

**Voluntary Report** – Voluntary - Public Distribution

**Date:** June 30,2020

**Report Number:** SF2020-0037

**Report Name:** South African Blueberry Industry Continues Strong Growth

**Country:** South Africa - Republic of

**Post:** Pretoria

**Report Category:** Fresh Fruit, Retail Foods

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**Report Highlights:**

While the blueberry industry is still small relative to other fruit sectors in South Africa, such as citrus, apples, pears and table grapes, it has grown exponentially in the past 5 years. Post forecasts that blueberry production will rise by 22 percent to 22,000 MT in the 2020/21 MY, based on the increase in area planted, new plants starting to bear fruit and improvement in yields. As a result, exports are forecast to increase by 20 percent to 18,000 MT in the 2020/21 MY. However, concerns on the impact of COVID-19 to exports in the 2020/21 MY still remain. The United States currently has no market access to South Africa for fresh blueberries, and negotiations are underway between the USDA Animal and Plant Health Inspection Service and the South African Ministry of Agriculture, Land Reform and Rural Development. Other opportunities for the United States may include investments in blueberry production and processed products; licensing of varieties; supplying bio-pesticides and fertilizers.

**Commodities:**

Blueberry

**Sources:**

South African Berry Producers Association (SABPA) - [www.saberries.co.za](http://www.saberries.co.za)

HORTGRO - <http://hortgro.co.za/>

Department of Agriculture, Land Reform and Rural Development - <https://www.daff.gov.za/>

South African Revenue Services - <https://www.sars.gov.za/>

MY – Marketing Year (September to August)

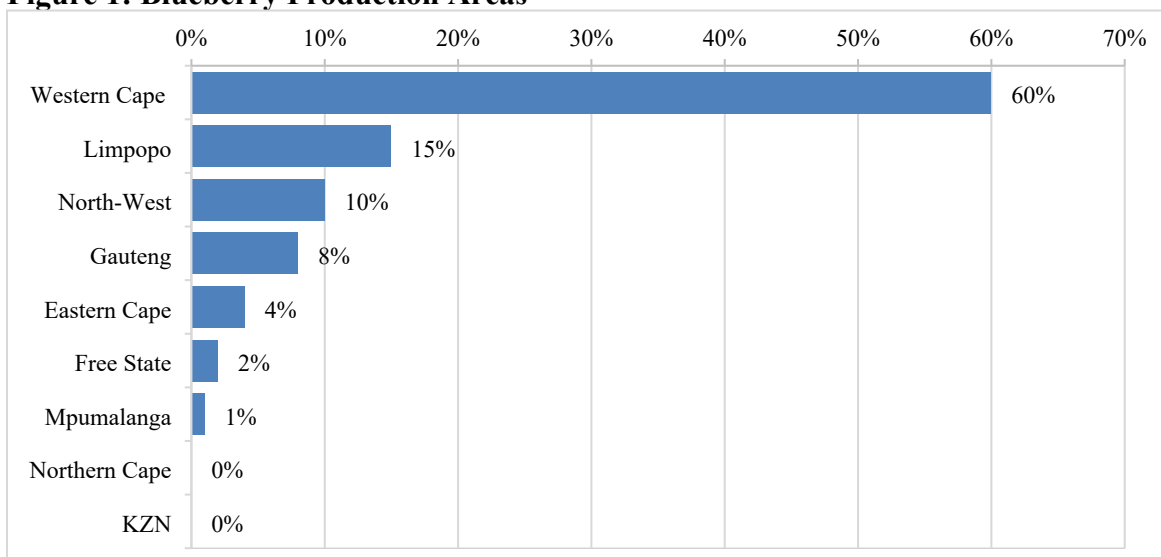
Exchange Rate – US\$ 1 = R17.22 as at June 26, 2020

**Background**

The South African blueberry industry is small relative when compared to other local fruit industries. The area planted to blueberries is forecast to increase by 17 percent to 2,800 hectares (HA) in the 2020/21 MY, from 2,400 HA in the 2019/20 MY. Growth in the area planted to blueberry has averaged above 30 percent per annum over the last nine years. This growth has largely been driven by continued investments from the local blueberry growers and the entry of international growers, especially from Europe. The Industrial Development Corporation (IDC) has also been a driving force in developing the berry sector by funding various projects across the country and encouraging the establishment of an association, the South African Berry Producers Association (SABPA).

