

A PROFILE OF THE SOUTH AFRICAN TABLE GRAPES MARKET VALUE CHAIN

2020



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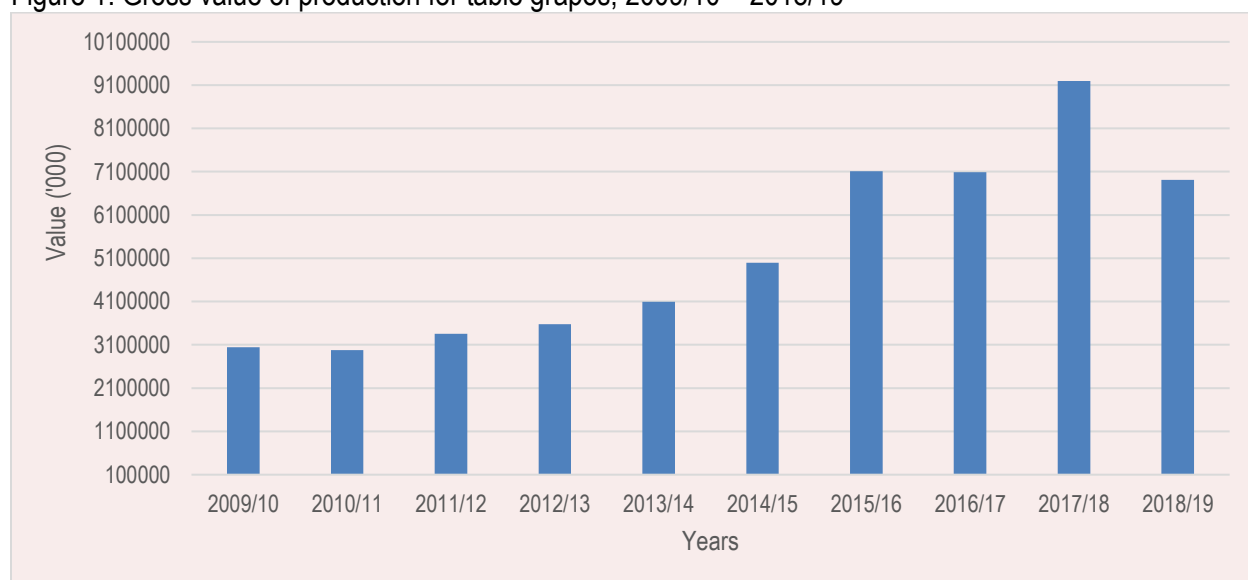
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1. DESCRIPTION OF THE INDUSTRY

According to the South African Table Grape Industry (SATGI)¹, South Africa is the Northern hemisphere's oldest and most reliable supplier of table grapes. The first grapes were shipped to Europe more than a century ago. In South Africa, grapes are grown either to be pressed, dried or for ready consumption from the table. Table grapes are grapes intended for consumption while they are fresh, as opposed to grapes grown for wine production, juice production, or for drying into raisins. Table varieties usually have lower sugar content than wine grapes and are more flavourful when eaten. Majority of South African table grapes are available in many northern hemisphere countries during their winter and spring seasons. According to SATGI (2018/19), the 2019/20 table grape season concluded on a three-year high, signalling signs of recovery after prolonged drought.

Table grapes are one of the most important deciduous fruits grown in South Africa, taking into consideration their foreign exchange earnings, employment creation and linkage with support institutions. In 2019, table and dry grapes contributed 28% (21 100 ha) of the total area planted to deciduous fruits (75 354 ha)². The gross value of production for table grapes for the period 2009/10 to 2018/19 is presented in Figure 1.

Figure 1: Gross value of production for table grapes, 2009/10 – 2018/19



Source: Statistics and Economic Analysis, DAFF

The gross value of production for table grapes has been increasing significantly since the slight drop in production season in 2010/11. The gross value increased from R3 billion in 2009/10 to R6.9 billion in 2018/19, an increase of 127% over nine production seasons. The value has reached the peak in 2017/18 season at R9.1 billion. The gross value of production for table grapes declined by 25% in 2018/19. The decrease in gross value of production is happening at the time when production volumes over the same period have been relatively stable (see Figure 3). The decrease in gross value of production over the period can therefore be largely attributed to decrease in the exports volumes of table grapes.

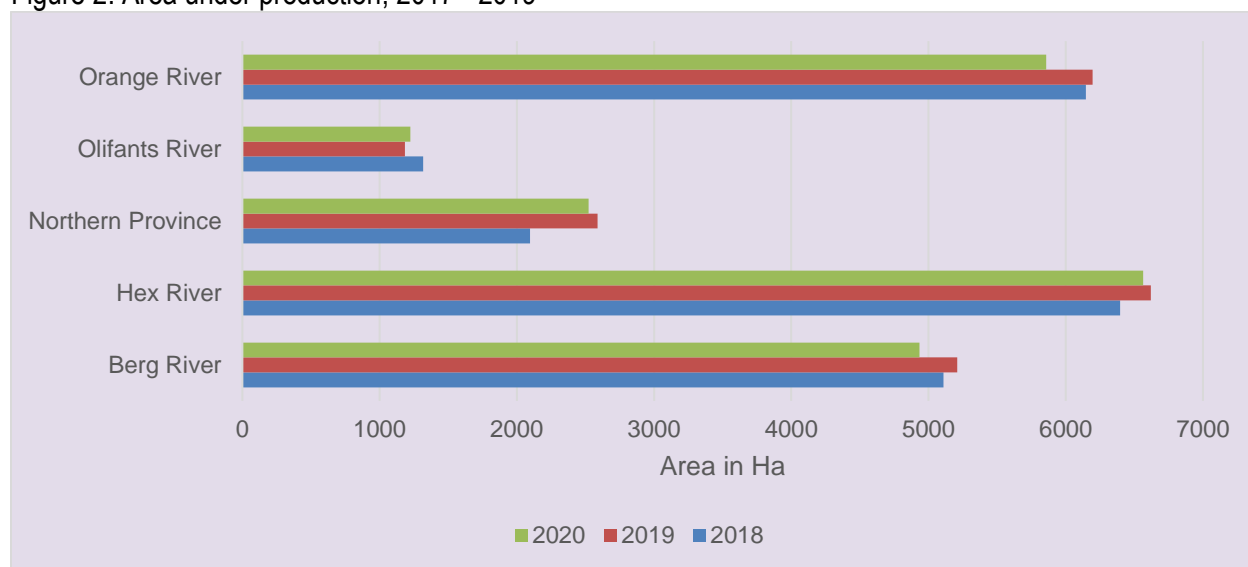
¹ South African Table Grape Industry (SATI) Statistical Booklet, 2020

² SATI Statistical Booklet, 2020

1.1 Production areas

Production areas for table grapes for the period 2018 to 2020 are presented in Figure 2. They include the Berg River, Hex River, Northern Province, Olifants River, and the Orange River. A total area of 21 100 ha was planted to table grapes in 2020. During 2020 the Hex River accounted for 31% (6 563 ha) of the total area (21 100 ha) planted to table grapes in South Africa. The Hex River was followed by the Orange River and Berg River at 28% and 23% respectively. The Northern Province and Olifants River had 2 522 ha (12%) and 1 224 ha (6%) respectively, planted to table grapes, making them the lowest contributors in terms of total area planted to table grapes during 2020.

Figure 2: Area under production, 2017 - 2019



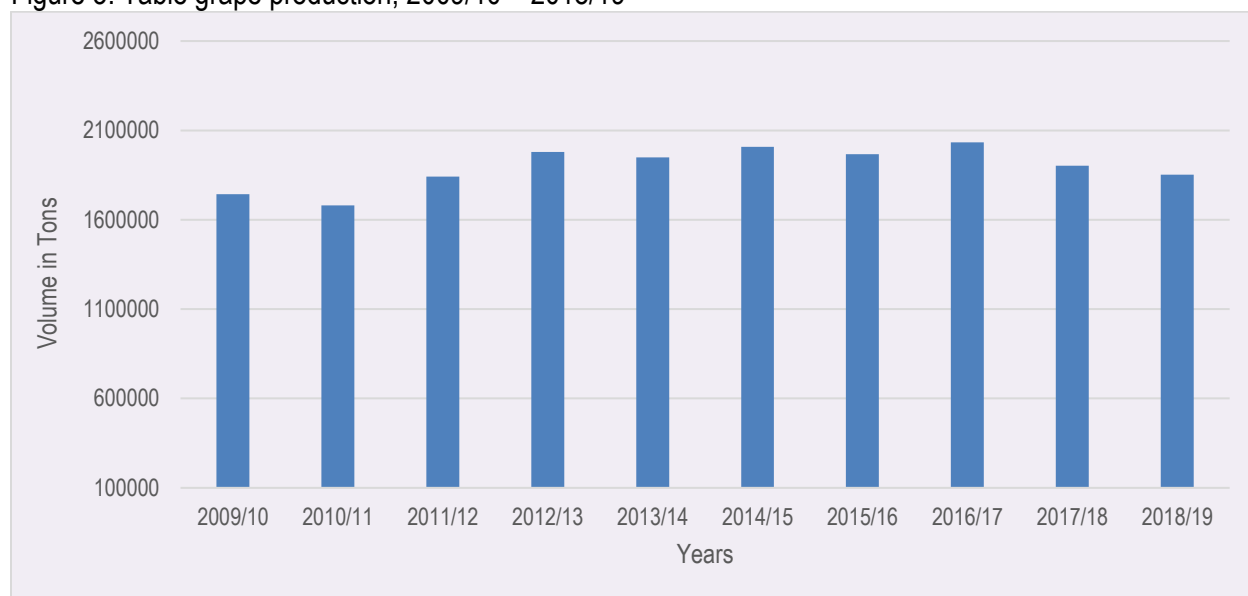
Source: SATI Statistical Booklet, 2020

Area planted to table grapes in the Berg River has been increasing during the past three years recording 3% between 2018 and 2020. Area under table grape cultivation in the Northern Province increased by 20% between the past three years (see Figure 2) while production area in the Hex River increased from 6 369 ha in 2018 to 6 563 ha in 2020. Production area in the Orange River decreased from 6 147 ha in 2018 to 5 857 ha in 2020, showing a decline of 5%.

1.2 Production quantities

Total production of table grapes for the period 2009/10 to 2018/19 is depicted in Figure 3. It is evident from Figure 3 that grape production has remained relatively stable over the past ten years. That has been primarily due to stable conditions in South Africa's main producing areas, especially in the Berg and Hex River valleys. The production areas offer unique climatic differences and this enables the country to produce its grapes to the international market from October (Prime Seedless, Sugraone and Flame Seedless) through to May (Dauphine and Crimson Seedless). The unique climate together with biodiversity affords South African growers an opportunity to grow grapes of almost every variety and flavour. A total of 1 852 299 tons of table grapes were produced during the 2018/19 production season.

Figure 3: Table grape production, 2009/10 – 2018/19



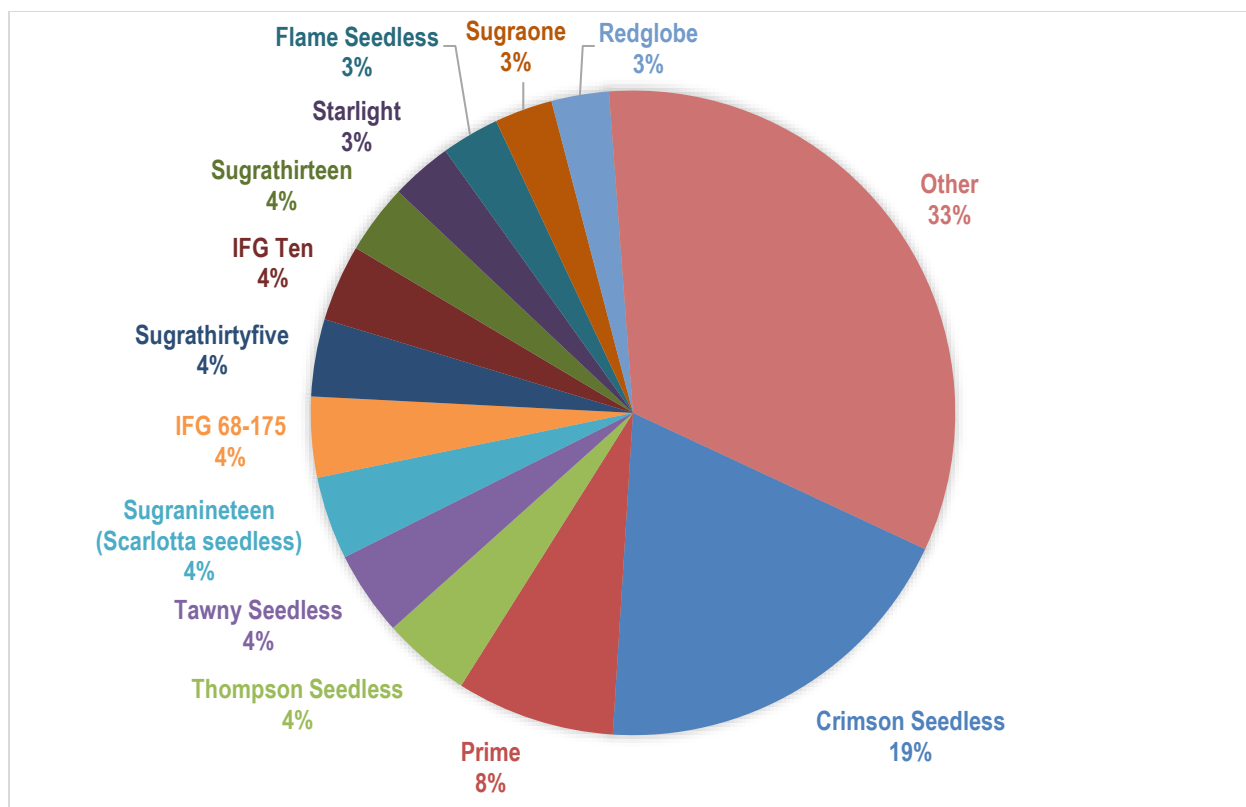
Source: Statistics and Economic Analysis, DAFF

The 2018/19 production season saw total production of table grapes' minor decrease of 3% when compared to the 2017/18 production volume and increasing by 6% when compared to the production volume a decade ago (2009/10 season). As already highlighted in the introduction, the decline in production volume resulted from drought during the past season.

1.3 Main cultivars

South Africa produces a wide range of table grape varieties that are harvested over a seven months period starting in October and ending in May. The composition of table grape varieties (cultivars) planted in South Africa during 2019 is presented in Figure 4. It is clear from Figure 4 that South Africa's main grape cultivars are Crimson Seedless, Prime Seedless, Thompson Seedless, Flame Seedless and Sugraone (Superior Seedless). Figure 4 shows that in 2019, Crimson Seedless was the leading cultivar grown in South Africa with 4 021 ha (19%). The second important table grape cultivar grown in South Africa during 2019 was Prime seedless with 1 677 ha (8%). Thompson Seedless/Sultana was planted on 933 ha (4%) while Tawny Seedless was planted on 896 ha (4%). Sugranineteen and IFG 68 - 175 covered 876 ha (4%) and 854 ha (4%) respectively while other table grape cultivars accounted for 33% (6 992 ha) of the total area planted to table grapes during 2019.

Figure 4: table grapes main cultivars 2018/19



Source: SATI Statistical Booklet, 2020

A description of the main table grape varieties planted in South Africa is presented in Table 1. The table gives the variety name, the variety group as well as a short description of the variety. The variety group indicates the colour of the grape as well as whether the grape is seeded or not.

Table 1: Main table grape varieties planted in South Africa

Variety	Variety Group	Description
Thompson Seedless	White Seedless	White, elongated berries, good bunches, fleshy, melting taste, outstanding quality and appearance
Prime Seedless	White Seedless	The earliest South African cultivar, seedless, good berry size, crisp new season taste
Sugraone	White Seedless	White, seedless, large berries, good shelf life, slight Muscat flavour when mature
Regal Seedless	White Seedless	Early mid-season white, seedless, large crisp berries, good shelf life
Dauphine	White Seeded	Late seeded white grape, attractive bunches and berries, excellent late maturing flavour
Victoria	White Seeded	The earliest white seeded variety available from South Africa. Large berries, good shelf life, crisp berries
Crimson Seedless	Red Seedless	Attractive pink elongated berries, crispy excellent flavour
Flame Seedless	Red Seedless	Red, attractive in colour, firm, pleasant taste, crispy eating experience
Sunred Seedless	Red Seedless	Mid-season, round berry, deep maroon colour, crispy, firm and crunchy
Red Globe	Red Seeded	Large berries, deep, wine red colour, fleshy, melting and sweet flavour
Sugrathirteen	Black Seedless	Early mid-season, large berry, black seedless variety. Excellent taste and flavour

Variety	Variety Group	Description
La Rochelle	Black Seeded	A noble black seeded grape, crunchy berries, full of flavour, a unique eating experience
Barlinka	Black Seeded	A late season black seeded grape, good eating quality, late vintage flavour
Dan Ben Hannah	Black Seeded	Large oval berries. Also known as Black Emperor in the Far East. Mid-season variety with very good taste
Alphonse Lavallee	Black Seeded	"Big Black", the prince of black grapes, large berries and outstanding eating experience

Source: SATI Statistical Yearbook, 2015

1.4 Number of seasonal and permanent employment

The total number of farm workers in the table grape industry during the period 2018 to 2020 is presented in Table 2. A total of 2 700 workers were employed permanently in the table grape industry during 2019, with approximately 314 680 dependents. The figure was 8.7% higher than the 2019 figure of 2 483 workers and 84% lower than the 2018 figure of 16 926 permanent farm workers. The decrease in the employment figures is sign of concern and is detrimental to the pursuant to achieve National Development Plan goals and objectives, job creation, rural development. A total of 20 188 workers were employed on a seasonal basis during 2020, with approximately 314 680 dependents. The number of seasonal workers employed during a particular production season depends largely on the amount of fruit to be harvested during that season.

Table 2: Number of farm workers in the table grape industry, 2018 to 2020

Region	2018		2019		2020	
	Seasonal	Permanent	Seasonal	Permanent	Seasonal	Permanent
Berg River	10 896	2 169	16 879	2 907	17 252	3 129
Hex River	8 360	3 417	12 411	4 630		
Northern provinces	9 325	1 468	9 624	1 785	10 694	2 144
Olifants River	3 994	723	4 173	807	4 247	784
Orange River	16 926	1 975	19 121	2 483	20 188	2 700
Total						

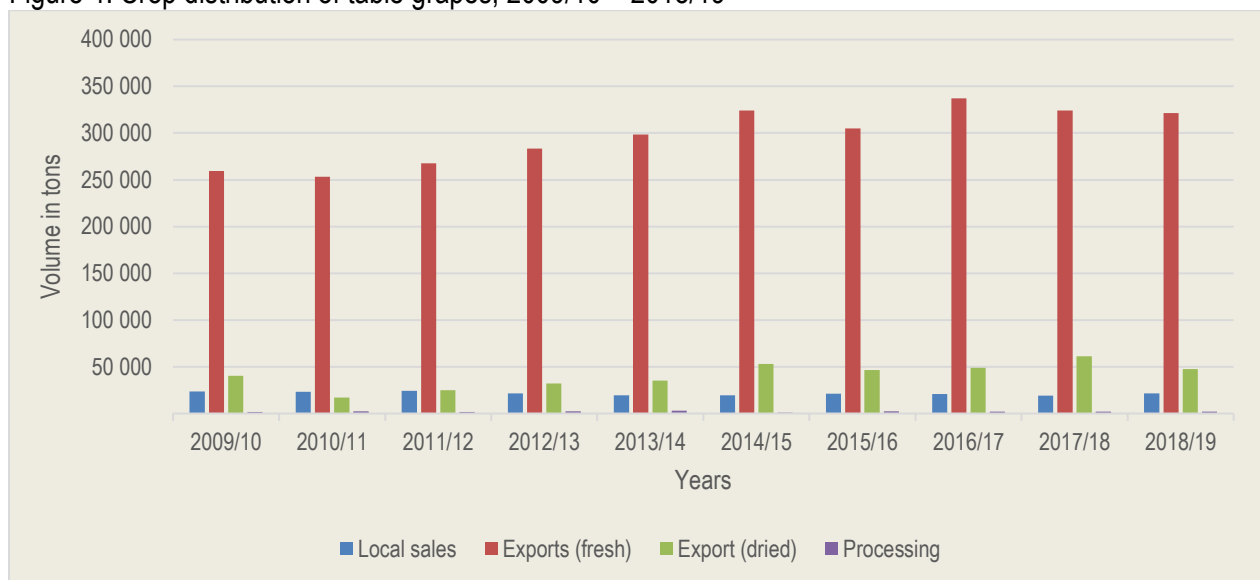
Source: SATI Statistical Yearbook, 2020

Full-time labourers employed on table grape farms are primarily employed for a number of specialist tasks such as pruning and training of trees. Labour is also required to carry out thinning practices during blooming or during first four weeks of fruit growth. Other tasks include harvesting supervision, operational duties in the pack house, irrigation management, scouting for insects and diseases on seasonal basis, tractor or forklift driving and grafting. Seasonal labour is employed on a contractual basis for a fixed period of time with the main purpose of harvesting the crop/or fruit packing. According to SATI annual Vine census 2020, the industry employs more than 20 188 seasonal workers and almost 2 700 permanent labourers. The industry makes an important contribution to direct employment in the table grape production and processing. It also provides indirect employment for numerous support industries like tourism in the areas where table grapes are grown.

2. MARKET STRUCTURE

The distribution of grapes according to markets for the period 2009/10 to 2018/19 is presented in Figure 5. As can be seen in Figure 5, grape production in South Africa is primarily aimed at the export market. The local market is not substantial. The volume of table grapes available in the local and export markets is determined by the amount of table grapes produced in a particular season (also see Figure 3). Over two-thirds of the grapes harvested each season are destined for the export market while the remainder is sold in the local markets. A total volume of 368 705 tons of table grapes were exported by South Africa in 2018. The total volume consisted of 321 278 tons of fresh grapes and 47 427 tons of dried grapes. A total of 21 565 tons of table grapes were sold in the local markets in 2018/19.

