



## **South Africa Competitor Report Horticultural Products**

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**Report Highlights: South African horticulture is weathering the difficult transition period toward a deregulated market. The deregulation is resulting in cooperation, research, and aggressive marketing.**

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### **Country Overview - South Africa**

South Africa's major industries consist of mining, finance, insurance, and food processing. South Africa produces one fifth of the entire gross domestic product of the African continent. Since the end of the Apartheid era, South Africa has been investing heavily in modern technology and is becoming much more competitive on the world market. During the mid-1990's South Africa intensified the liberalization of its trade regime and is removing disincentives to exporters and raised factor efficiency as it has exposed the economy to greater competition.

South Africa's top trading partners are the United States, United Kingdom, Germany, Italy and Japan. More than half of GDP is generated by way of import and export activity. Gross Domestic Product per capita (USD 1999) was \$3,023.

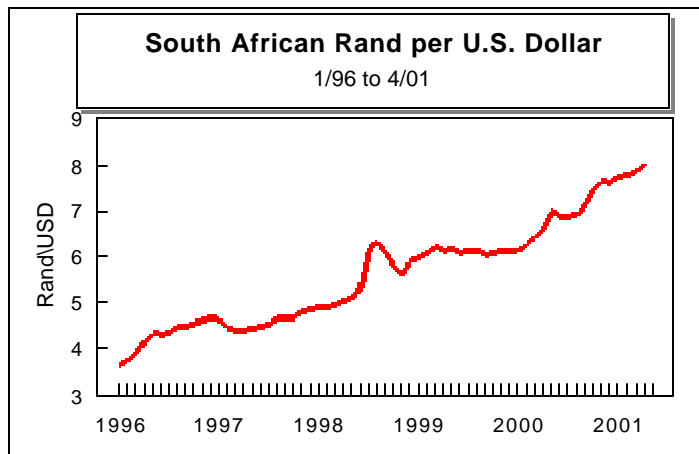
Although the official unemployment rate (1999) was posted at 23.3 percent, some reports have suggested that current unemployment could be as high as 35 percent. South Africa is making efforts to increase employment levels one of its top priorities. The ongoing job losses reflect the restructuring of the South African economy that began in the 1970s and 1980s during which time employment in the primary sectors,

particularly mining and agriculture, declined dramatically. Many programs are in place to deal with this high rate of unemployment and subsequent poverty. Despite ongoing efforts, however, there continues to be a wide disparity in economic conditions within the country. Without sufficient growth in employment, the pressure on both the public and private sector to sustain those unemployed is expected to increase. Progress has been made on structural reforms. An agreement on a free trade area with the EU was reached in April 1999. South Africa will eliminate tariffs affecting about 85 percent of the value of imports from the EU over 12 years, with about three quarters of this taking place within the first 3 years. In addition, tariffs will be reduced, but not eliminated, on an additional 3 percent of imports. By the end of the transition period of 10 years, restrictions will continue to apply to about 40 percent of South Africa's agricultural exports to the EU. In agriculture, South Africa will eliminate its tariffs on about 81 percent of agricultural imports from the EU, with less than half of this liberalization taking place within the first three years of the agreement.

Measures to reduce unemployment focus on rural/agricultural infrastructure development, mentoring and microfinancing programs for the promotion of small enterprises and labor intensive sectors, and skills development and training initiatives targeted at youth and women.

While South Africa has made considerable progress in establishing a sound and stable macroeconomic environment, major challenges remain. Reforming the structure of the economy to successfully tap the large pool of unemployed, unskilled labor, attract capital from overseas, and raise total factor productivity could lead to sustained higher growth, while addressing the country's pressing social issues. The growing availability of education, skills enhancement, and health programs is encouraging.

Out of a population of 43 million, an estimated 4.2 million individuals, or about 10 percent of the total, were infected with HIV at the end-1999. The country is said to now have one of the highest HIV prevalence rates in the world. Recent statistics suggest that there are now more people who are HIV positive in South Africa than there are in Europe, Latin America and North America combined. The HIV/AIDS pandemic is already increasing the burden on the public health sector and government. The changes in demographics are expected to have significant implications both economically and socially and are expected to have large economic costs for both the public and private sectors.



