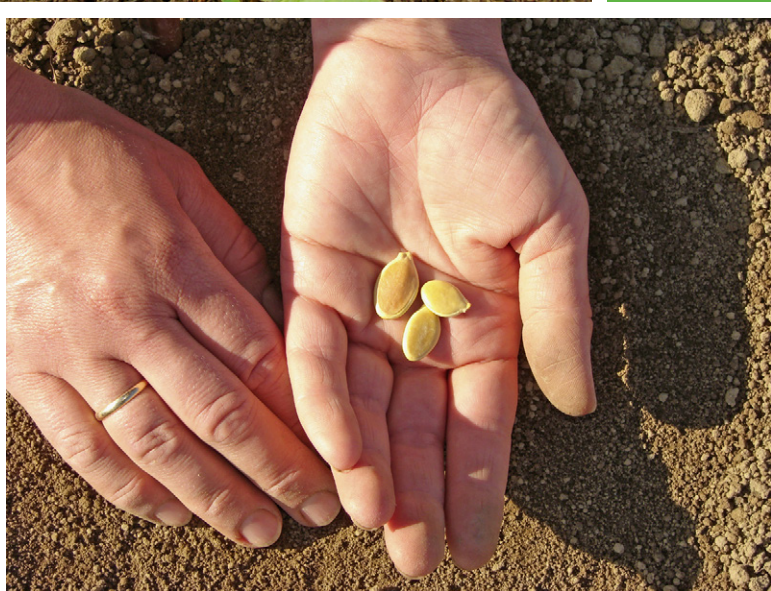




FRUITS AND VEGETABLES MARKET OF SOUTH AFRICA





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GENERAL OVERVIEW

South Africa has a dual agricultural economy, with both well-developed commercial farming and more subsistence-based production in the deep rural areas. Covering 1.2 million square kilometers of land, South Africa has seven climatic regions, from Mediterranean to subtropical to semi-desert. Agricultural activities range from intensive crop production and mixed farming in winter rainfall and high summer rainfall areas, to cattle ranching and sheep farming in the arid region. While 12% of South Africa's land can be used for crop production, only 22% of this is high-potential arable land. The greatest limitation is the availability of water, with uneven and unreliable rainfall. Around 1.3-million hectares are under irrigation, and around 50% of South Africa's water is used for agriculture¹.

South African agriculture and agribusiness have a number of competitive advantages, making the country both an important trading partner and a viable investment destination. South Africa

supplements local agricultural production with imports, key among these being consumer-oriented products, forestry products, and intermediate products. The agricultural sector in South Africa holds many prospects in areas such as capital investment, training, equipment and services supply².

South Africa is divided into a number of farming regions according to climate, natural vegetation, soil type and farming practices. Due to these various factors, South Africa produces a wide range of fruits and vegetables. Fruit export earnings represent about 12% of South Africa's total earnings from agricultural exports. Some of the fruits produced are citrus, pineapples, avocados, bananas, mangoes, litchis, guavas, etc. Moreover, of the total vegetable crops produced, about 50% is delivered to fresh produce markets and a further 18% processed. Potatoes make up around 40% of vegetable farmers' gross income while tomatoes, onions, green mealie and sweet corn all contribute about 38%³.

STATISTICS

South Africa is a middle-income, emerging market with an abundant supply of natural resources; well-developed financial, legal, communications, energy, and transport sectors and a stock exchange that is the 16th largest in the world⁴. GDP growth rate in South Africa averaged 3.16 % from 1993 until 2014, reaching an all-time high of 7.60 % in 1994 and a record low of -6.30% in 2009⁵. GDP (Purchasing Power Parity) was recorded to be around \$595.7 billion in 2013. The Agriculture sector accounted for 2.6% of the GDP, while the industry sector and services sectors accounted for 29% and 68.4%

respectively. Moreover, the Agriculture sector employs around 9% of the labor force, while the industrial sector and services sectors employed 26% and 65% respectively. In 2013, total exports were recorded at \$91.05 billion while total imports were recorded at \$99.55 billion, making the country a net importer of products¹.

The consumption expenditure on food for 2013 increased by 9.7% and amounted to \$41,836 million.

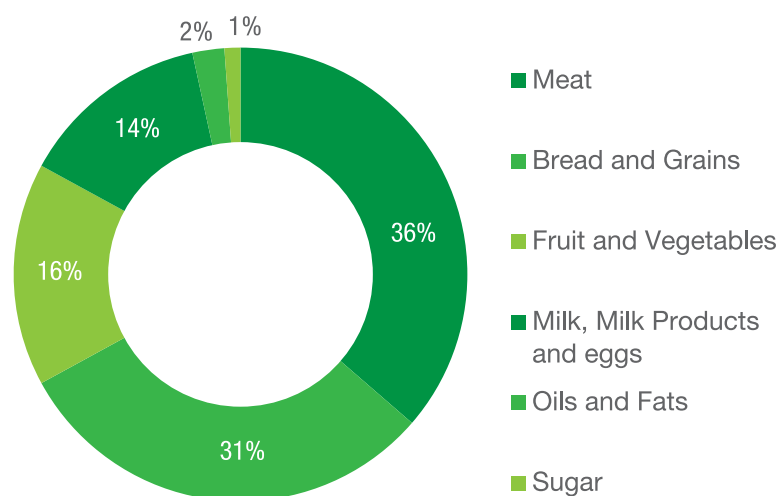
Consumption expenditure on:

- ▶ Meat increased by 9.1% to \$13,385 million.
- ▶ Bread and grain products increased by 6.6% to \$11,158 million.
- ▶ Fruit and vegetables (including potatoes) increased by 14.4% to \$5,912 million.
- ▶ Milk, milk products and eggs increased by 14.3% to \$4,919 million.
- ▶ Oils and fats also increased by 12.2% to \$927 million.
- ▶ Sugar decrease by 2.9% to \$599 million⁶.

¹ "South African Agriculture", December 2012, South Africa Info
² "Key South African Import Areas", August 2012, South Africa Info
³ "South Africa's farming sector", October 2008, South Africa Info

⁴ "Africa: South Africa", June 2014 The World Fact Book, Central Intelligence Agency
⁵ "South Africa GDP Growth Rate", 2014, Statistics South Africa, Trading Economics
⁶ "Economic Review of the South African Agriculture", 2013, Directorate of Statistics and Economic Analysis, DAFF, Republic of South Africa

Consumption Expenditure on Major Food Items (2012)

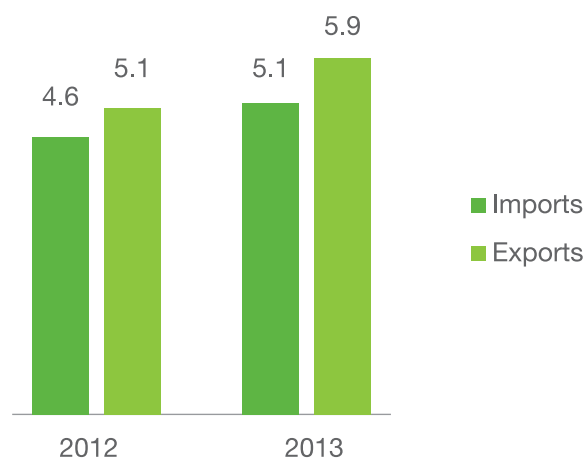


Source: DAFF, Republic of South Africa

The estimated value of imports for agriculture products in 2013 came to \$5,146 million, an increase of 12.3%

from \$4,584 million for 2012. The value of exports increased by 16.4%, from \$5,064 million in 2012 to \$5,895 million in 2013.