Figure 4: Crop distribution of table grapes, 2009/10 – 2018/19

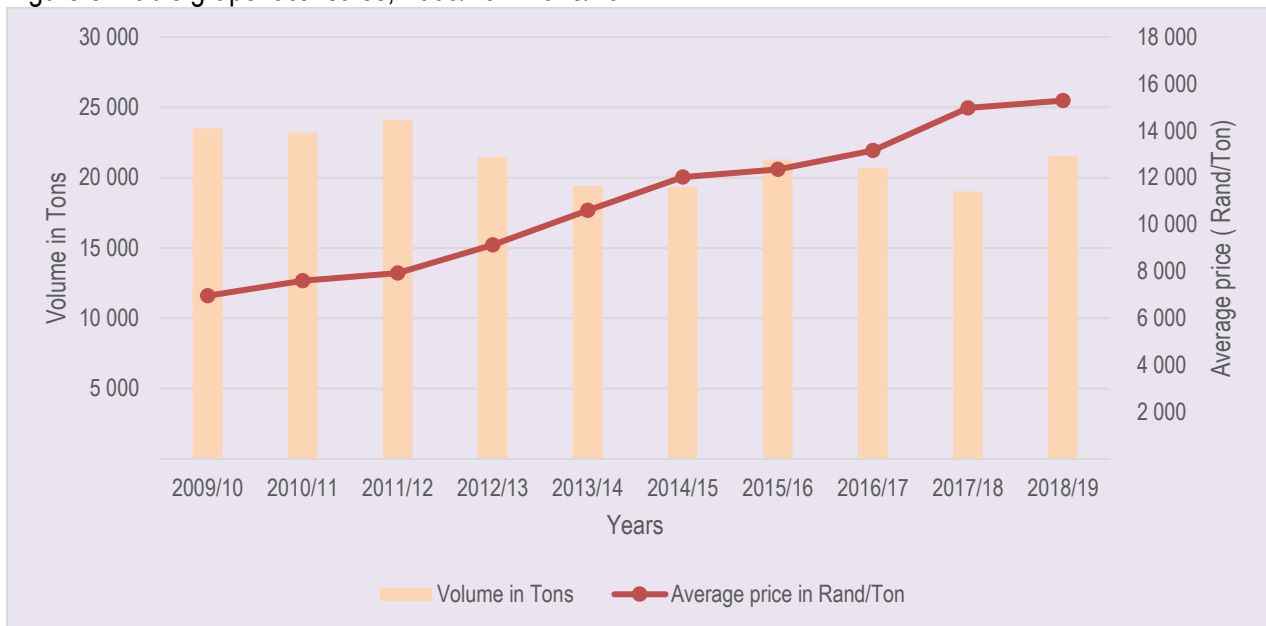


Source: SATI Statistical Yearbook, 2020; Statistics and Economic Analysis, DAFF; Quantec Easydata

2.1 Domestic markets and prices

Local grape market volumes and general price trends from 2009/10 to 2018/19 are presented in Figure 6. It is clear from Figure 6 that volumes sold at the local markets have been declining since 2009/10. This may be the result of the export nature of the grape (table) industry. A total of 21 586 tons were sold in the local market during the 2018/19 marketing season. This was 13% higher than the quantity sold locally in 2017/18 and 8% lower than the total local market sales a decade ago (2009/10). At the same time, prices realised in the local markets have been rising throughout the last decade. The average price per ton in the local markets during the 2018/19 marketing season was R15 288/ton. The average price increased by 2% between 2017/18 and 2018/19. During the last ten years, average prices of table grapes at the local markets increased by 119%.

Figure 5: Table grape local sales, 2009/10 – 2018/19

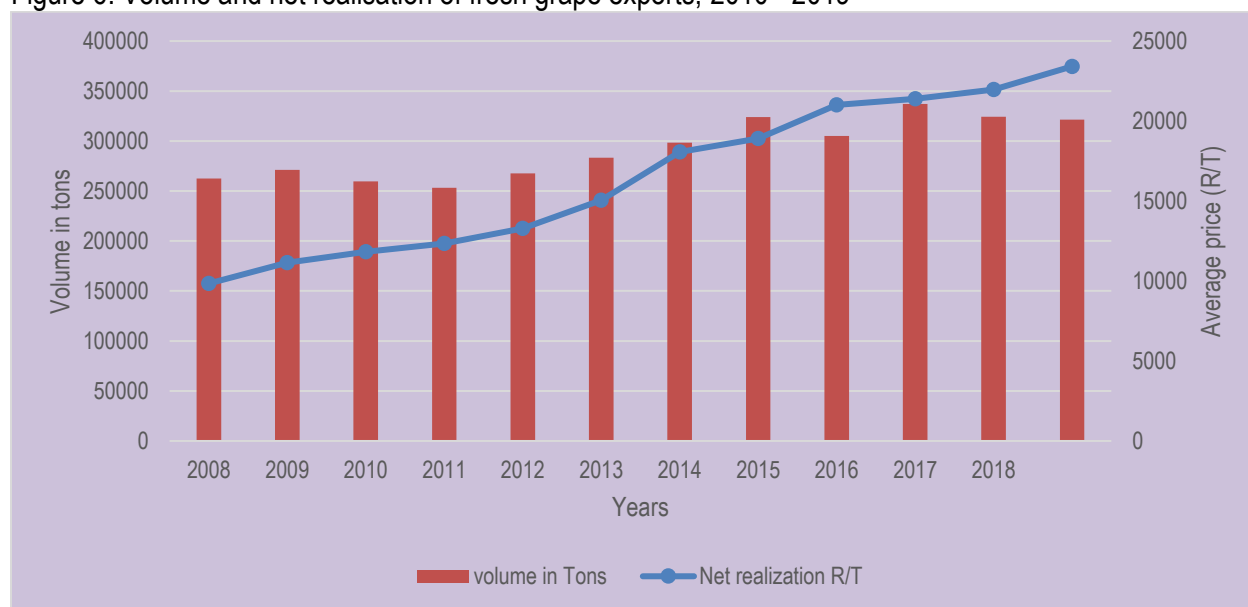


Source: Statistics and Economic Analysis, DAFF and SATI Statistical Yearbook, 2019

2.2 Exports (fresh and dried grapes)

South African table grapes are exported either in fresh form or in dried form. South Africa is a relatively small table grape grower in terms of global hectares. However, the country is a major volume exporter in global terms. During 2019, South African fresh and dried grapes exports represented 6.1% and 6.5% respectively of world exports. Table grapes sold in the export markets generate a greater unit price than that achieved on the local market. Therefore management orientation and understanding of the rules of the export markets are critical factors in the pathway to success in table grape production. Volumes of fresh grapes exported during the period 2010 to 2019, as well as the average prices received are presented in Figure 7.

Figure 6: Volume and net realisation of fresh grape exports, 2010 - 2019

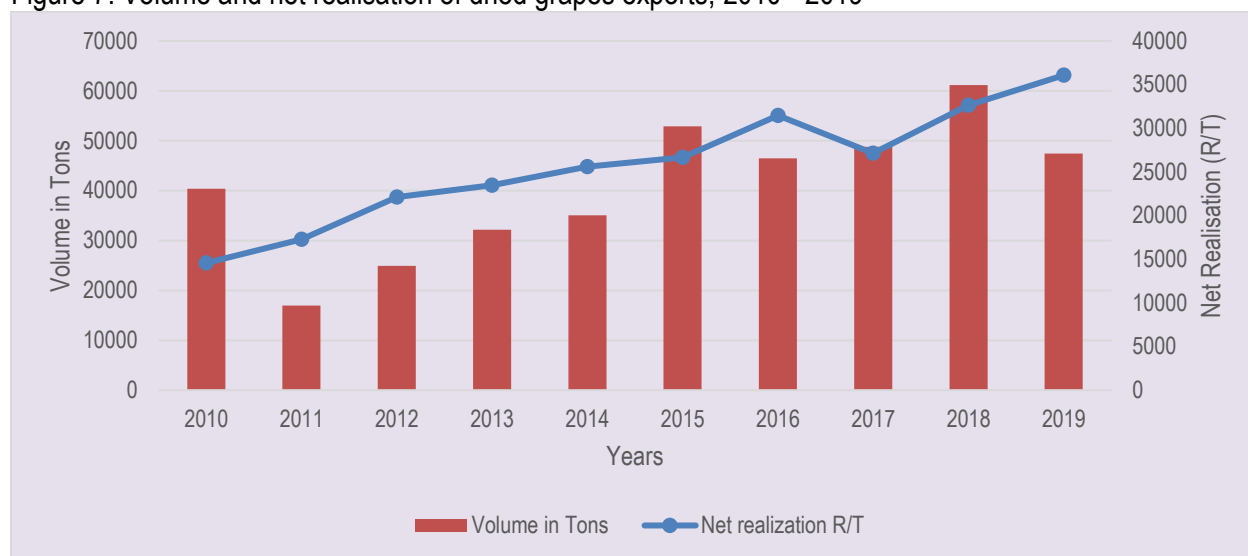


Source: Quantec Easydata

A total volume of 321 278 tons of fresh grapes were exported during 2019. The 2019 figure is 0.9% lower than the quantity exported during the previous year (2018). As can be seen in Figure 7 the quantity of fresh grape exports has increased significantly from the 2011 trough of 253 107 tons. The increase in the quantity of fresh grape exports can be partly explained by the increase in demand from international market for table grapes produced in South Africa in recent years. The figure also indicates the net realisation for fresh grapes during the same period. Prices realised in the export markets have been increasing since 2010. This coincides with an increase in the amount of fresh grapes exported by South Africa during the same period. This suggests that the price of fresh grapes reacts strongly to the volumes of fresh grapes available in the global market. Fresh grapes sold in the export markets fetched an average price of R23 416 in 2019. The average price received in the export markets increased by 98% between 2010 and 2019. The effect of a depreciating currency when compared with the currencies of South Africa's major trading partners (especially the Euro) should also not be overlooked. The major markets for South African fresh grapes exports will be looked at in the sections that follow.

Volumes of dried grapes exported by South Africa during the period 2010 to 2019, as well as the average prices received are presented in Figure 8. A total volume of 47 427 tons of dried grapes were exported by South Africa during 2019. The 2019 figure represented 22% decrease in the amount of dried grapes exported during 2018. As can be observed from Figure 9 the volumes of dried grapes exported by South Africa during the last decade fluctuated widely. The average price per ton received for dried grapes during 2019 was R36 084 per ton. This was 11% higher than the average price received during the 2018 marketing season. The major markets for South African dried grape exports will also be looked at in the sections that follow.

Figure 7: Volume and net realisation of dried grapes exports, 2010 - 2019

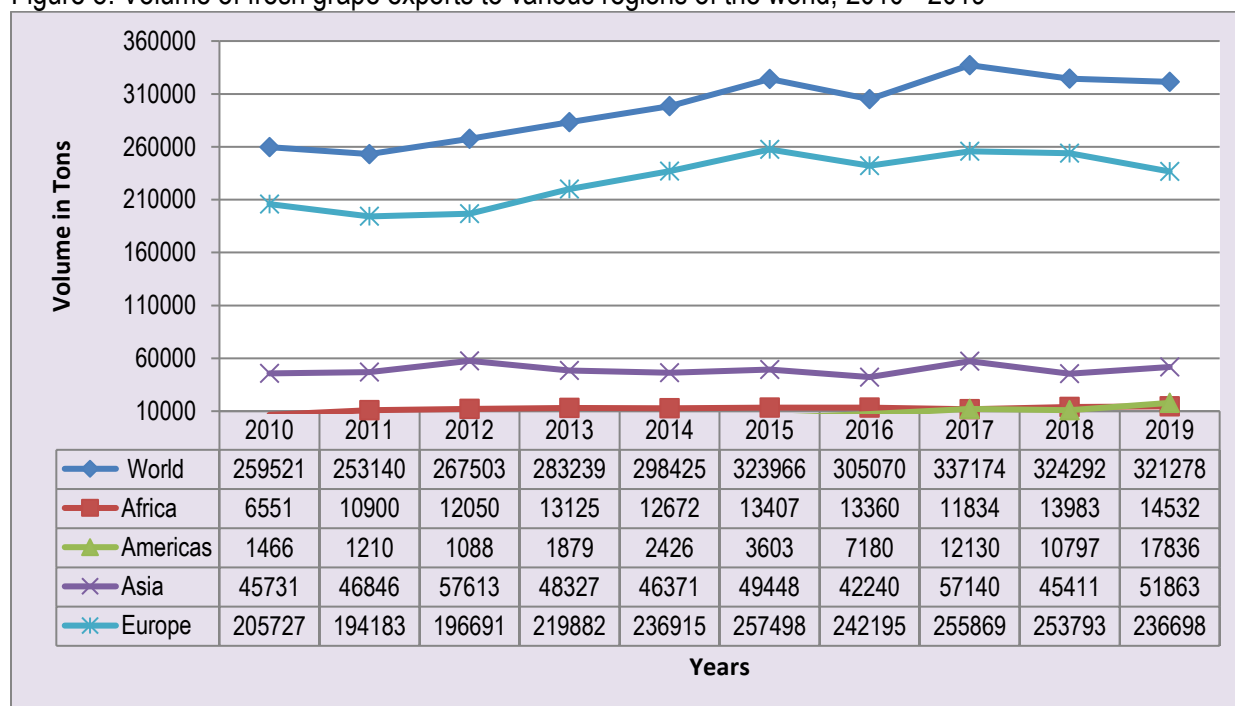


Source: Quantec Easydata

2.2.1 Fresh grapes exports to different regions

South Africa's exports of fresh grapes to the various regions of the world over the past decade are depicted in Figure 9. It is evident from Figure 9 that over the past decade the majority of South Africa's fresh grapes were destined for the European and to a lesser extent Asian markets. In 2019, exports to Europe accounted for 74% (236 698 tons) of the total South African exports of fresh grapes. Europe was followed by Asia at 16% (51 863 tons). Exports into the Americas continent contributed 6% (17 836 tons) while those to the Africa accounted for 5% (14 532 tons) during the same period. Exports to Europe declined by 7% between 2018 and 2019. The subsections that follow give attention to the European and European Union markets due to the fact the majority of South Africa's exports of fresh grapes are destined for these markets.

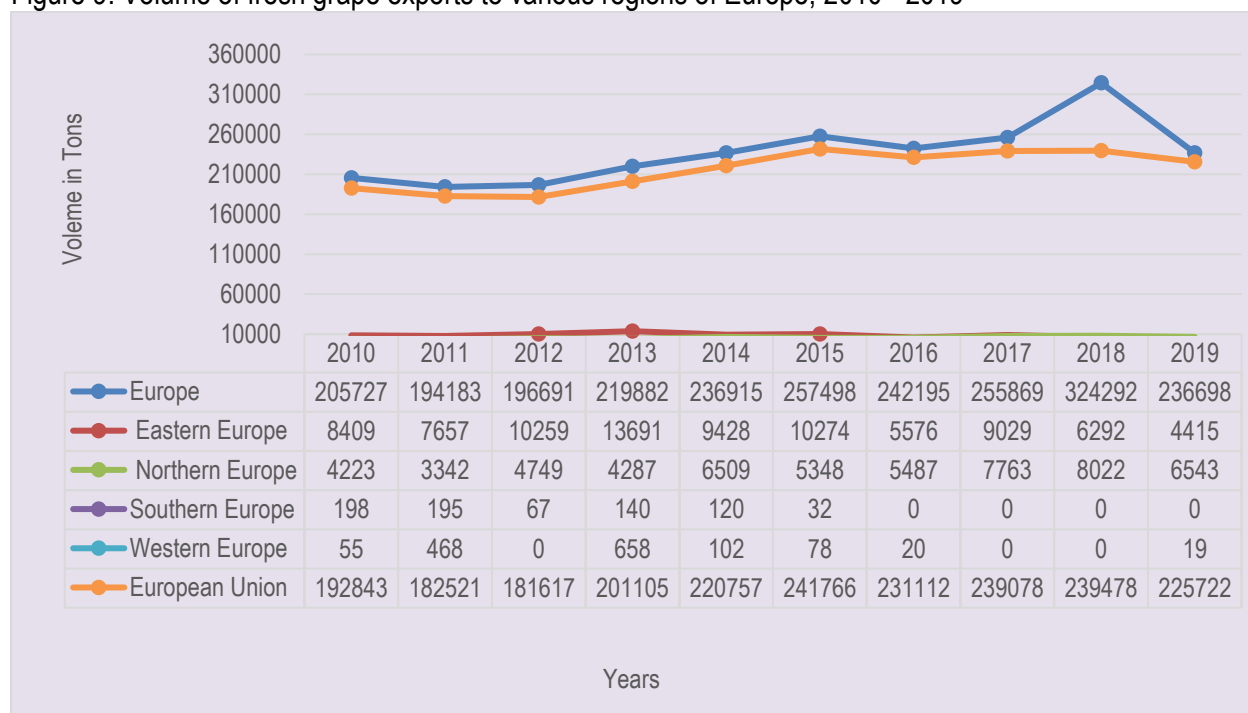
Figure 8: Volume of fresh grape exports to various regions of the world, 2010 - 2019



Source: Quantec Easydata

Figure 10 presents volumes of fresh grapes exported to the various regions of Europe during the past decade. As can be observed from Figure 10 the European Union is the major export destination for South African fresh grapes, absorbing 236 698 tons of South African fresh grapes in 2019. It is followed by Eastern Europe and Northern Europe at 6 543 and 4 415 tons, respectively. In 2019, the European Union accounted for 95% of the total South African exports of fresh grapes to Europe. This may probably be the result of the long trading relationship between South Africa and Europe which spans over a century. South Africa also has preferential market access into the EU through the Trade Development and Cooperation Agreement (TDCA) between South Africa and the EU. South Africa exports of fresh table grapes to the EU increased by 7% between 2018 and 2019.

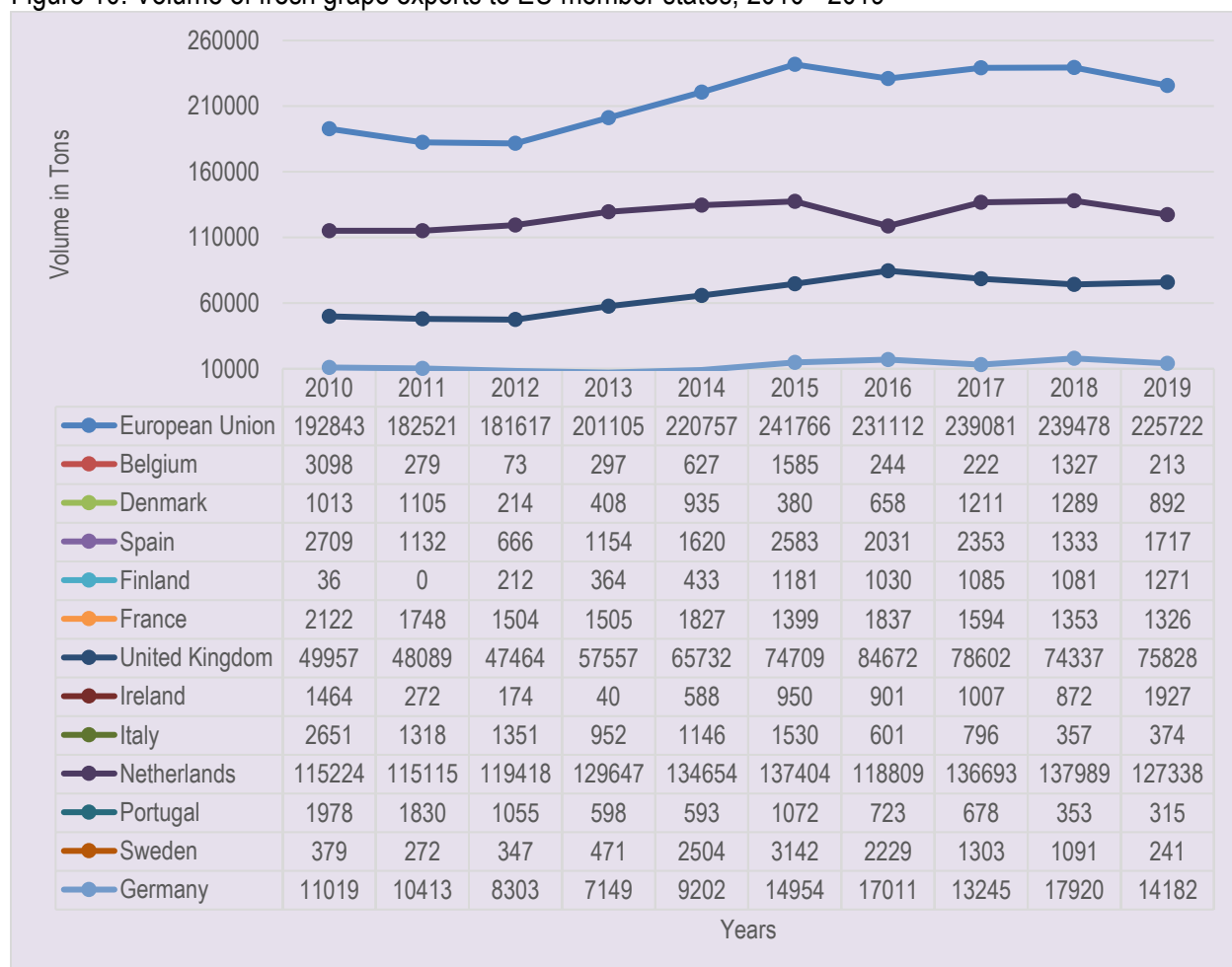
Figure 9: Volume of fresh grape exports to various regions of Europe, 2010 - 2019



Source: Quantec Easydata

South Africa's export volumes of fresh grapes to the different European Union member states during the past decade are presented in Figure 11. Only those countries whose imports of fresh grapes from South Africa were at least 1 000 tons during a particular year in the last ten years are depicted in Figure 11. It is clear from Figure 11 that the Netherlands is the leading export destination for South African fresh grapes within the European Union, contributing well over half (127 338 tons or 56%) to total South African fresh grape exports to the European Union during 2019. It is followed by the United Kingdom, Germany, Ireland and Spain at 75 828 tons, 18 182 tons, 1 927 tons and 1 717 tons, respectively. Exports to the Netherlands declined significantly by 7% between 2018 and 2019. Even though still a major market for South African fresh grapes, the European Union is becoming less and less important as the main market for South African exports of fresh grapes. Its position is increasingly being taken over by Asia, Eastern Europe and Northern Europe.

