



GLOBAL OPPORTUNITIES ABROAD FOR PRODUCE TRADE

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Taking **Fresh**  TO THE **Next Level**

2001 UNTIL NOW

Since I started in 2001 until now I experienced:

- Huge growth in international produce trade (Deregulation of single channel desk exports + easier access – most important reason for SA)
- Rapid introduction of new varieties with better taste and handling qualities
- Exports expanding rapidly beyond the first world countries
- Continuity of products 12 months per year – a regular occurrence.

BROAD RANGE OF PRODUCTS AVAILABLE IN MOST COUNTRIES

- More and more countries allowing imported produce
- Imports bought not only by high income consumers but middle income as well.
- Middle income consumers in South East Asia and India rapidly growing: consumption of fruit increasing
- Growth in imports leads to growth in quality demands

GLOBAL PRODUCE TRADE

WHAT IS THE ESTIMATED VALUE?



<i>USD 000s</i>	
<u>Year</u>	<u>Value of Exports</u>
2013	\$ 230 382 423 (Est)
2012	\$ 216 321 524
2011	\$ 203 402 908
2010	\$ 179 086 566
2009	\$ 160 921 926
2008	\$ 169 094 480
2007	\$ 149 334 031
2006	\$ 123 746 119
2005	\$ 112 377 998
2004	\$ 101 524 842
2003	\$ 90 439 340
2002	\$ 75 286 062
2001	\$ 69 381 010
2000	\$ 67 440 910
	<ul style="list-style-type: none"> Information provided by Patric Vizzone National Australia Bank Asia

SA FRUIT EXPORTS 2013

Commodity Group	Tons	USD (000's)
STONE	87 867	117 661
POME	681 779	643 725
GRAPES	283 230	464 203
CITRUS	1 726 744	951 920
SUBTROPICAL	53 857	83 726
TOTAL FRUIT EXPORTED	2 833 477	2 261 235

Source: Intracen

BENEFITS OF GLOBAL TRADE

Global produce trade in my view is:

- Pro consumer – more choices + increases in continuity resulting in increased consumption of Fresh Fruit & Veg
- Develops produce trade internationally and locally
- Increased marketing opportunities for producers = increased production opportunities
- Job creation in agriculture production and value chain

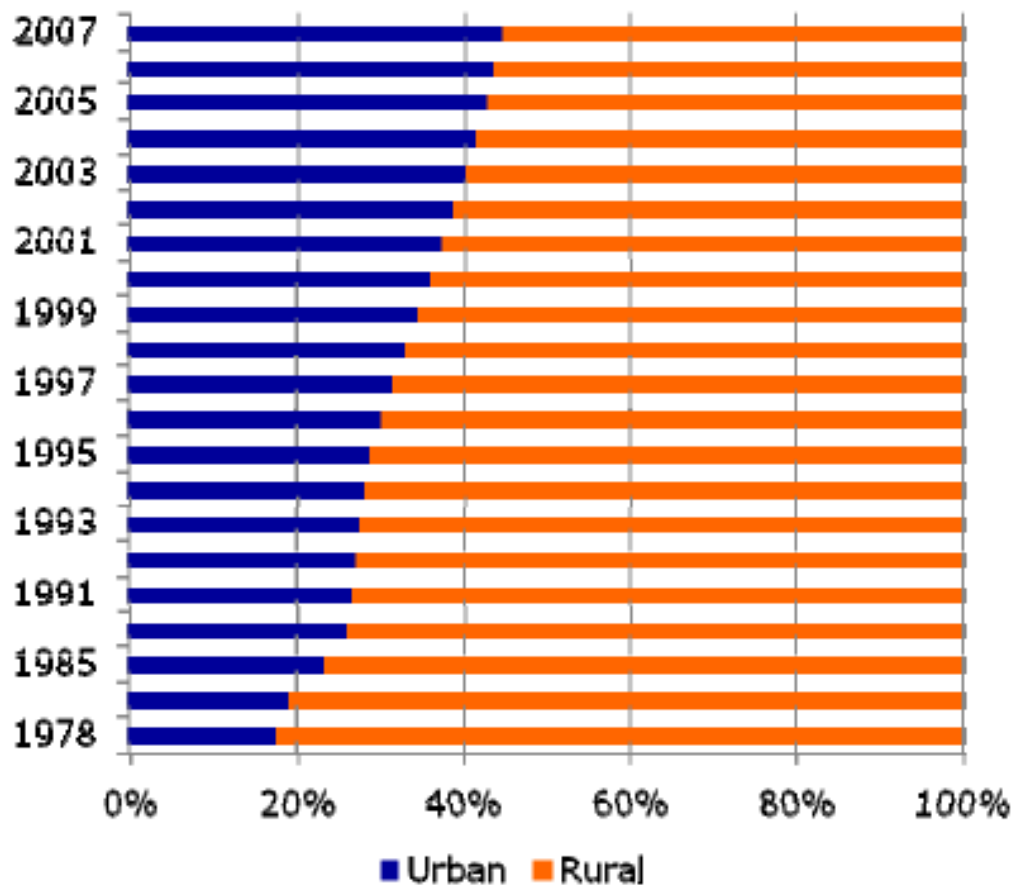
WE ALSO KNOW:

- Urbanisation continues (fuels middle class growth)
- Modern retail continues to expand fast
- Emerging middle class is shopping more at modern retail and demanding quality and variety.

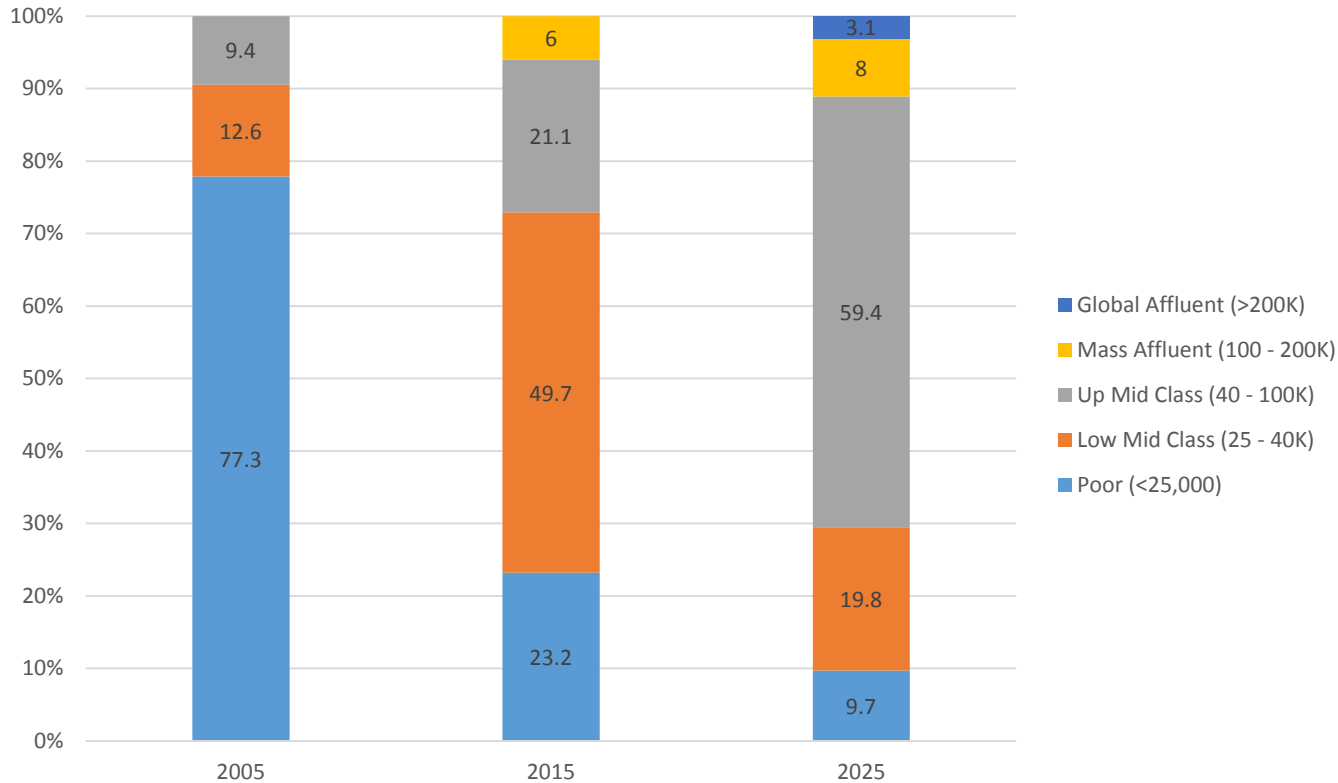
URBAN CONSUMERS DEMAND MORE F&V

Rural / urban population balance in China

Source: China Statistics Yearbook



URBAN HOUSEHOLD EARNINGS – CHINA(RMB)