Imports and Exports of Agriculture Products (Billion USD) (2012-2013)

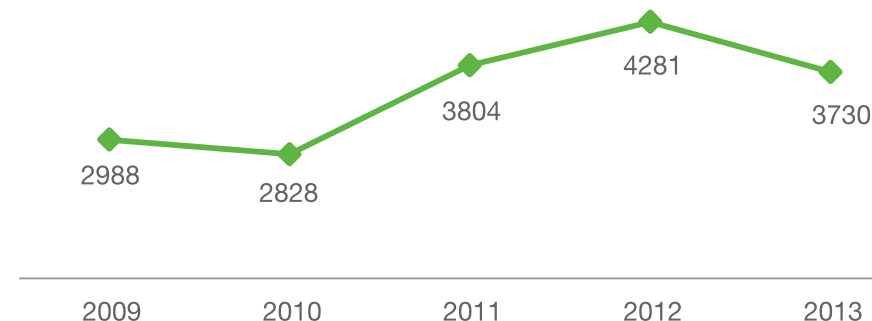


Source: DAFF, Republic of South Africa

The South African fruit industry is highly developed and geared for the export of a large percentage of its production. In 2013 the most important agriculture export products, by export value, were citrus fruit (27%), maize (18%), apples,

pears and quinces (17%), and grapes (15%). The most important agriculture import products were rice (30%), wheat and meslin (21%), poultry (18%), indentured ethyl alcohol (16%) and oil-cake (15%).

South African Import Value for Fruits and Vegetables ('000 Tons) (2009-2013)

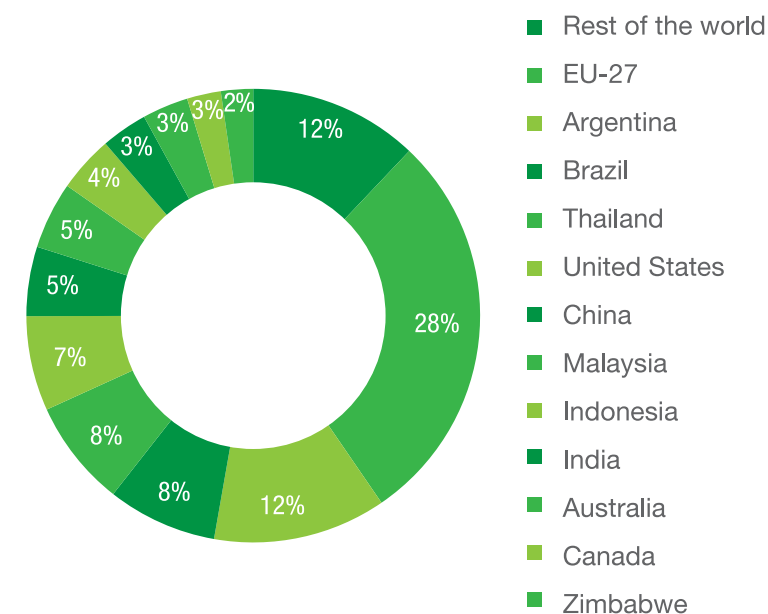


Source: The Department of Trade and Industry, Republic of South Africa

During 2013, the five largest trading partners of South Africa in terms of export destinations for agriculture products were The Netherlands (29%), United Kingdom (24%), Zimbabwe (22%), Mozambique (14%), and China (11%).⁶ The largest

amount of agriculture imports that come into South Africa are from the EU-27 (28%) countries followed by Argentina (12%), Brazil (8%), Thailand (8%) and the United States of America (7%).

South Africa Global Agriculture Imports by Source (2013)

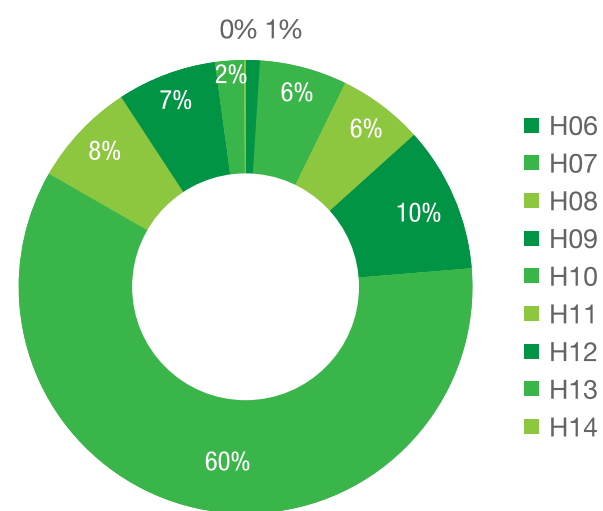


Source: Trade Law Centre for Southern Africa, TRALAC

The South African agriculture import market is dominated by HS10 category (60%). Both the HS 07 and HS 06 categories hold 6% of the import market each.

- ▶ HS 07 category includes: Edible vegetables and certain roots and tubers
- ▶ HS 08 category includes: Edible fruit and nuts
- ▶ HS 10 category includes: Cereals

South African Import Share for Vegetable and Fruit Products
(HS 6-14) (2009-2013)



Source: The Department of Trade and Industry,
Republic of South Africa

RULES AND REGULATIONS FOR IMPORT

South Africa's liberal trade incentives are aimed at encouraging economic growth and development. It is a member of the World Trade Organization (WTO), and the Southern African Customs Union (SACU). The International Trade Administration Commission of South Africa and the South African Revenue Service are responsible for controlling and managing the imports into the country⁷.

INTERNATIONAL TRADE ADMINISTRATION COMMISSION

- ▶ The International Trade Administration Commission of South Africa (ITAC) is a governmental group that aims to develop and grow the economy by managing international trade⁸.
- ▶ Its core functions include:
 - ▶ Customs tariff investigations.
 - ▶ Trade remedies.
 - ▶ Import and export control.

TRADE AGREEMENTS

- ▶ South Africa is a member of the World Trade Organization.
 - ▶ It follows the Harmonized System of import classification⁹.
- ▶ South Africa has trade agreements with many partners such as:
 - ▶ African Growth and Opportunity Act
 - ▶ The Generalized System of Preferences.
 - ▶ European Union¹⁰.
 - ▶ Southern African Development Community.
 - ▶ Mozambique.
 - ▶ Zimbabwe.
 - ▶ Community, Mozambique and Zimbabwe.

