



SAAGA Board, 2000

Back (L-R): Dr Lindsey Milne, Chris Keevy, Jacques Minnaar, Chris Lindeque.
Front (L-R): Zanette Wessels, Bill Blanden, Louis Vorster, Nic Reay, Werner Seele.

CHAIRMAN'S REPORT

AVOCADO SEASON 2000

Volume co-ordination and quality management was emphasized as the major challenges for our industry in the year 2000.

From a quality point of view we experienced one of the best avocado seasons ever. However it is disappointing to report that we failed in our volume management process.

The cost of failure in this regard was millions of Rand to the South African avocado industry. We can't blame SAAGA! More market information was available than ever before. Exporters and growers were informed. But we still created a supply peak with late Fuerte, early Hass and Pinkerton (Figure 1).

From a price point of view the season started well and ended well. However, from the grower's point of view prices were a disaster in the middle of the season. Significant volumes of Hass from Spain until the beginning of July, as well as avocados from Israel and Kenya played a competitive role during the 2000 avocado season. It is likely that will happen more often in the future, with Hass volumes from Spain expected to increase. This Hass will compete with South African Fuerte and Pinkerton. A market preference for Hass might put more pressure on the South African greenskins in the future. The South African avocado industry must take note of this.

Realities in the international fruit trade

Commercial environment:

- World wide over production of fresh fruit
- Supplier power has been diluted
- Buying power has been concentrated.

Retail requirements:

- Continuity of supply of quality products
- Food safety legislation / due diligence / supply chain integrity (traceability)
- Category management.

Food Consumption patterns

- Convenience
- Diversion of choice.

We as growers must change our mindset. We must take note of this changing commercial environment and look for the opportunities in the process.

Cost Structures

With variable costs like freight and harbour, transport, carton, etc.

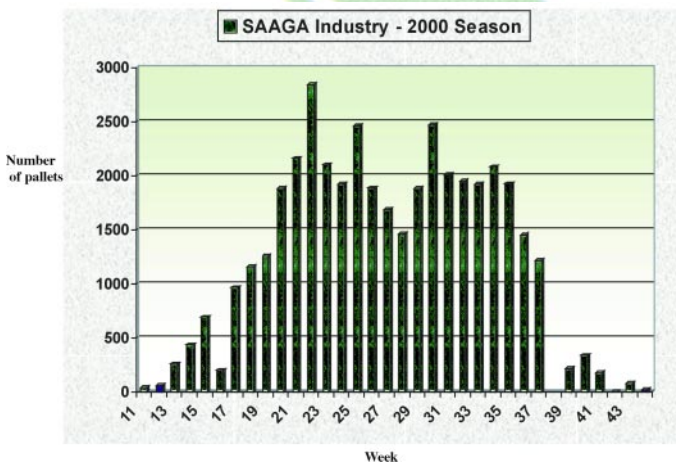
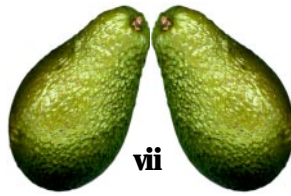


Figure 1 Supply of South African avocados to Europe and the United Kingdom during 2000.



dominating our cost structure we can no longer afford to export a low value product.

Market information is of vital importance. A specific sales plan will be essential if we are to be successful.

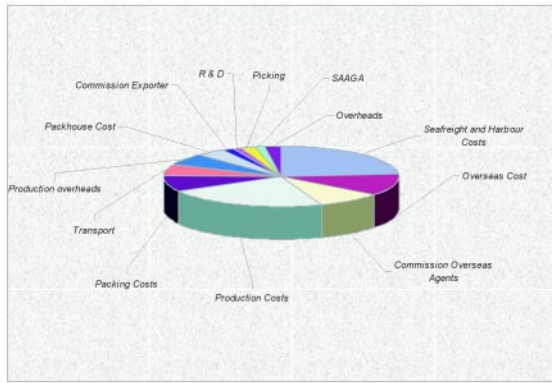


Figure 2 Cost structure of production export avocado production

Grower/Exporter responsibility

Yes, we as growers are primarily responsible for production. However, the market will decide the future of the avocado growers. Our responsibility as growers can not only be to pick our fruit whenever we want, deliver it to a packhouse and then hope that there will be some sort of a return. The reality is that we can lose or gain more money in the ability or non-ability to supply according to a sales plan than what we spent in the whole year during the production process.

The market needs a consistent supply at the right time. To achieve this there will be occasions when growers will have to pick when it is inconvenient to do so. Exporters must draw up a sales plan based on their customer needs. Irregular supply means an oversupply or a market shortage. The impact on price of this can be drastic. If it is true that exporters say that they can't convince their growers to pick according to a sales plan, then we as growers are bound to suffer. To be successful in this regard lies 99% in communication between exporters and growers, grower understanding and participation, co-operation without suspicion – is this only a dream? We need that for a successful avocado industry.

I want to repeat what I stated in my report last year. "I accept that we operate in or free marketing environment. However, we must realise that there are certain responsibilities in this environment for an industry to be successful. We have to create an environment and a culture of voluntary co-operation. A free market environment without responsibility within the industry will result in total fragmentation, no planning and co-ordination, no control, loss of opportunities to develop markets and stagnation of an industry. Co-operation within the industry with coordinated planning and volume control can result in acceptable profits and therefore continuous growth."