In the past 5 years, the South African rand has lost about 45 percent of its value

compar  
v e r y



ed to the U.S. dollar. This devaluation has helped to keep the South African goods competitive on the world market.

## **Wine**

### *Industry Structure*

The South African wine industry has undergone major changes during the last 10 years. The changing of the government and end of international sanctions beginning in 1990 enabled South Africa to re-enter the world economy. The regulatory and institutional framework of the wine industry has been reorganized. The main change is the role of KWV (Ko-operattieve Wijnbouwers Vereniging, est 1918) which formerly had the statutory obligation to regulate the industry. This body regulated the market by acting as the official government control body as well as being the marketing arm of the industry. In addition, it was also a producer of quality wines. It established minimum prices and imposed production quotas.

After the ending of apartheid and the period of sanctions, South African winemakers found themselves hard pressed to catch up with the changes on the global market, both in terms of wine making practices and consumption trends. For years, vines were a major problem for the growers as there were not many different clones available, they couldn't get virus-free vines, and strict quarantine regulations and sanctions made it difficult to try new varieties. The South African wine industry has transformed at surprising speed.

In 1997, KWV was transformed into a public company that now functions as an umbrella organization for its wine-farmer members. In addition, the Wine Industry Trust was formed in 1999 and is jointly financed by KWV and the State. South Africa's industry is now one of deregulated marketing and the main focus is quality and innovation.

### *Production*

South Africa produces about 3 percent of total world wine production. Approximately 83 percent of their exports go to European markets with Great Britain taking about 42 percent. According to Wines of South Africa (WOSA), total wine exports in 1999 brought in 12.2 billion rand to South Africa compared to only 798 million rand in 1996. WOSA's goal is to double the 1999 figure over the next five years by defining the industry's orientation and matching this international demand with innovation and high quality. The vine growers, researchers, producers and negotiants have been working together on a strategic agenda called Winetech Vision 2020, run by the Institute for Futures Research at the University of Stellenbosch. The South African wine industry is successfully making the transition from a production-driven orientation to

a market-driven one.

Most wine and vine production is concentrated in the Western Cape. There are three types of wineries. The first, Estate wineries, of which there are 82, can make wine only from grapes grown on their own land. A second type, Co-operatives, process the grapes of their farmer member shareholders into wine on a communal basis. Co-operative wineries in South Africa total 70 in number. A third type, independent cellars, totaling 73, are a grouping of wholesalers who buy both grapes and wine and make wine for bottling under their brand names, as well as making wine from grapes grown on their own farms.

### *Trade*

South Africa's top export markets for wine and wine products include the United Kingdom (US \$ 88.43 million), Netherlands (US \$ 34.30 million), Germany (US \$ 19.59 million), Belgium (US \$ 9.01 million), Sweden (US \$ 8.97 million) followed by the United States (US \$ 8.30 million). South Africa is posting very large year over year increases (2000/1999) into these markets, and is currently the sixth largest player in the UK. South Africa is considered by many to be the world's most competitive wine market. Some reports indicate the wine market in South Africa is expected to reach 120 million cases by 2003.

In the past, most wine was sold through domestic wholesalers. However, with the opening up of foreign markets, rapidly increasing quantities of South African wines are being sold abroad. All wines for export must be granted an export licence. Samples of each batch of wine destined for foreign climes are sent to the Wine & Spirit Board at Nietvoorbij, Stellenbosch where they undergo detailed tasting tests and chemical analysis in the laboratories before licences are granted. An official seal is given to each bottle by the Wine & Spirit Board, which verifies the claims made on the label regarding origin, vintage and grape variety.

Currently, the United States wine industry's ability to compete in the South African market is difficult because of the depreciation of the Rand leading to very high priced imports. In addition, U.S. wines are subject to a 25-percent general ad valorem duty.