SOUTHERN AFRICAN CUSTOMS UNION

The Southern African Customs Union (SACU) is a customs union among five countries of Southern Africa. Member states form a single customs territory, and tariffs and other barriers are eliminated on the trade for products originating in these countries¹¹.

- ▶ Countries included in the SACU are:
 - ▶ Botswana.
 - ▶ Lesotho.
 - ▶ Namibia.
 - ▶ South Africa.
 - ▶ Swaziland.

IMPORT CONTROL

- ▶ Most goods may be imported into South Africa without restrictions. However for goods subject to restriction, importers must have the required permit before shipping. The ITAC is responsible for issuing permits. Sometimes authorization may also be required from other departments with jurisdiction over the control of the goods in question, such as the Department of Agriculture. Permits are generally valid for 12 months¹.

CUSTOMS AND BORDER MANAGEMENT

- ▶ The South African Revenue Service (SARS) oversees the flow of goods into South Africa. All goods entering the country must be declared on the prescribed bill of entry. If you plan to import goods, you must register with the Commissioner of SARS as an importer. Import tariffs are levied at the first point of entry in the South African Customs Union¹².
- ▶ SARS is also responsible for levying these duties, which include:
 - ▶ Customs duties.
 - ▶ Anti-dumping and countervailing duties.
 - ▶ VAT.

⁷ "Regulations for Importers", August 2012, South Africa Info

⁸ International Trade Administration Commission of South Africa <http://www.itac.org.za/>

⁹ World Trade Organization http://www.wto.org/english/thewto_e/countries_e/south_africa_e.htm

¹⁰ European Commission <http://ec.europa.eu/trade/policy/countries-and-regions/countries/south-africa/>

¹¹ Southern African Customs Union <http://www.sacu.int/>

¹² South African Revenue Service <http://www.sars.gov.za/>

IMPORT ANALYSIS BY MAIN CROP

BANANAS

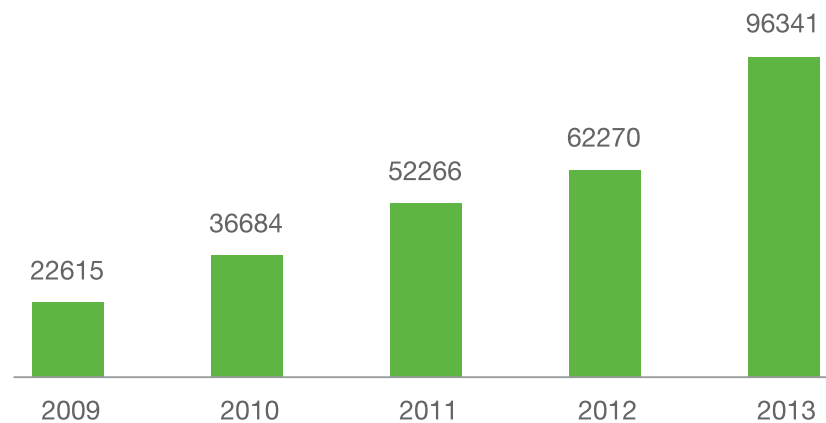
Bananas are amongst the most important commercial subtropical fruits grown in South Africa and are planted for sale in local markets or self-consumption and only a fraction of all bananas are sold in the world markets. During the 2010/11 marketing season bananas contributed to 56.5% (\$0.12 billion) of total gross value of subtropical fruits (\$0.22 billion) produced in South Africa¹³.

Gross value of production for bananas for the 2010/2011 production season was \$0.12 billion season. The figure represents an 8% increase from previous year and a 117% rise in the gross value

from 2001/2002. The rise in the gross value happened at the same time when production volumes were relatively stable. This indicates that the rise in total gross value was mainly the result of increased unit values during the period under review.

Over the years, there has been an increase in banana imports. This increase can be attributed to the increased demand by the local market amongst others. The other factor supporting the increasing import volumes is the lack of growth of production in South Africa⁹.

South Africa Banana Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

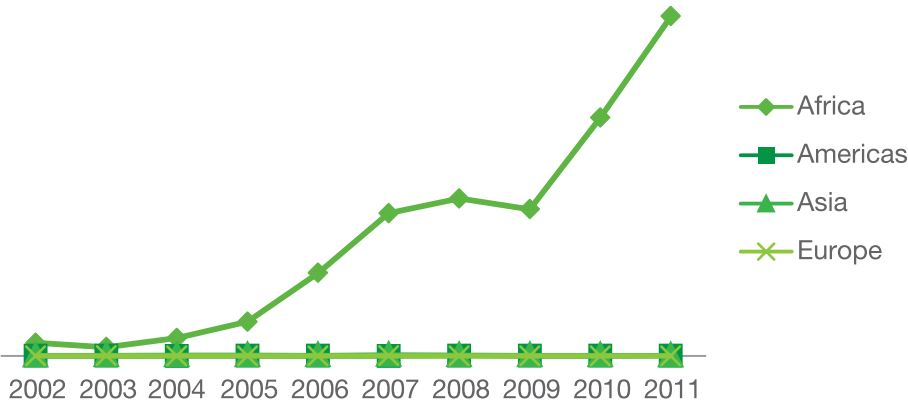
FACTS AND FIGURES

- ▶ 96,341 tons of bananas were imported by South Africa in 2013.
- ▶ Volume of banana imports increased by 326% between 2009 and 2013.
- ▶ Price of banana imports increased by 29% between 2009 and 2013.
- ▶ Bananas are the most important subtropical fruit grown in South Africa.
- ▶ Within the African continent, 99.9% of all South African banana imports in 2011 were from the Southern African Development Community (SADC) member states while the remaining 1% came from Western Africa⁹.
- ▶ South Africa imports more bananas than it exports.
- ▶ In 2011, South Africa's imports represented 0.09% of world imports and its ranking in the world imports was 59⁹.
- ▶ South Africa relies heavily on imports to meet its local demand for bananas. In South Africa bananas are produced during the Spring season and during the Summer season: September, October, November, December, January, February¹⁴.

¹³ "A profile of the South African Banana Market Value Chain", 2012, Department of Agriculture, Forestry, and Fisheries Republic of South Africa.