Figure 10: Volume of fresh grape exports to EU member states, 2010 - 2019

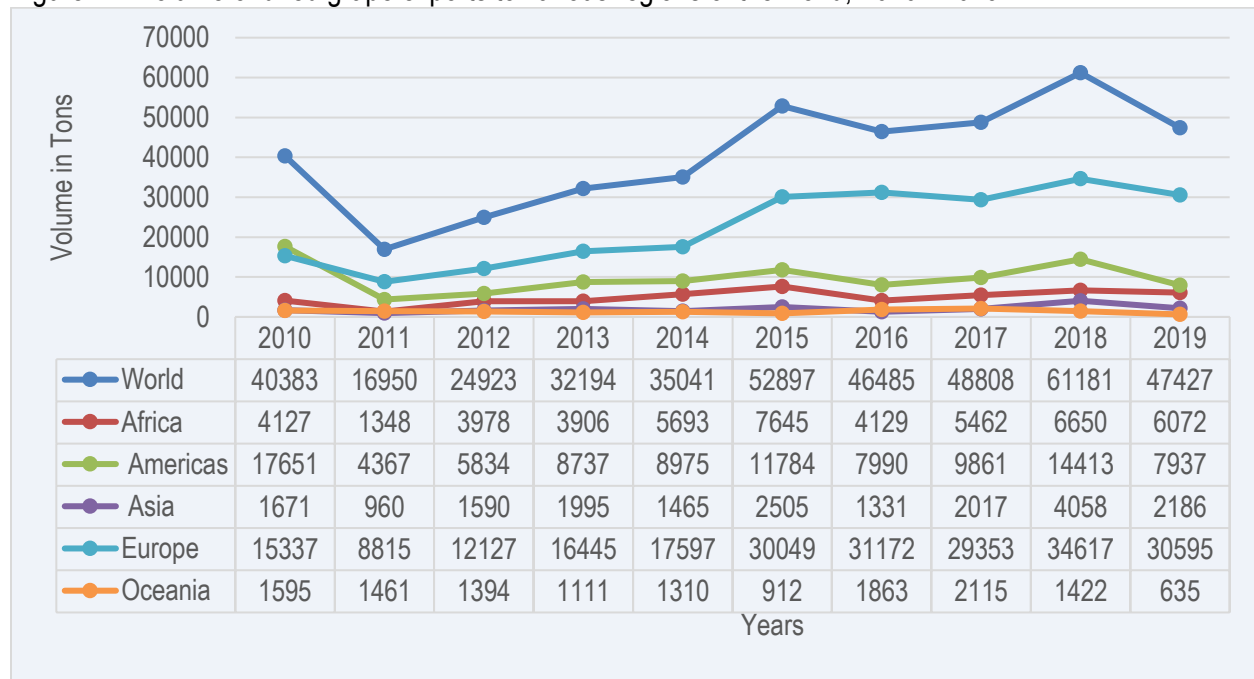


Source: Quantec Easydata

2.2.2 Dried grapes exports to different regions

Figure 12 presents volumes of dried grape exports to the different regions of the world for the years 2010 to 2019. A total of 47 427 tons of dried grapes were exported by South Africa during 2019. This represented a 22% decrease in the volume of dried grapes exported when compared with the 2018 volume of 61 181 tons. Figure 12 indicates that the majority of South African exports of dried grapes go to the Europe, Americas and recently Africa. During 2019, exports to the Europe accounted for 65% while those to Americas accounted for 17% and those to Africa accounted for 13%. The three regions together absorbed 94% of total South African exports of dried grapes in 2019. Exports to Africa increased from 4 127 tons in 2010 to 6 074 tons in 2019, an increase of 47%. Exports of dried grapes to Europe regions increased by 99% between 2018 and 2019.

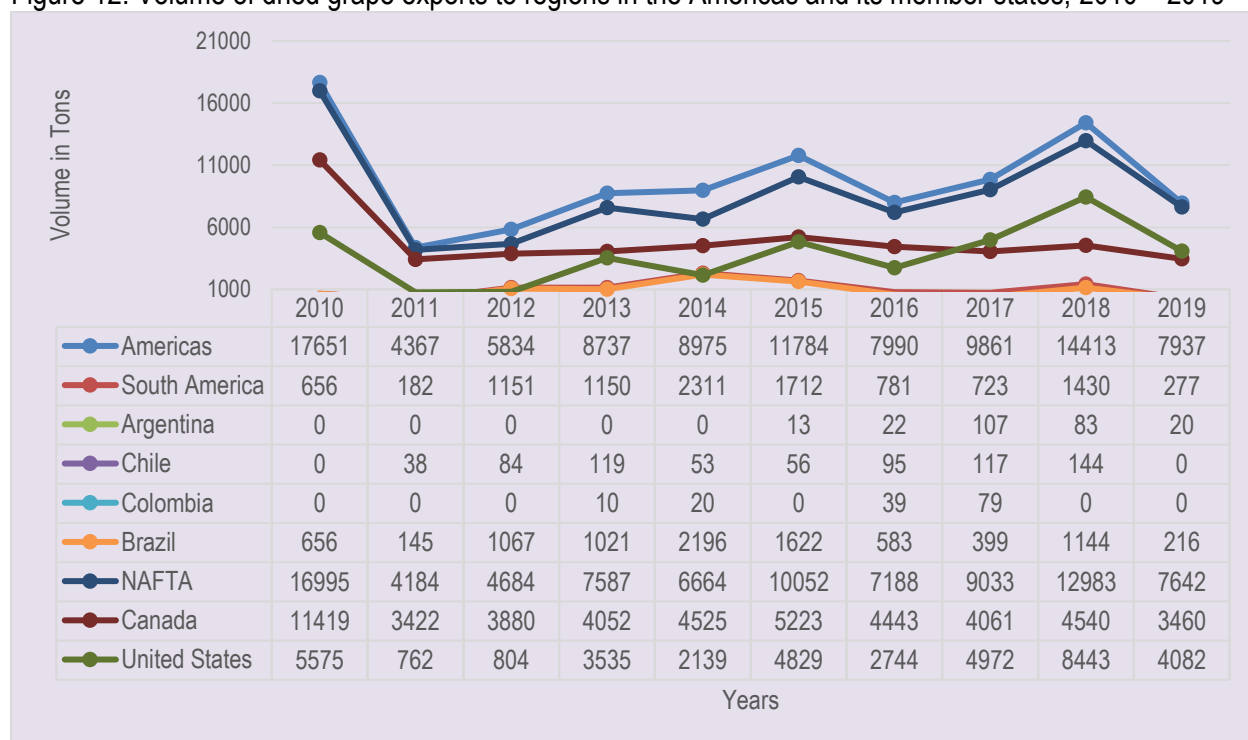
Figure 11: Volume of dried grape exports to various regions of the world, 2010 - 2019



Source: Quantec Easydata

Due to its relative importance to the South African exports of dried grapes, the American market is further analysed. Figure 13 illustrates volumes of dried grapes exported to regions in the Americas (i.e. South America and NAFTA) as well as certain members of the North Atlantic Free Trade Area (NAFTA) (i.e. Canada and the United States of America). A total volume of 7 937 tons of South African dried grapes went to the Americas during 2019. During the last decade almost all South African exports of dried grapes to the Americas went to NAFTA member states. In 2019, NAFTA absorbed 96% of total South African exports of dried grapes to the Americas. Moreover, within NAFTA, the exports are mainly distributed between Canada and the United States of America. During 2019 Canada imported 3 460 tons of dried grapes from South Africa while the United States imported 4 082 tons. In South America, almost all (78%) of South African dried grapes exports were destined to Brazil.

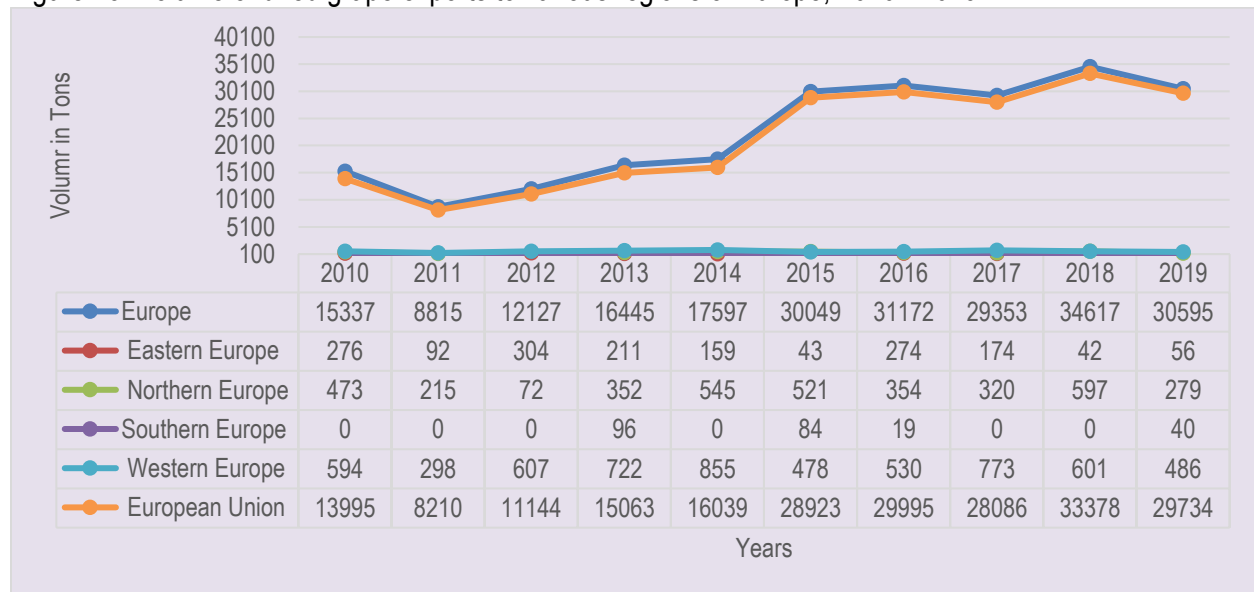
Figure 12: Volume of dried grape exports to regions in the Americas and its member states, 2010 – 2019



Source: Quantec Easydata

Looking at Figure 14, one also observes that Europe is also a major importer of South African dried grapes. Volumes of South African exports of dried grapes to the different regions of Europe during the past decade are presented in Figure 14. The major importing region of South African dried grapes in Europe is the European Union. The economic block imported 29 743 tons of dried grapes from South Africa during 2019. Western Europe and Northern Europe absorbed 486 tons and 279 tons respectively during the same year. Exports to the European Union declined by 11% between 2018 and 2019.

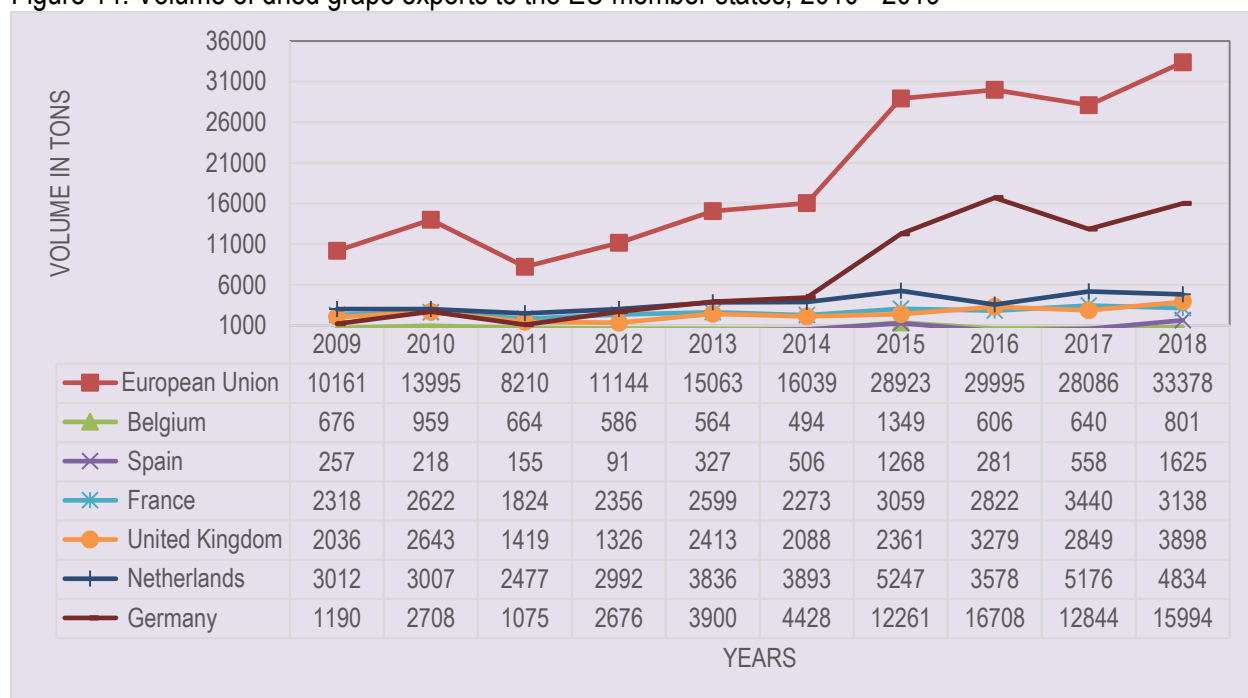
Figure 13: Volume of dried grape exports to various regions of Europe, 2010 - 2019



Source: Quantec Easydata

Within the European Union the major importers of South African dried grapes are the Netherlands, France, the United Kingdom, and Germany (see Figure 15). Only those member states whose imports of dried grapes from South Africa in at least one year during the past ten years was at least 1 000 tons are shown in Figure 16. During 2019 the Germany accounted for 47% (15 994 tons) of the total South African exports of dried grapes to the European Union. Exports to all the major EU markets, with exception of France and Netherlands increased between 2018 and 2019.

Figure 14: Volume of dried grape exports to the EU member states, 2010 - 2019



Source: Quantec Easydata

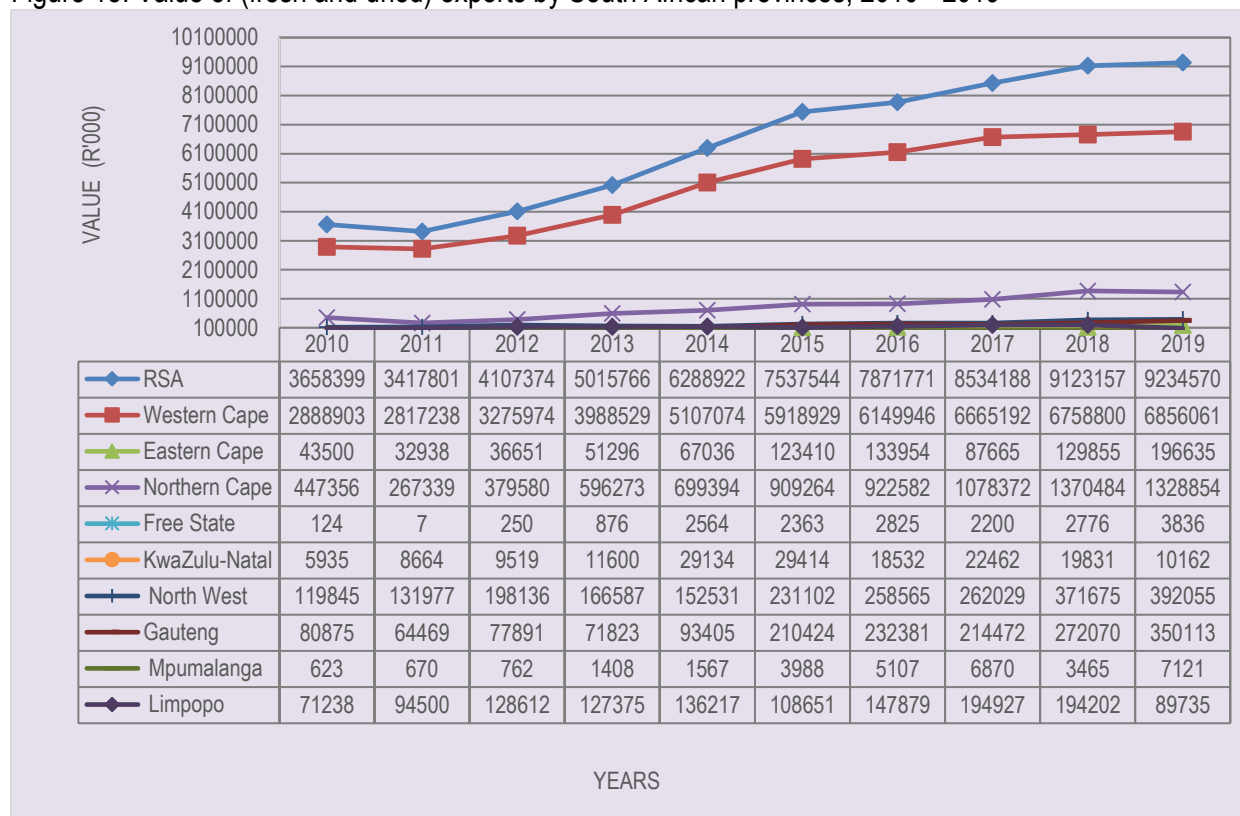
The contributions of the different provinces (and districts) to total South African (and provincial) exports of grapes (fresh and dried) are explored in the following subsection.

2.3 Provincial and district export values of South African grapes

A review of provincial level trade data shows that the Western Cape province had high export values over the past decade. This can be attributed to the fact that the province is firstly the leader in both the production and export of the table grapes. Secondly, the registered exporters are based in the province and thirdly, the province has the Cape Town harbour that serves as an exit point for table grapes. Figure 17 below depicts the value of table grape exports from each province of South Africa for the period 2010 to 2019.

Figure 16 indicates that the Western Cape province exported table grapes worth almost R6.8 billion during 2019. South Africa's total exports of table grapes during the same period amounted to R9.2 billion. This clearly shows the dominant role of the Western Cape when compared with other provinces in terms of exports of table grapes. The sources of this dominance have already been highlighted in the paragraph above. Other provinces, especially the Northern Cape, North West and Limpopo also recorded significant values of table grape exports during the past decade. The total value of table grape exports increased from over R9.1 billion in 2018 to over R9.2 billion in 2019.

Figure 15: Value of (fresh and dried) exports by South African provinces, 2010 - 2019

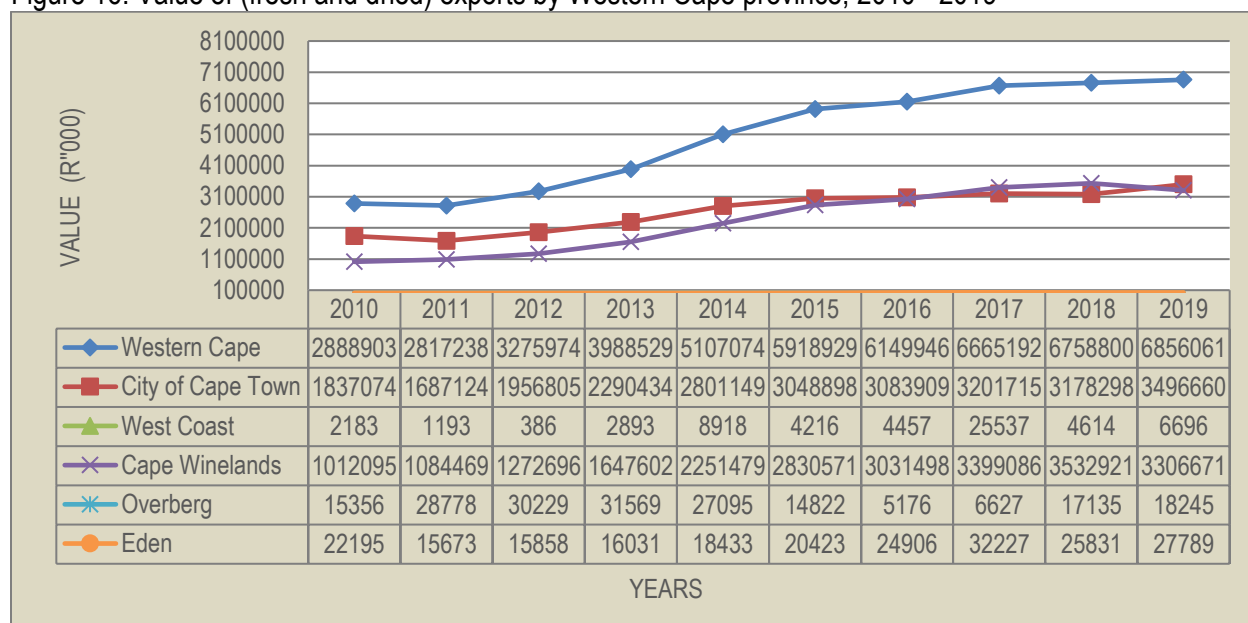


Source: Quantec Easydata

The following Figures (Figures 17 – 25) show the value of table grape exports from the various districts in the nine provinces of South Africa. Figure 17 illustrates values of grape exports by the Western Cape.

According to Figure 17 the majority of table grape exports recorded during the past ten years were from the City of Cape Town and Cape Winelands districts. High export values of the leading municipalities were recorded in 2019 for the City of Cape Town and 2018 for the Cape Winelands. Exports from the Western Cape increased from over R6.7 billion in 2018 to R6.8 billion in 2019. The City of Cape Town recorded table grape exports worth R3.4 billion during 2019 while the Cape Winelands district recorded R3.3 billion during the same period. As explained earlier, the use of the Cape Town harbour as an exit point may have played a major role in the City of Cape Town being a leader in the export of table grapes from the Western Cape Province.

