









INDUSTRY OVERVIEW

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***agri benchmark* – September 2013**

HORTGRO SERVICES

HORTGRO
SUPPORTING THE HORTICULTURAL INDUSTRY

MEMBERS

AFFILIATED MEMBERS

SERVICE ENTITIES

- **Production (Supply)**
  - Research & Dev
  - Tech Transfer
  - Technical Services
  - Plant Improvement & Certification

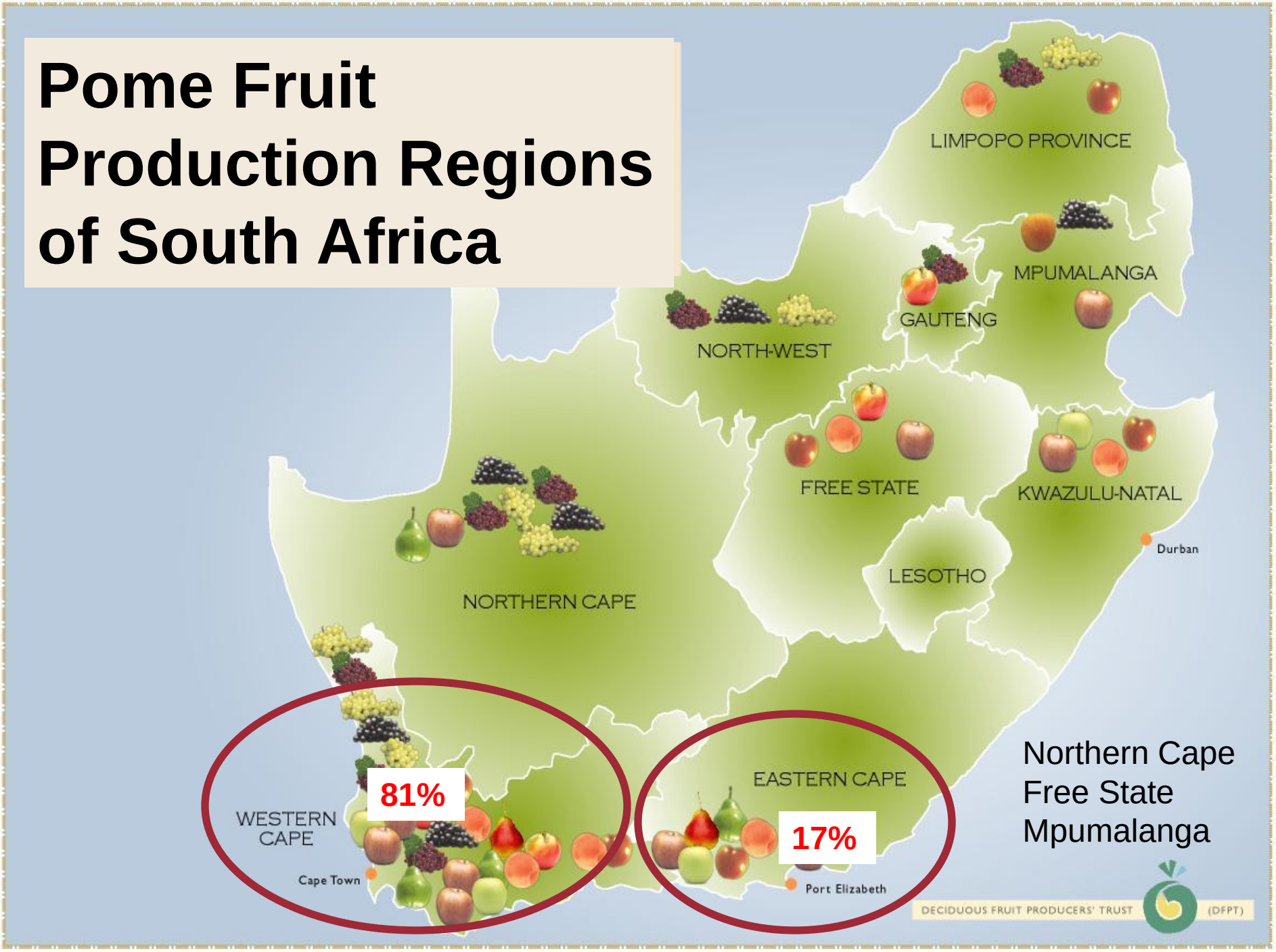
- **Market (Demand)**
  - Information & Stats (Long term/strategic vs Short term – knowledge management)
  - Logistics & Infrastructure
  - Trade & Market Access
  - Market Development
  - Market Research/ preferences
  - Standards/Protocols

- **Other (cross cutting – "glue")**
  - Transformation (Land Reform/ AgriBEE), Training/Skills Dev, Socio-Community
  - Communication, Liaison, Representation
  - Admin & Financial Services

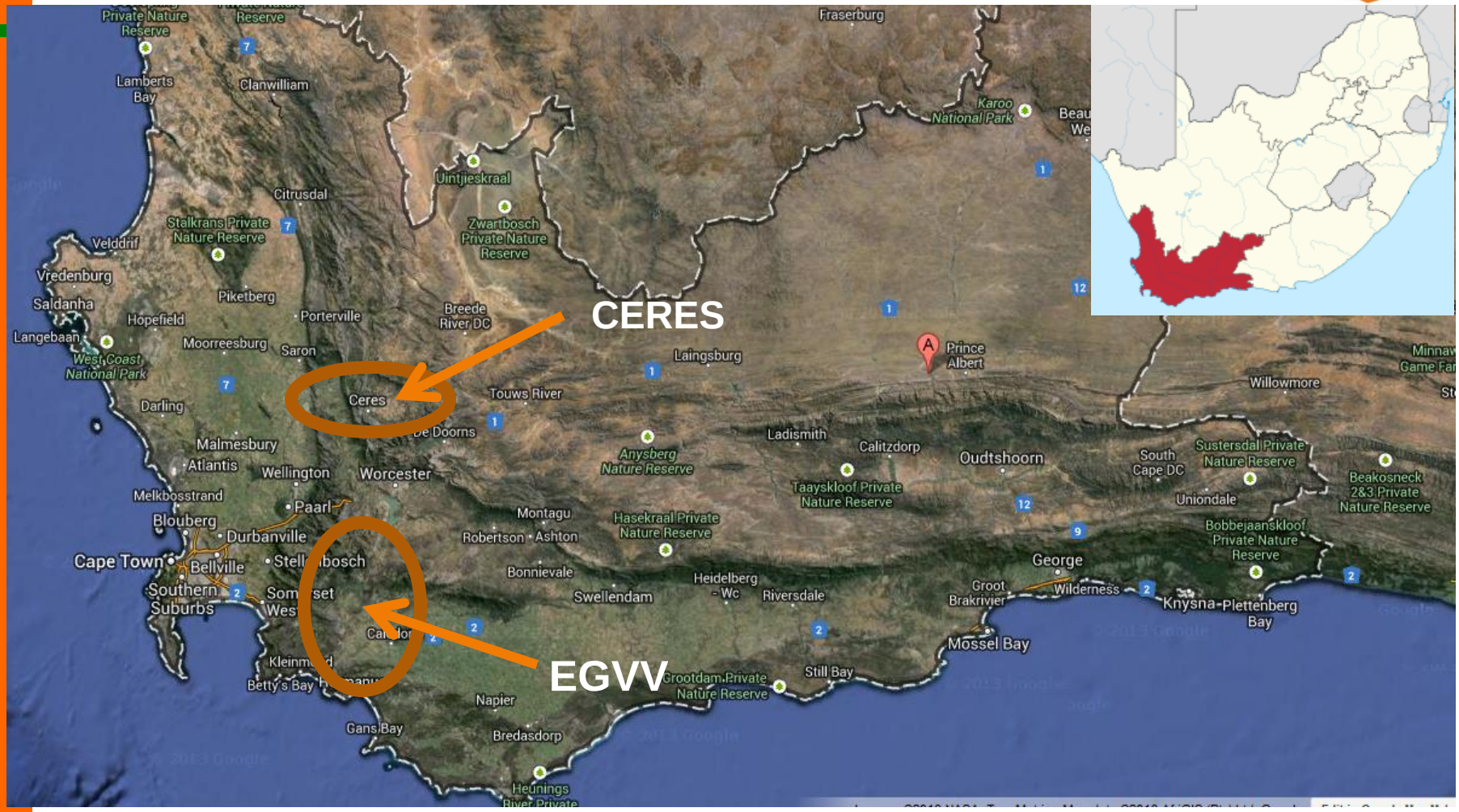
Industry perspectives

- Deciduous = Table grapes, Pome fruit & Stone fruit.
- Replacement value All = R14.77 billion (€1.23 bil)
  Pome = R7.9 billion (€657 mil)
- Gross Income All = R10.24 billion (€853 mil)
  Pome = R5.14 billion (€428 mil)
- 83 job opportunities for every R1 mill. increase in the final demand – Gvt. priority
- Horticulture represents 59% of the total value of agric. exports and deciduous fruit = 27% of horticulture.

