



**Western Cape  
Government**

Agriculture

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# **ECONOMIC CONTRIBUTION OF THE SA BLUEBERRY INDUSTRY**

Summary of June 2019 report

SABPA AGM, Backsberg | Louw Pienaar, Lingani Mzwanele, Philip Swart | 26 November 2019

# Content

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**Introduction**

**The SA blueberry industry**

**Economic contribution of the industry**

**Scenario for future growth, key challenges and recommendations**

## **Introduction**

The SA blueberry industry

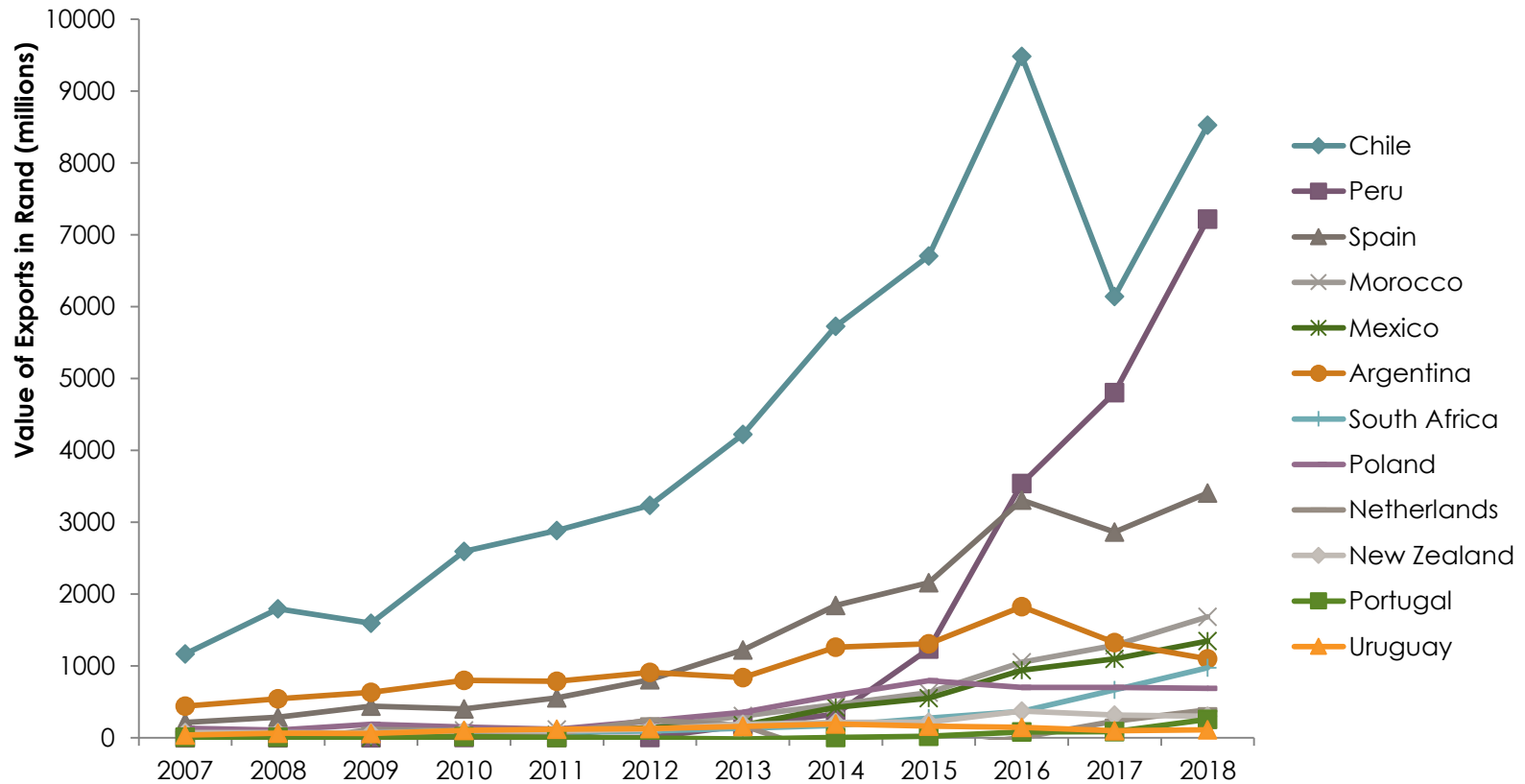
Economic contribution of the industry

Scenario for future growth, key challenges and recommendations

# Introduction

## Blueberry net exporting by value, 2007-2018

Source: ITC, 2019



# Introduction (continued)

## Tariff margins faced by leading blueberry exporters

Source: ITC, 2019

	Average Tariffs imposed on exporter (%)							
Exporter	USA	EU	China	Hong Kong	Russia	Japan	South Korea	Taipei
Size of Market	R13.6 billion	R12.4 billion	R1.6 billion	R323 million	R310 million	R302 million	R267 million	R162 million
Chile	0	0	0	0	6.6	0	0	7.5
Peru	0	0	0	0	0	0	9	0
Spain	0	0	30	0	8.8	6	16.3	7.5
Morocco	0	0	30	0	6.6	3	45	7.5
Mexico	0	0	30	0	6.6	0	45	7.5
Argentina	0	4	30	0	6.6	3	45	7.5
South Africa	0	0	<b>30</b>	0	6.6	3	<b>45</b>	7.5