### *Marketing and Promotion*

South Africa is working to revitalize its image and has earmarked close to \$1 million for the generic development (promotion of SA wines, generally) of export markets. Funding will also be used for promotion of small new wine businesses. The industry is pro-actively working to gain exposure overseas through television, radio and print journals. However, specific challenges certainly remain. For example, in the UK market, prices for South African wines are too low in comparison to other New World wine

competitors such as Australia. With less money available to South African producers, they must adopt an aggressive campaign to promote their wine globally and create a unique image as they look to compete at specific price points with Australia, Chile and California. The distribution of South African wines in the UK is skewed towards supermarkets (71 percent) which is not a favorable position in terms of building global brand recognition.

Despite the collaborative effort of Winetech Vision 2020, South Africa is experiencing some difficulty on the producer level with large (distributor-led volume producers), medium and small (boutique wineries) wine producers working collectively to promote exports globally. However, the recent merger between Stellenbosch Farmers Winery and Distillers Corporation in March 2001 may be a step toward cooperation among industry players.

### *Economy*

The wine industry is a major source of economic growth and development in South Africa and is viewed domestically as playing an important role in overall economic well-being as it contributes to the economic viability of the lower income groups. In addition, the winelands are helping to fuel a surge in tourism and provide abundant employment opportunities across the sector both directly and indirectly.

South Africa has a very favorable combination of climate and soil, almost 5,000 farmers now cultivate 100,000 hectares of land under vines. Their 50,000 laborers and 3,000 co-operative cellar staff, with their dependants, constitute a force of some 300,000 people. Most recent available figures indicate production levels at about 950 million liters of wine annually. Production is handled mainly by 82 estates and 70 co-operative cellars. These co-operatives alone have invested heavily in wine production equipment and they alone press about 85 percent of South Africa's total wine harvest. From this, more than 90 percent is supplied to producer-wholesalers and KWV. The South African wine industry is backed by a State research body, the Nietvoorbij Institute for Viticulture and Oenology, employing some 231 staff, departments of viniculture and viticulture at the University of Stellenbosch, the Elsenburg Agricultural College, which offers cellar technology, and a 12-person advisory team from KWV.

Wine grape cultivation and production of wine and wine products in South Africa is escalating. The industry is now beginning to shift from the predominant white wine cultivars and establishing an international reputation for their Cabernets, Pinotages and Pinot Noirs.

The Western Cape's viticulture contribution to the total horticultural income is about 30 percent. KWV handles 70 percent of the country's exports, while wholesalers, co-operative cellars and estates are increasingly entering the overseas markets. An extensive distribution network of wholesalers and retailers, as well as co-operative cellars, estates and other organizations which market wine directly, ensure that these products reach consumers around the country.

WINE GRAPE UTILIZATION									
-- Percent --									
	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Red	9.3	9.7	9.3	10.0	10.7	11.6	13.2	13.4	15.0
White	90.7	90.3	90.7	90.0	89.3	88.4	86.8	86.6	85.0

