are prepared to be involved in this either through the consolidation in Mpumalanga, in other words as buyers (of Safcol assets), or at an appropriate price we would be sellers."

He said a combination of Mondi and Safcol assets would result in added value for potential investors. "The forestry packages up for sale by government may not be large enough to attract international investors to SA. This could change if some of the assets are combined." The entrance of international bidders is likely to drive up the price for the forests.

Carrihill says Mondi is prepared to consider selling its Mpumalanga and Swaziland forests and sawmills, or retaining a minority interest in a combined business. In addition to its Mpumalanga and Swaziland forests, Mondi has 460 000ha of plantations in SA, which it will retain to supply its pulp and paper operations.

Government has received 23 nonbinding bids for 332 000ha of commercial forests and Safcol assets valued at between R1bn and R1,5bn.

Public enterprises office chief director Lydia Bici said at the weekend that government would issue a short list of potential bidders this week. Only four bids are believed to be for the entire Safcol business — the remainder being for one or more of seven forestry packages up for sale. The smallest package is 14 000ha and the largest includes Safcol's 120 000ha of plantations in Mpumalanga.

The Mpumalanga and Swaziland timber businesses of Safcol and Mondi make up 263 000ha of planted forest land, of which 195 000ha is softwood plantations and 68 000ha hardwood plantations. There are eight associated sawmills.

The memorandum indicates that many Safcol and Mondi plantations in these areas are adjacent and create management units in concentrated areas. "The combination of the two plantation resources provides the critical mass required, with security of supply, to establish a world-class processing facility in the region. This would enable the production of high-quality products at sufficiently low cost for international markets."

Short list made up for forestry sale

③ FORESTRY

Few global companies sign on as potential bidders

BD 6/5/99

Robyn Chalmers

GOVERNMENT has short-listed 16 parties to bid for its commercial forestry assets, with a diverse group of local players, but few big international hitters on the list.

The big local players in the forestry industry, Sappi and Mondi, along with trade union consortium Union Alliance Holdings, have all been short-listed. Stand-alone international firms on the list are the Swedish defence and car group Saab, Indonesia's Barito Pacific Timber and Saudi Arabia's Tarik Al-Zahid Group.

Industry analysts said yesterday that while the sale had attracted a high number of potential bidders, it was disappointing that none of the big US or other international forestry groups had come on board. "One really wanted to see the likes of Weyerhauser, Rayonier or Georgia Pacific (US forestry companies) looking to enter the market, so that is a disappointment," said one analyst.

However, government indicated yesterday that the short-listed parties could enter into consortiums with other investors in order to meet all government's criteria when submitting a binding offer.

One industry source said this indicated that the state was leaving the door open for one of the big forestry players to enter the market.

Two other foreign companies, which have entered into consortiums with local entities, also appear on the short list. These are the Londoloza Eco-African Forest Holdings consortium, made up of Italy's Gruppo Mauro Saviola, Magnaboard Holdings and Formalchem Holdings; and the Madiba Forestry Consortium, which includes the York Timber Organisation, Portugal's Sonae Industria and empowerment group Madiba Mills.

The sale of 332 000ha of commercial forests, valued at between R1bn and R1,5bn, is being overseen by Water Affairs and Forestry Minister Kader Asmal and Public Enterprises Minister Stella Sigcau.

Bidders can bid for the asset as a whole, for any one of seven packages that have been identified, or for any combination of packages. The underlying land will not be sold, instead the assets will be offered on a long-term lease.

Asmal and Sigcau said that following a due diligence, the short-listed parties would be invited to submit binding offers by July 30. Other short-listed parties are the African Forestry Corporation, Alistair Stewart, the Amathole Timber Consortium, the Eastern Cape Forestry Consortium, Ikhwezi Investment Holdings, Imbokodvo Lemabalabala, Thesen & Co with the Industrial Development Corporation and Ubambo Timber Industries.

