

# Out Of Africa

**T**o visit South Africa as a produce person is simple in a sense. South Africa is to Europe in general and to the United Kingdom in particular what Chile is to the United States — the great source of counter-seasonal product. As Chile also supplies other parts of the world than North America, so does South Africa ship worldwide.

Geography gives South Africa a competitive advantage in the Middle East, and large volumes of produce also go to Asia. North America gets some fruit as well — for many years counter-seasonal apples, pears, grapes and citrus.

For decades the South African industry was highly regulated, with most products required to be exported through one government-approved entity. In North America, Fisher Bros. in Canada, now Fisher Capespan, had the deal and was the monopoly supplier of almost all South African produce to North America; only smaller-volume items, such as avocados, were unregulated.

About 10 years ago, that structure was done away with and, today, a free market reigns. This is all for the best. But it also means that you have a relatively inexperienced group of exporters, growers and packers who were for decades sheltered from the realities of marketing produce.

Deregulation opened up opportunities for U.S. companies to get involved, and Dole is the No. 2 exporter in the country today, behind Capespan. Sunkist has a significant branded fruit export program. Seald Sweet is involved, as is DNE.

Canada is a more established South African customer because of the historical ties to Britain and the fact that citrus was enterable there for decades before the United States allowed South African citrus into the country.

In addition, even today, the United States imposes tight phytosanitary requirements, such as allowing citrus only from a small area that has been certified as “black spot free.”

For the most part, though, when U.S. companies export from South Africa, it is not to serve U.S. consumers as much as it is

to supply during the off-season the Asian, European and Middle Eastern customers that these U.S. companies supply with fruit from the northern hemisphere.

South Africa has a very diverse production base, growing almost all fruits and vegetables from tropicals to cold-weather crops. The country imports a small amount of counter-seasonal product such as Spanish grapes and plums, and both bananas and pineapples are inferior varieties that possibly could be grounds for some competition.

In total, however, South Africa is a major participant in the international world of produce, thus vitally important for those U.S. firms with global operations. It is a market of very specific opportunities for firms that operate solely in the United States — supplied during the off season.

## NO EASY PATH TO SUCCESS

I visited South Africa for two weeks. My primary purpose was to give the keynote address for the allFRESH Conference, which is the South African produce trade's largest gathering. I also gave numerous presentations to retailers and visited with exporters, packinghouses, terminal markets and the leaders of industry organizations.

It is a difficult country for an American to fully understand. To me it felt fragile, a slim outpost of western civilization clinging to a toehold on a continent wracked by tribalism and despair. But to South Africans, both white and black, it does not feel quite like that.

South Africans have managed a transition begun over a decade ago with the white population not fleeing as the government came under majority control. To them, though difficulties abound — they always do in Africa — the worst is behind them. Nelson Mandela, the long-imprisoned freedom fighter, led a transition that was peaceful.

And you cannot understand South Africa, and certainly not South African agriculture, if you do not understand the Afrikaans. White descendants of Dutch settlers who came to South Africa just as the early settlements in America were being settled, they are the White Tribe of Africa.



BY JIM PREVORA

South Africa is vitally important for those U.S. firms with global operations.

They have been there for 350 years, holding no foreign passports and with no more connections to ancestral homelands than the descendants of those who settled Nieuw Amsterdam — who do not think of themselves as Dutch.

Partly Mandela must be praised for the fact that the white population didn't flee as it did everywhere else in Africa, but the white population is 10 percent of South Africa's population — 50 percent larger than the population of New Zealand — and, unlike in Rhodesia where everyone held a British passport, in South Africa the white population has nowhere to go. Combine these facts with deep Boer (another name for the Afrikaans) commitment to the land, and you see why South Africa has avoided

the tragedy of other nations on its continent.

I am not convinced, however, that this state of affairs will hold. There is enormous political pressure to get assets in the hands of the majority black population. So far it has not degenerated into expropriation or expulsion of people. But if a recession were to hit or a demagogue come to power, the people could easily fall pray to "solutions" that will make the situation much worse. The bulk of the population is not just poor but, literally, tribal, believing more in witch doctors than modern medicine.