Shipping

In my previous report I criticized the logistical process in the South African ports. It is a pleasure for me today to report on a good avocado season 2000 from a logistical point of view

I want to thank the shipping companies, Portnet, PPECB and other service providers for their role in this logistical process. A word of thanks to Chris Keevy and Nic Ray for their inputs, as well as the packhouses for their discipline throughout the season. This discipline by all the role players involved through the whole logistical chain is of vital importance in our highly competitive and sophisticated trading environment. I believe it played a major role in the generally good quality of fruit last year.

Market Development

COST ANALYSIS OF EXPORT FRUIT	Value / Carton	
	Fixed	Variable
	35.81%	64.19%

Export Market

A decision was made to continue with the programme in the UK, after SAAGA members were given the opportunity to decide on the future of further market development in the UK market. Richmond Towers facilitated this process in the UK. All indications are, although sometimes very difficult to quantify that there is a definite growth in avocado consumption in the UK, which is very important for our industry.

SAAGA used a company called Promar to investigate the opportunities for market development in France. John Giles of Promar recommended, in short, the following:

- Get discipline into the industry – get a continuous supply of our product into the market.
- Convince and prove to the supermarkets that ripe and ready avocados will increase consumption. That will increase turnover per area shelf space allocated to our product.

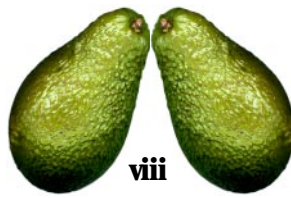
Local Market

Promotional work carried out by Protactic was again of the highest order.

Some of the highlights were as follows:

- We had advertorials in many of the most widely read publications reaching many different target markets.
- A promotional campaign aimed at food editors in the media was also well received.
- A joint promotional campaign between SAAGA, two grower organizations, a supermarket group and a market agent resulted in television coverage (national) and radio coverage (Western Cape).

Minanawe brought through their market research a new dimension to our industry. A processed avocado to the informal sector might add value and increase avocado consumption in South Africa in the short to medium term.



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Preliminary research is currently being done on product, packaging and branding development. Initial feedback has indicated that the specific target market reached has responded to the product very well.

Research

During the year 2000 the SAAGA research programme focused on specific areas that will give the industry the best possible returns:

- Alternative bearing of avocados is a major problem from a marketing point of view. Mechanical and chemical growth manipulation might be a solution to this problem.
- Access to new markets will depend on the success of specific research regarding phytosanitary issues.
- Integrated production – there will be more pressure on the use of chemicals and maximum residue level of crop protection products.
- Fruit quality
- Productivity.

As mentioned in my report last year – we must accept that the reduction or withdrawal of government subsidies to the various research institutions and universities will place these bodies under tremendous financial pressure. We as an industry must accept the responsibility to ensure future research. Only this will keep us competitive in the international fruit trade.

SAAGA Staff

SAAGA lost two extension officers in Zac Bard and Nico Claassens who have left a gap in view of the extension service. These losses also put more pressure on the existing staff.

Key performance areas where performance of excellence were achieved:

- Liaison with different role players in the logistical chain ensured one of the best seasons from a logistical point of view.
- Financial discipline.
- Information
 - volumes of avocados to be expected in the market from competing countries.
 - volumes of avocado to be exported by the SA industry on a week to week basis.

Although the drive will always be continuous improvement, the SAAGA office cannot be criticized for the peak in volumes created by the South African industry. We had the best infor-

mation available in the history of SAAGA.

Temperature Committee

Due to the rain we had to deal with a very sensitive fruit. Notwithstanding, we had one of the best seasons from a quality point of view. The role of the temperature committee must not be underestimated. I would like to thank Drs Gawie Eksteen, Marius Huysamer and Jurg Bezuidenhout, as well as Nic Reay, Arthur Rowell, Derek Donkin, Richard Nelson and Chris Keeyv for their contribution.

SAAGA Board Members

I would like to pay tribute to the members of the SAAGA Board who spend their time and efforts to serve our industry.

Vice-Chairman, Nic Reay – for your efforts putting together protocols and liaises in terms of service levels with the different role players in the logistical chain.

Past-Chairman, Bill Blanden – as a youngster I always appreciated your views and SAAGA has gained a lot from your business knowledge.

Our Technical Director, Dr Lindsey Milne, area directors, Ronnie Lunt, Zanette Wessels, Werner Seele, Jacques Minnaar and Chris Lindeque as well as our representative on the PPECB Board and new chairman of the PPECB Board – Nino Burelli.

- **Thank you for your contribution!**

Conclusion

It was a privilege for me to serve as SAAGA Chairman for the past two years. A previous SAAGA chairman said that in the position of chairman you must not expect to get anything but just to serve. This might be true, but I must say that with the knowledge and experience around me during my term as chairman, I had an enriching experience. I thank you for that.

There are major challenges for our industry. I also believe that there are definite opportunities. With the guidance of our Lord we will be successful.

LOUIS VORSTER

Foreword

In years past, it has been said on a number of occasions, that the avocado industry should move from being production-driven to being driven by the requirements of the consumer. To a large extent, however, this remained theory that was seldom applied. But, recently, with the insistence of many overseas buyers on the implementation of codes of Good Agricultural Practice (GAP), together with production large enough to flood our traditional export markets, growers have become increasingly aware of consumer demands.

With consumer requirements in mind, much of the current research is directed at consistently delivering good quality avocados

that have been grown in an efficient manner that is both environmentally and socially responsible. SAAGA technical research budget for the year 2000 amounted to R600 000 and has resulted in the gathering of knowledge now contained between these covers. It is now the task of the industry to reap the full value of its investment by applying what has been learnt. Research is costly. Let us not waste the money invested, because the cost of not applying new knowledge is far greater than the initial investment in research.

DEREK DONKIN