



South African fruit exports grow

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According to recent press reports, South Africa's apple exports are expected to increase by 4.4% in 2012, with substantial pear exports as well. The deciduous fruit industry expects to ship more than 40 million carton equivalents of apples and pears globally this season – 26,635,000 apples and 13,632,000 pears. According to Jacques Du Preez, Product Manager for Top and Stone Fruit at Hortgro Services, 'The quality and quantity of this year's top fruit will be very good.' Deciduous fruit exports are focused in particular on the EU.

South African growers are coordinating a European campaign to boost recognition and sales of top fruit across the UK and Germany. This year will be the third successive year that top fruit sales in the countries have been supported by the 'Beautiful country, beautiful fruit' campaign. According to Mr Du Preez 'The initiative is about highlighting the great quality fruit basket our country offers when it's at its most delicious ...from the point of view of freshness and eating ethically. After two successful years of promotion in the UK, we're hoping to see similar results in Germany.'

Citrus producers, by contrast, are also trying to consolidate their position in the USA market. Last season South Africa shipped a total of 39,644 tonnes of citrus to the USA between May and October. The basket included clementines, grapefruit and three varieties of orange. Only growers in South Africa's Western and Northern Cape regions (some 300) have the farming practices required to meet and exceed the very stringent USA requirements.

Meanwhile, the South African Department of Trade and Industry (DTI) has identified the food processing sector as a priority area under the Manufacturing Competitiveness Enhancement Programme (MCEP) launched in April 2012. In recent years, the food processing sector has faced numerous setbacks, partly stemming from the impact of the global financial crisis. These include declining export performance, more imports into the South African market and lower rates of product and process innovation.

The MCEP incentive scheme is designed to help manufacturers that are in distress from the effects of the financial crisis. An allocation of R5.8 billion (approx. €545,000) will provide support to stabilise and increase output and employment and improve confidence in the manufacturing sector. The food processing sector can benefit significantly from the fund, which specifically targets businesses in manufacturing that are either labour-intensive or exposed to intense international competition. According to Minister of Trade Dr Rob Davies, the food processing sector 'is the largest manufacturing sector by employment, with 177 000 employees or 15.2% of total manufacturing employment' and is 'also significant in value addition terms ... contributing approximately 11% of total manufacturing value-added'.

Sources

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Editorial comment

The varied news in a single month from three South African food producers underlines the point that, in agriculture, more processing does not necessarily mean more value added. It also provides a contemporary example of the need for differentiation underlined by the research study on certification (see *Agritrade* article 'Certification useful, but benefits less poor farmers', forthcoming).

South African exporters of deciduous and citrus fruit (as well as of vine products) have established a strong brand. This has involved consistent efforts over many years and significant financial inputs. It allows exporters to obtain premium prices in the market and to penetrate the USA market, despite the fact that, unlike Europe, Africa has no clear geographical advantage there in comparison with strong Latin American competitors.

Producers of processed food (including fruit such as mangoes), by contrast, are struggling. Canned food does not attract the price premium of the fresh variety and consumers appear to be less concerned by the country of origin.

Creating a market niche is not a one-off activity: the niche must be maintained and developed year in, year out. Many ACP producers will lack the financial resources of the South African fruit industry, and it is for them that fair-trade schemes may be useful as a way of differentiating their produce from that of their competitors.

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