The Western Cape Province is the leading blueberry producing area in South Africa, accounting for at least 60 percent of the production, followed by Limpopo (15 percent), North West (10 percent), Gauteng (8 percent), Eastern Cape (4 percent), Free State (2 percent) and Mpumalanga (1 percent) as shown in **Figure 1**. The three biggest producers are Berryworld, Haygrove and United Exports.

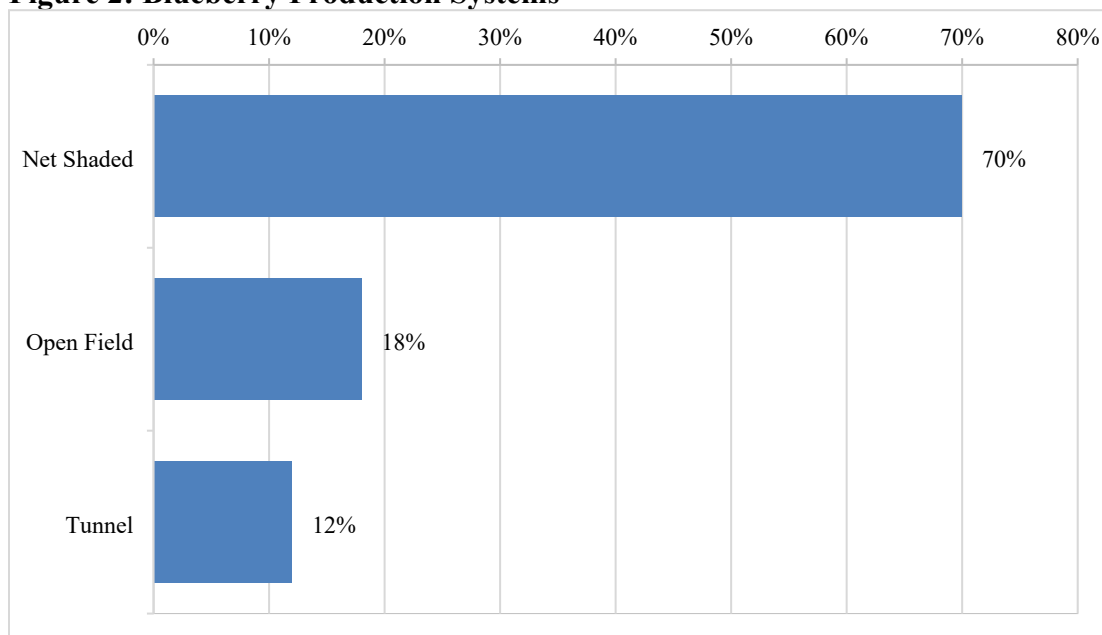
**Figure 1: Blueberry Production Areas**



Source: SABPA

The South African blueberry harvest season traditionally starts in September and ends in mid-February. There are three varieties of blueberries grown in South Africa; Northern Highbush, Southern Highbush and Rabbiteye. About 70 percent of the production is under nets, followed by open field (18 percent) and under tunnels (12 percent) as shown in **Figure 2**. The use of nets is driven by the retail and export market demands, which require minimal use of pesticides and also to protect blueberries from rain, hail and heat damage.