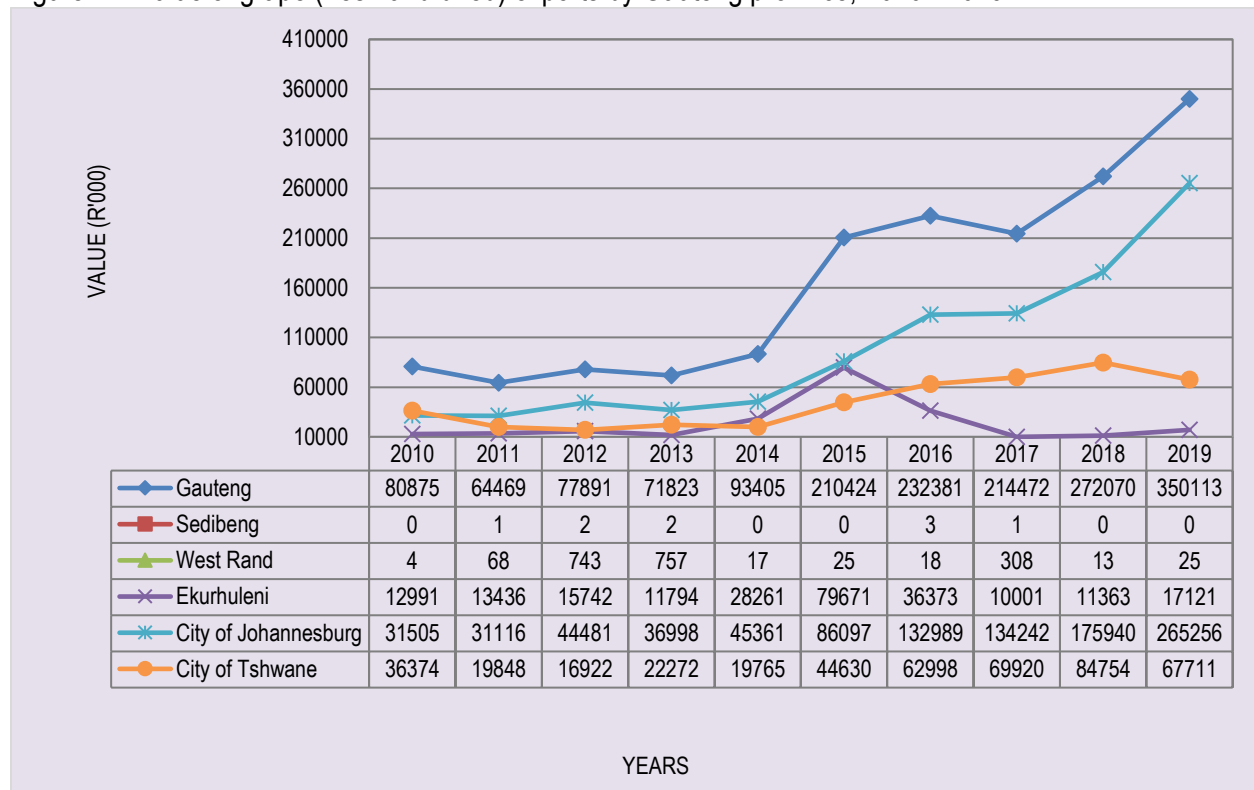
Figure 16: Value of (fresh and dried) exports by Western Cape province, 2010 - 2019



Source: Quantec Easydata

Values of grape exports from Gauteng province are presented in Figure 18. The value of table grape export has been unstable during the review period. The major contributors to the total value of table grapes during the past decade have been the City of Tshwane, City of Johannesburg and Ekurhuleni Metropolitan municipalities. High export values for the metropolitan municipalities were recorded in 2019 for the City of Johannesburg, 2018 for the City of Tshwane and 2015 for Ekurhuleni. During 2019, R17 million and R265 million worth of grape exports were recorded in the Ekurhuleni and City of Johannesburg municipalities respectively. Total table grape exports from the entire Gauteng Province in 2019 were worth R350 million. This was 29% more than the value of R272 million recorded in 2018.

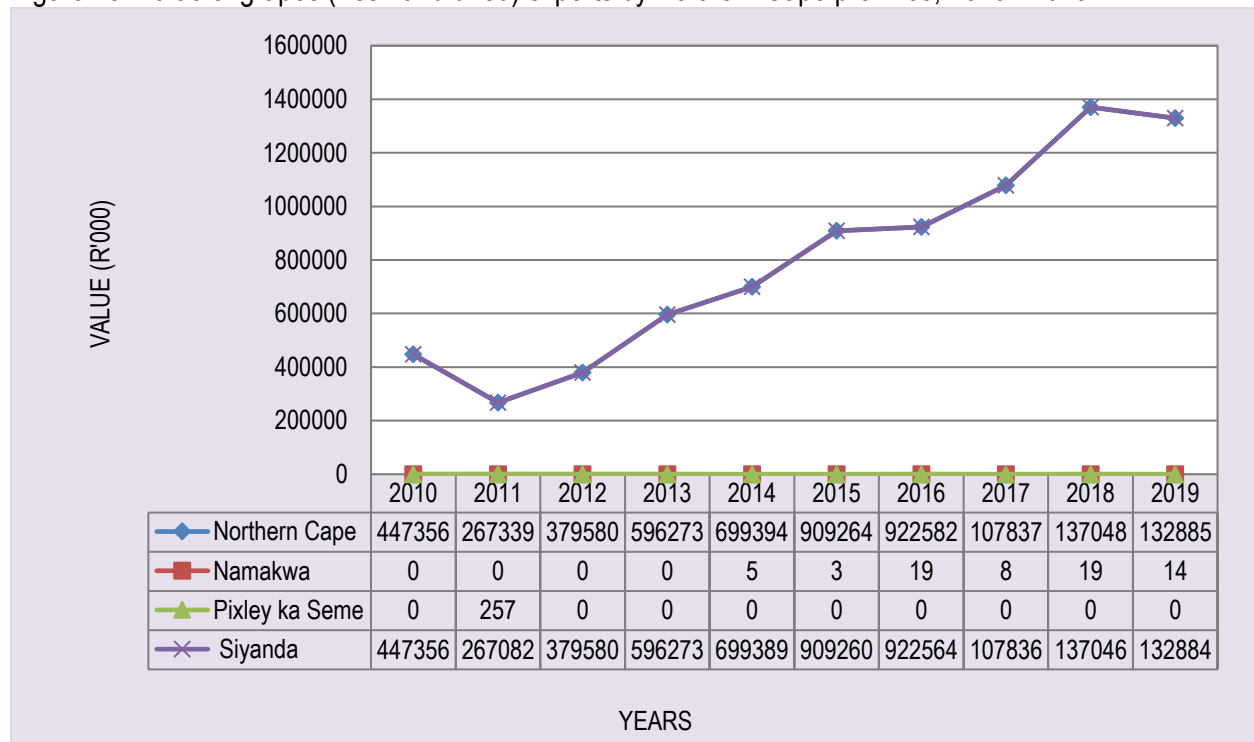
Figure 17: Value of grape (fresh and dried) exports by Gauteng province, 2010 - 2019



Source: Quantec Easydata

Values of grape exports from the Northern Cape province are presented in Figure 19. A total value of R1.3 billion worth of table grapes was exported by the Northern Cape in 2019. It can be observed from Figure 19 that table grape exports from the Northern Cape province are mainly from Siyanda District Municipality. High export values for the leading district municipality were recorded in 2018. The value of table grape exports from the Siyanda district increased significantly between 2011 and 2019, only recording a decline in 2019. The value of table grape exports however declined by 15% between 2010 and 2011 and by 3% between 2018 and 2019. The Northern Cape is a second largest producer of table grapes after the Western Cape.

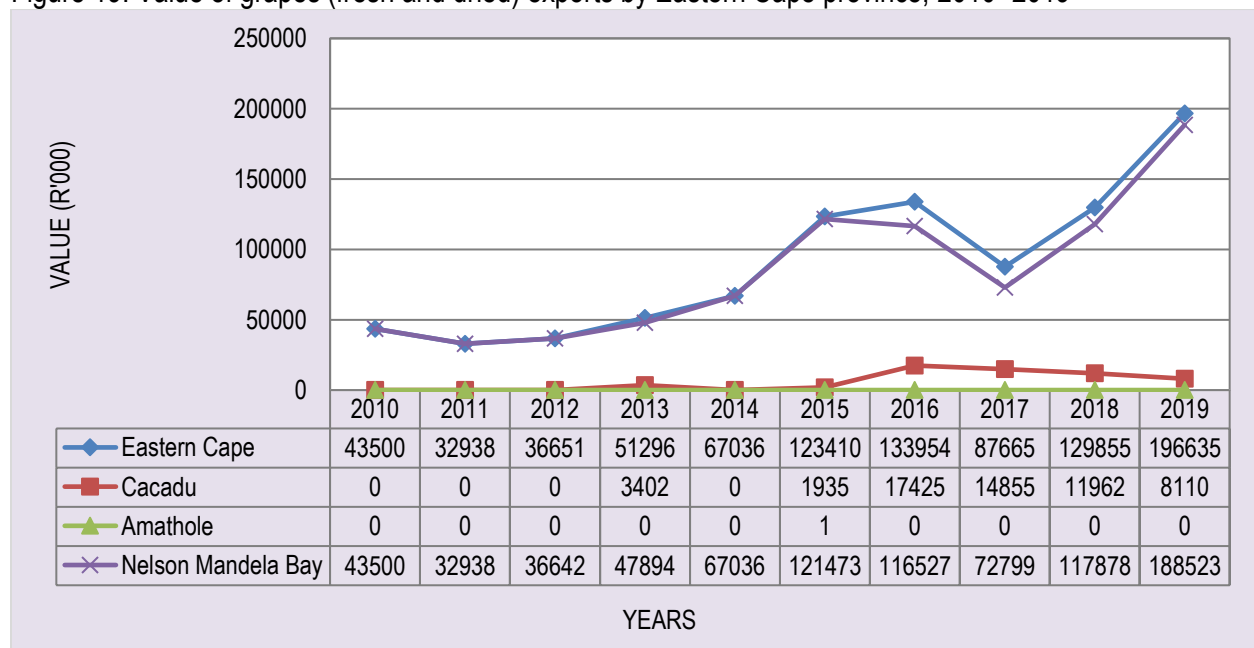
Figure 18: Value of grapes (fresh and dried) exports by Northern Cape province, 2010 - 2019



Source: Quantec Easydata

Values of grape exports from the Eastern Cape province are depicted in Figure 20.

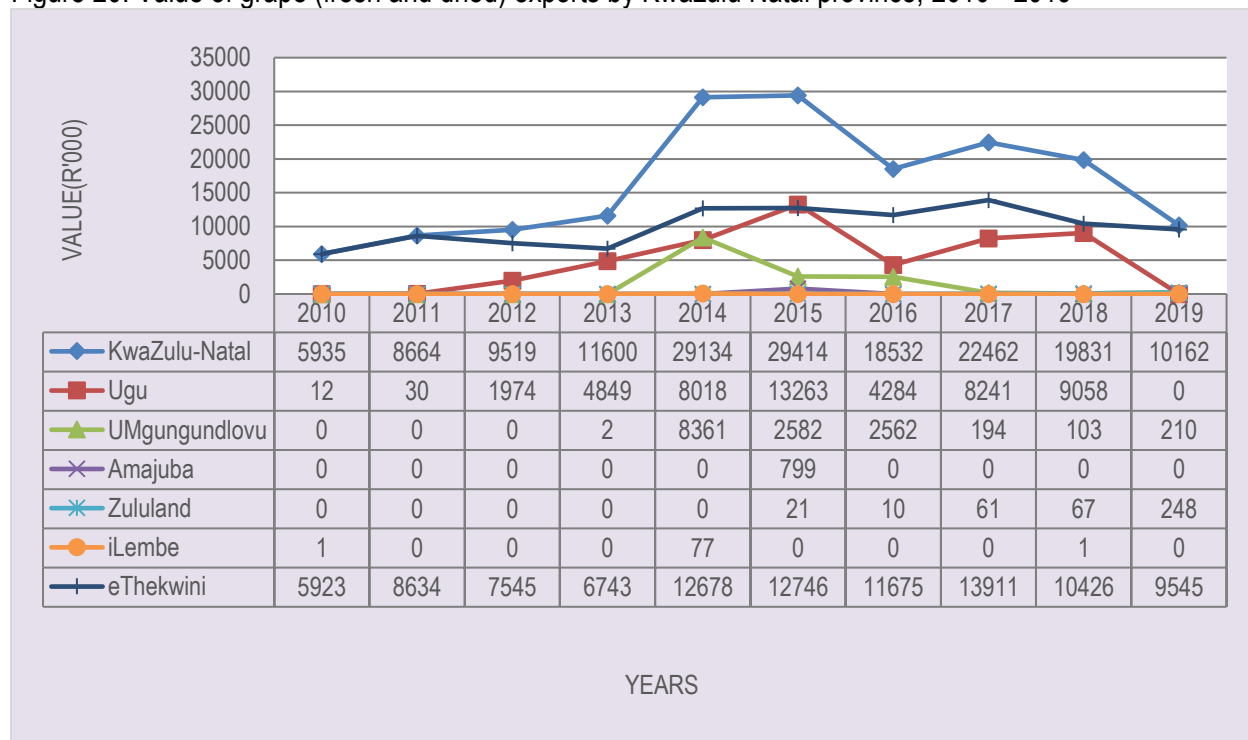
Figure 19: Value of grapes (fresh and dried) exports by Eastern Cape province, 2010- 2019



Source: Quantec Easydata

Figure 20 shows that table grape exports from the Eastern Cape province are mainly from the Nelson Mandela and Cacadu Municipalities. High export values of both municipalities were recorded in 2019 (for Nelson Mandela) and 2016 (for Cacadu). There has been a phenomenal increase in the value of table grape exports in the Nelson Mandela Metropolitan Municipality since 2012, only to decline slightly in 2016 and 2017. The use of the Port Elizabeth harbour as an exit point may have played a major role in the metropolitan municipality being a leader in the export of table grapes from the Eastern Cape province. Grapes worth R188 million were exported by the Nelson Mandela district during 2019. Values of grape exports from Kwazulu Natal province are shown in Figure 21.

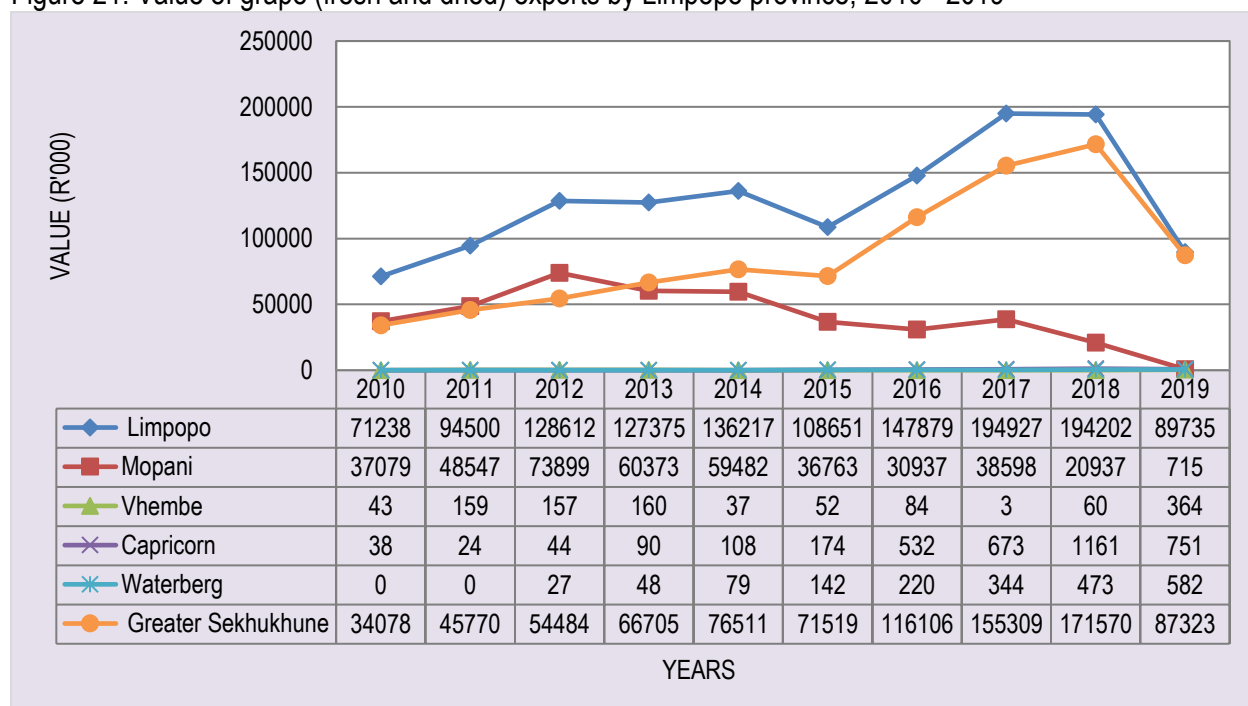
Figure 20: Value of grape (fresh and dried) exports by Kwazulu Natal province, 2010 - 2019



Source: Quantec Easydata

Table grape exports from the Kwazulu Natal province are mainly from eThekweni Metropolitan Municipality. High export values for the leading municipality were recorded in 2017. The use of the Durban harbour as an exit point may have played a major role in eThekweni being a leader in the export of table grapes from the Kwazulu Natal province. There have been major fluctuations in the values of grape exports reported especially from the eThekweni district during the past decade. Table grapes worth R10 million were exported by Kwazulu Natal province in 2019. Values of table grapes exported by the eThekweni municipality increased from R5 million in 2010 to R9.5 million during 2019. Values of grape exports from Limpopo province are presented in Figure 22.

Figure 21: Value of grape (fresh and dried) exports by Limpopo province, 2010 - 2019

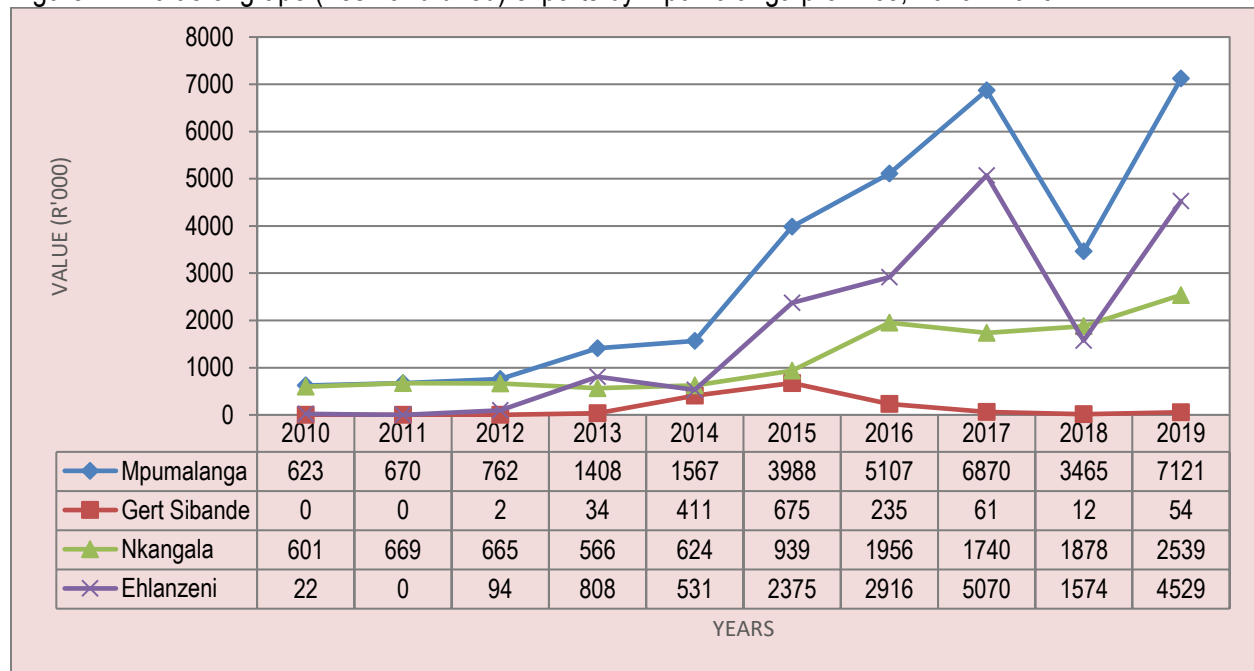


Source: Quantec Easydata

Figure 22 shows that table grape exports from the Limpopo Province are mainly from Mopani, Waterberg and Greater Sekhukhune districts. High export values for both district municipalities were recorded in 2019 (for Waterberg), 2012 (for Mopani) and 2018 (for Greater Sekhukhune). The Mopani district has however emerged as a leading exporter of table grapes 2010 and 2012 before surrendering to Sekhukhune district since 2013. A total R715 thousands worth of table grapes were exported by Mopani district in 2019 and this was down from the R20 million recorded by the district in 2019. The value of grape export in the Sekhukhune district declined from R171 million in 2018 to R87 million in 2019. Values of grape exports from Mpumalanga province are presented in Figure 23.

It is clear from Figure 23 that table grape exports from the Mpumalanga Province are mainly from Ehlanzeni and Gert Sibande District Municipalities. The high export values for the Ehlanzeni was recorded in 2017, 2019 for Nkangala and Gert Sibande) were recorded in 2015.

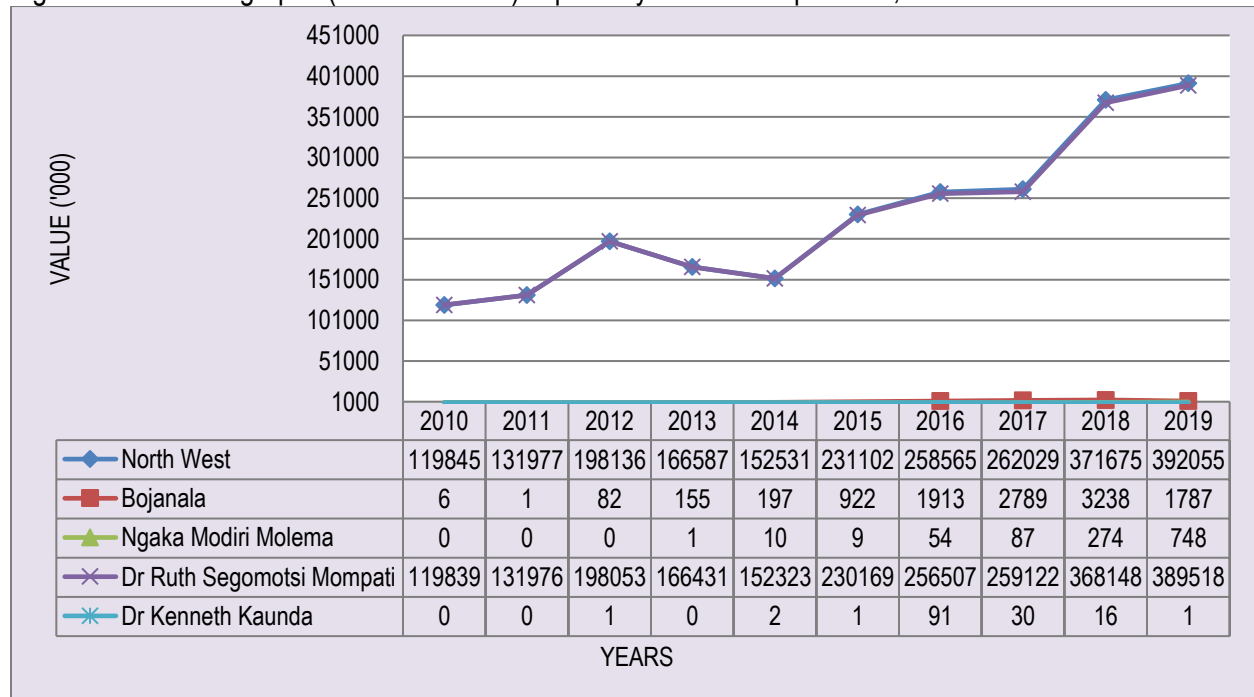
Figure 22: Value of grape (fresh and dried) exports by Mpumalanga province, 2010 - 2019



Source: Quantec Easydata

Values of grape exports from North West province are depicted in Figure 24.

