SACU Investment Roundtable
Fruits and Vegetables Value Chain
12 – 13 April 2022



Vision:

"To build a diversified, competitive, sustainable and equitable industrial base that supports structural transformation and the economic integration of the SACU region"

Mission:

1. Promote integrated and sustainable **primary production and industrial growth of value-added manufacturing** in the SACU Fruits and Vegetables value chain.
2. Enhance **continental and global competitiveness** of the SACU Fruits and Vegetables value chain.
3. Promote **continental and global trade** of the SACU Fruits and Vegetables value chain.

Rationale:

SACU Member States have abundant resources (fertile soil, water, diverse agro-climatic conditions) that allow for diversified production of fruits and vegetables. The development of cross-border value chains in the fruit and vegetables sectors offers unique opportunities to enhance the economic development, diversification, industrialisation and competitiveness of SACU Member States

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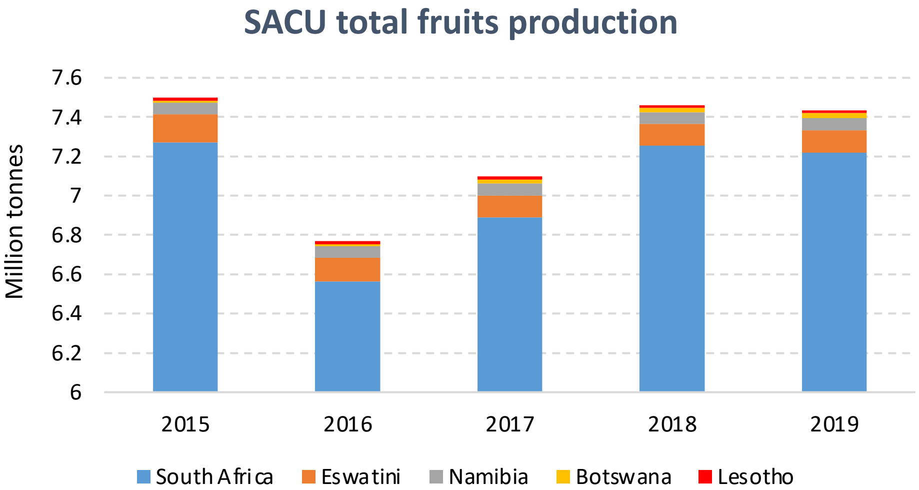
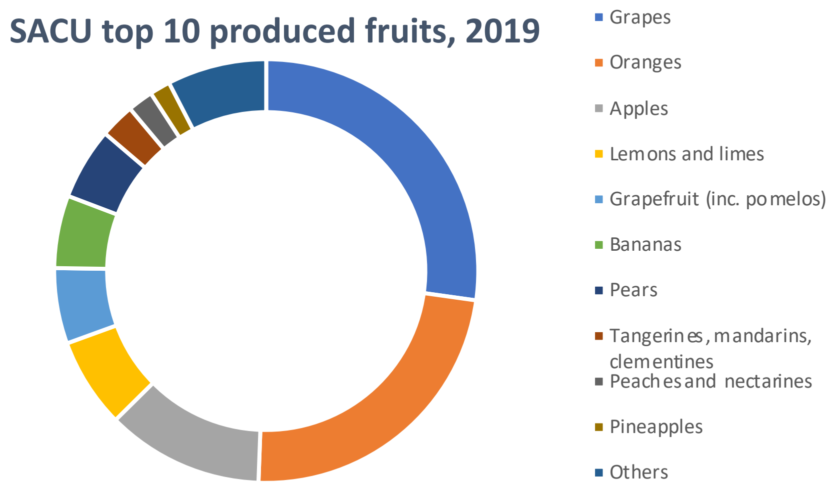
FRUITS PRODUCTION IN SACU



