TRENDS IN SOUTH AFRICA
VEGETABLE IMPORTS

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GM: Fresh Produce Importers Association

August 25, 2014
Trends in international trade

- Globalization of food value chain raising health and ethical issues and leading to increased food safety concerns
- Trade liberalization and regional integration (FTA’s)
- Large markets create economies of scale – cheaper product
- Investment in processed food production
- Transfer of developed country economy trends to the rest of the world (eg. Supermarkets)
- High food safety standards dictated by retailers (buyer driven value chain)
- Increased incomes in developing economies leading to diversified diets, and demand for ready-made nutritious food and Value-added food products
- Climate change and pest introductions – food security
- Increased focus on NTB’s as tariffs are reduced

The world fruit and vegetable market is expected to exceed $735 billion by 2015, representing 25% growth over five years. By 2015, the market is predicted to reach over 690 million tons in volume, up 5% compared with 2010 (MarketLine).
Regional trends and opportunities

Global financial crisis left exporters in developing countries faced with shrinking or marginal export growth in many of their developed country markets and looking towards large emerging markets like South Africa that offer significant potential for exploitation by exporters in the developing world.

South Africa imported 29 million US$ worth of vegetables from the African region in 2013 (dti).

In paper by ITC (2010) the market has room for new exporters in nearby countries of counter-season fresh produce like citrus, avocados, grapes, bananas and watermelons. It has also openings for dried beans, dehydrated vegetables and nuts, private-label canned vegetables and spice mixes, as well as chillies, turmeric, peppers and cumin.
Domestic market and consumer trends

Strong infrastructure, increasingly prominent middle class and fairly stable economy makes South Africa an important emerging market and export gateway to sub-Saharan region.

- Consumer segments with high standards of living are part of a growing middle class with growing demand for variety and “out of season” product

- Increasingly urban consumers with more income and less time create demand for quality and convenience products

- Growth in tourism fueled a demand for more variety and growth of food service industry

- Increasing health awareness create opportunities for nutritional/health and diet products
Domestic market and consumer trends

- Staple foods in traditional SA diet include meat, seafood, maize, vegetables and fruit
- Fresh food consumption is very high and expected to grow with fresh vegetables and fruit experiencing expenditure growth because increasing health awareness, quality and variety
- Small but growing trend toward organic products
- Food market developing in sophistication with well-developed formal retail market increasingly expanding into rural areas
- Growing retail industry with large supermarket chains expanding into other regions in Africa
- Country not fully sufficient in domestic agricultural production and supplements through consumer-oriented and intermediate products
Domestic market and consumer trends

- Open economy with well developed import regulation standards implemented in accordance with WTO commitments, including reduction of tariff levels.

- Modern infrastructure and best port system on continent allows efficient distribution to urban centers and offers strategic location to other SACU and SADC member countries.

- Agricultural products must comply with national SPS laws and certification is required while regulations are based on guidelines of CODEX Alimentarius, IPPC and OIE.

- Importers look for good quality, competitively priced product and well-established network of importers exist that provides successful entry strategy for products that are unprocessed or semi-processed.

Evolving market place and consumer trends combine to provide number of opportunities for food exporters.
Consumption and expenditure patterns

Private consumption expenditure on food reached R123,6 billion in the fourth quarter of 2013 compared to R117,1 billion in the third quarter, an increase of 5,6%.

Compared to 2012, private consumption expenditure on food increased slightly by 4,1% from R118,7 billion in the fourth quarter of 2012 to R123,6 billion in the fourth quarter of 2013.

The main expenditure item on a y/y basis was oils and fats which increased by 12,1%. Potatoes increased by 5,5% followed by expenditure on bread and grain which increased by 4,0%. The expenditure on fruit and vegetables increased by 2,9%, while the expenditure on meat increased by 2,7%.

(Source: DAFF, March 2014)
Consumption patterns

Private consumption expenditure between 2011 and 2013
Trade statistics

SA vegetable imports from the world – value in US$

Source: dti
Trade statistics

SA fresh vegetable imports from the world – volume (2003 – 2013)

Source: dti
Trade statistics

SA fresh vegetable imports from the world – volume (2009 -2013)

Source: dti
Trade statistics

SA fresh vegetable imports from the world – value in US$ (2009 -2013)

Source: dti
Trade statistics

Imports from various regions - volume (2009 - 2013)

Source: dti
Trade statistics

Fresh vegetable import from regions – value in US$ (2013)