Figure 23: Value of grapes (fresh and dried) exports by North West province, 2010 - 2019

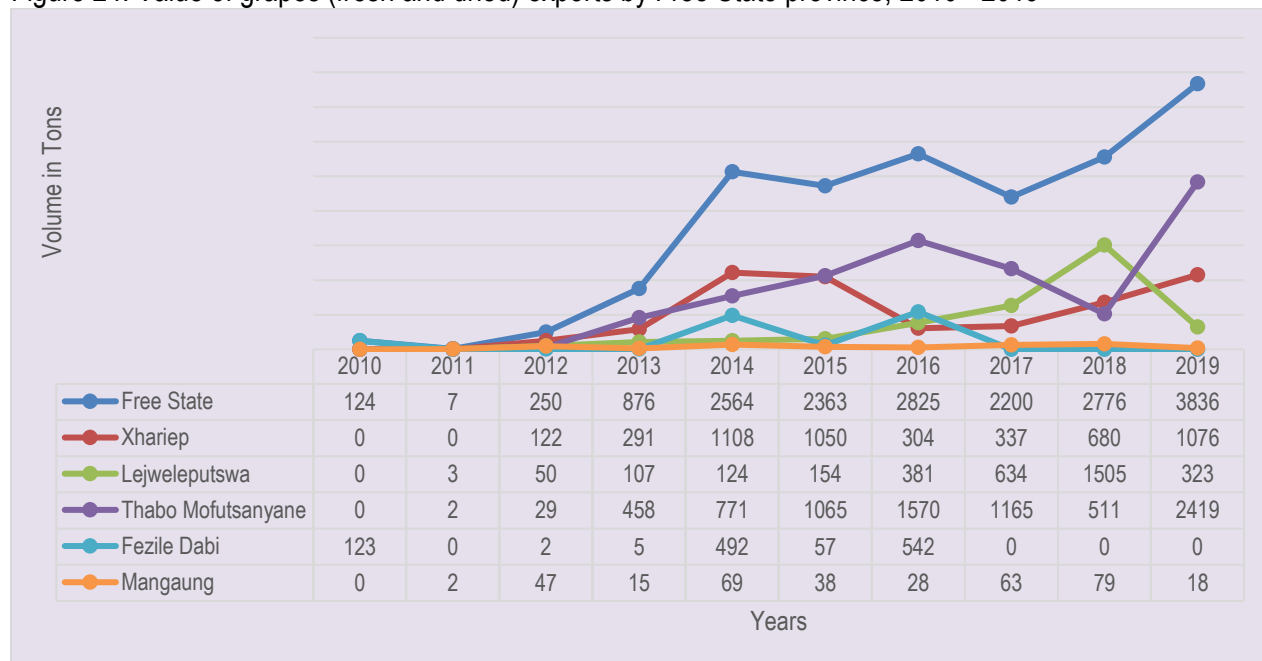


Source: Quantec Easydata

Figure 24 shows that table grape exports from the North West Province are mainly from Dr Ruth Segomotsi Mompoti District Municipality. High export values for the leading district municipality were recorded in 2019.

Exports from the leading municipality have increased significantly since 2010, reaching R389 million during 2019. The values from Dr Ruth Segomotsi Mompati increased in 2019 from R368 million worth of table grapes in 2018. Values of grape exports from the Free State Province are shown in Figure 26.

Figure 24: Value of grapes (fresh and dried) exports by Free State province, 2010 - 2019



Source: Quantec Easydata

Figure 25 shows that grape exports from the Free State province are mainly from Thabo Mofutsanyane and Xhariep District Municipality. The province recorded minimal exports of table grapes between 2010 and 2011. Total table grapes exports worth R3.8 million were recorded in 2019.

2.4 Share analysis

Table 4 is an illustration of provincial shares towards national table grape exports. It shows that the Western Cape province has commanded the greatest share of table grape exports for the past ten years. The Western Cape Province accounted for 74.2% of the total exports of table grapes from South Africa in 2019. This is in spite of the fact that the Northern Cape Province is the other leading producer of table grapes. The Northern Cape contributed about 14.4% in 2019 and the North West province accounted for 4.2% during the same year. As explained earlier, this means that the leading export province (Western Cape) derive its advantage from the fact that the registered exporters are based in that province and also has the exit point for table grape exports in the form of the Cape Town harbour. The above scenario raises concerns about the availability of marketing infrastructure and agro-logistics in the other major table grape producing province of South Africa like the Northern Cape.

Table 4: Share of provincial table grape exports to the total South Africa's table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
RSA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Western	78.8	82.3	79.6	80.0	80.7	79.5	78.3	78.1	74.1	74.2

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cape										
Eastern Cape	1.2	0.8	0.9	1.0	1.1	1.6	1.7	1.0	1.4	2.1
Northern Cape	12.2	7.8	9.2	11.2	10.1	11.0	11.6	12.6	15.0	14.4
Free State	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kwazulu-Natal	0.1	0.1	0.1	0.1	0.3	0.3	0.2	0.3	0.2	0.1
North West	3.3	3.9	4.8	3.3	2.4	3.1	3.3	3.1	4.1	4.2
Gauteng	2.5	2.2	2.2	1.8	3.2	2.9	2.9	2.5	3.0	3.8
Mpumalanga	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1
Limpopo	1.9	2.8	3.1	2.5	2.2	1.4	2.0	2.3	2.1	1.0

Source: Calculated from Quantec Easydata

The following tables (Table 5 - 13) show the share of district table grape exports to the total provincial table grape exports. Table 5 presents the share of district table grape exports to the total Western Cape provincial table grape exports for the years 2010 to 2019. The leading districts in Western Cape table grape exports in 2019 were the Cape Winelands (51%) and the City of Cape Town (48.2%). The remaining 0.8% came from the West Coast, Overberg and Eden districts. The dominance of the City of Cape Town can be explained by the fact that both the harbour and the airport are found in this district.

Table 5: Share of district table grapes to the total Western Cape provincial table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Western Cape	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
City of Cape Town	62.8	57.9	58.4	54.3	51.4	47.1	47.5	48.0	47.0	51.0
West Coast District	0.0	0.0	0.0	0.1	0.2	0.1	0.1	0.4	0.1	0.1
Cape Winelands	35.8	40.4	40.1	44.4	47.7	52.2	51.9	51.0	52.3	48.2
Overberg	0.5	1.0	0.9	0.8	0.5	0.2	0.1	0.1	0.3	0.3
Eden	0.8	0.6	0.5	0.5	0.5	0.4	0.5	0.5	0.4	0.4

Source: Calculated from Quantec Easydata

The share of district table grape exports to the Gauteng provincial table grape exports is presented in Table 6. During 2019, the total table grape exports from Gauteng were shared by Ekurhuleni (15.9%), City of Johannesburg (75.8%) and City of Tshwane (19.3%). Collectively, the three districts accounted for over 95% of total Gauteng table grape exports in 2019. The shares of the City of Johannesburg increased between 2018 and 2019 while the shares of the City of Tshwane, Ekurhuleni and the West Rand decreased during the same period.

Table 6: Share of district table grape exports to total Gauteng provincial table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gauteng	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sedibeng	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
West Rand	0.0	0.1	0.8	0.8	0.7	0.5	0.4	0.1	0.0	0.0
Ekurhuleni	10.4	12.0	11.0	6.6	69.3	36.2	15.9	4.7	4.2	4.9
City of Johannesburg	56.6	67.8	73.1	79.0	23.3	32.0	36.8	62.6	64.7	75.8
City of Tshwane	33.0	20.1	15.1	13.7	6.6	31.3	46.9	32.6	31.2	19.3

Source: Calculated from Quantec Easydata

Between 2010 and 2019, almost all reported table grape exports from the Northern Cape province were from the Siyanda district (see Table 7).

Table 7: Share of district table grapes to the total Northern Cape provincial table grapes exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Northern Cape	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Pixley ka Seme	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Siyanda District	100.0	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Calculated from Quantec Easydata

Table 8 presents the share of district table grape exports to the total Eastern Cape provincial table grape exports for the period 2010 to 2019. Since 2010, almost all reported table grape exports in the Eastern Cape were from the Nelson Mandela district.

Table 8: Share of district table grape exports to the total Eastern Cape provincial table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Eastern Cape	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cacadu	0.0	0.0	0.0	6.6	0.0	1.6	13.0	16.9	9.2	4.1
Amathole	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nelson Mandela	100.0	100.0	100.0	93.4	100.0	98.4	87.0	83.0	90.8	95.9

Source: Calculated from Quantec Easydata

The share of district table grape exports to the total Kwazulu Natal provincial table grape exports is presented in Table 9. The eThekweni district is the leading exporter of table grapes from Kwazulu Natal, accounting for 93.9% of the total exports of table grapes in 2019. eThekweni district overtook UMgungundlovu district as the leading exporter of table grapes in Kwazulu Natal during 2016. The

Zululand and UMgungundlovu contributed 2.4% and 2.1% respectively to total Kwazulu Natal exports of grapes in 2019.

Table 9: Share of district table grapes exports to the total Kwazulu Natal provincial table grapes exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Kwazulu-Natal	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ugu District	0.6	0.8	39.2	94.3	36.3	50.4	22.5	36.7	45.7	0.0
UMgungundlovu	0.0	0.0	0.0	0.0	39.6	9.9	13.5	0.9	0.5	2.1
Amajuba	0.0	0.0	0.0	0.0	0.0	3.1	0.0	0.0	0.0	0.0
Zululand	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3	0.3	2.4
iLembe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
eThekweni	99.4	99.2	60.8	5.7	23.7	36.6	63.9	61.9	52.6	93.9

Source: Calculated from Quantec Easydata

In the Limpopo Province, the leading districts in terms of table grape exports are the Mopani and Greater Sekhukhune districts. The Mopani district accounted for over half of total Limpopo table grape exports between 2010 and 2014 (see Table 10). Mopani district accounted for 0.8% of the total exports of table grapes by the Limpopo province in 2019 while 97.3% came from the Greater Sekhukhune district.

Table 10: Share of district table grapes to the total Limpopo provincial table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Limpopo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mopani	52.1	51.4	57.5	47.5	43.5	32.2	20.0	19.8	10.8	0.8
Vhembe	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.0	0.0	0.4
Capricorn	0.0	0.1	0.0	0.0	0.2	0.3	0.3	0.3	0.6	0.8
Waterberg	0.0	0.0	0.0	0.0	0.2	0.1	0.1	0.2	0.2	0.6
Greater Sekhukhune	47.8	48.5	42.4	52.4	55.9	67.4	79.5	79.7	88.3	97.3

Source: Calculated from Quantec Easydata

Most (63.6%) of the reported table grape exports in the Mpumalanga province during 2019 were from the Ehlanzeni district. The remaining came from Gert Sibande and Nkangala districts (see Table 11).

Table 11: Share of district table grapes exports to the total Mpumalanga provincial table grapes exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Mpumalanga	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gert Sibande	1.6	0.0	0.0	0.0	43.9	57.6	3.5	0.9	0.3	0.8

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Nkangala	0.0	0.0	0.0	0.0	0.0	0.0	15.3	25.3	54.2	35.7
Ehlanzeni	100.0	100.0	100.0	100.0	56.1	42.4	81.2	73.8	45.4	63.6

Source: Calculated from Quantec Easydata

The Dr Ruth Segomotsi Mompoti district in the North West has been the sole contributor to total North West provincial table grape exports between 2010 and 2019. (see Table 12).

Table 12: Share of district table grapes to the total North West provincial table grapes exports (%)

Years Districts	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
North West	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bojanala	0.0	0.0	0.0	0.0	0.6	0.4	0.7	1.1	0.9	0.5
Dr. Ruth Segomotsi Mompoti	100.0	100.0	100.0	100.0	99.4	99.6	99.0	98.9	99.1	99.4

Source: Calculated from Quantec

According to Table 13 the Thabo Mofutsanyane district is the leading exporter of table grapes from Free State province, accounting for 63.1% of the total exports of table grapes in 2019. It was followed by Xhariep district accounting for 28.1%.

Table 13: Share of district table grape exports to the total Free State provincial table grape exports (%)

Years District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Free State	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Xhariep	0.0	0.0	100.0	98.4	66.7	44.0	12.7	15.3	24.5	28.1
Lejweleputswa	0.0	0.0	0.0	0.0	8.8	6.6	16.2	28.8	54.1	8.4
Thabo Mofutsanyane	0.0	0.0	0.0	0.0	19.2	45.4	66.7	53.0	18.4	63.1
Fezile Dabi	0.0	0.0	0.0	4.7	2.9	2.4	3.1	0.0	0.0	0.0
Mangaung	0.0	0.0	0.0	0.0	2.4	1.6	1.2	2.9	2.8	0.5

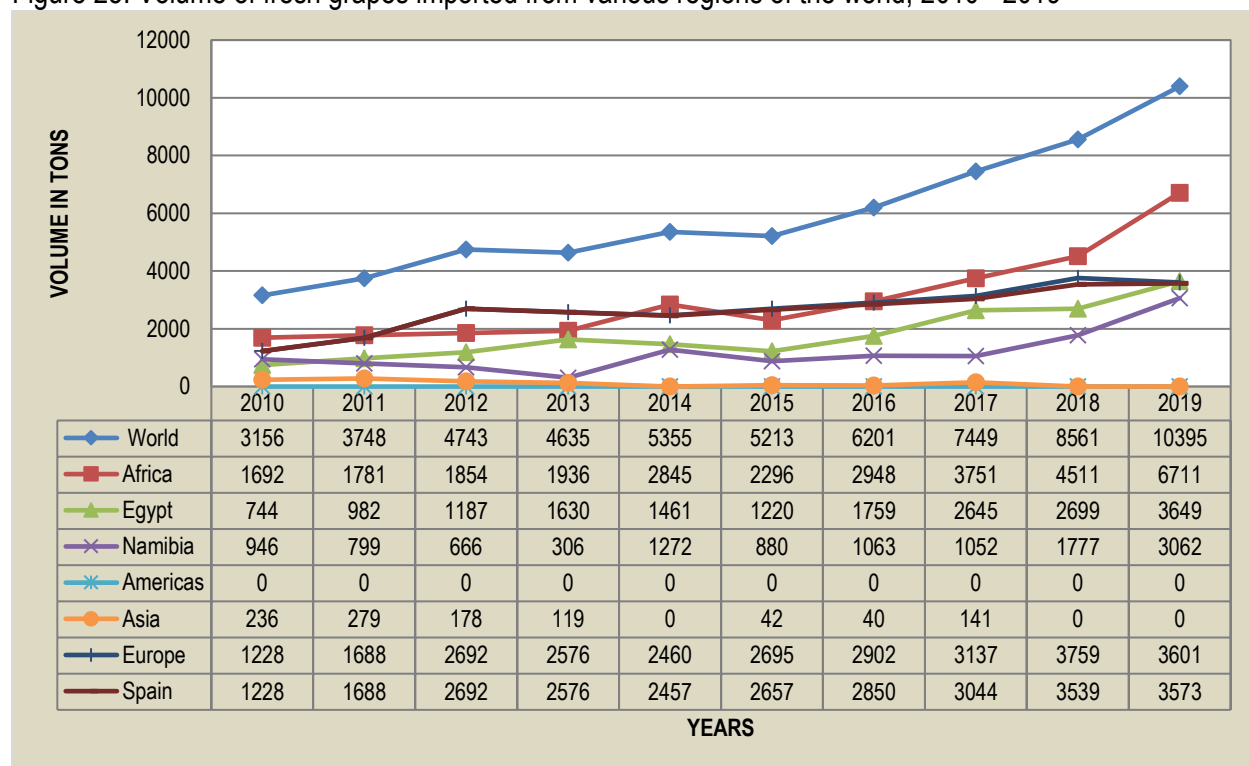
Source: Calculated from Quantec

2.5 Imports (fresh and dried grapes)

The quantities of fresh table grapes imported by South Africa during the last ten years are presented in Figure 26. A total volume of 10 935 tons of fresh grapes were imported by South Africa during 2019. This was 21% less than the volume imported in 2018 and 229% higher than the volume imported in 2010. Continentally, the main source of South Africa's fresh grapes imports in 2019 was Africa and Europe. The two continents accounted for 65% and 35% of total South African fresh grapes imports in 2019. Both continents are the top supplier of fresh grapes to South Africa. The regions, specifically European Union accounted for 34% of fresh grapes imported by South Africa while within Africa, Northern Africa accounted for 35% of South African imports. The major supplier during 2019 in the European Union was Spain. Within Africa, the Northern Africa (Egypt) and SACU (Namibia) were the major supplier of fresh grapes to South Africa, accounting for all imports from Africa in 2019. Moreover, the major supplier of fresh grape imports

within the Northern Africa and SACU during 2019 was Egypt and Namibia respectively, accounting for almost all African exports of fresh grapes to South Africa.

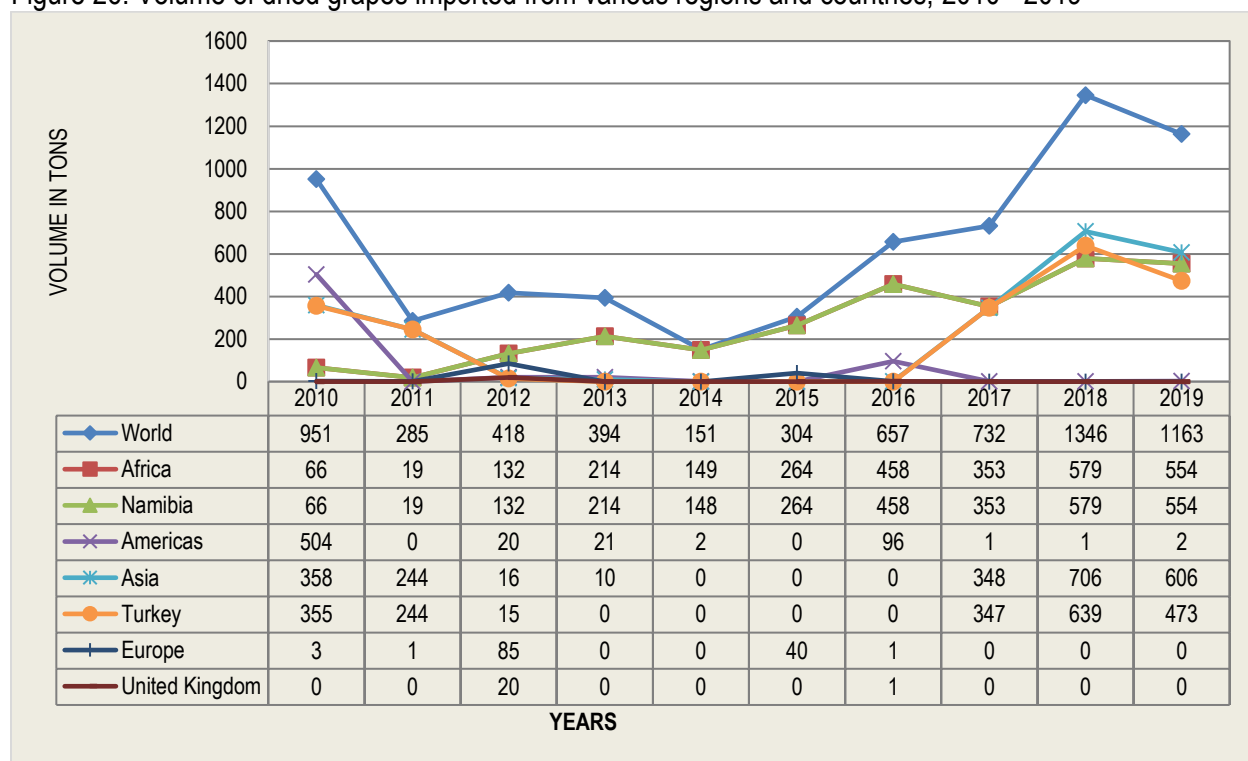
Figure 25: Volume of fresh grapes imported from various regions of the world, 2010 - 2019



Source: Quantec Easydata

Volumes of dried grapes imported by South Africa during the last decade are presented in Figure 27. Dried grapes weighing 1 163 tons were imported by South Africa during 2019. The imported quantity was 13.6% lower than the quantity imported in 2018 and 22% higher than the quantity imported in 2010. During 2019, the main source of South Africa's dried grapes imports was Asia which accounted for over half (52%) the total dried grapes imports by South Africa. Second supplier of table grapes in 2019 was Africa. Within Africa, the main region supplying dried grapes to South Africa in SACU. All imports of dried grapes recorded in South Africa that came from Africa in 2019 were from SACU and the main supplier within SACU was Namibia (see Figure 27).

Figure 26: Volume of dried grapes imported from various regions and countries, 2010 - 2019



Source: Quantec Easydata

3. GROWTH, VOLATILITY AND STABILITY ANALYSIS

Table 14 presents the results of growth and coefficient of variation estimations. They were calculated using yearly statistics and covered the same ten-year period under review, beginning in 2010 and ending in 2019. The coefficient of variation is a measure of volatility or stability. When the coefficient of variation is less than one, the variable in question is said to be relatively stable, meaning that there were minimal changes. When the coefficient of variation is more than one, it is said to be volatile, meaning there were major changes during the period under review.