Source: FAOSTATS



Source: FAOSTATS

- **SACU fruits production in 2019:** 7.4 million tonnes (0.8% of world's total production)
- South Africa (97%) dominates fruits production, followed by Eswatini (1.5%)
- South Africa has a wide range of climatic regions for diverse fruits & vegetables production, while some Member States are relatively more constrained by agri-climatic conditions
- **Most produced fruits in the region in 2019:**
  - Grapes = 2.1 million tonnes (mostly produced in SA)
  - Oranges = 1.7 million tonnes
  - Apples = almost 892 000 tonnes

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FRUITS PRODUCTION IN SACU (*CONTINUED*)

SACU's 10 most produced fruits, per Member State, in 2019 (tonnes)

Fruit type	Botswana	Eswatini	Lesotho	Namibia	South Africa
Grapes				29 841	1 993 048
Oranges	4 005	44 842		2 061	1 686 455
Apples					891 979
Lemons & limes					510 524
Grapefruit (incl. pomelos)		50 375			378 634
Bananas		7 493			405 135
Pears					407 212
Tangerines, mandarins, clementines		819			196 122
Peaches & nectarines					144 300
Pineapples		2 043			115 106

- South Africa dominates production of all top ten produced fruits in the region
- All apples, lemons, pears, peaches and nectarines produced in SACU come from SA
- Other key producers of fruits in the region include Eswatini, which produces mostly oranges, grapefruits and pineapples

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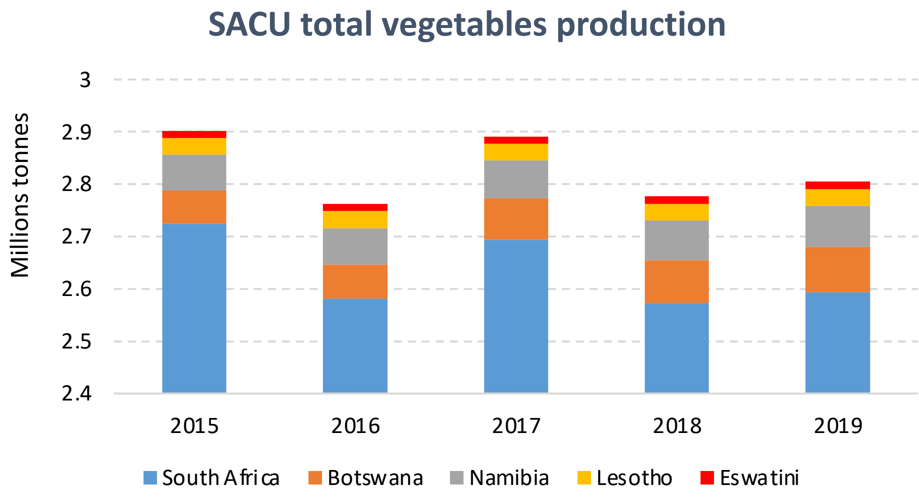
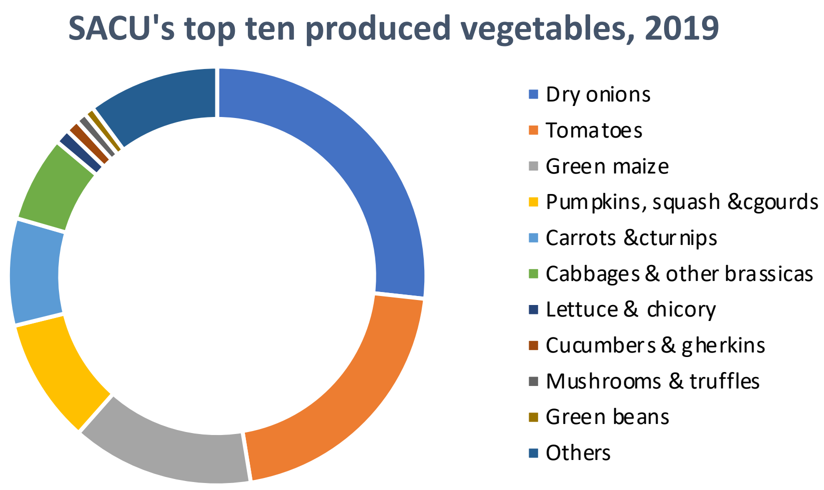
VEGETABLES PRODUCTION IN SACU