Sappi predicts shake-up: Page 21

Capespan citrus exports booming

(3) FRUIT

Claire Pickard-Cambridge

MAPUTO — Citrus exports from Maputo by marketing company Capespan are set to double this year after repairs to the port's citrus terminal and improved co-operation with independent marketers.

SA-registered Capespan, the product of Unifruco and Outspan's merger, has two Mozambican subsidiaries, Mozambique Produce Terminal and Matola Cargo Terminal, with assets worth R20m.

Capespan Mozambique GM Jacey Strauss says Capespan, which took over management of the citrus terminal in 1996, has done repairs to the terminal and upgraded its cooling facilities.

"A growing number of independent marketers have also been exporting through our Maputo terminal, which makes sense because it is close to growing areas in SA's lowveld. Other traffic has been diverted from Durban because Maputo is the nearest port."

The increase in traffic is also attributable to an arrangement between Capespan and the customs authorities for "express lane management" of truck loads through the border roads, he says.

Capespan is scheduled to export 50 shiploads of citrus this year against 25 last year, and between 30% and 40% of new business is expected to come from independent marketers. Fruit is largely exported to Europe, the Middle East and Far East, and Capespan Mozambique is examining the possibility of exporting to Japan via Maputo.

Capespan's activities have not been affected by the delay in talks with the preferred bidder — a consortium led by the UK's Mersey Docks & Harbours and including SA shipping group Grindrod Unicorn — for privatisation of overall port management. Mersey is reportedly reluctant to sign the deal until concessions are granted, preferably to Spoornet, to upgrade and manage the rail link to SA.

Strauss says Capespan has not found the service of state-run railway CFM to be a problem. "Although CFM is heavily criticised by other businesses, and may have resource-based problems, we have found the service satisfactory."

The company says other options being investigated for Maputo include the export of subtropical fruit from the lowveld and the diversion of some Zimbabwean fruit normally exported through Durban.

'Faithful' get share in farm

ERIC NTABAZALILA

ALG FARMS, one of the leading citrus producers in the Western Cape, has rewarded their "most faithful and reliable farm workers" by presenting them with a share in a prime citrus farmland in Citrusdal.

In a joint venture between ALG Farms and ALG Workers' Investment, Minister of Agriculture and Land Affairs, Derek Hanekom, presented the 36 farm workers with the title deeds to 40 hectares of the prime land which is on the banks of the Olifants River Valley in the hub of the Western Cape's Citrus Industry.

The venture was not only hailed as the first citrus land reform project in the Western Cape, but was also a successful reflection of the government's land reform policy, and set new standards for the collaboration between farmers and their workers.

The venture will be registered and managed as Cedar Citrus (Pty)Ltd, and no outside shareholder will be able to own more than 50% of the shares.

The farm workers are going reap good crops as the land is ideally situated for optimal citrus production. They will also plant subsistence crops between the citrus fruit trees. They will have access to the latest technology in terms of drainage systems, soil preparation, computerised irrigation systems and the methods of planting new trees.

Gerrit van der Merwe, co-owner of ALG Farms, who has been appointed Cedar Citrus' chairperson, said a high level of technology was essential in the production of a profitable, world-class product.

CT 5/5/99 (3) FRUIT

Retail monopolies put fruit producers at risk

CT (Bn) 22/7/99 (3) FRUIT

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban – For fruit producers who did not make it on to global supermarket shelves, wholesale markets resembling war zones, with blood flowing freely, have become the only playgrounds.

Piet Karsten, a grape farmer and vice-chairman of Unifruco, an international fruit marketing company, warned during yesterday's International Farm Management Association congress that the power of the world's leading retailers would have a profound effect on fruit suppliers' futures if they could not balance it with their own alliances.

"Unless we can match retail power with supplier power and be part of a dominant team that can maintain price and quality leadership, we have no hope of survival," he said.

He said local fruit growers who did not know their markets well would fail. "Unless suppliers and their marketing partners do their homework and see their own houses are in order, any hope of global success will remain a pipe-dream."

"Within global markets power had been concentrated in the hands of a few large organisations. "There are probably only 50 players worldwide handling more than 85 percent of South Africa's fruit exports," said Karsten.