**Figure 2: Blueberry Production Systems**

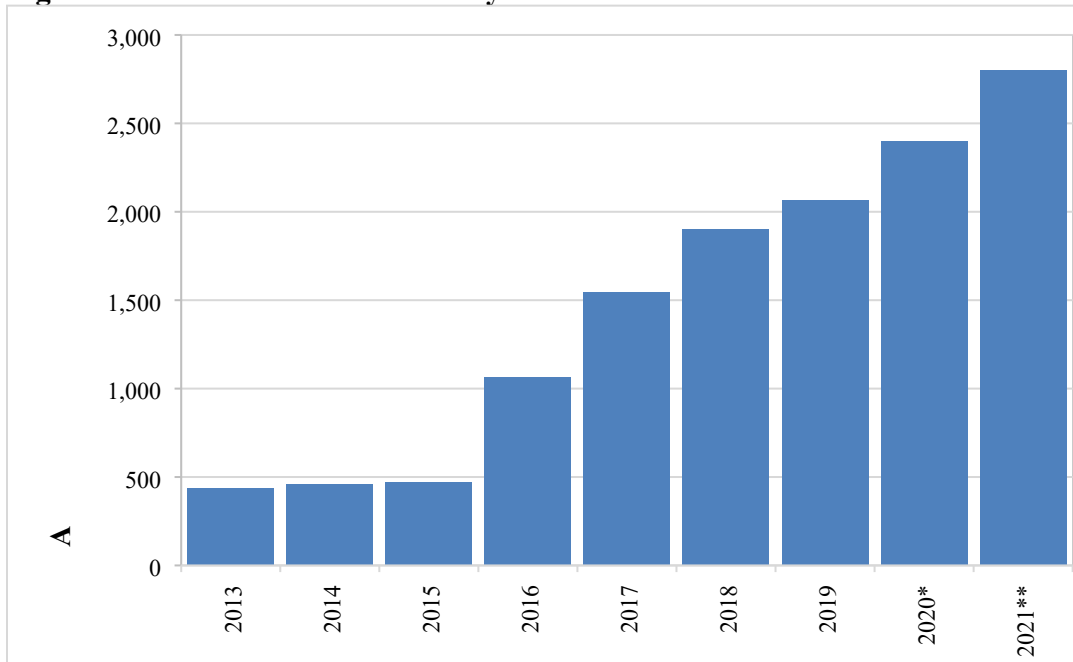


Source: SABPA

### Area Planted

**Figure 3** shows the growth in area planted to blueberries since the 2012/13 MY. The significant growth in the area planted to blueberry from the 2015/16 MY, is due to expansion from local growers, new land under production, and new investments from international growers. Post forecasts that the area planted to blueberries will increase by 17 percent to 2,800 HA in the 2020/21 MY, from 2,400 HA in the 2019/20 MY, based on industry data and continued investment into the sector.

**Figure 3: Area Planted to Blueberry**



\*Estimate; \*\* Forecast.

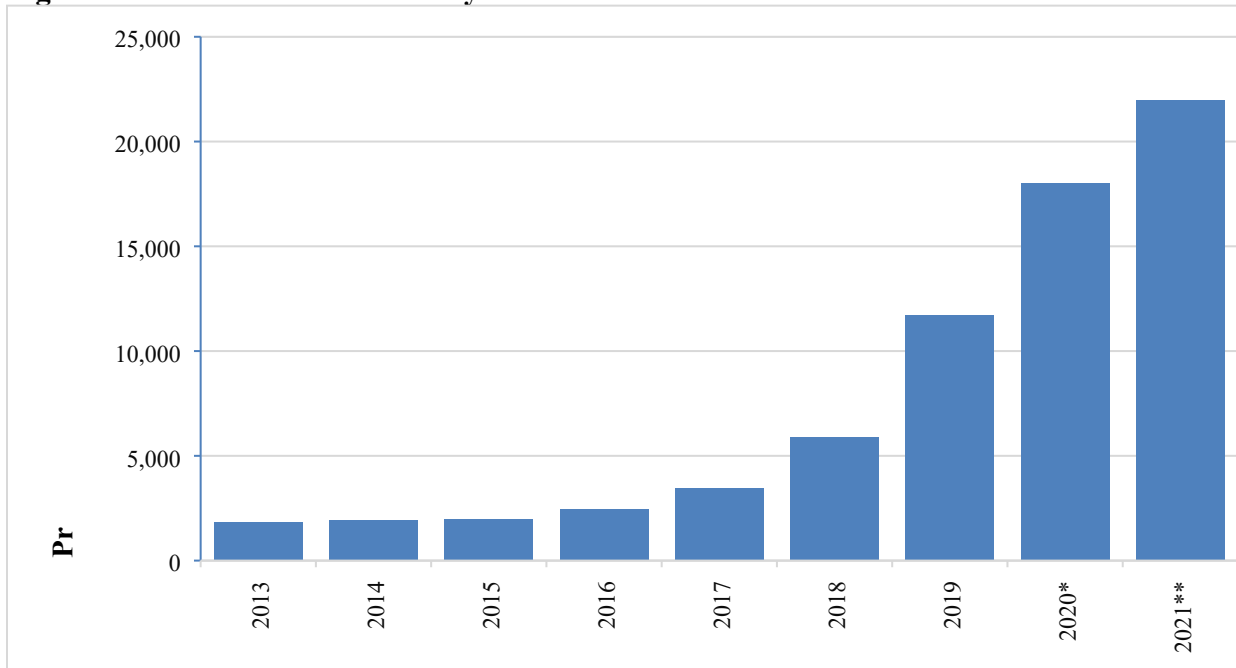
Source: SABPA and Post Forecasts.