Source: FAOSTATS



Source: FAOSTATS

- **SACU vegetables production in 2019:** 2.8 million tonnes (0.2% of total world production)
- As is the case with fruits, SA dominates SACU's vegetables production
- SA accounts for about 2.6 million tonnes, or 92.5% of the region's vegetables production, followed by Botswana (3.1%)
- **Most produced vegetables in the SACU region:**
  - Onions = 750 000 tonnes
  - Tomatoes = 580 000 tonnes

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VEGETABLES PRODUCTION IN SACU (*CONTINUED*)

SACU's 10 most produced vegetables, per Member State, in 2019 (tonnes)

Vegetable type	Botswana	Eswatini	Lesotho	Namibia	South Africa
Dry onions	9 007			33 844	707 242
Tomatoes	8 765	6 602		9 339	555 485
Green maize					395 450
Pumpkins, squash & gourds					270 486
Carrots & turnips	3 890			3510	225 269
Cabbages & other brassicas	14 357			6 535	165 444
Lettuce & chicory					32 005
Cucumbers & gherkins					29 122
Mushrooms & truffles					22 869
Green beans					20 997

- ❑ SA dominates all top ten vegetables produced in SACU
- ❑ Onions are mostly produced in almost all SA's provinces, esp. Northern Cape, North-West and Limpopo provinces
- ❑ Large players such as ZZ2 dominate the production of tomatoes in the region

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SACU FRUITS & VEGETABLES PRODUCTION BY MEMBER STATE

Botswana: Top produced fruits (2019)	Tonnes
Watermelons	16 689
Fresh fruit not elsewhere specified	5 051
Oranges	4 005
Mangoes, mangosteens, guavas	129

Botswana: Top vegetables production (2019)	Tonnes
Fresh vegetables not elsewhere specified	50 141
Cabbages and other brassicas	14 357
Onions, dry	9 007
Tomatoes	8 765
Carrots and turnips	3 890
Spinach	890

Eswatini: Top produced fruits (2019)	Tonnes
Grapefruit (including pomelos)	50 375
Oranges	44 842
Bananas	7 493
Pineapples	2 043
Plums and sloes	1 327

Eswatini: Top produced vegetables (2019)	Tonnes
Fresh vegetables not elsewhere specified	7 678
Tomatoes	6 602

Source: FAOSTATS

- Botswana produces mainly watermelon and oranges, as well as cabbages and dry onions in small quantities
- Eswatini, on the other hand, produces mainly grapefruits, oranges and bananas. It also produces tomatoes in small quantities

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SACU FRUITS & VEGETABLES PRODUCTION BY MEMBER STATE (*CONT.*)

Lesotho: Top produced fruits (2019)	Tonnes
Fresh fruit not elsewhere specified	14 062

Lesotho: Top produced vegetables (2019)	Tonnes
Fresh vegetables not elsewhere specified	32 342

Namibia: Top produced fruits (2019)	Tonnes
Grapes	29 841
Fresh fruit not elsewhere specified	24 697
Watermelons	3 856
Oranges	2 061
Other types of melons (incl. cantaloupes)	665
Dates	354
Mangoes, mangosteens, guavas	8

Namibia: Top produced vegetables (2019)	Tonnes
Onions, dry	33 844
Fresh vegetables not elsewhere specified	23 465
Tomatoes	9 339
Cabbages and other brassicas	6 535
Carrots and turnips	3 510
Chillies and peppers, green	1 330

Source: FAOSTATS

- According to FAO, Lesotho data on fruits and vegetables production does not clearly specify the type produced
- Namibia is a substantial producer of grapes in the region, after South Africa. It also produces dry onions and tomatoes

