

The Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE) held its Fresh Fruit Trade Congress 2022, and the message was clear: past the usual discussion on markets and crops, logistics are a serious obstacle for the success of this region's fruit exporters, and receiving markets feel farther away in today's scenario.

In fact, a survey conducted by [SHAFFE](#) of its members found that 95% of respondents considered logistical challenges and delays the top concern going into the 2022 growing year. Notwithstanding, most respondents still have a good general perception of the outlook of the fresh fruit industry.

We attended the online congress to see how member associations and importers are viewing the produce trade, and here are some of the highlights.

The Logistical Nightmare South of the Equator

Luiz Roberto Barcelo, Owner Agrícola Famosa and Director Abrafrutas said that the impact of Russia's invasion of Ukraine has had a massive impact on growers in Brazil. If sea freight costs were 50% higher last year they are looking at costs 3 times higher today. Therefore in many cases getting the fruit to European supermarkets might not be viable with this cost structure.

Then there are the increases in farming costs, especially fertilizer, as well as high fuel prices.

Augustin Agribay, President of CAFI in Argentina, echoed the issues felt from logistical costs, which he said are now 40% up on last season. Also, the availability of machine parts and other inputs are also causing problems.

For Eugenio Olivera, CEO of CFP Peru, freight for Europe has more than doubled. He said that his company is now paying US \$4000 more on each shipment. If you check all the chain, plus the inputs, boxes, fertilizers, facing cost increases in all. This is the most complicated the industry has been in at least in the last 20 years, he added.

Mario Edwards, the Commercial Director for Agrofruta in Chile, said that the season is far more difficult for Chilean growers than originally expected. This is particularly true for logistics, and the big increases in sea shipping costs as well as delays and a lack of ships leaving Chilean ports.

On the bright side, the Chilean industry is close to getting its System Approach for grapes, and overall, more growers are working with new, more competitive grape varieties. He

estimated that these will account for 40% of Chile's exports this year.

For Ronald Bown, Chairman of Chile's Exporters Association Asoex, the complications facing Chile's growing sector are the most severe he has seen in his 35 years working in the sector. He suggested that government intervention is needed, possibly through subsidies or tax relief.

Ron Lemaire, President of Canada's CPMA reiterated the concerns regarding logistics, but also called for regulatory tools to address port issues and shipping lines. Furthermore, he called for a common approach to articulate these challenges.

Moreover, education is needed so that consumers understand the complexities of getting their fresh fruit to market, as well as the benefits. Underscoring the fact that having a diverse set of fruit available for the general population is mission critical .

Australian growers have had issues due to weather, which for their grape harvest has pushed the harvest by about 3-4 weeks, said Jeff Scott, CEO of Australian Table Grapes. He clarified that it has not affected the growing stages nor the appearance of the grapes.

All Eyes on China and India

[China has already captured the interest](#) of most of SHAFFE exporters, and estimates are that it is now the second largest destination for southern hemisphere fruit.

When it comes to China, Edwards from Chile's Agrofruta said that there is a clear "before and after". Arrive before the Chinese New Year's, and it's a great market. Afterwards and it is not the case. He said that more management is needed from Chinese receivers to navigate the logistics challenges, otherwise the next season could look as bad as this one, and that would be damaging for many growers.

According to Kurt Huang, Deputy Secretary General, China Chamber of Commerce for Native Produce and Food Stuffs, China's logistical problems are a relevant issue, even though despite the entrance issues the country has still functioned during the Covid-19 pandemic, and the interruptions.

Notwithstanding, he likened it to playing the same video game as before, but at a much higher level of difficulty.

He emphasized the importance of tropical fruits but that other categories are still very important and sourced through imports.

One major change is that retail price wars, which he said largely benefited importers of fruit, have ended and the competition is now in the importer segment.

An important characteristic to consider for China in these times, says Huang, "Quality is more important than quantity".

Daniel Bustamante, of the Peruvian Blueberry Committee, said that China is its fastest growing destination market posting a 38% increase in shipments last season, even if the U.S. still receives about 55% of its crop.

But the distance of the Southern hemisphere fruit growing regions from its markets are a challenge, Bustamante added. China's transit times make it complicated, and that requires special kinds of fruit and varieties which can stand up to the process.

Ben McLeod, Global Sales and Marketing Manager, Mr. Apple, New Zealand is optimistic that the pace of developments of trade with China will not stop. More sales of produce are being made online, and this is an opportunity for the sector to optimize its operation.

India is also of growing importance, but many of the presenters stated that India feels even farther than Chinese, making it a costly proposition to send fruit. According to Sumit Saran, Director, SS Associates, India remains a growing market. Consumer spending is expected to grow fourfold by 2030, reaching US \$6 trillion in value. India's population is 1.3 billion, but the actual market of consumers relevant for fruit exporters is actually 250 - 300 million.