

Welcome to the Cape Flora Newsletter – March 2020



A WORD FROM OUR CHAIRMAN- Francois Prins

Geagte kollegas en mede Cape Flora-lede,

Ons beleef tans 'n ongekende krisis in die wêreld se blommebedryf wat 'n direkte impak op ons besigheid het. Die Cape Flora SA (CFSA)-direksie het 'n week gelede beplan om 'n spesiale werkswinkel te reël sodat die situasie bespreek kan word, maar verwickelinge het ons ingehaal en dus skryf ek hierdie brief in stede van om 'n byeenkoms te reël.

Die meeste van ons is bewus dat die Karonavirus onbestendigheid in wisselkoerse, en aandelepryse veroorsaak wat tot besigheidsonsekerheid lei. Tans is daar dalings op aandele-indekse en kommoditeitspryse. Ons het waarskynlik nog nie die einde hiervan gesien nie.

In Februarie het ons 'n baie swak Valentynsdag beleef en nou op die 13de Maart, net voor die Europese Moedersdag, die ineenstorting van die Hollandse Sierblom Mark.

Die ineenstorting is veroorsaak deur baie swak aanvraag en ooraanbod van blomme. Die resultaat was baie lae pryse en dat baie produkte wat nie verkoop is nie, vernietig moes word. Dit is die eerste keer in die 109-jarige bestaan van Royal Flora Holland dat so iets gebeur het.

Maandag die 16de Maart het Multiflora (die Suid Afrikaanse varsblomme-mark) die Hollandse mark se voorbeeld gevolg. Die ineenstorting van Multiflora was grotendeels weens die noodtoestand wat President Ramaphosa Sondag, 15 Maart aangekondig het.

Globally, the demand for cut flowers has dropped to very low levels, fuelled by uncertainty caused by the Covid-19. In total, the South African exporters expect very low demand on exports for the coming weeks, but they should keep exploring potential opportunities on a day to day basis, as dynamics keep changing in various markets.

Exporters have an additional challenge where international flights have been affected by border closures and lack of demand as well as the impact of the South African's travel ban announcement by the President on airline schedules.

For more on the latest CFSA stats, please visit our website www.capeflorasa.co.za

SEE YOU ALL
AT OUR AGM
ON 12 MAY!!
More
information
will be
shared
closer to
the time!



XIV International Protea Research Symposium

Location

Brena Baja (La Palma) & La Laguna (Tenerife) (Spain)

Begin date

November 24, 2020

End date

November 29, 2020

POSTPONED!!!

Against the backdrop of uncertainty, I'd advise that you batten down the hatches and avoid any radical decisions for the next quarter:

Growers should only harvest based on confirmed fixed orders and rather leave product in the orchard, it is sometimes cheaper to not harvest the flowers, than to risk adding further costs;

Utilise staff for other tasks like maintenance etc. or encourage some to take leave;

Keep in contact with your exporter(s)/marketers to stay abreast of matters as we see the landscape unfold;

Do everything possible to ensure that, your family and your staff are not exposed to the virus, and educate them on how to deal with this;

Remain positive, as there are always opportunities that arise in situations like this.

Flower growers around the world are all in the same boat, and some may not survive the economic impacts. The markets will recover but there will probably be a price adjustment to stimulate quick sales. There is a view that a price correction already started in the 2019 season after the higher prices of the 2017/2018 season. This trend could continue in 2020 partly due to Covid-19 and partly to an oversupply, and reduced consumer spending on luxury products. This trend could be exacerbated.

Looking ahead, I'm confident we'll turn the corner, and we'll return to more normal levels of global trade soon. As an example, there are signs of demand recovery in China, but the crash in Holland shows that Europe is just starting with the disaster period. So, unfortunately things will probably get worse before they get better.

A positive for us (as the Cape Flora industry in South Africa), is that (barring a few varieties) this is the quietest time of the year. Hopefully by the time the main season arrives, the virus will be under control and we will be able to trade freely again.

We should expect some structural change but in recent years, the Proteacea industry has been more resilient to changing market conditions compared with cut flowers such as roses for example. We expect this trend to continue beyond the reach of Covid-19.

Regards, Francois Prins
CFSA Chairman.

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