They are very vulnerable to an ambitious demagogue. Even without a crisis, the country is vulnerable to a slow brain drain as ambitious young whites see better opportunities in Europe, North America, Australia and New Zealand. The Jewish population, a group well schooled by millennia of experience in the dynamics of reacting to change in a society, is already down by half and, doubtless, it is the old who have stayed and the young, the future of the country, who have departed. So the lack of violent revolution is no assurance of future prosperity.

When I met with the agricultural attaché to our U.S. embassy, I urged him to think of U.S. interests in the broadest possible terms. Typically these attachés are really concerned with boosting U.S. exports, but U.S. interests here call for a different approach. Perhaps a strong and economically growing South Africa would one day be a market for us, but, right now, the amount we can sell there is insignificant. It is, however, hard to overstate America's interest in assisting the people of South Africa in finding a peaceful route to a prosperous society.

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The route is economic growth and, in a society racked by AIDS, mired in tribal ignorance, permeated with now discredited Marxist and socialist economic theory and, for political reasons, focused on the fruitless path of redistribution rather than economic

growth, this will not be easy.

There has been a short-term bout of prosperity as markets that had closed to South Africa during apartheid have opened. But that was a one-time dividend.

There is some great affinity I felt in South Africa, perhaps because as Americans, living in the world's great multi-ethnic, multi-racial, multi-religious democracy, we share something with this country. Perhaps it is because in their search for racial justice, you hear echoes of our own tortured history dealing with race.

### THREE WAYS TO HELP

For reasons both practical and moral, we should do what we can to help. For produce, I have come back with three specific ideas:

I visited the largest terminal market in South Africa, the Johannesburg market. As retailers in South Africa increasingly buy direct, the market scrambles to serve new sectors. Johannesburg and New York City already enjoy a sister-city relationship. I will write the good folks at Hunts Point and urge them to consider a sister-market relationship with Johannesburg, in which they can send "exchange workers" to New York for training and experience.

It would cost little but mean a great deal. Rich with symbolism — that the biggest market in America should offer a hand to the biggest market in South Africa. A sister market program would be seen as an enormous statement of the commitment of America to peaceful evolution and economic growth in South Africa.

Second, I met with the people who run *5 a Day* in South Africa, and it is a very small program. But unlike in the United States, where our program focuses on long-term issues, such as cancer prevention, in South Africa there are acute issues of micronutrient deficiencies.

I will write the Produce for Better Health Foundation to ask their endorsement of an effort to seek small amounts of public and private funds to run a pilot program in schools in disadvantaged areas.

The pilot program would be designed to teach disadvantaged children how to eat well and thus strengthen their immune systems, a not insignificant issue in a country where so many are affected by AIDS. This program could serve as a model for rollout not only throughout South Africa but also into the half billion people who populate the African continent.

Third, I have a list of small requests, such as issues with APHIS and logistics, and I will work the phones to try to help some people access our markets.

But what is really needed is for some corporate giant, a Wal-Mart, a Costco, a Kroger, a Supervalu, etc., to step up to the plate and locate a global procurement office in South Africa.

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Let them procure fruits and vegetables, but also wine, seafood, canned goods, juices and many more things. I think the company that does this can make a buck. But, beyond that, the company would be serving both American interests and the hope for future world peace.

And by the way, I have just the guy for the job. A gentleman named Danie Kievit showed me around South Africa. He is a member of the board of directors of PMA. He also is the founder of the modern South African retail produce industry, as he built from scratch the procurement arm for Africa's largest supermarket chain, the Shoprite/Checkers group. He pioneered direct procurement for retailers and built up supply chains where there were none.

Now, he has built an organization, known as Freshworld, involving his two eldest sons, that champions the interests of the Sunkist brand, and he has built a substantial counter-seasonal market share in Asia. He is knowledgeable and modern, up on RFID, category management and all the latest technologies, but he is also old school. Like a great African bull elephant, he cannot be stopped.

Danie travels across the country and around the world to create opportunities in South Africa. If some giant organization, with stores that could sell product, gave him a shot, he would not only make them plenty of money but also open up opportunities for producers all across South Africa and into the recesses of the continent.

He could identify not only traditional exporters but also new farmers being assisted by empowerment programs. To give him a shot would be a contribution to peace and prosperity for a continent with precious little of either. Who will step up to the plate?

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