### AREA DISTRIBUTION OF WINE GRAPE VARIETIES

Wine grape varieties as percent of total area

VARIETY	1990	1995	1996	1997	1998	1999	2000
Chenin blanc	31.9	28.5	27.7	26.8	25.6	23.8	21.4
Sultana *	9.7	10.5	11.0	11.1	10.9	11.1	11.1
Colombar(d)	8.7	10.5	10.7	11.0	11.1	11.2	10.8
Chardonnay	1.5	4.0	4.5	5.2	5.7	5.7	5.7
Sauvignon blanc	3.6	4.5	4.7	4.9	4.9	5.1	5.1
Hanepoot *	6.2	5.9	5.6	5.3	4.9	4.3	3.8
Riesling (Cape)	3.8	3.7	3.5	3.3	3.1	2.7	2.0
Sémillon	1.1	0.9	0.9	1.0	1.0	1.0	1.0
Weisser	1.1	0.9	0.8	0.8	0.7	0.6	0.5
Riesling							
Other white varieties	17.0	12.9	12.3	11.1	10.1	8.4	6.3
<b>Total white varieties</b>	<b>84.6</b>	<b>82.3</b>	<b>81.7</b>	<b>80.5</b>	<b>78.0</b>	<b>73.9</b>	<b>68.0</b>
Cabernet Sauvignon	3.8	5.0	4.9	5.1	5.6	6.7	8.4
Pinotage	2.1	2.7	3.3	3.9	4.7	5.5	6.2
Shiraz	0.7	1.0	1.1	1.4	2.0	3.3	5.3
Merlot	0.9	1.8	1.9	2.2	2.6	3.6	4.6
Cinsaut	5.7	4.4	4.3	4.1	3.9	3.6	3.3
Ruby Cabernet	0.2	0.7	0.8	0.9	1.2	1.5	1.9
Cabernet Franc	0.2	0.3	0.3	0.3	0.3	0.3	0.5
Pinot Noir	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Other red varieties	1.4	1.4	1.3	1.2	1.3	1.3	1.3
<b>Total red varieties</b>	<b>15.4</b>	<b>17.7</b>	<b>18.3</b>	<b>19.5</b>	<b>22.0</b>	<b>26.1</b>	<b>32.0</b>
<b>Total white</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

and red							
<b>TOTAL HECTARES</b>	<b>92 038</b>	<b>93 889</b>	<b>95 721</b>	<b>98 203</b>	<b>100 979</b>	<b>104 179</b>	<b>105 566</b>

\* Also utilized for drying purposes and as table grapes.

TOTAL QUANTITY OF WINE EXPORTED						
YEAR	NATURAL WINE	FORTIFIED WINE	SPARKLING WINE	TOTAL LITRES	TREND	EXPORT AS % OF GOOD WINE CROP
1994	48 446 024	1 284 187	961 597	50 691 808	206.1	12.0
1995	71 207 264	793 035	806 708	72 807 007	143.6	14.6
1996	-	-	-	99 900 000*	137.2	17.3
1997	108 489 119	1 265 310	805 064	110 559 493	110.7	20.2
1998	116 766 480	1 116 781	524 687	118 407 948	107.1	21.8
1999	127 636 278	695 380	809 625	129 141 283	109.1	21.7
2000	138 381 953	442 877	660 435	139 485 265	108.0	25.8
* Estimate - figures not available						

BOTTLED AND BULK NATURAL WINE EXPORTS PER COUNTRY - LITRES								
COUNTRIES/ COUNTRY GROUPS	1999				2000			
	WHITE	RED	BLANC DE NOIR / ROS��	TOTAL	WHITE	RED	BLANC DE NOIR / ROS��	TOTAL
United Kingdom	33 891 795	19 610 640	243 091	53 745 526	36 704 484	20 760 751	430 621	57 895 856
The Netherlands	8 069 821	11 116 809	106 792	19 293 422	9 969 561	14 771 095	290 753	25 031 409
Scandinavia	3 997 778	5 801 209	3 150	9 802 137	4 834 288	7 367 309	2 318	12 203 915
Germany	4 503 694	4 544 421	574 975	9 623 090	5 002 311	5 231 428	504 918	10 738 657
Switzerland	3 124 339	1 674 796	488 464	5 287 599	5 997 454	1 259 863	545 257	7 802 574
Belgium	3 333 864	3 723 920	419 960	7 477 744	3 371 081	3 106 907	109 479	6 587 467
France	2 107 259	1 709 555	180	3 816 994	2 037 002	2 457 774	52 168	4 546 944
Canada	3 680 488	1 352 917	26 379	5 059 784	2 809 464	1 027 319	5 994	3 842 777
Far East	4 122 700	1 668 279	114 979	5 905 958	1 771 436	1 059 714	27 847	2 858 997
United States of America	1 231 371	1 320 867	657	2 552 895	1 029 896	1 069 528	2 799	2 102 223
Africa*	880 739	2 171 505	29 844	3 082 088	1 044 147	394 338	11 979	1 450 464
Australasia	254 717	211 190	20 250	486 157	1 198 363	126 689	13 797	1 338 849
Rest of Western Europe	260 239	174 865	225	435 329	435 388	287 782	518	723 688
Eastern Europe	125 770	117 357	756	243 883	198 887	174 979		373 866
Middle East	191 690	189 300	900	381 890	149 264	183 803	2 340	335 407
Austria	49 128	90 349	270	139 747	94 890	110 172	720	205 782

