



FRUIT JUICE MATTERS



SUGAR TAX

The Sugar Tax was implemented on 1/4/18 and during the first 5 months to August the Treasury has collected more than R1bn in revenue which is ahead of projections. It had anticipated collecting R1.64nb during the fiscal year to end March 2019 and according to their spokesperson there could be several reasons for the higher than expected revenue, for instance:

- Original surveys underestimated the consumption of sugary beverages
- Producers have not reformulated as much as expected
- Consumers have not decreased their consumption as much as expected

In this regard it is too early to determine the effect of the Sugar Tax on various issues including for example pricing and consumption and these issues will no doubt going forward be the subject of many further commissioned studies.

However, there are still immediate practical implementation problems which need to be addressed with SARS.

INSPECTION SERVICES & FEES

There is still no agreement on the scope, methodology and cost of quality inspection services and fees of the private Assignee appointed by DAFF. Legal action has been taken jointly by SAFJA and SAFVCA against these parties to prevent implementation thereof. We are also closely monitoring similar legal action taken by the Fresh Produce and Dairy industries respectively. Many other industries are opposed to this dispensation and in the Grain industry the appointed Assignee is after two years not even operational.

We support Regulations and Compliance which have clear benefits for both consumers and the industry. The primary responsibility for compliance lies with industry participants through the implementation of comprehensive total management systems covering the full spectrum of risks such as safety, health and quality. Currently companies have very many existing certifications in place and are also subject to inspection and audit by local and export customers and in the final instance their quality standards are judged through their extensive consumer feedback and complaint mechanisms.

SAFJA in addition has a Self-Regulatory Programme in place which is an independent and professional process to ensure compliance with the fruit juice regulations. This programme consists of an agreed industry code of ethics; encouragement of good quality management practices; and product inspection. With regard to the latter, SAFJA draws samples from the retail on a regular basis and conducts label inspections and content authenticity testing. Where non-compliance is detected SAFJA engages with product owners to encourage, assist and ensure compliance and indeed we have found that many of these cases are imported products.

The current proposals of DAFF to implement inspection services and fees through private companies are both impractical and excessively costly. Industry cannot accept an additional layer of compulsory independent inspection and fees, which only duplicate established and functioning controls of quality standards, unless it adds real value at minimal cost.

PROMOTION & EDUCATION

The fruit juice industry has directed much effort to re-balancing the debate regarding the health benefits of fruit juice with consumers as well as government authorities and healthcare professionals & academics. There are a number of initiatives worldwide to promote fruit juice consumption in moderation within a healthy diet and balanced lifestyle. Websites have also been created to provide educational and other evidence-based information such as www.sipsmarter.org which is well worth viewing.

Back in the 18th century the vital link was established between Vitamin C and the prevention of scurvy and we began to understand that there was something important about citrus fruits and the miracle of Vitamin C was revealing itself. Fast forward to today and we need to be reminded once more about the principle health benefits of not only citrus, but also other fruits. Both the powerful vitamin supplement industry and also the beverage industry, with innovations including currently cannabis infusion, have done a good job at making us forget about the important health benefits of fruit and fruit juices.

FAREWELL WILLEM BOTHA

The industry bade farewell to Willem Botha who retired at the end of October 2018. Willem has been a stalwart of the industry and a current Board Member of SAFJA. We thank him for his outstanding contribution and service to the fruit juice industry over many years and wish him well in his retirement and future endeavours. We also welcome Elroy Goliath to the Board of SAFJA.

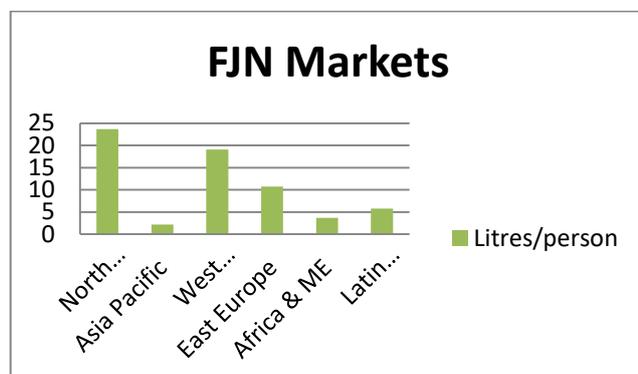
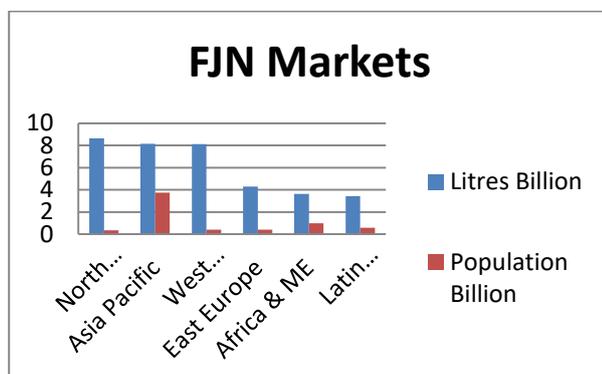


Willem Botha (2nd from left) retires – SAFJA bids farewell to industry stalwart.

LOOKING FORWARD

Many industry representatives recently attended the Fruit Juice Summit and SIAL Food Expo during October in Europe to gauge global supply and demand; keep abreast of innovation; and assess business prospects.

There are, of course, many ongoing new consumer insights and fresh marketing ideas. Essential to these are the worldwide consumption trends reflecting the decline in large mature markets and the growth potential in emerging markets as is apparent below (**FJN** – Fruit Juice & Nectars):



Thankfully the conditions surrounding water supply in the Western Cape have improved this past year. We wish all producers the very best for the upcoming summer fruit crops and fruit juice manufacturers good marketing conditions for 2019.

RUDI RICHARDS (www.safja.co.za)