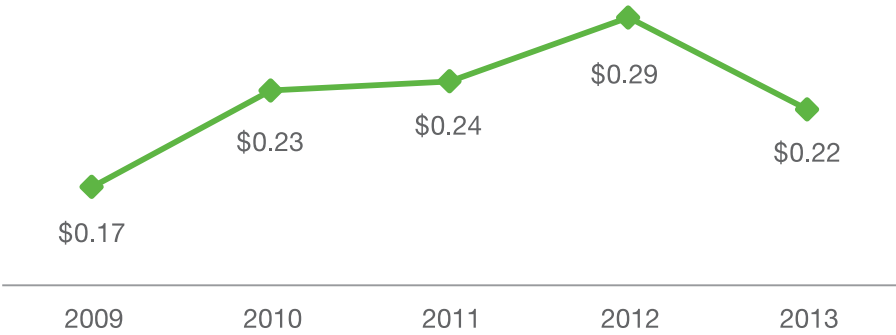
¹⁴ Food 24, "Seasonal Chart: Fruit and Vegetables", March 2009, Health Organic

Share of Bananas Imported from various regions of the world
(2002-2011)



Source: EasyData, Quantec Research

Variation in Price of Banana Imports (2009-2013)



Source: United Nations Commodity Trade Statistics Database

GRAPES

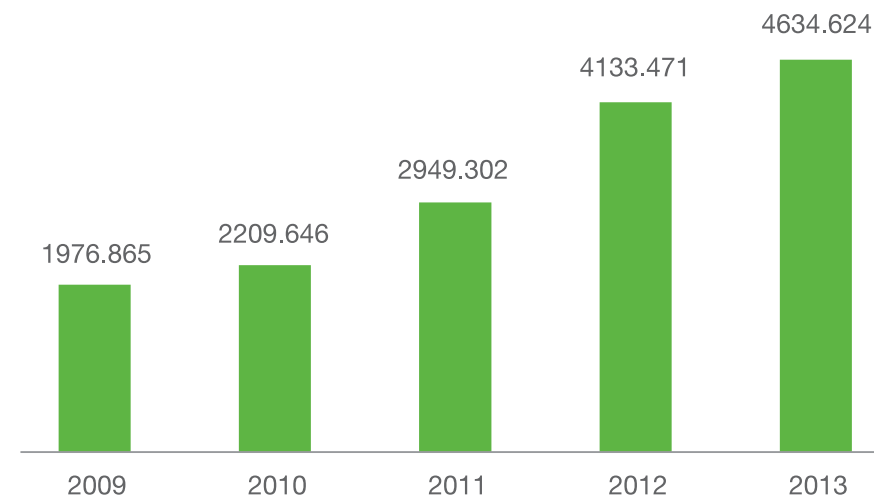
Grapes are one of the most important deciduous fruit grown in South Africa. In 2010, table and dry grapes contributed to 32% (24 309 ha) of the total area planted to deciduous fruits (76 425 ha). Gross value of production of grapes for the 2010/2011 production season was \$0.28 billion the figure represents a 2% decrease when compared with the gross value for the previous year and a 134% rise in the gross value from 2001/2002. The increase in gross value of production is happening at the time when production volumes over the same period have been relatively stable. The increase in gross value of production over the period can therefore be largely attributed to increases in the value of grapes mainly as a result of the effects inflation¹⁵.

In South Africa grapes are grown either to be pressed, dried or for ready consumption from the table. According to the South African Table Grape Industry (SATGI), South Africa is the Northern hemisphere's oldest and most reliable supplier of grapes. According to SATGI the 2010/2011 season was very difficult for producers and exporters grapes and this difficulty was brought about

by a myriad of factors. The main factor was the floods experienced by the early production regions, namely the Northern provinces and Orange River. Another difficulty was brought about by the increase in oil prices due to political instability in North Africa and the Middle East¹⁶.

The domestic consumption of grapes was estimated at 25,000MT during 2013 by the industry statistics. This revision represents a 3 % decrease compared to the 2012 quantity of 25,864MT as more fruit was exported in 2013 resulting in lesser fruit available for the domestic market. Local consumption of grapes is dependent on the export market. Grapes that cannot be sold on the export market are diverted to the local market. Grapes are considered a luxury fruit, and are mostly consumed by the middle and upper class population¹⁷.

South Africa Grape Imports (Tons) (2009-2013)



Source: United Nations Commodity Trade Statistics Database

FACTS AND FIGURES

- ▶ A total volume of 4634 tons of grapes were imported by South Africa in 2013.
- ▶ Volume of grape imports increased by 134% between 2009 and 2013.
- ▶ Price of grape imports increased by 6% between 2009 and 2013.
- ▶ Grape production has remained relatively stable over the past ten years due to stable conditions in South Africa's main producing areas.
- ▶ The unique climate together with bio-diversity affords South African growers an opportunity to grow grapes of almost every variety and flavor.
- ▶ The main source of South Africa's grapes imports in 2011 was Europe, mainly Spain¹⁴.
- ▶ Within Asia the main region supplying grapes to South Africa is Western Asia, mainly Turkey followed by Israel¹².
- ▶ Within Africa, Egypt was the main exporter of grapes to South Africa¹⁴.
- ▶ South Africa is a net exporter of table grapes, and imports are mainly to make up for out of season demand.
- ▶ In South Africa grapes are produced during the Summer season and Autumn season: December, January, February, March, April, May¹⁸.

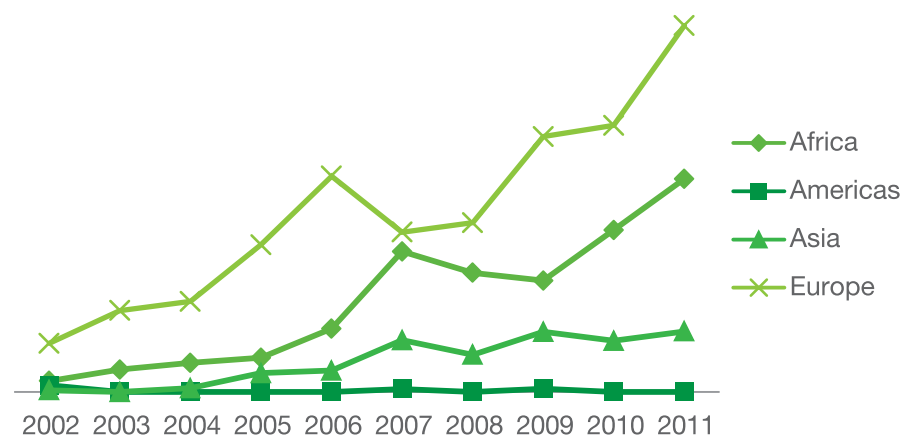
¹⁵ "A Profile of the South African Table Grape Market Value Chain", 2012, Department of Agriculture, Forestry and Fisheries, Republic of South Africa.

¹⁶ SATI, South African Table Grape Industry.

¹⁷ Wellington Sikuka "Fresh Deciduous Fruit Semi-Annual", May 2014, Global Agriculture Information Network, USDA.

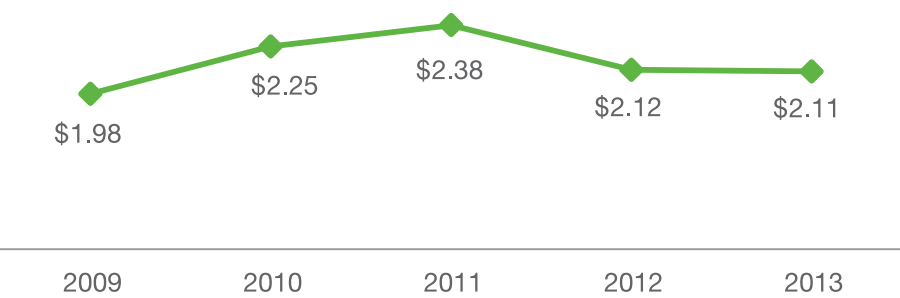
¹⁸ Food 24, "Seasonal Chart: Fruit and Vegetables", March 2009, Health Organic.