Central America	77 913	74 148	1 665	153 726	85 730	64 530	2 430	152 690
African Islands	45 168	46 648	16 254	108 070	39 587	26 456	38 997	105 040
South America	17 244	22 095		39 339	30 453	54 897		85 350
<b>Total</b>	<b>69 965 717</b>	<b>55 620 870</b>	<b>2 048 791</b>	<b>127 635 378</b>	<b>76 803 686</b>	<b>59 535 334</b>	<b>2 042 935</b>	<b>138 381 955</b>
* Only countries for which export certificates are required. Source: Department of Agriculture, Directorate Plant and Health Quality								

Earlier this year, the Wine Industry Trust launched a Wine Education Fund of approximately \$387,000 which is to be spent over the next 3 years on assisting black students in earning a degree in viticulture and winemaking at the University of Stellenbosch.

On April 9, 2001, Canada, Australia, Argentina, and New Zealand initialed a mutual acceptance agreement for oenological practices. Under the agreement, each country will permit the importation of wines from the other signatory countries as long as these wines are made in accordance with each country's domestic laws, regulations, and requirements on oenological practices. Chile, Argentina, and South Africa have not initialed but it is hoped that Chile, Argentina, and South Africa will initial after more time for internal review.

Early discussions have included the topic of harmonization of labeling regulations, focusing on industry recommendations which would reduce costs of producing a wide assortment of labels for countries with different labeling rules. Discussions on Chile's, Argentina's, and South Africa's participation and labeling will continue at the next meeting, scheduled for September 2001, in Toronto, Canada.

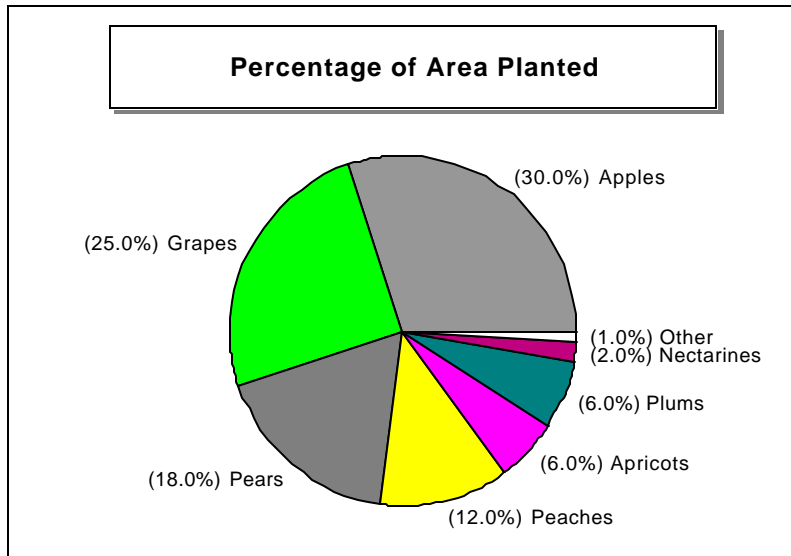
### **Deciduous Fruit (grapes, apples, and pears)**

The South African Deciduous Fruit Industry is focusing on global effectiveness with research and technological development and using it as a springboard to expand international competitiveness and profitability for the industry. According to the Deciduous Fruit Producers' Trust (DFPT), the representative body of the industry, the financial health of the deciduous fruit producer deteriorated significantly during 2000 due to a combination of lower prices and lower than expected volumes. One factor that did ease stress on producers is that the depreciation of the Rand exceeded the local inflation rate. The Trust has been working with the Department of Trade and Industries as well as the Department of Agriculture to encourage these departments to help industry with the promotion of South African fruit overseas. Lack of funding is hampering progress but industry is becoming more and more committed to self sustainability.

