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Ref:

Enquiries:

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Dear Fruit Producers/Processors/Industry Representative/*Malungu Eziko*  
*Leziqhamo/Bedryfsverteenwoordiger*

### **STATEMENT ON THE AGRICULTURAL RESEARCH COUNCIL'S DECIDUOUS FRUIT BREEDING PROGRAMME FOR THE BENEFIT OF RSA FRUIT INDUSTRY**

The Agricultural Research Council (ARC) is a schedule 3A Public Entity as described by the Public Finance Management Act 1999 (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA); and is established under the Agricultural Research Act, 1990 (Act No. 86 of 1990, as amended). The overall mandate of the ARC is to promote agricultural and related sectors through Research, Development and Technology Transfer.

The Agricultural Research Council (ARC) has been breeding and releasing deciduous fruits, specifically for the benefit of the South African fruit producers, for more than 70 years. The success of the ARC's fruit breeding programme, the re-introduction of South Africa into the global trade after 1990, and government's deregulation enabled the Horticulture industry to grow at an exponential rate since 1994 to date.

To ensure the sustainable success of the Horticulture Industry, the ARC primarily continues to provide the following services:

- (i) Development of deciduous fruit cultivars through genetic improvement
- (ii) Characterising and evaluating deciduous fruit cultivars in terms of quality, nutritional composition, shelf life and suitability for processing
- (iii) Disease and pest control by means of enhanced genetic diversity
- (iv) Application of advanced genetic marker assisted selection (mas) and other breeding technologies to optimise and facilitate cultivar development
- (v) Continued breeding and evaluating for a climate resilient deciduous fruit industry

The ARC hereby provides a response to the public statement issued by Hortgro Pome and Stone Fruit boards.

The ARC has noted with disappointment the Hortgro Pome and Hortgro Stone Fruit Boards' their announcement to "dis-engage from the ARC breeding programme with immediate effect" thus discontinuing industry funding for ARC breeding programme, as published on 22 May 2020.

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Indeed this is disappointing because over many years, the government has invested significant resources in the ARC research and development program, particularly the cultivar development (breeding) programme that has been the basis of success for South African Pome and Stone Fruit. In the last 70 years and to date, none of the agriculture enterprises has paid full value for breeding programs in the ARC – indicating their success has been largely due to public investments in agricultural research. To supplement the Parliamentary grant, statutory levy funds were utilized for the ARC breeding programs, even though that has been inadequate and declining in the last few years.

As HORTGRO Pome & Stone Fruit decided to dissociate from the ARC's cultivar development R&D and their declaration to source and promote "*third-party cultivars*", the ARC will have to consider the implications of the said announced decision on related benefit sharing derived from the commercialisation of related ARC cultivars within the CULDEVCO agreement.

As a Science Council, the ARC's innovations and intellectual assets have been availed to South Africa's agricultural sector, including Hortgro, through appropriate benefit sharing arrangements. However, ownership of intellectual assets remain with the ARC, as part of the National biological assets.

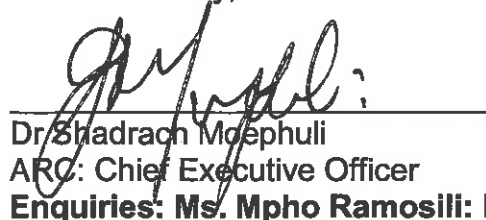
The ARC notes however that, this letter relates only to matters that specifically relate to HORTGRO Pome and Stone, and thus it should not affect others.

The ARC continues to collaborate with good relations with all other fruit producers, including South African Table Grapes Industry (SATI), the Canning Fruit Producers Association (CFPA) and the newly formed Raisin South Africa (RaisinSA).

To ensure the sustainable, inclusive growth and development of the agricultural sector, the ARC Vision 2050 will serve as the basis for excellence in research and innovation together with all our partners in the sector.

The ARC looks forward to the broad range of working relationships with all stakeholders in the agriculture and agro-processing sector for the benefit of South African society.

Yours sincerely,



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