# Content

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Introduction

**The SA blueberry industry**

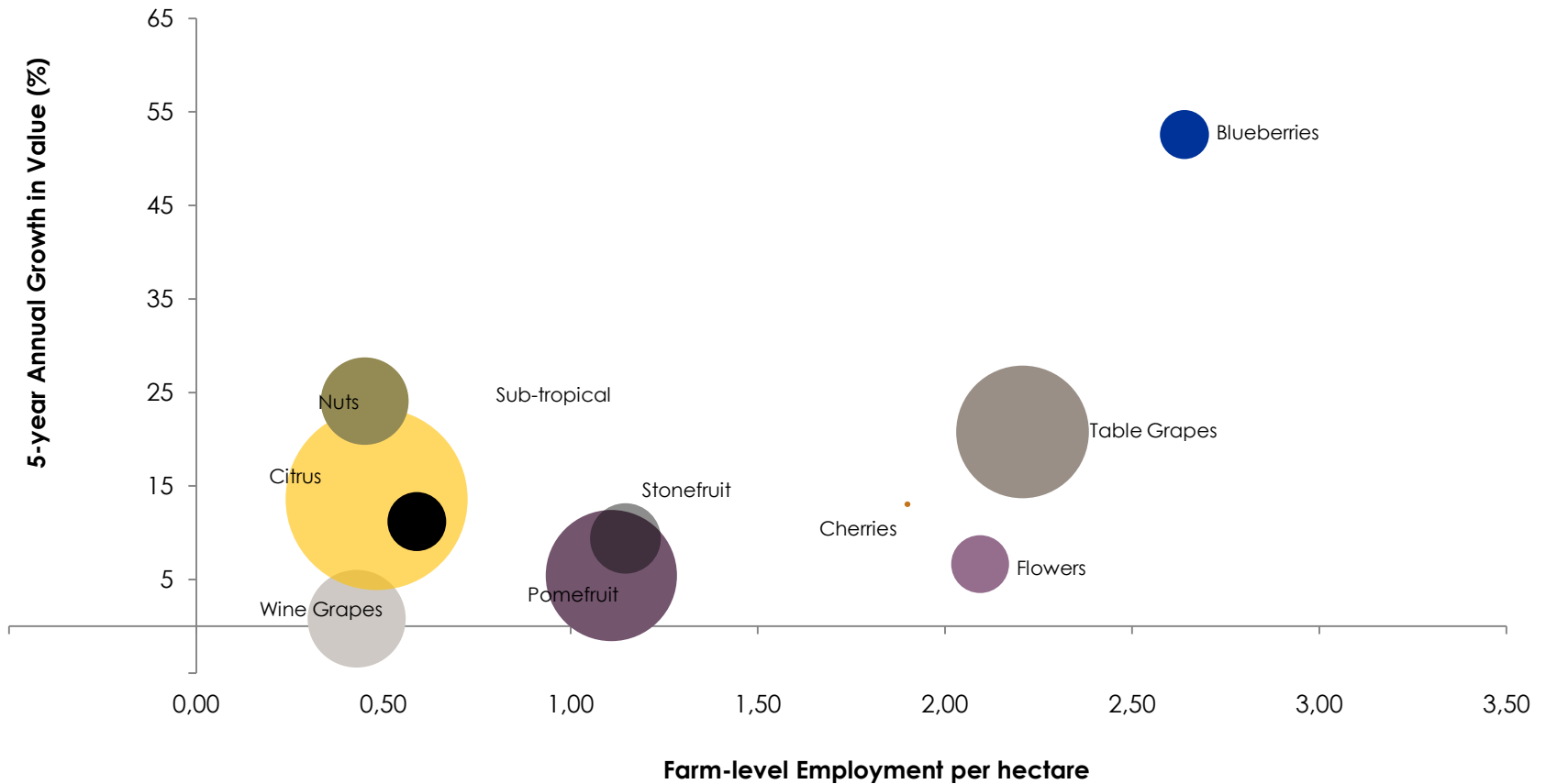
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# The SA blueberry industry