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SACU FRUITS AND VEGETABLES TRADE

SACU fruits & vegetables overall trade (US$ ‘000s)

	2015	2016	2017	2018	2019
Exports	3 150 499	3 141 725	3 669 132	4 009 647	3 734 162
Imports	402 015	412 987	424 723	426 659	431 459

Source: ITC

SACU fruits & vegetables intra-regional trade (US$ ‘000s)

	2019	**Imports**					
		SA	**Namibia**	**Botswana**	**Eswatini**	**Lesotho**	**SACU Exp**
Exports	SA		47 927	66 532	21 985	23 754	**160 198**
	Namibia	10 532		23			**10 555**
	Botswana	4 866	92				**4 958**
	Eswatini	7 246					**7 246**
	Lesotho	163					**163**
	SACU Imp	**22 807**	**48 019**	**66 555**	**21 985**	**23 754**	**183 877**

- SACU runs a surplus in fruits & vegetables trade, which increased over years to US$3.3 billion in 2019
- Historically, SACU has had low levels of intra-regional trade in fruits & vegetables, but it has grown in recent years
- SACU intra-regional trade is dominated by SA, with limited participation from other Member States
- This reflects imbalances in production capacity across the region, with Member States other than SA constrained by agri-climatic conditions, market scale and under-developed input sectors

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SACU's EXTERNAL TRADE IN FRUITS

SACU's top fruit exports, 2019

	Exports ($ '000s)
Total: Fruits	**3 508 127**
Citrus fruit, fresh or dried	1 377 947
Grapes, fresh or dried	697 989
Apples, pears and quinces, fresh	557 143
Other nuts, fresh or dried, whether or not shelled or peeled (excluding coconuts, Brazil nuts)	413 365
Fresh strawberries, raspberries, blackberries, back, white or red currants, gooseberries	167 403
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	114 916
Apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	104 450
Dried apricots, prunes, apples, peaches, pears, papaws "papayas", tamarinds	31 134
Bananas, incl. plantains, fresh or dried	18 239
Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen	13 164
Melons, incl. watermelons, and papaws (papayas), fresh	10 265
Coconuts, Brazil nuts and cashew nuts, fresh or dried, whether or not shelled or peeled	1 766
Fruit and nuts, provisionally preserved, e.g., by sulphur dioxide gas, in brine, Source: ITC	265
Peel of citrus fruit or melons, incl. watermelons, fresh, frozen, dried or provisionally preserved	81

SACU's top fruit imports, 2019

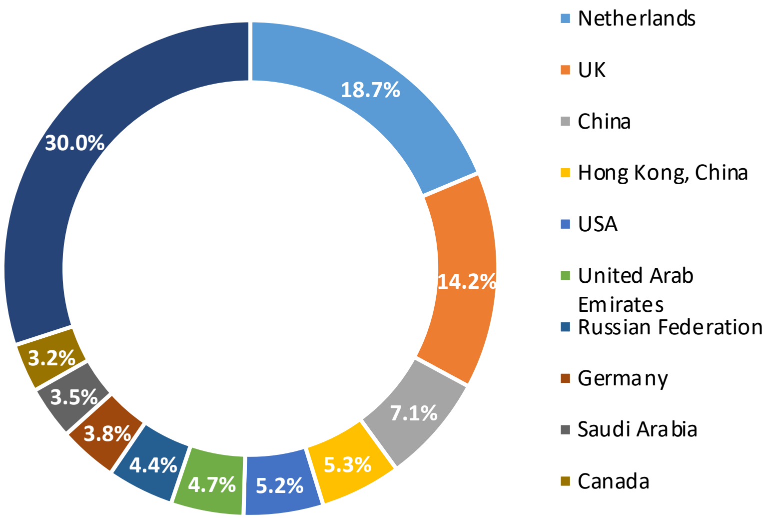
	Imports ($ '000s)
Total: Fruits	**253 317**
Bananas, incl. plantains, fresh or dried	56 926
Other nuts, fresh or dried, whether or not shelled or peeled (excl. coconuts, Brazil nuts	47 591
Coconuts, Brazil nuts 7 cashew nuts, fresh or dried, whether or not shelled or peeled	28 008
Grapes, fresh or dried	23 631
Apples, pears and quinces, fresh	23 554
Dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	21 579
Citrus fruit, fresh or dried	12 747
Fresh strawberries, raspberries, blackberries, back, white or red currants, gooseberries and ...	11 635
Apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	8 946
Dried apricots, prunes, apples, peaches, pears, papaws "papayas", tamarinds	7 318
Melons, incl. watermelons, and papaws (papayas), fresh	5 306
Fruit and nuts, uncooked or cooked by steaming or boiling in water, frozen	5 176
Fruit and nuts, provisionally preserved, e.g., by sulphur dioxide gas, in brine	809
Peel of citrus fruit or melons, incl. watermelons, fresh, frozen, dried/ preserved	91

