Market Access & Development

South African Table Grape Industry

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Zoom

17-18 August 2020
Overview

Market Access
- The Process
- Progress, Priorities & Prospects

Market Development
- China Market Development Initiative

Trade & Tariffs
- Competitiveness
- South African International Trade Policy
Market Access
Market Access – The Process

- Bi-lateral government-to-government
- Industries provide capacity, support and facilitate
- 8-Step Process, science & evidence based
  - PIP & PRA: establishment risks, life cycle, spread and economic impact analyses
  - Management and mitigation options, compare globally
  - Teams of Entomologists and plant pathologists involved
- Global convention of sequencing – 1 Product at a time
- Table Grapes currently well positioned
Market Access – Progress

- New access to Thailand – Nov 2015
- Protocol relief to China – Oct 2016
  - +0.8 °C protocol, 20 days (was -0.55°C)
  - Pre-cooling reduced to 24 hours (from 72 hours)
- Protocol for Vietnam, replacing permits – November 2019
  - +1.2 °C, 19 days protocol
  - Pre-cooling excluded
- Non-regulated FCM strategy for EU and UK – from September 2017
  - Citrus and stone fruit regulated
- Phytclean introduced – from 2019/2020 season
Market Access – Priorities & Prospects

- South Korea
  - New market access
  - In final phases, seriously disrupted by Covid-19 lockdown
  - Expect implementation by 2021/2022 season
  - Protocol, same as for Vietnam

- Philippines
  - New market access
  - PRA work commenced, top priority between trading partners
  - Protocol, same as for Vietnam
  - Expect implementation by 2021/2022 season
Market Access – Priorities & Prospects

Japan

- Currently access for Barlinka only
- Endeavour to expand to 3 cultivars
- Alternatively, substitute Barlinka with Crimson Seedless
  - Research in progress to proof “equivalence”
SATI 南非鲜食葡萄协会

Market Development – China Initiative
### Vine Census: 2015 – 2020 (ha)

<table>
<thead>
<tr>
<th>Year</th>
<th>National</th>
<th>Northern Provinces</th>
<th>Orange River</th>
<th>Olifants River</th>
<th>Berg River</th>
<th>Hex River</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>18,212</td>
<td>+12.2%</td>
<td>-4%</td>
<td>+5%</td>
<td>-1%</td>
<td>+4%</td>
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<tr>
<td>2016</td>
<td>18,575</td>
<td>+2.0%</td>
<td>+6%</td>
<td>+6%</td>
<td>+8%</td>
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<tr>
<td>2017</td>
<td>19,674</td>
<td>+5.9%</td>
<td>+6%</td>
<td>+15%</td>
<td>+2%</td>
<td>-5%</td>
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<td>2018</td>
<td>21,067</td>
<td>+7.1%</td>
<td>+5%</td>
<td>+15%</td>
<td>+2%</td>
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<tr>
<td>2019</td>
<td>21,798</td>
<td>+3.5%</td>
<td>-1%</td>
<td>-10%</td>
<td>+4%</td>
<td>-1%</td>
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<tr>
<td>2020</td>
<td>21,100</td>
<td>-3.2%</td>
<td>+16%</td>
<td>+3%</td>
<td>+3%</td>
<td>+3%</td>
</tr>
</tbody>
</table>

**CAGR:**  +3 %
**Age Distribution of Vineyards: 2016 – 2020 (ha)**

- **2016**
  - AGE 0-3: 28% (18,575 ha)
  - AGE 4-9: 32% (34% of vineyards) (19,674 ha)
  - AGE 10-15: 21% (19,674 ha)
  - AGE 16+: 19% (19,674 ha)

- **2017**
  - AGE 0-3: 27% (21,067 ha)
  - AGE 4-9: 34% (34% of vineyards) (21,067 ha)
  - AGE 10-15: 20% (19,674 ha)
  - AGE 16+: 18% (19,674 ha)

- **2018**
  - AGE 0-3: 28% (21,798 ha)
  - AGE 4-9: 34% (34% of vineyards) (21,798 ha)
  - AGE 10-15: 17% (19,674 ha)
  - AGE 16+: 20% (19,674 ha)