Share of Grapes Imported from various regions of the world (2002-2011)



Source: EasyData, Quantec Research

Variation in Price of Grape Imports (2009-2013)



Source: EasyData, Quantec Research

AVOCADOS

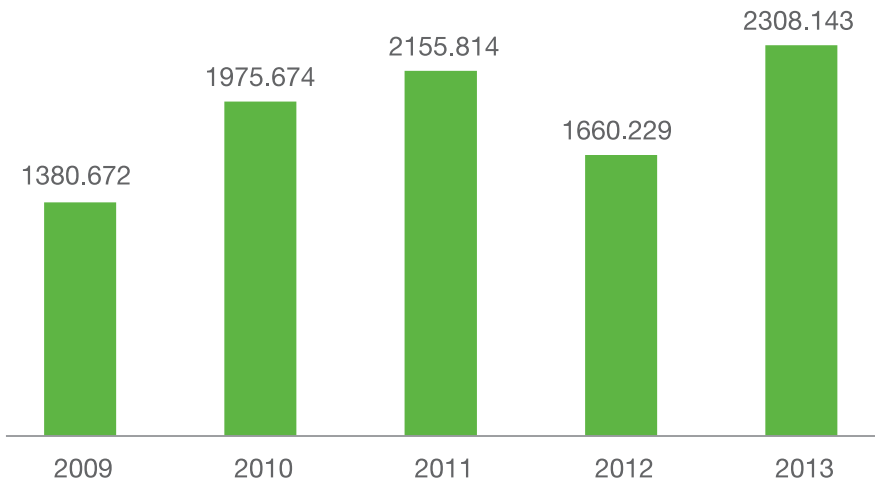
Avocado production in South Africa is an export-oriented industry, aimed primarily at the European market. Due to climatic variability between the growing regions, most of the major cultivars are available over an extended period. The different regions give the industry the ability to produce avocados from the end of February to the beginning of November, with the bulk of the crop from the end of February until the beginning of September¹⁹. Generally, avocado production has been fairly stable in the past decade. Nonetheless, avocados are highly sensitive fruits and all the major declines during the last decade may be attributed to adverse weather conditions.

Avocados contributed 21% (\$0.05 billion) to total gross value of subtropical fruits (\$0.22 billion) in South Africa during 2010/2011 season. Gross value of production of avocados for the 2010/2011 production season was 0.05 billion. The figure represents a 33% increase when compared with the gross value for the previous year and a 149% rise in the gross value from 2001/2002²⁰.

FACTS AND FIGURES

- ▶ A total volume of 2,308 tons of avocados were imported by South Africa in 2013.
- ▶ Volume of avocados imports increased by 67% between 2009 and 2013.
- ▶ Price of avocado imports decreased by 26 % between 2009 and 2013.
- ▶ South Africa’s imports of avocados grew steadily during the past decade.
- ▶ Avocado prices in the local markets are determined by market forces (demand and supply) at the National Fresh Produce Markets (NFPMs).
- ▶ South Africa’s imports of avocados represented 0.23% of world imports of avocados and its ranking in the world was number 26²⁰.
- ▶ Main source of South Africa’s avocado imports is Europe.
- ▶ Within Europe, the major source of South Africa’s avocado imports during 2011 was Spain²⁰.
- ▶ Asia is also an important source of avocado imports, all coming from Israel²⁰.
- ▶ In South Africa, avocados are produced during the Spring, Autumn and winter seasons: September, October, November, March, April , May, June, July, August²¹.

South Africa Avocado Imports (Tons) (2009-2013)



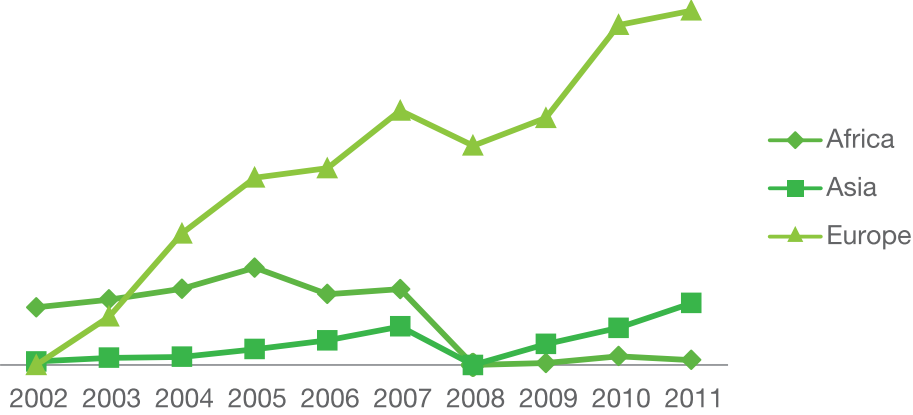
Source: United Nations Commodity Trade Statistics Database

¹⁹ “A Profile of the South African Avocado Market Value Chain”, 2012, Department of Agriculture, Forestry and Fisheries, Republic of South Africa.

²⁰ Markets and Economic Research Centre, “Food Price Monitor” , May 2014, National Agricultural Marketing Council

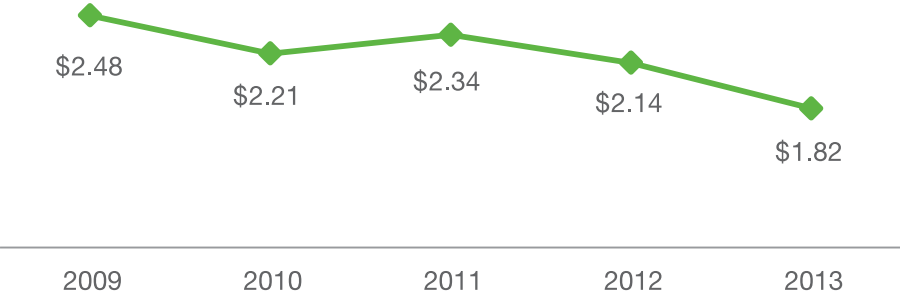
²¹ Food 24, “Seasonal Chart: Fruit and Vegetables”, March 2009, Health Organic.

Share of Avocados Imported from various regions of the world
(2002-2011)



Source: EasyData, Quantec Research

Variation in Price of Avocado Imports (2009-2013)



Source: United Nations Commodity Trade Statistics Database, UN Comtrade

ORANGES

South African oranges production was estimated at 1.5 million MT during the 2012 season as a result of good weather conditions in the eastern part of the country²².