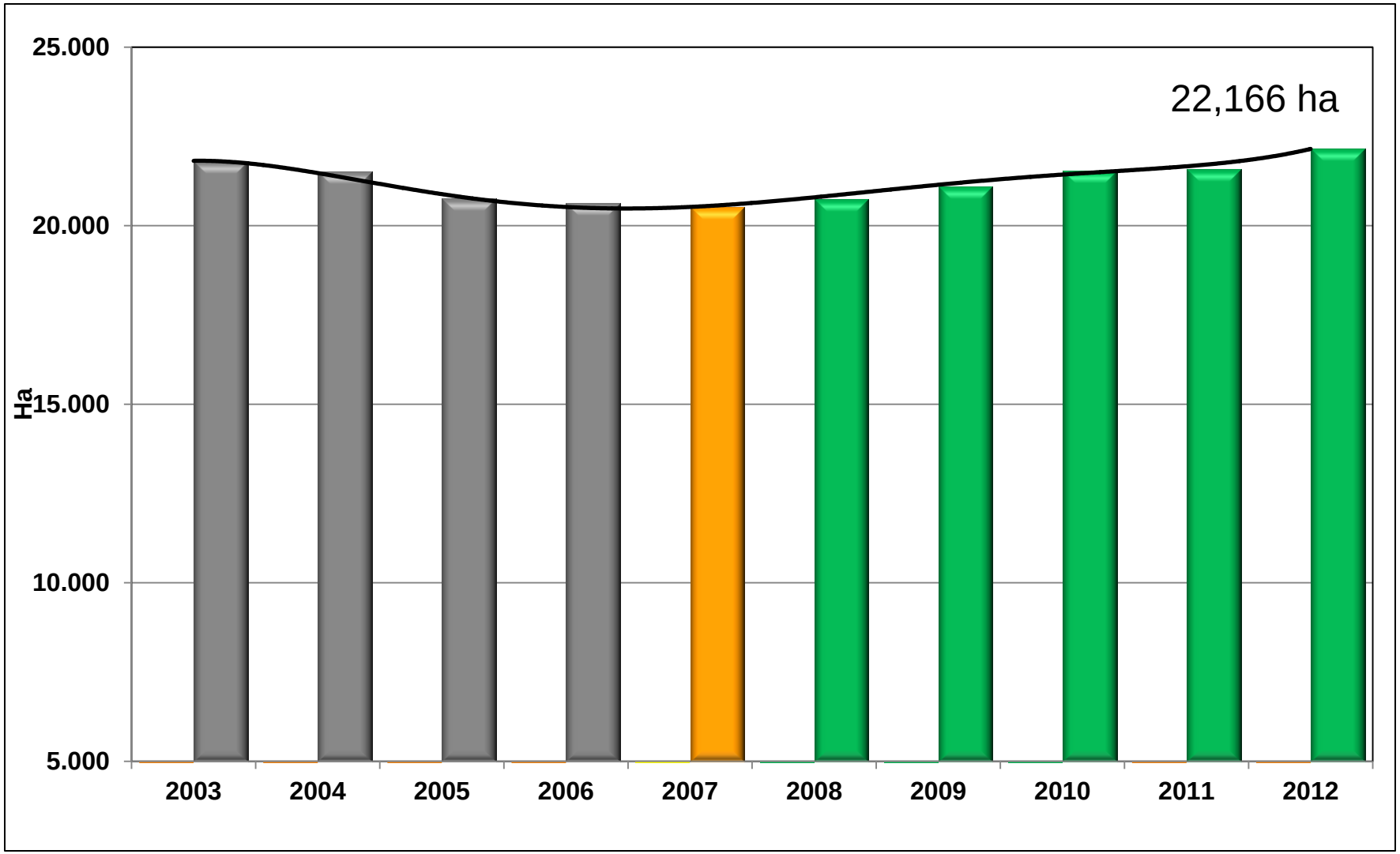
Pome Fruit Production Regions of South Africa



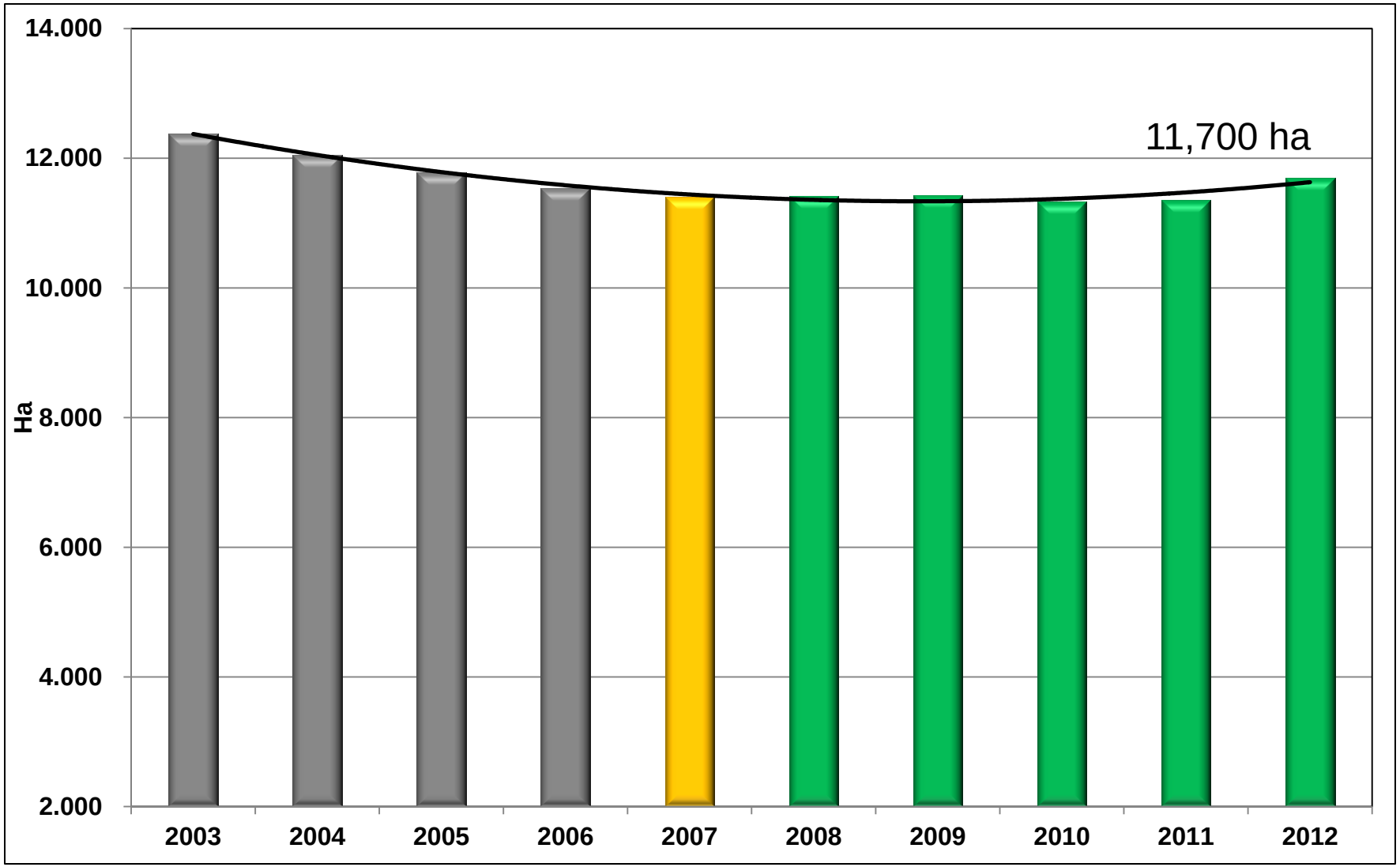
Location of Typical Farm



Apple Area


25.000
20.000
15.000
10.000
5.000
Ha
22,166 ha
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012

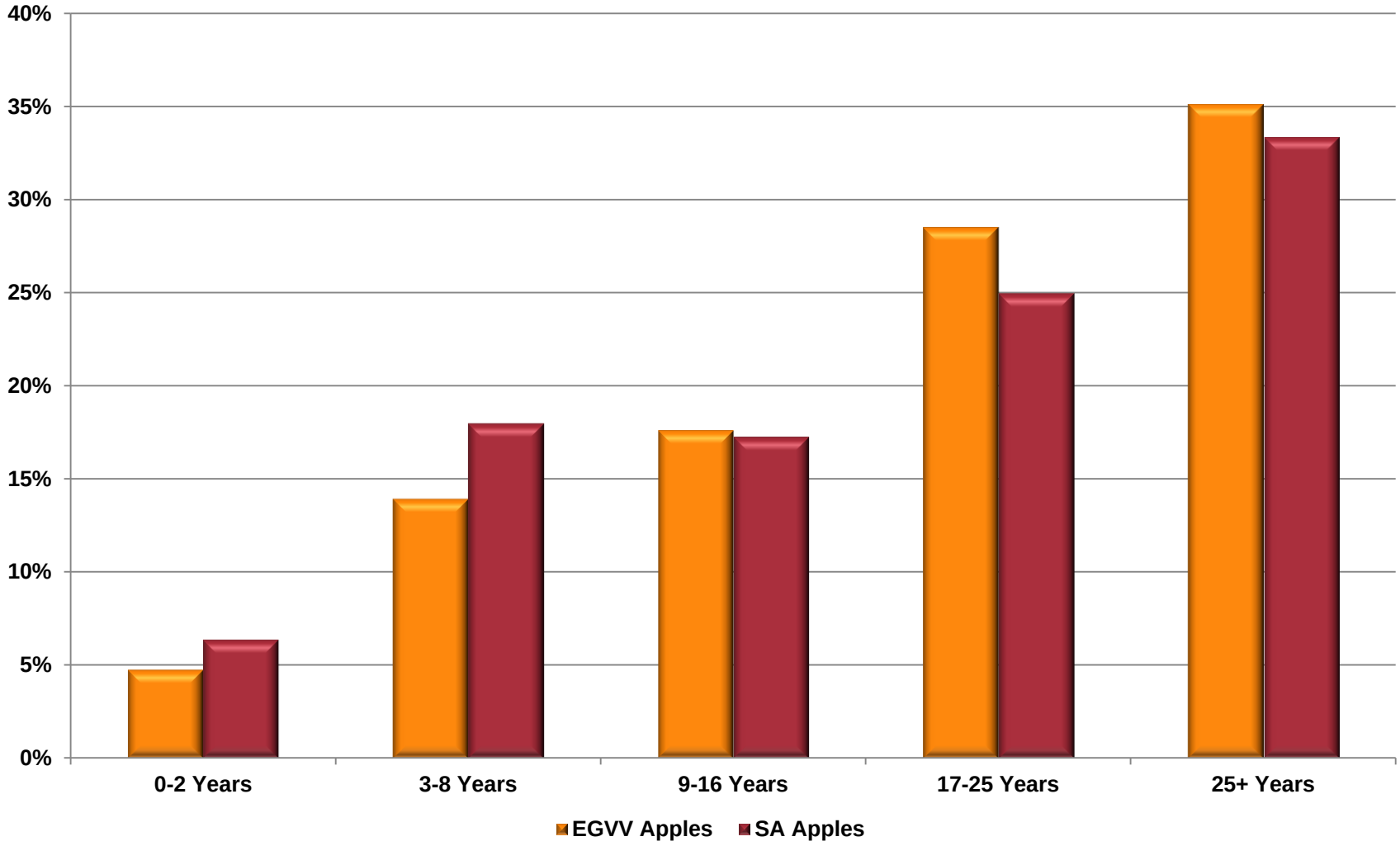
Pear Area


14.000
12.000
10.000
8.000
6.000
4.000
2.000
Ha
11,700 ha
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012