## **Production**

Post forecast that the 2020/21 MY blueberry production will rise by 22 percent to 22,000 MT, from 18,000 MT in the 2019/20 MY, based on the increase in area planted, new plants starting to bear fruit and improvement in yields as growers refine their production practices. The impact of COVID-19 to production is expected to be minimal at this stage as growers have adopted measures such as social distancing, sanitizing and preventing staff exposed to the coronavirus from coming to work. However, concerns still remain in the industry if infections continue increasing, especially in the main production area of the Western Cape, which is the worst affected by COVID-19 in South Africa. The growth in production over the past five years as shown in **Figure 4**, is largely driven by new land being utilized for blueberry production.

Blueberry plants take up to 2 to 3 years to start producing fruits of export quality. About 50 percent of blueberry orchards in South Africa are between 0 to 2 years old, and 19 percent are 3 years old, which confirms the level of new investments into the sector, new land under production and that the industry is still in its “infant” stage. This would also suggest that significant growth in production should be expected in the next 5 years.

**Figure 4: South African Blueberry Production**



\*Estimate; \*\* Forecast.

Source: SABPA and Post Forecasts.

### **Fresh Domestic Consumption**

Post forecast that the domestic consumption of fresh blueberries will increase by 26 percent to 2,900 MT in the 2020/21 MY, from 2,300 MT in the 2019/20 MY. This is due to increasing demand from health-conscious consumers and the growing availability of blueberries in most retail supermarkets such as Woolworths, Checkers and Pick n Pay. Domestic demand is expected to be partially offset by the impact of COVID-19 to consumer incomes, based on the growing number of retrenchments being implemented by organizations in financial distress.

Blueberries are an exotic fruit and perceived as very expensive to the majority of consumers in South Africa. **Table 1** shows the price of two blueberry products at Woolworths, a middle to high income retail supermarket. As a result, in the 2019/20 MY only about 13 percent of the total blueberry production was consumed fresh in the domestic market. This is also influenced by the industry's strategy of prioritizing export markets.

**Table 1: Examples of Blueberry Products at Woolworths**

Frozen Blueberry 500 g	Fresh Blueberry 125 g
	
<p><b>Price:</b> R 69.99 (US\$4.11)</p>	<p><b>Price:</b> R39.99 (US\$2.35)</p>

Source: [Woolworths](https://www.woolworths.co.za/)

## Processing

Blueberries are also utilized for processed consumer oriented products in South Africa, mainly, confectionary products, juice and dairy products such as ice creams and yogurts. Blueberry processing is the main driver for imports as most of the production is prioritized for fresh exports and domestic consumption. About 9 percent of the blueberry production is processed in South Africa. Due to the nascent domestic consumption, there is potential in the growth and supply of the wide range of processed blueberry products from the United States that are not found in South Africa.