Table 14: Table grapes industry growth rates & variation coefficients (2010 – 2019)

Category	Subcategory	Growth Rate (%)	Coefficient of Variation
Production	Gross Value (GV)	8.55	0.41
	Volume	0.61	0.06
Sales at NFPMs	GV/Price	8.18	0.27
	Volume	-0.86	0.08
Export (Fresh)	Gross Value	2.16	0.10
	Volume	7.07	0.24
Export (Dried)	Gross Value	6.98	0.26
	Volume	10.19	0.33
Import (Fresh)	Gross Value	3.44	0.11
	Volume	15.76	0.37

Category	Subcategory	Growth Rate (%)	Coefficient of Variation
Dried (Dried)	Gross Value	-0.89	0.11
	Volume	0.21	1.23

Source: Calculated from data from Statistics and Economic Analysis, DAFF and Quantec

As shown in Table 14 above, the Table grape industry experienced a positive growth rate from 2010 to 2019 in terms of volumes of production and gross value of most categories with the exception of imports Volumes and gross value of dried grapes and volumes sold at the NFPMs which experienced negative growth over the same period. As mentioned above, South Africa is a net exporter of table grapes and it's not surprising when imports experience negative growth. Similarly, as mentioned above, South Africa's table grapes industry is export oriented and a negative growth in the volumes sold at the NFPMs comes as no surprise.

Table 14 also shows various levels of volatility at different levels of the table grapes industry's yearly figures over the same period (2010 to 2019). Low volatility was indicated by the coefficients of variation that were less than one (<1). All variables with exception of volumes of imports (dried) have values less than 1, which means that on a weighted variance scale, they displayed minimal changes for pineapple during the ten years under review.

4. MARKET INTELLIGENCE

4.1 Competitiveness of South African table grape exports

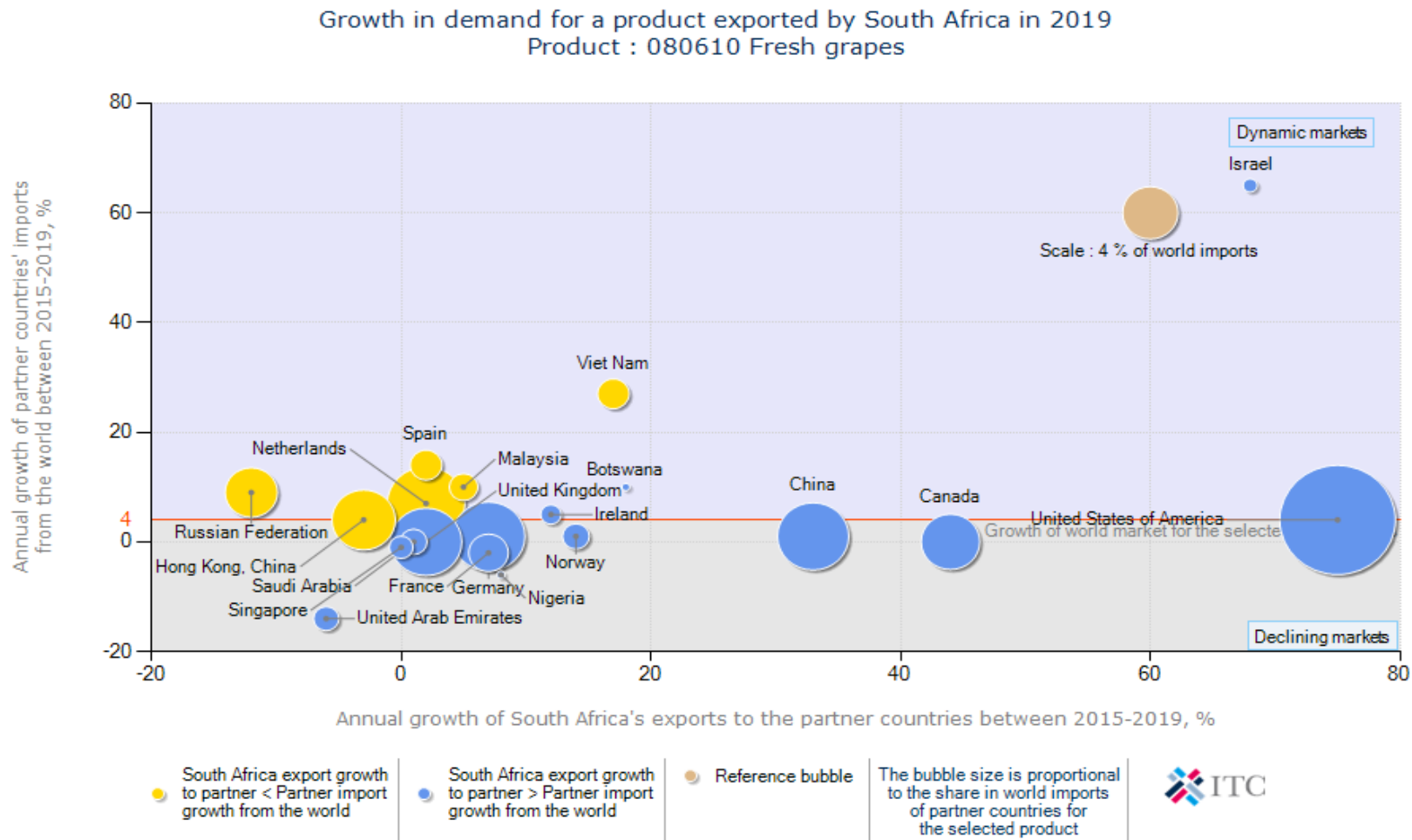
Competitiveness is described as an industry's capacity to create superior value for its customers and improved profits for the stakeholders in the value chain. The driving force in sustaining a competitive position is productivity that is output efficiency in relation to specific inputs with regard to human, capital and natural resources. In 2019 South African fresh grape exports represented 6.1% of world exports and its ranking on the world exports was number 7 whereas South African dried grape exports represented 6.5% of world exports and its ranking on the world exports was number 4. The average distance of importing countries of fresh grapes is 9 391 km and the export concentration is 0.19. The average distance of importing countries of dried grapes is 9 529 km and the export concentration is 0.15

As depicted on Figure 28 below, South African fresh grape exports are growing faster than the world imports in Israel, China, Norway and Canada. South Africa's performance in those markets can be regarded as gains in dynamic markets.

South African fresh grapes exports are growing while the world imports are declining in the Singapore. South Africa's performance in those markets can be regarded as gains in declining markets and should be viewed as achievements in adversity.

South African fresh grape exports are declining while the world imports are growing in Netherlands, Spain, Vietnam and Malaysia. These markets are dynamic and South Africa's performance should be regarded as an underachievement.

Figure 27: Growth in demand for the South African fresh grapes in 2019



Source: TradeMap, ITC

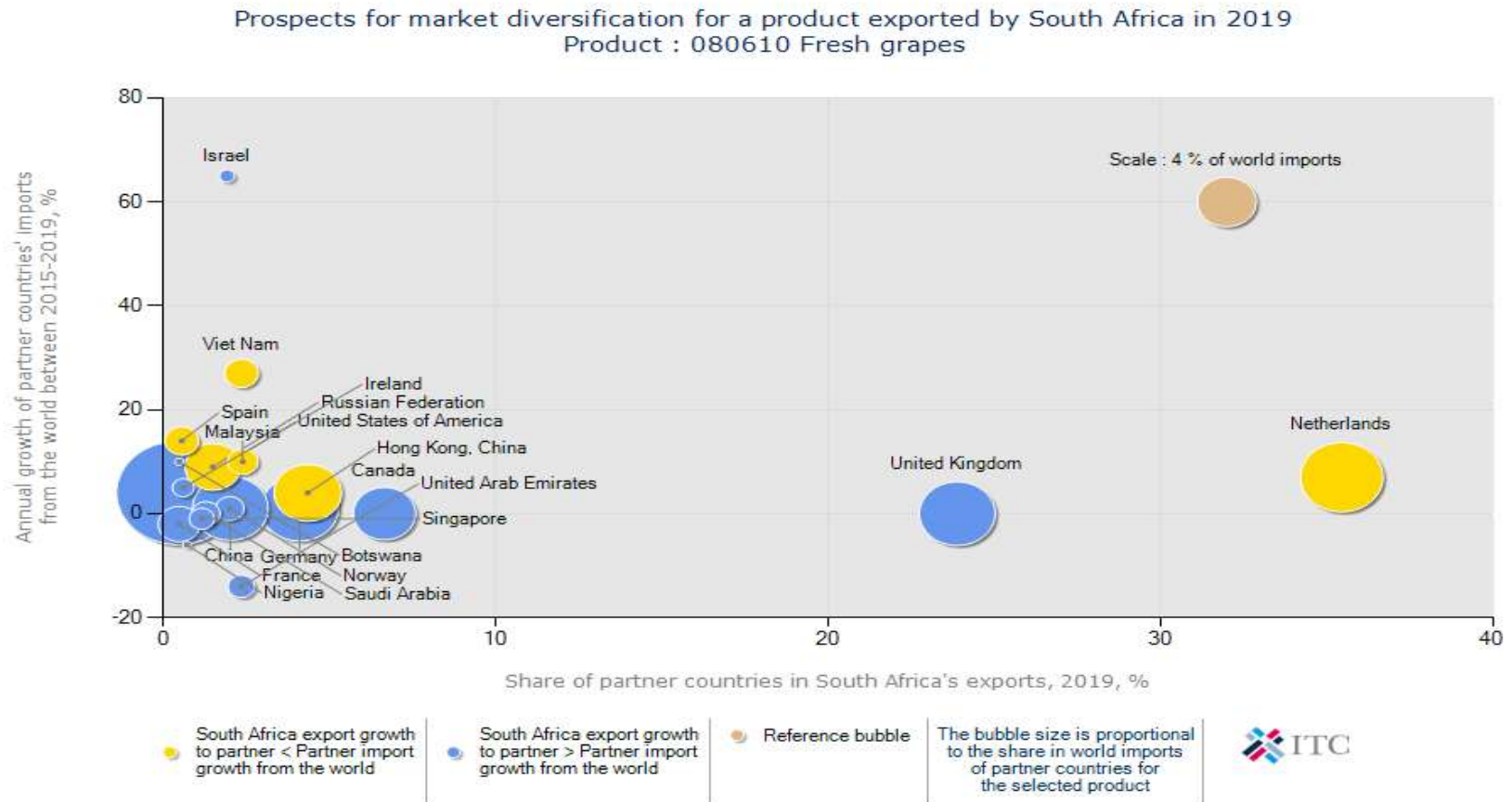
Figure 29 below illustrates prospects for market diversification by South African exporters of fresh grapes. The Netherlands, the United Kingdom, Germany and Hong Kong, China hold a bigger market share of South African fresh grapes.

In terms of market size, USA was the largest fresh grapes market in 2019 with just over \$1.8 billion worth of fresh grapes imports, or roughly 18.8% of the world fresh grapes market. Second was the Netherlands with just over \$798 million worth of fresh grapes imports, or roughly 8.3% market share followed by Germany with just over \$680 million worth of fresh grapes imports, or roughly 7.1% market share. Fourth was UK with just over \$664 million worth of fresh grapes imports, or roughly 6.9% market share.

Whilst four countries dominate world fresh grapes imports, it is interesting to note that countries like the Zambia, together with Nepal and Lesotho have experienced higher annual growth rate in value from 2015 – 2019. Zambia experienced an annual growth rate of 111% while Nepal and Lesotho experienced 48% and 40% respectively. Vietnam experienced an annual growth rate of 23%. It is important to note that growth by both countries has been off a low base. These countries also represent possible lucrative markets for South African fresh grapes producers.

It is also important to note that imports of fresh grapes from the world to a country such as Austria and Italy declined between 2015 and 2019 and as a result this country recorded negative growth in imports.

Figure 28: South African fresh grapes prospects for market diversification in 2019



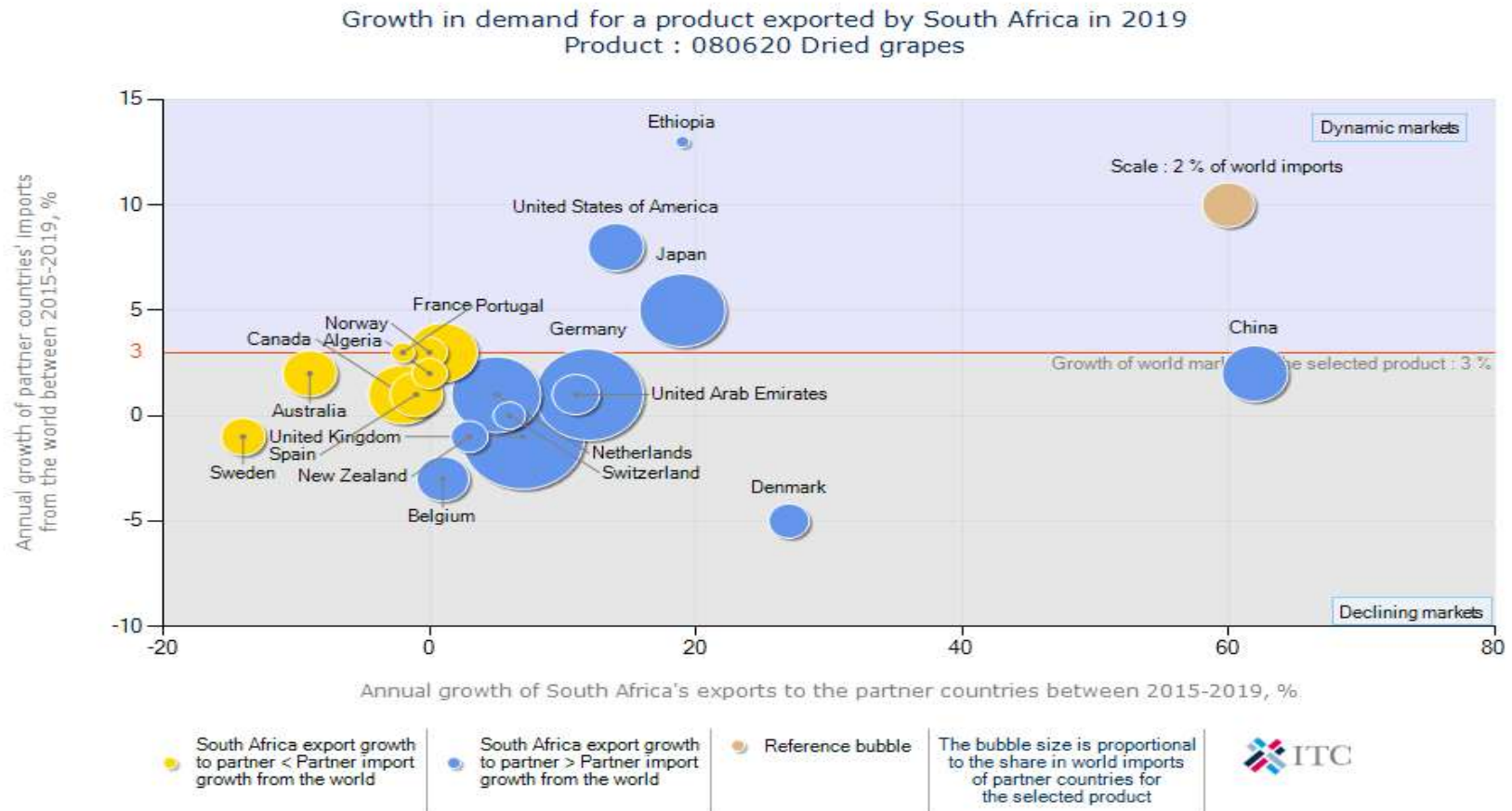
Source: TradeMap, ITC

As depicted on Figure 30 below, South African dried grape exports are growing faster than the world imports in United States of America, United Arab Emirates, Ethiopia, Japan, China, Germany and Netherlands. South Africa's performance in those markets can be regarded as gains in dynamic markets.

At the same time, South African dried grape exports have declined faster than the world imports in Sweden markets. South Africa's performance in those markets can be regarded as a loss in declining markets.

At the same time, South African dried grape exports have declined faster than the world imports in French markets. South Africa's performance in those markets can be regarded as underachievement.

Figure 29: Growth in demand for the South African dried grapes in 2019



Source: TradeMap, ITC

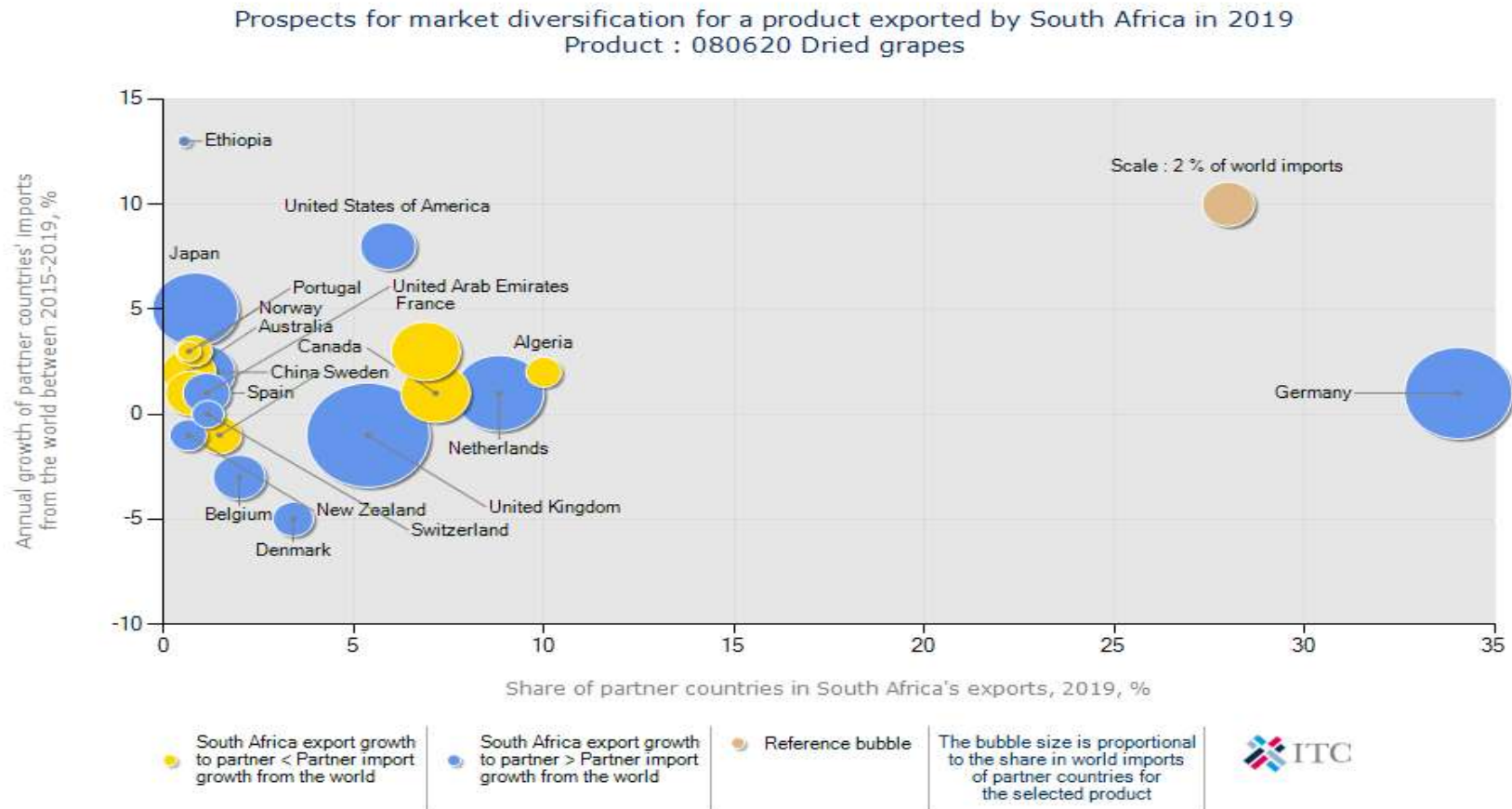
Figure 31 below illustrates prospects for market diversification by South African exporters of dried grapes. Germany, Algeria, Netherlands, Canada and France hold a bigger market share of South African dried grapes.

In terms of market size, the UK was the largest dried grapes market in 2019 with just over \$222 million worth of dried grapes imports, or roughly 11.8% of the world dried grapes market. Second was Germany with just over \$171 million worth of dried grapes imports, or roughly 9.1% market share followed by the India with just over \$122 million worth of dried grapes imports, or roughly 6.5% market share.

Whilst three countries dominate world dried grapes imports, it is interesting to note that countries like Morocco, together with Argentina and Tunisia have experienced higher annual growth rate from 2015 – 2019. Morocco experienced an annual growth rate of 128%. Morocco was followed by Argentina which experienced an annual growth rate of 65%. Tunisia experienced a growth of 37%. These countries also represent possible lucrative markets for South African dried grapes producers.

It is also important to note that imports of dried grapes from the world to countries such as the Belgium and Denmark declined between 2015 and 2019 as a result this country recorded negative growth in imports.