- SACU's fruit exports are dominated by citrus fruits, which amounted to nearly US$ 1.4 billion in 2019, mostly to Europe
- Other key exported fruits include mostly deciduous fruits (e.g., grapes, apples, pears), mainly from South Africa
- SACU's fruit import basket is diverse, led by bananas and followed by coconuts, deciduous and citrus fruits especially during off-season

Source: ITC

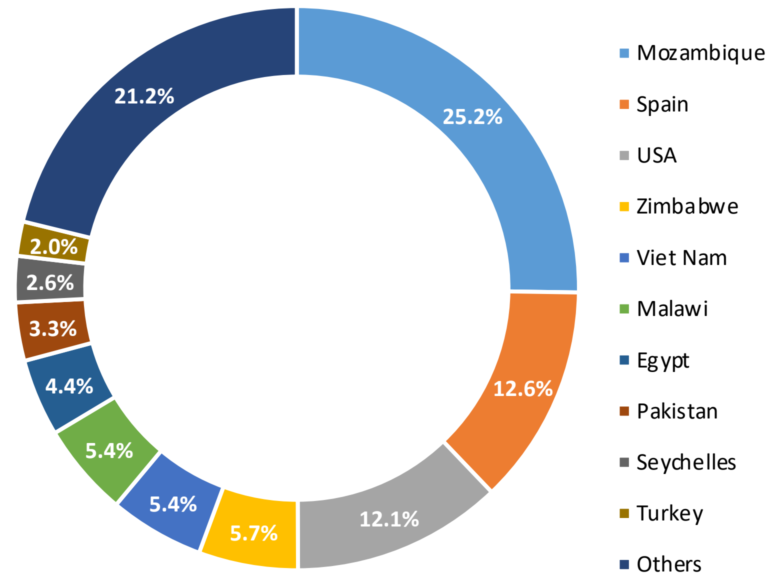
SACU's EXTERNAL TRADE IN FRUITS (*CONTINUED*)

Top destinations for SACU's fruits exports (excl. SACU countries), 2019



Source: ITC

Top sources of SACU's fruits imports (excl. SACU), 2019



- The Netherlands and the United Kingdom are the leading export markets for SACU's fresh fruit, with a combined share (in value terms) of almost one-third
- Mozambique, Spain and the USA are the main suppliers of fresh fruit imported by SACU

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SACU's EXTERNAL TRADE IN VEGETABLES