"In the UK, where we sell 85 percent of our country's seedless grapes, six big retailers handle 80 percent of our sales. At the same time, the number of small retailers has declined dramatically. Of the 36 000 corner shops operating in the UK at the beginning of the 1990s, there are now only 6 000 left."

In addition, retail groups worldwide were expanding across borders to consolidate their positions. "Dog eat dog is the order of the day. Emphasis has shifted away from quality-to-price wars to increase market share. Quality and service-oriented retailers are coming under pressure from discounters who today count among the world's biggest retailers."

Although price deflation was a trend, retailers still emphasised service and continuity of supply, he said. "Retailers will seek alliances with organisations which can satisfy their requirements." Karsten said supplier power had been diluted by deregulation, and big, single-channel marketing organisations no longer existed.

South African producers were now competing head-on with one another to supply an increasingly smaller market.

No easy ride for fruit exporters as tough markets take their toll

BD 22/7/99

Louise Cook

(3) FRUIT

THE abundance of fruit exporters, which mushroomed after government freed up farm markets two years ago, are diminishing mainly because of tough trading conditions in the market, according to industry sources.

Fynn Csizmadia, fruit exporter BCP's director of agrifood, said yesterday that most independent exporters went out of business in the past year because of the sheer complexity of sourcing, logistics and international marketing.

"At least 170 independent exporters set up business and in little over a year there are less than 20 reputable exporters".

Other exporters disagreed, saying the numbers were inflated. Ceres Fruit Exports MD Koos Snyman said several players had folded or stopped doing business, but said that there were still at least 50 to 60 reputable exporters doing business.

He said that for two seasons fruit prices on foreign markets had been depressed because of a glut of available products.

A fruit producers' trust spokesman backed Snyman, saying 50 to 60 operators, of which Capespan was the biggest, were still active in the local market. However, the number could come down next year if trading conditions and prices remained under pressure.

So far, only one fruit exporter, Johannesburg-based Intertrading, is listed on the stock exchange.

After the demise of the deciduous and citrus boards and freeing of farm markets two years ago, a string of new exporters emerged. Previously, the former Unifruco and Outspan were the boards' sole export agents in the country.

Angry independent fruit producers set for battle

ST(BT) 7/11/99 (3) FRUIT

A tussle over assets could see Capespan facing a court challenge, writes S'THEMBISO MSOMI

DISSATISFIED independent fruit producers and exporters have joined forces to wrestle with industry giant Capespan over assets currently under the ownership of the former state monopoly.

Capespan, which came about when SA's former sole export agents Unifruco and Outspan merged late last year, controls over 50% of the industry and owns most of the port facilities used by all fruit exporters.

Small exporters have revived the Independent Fruit Exporter/Producer Association and threatened to take legal action to have ownership of the assets reversed. It is has already made appeals to government to intervene in the matter.

The resuscitation of the association could mean an end to the all-inclusive Fresh Produce Exporters' Forum formed in 1997 after the deregulation of the industry. At its inception the forum was envisaged as a lobby group that would represent the industry to government, but the smaller exporters now claim that it only serves Capespan's interests.

When government did away with the Deciduous and Citrus Boards as part of the deregulation process, most of the assets were left under the control of the former export agents.

"These include port facilities in Cape Town, Durban and Port Elizabeth as well as a computer system developed for the fruit industry. These were purchased over the years with our own money as producers. As growers we had to pay statutory levies to government, and we want to know how assets bought with our own money ended up with a private company that is now making a lot of profit by charging us for their use," said association spokeswoman Mallen Hoekstra.

She said the forum had failed to resolve the issue as Capespan was intent on holding onto the assets. Now the forum was contemplating taking legal action against the company.

However, Capespan's executive director Peter Misselbrook said that his organisation was not worried by the new association.

"As far as Capespan is concerned, there is no question as to the ownership of its assets, and it is therefore business as usual," Misselbrook said.