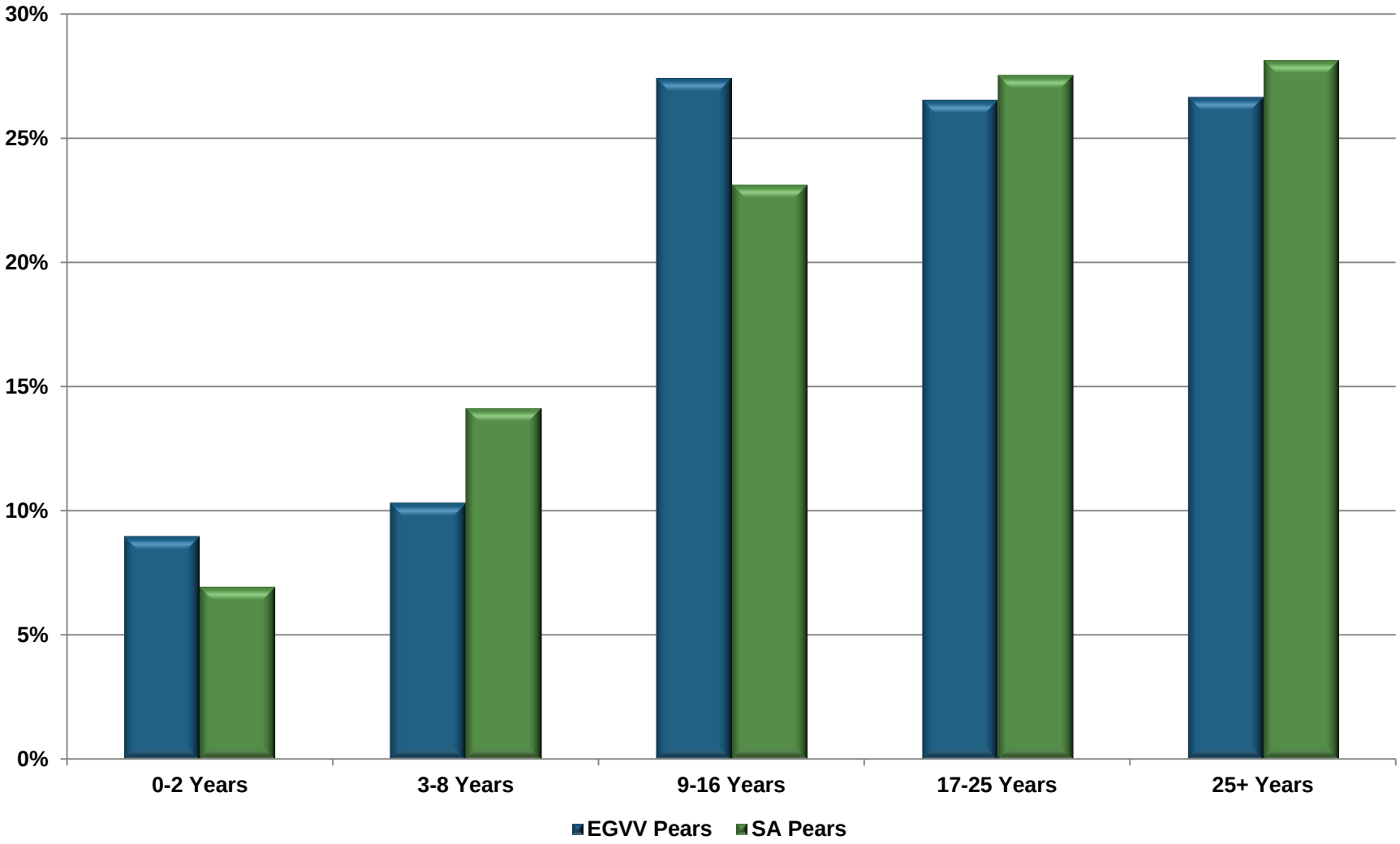
Cultivar Distribution

	SOUTH AFRICA			EGVV	
	CULTIVAR	HA	% of TOTAL HA	HA	% of TOTAL HA
APPLE	GOLDEN DELICIOUS	5 416	24%	2 685	29%
	GRANNY SMITH	4 475	20%	2 120	23%
	ROYAL GALA/GALA	3 425	15%	1 445	15%
	TOPRED/STARKING	3 060	14%	810	9%
	CRIPP'S PINK/PINK LADY	2 080	9%	855	9%
	FUJI	1 694	8%	696	7%
	BRAEBURN	734	3%	342	4%
	CRIPP'S RED/SUNDOWNER	427	2%	234	2%
	OREGON SPUR	245	1%	6	0%
	KANZI	113	1%	60	1%
	OTHER	497	2%	113	1%
	TOTAL	22 166	100%	9 366	100%
PEAR	PACKHAM'S TRIUMPH	3 590	31%	1 217	49%
	FORELLE	3 004	26%	499	20%
	WILLIAMS BON CHRETIEN	2 774	24%	286	12%
	ABATE FETEL	722	6%	243	10%
	ROSEMARIE	392	3%	65	3%
	BEURRE BOSC	285	2%	11	0%
	CHEEKY	202	2%	21	1%
	DOYENNE DU COMICE	181	2%	7	0%
	GOLDEN RUSSET BOSC	149	1%	18	1%
	FLAMINGO	142	1%	17	1%
	OTHER	259	2%	83	3%
	TOTAL	11 700	100%	2 467	100%

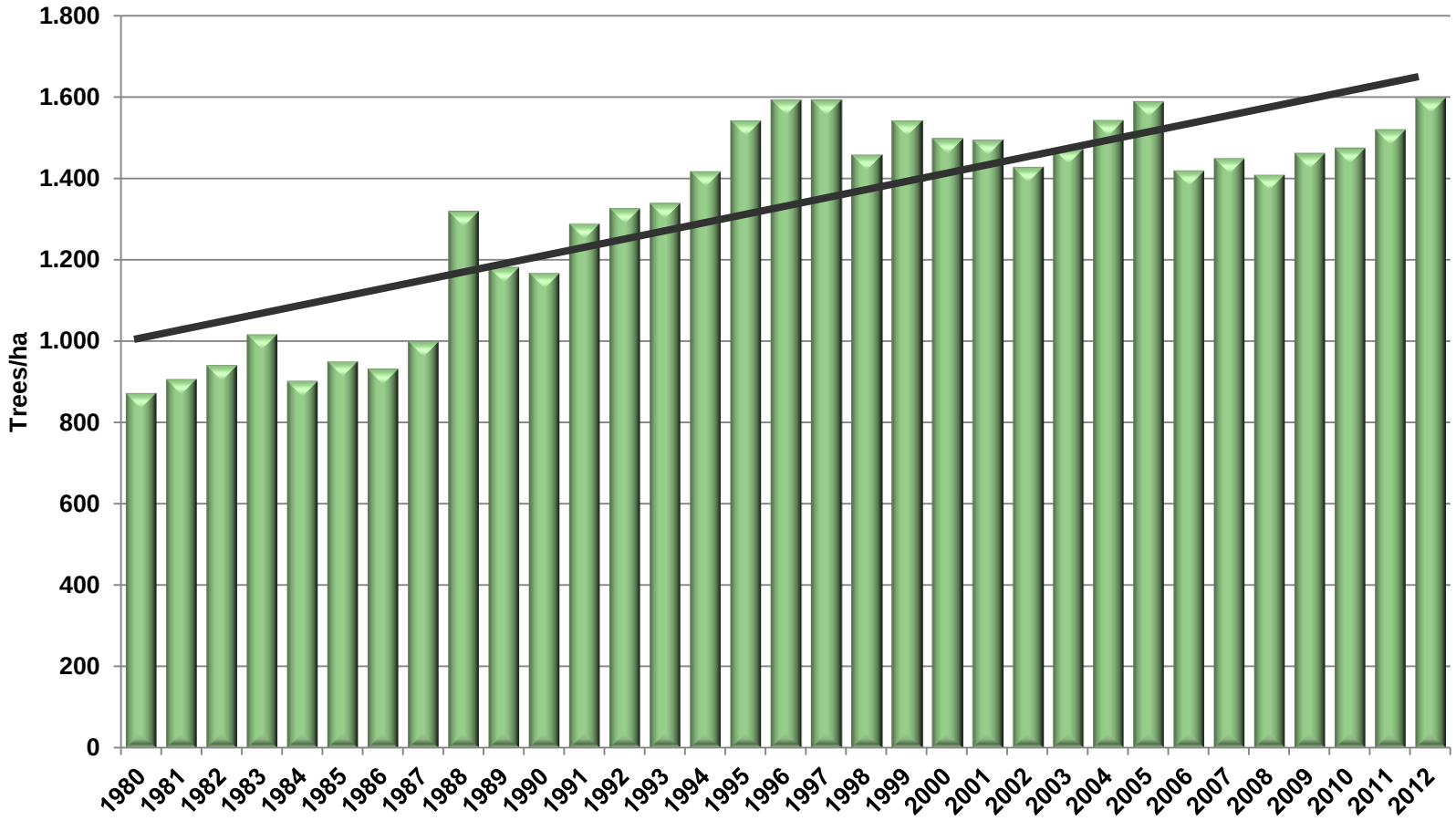
Age Distribution Apples



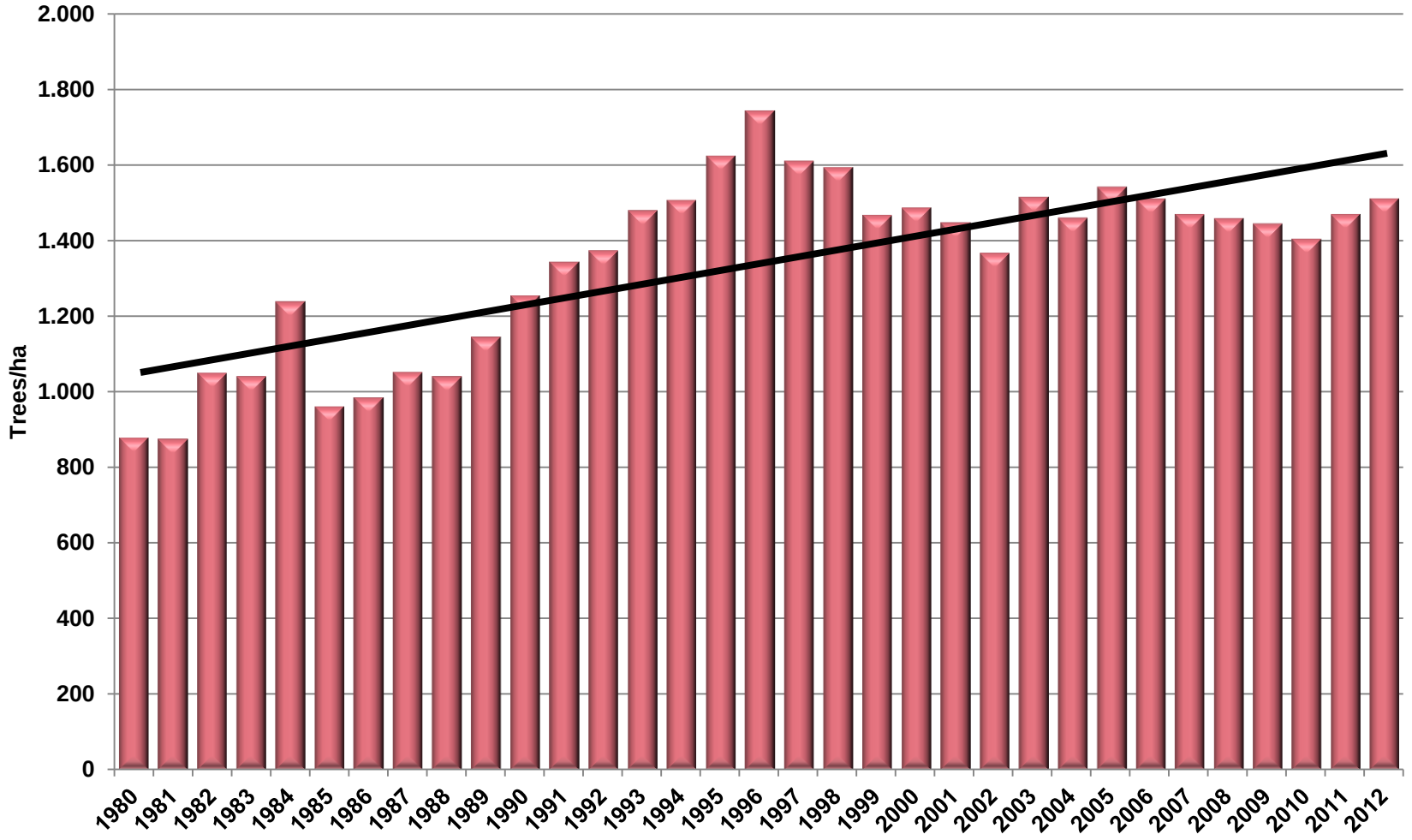
Age Distribution Pears



Plant Density (Apples)