SACU's top vegetable exports, 2019

	Exports ($ '000')
Vegetables	**226 044**
Potatoes, fresh or chilled	46 080
Other vegetables, fresh or chilled (excluding potatoes, tomatoes, alliaceous vegetables, edible ...	39 993
Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	36 830
Dried leguminous vegetables, shelled, whether or not skinned or split	36 810
Vegetables, uncooked or cooked by steaming or boiling in water, frozen	20 116
Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots	11 960
Tomatoes, fresh or chilled	9 646
Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	7 032
Roots and tubers of manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes and similar ...	4 139
Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	3 763
Leguminous vegetables, shelled or unshelled, fresh or chilled	3 243
Lettuce "Lactuca sativa" and chicory "Cichorium spp.", fresh or chilled	Source: ITC 2 698
Vegetables provisionally preserved, e.g. by sulphur dioxide gas, in brine, in sulphur water	1 964
Cucumbers and gherkins, fresh or chilled	1 770

SACU top vegetable imports, 2019

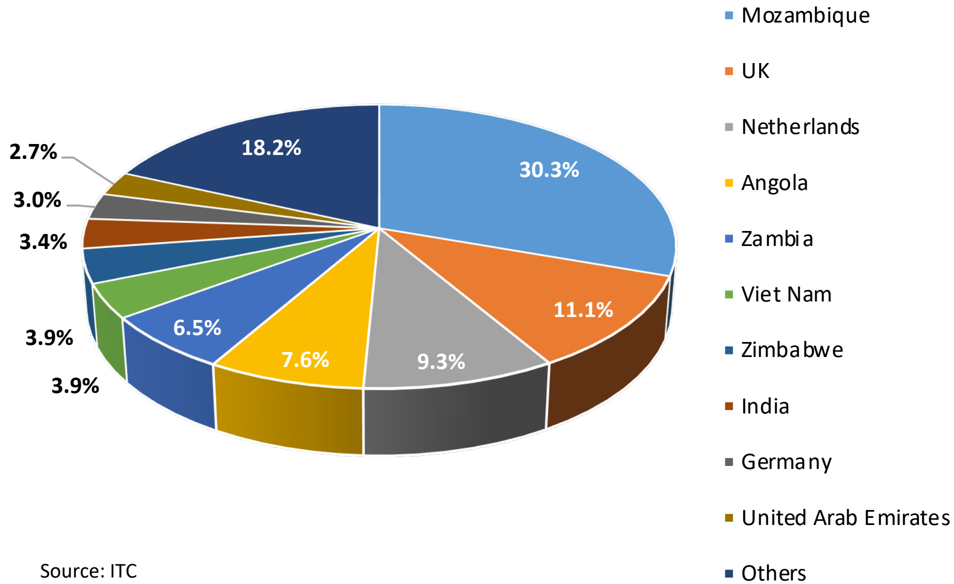
	Imports ($ '000)
Total: Vegetables	**178 144**
Dried leguminous vegetables, shelled, whether or not skinned or split	41 120
Vegetables, uncooked or cooked by steaming or boiling in water, frozen	37 839
Potatoes, fresh or chilled	20 555
Dried vegetables, whole, cut, sliced, broken or in powder, not further prepared	18 076
Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliaceous vegetables)	18 057
Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	15 031
Tomatoes, fresh or chilled	7 505
Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	4 411
Carrots, turnips, salad beetroot, salsify, celeriac, radishes & similar edible roots, fresh	3 974
Leguminous vegetables, shelled or unshelled, fresh or chilled	3 706
Lettuce "Lactuca sativa" and chicory "Cichorium spp.", fresh or chilled	2 286
Roots & tubers of manioc, arrowroot, salep, Jerusalem artichokes, sweet potatoes	2 278
Vegetables provisionally preserved, e.g. by sulphur dioxide gas, in brine ...)	1 748
Cucumbers and gherkins, fresh or chilled	1 558

- SACU exported an estimated US$ 226 million of vegetables in 2019, dominated by potatoes
- SACU imported US$ 178 million of vegetables in 2019, led by dried leguminous vegetables such as beans and peas