The Deciduous Fruit Producers' Trust helps facilitate the continued process of deregulation, represents South African Fresh deciduous fruit producers to ensure a global competitive edge, and DFPT aims to promote growth and prosperity for the wider deciduous fruit community.



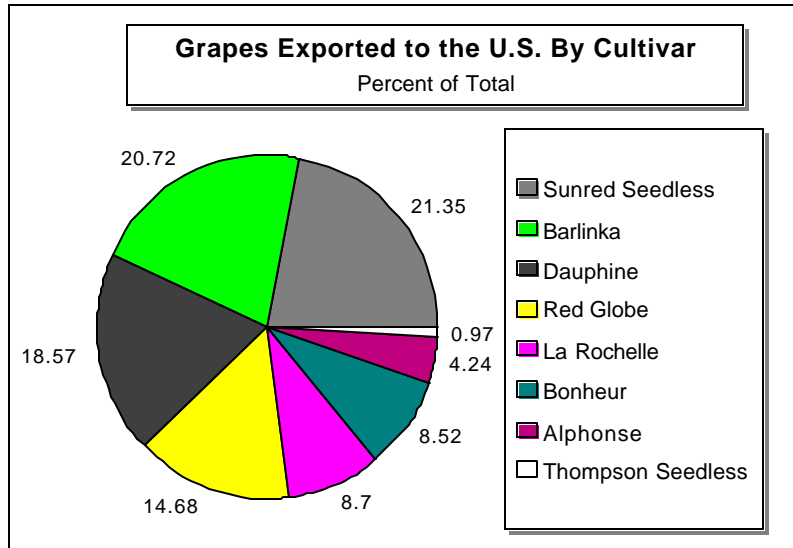
The industry is losing capacity and one goal of the Deciduous Fruit Producers' Trust is to help maintain this capacity. Because of low producer returns, the voluntary levy system has been difficult for this industry this past year. However, the industry realizes the importance of the levies in helping to maintain research, plant improvement, training and market access. The Trust is actively working to promote South African produce overseas as well as on local markets.



There are approximately 2000 deciduous fruit producers and 80 exporters of deciduous fruit. Grapes, apples and pears make up about the 25, 30, and 18 percent of total acreage devoted to deciduous fruit. Because South Africa faces a general shortage of water and much of their agricultural produce is grown under some level of irrigation, expectations for large increases in production are nonexistent. However, South Africa has been able to differentiate their product by striving for very high quality production and exporting only the highest grades. Grading Standards are very strict; and poor quality fruit does not get exported. Because South Africa exports about 70 - 75 percent of its fruit to the European Union, accessing new markets is a top priority. South Africa is currently facing increased regulation requirements on their fruit exports and despite their attempt to diversify into other markets, this is expected to have a heavy impact on local producers. The industry is studying protocols and other requirements of various recipient markets like Japan. South Africa recently received access to the Israeli market. South Africa is also looking to expand its trade with Taiwan. India is an open market to South Africa and they ship mixed fruit, apricots, peaches and tropical mixed fruit.

Despite all the good work done at the producer level, the 2001 marketing season for deciduous fruit is expected to carry over from last year's situation, of financial crisis because of low prices, surpluses in the world market and late frosts in the Ceres Valley.

**Grapes** - Acreage planted under the vine for table grapes amounts to about 11,150 hectares. Of this, approximately 80 percent of the growth can be found in the Western Cape region. Of total production exported during calendar year (CY) 2000, 7 percent was destined for the U.S. market, 2,430 tons of grapes. Grapes are harvested during January, February and March. Table grape prices were much lower than the previous year and producers more recently have been under considerable pressure to remain profitable. Historically, the industry has had problems with “price wars”, which have resulted in greater



competition and have subsequently led to reduced prices for growers. More recently, this has been somewhat countered by industry becoming more unified in their export strategy by reducing their export agents who handle the local grapes. Improved picking, packing, and cold storage management have also helped to increase control from vine to table. Current reports have indicated that recent drier seasons have led to a downswing in fruit volume in general, which and this is expected to hit the local economy

hard, particularly since fruit is South Africa’s second most important export commodity after metals.