Plant Density (Pears)



SA grower groupings (Pome Fruit)

Groupings	I	II	III	IV	Total
Area (Ha)	>250	100-249	40-99	<40	31 984
% of Total Area 2005	25%	28%	28%	19%	
% of Total Area 2011	22%	33%	26%	19%	
Grower Units 2005	17	58	140	480	695
Grower Units 2011	16	69	139	457	681
Grower Unit % 2005	3%	8%	20%	69%	
Grower Unit % 2011	2%	10%	20%	67%	
% Change in Grower Unit Percentage	-33%	25%	0%	-3%	

Number of producers (pome, stone & dry grapes) = 1 809

Total Fruit Production (tons)



790 636 t (54%)



66 736 t (4%)



66 930 t (5%)

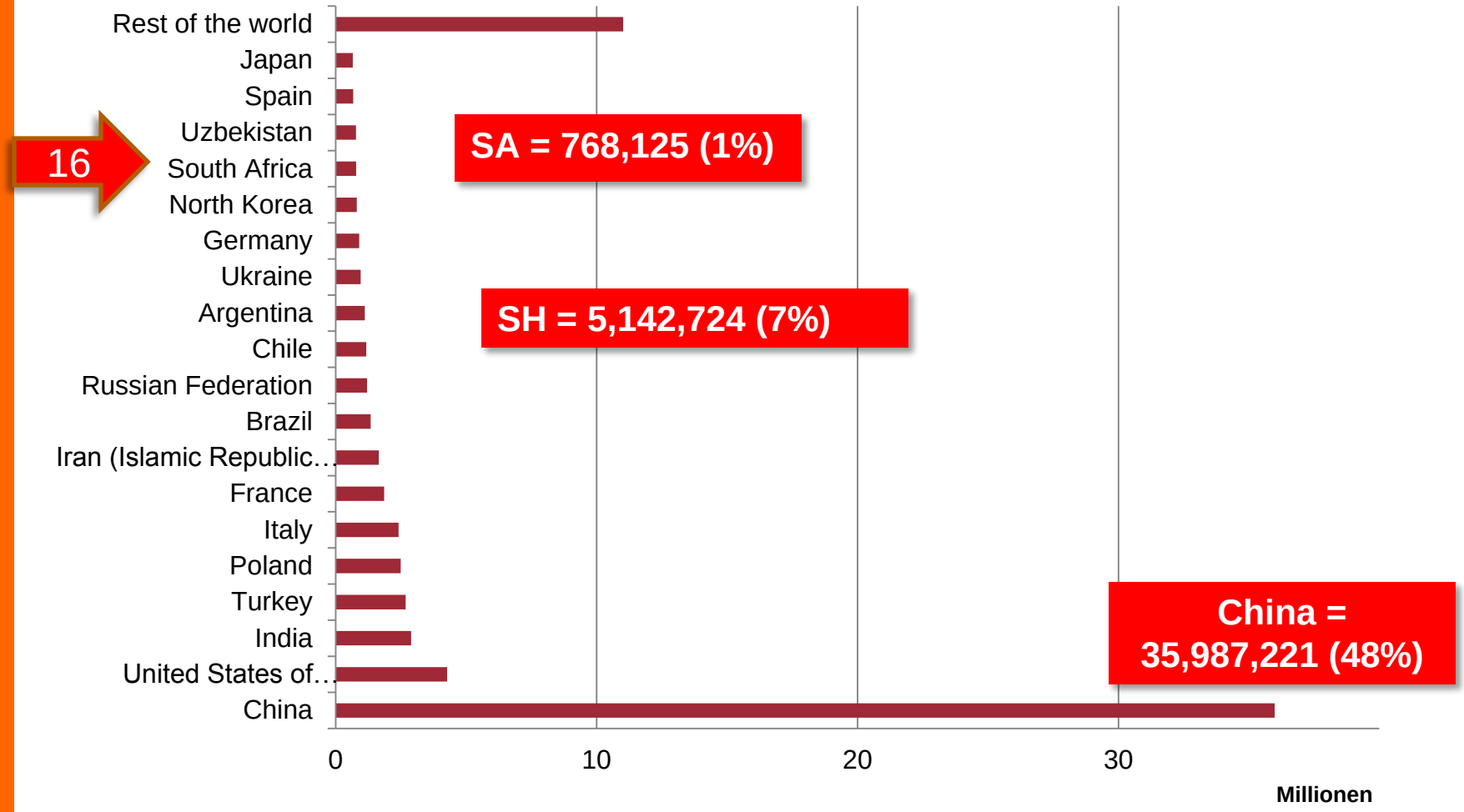


360 854 t (24%)



191 356 t (13%)

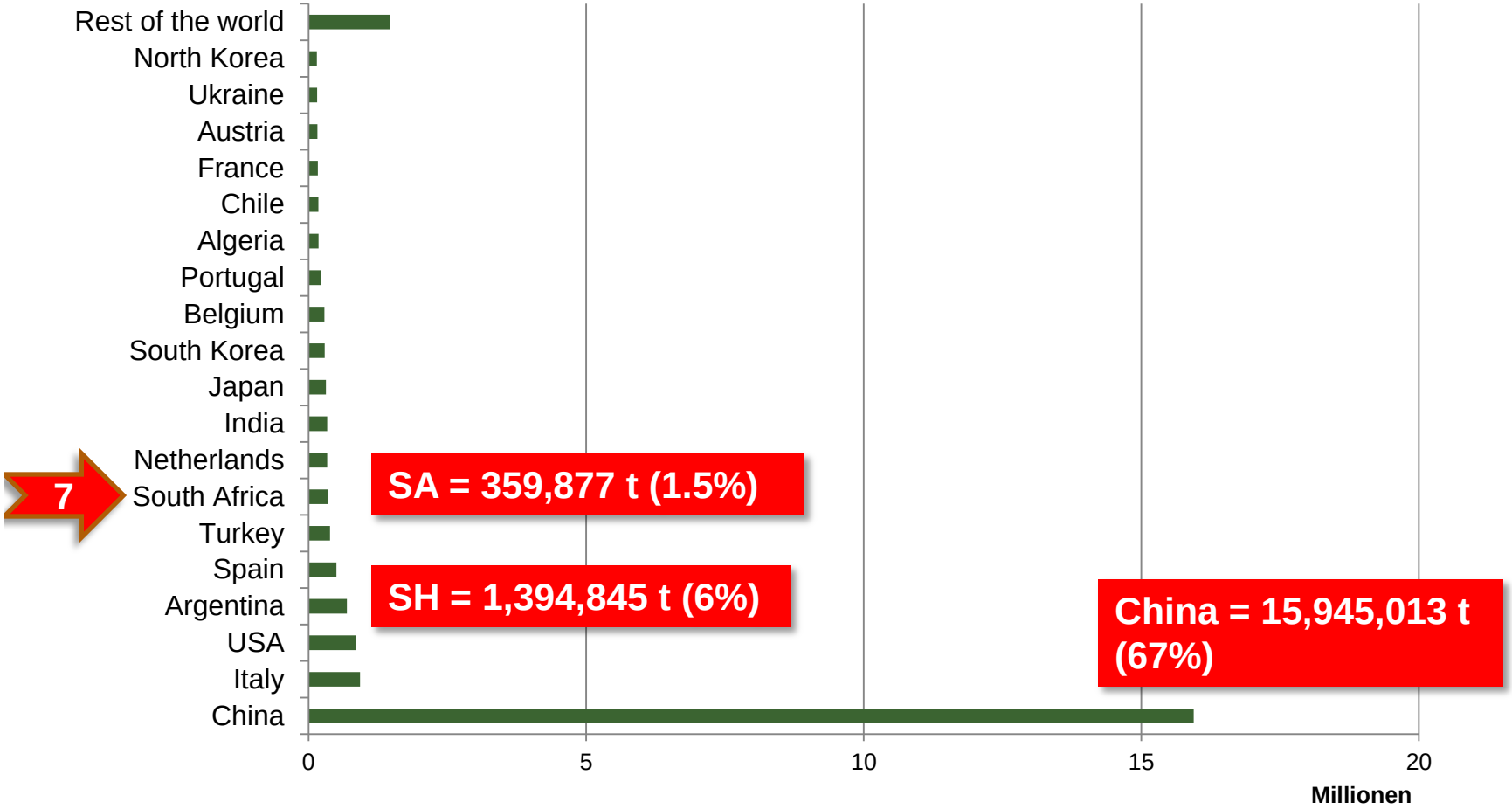
World Apple production 2011



World total = 75,635,283 tons

Source: FAO

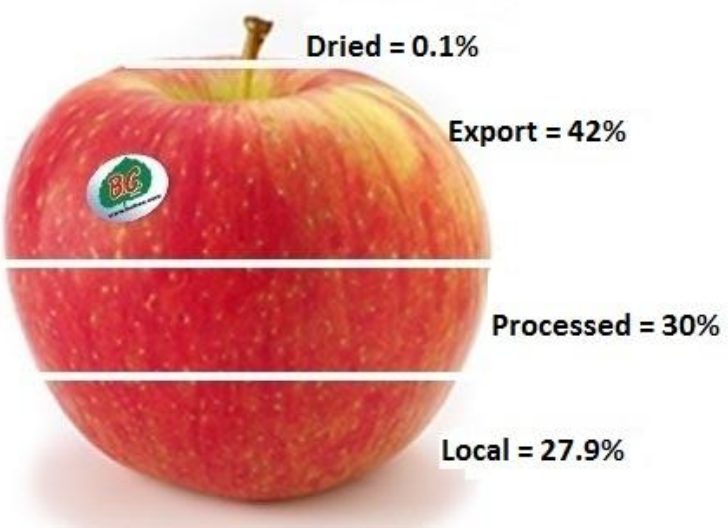
World Pear production 2011

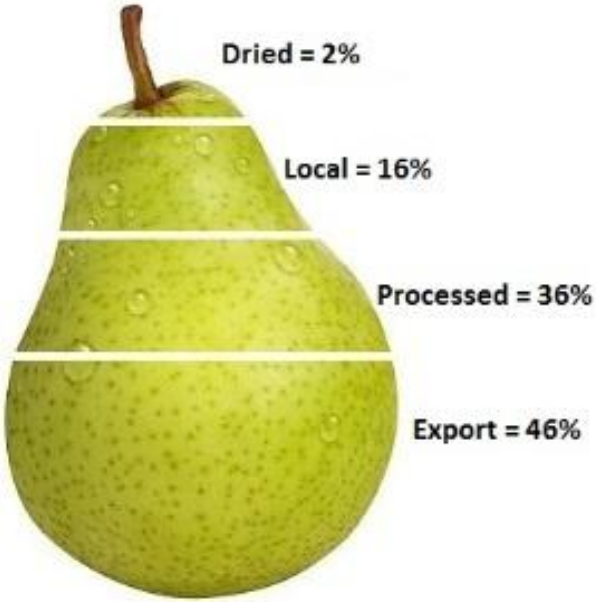


World total = 23,896,556 tons

Source: FAO

Industry Perspective (Pome)





Value: R5.14 Bn p.a.