Source: ITC

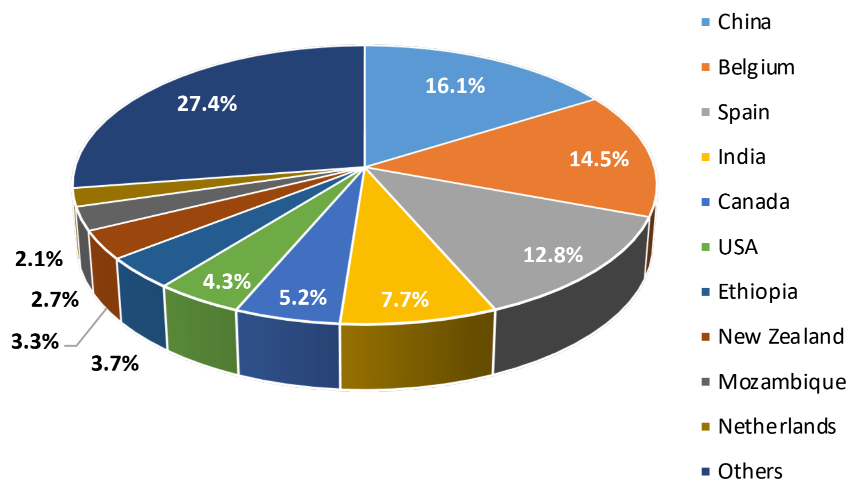
SACU's EXTERNAL TRADE IN VEGETABLES (*CONTINUED*)

Top destinations for SACU's vegetables exports (excl. SACU countries), 2019



Source: ITC

Top sources of SACU's vegetables imports (excl. SACU), 2019



- In 2019, the top export destinations for SACU vegetable products were Mozambique (30.3%) and the United Kingdom (11.1%)
- The leading sources of vegetables imported by SACU were China (16.1%) and Belgium (14.5%)

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SACU FRUITS & VEGETABLES VALUE CHAIN OPPORTUNITIES

Production opportunities

- SACU Member States have varying climatic conditions which allow production in various seasons
- Potential to expand production capacity to meet year-round supply - primary produce supply base across SACU countries
- Opportunity to establish nurseries to supply planting materials for fruits & vegetables value chains
- Opportunity to develop emerging producers across the SACU countries to commercial producers
- Potential for complimentary agricultural and agro-processing capacity at SACU level

Linking farmers/producers to markets opportunities

- Form linkages for smallholder producers throughout the value chain
- Opportunity to build small-scale farmers and SMME capabilities through supplier development programmes with manufacturers and retailers

Advanced processing opportunities

- Large and growing global demand for high-value processed fruit & vegetable products - further value addition to, or formulation of new products (e.g., jams, fresh cut-fruit for convenience, juice concentrate)

SACU FRUITS & VEGETABLES VALUE CHAIN OPPORTUNITIES (*CONT.*)

Trade opportunities

- Opportunity to scale-up and refine collective export development and promotion efforts beyond SADC - Africa exports (AfCFTA opportunities) and benefit from opportunities presented by AfCFTA for cumulation for SACU Member States
- Opportunity to take advantage of niche markets
- Import replacement opportunities, especially on fruits and vegetables that could be produced within SACU
- Enhance export market development efforts in SADC, sub-Saharan Africa and other African markets, including through partnerships in fresh and processed fruit/vegetable production

Opportunities to improve regional cooperation and integration

- Investment and upgrade of border posts by modernizing trade facilitation and customs borders (improve port efficiencies)
- Harmonisation of borders or ports of entry processes across SACU countries
- Opportunity to develop region-wide standards, or the harmonization of standards (e.g. agricultural chemicals, labelling standards, etc.) and SACU label of origin
- Liberalization of factors of production, especially labour and capital
- Potential for exchange of services, specifically SA export of skills, capabilities and processing equipment, but limited potential for trade of high-value raw fruit
- Potential for complimentary agricultural and agro-processing capacity at SACU level

SACU FRUITS & VEGETABLES VALUE CHAIN OPPORTUNITIES (*CONT.*)