South African oranges are primarily comprised of two varieties; Valencia and the Navel oranges. Producers prefer Valencia oranges over Navels for their growing characteristics that enable higher yields and maintain a longer shelf life than Navels¹⁸. The Western Cape and Eastern Cape are considered 'cooler' citrus growing areas and production is focused on Navel oranges. In Mpumalanga, Limpopo and KwaZulu-

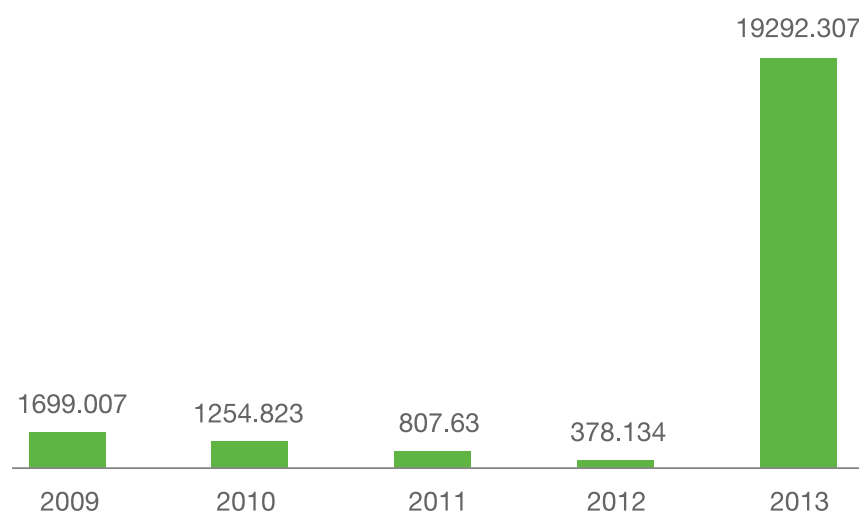
Natal, the climate is warmer and better suited to the cultivation of Valencia oranges²³.

Post estimates 2012/2013 fresh local orange consumption to remain flat at 140,000 MT on static consumer demand. Fresh oranges are popular in South Africa and are widely consumed. Oranges form part of the national food basket of goods which is monitored quarterly by the South African National Marketing Council (NAMC) to track food price inflation. Oranges destined for the local market are consumed as fresh fruit or processed as orange juice¹⁸.

FACTS AND FIGURES

- ▶ A total volume of 19,292 tons of Oranges were imported by South Africa in 2013.
- ▶ Volume of orange imports increased by 1015% between 2009 and 2013.
- ▶ Price of orange imports decreased by 63% between 2009 and 2013.
- ▶ In 2011 oranges contributed 64 % of total citrus production¹⁹.
- ▶ South Africa's imports of oranges in 2011 represented 0.01% of world orange imports and its ranking in the world was number 125¹⁹.
- ▶ 53% of orange imports came from Zimbabwe, 19% from Spain, 13% from Israel while the remaining 5% came from Egypt.
- ▶ In South Africa, Oranges are produced during the Spring, Autumn and winter seasons: September, October, November, March, April , May, June, July, August²⁴.

South Africa Orange Imports (Tons) (2009-2013)



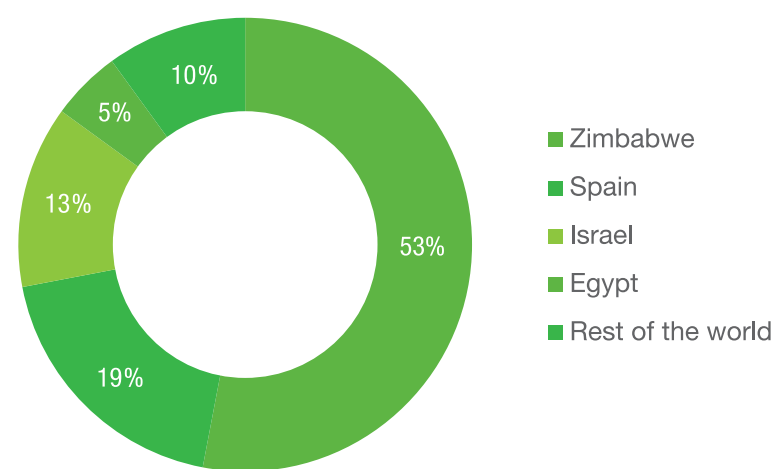
Source: The Department of Trade and Industry, Republic of South Africa

²² Nicolas Rubio "Citrus Semi-Annual", June 2013, Global Agriculture Information Network, USDA.

²³ "A Profile of the South African Citrus Market Value Chain", 2012, Department of Agriculture, Forestry and Fisheries, Republic of South Africa.

²⁴ Food 24, "Seasonal Chart: Fruit and Vegetables", March 2009, Health Organic.

Share of Orange Importers to South Africa (%) (2011)



Source: The Department of Trade and Industry, Republic of South Africa

Variation in Price of Orange Imports (2009-2013)



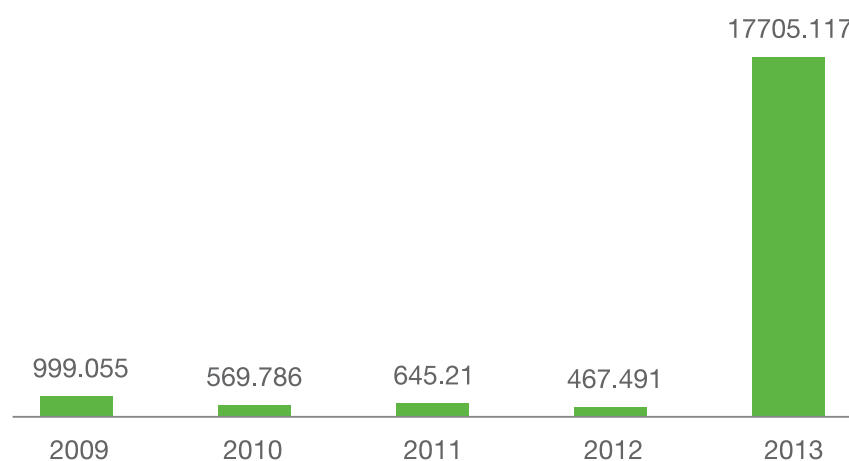
Source: The Department of Trade and Industry, Republic of South Africa

GRAPEFRUITS

Post estimates 2012/2013 domestic consumption of fresh grapefruit to remain flat at 5 MT on stable consumer demand. The industry keeps its focus on the export market as local consumers have not acquired a strong taste for grapefruit. As a result, domestic consumption figures remain around 5,000 MT¹⁸.

Although South Africa is not a major grapefruit importer, imports typically come from Israel, Zimbabwe, and Spain. These countries dominate the market for SA imports and, as a counter season producer, fills the demand gap towards the end of the calendar year.