## Exports

South Africa exports between 70 to 90 percent of the blueberry production. Post forecasts that blueberry exports will increase by 20 percent to 18,000 MT in the 2020/21 MY, from 15,000 MT in the 2019/20 MY, based on the growth in production, improvement in quality, high demand for superfoods in international markets, and minimal impact of COVID-19 to demand and supply chains. However, concerns on the impact of COVID-19 still remain given that the 2020/21 MY exports will only begin in September 2020 and the future state of the pandemic is still uncertain. The 2019/20 MY blueberry exports are estimated at 15,000 MT, based on the pace of exports to date as shown in **Table 2**.

The United Kingdom (UK) is the largest market for South African blueberries accounting for 53 percent of the total exports, followed by the Netherlands (22 percent), Germany (8 percent), Ireland (6 percent), Spain (4 percent), Malaysia (3 percent), Singapore (2 percent) and United Arab Emirate (1 percent). This is largely due to the influence of UK-based growers and marketers, who have played a major role in establishing the industry in South Africa. Notably, South Africa has a free trade agreement with the

European Union (EU) and UK. With respect to the global blueberry market, South Africa's main competitors are South American countries such as Chile, Peru and Argentina.

**Table 2: South African Blueberry Exports**

<b>South Africa Exports to the World</b>							
<b>Commodity: 081040, Blueberries And Other Fruits Of The Genus Vaccinium, Fresh</b>							
<b>Year Ending: September - August</b>							
<b>Partner</b>	<b>Unit</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>
World	T	1,554	1,872	2,799	5,103	8,523	11,890
United Kingdom	T	1,285	1,310	1,707	2,865	4,491	5,167
Netherlands	T	152	298	666	1,182	1,849	3,920
Germany	T	0	28	123	228	640	1,100
Ireland	T	53	148	87	370	509	423
Singapore	T	0	0	27	89	166	231
Spain	T	0	2	17	79	374	220
Malaysia	T	0	5	72	128	217	210
United Arab Emirates	T	0	34	28	48	82	194
Saudi Arabia	T	0	1	1	2	54	106
Italy	T	0	0	0	0	0	86
France	T	0	0	0	0	0	73
Hong Kong	T	0	2	44	37	17	48
Qatar	T	0	2	0	10	10	26
Kuwait	T	0	3	0	0	17	24
Mauritius	T	0	4	6	19	32	20
Botswana	T	1	6	3	8	11	8
Bahrain	T	0	0	0	1	1	8
Russia	T	0	0	0	11	24	6
Namibia	T	1	2	5	11	8	5
Oman	T	0	0	0	0	2	5
Reunion	T	0	0	0	0	2	5
Japan	T	0	0	0	0	0	2
Lesotho	T	27	10	4	5	2	1
Seychelles	T	0	0	0	0	1	1
Zambia	T	0	1	1	0	0	1
Cambodia	T	0	0	0	0	0	1
United States	T	0	0	0	0	12	0

Source: Trade Data Monitor (TDM)

\*Year to date trade: September 2019 – April 2020

## Imports

Blueberry imports are currently minimal and below 500 MT as shown in **Table 3**. Imports are largely driven by processors and to satisfy out of season demand. Zimbabwe is the leading supplier of blueberries to South Africa.

**Table 3: South African Blueberry Imports**

South Africa Imports from the World							
Commodity: 081040, Blueberries And Other Fruits Of The Genus Vaccinium, Fresh							
Year Ending: September - August							
Partner	Unit	2015	2016	2017	2018	2019	2020*
World	T	61	0	11	82	188	408
Zimbabwe	T	0	0	9	80	184	407
Belgium	T	0	0	0	2	3	1
United Kingdom	T	40	0	0	0	0	0
Poland	T	20	0	0	0	0	0
Other	T	0	0	2	0	0	0