Figure 30: South Africa dried grapes' prospects for market diversification in 2019

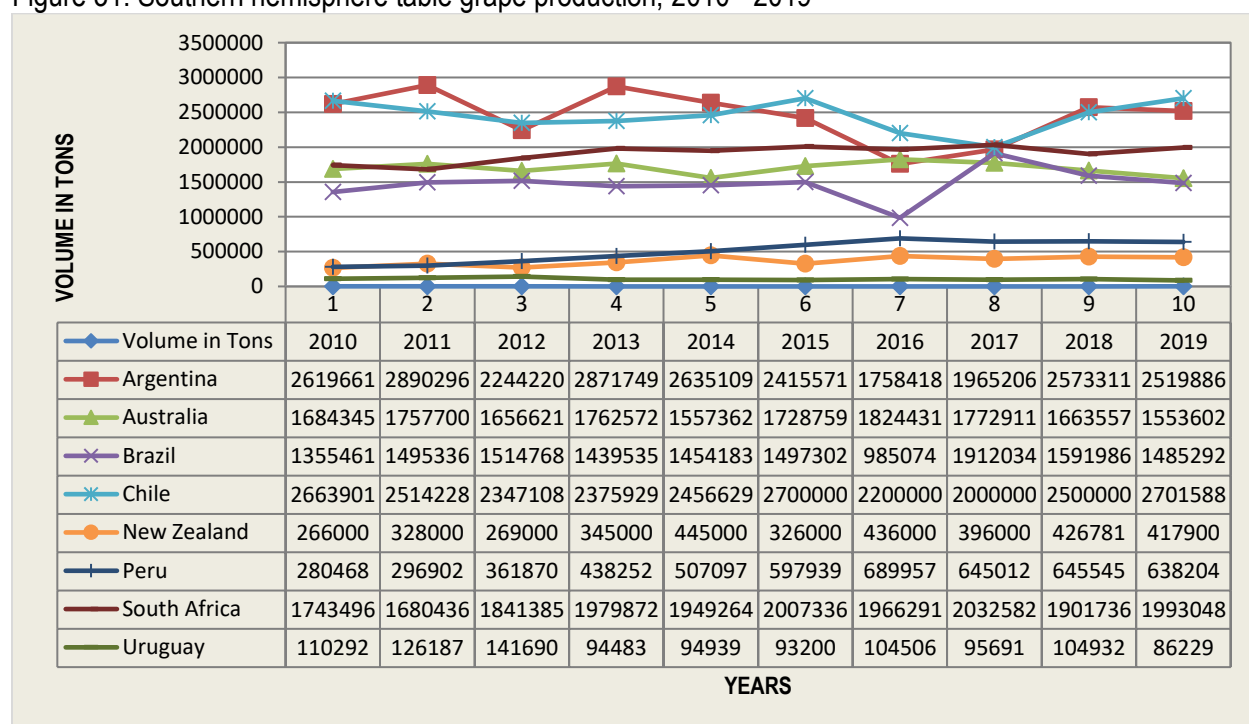


Source: TradeMap, ITC

4.2 South Africa vs. Southern hemisphere production

Figure 32 presents southern hemisphere's production of grapes for the period 2010 to 2019. Approximately 11 395 749 tons of table grapes were produced in the southern hemisphere during 2019. It is clear that South Africa was the second largest producer (1.9 million tons in 2019) of table grapes in the southern hemisphere after Chile and Argentina. All these countries are vying for the lucrative European and North American markets.

Figure 31: Southern hemisphere table grape production, 2010 - 2019



Source: FAOSTAT

The fact that a country can produce a large output does not necessarily mean it will be a big net exporter as this depends on the size of the domestic market and whether excess produce is harvested. In the case of Argentina, the second largest producer of table grapes in the southern hemisphere during 2019, the domestic market is so large that the country exports relatively little (6 794 tons in 2019). Argentina only contributed approximately 0.4% to the total southern hemisphere table grape exports in 2019 (see Table 14 below). Chile, the top largest producer of table grapes in the southern hemisphere in 2019, contributed 44.8% to the total southern hemisphere table grape exports in 2019.

4.3 South Africa vs. Southern hemisphere exports in 2019

South Africa' main competitors from the southern hemisphere in the EU market for table grape exports are Brazil, Argentina and Peru. Southern hemisphere exports of table grapes during 2019 are presented in Table 15. Chile is by far the largest table grape exporter from the Southern hemisphere with 44.8% market share in 2019. South Africa was the second leading exporter of fresh grapes from the southern hemisphere in 2019, accounting for approximately 21.1% of total southern hemisphere exports of fresh grapes during 2019. The third largest exporter was Peru at approximately 19.4% during the same year.

Table 15: Southern hemisphere exports of table grapes, 2019

Country	Export - Quantity in Metric Tons (MT)	Contribution to Southern Hemisphere Exports (%)
World exports	4 904 690	
Southern Hemisphere	1 652 174	100.00
Chile	740 837	44.8
Peru	348 846	21.1
South Africa	321 297	19.4
Australia	153 752	9.3
Brazil	47 317	2.9
Namibia	33 235	2.0
Argentina	6 794	0.4

Source: Trademap, ITC

Chile primarily exports to the United States America, China and within the South American markets (particularly Brazil). Brazil exports table grapes primarily to the EU countries (mainly Netherlands and UK), the rest of Europe (mainly Norway). Peru exports table grapes primarily to the EU countries (mainly Netherlands and UK), Far East (mainly Thailand and Hong Kong) North America (particularly USA).

Namibia primarily exports to the EU countries (mainly Netherlands, Germany and UK); the rest of Europe (mainly Russia) and within the Southern African Development Community (SADC) markets (mainly South Africa). Australia primarily exports to the Far East countries such as Hong Kong, Japan, Saudi Arabia and UAE whereas New Zealand produces primarily for local markets and exports very little. Both Australia and New Zealand pose no serious threat for South Africa in all the leading import markets such as the EU and NAFTA. Of particular interest is the fact that South Africa is increasingly diversifying its markets for exports of table grapes. Recent data indicate a shift from the traditional EU markets to the Middle and Far East markets.

5. MARKET ACCESS

Barriers to trade can be divided into tariff barriers (including quotas, ad valorem tariffs, specific tariffs and entry price systems) and non-tariff barriers (sanitary and phytosanitary measures, labels, etc.). The main markets for fruit (including table grapes) employ various measures, both tariff and non-tariff to protect the domestic industries. Whilst many of the non-tariff measures can be justified under the auspices of issues such as health and standards, the tariff measures are increasingly under the scrutiny of the World Trade Organization (WTO), and as such are gradually being phased out. Nevertheless, exporters need to be aware of all the barriers that they may encounter when trying to get their produce on foreign shelves.

5.1 Tariffs, quotas and the price entry system

Tariffs are either designed to earn government revenue from products being imported or to raise the price of imports so as to render local produce more competitive and protect domestic industries.

Quotas can be used to protect domestic industries from excessive imports originating from areas with some form of competitive advantage (which can therefore produce lower cost produce). Tariffs and quotas are

often combined, allowing the imports to enter at a certain tariff rate up to a specified quantity. Thereafter, imports from that particular region will attract higher tariffs, or will not be allowed at all. This phenomenon is referred to as tariff-rate quotas (TRQs).

The entry price system, which is used in many northern hemisphere markets, makes use of multiple tariff rates during different periods when domestic producers are trying to sell their produce, and lower the tariffs during their off-season. Alternatively, the tariff rate can be a function of a market price – if the produce enters at a price which is too low (and therefore likely to be too competitive), it qualifies for a higher tariff schedule.

Whilst tariff regulations can be prohibitive and result in inferior market access, it is often the non-tariff barriers that restrict countries like South from successfully entering the large developed markets. Many of these barriers revolve around different types of standards, including sanitary and phytosanitary standards (SPS), food health and safety issues, food labelling and packaging, organic produce certification, quality assurance and other standards and grades. Table 16 presents tariffs applied by the top export markets to fresh grapes originating from South Africa during 2019. The European Union member states that featured in the top-ten list of export destinations for South African fresh grapes include the Netherlands, United Kingdom and Germany. Tariffs for these countries are reported collectively as EU tariffs.

Table 16: Tariffs applied by various export markets to fresh grapes originating from South Africa

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
European Union	0806101005	Fresh table grapes : Of the variety Emperor (Vitis vinifera c.v.), from 1 January to 31 January and from 1 December to 31 December	MFN duties (Applied)	0.00%	0.00%
	0806101091	Fresh table grapes : Other : Seedless	Preferential tariff for South Africa	0.00%	0.00%
	0806101099	Fresh table grapes : Other	Preferential tariff for South Africa	0.00%	0.00%
	0806109000	Fresh grapes (excl. table grapes)	Preferential tariff for South Africa	0.00%	0.00%
Hong Kong	08061000	Grapes, fresh or dried: Fresh	MFN duties (Applied)	0.00%	0.00%
Malaysia	08061000	Fresh grapes	MFN duties (Applied)	5.00%	5.00%
Russia	0806101000	Fresh grapes: table grapes	Preferential tariff for GSP countries	3.75%	3.75%
	0806109000	Fresh grapes: other	Preferential tariff for GSP countries	3.75%	3.75%
United Arab Emirates	08061000	Grapes, fresh or dried: Fresh	MFN duties (Applied)	0.00%	0.00%
Singapore	08061000	Grapes fresh	MFN duties	0.00%	0.00%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
			(Applied)		
Saudi Arabia	08061000	Grapes, fresh or dried: Fresh	General tariff	0.00%	0.00%
Indonesia	0806100000	Grapes, fresh or dried: Fresh	MFN duties (Applied)	5.00%	5.00%
Norway	08061011	Grapes, fresh or dried: Fresh From 1 August to 28/29 February Table grapes	MFN duties (Applied)	0.00%	0.00%
	08061019	Grapes, fresh or dried: Fresh From 1 August to 28/29 February Other	MFN duties (Applied)	0.00%	0.00%
	08061091	Grapes, fresh or dried: Fresh From 1 March to 31 July Table grapes	MFN duties (Applied)	0.00%	0.00%
	08061099	Grapes, fresh or dried: Fresh From 1 March to 31 July Other	MFN duties (Applied)	0.00%	0.00%
Taipei, Chinese	08061000	Fresh grapes	General tariff	20.00%	20.00%

Source: Market Access Map, ITC

South Africa had a preferential trading agreement (PTA) with the European Union (EU) known as the Trade, Development and Cooperation Agreement (TDCA). The TDCA provided for the progressive introduction of a Free Trade Area (FTA). The EU is South Africa's main trading and investment partner. The FTA aimed to ensure better access to the Community market for South Africa and access to the South African market for the EU. The agreement covered around 90% of bilateral trade between the two parties and provided for the liberalisation of 95% of the EU's imports from South Africa within ten years and 86% of South Africa's imports from the EU in twelve years. In order to protect the vulnerable sectors of both parties, certain products were excluded from the FTA and others have been partially liberalised. For the EU, these are mainly agricultural products, while for South Africa, they are industrial products. The TDCA has however lapsed and the parties are now negotiating an Economic Partnership Agreement (EPA). In the meantime, tariffs that existed before the lapsing of the agreement are still applicable.

As can be seen in Table 16, South African fresh had preferential access into the EU market through the TDCA. On the other hand the Southern African Customs Union (SACU), of which South Africa is a member, has a preferential trade agreement with the European Free Trade Association (EFTA). EFTA member states include Switzerland, Iceland, Norway and Lichtenstein. South African exports of fresh grapes therefore enter the EFTA market through tariffs as per the agreement between SACU and EFTA. As can be seen in Table 16 South African fresh grapes enter Norway duty-free through MFN duties. It appears

that fresh grapes do not form part of the free trade agreement. South African exports of fresh grapes however face of 5% in Indonesia and Malaysia and 20% in the Chinese Taipei.

Table 17 presents tariffs applied by the top export markets to dried grapes originating from South Africa during 2019. The European Union member states that featured in the top-ten list of export destinations for South African fresh grapes include France, Netherlands, United Kingdom, Germany, and Belgium.

Table 17: Tariffs applied by various export markets to dried grapes originating from South Africa

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
European Union	0806201000	Currants	Preferential tariff for South Africa	0.00%	0.00%
	0806203010	Sultanas : In immediate containers of a net capacity not exceeding 2kg	Preferential tariff for South Africa	0.00%	0.00%
	0806203090	Sultanas : Other	Preferential tariff for South Africa	0.00%	0.00%
	0806209000	Dried grapes (excl. currants and sultanas)	Preferential tariff for South Africa	0.00%	0.00%
Canada	08062000	Dried grapes	MFN duties (Applied)	0.00%	0.00%
Australia	08062000	Dried grapes	MFN duties (Applied)	5.00%	5.00%
Algeria	08062000	Raisins, secs	General tariff	30.00%	30.00%
Switzerland	08062000	Raisins, frais ou secs: secs	MFN duties (Applied)	0.00%	0.00%
United States of America	08062010	Raisins, made from dried seedless grapes	Preferential tariff for AGOA countries	0.00%	0.00%
	08062020	Raisins, made from other than seedless grapes	Preferential tariff for AGOA countries	0.00%	0.00%
	08062090	Grapes, dried, other than raisins	Preferential tariff for AGOA countries	0.00%	0.00%
New Zealand	08062000	Dried grapes	MFN duties (Applied)	0.00%	0.00%
Japan	080620000	Grapes, dried	Preferential tariff for GSP countries	0.00%	0.00%
Brazil	08062000	Uvas frescas ou secas (passas): Secas (passas)	MFN duties (Applied)	10.00%	10.00%
Malaysia	08062000	Dried grapes	MFN duties (Applied)	0.00%	0.00%

Source: Market Access Map, ITC

Different countries apply different tariffs for fresh and dried table grapes (see Tables 16 and 17). However, South Africa has preferential trading agreements (PTAs) with the EU and EFTA. Furthermore, South Africa has access to the US market under the AGOA which significantly lowers the tariff barriers for South African dried grapes. South African exports of dried grapes face a higher tariff in Algeria (30%) and Brazil (10%). Australia impose a 5% tariff on dried grapes originating from South Africa.

In reality, the tariffs are likely to be far lower for South Africa when considering the preferential agreements, but at the same time, most tariff structures are particularly complex, with quotas, seasonal tariffs and specific tariffs (an amount per unit rather than a percentage of value) all contributing to many different tariff lines and often higher duties payable than one might have anticipated initially. One must also bear in mind that most tariffs are designated to protect domestic industries, and as such are likely to discriminate against those attempting to compete with the domestic producers of that country.

5.2 European Union (EU)

The EU has a seasonal tariff structures which are highest during the European peak harvesting seasons (the price entry system), quotas and specific tariffs, and various policies that allow, amongst other things, government organizations to purchase produce should supply rise too quickly (and thereby maintain prices), and then release this excess back onto the market as and when supply drops again. The immediate implication of these policies for South Africa is that an opportunity exists to supply table grapes to the European market in the off season periods, as the produce will not compete directly with the European producers and thus would not be liable to a whole array of tariffs and other protective mechanisms.

There are other non-tariff barriers, including the phytosanitary and food health regulations laid down by the EU legislation, marketing standards and certificates of conformity, and the ever changing demand patterns of the EU consumers.

5.2.1 Tariff barriers

The EU applies a system known as entry price system. With this system, the EU establishes an 'entry price' at which produce may enter the EU market, which is not only based on the market price for the current year (demand and supply) and for previous years, but also on the prices of the domestic producers (prices they need to maintain profitability). It is calculated by the regulatory authorities so that it can be used in combination with tariffs and quotas to aid EU's attempts at protecting its agricultural system. The entry price is the minimum price at which produce may enter the market. If the price of the produce is lower than its calculated price, it is liable to have duties imposed upon it over and above any duties/quotas it might originally attract. Agricultural duties are applied as follows:

- When the value of the imported party is between 92% and 94% of the entry price, 8% of the entry price will be added to the normal customs duty.
- When the value of the imported party is between 94% and 96% of the entry price, 6% of the entry price will be added to the normal customs duty.
- When the value of the imported party is between 96% and 98% of the entry price, 4% of the entry price will be added to the normal customs duty.

- When the value of the imported party is between 98% and 100% of the entry price, 2% of the entry price will be added to the normal customs duty.

The entry price system applies to apples, pears and lemons year-round and to citrus fruit, table grapes, apricots, cherries, peaches, nectarines and plums during their peak seasons. There are tariffs applicable over and above the entry price tariffs, depending on the produce, where it originates from and whether that country has any preferential trading agreements with the EU.

5.2.2 Non-tariff barriers

Non-tariff barriers can be divided into those that are mandatory and laid out in the EU Commission's legislature and those that are a result of consumers, retailers, importers and other distributors' preferences.

5.2.2.1 Legal requirements

i) Product legislation: quality and marketing

There are number of pieces of EU legislation that govern the quality of produce that may be imported, marketed and sold within the EU. They are as follows:

General Food Law which covers matters in procedures of food safety and hygiene (micro-biological and chemical), including provisions on the traceability of food (for example, Hazard Analysis and Critical Points, or HACCP), and it is laid out under regulation EC 178/2002.

EU Marketing Standards which govern the quality and labelling of fruit are laid out in the Common Agricultural Policy (CAP) framework under regulation EC 2200/96. These regulations include diameter, weight and class specifications, and any produce that does not comply with these standards will not be sold on the EU markets.

Certificate of Conformity must be obtained by anyone wishing to export and sell fruits in the EU, if that fruit falls under the jurisdiction of the EU marketing standards.

Certificate of Industrial Use must be obtained if the fruit is to be used in further processing.

Maximum Residue Limits (MRL) of various pesticides allowed.

ii) Product legislation: phytosanitary regulations

The international standard for phytosanitary measures was set up by the International Plant Protection Committee (IPPC) to protect against spreading of diseases or insects through the importation of certain agricultural goods. The EU has its own particular rules formalized under EC 2002/89, which attempts to prevent contact of EU of crops with harmful organisms from elsewhere in the world.

The crux of the directive is that it authorizes the Plant Protection Services to inspect a large number of fruit products upon arrival in the EU This inspection consist of physical examination of a consignment deemed to have a level of phytosanitary risk, identification of any harmful organisms and certification of the validity of any phytosanitary certificate covering the consignment. If the consignment does not comply with the

requirements, it may not enter the EU although certain organisms can be fumigated at the expense of the exporter.

iii) Product legislation: packaging

The EU Commission lays down rules for materials that come into contact with food and which may endanger people's health or bring about an unacceptable change in the composition of the foodstuffs. The framework legislation for this is EC 1935/2004. Recycling packaging materials are also emphasized under 94/62/EC, whereby member states are required to recycle between 50% and 65% of packaging waste. If exporters do not ship produce in packaging which is reusable, they may be liable for the costs incurred by the importing companies. Wood packaging is subject to phytosanitary controls and may need to undergo heat treatment, fumigation, etc.

5.2.2.2 Non-legal requirements: social and environmental accountability

To access the market, importers must not only comply with legal requirements set out above, but must also with market requirements and demands. For the most part, these revolve around quality and the perception of European consumers about environmental, social, health and safety aspects of both the products and the production techniques. Whilst supplying fruit that complies with these issues may not be mandatory in the legal sense, they are becoming increasingly important in Europe and cannot be ignored by existing or potential exporters.

i) **Social accountability** is becoming important in the industry, not only amongst consumers, but also for retail outlets and wholesalers. The Social Accountability 8000 (SA 8000) certification is a management system based on International Labour Organization (ILO) conventions, and deals with issues such as child labour, health and safety, and freedom of association, and requires an on-site audit to be performed annually. The certificate is seen as necessary tool for accessing any European market successfully.

ii) **Environmental issues** are becoming increasingly important with European consumers. Consumer movements are lobbying against purchasing non-environmentally friendly or non-sustainable produce. To this end, both governments and private partners have created standards (such as ISO 14001 and EUREGAP) and labels to ensure that produce adhere to particular specifications.

Although eco-labels (for example, the EU Eco-label, the Netherlands Milieukeur, the German Blue Angel and the Scandinavian White Swan) are voluntary, they can afford an exporter a marketing edge, as consumers wishing to purchase environmentally sound produce demand products that are easily recognizable.

Another important emerging label is Fairtrade, and includes those labels offered by Max Havelaar Foundation, TransFair International and the FLO (Fairtrade Labelling Organization). Recently a 'universal' logo was adopted based on international fair trade standards developed by FLO, which covers amongst other things, minimum quality and price, various processing requirements, compensation of small farmers that covers sustainable production and living standards, and contracts that allow for long term planning and development.

5.2.2.3 Consumer health and safety requirements

Increasing consumer conscience about health and safety issues has prompted a number of safety initiatives in Europe, such as EUREPGAP on good agricultural practices (GAP) by the main European retailers, the international management system of HACCP, which is independently certified and required by legislation for European producers as well as food imported into Europe (EC 852/2004), and the ISO 9000 management standards system (for producers and working methods) which is certified by the International Standards Organization (ISO).

5.3 United States of America (USA)

5.3.1 Tariff barriers

South African exporters have completely free access to the USA markets under the Generalized System of Preference (GSP), the GSP for LCDs (Least Developed Countries) or the African Growth and Opportunity Act (AGOA). South African exporters must always compare with what Chile (the main supplier of fruit to the USA and South Africa's potential rival) must pay in terms of tariff duties when exporting fruit to the USA. Chile's access to the USA fruit market is considered to be highly preferential under its own Preferential Trade Agreement (PTA).

5.3.2 Non-tariff barriers

The USA's phytosanitary regulation is conducted by Animal and Plant Health Inspection Service (APHIS), which is divided into nine sub-sections. Plant Protection and Quarantine (PPQ) and Veterinary Services (VS) are responsible for issuing permits for commodities and determining whether a commodity can be imported. The Policy and Program Development (PPD) division works with both these divisions in determining long term plans and procedures.

Some products can get pre-clearance from international Services (IS) personnel stationed in the country of origin, either at exporting terminals or site inspections. The PPQ's main focus is to prevent the spread of diseases and pests into the USA's agriculture resources, and it has personnel stationed at all airports, seaports and border stations that check imported cargo and oversee the quarantine process. Exporters or importers must make a request to export/import a commodity, provide as much information as possible on the product, its region of origin and its status that is whether there are restrictions or regulations governing that particular product from that particular region before a permit is issued, along with the conditions of importation (disinfection treatment) or mitigation measures. Denials can be challenged and governments and companies can request a change in the status of a prohibited commodity (an investigation must be performed by the PPQ scientific team), as long as sufficient conditions have changed or a risk assessment has not been conducted within the last 10 years.

Most approved commodities can enter with inspection alone, but some may have to undergo mitigating measures including post-harvest treatments (hot/cold temperature treatments, irradiation or fumigation, depending on the requirements and which particular treatment is least harmful). The establishment of specifically and maintained pest-free areas in a country (which obviously requires extensive co-operation between the country's plant health services and APHIS IS division) or systems approaches (field surveys, random inspections or various onsite treatments).

In addition to phytosanitary regulations, the USDA Food Safety Inspection Services (FSIS) regulates sanitary practices in the packing of food products, while the Food and Drug Administration (FDA), which is

part of the US Department of Health, regulates packaging and labelling. The HACCP protocol is used extensively. The USDA quality standards for fruits and vegetables provide basis for domestic and international trade and promote efficiency in marketing and procurement.

5.4 Japan

Japan's agricultural sector is heavily protected, with calculations from the Organization for Economic Co-operation and Development (OECD) estimating that almost 60% of the value of Japan's farm production comes from trade barriers or domestic subsidies. Japan uses tariff rate quotas (TRQ) to protect its most sensitive products, and reserves the right for trading many of these products (within the quota) for one or two state trading enterprises. However, these extremely protective measures apply only to some products; others are able to compete more effectively with outside competition, often on the grounds of higher quality.