The table below shows the United States top 10 markets for table grapes during 2000 and gives a general indication of the level of product going into those markets from South Africa. Clearly, the United Kingdom is an area where competition can be stiff.

<b>TOP 10 U.S. TABLE GRAPE MARKETS</b>				
	U.S Table Grape Exports		S.A. Table Grape Exports	
	-- US \$ Millions --			
	CY 1999	CY 2000	CY 1999	CY 2000
Canada	578.190	603.211	7.598	9.506
Hong Kong	53.152	52.975	6.162	3.575
United Kingdom	53.244	50.969	53.789	40.863
Japan	65.861	42.778	3.004	2.441

**TOP 10 U.S. TABLE GRAPE MARKETS**

Mexico	31.021	39.879	0	0
Taiwan	27.011	27.818	0.021	0
Malaysia	6.310	16.650	0.879	0.235
Philippines	19.668	15.167	0.486	0.262
Singapore	9.097	12.855	0.582	0.315
China	1.395	11.352	0.024	0.030

**Apples** - Approximately 85 percent of South Africa’s 22,900 hectares planted with apple trees are located in the Western Cape. The most popular variety is the Granny Smith apple. South African apple exports to the United States consist of mostly the Granny Smith variety (93 percent). The remaining 7 percent consist of Royal Gala, Pink Lady, and the Braeburn. In 1999, the United States ranked number 4 in South Africa’s top export markets for apples. During 2000, the United States slipped to number 5, posting a decline of nearly 56 percent of quantity. Quantities shipped slipped from 16,497 tons to 7,263 tons from 1999 to 2000, respectively. However, so far this year (Jan-Mar), South Africa has increased its market share in the United States from 97 tons to 305 tons. The continued weakness of the Rand is helping to bolster this trend. Although year-to-date shipments increased 3 fold in quantity, the value of apples shipped increased only about 2.5 times from the same period in 2000. Despite slight increases in planted area, apple production in South Africa is expected to remain unchanged due to last year’s floods and late frost.

Calendar year production in South Africa is expected to total 710,000 tons while U.S. production MY could reach 4,810,000 MT. In terms of global export competition with the United States, listed below are two years of the top ten U.S. markets (USD) for apples compared with the level of competition in those markets with South African apples.

**TOP 10 U.S. APPLE MARKETS**

	U.S Apple Exports		S.A. Apple Exports	
	-- US \$ Millions --			
	CY 1999	CY 2000	CY 1999	CY 2000
Mexico	72.880	102.388	0.000	0.000
Canada	85.392	83.644	0.020	0.005

### TOP 10 U.S. APPLE MARKETS

Taiwan	55.341	56.593	0.009	0.000
Hong Kong	17.450	23.713	1.303	1.202
United Kingdom	19.841	17.916	37.354	25.817
Indonesia	15.604	17.796	0.065	0.035
United Arab Emirates	8.773	10.949	0.189	0.735
Saudi Arabia	13.807	8.196	1.206	1.200
Thailand	6.621	6.673	0.204	0.438
Malaysia	6.459	6.575	2.384	3.045

The Agricultural Research Council in South Africa continues to place emphasis on research designed to help the industry by developing new cultivars. Research is carried out on all aspects of conventional fruit breeding, from the development of new cultivars to evaluation of promising local cultivars and selections, as well as evaluation of imported cultivars. South Africa is also working on controlled commercialization by which they strive to control the volumes, quality and prices of specific promising cultivars by the introduction of a trademark on some of the cultivars. The trademark enables the research institute to generate royalties, which help to fund further research.

**Pears** - South Africa's MY 2001 pear production is expected to increase by about 4 percent as a result of expanded acreage coming into bearing age. Exports are expected to improve by 3 percent compared to last year, partly as a result of low producer prices due to a glut on the world market in 2000. Increased pear production this season may be used for juice production due to low quality, as occurred last season.