On-farm employment

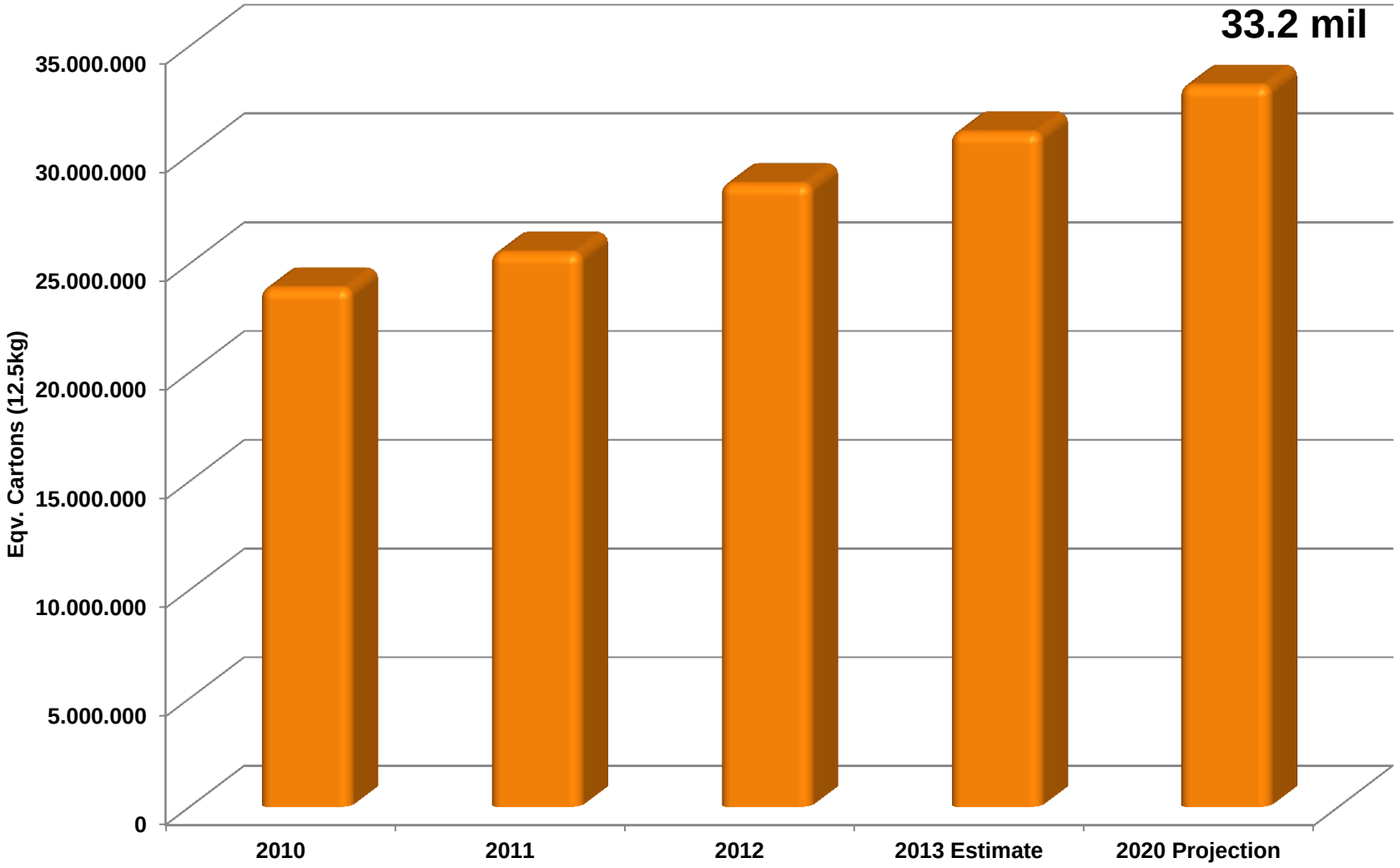
Fruit	Labourers*	Dependents
Apples	27 801	111 203
Grapes	41 641	166 563
Pears	14 780	59 118
Peaches	9 117	36 468
Plums	6 373	25 493
Apricots	3 563	14 251
Nectarines	2 675	10 702
TOTAL	105 949	423 798

* Permanent labour eqv. (casual labour converted to permanent eqv.)

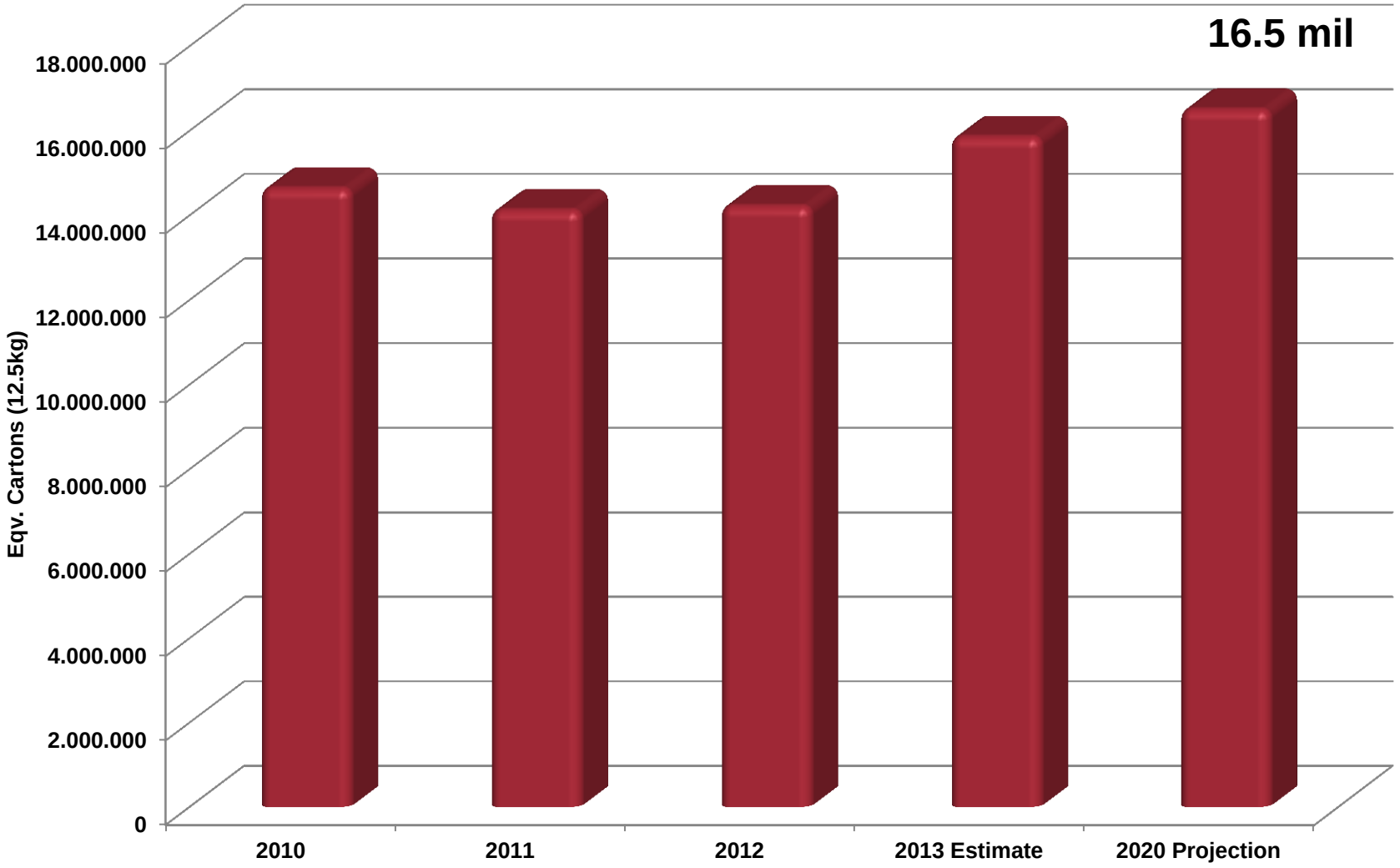
SA Pome Fruit Export Estimates

	2010	2011	2012	2 yr avg	2013 estimate	2013 estimate vs. 2012	
Apples	23 884 718	25 517 296	28 676 520	27 096 908	31 046 144	8.3%	2 369 624
Pears	14 648 911	14 133 828	14 227 837	14 180 832	15 863 845	11.5%	1 636 008
Total	38 533 630	39 651 124	42 904 356	41 277 740	46 909 989	9.3%	4 005 633

SA MT export projections (Apples)



SA MT export projections (Pears)

