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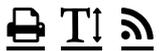


Strategic shift starts to bear fruit for South African grapefruit

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While recent droughts may have clouded the visible impact, production and marketing methods are changing for the “feast or famine” crop.

The grapefruit harvest is nearing its end for this year in the northern South African regions of Letsitele and Hoedspruit, and earlier this week a variety focus group met to see how close final numbers could be to initial volume estimates.

The Grapefruit Variety Focus Group, which forms part of the Citrus Growers Association (CGA) of Southern Africa, is chaired by Jan-Louis Pretorius, who gives his insights on the season and the sector at large to PBUK.

“We’ve gone from undersupply to oversupply, from strong pricing to absolutely disastrous pricing, and at the end of 2014 concerned grapefruit growers got together and did some analysis and introspection on the sustainability of our category,” says Pretorius, who is also commercial director at Letsitele citrus operation Groep 91 Uitvoer (Pty) Ltd.

“They realised that the results that we saw back on farm from a commercial point of view was largely of our own doing, insofar as not respecting the demand trends both in terms of volume and timing from our respective key markets.

“We built up a reputation for supplying the maximum possible volume in the shortest and earliest possible window, and that has just ended up destroying a lot of value along the way.”

This led to a resolve to harvest more responsibly, picking fruit when it was at optimal quality, and spreading the collective crop more evenly both in terms of weekly supply and also market distribution.

“What that’s resulted in since 2015 definitely is a steady increase in the pricing returns that we’ve seen back on farm. Obviously 2016 was helped by a substantial undersupply which had an upward impact on pricing,” he says.

“Interestingly enough, and personally I was not expecting it, we’ve seen a firm increase in market pricing into this season.

“I think a lot of it is ascribed to just being more efficient at where and when we supply our fruit, and getting through the logistical chain more efficiently to find a better balance between supply and demand.”

What does this mean on a practical level?

In terms of the implementation of these ideas, Pretorius says it’s about adapting to undersupplied markets through harvesting practises and the choice of varieties – the latter still needs much more focus – while maintaining quality.

“I’ve seen a lot more growers and packhouses taking the trouble of selective harvesting,” he says, adding 30% of a tree’s fruit probably matures three or four weeks before the rest.

“So if you look at shipping numbers this year, a lot more players were active in weeks 15,16 and 17 than in the past.

“That’s one way of stretching it, and on the back-end of the season, grapefruit is actually quite a resilient variety insofar as its ability to hang quite late. It’s not as sensitive as some of the other citrus varieties.”

That said, as a consequence of drought conditions in 2015 and 2016, tonnage is still “quite light” and this year in Letsitele the fruit has been “unseasonably large” with only marginal volumes remaining to be picked there and throughout the country’s north.

“The Malelane area which is also quite substantial will probably not be able to supply as deep into the season, and then you end up with the smaller areas in the Orange River, the Eastern Cape and maybe in [Kwazulu] Natal with limited volumes.

“So I do think that although we’ll get close to our estimates and slightly below our estimates nationally, the availability of fruit will end quite a bit earlier than what it did in 2016 and also in 2015.”

Overall, Pretorius is optimistic about the flow-on effects of picking fruit of optimal quality while stretching out the season through varietal selection.

“We have to be able to fill a consistent level of shelf space with our quality grapefruit with the longest period of supply,” he says.

“Clearly Florida has left a big void in terms of their downward trend on production, and in South Africa we have an opportunity to fill that.

“But for that to happen, in my view we need a bit more focus on varietal development, both in terms of early maturing grapefruit but also later maturing grapefruit varieties that work more effectively in areas like the Eastern Cape that can offer the same internal quality we see in the northern areas.”

He believes this will “flatten out” what is quite a discernible peak in South Africa’s grapefruit supply, given Hoedspruit and Letsitele fall pretty more or less in the same supply window.

“This is my industry message – focus on internal quality and let’s wake up varietal development again to cater for the bookends of our season and have a more consistent supply from start to finish.

“The quality of our fruit has to give us a differential advantage and enable the category to gain some momentum, particularly from an eating point of view.

“Its [grapefruit’s] lack of commercial attractiveness has left a bit of a vacuum and requires a bit of revival.”

Market outlook

Pretorius says overseas markets for South African grapefruit are running smoothly, but China and South Korea are still relative unknowns.

“If I look from a European context, pretty much a finely balanced market with just enough fruit arriving to satisfy sales, so no discernible stock build-up.

“Russia is starting to show some pressure with the arrival of some of the conventional vessels which obviously bring large chunks of volume in a short space of time, but certainly not in a disastrous

state, just getting closer to normal realistic levels.

“Japan is still a bit early to talk about because the first fruit really just arrived a week or so ago, but by all accounts that market should be well supplied and matched to what their demands are.”

He highlights significant growth in volumes sent to China and South Korea over the course of recent years, and as an industry their capacity for volume is still uncertain.

“So perhaps we’ll lift the ceiling a little bit this year and see what the commercial returns are that come back,” he says.

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