## Comparison of growth and jobs in crop industries

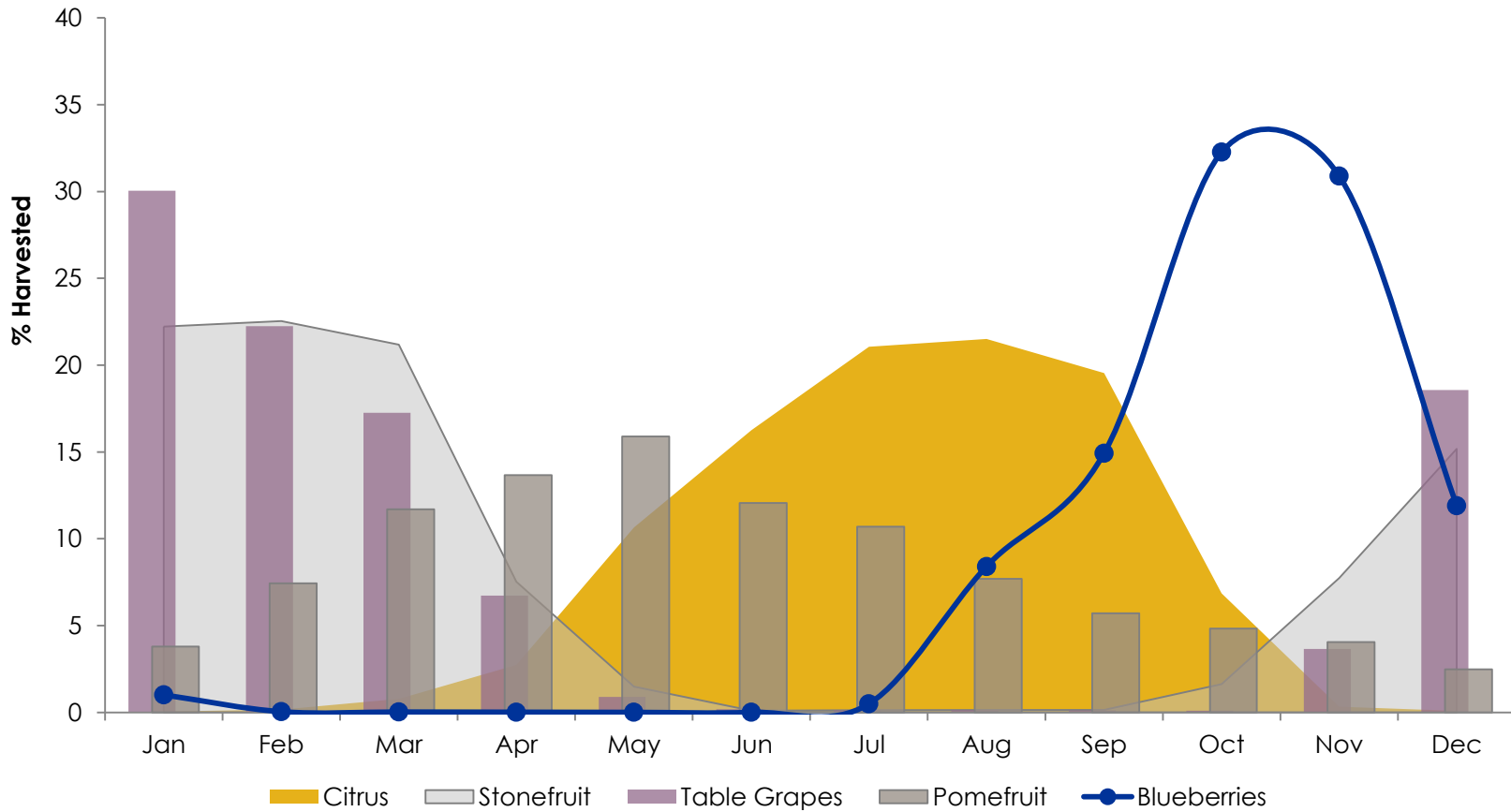
Source: Own compilation from ALR, 2018; FruitSA, 2019; WCDōA, 2019