- **2019**
  - AGE 0-3: 27% (21,100 ha)
  - AGE 4-9: 35% (35% of vineyards) (21,100 ha)
  - AGE 10-15: 16% (19,674 ha)
  - AGE 16+: 18% (19,674 ha)

- **2020**
  - AGE 0-3: 27% (21,100 ha)
  - AGE 4-9: 39% (39% of vineyards) (21,100 ha)
  - AGE 10-15: 18% (19,674 ha)
  - AGE 16+: 20% (19,674 ha)

**Decrease in older vineyards, i.e. ≥ 10 years old**

**Increase in % 4 – 9 year old vines**

**27% of vineyards ≤ 3 Years**
6 Year Intake Volumes (millions 4.5 kg’s)

- **Drought & Small Berries**
  - 2014/2015: +17.5%
  - 2015/2016: -2.4%
  - 2016/2017: +16.6%
  - 2017/2018: -8.2%
  - 2018/2019: -1.7%
  - 2019/2020: +8.4%

Overall CAGR: 4.59%
Market Share: 2020 vs. 2014

**2019/2020**
- **United Kingdom**: 25%
- **European Union**: 50%
- **South East Asia**: 4%
- **Far East**: 5%
- **Middle East**: 5%
- **Russia**: 2%
- **India**: 7%
- **Canada**: 1%
- **Indian Ocean Islands**: 0%

**2013/2014**
- **United Kingdom**: 23%
- **European Union**: 57%
- **South East Asia**: 6%
- **Far East**: 4%
- **Middle East**: 5%
- **Russia**: 2%
- **India**: 1%
- **Canada**: 1%
- **Indian Ocean Islands**: 1%

**EU & UK**
- **2020**: 75%
- **2014**: 80%
SA soon 70+ million cartons industry

Southern Hemisphere competition growing

- Increasing volumes to saturated EU and UK

SA’s over-exposure to EU & UK = +75%

New markets an uncertain and tedious process

Diversify markets – outside of the EU & UK

Export +10 million cartons to China within 5 years
An enormous market

- Economy, middle class & consumption growing
- Imports almost 2 x SA crop annually (incl. Hong Kong)

SA has market access

- Shipment Protocol manageable, +0,8 °C for 20 days, 24 hr pre-cooling (from 72 hours)
- Tariff digestible, i.e. 13%
- South Africa a strategic partner; e.g. BRICS
SATI R2 million p.a. over 3 years

W-Cape Dept of Agriculture R2 million p.a. over 3 years

SATI & WCDoA provide the generic platform

- Partner with Exporters (FPEF)
- Exporters to support commercially

SATI funded and executed a technical China shipment project

- Development and validation of “China Specification”
QUALITY PROMISE 品质保证

We have listened to the market, have designed a unique China specification;
“我们倾听市场的声音，设计了一套独特的中国规格”
UNIFORMITY
ATTENTION TO BLOOM
STEM CONDITION
China Campaign

UNIFORMITY & TASTE ACROSS ALL VARIETIES

South African Table Grapes

CRIMSON
SUGRAONE
MIDNIGHT BEAUTY
AUTUMN CRISP
SWEET GLOBE
Campaign Planning

- **2019/2020 Campaign postponed – Covid-19**
  - Designs, networking and awareness retained

- **2020/2021 Campaign - Online and Social Media bias**
  - Robust and flexible to suit Coronial or Post-Coronial China

- **Targets Retailers and Wholesale Markets**
  - South Africa needs a collective quality statement
  - Convince Chinese market of our value proposition and reliability
Trade & Tariffs
# Market Access for South African Products

**SACU:** Southern African Customs Union

**GSTP:** Global System of Trade Preferences among developing countries

**PTN:** Protocol on Trade Negotiation

<table>
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<th>Strategic Markets</th>
<th>RSA</th>
<th>Australia</th>
<th>New Zealand</th>
<th>Peru</th>
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SA International Trading Policy

- Shaped and formulated at NEDLAC
- South Africa part of SACU
  - BLNS Countries, even more vulnerable economies and sectors
- Agricultural and Agro-Processing Masterplan - AAMP
  - Post Covid-19 rebuild of economy
  - Pre-condition for inclusive growth
Thank You