South Africa Grapefruit Imports (Tons) (2009-2013)



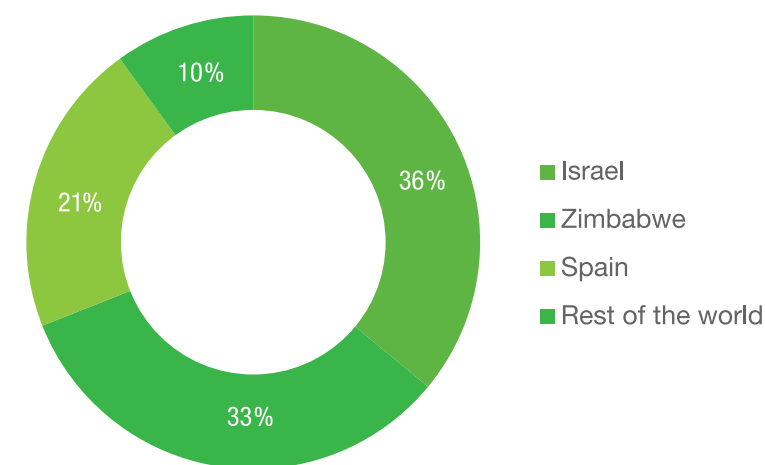
Source: The Department of Trade and Industry, Republic of South Africa

FACTS AND FIGURES

- ▶ A total volume of 17,664 tons of grapefruit were imported by South Africa in 2013.
- ▶ Volume of grapefruit imports increased by 1330% between 2009 and 2013.
- ▶ Price of grapefruit imports decreased by 42% between 2009 and 2013.
- ▶ The third largest planted citrus category was grapefruit at 16%¹⁹.
- ▶ 36% of grapefruit imports came from Israel, 33% from Zimbabwe, 21% from Spain while the remaining 10% came from the rest of the world.
- ▶ During 2011 South Africa's imports of grapefruits represented 0.03% of world grapefruit imports and its ranking in the world was number 62¹⁹.
- ▶ In South Africa, grapefruits are produced during the Spring, Autumn and winter seasons: September, October, November, March, April, May, June, July, August²⁵.

²⁵ Food 24, "Seasonal Chart: Fruit and Vegetables", March 2009, Health Organic.

Share of Orange Importers to South Africa (%) (2011)



Source: EasyData, Quantec Research

Variation in Price of Grapefruit Imports (2009-2013)



Source: The Department of Trade and Industry, Republic of South Africa

TOMATOES

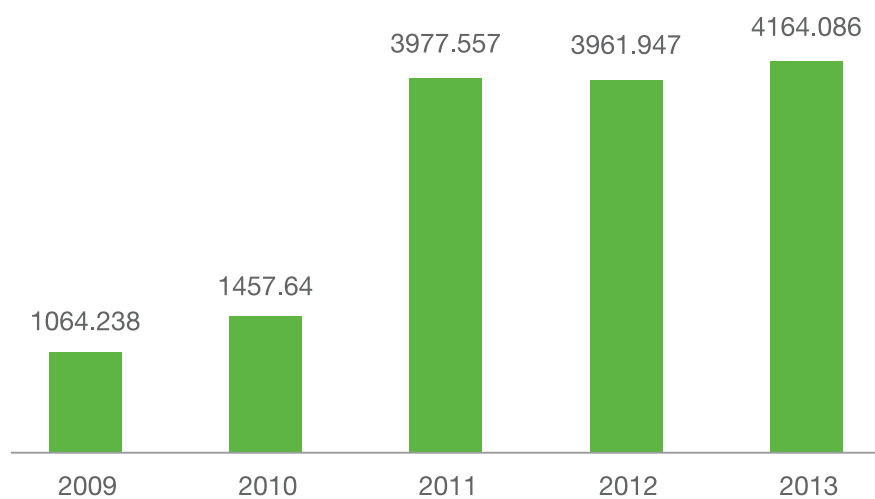
Tomatoes are the second most important and popular vegetable crop after potatoes in South Africa. It contributed approximately 20% (excluding potatoes) to the gross value of vegetable production in 2011. Interestingly, although tomatoes are nutritionally categorized as vegetables, they are botanically classed as fruits.

Gross value of production of tomatoes for the 2010/2011 production season was roughly 147 million. The figure represents a 2% decrease when compared with the gross value for the previous year and a 162% rise in the gross value from 2001/2002. Over the past decade tomato production has maintained a fairly stable trend the drop of tomato production in South Africa can be attributed to unfavorable climatic conditions and high production costs²⁶.

The per capita consumption of tomatoes in South Africa is 12 kg per annum. Population growth, urbanization, per capita income and the income elasticity of demand for tomatoes are important factors influencing the demand for tomatoes. The average household in South Africa consumes between five and ten tomatoes per week. In 2011, South Africa's annual fresh tomato consumption was approximately 332 337 tons per annum¹⁹.

The National Fresh Produce Markets (NFPMs) prices are the benchmark used in all national tomato sales. The NFPMs are regarded as the preferred marketing channel for tomatoes.

South Africa Tomato Imports (Tons) (2009-2013)



Source: The Department of Trade and Industry, Republic of South Africa

²⁶ "A profile of the South African Tomato Market Value Chain", 2012, Department of Agriculture, Forestry and Fisheries, Republic of South Africa

FACTS AND FIGURES

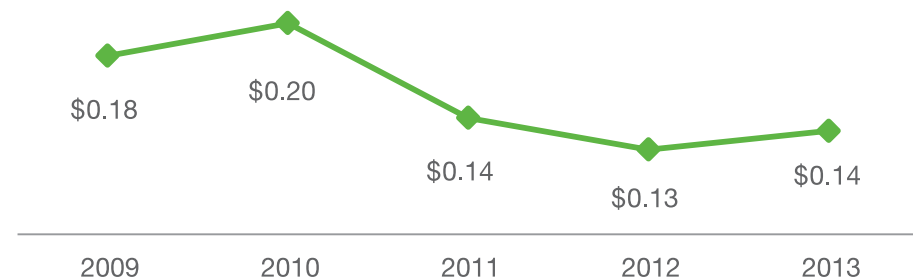
- ▶ A total volume of 4,164 tons of tomatoes were imported by South Africa in 2013.
- ▶ Volume of tomato imports increased by 291% between 2009 and 2013.
- ▶ Price of tomato imports decreased by 22% between 2009 and 2013.
- ▶ Tomatoes have a minor contribution to inflation in the basic food basket: +2.4%²⁷.
- ▶ The highest tomato imports were recorded at 4,164 tons in 2013 followed by roughly 3,977 tons in 2011. This is due to cheaper tomato imports in the same year.
- ▶ In 2011, South Africa's tomato imports represented 0% of world imports and its ranking was 129¹⁹.
- ▶ In 2010, South Africa imported 60% of tomatoes from Italy, 36% from Zimbabwe, and 4% from Nigeria¹⁹.
- ▶ During 2011, South Africa's tomato import was sourced mainly from Italy.