Perhaps the biggest barrier to trade with Japan in fruit markets is its strict phytosanitary requirements, which have often been challenged in the WTO as having little or no scientific justification. Other measures that are being challenged include Japan's use of fumigation on agricultural products when cosmopolitan pests (already found in Japan) are detected.

Japan is also increasing its labelling requirements. It now requires fresh food, including fruit, to be labelled with the place of origin, whilst new technological ('smart') labels that have embedded semi-conductors and information on just about everything are being adopted in various agricultural sectors.

Food containing genetically modified organisms (GMOs) need to be assessed for environmental food safety by the MAFF or the Ministry of Health, Labour and Welfare (MHLW). At the same time, the MHLW tests food imports for maximum residue levels from pesticides and as of May 2006, any food with pesticides not on approved list, regardless of the residue levels, are not allowed entry.

Japanese organic definitions changed in 2001 (they roughly corresponded to world standard definitions), and any foreign producers wishing to enter the Japanese market must be certified under the Japanese standards (not general world standards).

5.5 China

China has a massive system of government support for farmers and generally rural dwellers (who are lagging behind urban dwellers). To this end, most of the agricultural sectors are protected and promoted through a series of subsidies, tax cuts and infrastructure spending policies (as well as low cost loans, research, land use protection, market stabilization measures, etc.). Part of the protection of its massive farming population, which for most part consists of small farmers not benefiting from economies of scale, necessarily occurs in the form of high tariffs and other restrictions. However China is obliged to reduce tariff levels as a condition of being a member of WTO. It therefore remains to be seen just what policies will be adopted going forward, but the general consensus is that it is a vitally important market to watch, and endeavour to enter.

6. DISTRIBUTION CHANNELS

There are roughly three distinct sales channels for exporting fruits. One can sell directly to an importer with or without the assistance of an agent (usually larger, more established commercial operations). One can

supply a fruit combine, which will then contract out importers/marketers and try to take advantage of economies of scale and increased bargaining power. At the same time fruit combines might also supply large retail chains. One can also be a member of a private or cooperative export organization which will find agents or importers and market the produce collectively. Similar to a fruit combine, an export organization can either supply wholesale market or retail chains, depending on particular circumstances. Export organizations will wash, sort and package the produce.

They will also market the goods under their own name or on behalf of the member, which includes taking care of labelling, bar-coding, etc. Most of the time, export organizations will enter into collective agreements with freight forwarders, negotiating better prices and services (more regular transport, lower peak season prices, etc.). Some countries have institutions that handle all the produce (membership compulsory) and sell only to a restricted number of selected importers.

Agents will establish contacts between producers/export organizations and buyers in the importing country, and will usually take between 2% and 3% commission. In contrast, an importer will buy and sell his/her own capacity, assuming the full risk (unless on consignment). They will also be responsible for clearing the produce through customs, packaging and assuring label/quality compliance and distribution of the produce. Their margins lie between 5% and 10%. The contract importers of fruit combines market and distribute the produce of the combines, clear it through customs and in some cases treat and package it.

Only few exporters have long term contracts with wholesale grocers who deliver directly to retail shops, but with the increasing importance of standards (EurepGap, etc.) and the year round availability of fruit, the planning of long term contractual relationship is expected to increase. Finally, a new medium of e-commerce is expected to have a significant impact on potential exporters/suppliers and their ability to supply directly to wholesalers/distributors in the target markets.

7. LOGISTICS

7.1 Mode of transport

The transport of fruits falls into two categories namely ocean cargo and air cargo. Ocean cargo takes much longer to reach the desired location but costing considerably less. The choice of transportation method depends, for most parts on the fragility of the produce and how long it can remain relatively fresh. With the advent of technology and container improvements, the feasibility, cost and attractiveness of sea transport have improved considerably. With the increased exports by South Africa, the number and the regularity of maritime routes have increased. These economies of scale could benefit South Africa if more producers were to become exporters and take advantage of the various ports which have special capabilities in handling fruit produce (for example Durban's new fruit terminal).

For some products, in order to reach the destination market with an acceptable degree of freshness, air transport becomes the only option. Obviously, the price fetched on these markets needs to be sufficient to cover the transport costs. Collective agreements between farmers of different commodities with different harvest periods become particularly important if air transport costs are to be managed efficiently.

7.2 Cold chain management

Cold chain management is crucial when handling perishable products, from the initial packing houses to the refrigerated container trucks that transport the produce to the shipping terminals, through to the storage facilities at these terminals, onto actual shipping vessels and containers, and finally on to the importers and distributors that must clear the produce and transport it to the markets/retail outlets. For every 10 Degree Celsius increase above the recommended temperature, the rate of respiration and ripening of produce can increase twice or even thrice. Related to this are increasing important traceability standards which require an efficient controlled supply chain and internationally accepted business standards.

7.3 Packaging

Packaging can also play an important role in ensuring safe and efficient transport of a product and conforming to handling requirements, uniformity, recyclable material specifications, phytosanitary requirements, proper storage needs and even attractiveness for marketing purposes.

The business panel of any carton (including printed carton labels) used for packaging should comply with the requirements as established by the EU or any other regulations that are specified by a target market. Producers are advised to present their designs to the Perishable Products Export Control Board (PPECB) before they can order any cartons from a manufacturer. The following is normally required:

- Class I or II
- Fruit type
- Carton depth
- Country of Origin: "Produce of South Africa"
- Complete address of exporter or producer
- Name of variety
- Content of carton: "14 x punnets or bags"
- PUC or PHC code: Registered producer – or Pack House Code with DAFF
- Date code
- Food safety accreditation number: Global Gap, Nature's Choice registration number, etc.

8. ORGANIZATIONAL ANALYSIS

8.1 Producer and associated organizations

Grower participation and control of their interests in the industry are structured by means of fruit type producer associations (Section 21 companies), as illustrated on Figure 34.

The main association responsible for the table grape industry is the South African Table Grape Industry (SATI). It is a Section 21 company and its objectives are as follows:

- To maintain South Africa's position as the preferred country of origin for retailers around the world, as well as to ensure that the industry remains progressive, equitable and sustainable as it moves to the future,
- To gain increased international market access for South African grapes, as well as to ensure effective information systems that will allow growers and exporters to make sound decisions.

Fruit South Africa, which was established recently, is an umbrella organisation in the South African fruit industry. It is a non-profit organisation consisting of Citrus Growers' Association of Southern Africa (CGA) representing citrus growers; HORTGRO (representing pome and stone fruit); South African Table Grape

Industry (SATI); SUBTROP (representing the avocado, litchi, mango and macadamia industries) and the Fresh Produce Exporters' Forum (FPEF).

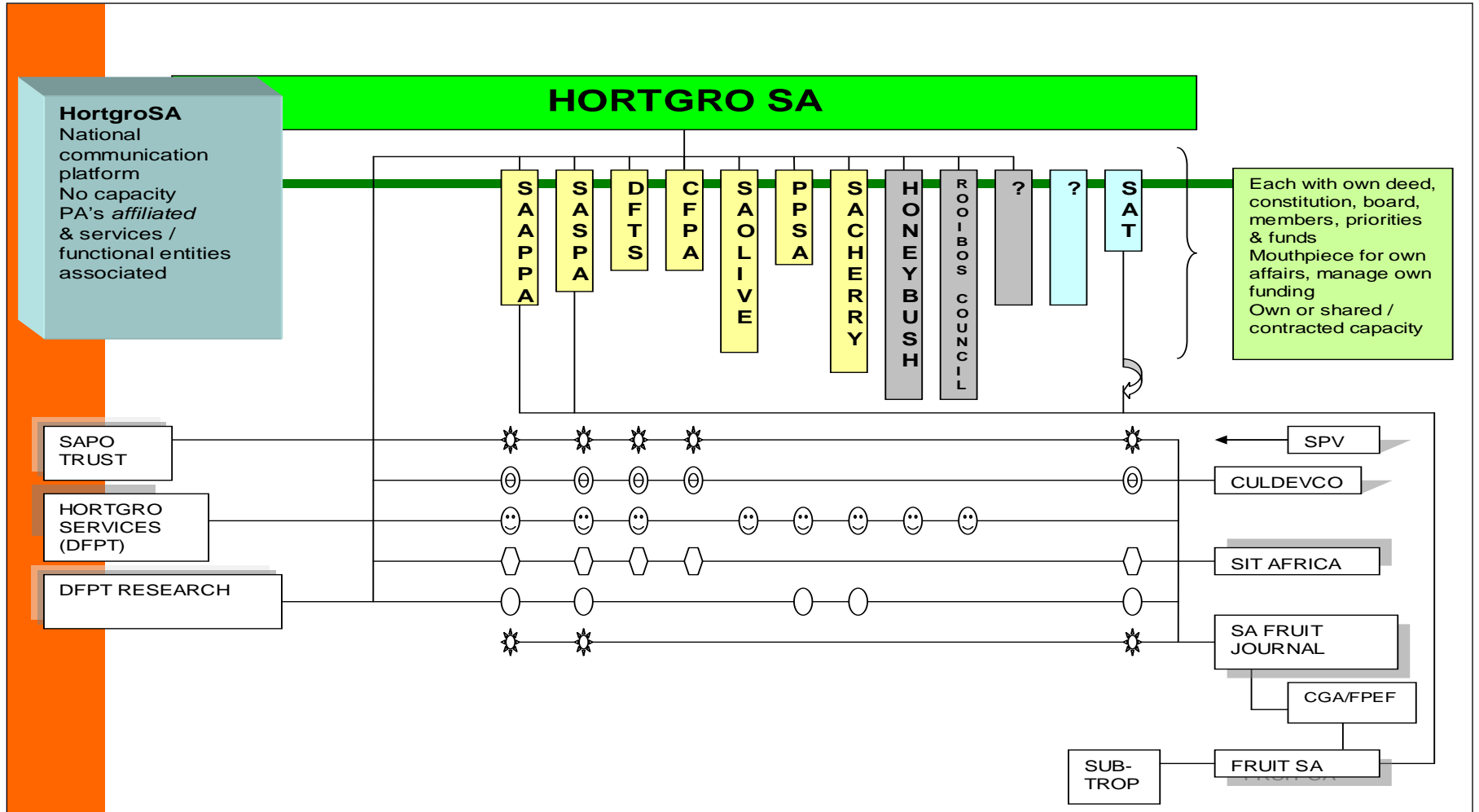
Another important entity in the table grape or deciduous industry in general is the South African Plant Improvement Organisation (SAPO). SAPO is a specialist plant improvement organisation owned by deciduous fruit growers, DPFT, Cape Pomological Association (CPA), and Dried Fruit Technical Services (DTD). It is responsible for the production of certifiable propagation plant material and for phytosanitary and genetic upgrading (improvement) of deciduous fruit plant material. This includes virus elimination and testing, establishment and maintenance of nucleus, foundation and mother blocks, as well as the selection of propagation material and trueness to variety controls. SAPO is the main supplier of such propagation plant material to deciduous fruit nurseries and in the region of 14 million propagation units are distributed to nurseries annually. SAPO is also a specialist in the importation of new varieties and a leader in variety development and commercialisation.

8.2 Empowerment issues and transformation in the table grape industry

According to the South African Table Grape Industry transformation in the industry is very noticeable. The number of farms wholly owned by women is increasing and the majority of the farms are BEE compliant. In 2008 SATI reported that 43, 2% of table grape farms were BEE compliant, 25.3% did not comply, 26.3% were in the process, while the remaining 5.3% were unsure about their BEE status.

The SATI Industry Census further indicated that in 2008 39.2% of permanent workers had medical benefits. 17.4% of the seasonal workers also had access to medical benefits. 96.2% of the permanent staff had unemployment insurance (UIF). This is in comparison with 46.7% of the seasonal workers who also had unemployment insurance. In terms of the provision of water, 96.5% of permanent staff and 67.3% of seasonal staff had access to in-house water taps. Historically disadvantaged people own 9% of table grape land. It will be interesting to determine whether the situation continues to improve when a more recent survey is conducted.

Figure 34: Structure of the producer interest in the deciduous fruit industry



Source: Hortgro

9. LOCAL BUSINESS OPPORTUNITIES AND CHALLENGES

Exporters will have to carefully monitor volumes of the right quality and varieties to ensure a firm market in years to come. Local producers will have to penetrate the Chinese market by establishing a sound platform and building relationships within the Chinese markets. The Far East markets have potential to become big markets for South Africa despite the Australian competition.

The grape industry in South Africa is currently facing the following challenges:

- The growth in grape production volumes in South Africa over the past ten years has been enormous. This has put pressure on exporters to find new markets or to increase market share in existing markets. The challenge in particular is to find new markets. South Africa has tried unsuccessfully for 17 years to gain access to the Japanese market for South African grapes, but the struggle continues. Mainland China has enormous potential but South Africa still has no official access to this vast market either.
- The producers in Orange River and Berg River in particular have, for some years experienced very unfavourable weather, which impacted negatively on the quality and final volumes packed for export. This in turn, affects the perceived reliability of South African grape exporters.
- A number of pests such as fruit fly, cotton stainer bugs, dusty surface beetles, banded fruit weevils and vine snout beetles have plagued the quality of export grapes. The USA market has recently insisted that the South African exporters re-address the phytosanitary protocols to combat these pests. An expensive fumigation procedure is now in place to ensure pest-free product on arrival in the USA.
- As the developed countries march relentlessly towards convenient and 'hassle-free' eating. The demand for seedless grapes is increasing. The South African producer is accommodating this fact in his new plantings, but it is an expensive and time-consuming change for the producer.

10. TABLE GRAPE SUPPLY VALUE CHAIN

Figure 35 presents the deciduous fruit and table grape value chain.. Also of note is that fresh fruit value chains have a similar structure. The supply chain is a complex linkage of various production and operational role players. Key stakeholders include producer organisations, organised labour, NOGs, financial institutions, government, exporters and other traders. The following discussion will focus on the main segments of the table grape value chain.

10.1 Producer/Pack house

The core business of producers is to produce a high quality crop within "Good Agricultural Practice" protocols. Consistency, reliability of supply and producing varieties as demanded by the markets at affordable prices are also important facets of the producer's responsibility and business activities.

10.2 Cold Storage

Cold storage operator is responsible for receiving, handling, cooling the table grape to the required temperature and for ensuring that the correct fruit is loaded out according to the exporter's specifications into a truck or container that has been approved or registered by Perishable Produce Export Control Board

(PPECB). A flatbed truck or other non-approved vehicle may be used in journeys shorter than two hours in total.

10.3 Exporter

The core business of exporters is to market and sell the fruit of primary producers at the best market price that they are able to negotiate. In order to realize this, the exporter needs to communicate with many of the role players in the logistics chain (cold stores, transporters, shipping lines, port terminals, clearing and forwarding agents, PPECB, regional producers associations and special market inspectors, etc.). It is the exporters' responsibility to manage the cold chain, handle the fruit in an acceptable manner and, they are accountable for the quality of fruit that reaches the destination market.

The main organisation that handles the export of fruits in South Africa is the Fresh Produce Exporters' Forum (FPEF). The FPEF was registered in 1998 as a non-profit organisation and its membership is voluntary and open to all companies that export fresh fruit from South Africa. The FPEF's mission is to create, within free market principles and a deregulated environment, a prosperous but disciplined fruit export sector. It was established mainly to provide leadership and services to its members and the international buying community. The forum sees itself as the international community's gateway to providing South Africa's finest quality produce from highly reputable South African exporters.

10.4 Transporter

Transporters perform a key link in the fresh fruit supply chain by facilitating the physical transfer of the products between parties such as the producer, cold store and terminal operator. Transporters are responsible for maintaining the cold chain during transit.

10.5 PPECB (Inspection Officer)

In terms of the PPECB Act (Act 9 of 1983) the PPECB is responsible for the "control of perishable products intended for export from the Republic of South Africa". This mainly involves the control of the cold chain (including the shipping process). PPECB also acts as a government "assignee" in terms of the APS (Agricultural Products Standards) Act (Act 119 of 1990) and is responsible for the "control over sale and export of agricultural and related products". PPECB controls (and certifies) that the quality standards of these products are met. The National Department of Agriculture, Forestry and Fisheries (DAFF) issues the phytosanitary certificates.

All PPECB and other inspection regulations, protocols or requirements must be met and adhered to. The Information and Communication Procedure (ICP) must therefore be seen in conjunction with the PPECB Act and its regulations, the APS Act, as well as those temperature and other specialized handling protocols and procedures as established by PPECB in conjunction with the industry. As more emphasis is placed on food safety and customers are demanding higher standards of quality, PPECB and other inspection bodies play an increasingly important role in the export of fresh produce from South Africa.

PPECB may make the following information available to exporters and producers on request. The regional producer organizations will facilitate and co-ordinate the collection of:

- Packed volumes

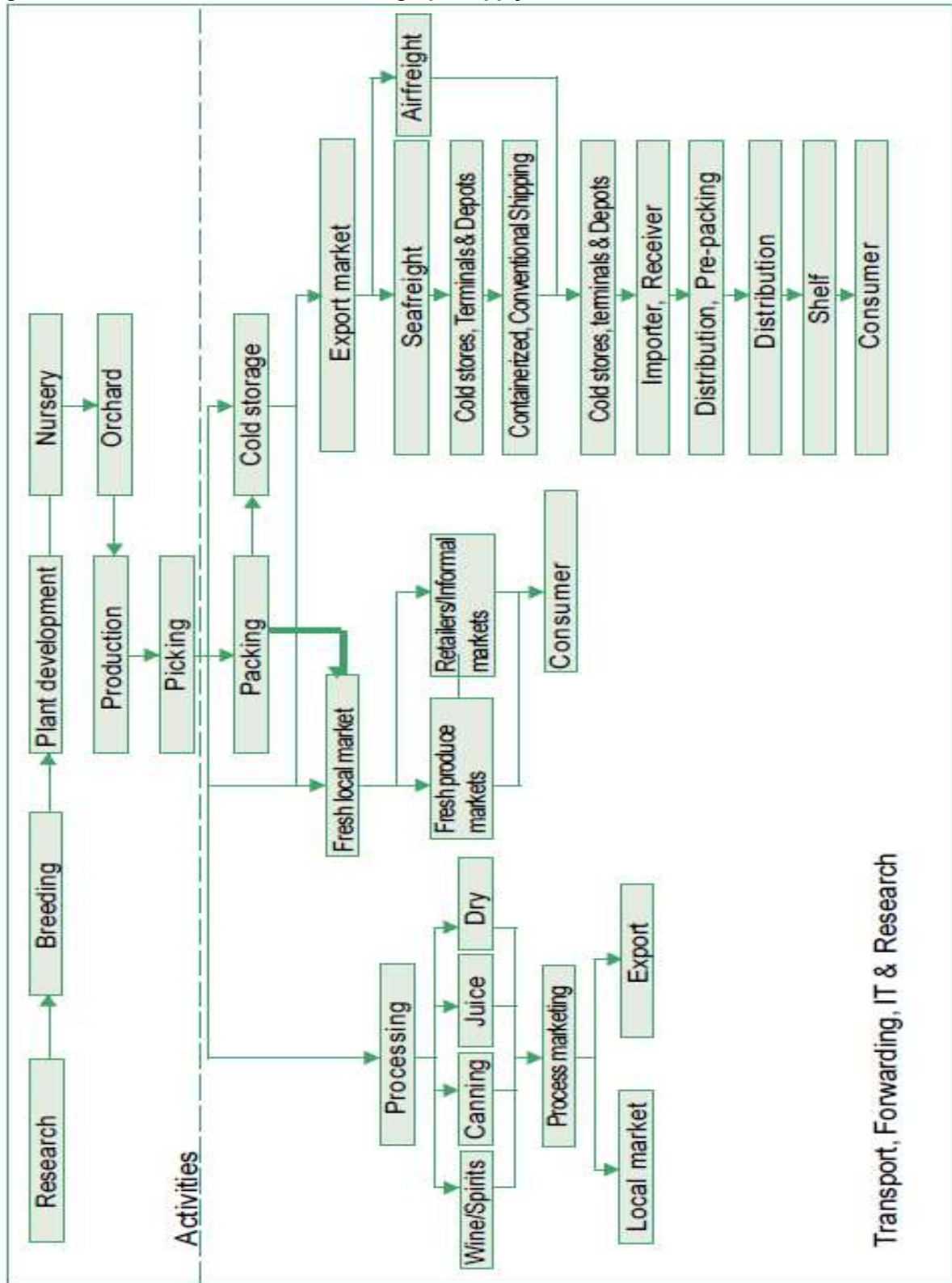
- ✓ Inspected and approved for export
- ✓ Inspected and rejected for export
- Product quality
 - ✓ Reasons for rejection
- Shipped volumes
 - ✓ This information is available on a product and destination region level
- Cold chain information
 - ✓ Vessel carrying instructions (temperature letter, vessel temperature log, statements of facts, deviations, etc.

The information outlined above is available in varying degrees of detail.

10.6 Port and terminal operators

Terminal operators must inform exporters, PPECB and other relevant parties in the supply chain such as transporters, producer associations, producers and cold stores about port related delays such as labour strikes, wind delays, plug-in congestion and other traffic congestion in the port that will impact on the flow of fresh produce into and out of the harbour. The South African Port Operations (SAPO) container terminal reports to shipping lines.

Figure 35: The deciduous fruit and table grape supply chain



Source: OABS

11. ACKNOWLEDGEMENTS

The following industries/organizations are acknowledged.

11.1 South African Table Grapes Industry (SATGI)

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Tel: (021) 872 1438

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www.satgi.co.za

11.2 National Department of Agriculture, Forestry and Fisheries

Directorate: Statistics and Economic Analysis

Private X 246

Pretoria

0001

Tel (012) 319 84 54

Fax (012) 319 8031

www.daff.gov.za

11.3 Hortgro Services

www.hortgro.co.za

11.4 Trade and Industrial Policy Strategies (TIPS)

P. O. Box 11214

Hatfield

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Tel (012) 431 7900

Fax (012) 431 7910

www.tips.org.za

11.5 National Agricultural Marketing Council (NAMC)

Private Bag X 935

Pretoria

0001

Tel (012) 341 1115

Fax: (086) 626 4769

www.namc.co.za

11.6 International Trade Centre (ITC)

www.trademap.org & www.macmap.org

11.7 Food and Agriculture Organization (FAO)

www.fao.org

11.8 Optimal Agricultural Business Systems

www.oabs.co.za

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