# The SA blueberry industry (continued)

Percentage of total exports throughout a year

Source: ITC, 2019

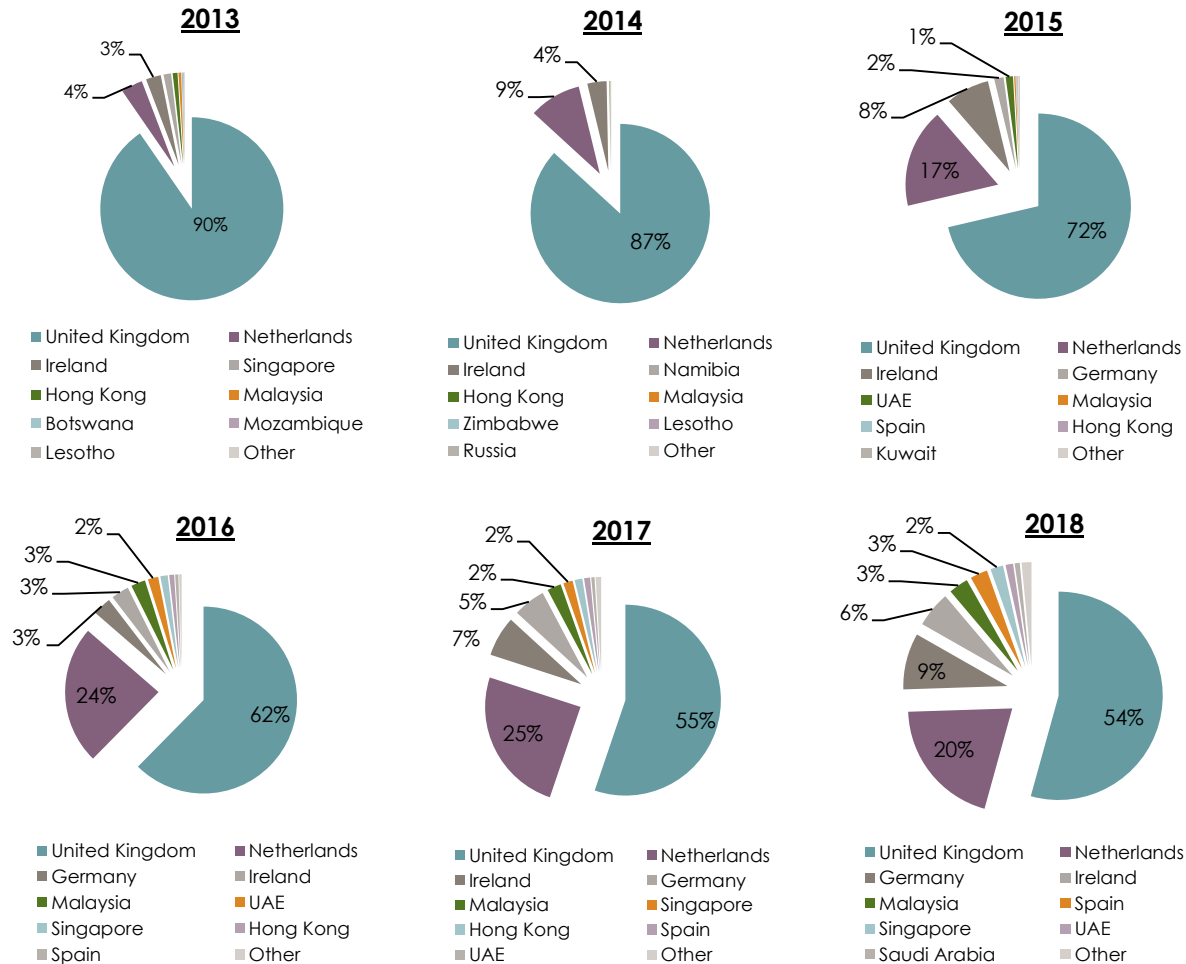




# The SA blueberry industry (cont. 2)

## South African blueberry export destinations by value

Source: SARS, 2019

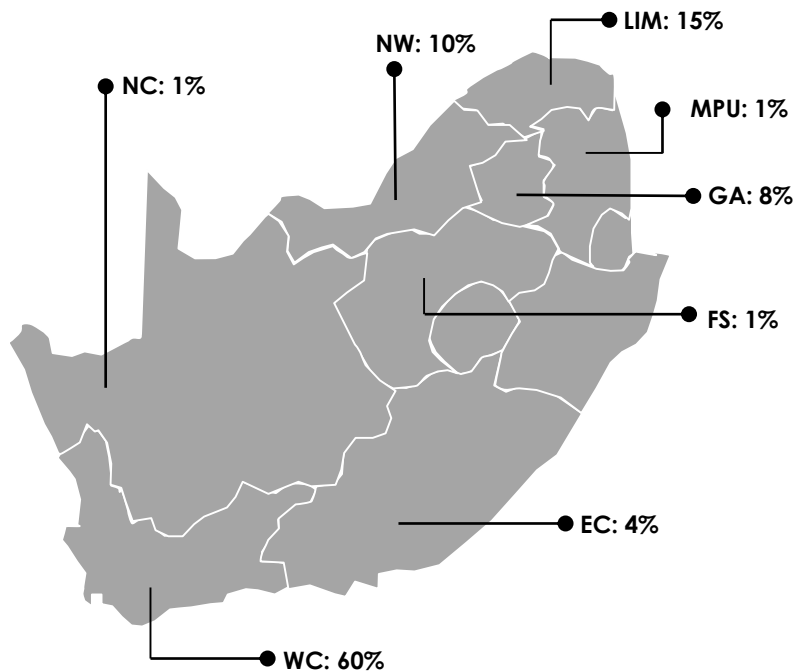


# The SA blueberry industry (cont. 3)

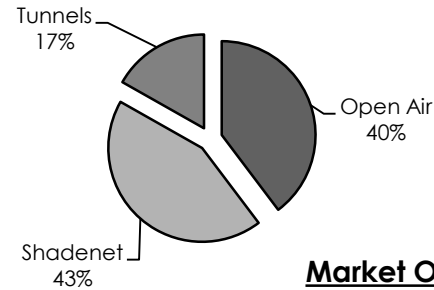
## South African blueberry production

Source: Own compilation from SABPA, 2017; WCDa, 2019

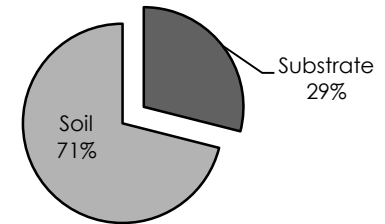