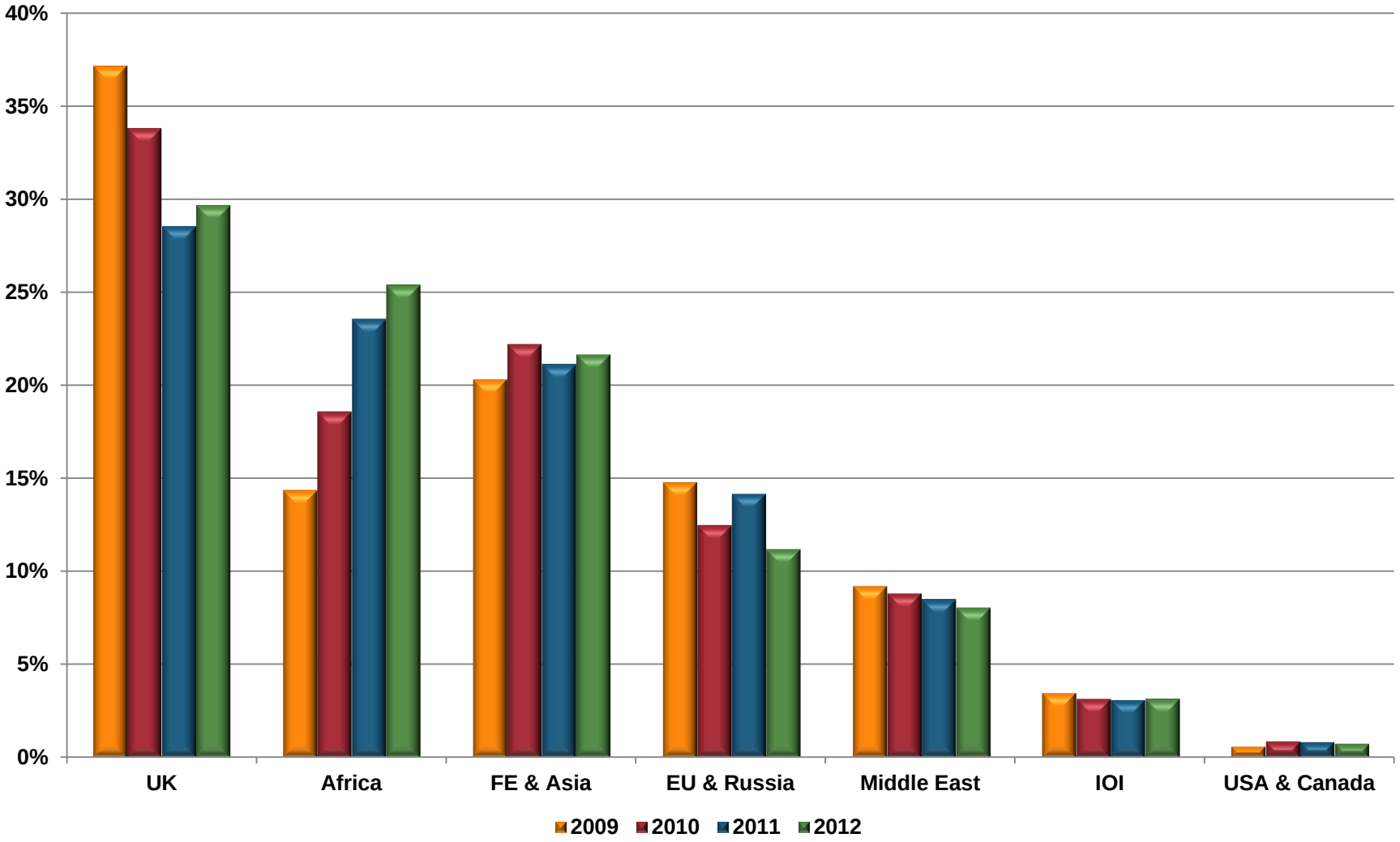


Main South African Export Regions (Apple, 2012)