Fruits specific opportunities:

- Substantial export market development potential for fruits, incl. in global markets
- Opportunity to develop new cultivars to improve timing in the market
- Increase mechanisation and/or upskill labour to raise production levels
- packaging and processing facilities to unlock full value from production
- Seasonality benefits (counter-seasonality with markets in Northern Hemisphere)
- Market awareness of the great health opportunities derived from consumption of fruits

Vegetables specific opportunities:

- Take advantage of the SACU's diverse climatic conditions, which permit delivery of fresh produce basically all-year-round
- Capitalize on seasonality – counter seasonality with markets in the Northern Hemisphere
- Different market access channels (fresh produce markets; processing operations; informal markets; retailers)
- Labour-intensive activities, raising the job creation potential
- Vegetables offer development opportunities through improved production/supply, and also by linking emerging producers to export value chains
- Market awareness of the great health opportunities derived from vegetable consumptions

SACU's Fruits & Vegetables Export Opportunities

- Opportunities in the fruit and vegetables value chain lie in a mixture of fruit and vegetable products, such as apples and pears, staples and their derivatives and berries;

- Export of fruit opportunities with the rest of the world exist in grapes, citrus fruits, cranberries and macademia nuts;

- Vegetable opportunities lie in processed foods, soups and sauces, as well as tomatoes and onions;

- Top 10 markets for SACU's fruits and vegetables exports comprises of countries that are part of the SADC trading bloc with the exception of Ghana;

- In terms of export markets outside Africa, United Kingdom China and the Netherlands have been identified to have strategic potential.

Investment Opportunities Within SACU

Investments exist in:

- modern agriculture for increased production;
- SACU market intelligence tool to strengthen value chain;
- research and development to improve the efficacy of the value chain;
- climate smart agriculture and other environmental factors that pose a great risk to the sector;
- facilities for production of disease- free tissue culture for horticulture products;
- affordable inputs;

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Investment Opportunities- Cont

Investment also exist in:

- new cultivar orchards and fruit products with growing global demand (e.g. berry fruit, almond nuts, dates, pomegranates);
- cold chain and processing facilities;
- Development of new and upgrading of existing infrastructure;
- Downstream processing and marketing;
- Capacity building of small holder farmers in freshness care and post-harvest loss management.

Strategic Recommendations

Policy and Regulatory Related

- Enabling environment and unified vision (Political, Economic and Institutional);
- Harmonisation of relevant policies, cumulation and rules of origin;
- Strategy to increase production capabilities and competitiveness of the fruits and vegetables value chain in SACU;
- Resuscitation of relevant Committees within SACU;
- Continuous engagement with the private sector (Establishment of SACU Business Council);
- Finalise outstanding issues under the AfCFTA (Tariff liberalization targets, ratification and implementation);
- Increasing intra-SACU trade in the sector.

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Strategic Recommendations

Investment Related

- ❑ Investment and upgrade of border posts by modernising trade facilitation & customs borders (improve efficiency of ports);
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- ❑ Opportunity to develop region-wide standards or harmonization of standards (e.g., agricultural chemicals, labelling standards, etc.) and SACU label of origin
- ❑ Liberalisation of factors of production especially labour and capital;
- ❑ Potential for exchange of services, specifically South Africa export of skills, capabilities and processing equipment but limited potential for trade of high-value raw fruit;
- ❑ Potential for complimentary agricultural and agro-processing capacity at SACU level

Conclusion

- Competitiveness and promotion of the SACU Fruits and Vegetables value chain can be achieved through concerted public-private action.

- The success of cross-border projects in the fruits and vegetables value chain is highly dependent in the harmonization of procedures and standards across SACU to remove non-tariff barriers affecting intra-SACU trade.

- The establishment of a fund to support cross-border linkages between lead firms and suppliers within SACU through technology transfer, training, internships and industrial upgrading programs is key.

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