### Provincial Breakdown



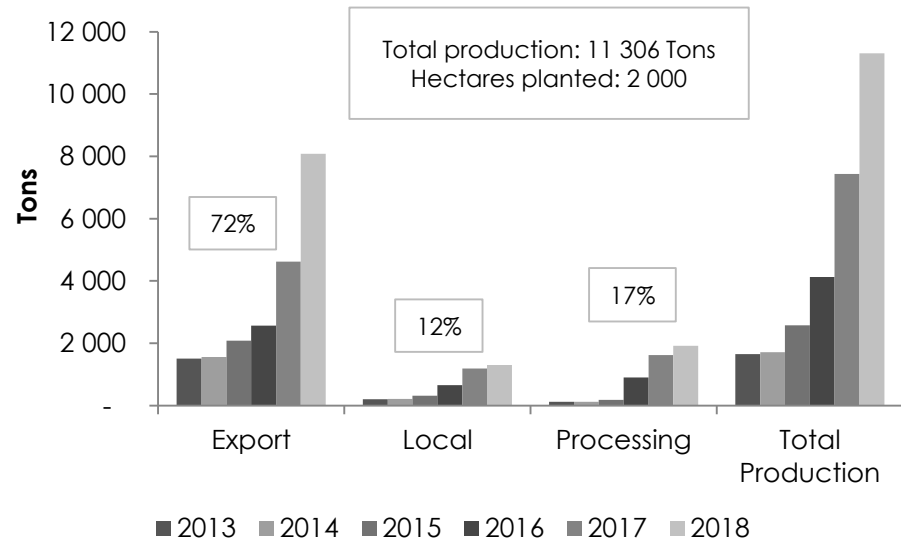
### Covering



### Planted



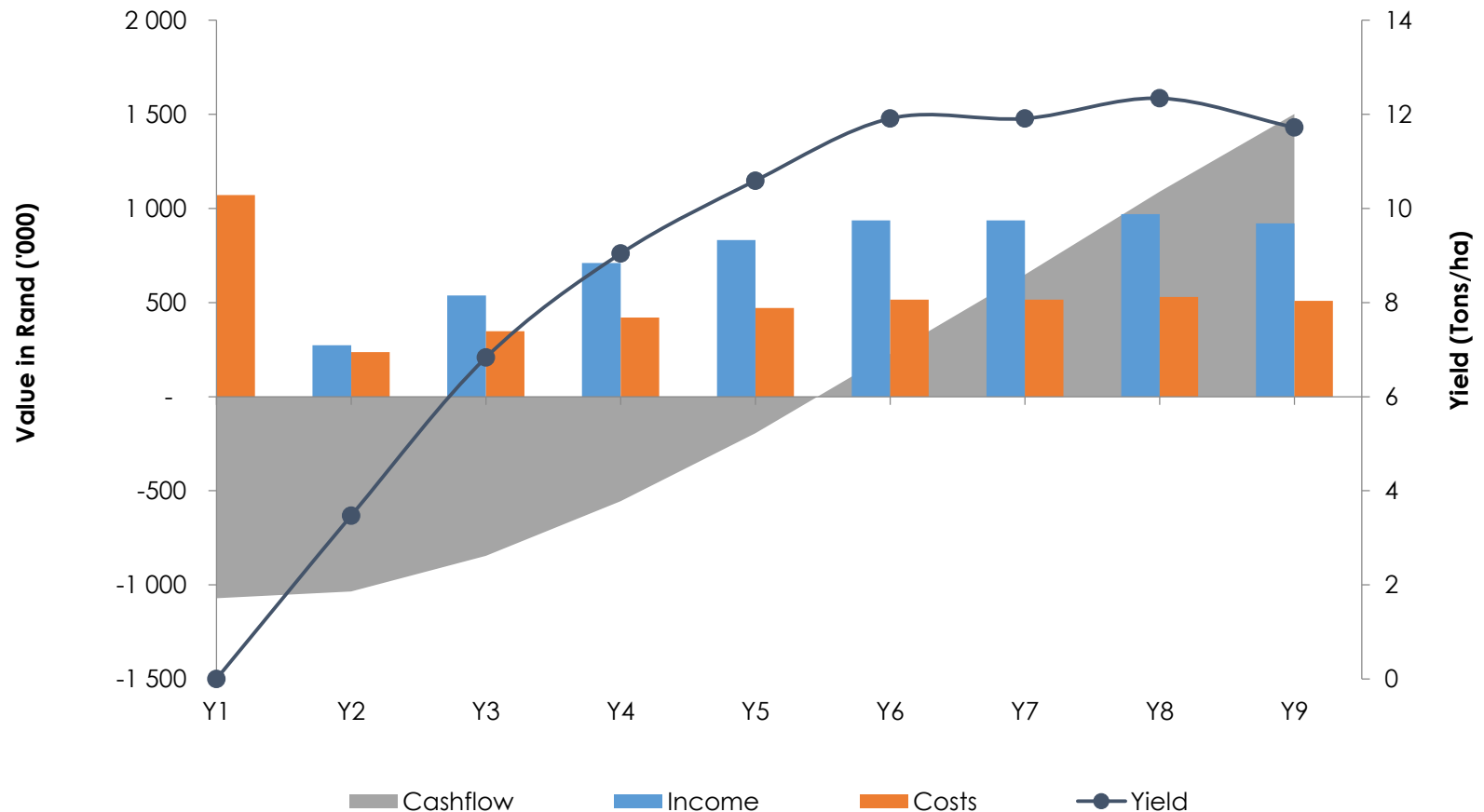
### Market Output



# The SA blueberry industry (cont. 4)

## Gross margin for a hectare of blueberry production

Source: Own compilation from WCDoA, 2019



# The SA blueberry industry (cont. 5)

## Sensitivity analysis of blueberry gross margin per hectare

Source: Own compilation from WCDoA, 2019

Yield (Tons/ha)	Price (R/Kg)				
	Less 10%	Less 5%	Actual	Add 5%	Add 10%
	<b>R72</b>	<b>R 76</b>	<b>R 80</b>	<b>R 84</b>	<b>R 88</b>