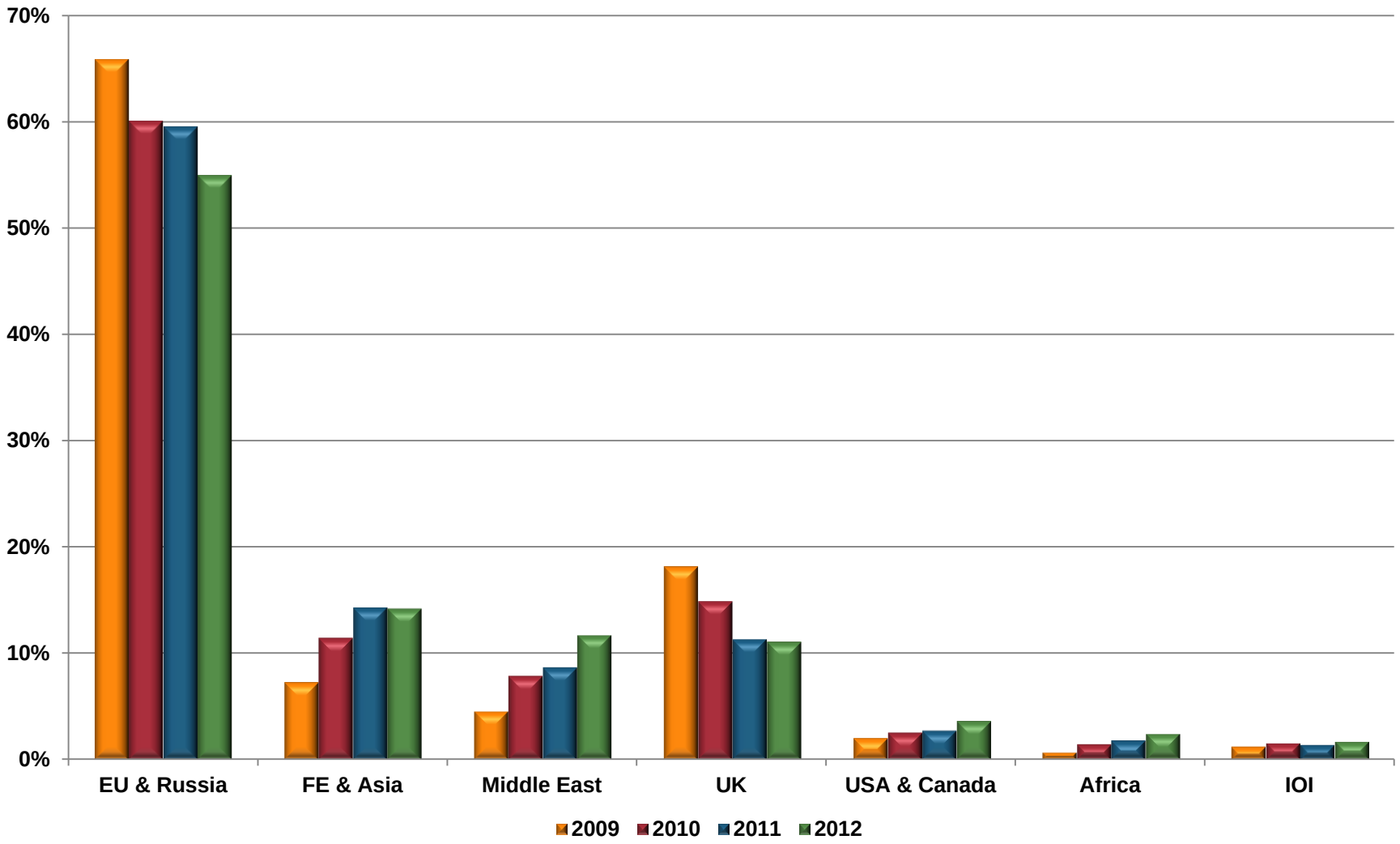


75 destinations in 2012

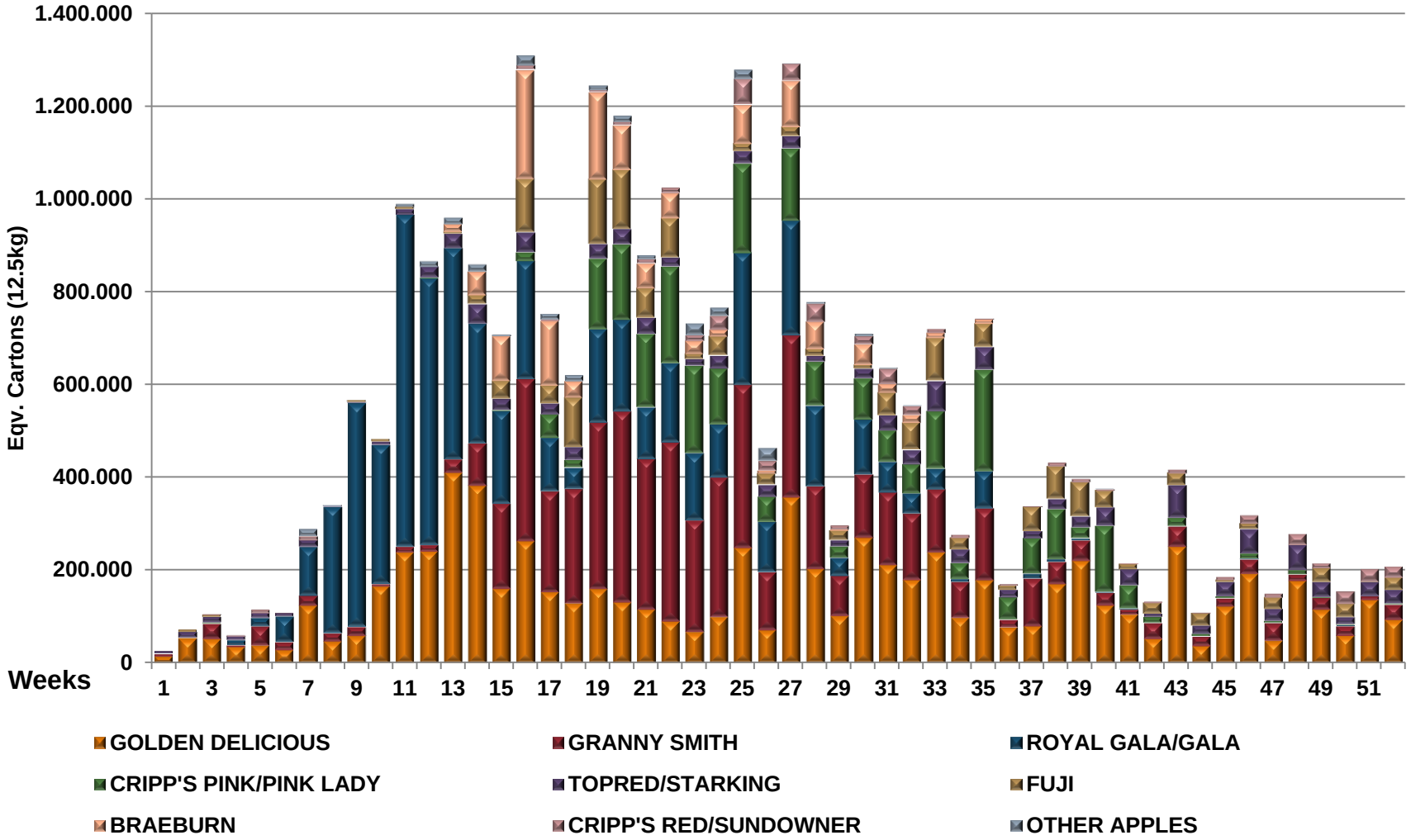
Apple Export Trends



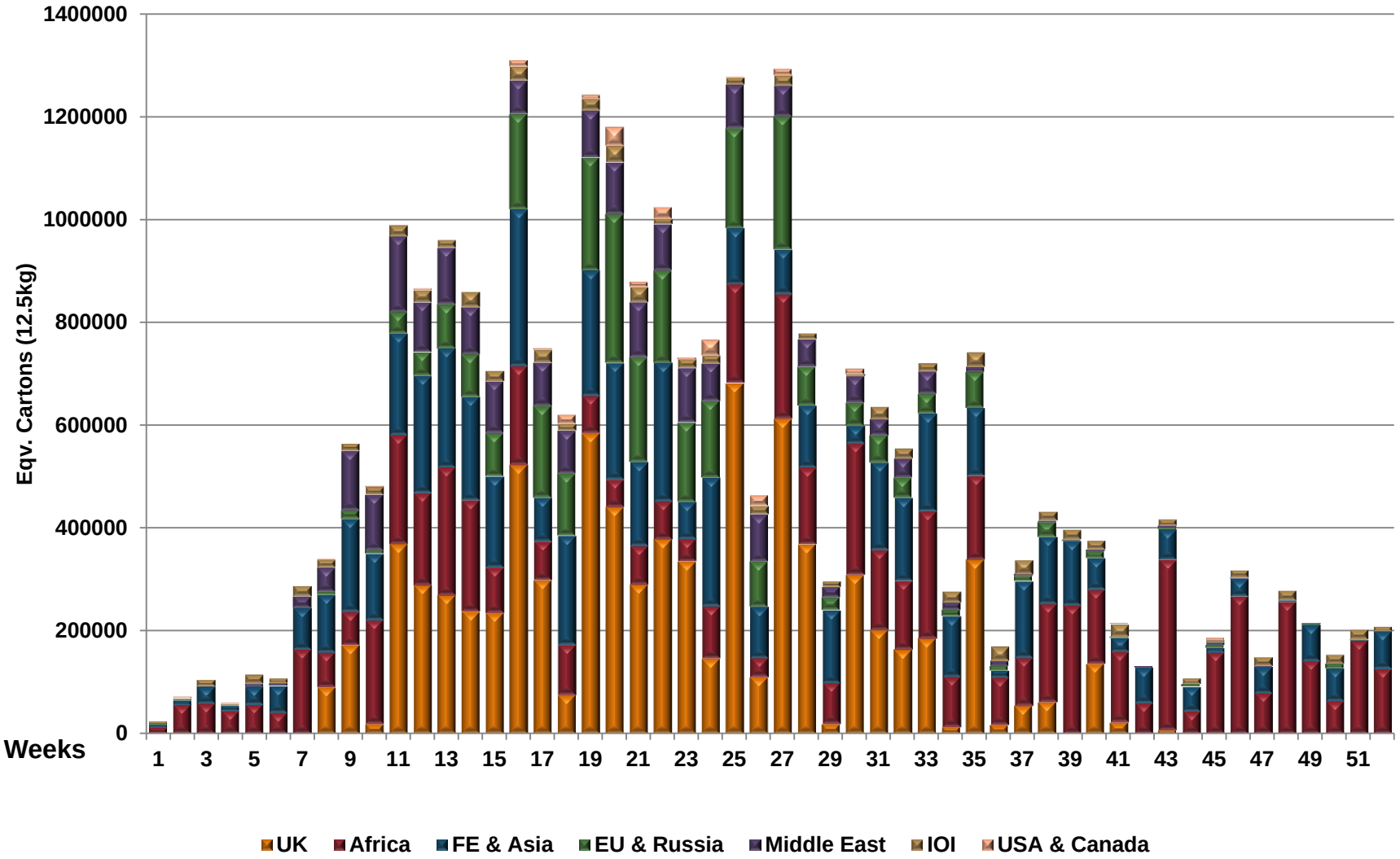
Pear Export Trends



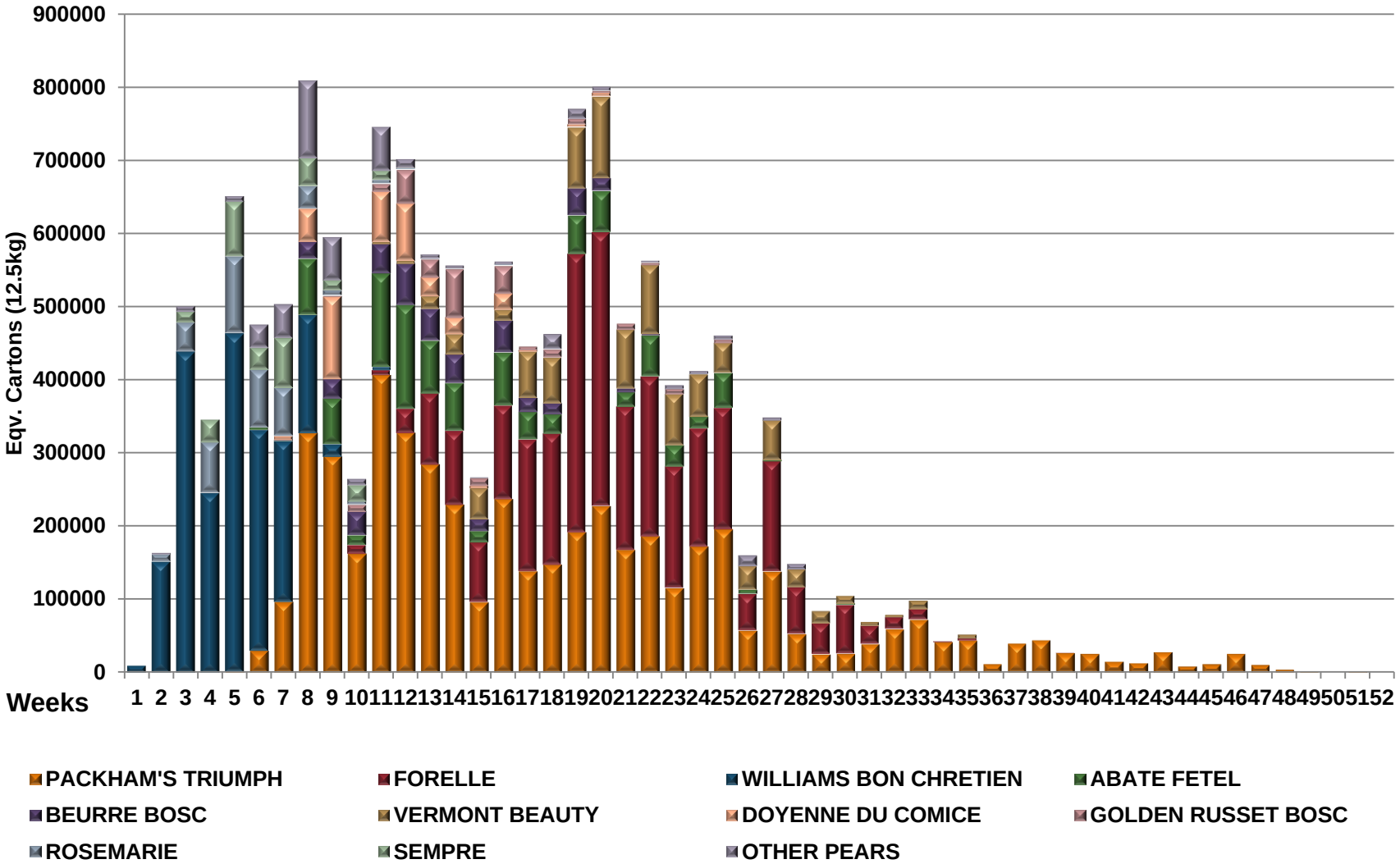
Export Timing (Apples) – Per Cultivar 2012



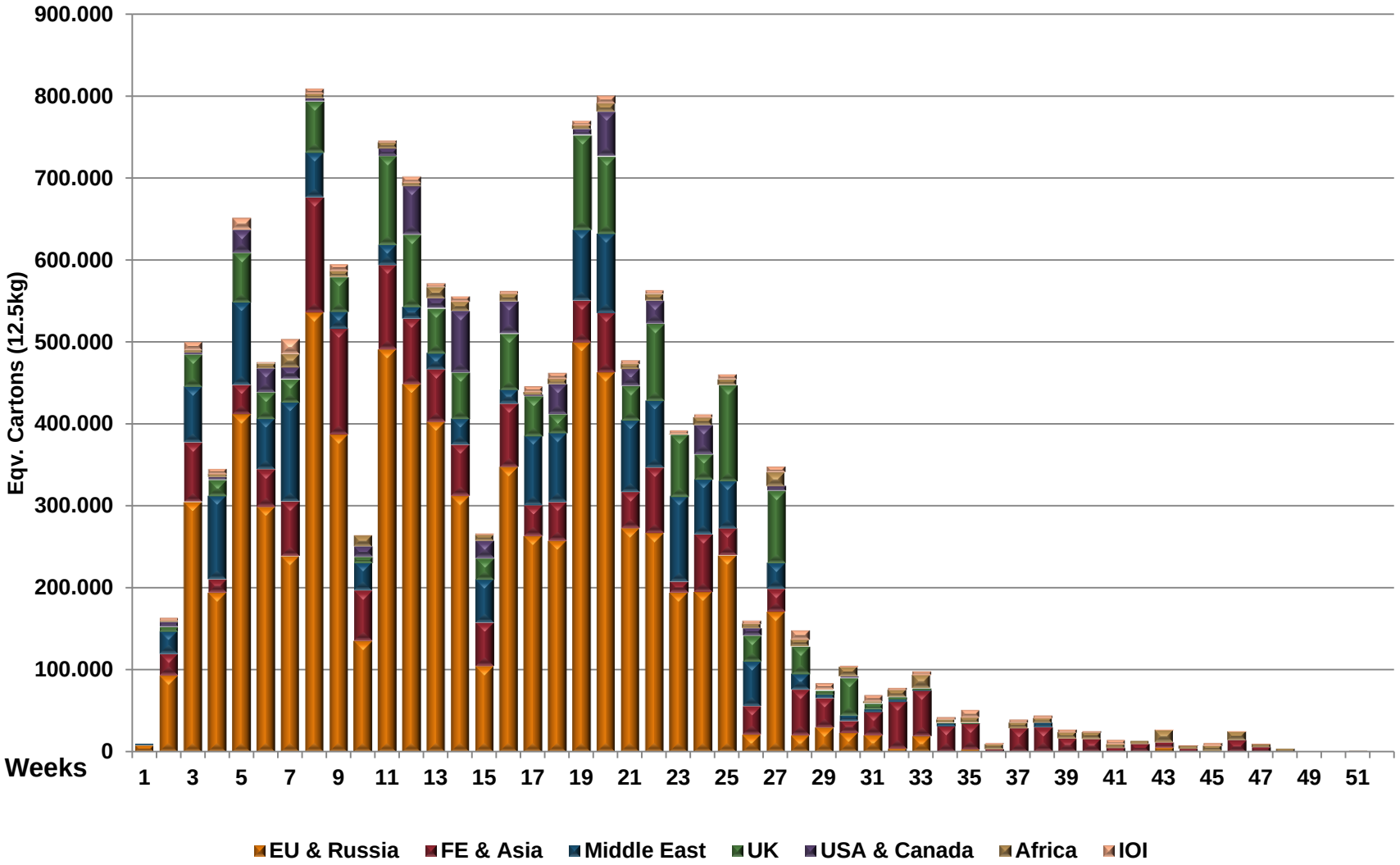
Export Timing (Apples) – Per Destination 2012