Competition Tribunal faces its first test (232)

(3) FRUIT

Dispute between two raisin producers could have a wider impact, writes S'THEMBISO MSOMI

ST(BT) 21/11/99

THE legal dispute between two raisin producers, currently before the Competition Tribunal, could have a serious impact on other major companies who have dominated the agricultural sector since it was deregulated.

The conflict is between SAD Holdings, which controls most of the raisin market in SA, and South African Raisins (SAR), a fairly new company which exports locally produced raisins.

SAR has filed a complaint to the Competition Commission alleging that several agreements between SAD and grape producers have had the effect of excluding it from the market, and that SAD and its subsidiary, SA Vine Products, have abused their dominant position in the market.

SAD Holdings was established in the wake of the demise of the Dried Fruit Board after the repeal of the Marketing Act, which encouraged single-channel marketing in the agricultural sector. Prior to the repeal of this Act, the processing and marketing of dried fruit was the exclusive statutory preserve of the SA Dried Fruit Co-operative, which acted as the agent of the board.

Now SAR claims that although the industry has been deregulated, SAD and SA Vine Products have been guilty of prohibited restrictive practices.

Similar claims were made two weeks ago by the Independent Fruit Exporter/Producer Association against industry giant Capespan. SAD and SA Vine Products MD Daniel van Schoor told the Competition Tribunal last week there would be serious consequences for other leading agricultural companies should SAR's application succeed.

The tribunal, established as the adjudication agency in terms of the Competition Act, will announce its decision on Wednesday on SAR's application for an interim relief against SAD and its subsidiary. This is the first case to come before the tribunal since it was established in September and its CE, Shan Ramburuth, says the tribunal wants to use it to create a reputation of being quick and responsive.

There could be serious consequences for other leading agricultural companies should SAR's application succeed

In terms of the new law, a complainant can apply for interim relief if it believes it will continue to suffer irreparable damage in the course of investigations by the commission.

In its application, the SAR wants the tribunal to suspend those parts of the articles of association entered into by SAD and grape producers which prohibit the latter from selling their products to any other raisin distributor.

Most local producers are SAD shareholders and are therefore obliged to sell their grapes to the company. SAR claims that several of these producers have indicated their willingness to sell grapes to the new company but fear being penalised by SAD.

But Van Schoor argued before the tribunal — consisting of chairman David Lewis, Christine Qunta and Prof Frederik Fourie — that shareholders were free to sell their stakes if they wanted to sell their products elsewhere.

SAR's legal representative, Advocate Lionel Bowman, said many could not afford to do so because of a ruling by SAD that a shareholder who wanted to leave would have to settle any loan he may have with the company in full.

SAR also wants the tribunal to order SAD to allow its members the freedom to use its existing storage containers even if the grapes are to be sold to another company. SAR says the containers were bought with compulsory contributions by producers.

...of rands in their coffers. In fact, they rely on monthly subscriptions from members. Should Samwu fail in its appeal, the managed to negotiate with the council to reappoint the workers. The employees, who remained members of the union,

Samwu provincial secretary Silas Letsimo said yesterday that the union had advised members that the strike was illegal and for giving bad advice, because everyone else is, and I do not see how they can enjoy some degree of immunity because they are en an informed decision.

"Unions will have to be careful in future of the type of advice they give to members. Unreason- ... out for them is, in my view, a very dangerous precedent."

Comment: Page 19

Raisin producer granted order

BD 24/11/99 (232) (3) FRUIT

Hilary Joffe

A SMALL raisin producer, South African Raisins, has won an interim order from the new competition tribunal against SAD Holdings, the former agricultural co-operative, and its subsidiary SA Vine Products, which were accused of preventing grapes-for-raisins growers from supplying SA Raisins.

The order, which is for six months and is the competition authority's equivalent of a high court interdict, is the first judgment the tribunal has delivered since it was set up in September under the new Competition Act.