Share of Tomatoes Imported from various regions of the world (2002-2011)



Source: EasyData, Quantec Research

Variation in Price of Tomato Imports (2009-2013)



Source: The Department of Trade and Industry, Republic of South Africa

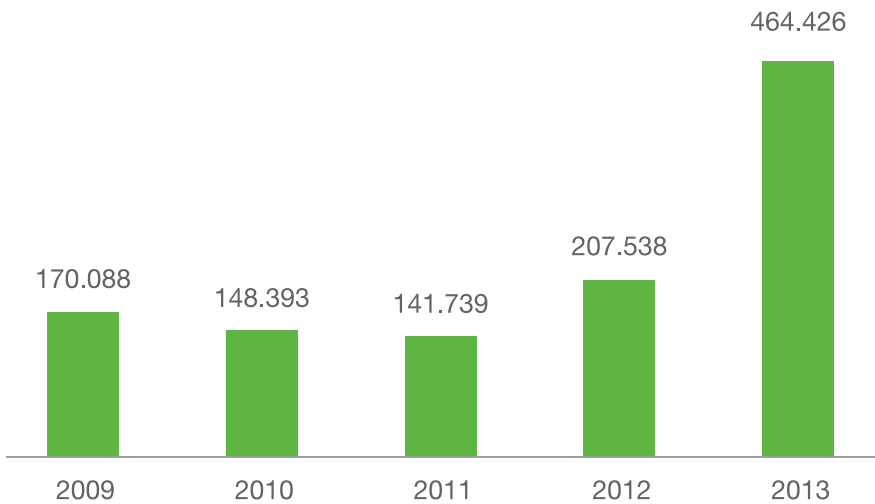
²⁷ Markets and Economic Research Centre, "Food Price Monitor", May 2014, National Agricultural Marketing Council

POTATOES

Potatoes are the most important vegetable crop in South Africa and the world's recognized staple food consumed by many people. Potatoes are also fat and cholesterol free and high in fiber, Vitamin C and essential minerals like potassium, phosphorus and calcium.

Potatoes industry contributed approximately 61% to the total gross value of vegetable production, 13% of horticultural products and 3% of total agricultural products in 2011. Gross value of production of potatoes for the 2010/2011 production season was \$470 million the figure represents a 5% increase when compared with the gross value for the previous year and an 85% rise in the gross value from 2001/2002²⁸.

South Africa Potato Imports (Tons) (2009-2013)



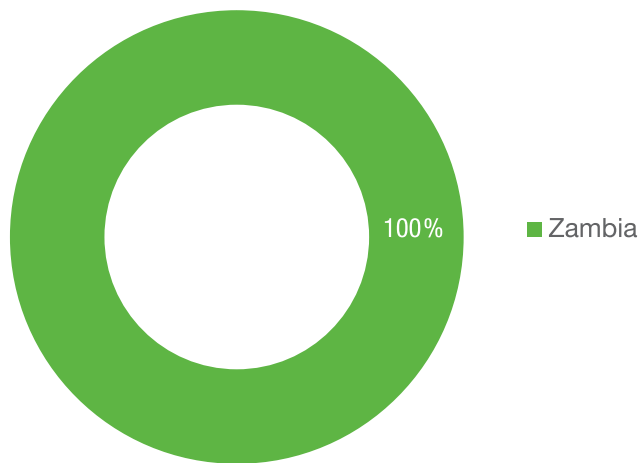
Source: The Department of Trade and Industry, Republic of South Africa

FACTS AND FIGURES

- ▶ A total volume of 464 tons of potato were imported by South Africa in 2013.
- ▶ Volume of potato imports increased by 172% between 2009 and 2013.
- ▶ Price of potato imports decreased by 13% between 2009 and 2013.
- ▶ Potatoes have a major contribution to inflation in the basic food basket: +4.3%
- ▶ Potato prices in the NFPMs are primarily determined by market forces of supply and demand.
- ▶ Product grading is a critical component of price determination.
- ▶ Quality of the produce is another factor that influences the price.
- ▶ South Africa's average potato consumption is roughly 1.3 million tons per annum²⁰.
- ▶ South Africa's imports represent 0% of world imports for potatoes and its ranking in the world is 196²⁰.
- ▶ In 2010 South Africa imported potatoes from Zambia and Nigeria²⁰.
- ▶ In 2011 South Africa imported potatoes from Zambia only²⁰.
- ▶ In 2006, 2008 and 2010, it was cheaper to import potatoes since low values were recorded for higher volumes imported.
- ▶ The highest potato imports were recorded at 464 tons in 2013 followed by roughly 315 tons in 2008.

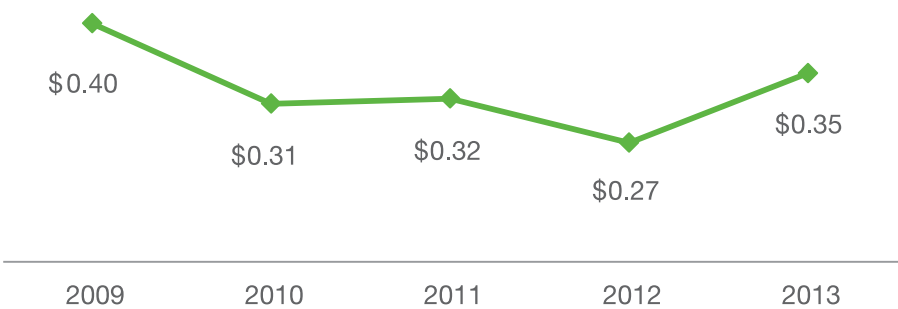
²⁸ "A profile of the South African Tomato Market Value Chain", 2012, Department of Agriculture, Forestry and Fisheries, Republic of South Africa

Share of Potato Importers to South Africa (%) (2011)



Source: EasyData, Quantec Research

Variation in Price of Potato Imports (2009-2013)



Source: United Nations Commodity Trade Statistics Database, UN Comtrade

CONCLUSION

In conclusion, the South African market for fruits and vegetables is a captivating one for Lebanese exports. South Africa is importing agriculture goods from locations much farther than Lebanon, giving us a competitive advantage over other countries in transportation costs. Even though South Africa produces large quantities of fruits and vegetables, a population of 51.19 million is a significantly high number of people to feed. In addition, social mobility has contributed to the change in peoples taste, leading to the requirements of more luxurious goods and the increase in consumption expenditure on major food items. Even though South African exports of agriculture products are increasing, their imports are also increasing at a rather good rate. Imports of bananas, grapes, avocados, citrus, tomatoes and potatoes have all shown tremendous increases over the past years.

Many factors have contributed to making export to South Africa very attractive. First of all, South Africa has experienced several labor strikes in various sectors demanding higher wages. The strikes resulted in an increase of the minimum wage to \$14.5/ day. This situation has led to in an increase in costs, resulting in an overall increase in prices. With an increase in prices of South African goods, competition weakened and widened the doorway for other countries to export to South Africa. Moreover, South Africa was always known for their extraordinary production of citrus which plays a large role in international trade. However, some shipments of citrus products were found to have the Citrus Black Spot (CBS) fungal disease. A few black spots on as little as one piece of fruit can cause the entire shipment to be rejected. This fungus affects citrus plants throughout subtropical climates, causing a reduction in both the quantity and quality of the fruits. There are currently no citrus varieties that are resistant to this disease, once a tree has been infected there is no known cure, causing tree removal to be the best option. This is why the import of oranges and grapefruit shows a tremendous increase in imports between 2009 and 2013. Furthermore, citrus trees on average need 2-5 years to bear fruits depending on the type of variety grown, making Lebanese export of citrus to South Africa sound very appealing.





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