Source: dti
## Major trade partners

<table>
<thead>
<tr>
<th>Top 10 Trade Partners</th>
<th>Total imports (US$ Thousands)</th>
<th>Top 3 Imported products</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>41,775</td>
<td>Dried and frozen vegetables, onions, garlic and leeks (fresh or chilled)</td>
</tr>
<tr>
<td>Kenya</td>
<td>8,643</td>
<td>Dried vegetables (shelled), Leguminous vegetables (shelled or unshelled and fresh or chilled), Cabbages and cauliflowers (fresh or chilled)</td>
</tr>
<tr>
<td>Canada</td>
<td>7,320</td>
<td>Dried vegetables (shelled), Frozen vegetables</td>
</tr>
<tr>
<td>USA</td>
<td>6,389</td>
<td>Dried vegetables, Dried vegetables (shelled), Frozen vegetables, vegetables (fresh or chilled)</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>5,987</td>
<td>Dried vegetables (shelled), Leguminous vegetables, shelled or unshelled, fresh or chilled, Dried vegetables</td>
</tr>
<tr>
<td>Belgium</td>
<td>5,465</td>
<td>Frozen vegetables, vegetables (fresh or chilled)</td>
</tr>
<tr>
<td>India</td>
<td>5,070</td>
<td>Dried vegetables (also shelled), Frozen vegetables, Vegetables, provisionally preserved (unfit for immediate consumption)</td>
</tr>
<tr>
<td>Mozambique</td>
<td>4,613</td>
<td>Dried vegetables (shelled), Frozen vegetables, Fresh vegetables, Leguminous vegetables, shelled or unshelled, fresh or chilled</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2,805</td>
<td>Frozen vegetables, Dried vegetables (shelled), Onions, garlic and leeks, fresh or chilled</td>
</tr>
<tr>
<td>Malawi</td>
<td>2,616</td>
<td>Dried vegetables (shelled), Leguminous vegetables, shelled or unshelled, fresh or chilled</td>
</tr>
</tbody>
</table>
Market access – fresh vegetables

<table>
<thead>
<tr>
<th>Product</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capsicum spp (pepper/ chilli)</td>
<td>ISRAEL, MOZAMBIQUE Pest Free Area, Netherlands</td>
</tr>
<tr>
<td>Cucurbita spp (pumpkin)</td>
<td>Namibia</td>
</tr>
<tr>
<td>Lactuca spp (lettuce)</td>
<td>Egypt</td>
</tr>
<tr>
<td>Lycopersicon spp (tomato)</td>
<td>Mozambique Pest Free Area</td>
</tr>
<tr>
<td>Solanum melongena (sweet potato)</td>
<td>Namibia</td>
</tr>
<tr>
<td>Solanum tuberosum (potato)</td>
<td>Namibia, Botswana</td>
</tr>
<tr>
<td>Abelmoscus spp (baby okra)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Beta spp (beetroot)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Cyamopsis spp (guar beans)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Daucus spp (carrots)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Phaseolus spp (bean)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Pisum spp (pea, mange tout)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Raphanus spp (radish)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Spinacia spp (spinach)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Vigna spp (choria)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Zea mays (maize)</td>
<td>All African countries</td>
</tr>
<tr>
<td>Allium spp (onion)</td>
<td>All countries</td>
</tr>
<tr>
<td>Brassica spp (cabbage)</td>
<td>All countries</td>
</tr>
<tr>
<td>Asparagus spp (asparagus)</td>
<td>All countries</td>
</tr>
</tbody>
</table>
Market access opportunities

- Supply out-of-season or counter-season
- Organic food trending especially in retailers
- Raw materials for food processing sector – dried beans, dehydrated legumes, dehydrated vegetables, nuts
- Manufacture of products that carry private or own brands of large retailers – fine vegetables
- Spices – chillies, turmeric, peppers, cumin
- Value added product – currently bulk is raw or unprocessed – “ready made” and “ready to eat”
- Africa – fine vegetables (long-stem broccoli, fine beans, snap peas, mangetout and baby corn)
- Price-sensitive though quality-conscious bulk retail but market expanding for more sophisticated products among affluent segment
- Preferential Trade Agreements and tariff reductions to zero
Market access challenges and risks

SPS requirements, compliance challenges and bio-security risks

- Regulatory capacities importing and exporting countries

- Agricultural Pest Act (Act 36 of 1983) - DAFF
  - Pest Risk Analysis (PRA)
  - Climate change and effect on pest distribution/ outbreaks
  - Phytosanitary Certification
  - Food safety requirements (NT)
  - Diagnostic and quarantine capacities

- Agricultural Product Standards Act (Act 119 of 1990) – DAFF
  - Grading, packing and marking – vegetables, potatoes, tomatoes, garlic, onions and shallots

- Foodstuffs, Cosmetics and Disinfectants (Act 52 of 1972) - DoH
  - Labeling requirements
Market access challenges and risks

Example of phytosanitary risk:

2005 detection of *Bactrocera invadens* in Africa led to immediate suspension of host material (incl. pepper, chillies, gourd, cucumber, pumpkins and tomato) from Kenya, Ghana, Mozambique, Namibia, Zambia, Zimbabwe and Botswana.

Other challenges:

- High costs of road transport (regional imports)
- Border control delays
- Freight forwarding – cold chain requirements and shelve-life
- Currency fluctuations
- Market intelligence and communication
- Tariffs
Tariffs applied to imports

Tariffs:

10 - 15%
0%

Source: TradeMap
Future focus of import sector

• Regional trade focus
• Imports will continue to increase in volume and variety as local demand grows and the population expands
• Environmental considerations and climate effects
• Bio-security and food safety
• Public private partnerships to enhance regulatory capacities and improve compliance
• Strengthening SPS capacities to ensure an effective import regulatory system that will allow safe and sustainable imports
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