Source: TDM

\*Year to date trade: September 2019 – April 2020

**Table 4: Production Supply and Distribution (PSD) of Blueberries**

Blueberries, Fresh Market Begin Year South Africa	2018/2019		2019/2020		2020/2021	
	Sep-18		Sep-19		Sep-20	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		2,065		2,400		2,800
Area Harvested		1,755		2,040		2,380
Production		11,700		18,000		22,000
Imports		188		500		550
Total Supply		11,888		18,500		22,550
Exports		8,523		15,000		18,000
Fresh Dom. Consumption		2,265		2,300		2,900
For Processing		1,100		1,200		1,650
Total Distribution		11,888		18,500		22,550
HA, MT						

**Regulations and Trade Policies:****South African Import Regulations**

**Table 5** provides links to useful resources and regulations pertaining to importing blueberries into South Africa. Post also publishes the [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) and the [FAIRS Export Certificate Report](#), to assist U.S. exporters with the relevant regulations, certificates, permits and procedures. The FAIRS reports are publicly available for download on the following GAIN link, <https://gain.fas.usda.gov/#/search>.



**Table 5: South African Import Regulations and Procedures**

Regulation/ Procedures	Internet Link
Regulations Relating to the Grading, Packing and Marking of Fresh Fruits Intended for Sale in the Republic of South Africa	<a href="https://www.gov.za/documents/agricultural-product-standards-act-regulations-grading-packing-and-marking-fresh-fruit">https://www.gov.za/documents/agricultural-product-standards-act-regulations-grading-packing-and-marking-fresh-fruit</a>
Procedure for Importing into South Africa	<a href="https://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Plant-Health/Import-into-SA">https://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Plant-Health/Import-into-SA</a>
Maximum Residue Limits (MRLs)	<a href="https://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Food-Safety-Quality-Assurance/Maximum-Residue-Limits">https://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Food-Safety-Quality-Assurance/Maximum-Residue-Limits</a>

Source: Department of Agriculture, Land Reform and Rural Development (DALRRD)

### Custom Duties

United States blueberry exports do not face a customs duty in South Africa. **Table 6** reflects that there are no customs duties when exporting blueberries to South Africa.

**Table 6: Blueberries Customs Duties**

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
<b>08.10</b>	<b>Other fruit, fresh:</b>						
0810.40	Cranberries, Blueberries And Other Fruits Of The Genus Vaccinium, Fresh	kg	free	free	free	free	free

Source: South African Revenue Services

### United States Market Access Request for Blueberries

The United States submitted an official request and application for blueberry exports to South Africa in February 2014. This request has not been finalized and is still being negotiated by the USDA Animal and Plant Health Inspection Service (APHIS) and the South African Ministry of Agriculture, Land Reform and Rural Development.

### European Union Economic Partnership Agreement (EPA)

The European Union (EU) is South Africa's traditional export market for most agricultural products. South Africa is a partner of the free trade agreement (FTA) with the EU under the Southern African Development Community (SADC) - EU Economic Partnership Agreement (<https://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>). The member states included under the SADC - EU EPA are Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini

(formerly Swaziland). As a result, South Africa benefits from duty free access for blueberries under this FTA.

### **The UK and Southern African Customs Union (SACU) and Mozambique EPA (SACUM-UK EPA)**

South Africa's duty free access to the United Kingdom (UK) continued after BREXIT, based on the previous SADC-EU EPA arrangements. In 2019, the UK, Southern African Customs Union (SACU) member states (Botswana, Lesotho, Namibia and South Africa) and Mozambique signed a new free trade agreement, the SACUM-UK EPA. This is expected to take effect from January 1, 2021. As a result, South Africa's duty free access to the UK was unaffected by BREXIT and will remain unaffected in future.

### **South Africa Fresh Produce Importers Association**

The Fresh Produce Importers Association assists members with the importation of fresh fruit and vegetables in South Africa. Information on their members, contact details and services they provide can be obtained from the following website link, <http://www.fpia.co.za/contact-us/>.

### **Attachments:**

No Attachments.