Tribunal chairman Dave Lewis called on companies yesterday to accept regulation by the competition authority as a fact of life. "Instead of ignoring it or imagining that fancy legal footwork will see it off, rather think seriously about how you adjust business behaviour in the context of this new reality," he said at a conference on mergers and acquisitions.

SA Raisins has submitted a complaint to the Competition Commission, which is investigating the case, but the company is entitled in the meantime to apply for interim relief.

It argued it would suffer serious damage this season because it had entered into forward contracts to deliver raisins to buyers in Europe, and restrictive practices by SAD and SA Vine meant it could not meet its commitments.

SAD and SA Vine were created out of the old Dried Fruit Board after the old statutory single-channel marketing system was stopped.

The grapes-for-raisins farmers who used to be members of the co-operative became shareholders in the companies, allegedly retaining the exclusive supply arrangements which used to prevail under the old single-channel system.

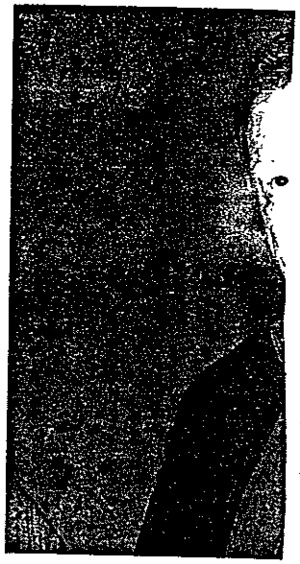
The tribunal found sufficient evidence that SAD was abusing its dominance by inducing its suppliers not to deal with competitors.

It also granted an interim relief order to Johannes Slabber, a producer of grapes-for-raisins, who alleged he was being prevented from competing as a supplier because of the exclusionary agreements between other producers and SAD.

The tribunal has to consider whether pro-competitive gains outweigh anticompetitive behaviour or mergers which it believes will lessen competition.

The judgment on the raisin case said SAD's arguments on these lines were assertions not supported by evidence.

Lewis called on firms proposing mergers to present the tribunal with "data and sound analysis", not anecdotal evidence, if they want to argue that efficiency gains will counterbalance the negative impact on competition



Competition tribunal chairman Dav... companies to accept regul...

Tribunal finds SAD and subsidiary abusing their position in raisin market

CT (BR) 25/11/99 (3) FRUIT (232)

Roy Cokayne

Pretoria – A panel of the Competition Tribunal, the adjudicative arm of the recently established Competition Commission, yesterday said it had unanimously found that SAD Holdings and its subsidiary SA Vine Products, an operator in the raisin market, were abusing their dominance in the raisin market.

The tribunal said the circumstances of the case justified an order for interim relief in terms of the new Competition Act

The new act provides for interim relief if the complainants believe they would suffer continuing and irreparable damage before an investigation by the Competition Commission was completed.

The application was brought against the two companies by South African Raisins and a raisin farmer on the basis that the two SAD companies had allegedly engaged in practices designed to exclude new entrants from the market, practices prohibited in terms of the Competition Act

South African Raisins alleged it was being prevented from participating and competing in the raisin market by a horizontal agreement between grapes for raisin producers; a vertical agreement between grapes for raisin producers and SAD and its subsidiaries, SAD was abusing its dominant position in the market by exclusionary acts, and SAD was denying the claimants access to an essential facility

South African Raisins claimed interim relief pending a full investigation of its complaints by the commission

The Competition Tribunal panel, comprising David Lewis the presiding member, Christine Qunta and Frederick Fourie, found the evidence showed that certain provisions in SAD Holdings' articles of association induced its shareholders, who were producers of raisins, not to deal with SAD's competitors or prospective competitors

The Competition Tribunal interdicted the SAD companies from continuing the restrictive practices for the next six months or until the commission had concluded its investigation of the complaint and a final decision was taken, whichever occurred first.

The tribunal said its view of the need for granting interim relief was strengthened by its assessment that harm of this nature was likely to result in business failure that could not adequately be compensated by a later award for damages

It said there was every prospect that South African Raisins may lose its business as a result of the potential harm arising from the failure to grant interim relief