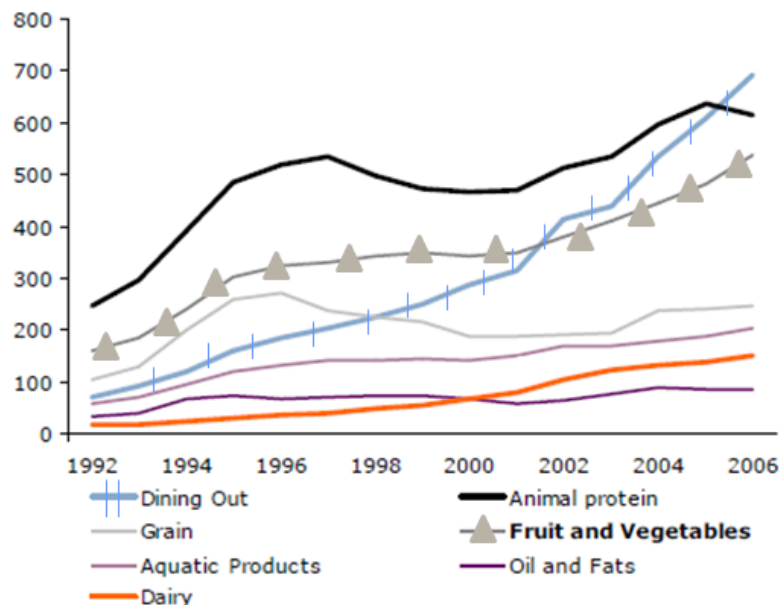


DOMESTIC FRUIT DEMAND AND THE AFFECT ON FRUIT EXPORTS?

- Growing middle class prefers imported products and will drive demand for products which have clean, healthy and upmarket 'image'

China's per capita urban consumption expenditure

Source: China Statistics Yearbook (RMB bln)



RSA LOCATION VS OPPORTUNITIES



PRODUCTION AND EXPORT CHALLENGES

Normal day to day challenges in exports:

- Quality issues
- Orchard practices and audits
- Use of chemicals and MRLs (or discontinuation)
- Post harvest issues
- Latent defects
- Shipping/cooling
- Delays
- Labour to pick fruit is going to become more of an issue
- Subsidies that make it difficult to compete/trade are not part of this presentation

Too many “uncontrollables” + Time from harvest to market

- Makes produce exports a very challenging business.

TRADE BARRIERS & DIFFICULTIES

- Phytosanitary reasons:
 - Diseases/bacteria
 - Unwanted insects
- Duties / Import tariffs
- Political reasons
- Economical
 - Exchange rates (imported product too expensive)
 - Producing same products in same time slot

Not necessarily all reasons

TRADE BARRIERS & DIFFICULTIES (cont.)

Most unpredictable and difficult to prepare for:

- “New” pests or diseases
- Political or Tit for Tat actions
- Unexplainable reasons (probably economical to try and protect trade balance)
- Actions from fast growing ‘new economies’ to protect their producers
- Free trade Agreements on the increase

WHAT DOES THE FUTURE LOOK LIKE?

IT WILL BECOME MORE DIFFICULT TO TRADE FREELY

- Methyl Bromide ban on usage can and will impact
- Producer pressure groups will increase pressure not to allow imports, especially in current poor economic situation
- Fast growing producing countries will be 'protected' by their governments – agriculture one of the fastest job creators
- Interventions will become less predictable and will impact negatively on sentiment and confidence to invest more, to produce more for export
- Protecting balance of payments

CONCLUSION

- Counter actions /lobbying by all involved in international produce trade to curb seemingly growing interruptions in Global Produce Trade
- Let science take up its former important role – less politics
- Let the consumer voice be heard for more choices, more varieties, better eating quality and consumption will further increase
- Let us all work together for a healthier world
- There is too much at stake not to do all that we can to create more certainty for global access, enabling growth in global trade

CONCLUSION (cont.)

- South Africa is in a great position in the Southern Hemisphere
 - Location
 - Export production is our main business thus committed to be successful with Exports!
 - We have the producers
 - Export facilities and infrastructure
 - Exporters/Knowledge
 - Government understands importance of produce exports
 - Bright future ahead

THANK YOU