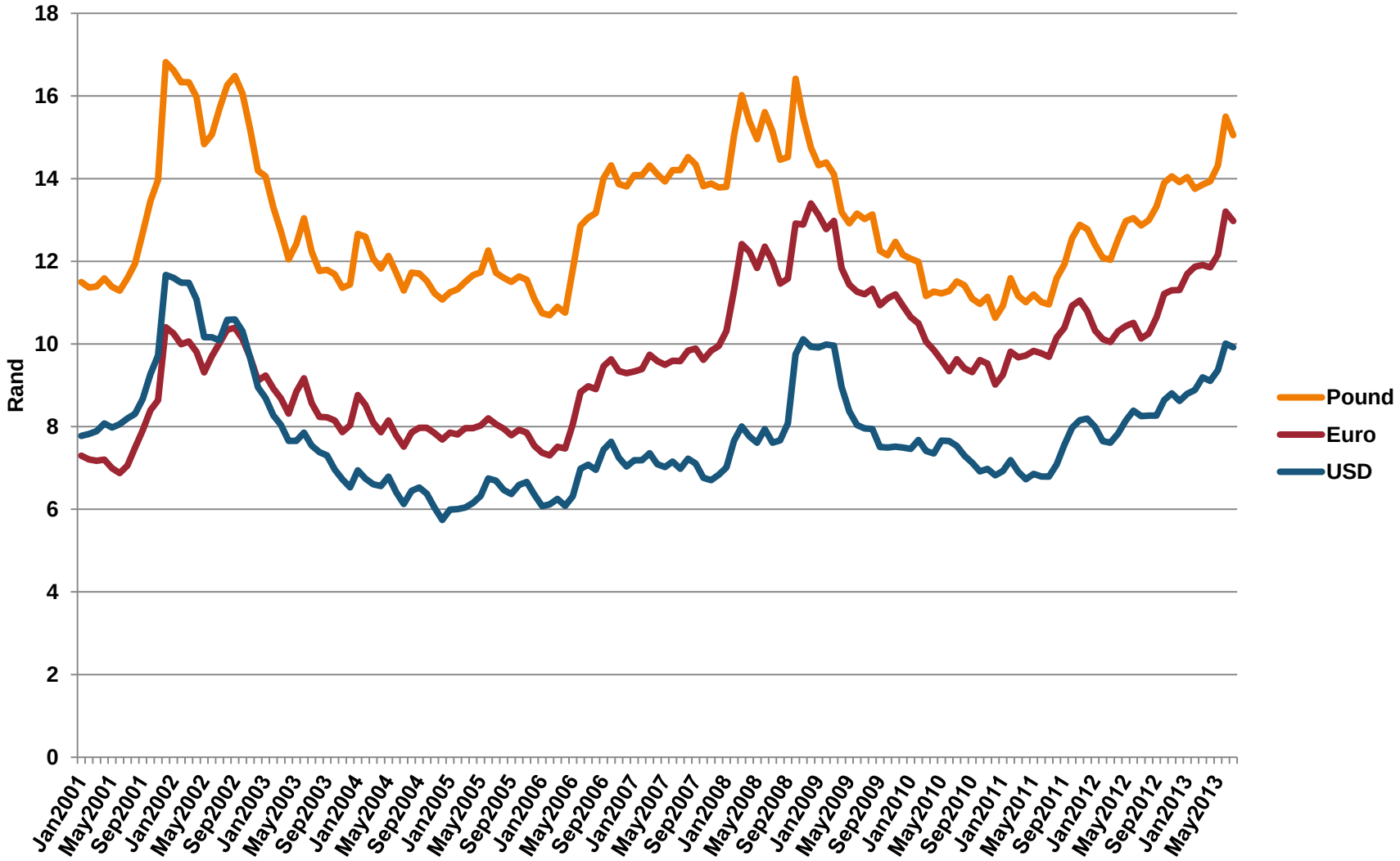
Export Timing (Pears) – Per Cultivar 2012



Export Timing (Pears) – Per Destination 2012



Exchange rate movements

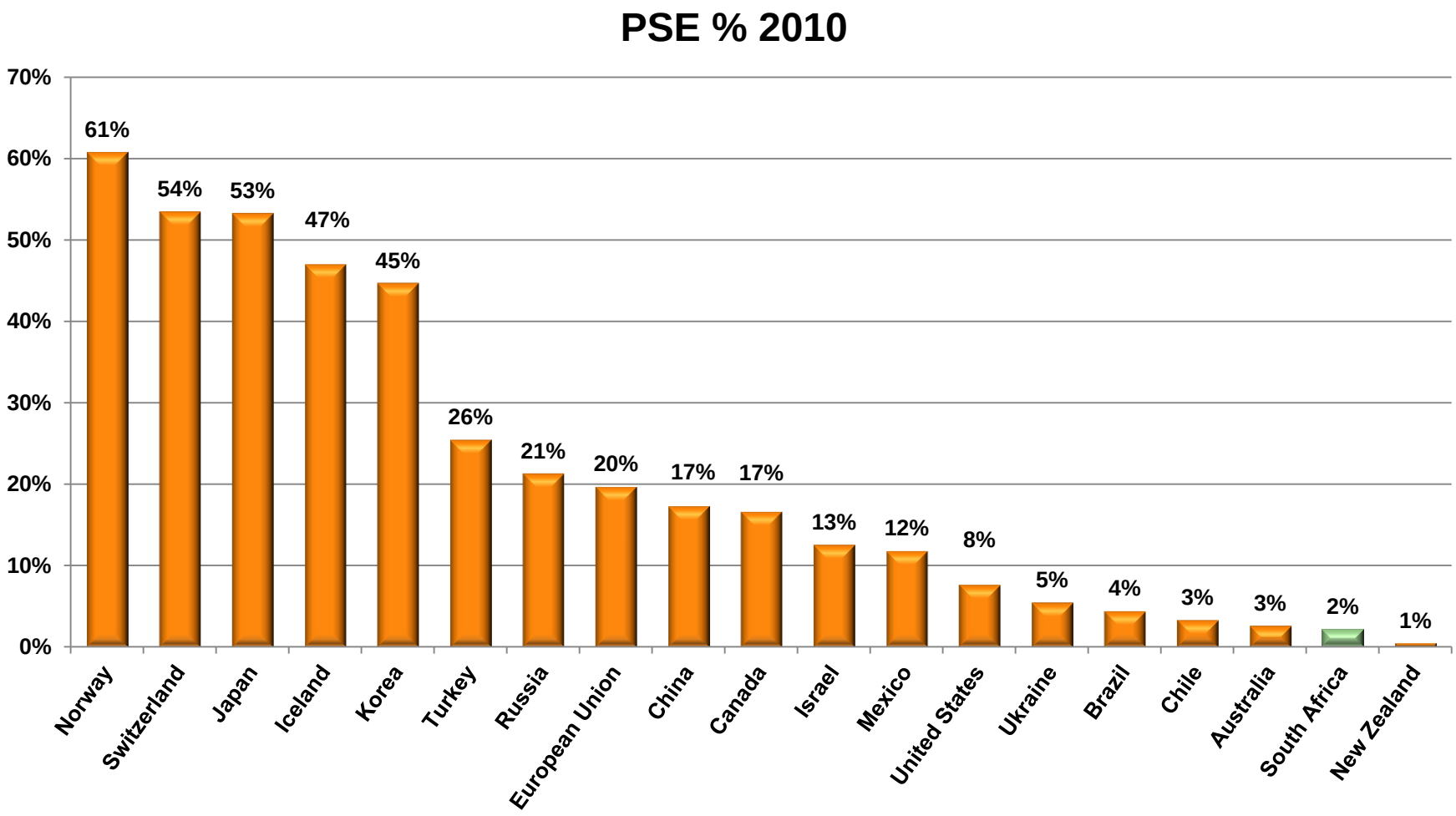


Competitiveness (Apples)

Source: World Apple Review, 2012

Rank 2012	Rank 2011	Overall	Production Efficiency	Infrastructure & Inputs	Financial & Markets
1	(1)	Chile	South Korea	Chile	France
2	(4)	New Zealand	Belgium	United States	Japan
3	(3)	United States	Austria	New Zealand	Italy
4	(2)	Italy	Germany	Canada	New Zealand
5	(5)	France	Italy	***South Africa***	United States
6	-	South Korea	Chile	Brazil	Chile
7	(6)	Austria	China	Italy	Netherlands
8	(8)	Japan	New Zealand	Argentina	South Korea
9	(7)	Belgium	Netherlands	France	Austria
10	(12)	***South Africa***	Brazil	Austria	Germany
11	(10)	Germany	***South Africa***	Japan	Belgium
12	(11)	Netherlands	France	Turkey	Canada
13	(9)	Canada	Japan	South Korea	Slovakia
14	(14)	United Kingdom	United Kingdom	Belgium	United Kingdom
15	(13)	Brazil	United States	China	Mexico
16	(15)	Australia	Turkey	Australia	Australia
17	(18)	Argentina	Russian Federation	Netherlands	Spain
18	(17)	China	Canada	Germany	Serbia
19	(19)	Turkey	Argentina	Spain	Portugal
20	(16)	Spain	Australia	United Kingdom	Poland
21	(24)	Mexico	Spain	Mexico	***South Africa***

Producer Support Estimate by country



Top ten constraining and enhancing factors of SA apple industry

Constraining factors

- Quality of unskilled labour
- Crime
- SA labour policy
- Trust in the politicians
- Electricity suppliers
- Health (HIV/AIDS)
- SA trade policy
- Cost of storage facilities
- Quality of skilled labour
- Tax system

Enhancing factors

- Availability of unskilled labour
- Availability of transport
- Competition in international market
- Competition in local market
- Industry`s expenditure
- Quality of infrastructure
- Availability of storage facilities
- Flow of information from suppliers to industry
- Flow of information from customers to industry
- Availability of technology

SUMMARY

- Country with unique challenges;
- Must manage change continuously to ensure competitiveness, sustainability and profitability;
- Effective partnerships between industry & government agencies;
- World class technology, R&D and technical knowledge and skills;
- Systems to support fruit movement and logistics;
- A wide spectrum of products, produced over a long period, with the best eating quality found anywhere in the world;
- Focussed industry structures tackling the key strategic imperatives etc.

→ all of which gives SA fruit producers the ability to conform to all market requirements

Questions & Answers