South Africa's five top export markets for pears in 2000 in terms of quantity were the Netherlands, United Kingdom, Belgium, France, and the United States. However, the amount shipped to the United States, 4,322 tons, is only a very small percentage of total U.S. production, which is forecast at 885,000 tons for MY 2000/01.

**TOP 10 U.S. PEAR MARKETS**

	U.S. Pear Exports		S.A. Pear Exports	
	-- US \$ Millions --			
	CY 1999	CY 2000	CY 1999	CY 2000
Mexico	33.157	42.752	0	0
Canada	46.368	42.544	0.416	0.712
Brazil	2.377	3.072	0.029	0
Venezuela	2.854	2.660	0	0
Sweden	1.883	2.116	0	0.026
Taiwan	1.450	2.106	0	0
Netherlands	1.349	1.312	8.689	9.787
Saudi Arabia	1.976	1.310	0.189	0.111
United Arab Emerates	0.726	1.034	0.086	0.172
Costa Rica	0.290	0.902	0	0

On the research and marketing side, new pear selections are being identified. These selections include a blushed and an early yellow selection. Seven small-fruited miniature (“baby”) pears, two of which are red-blushed, were selected as a unique product, showing good potential for niche markets.

**Horticultural Marketing and Research Services**

*ARC Infruitec-Nietvoorbij*: The ARC Infruitec-Nietvoorbij was founded in May of 1997 with the amalgamation of ARC-Stellenbosch Institute for Fruit Technology (Infruitec) and ARC-Nietvoorbij for Viticulture and Oenology. Research priorities are driven by producer needs and market demands, and are determined in conjunction with the National and Provincial Departments of Agriculture and related industries. The Institute offers a wide range of advisory, diagnostic and analytical services, as well as publications relevant to the fruit, vine and wine industries.

During the recent review period, changing market and industry demands, as well as the reduction in state funding, necessitated a revision of the Institutes' structure. Recent research, development and technology transfer covered a wide spectrum of the research needs of the deciduous fruit, vine and wine, canning and drying industries as well as of alternative crops such as indigenous tea. The Institute's support of resource-poor producers also increased strongly.

### **Export Programs**

The Deciduous Fruit Producers Trust (DFTP) manages and coordinates various special export programs on behalf of the deciduous and citrus industries in conjunction with the Directorate Plant, Health and Quality and the Citrus Growers' Association. These programs are as follows:

	<b><u>USA</u></b>	<b><u>Japan</u></b>	<b><u>Mexico</u></b>	<b><u>Taiwan</u></b>	<b><u>Korea</u></b>	<b><u>Israel</u></b>
Apples	X		X	X		
Pears	X		X			
Table Grapes	X					
Plums	X					X
Citrus	X	X		X	X	

#### ***Export Program Volumes (MT)***

<i>Market/Commodity</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001 est.</i>
US Table Grapes	2.340	3.090	4.010	3.890	6.000
US Apples	1.090	1.170	1.130	0.440	2.000
US Pears	0.740	0.520	0.890	0.550	1.200
US Citrus	0.085	0.143	0.430	1.550	1.800
Mexico Apples	0.000	0.000	0.003	0.000	0.020
Japan Citrus	3.230	1.940	2.390	3.080	4.000
Korea Citrus	0.000	0.000	0.365	0.204	0.500
Taiwan Apples	0.000	0.065	0.065	0.065	0.065

Israel Grapes	0.000	0.000	0.000	0.010	0.140
<b>TOTAL</b>	<b>2004.485</b>	<b>2004.928</b>	<b>2008.283</b>	<b>2009.789</b>	<b>2016.725</b>

Source: Deciduous Fruit Producers Trust

*South African Wine Industry Trust (SAWIT)*: The trust was set up in 1999 between the Minister of Agriculture and the KWV. The trust is divided into three parts: BUSCO: charged with research and generic export promotion. DEVCO: charged with the development of farm worker communities. WEF: Wine Education fund to help socio-economically disadvantaged. A forecast budget of about 300 to 400 million rands (\$38-\$50 million dollars) is expected.

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