6	R-11 050	R12 950	R36 950	R60 950	R84 950
8	R132 950	R164 950	R196 950	R228 950	R260 950
10	R276 950	R316 950	<b>R356 950</b>	R396 950	R436 950
12	R420 950	R468 950	R516 950	R564 950	R612 950
14	R564 950	R620 950	R676 950	R732 950	R788 950
16	R708 950	R772 950	R836 950	R900 950	R964 950
Breakeven Yield	6	6	6	5	5

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# Economic contribution of the industry

## Capital investment needed per hectare (greenfield)

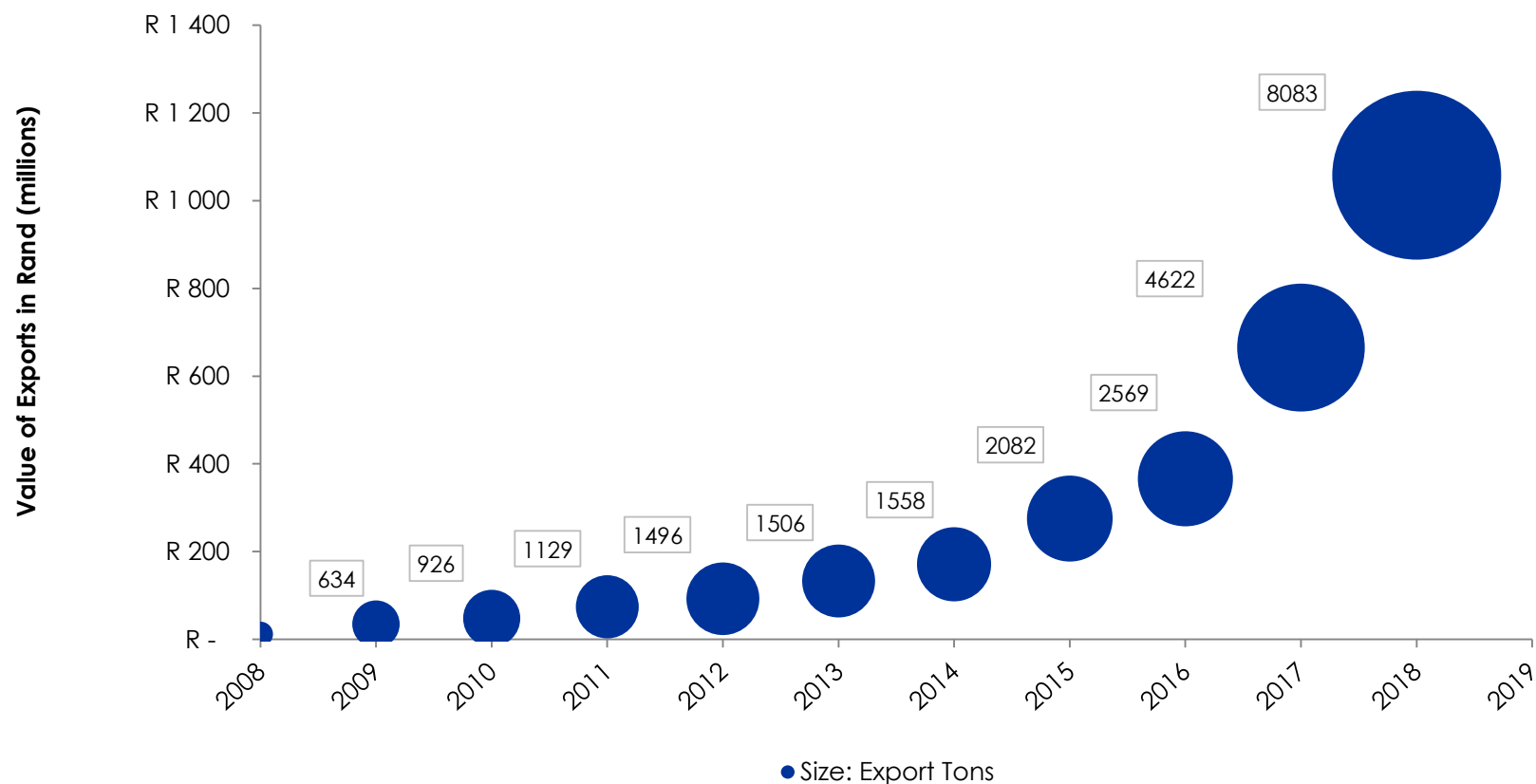
Source: Own compilation from WCDoA, 2019

Capital Items	Open-Air Value in R ('000)		Shade-netting Value in R ('000)		Tunnels Value in R ('000)	
	Soil	Substrate	Soil	Substrate	Soil	Substrate
Structures/Windbreaks	80	80	260	260	1 400	1 400
Plant Material	285	285	285	285	285	285
Irrigation System	82	82	82	82	82	82
Land Preparation	26	26	26	26	26	26
Weed-mat	72	72	72	72	72	72
Substrate + Bags	-	250	-	250	-	250
<b>Total</b>	<b>545</b>	<b>795</b>	<b>725</b>	<b>975</b>	<b>1 865</b>	<b>2 115</b>
Cooling Room Facilities	1 300	1 300	1 300	1 300	1 300	1 300
<b>Total + Cooling Facilities</b>	<b>2 390</b>	<b>2 890</b>	<b>2 750</b>	<b>3 250</b>	<b>5 030</b>	<b>5 530</b>

# Economic contribution of the industry (continued)

## South African blueberry exports to the world in volumes and value

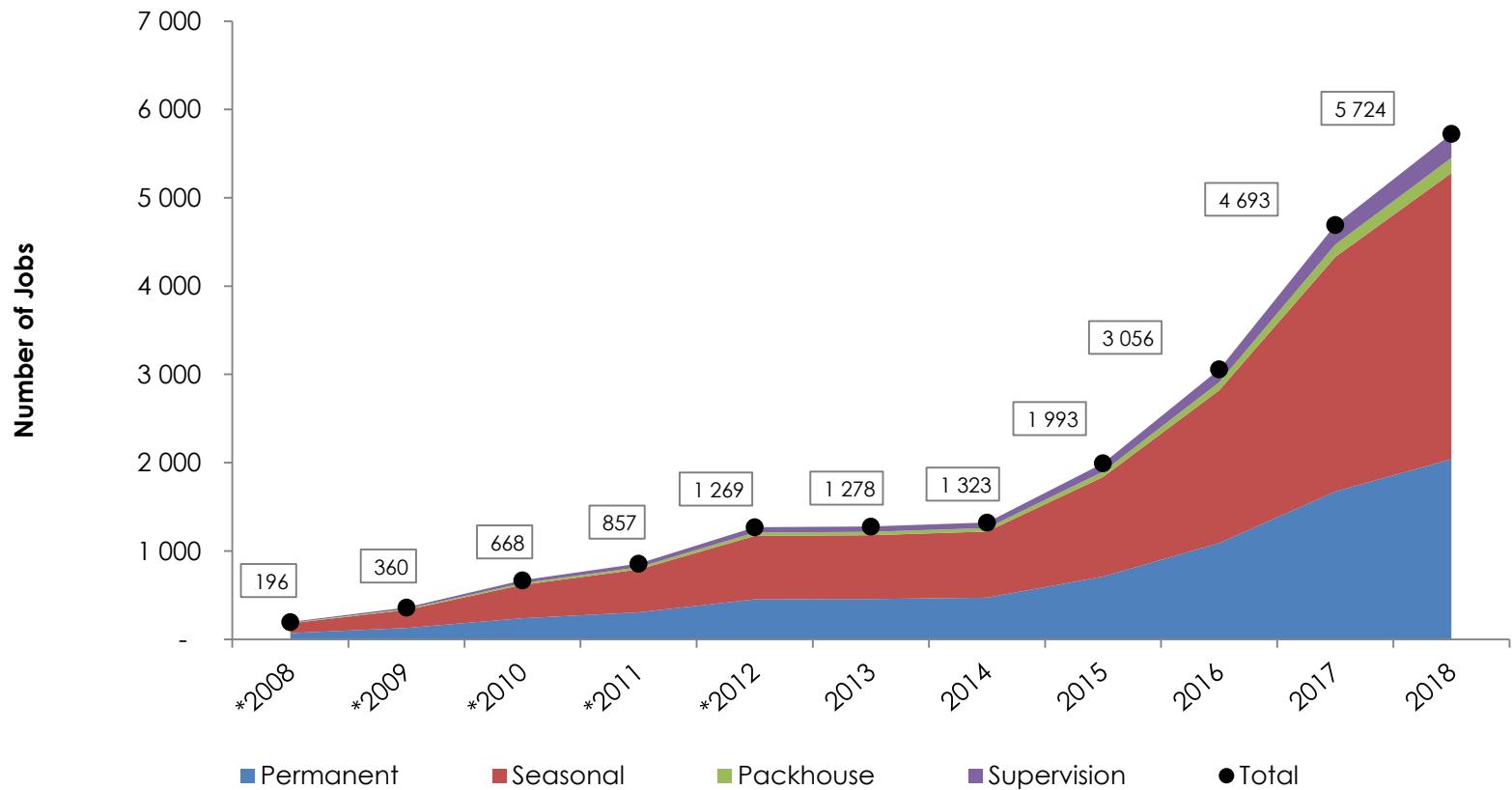
Source: SARS, 2019



# Economic contribution of the industry (cont. 2)

## Employment estimates for blueberries, 2008 to 2018

Source: Own compilation from WCDoA, 2019





# Economic contribution of the industry (cont. 3)

## Wage comparison of farmworkers for 2017

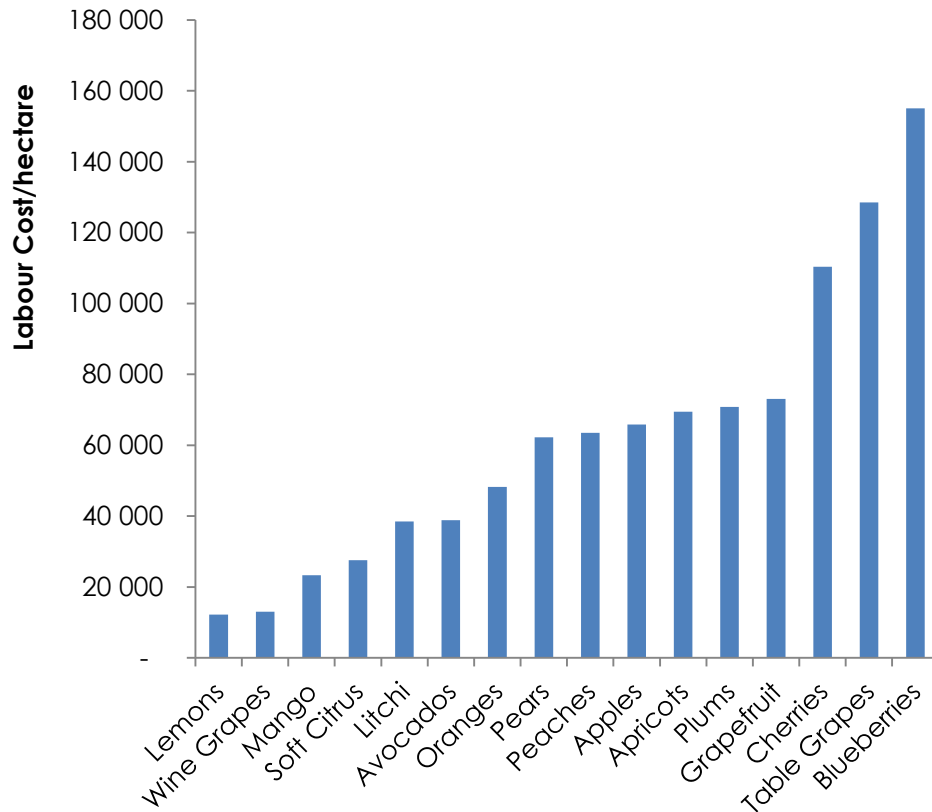
Source: Own compilation from StatsSA, 2017; SABPA, 2017; WCD<sub>o</sub>A, 2019

Worker Classification	Average Hourly Wage (R/hour)	Difference from Minimum Wage (%)
Minimum Wage: Farmworkers	R 15.39	-
South African Farmworkers all	R 14.99	-2.62
South African Horticultural Farmworkers	R 15.07	-2.10
Blueberry Farms: Seasonal	R 17.51	13.78
Blueberry Farms: Permanent	R 19.46	26.45
Blueberry Farms: Team leaders	R 60.61	-
Blueberry Farms: Production Manager	R 258.84	-

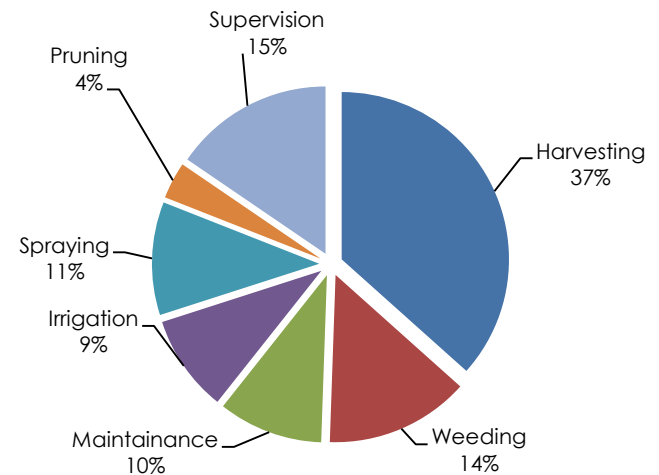
# Economic contribution of the industry (cont. 4)

## Labour cost comparison per hectare, and cost per activity

Source: Own compilation from FruitSA, 2018; WCDōA, 2019



Blueberry labour cost per activity



# Content

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**Scenarios for future growth, key challenges, recommendations**

# Scenarios for future growth

*Eventually the international blueberry industry will mature*

**Source: Own compilation from WCDoA, 2018**

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In the meantime, growers can:

- Channel profit towards acquiring infrastructure etc. and establishing more orchards (...decreasing overhead cost per unit).
- Research and practice ways of reducing input costs. WCDoA willing and able to collaborate on improving this.

# Scenarios for future growth (continued)

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## *Further export market diversification possible*

**Source: Own compilation from WCDoA, 2018**

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Ireland

Czech Republic

Spain

Germany

(...growing, relatively big, access conditions favourable)

Singapore

Malaysia

China

(...strong market potential)

Maldives

Mauritius

Botswana

(...potential secondary markets)

# Key challenges and recommendations

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## *Unbalanced exposure – export vs. domestic markets*

**Source: Own compilation from WCDoA, 2019**

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Increased and sustained efforts to grow domestic market.

Other countries will soon be competing strongly in our domestic market.

# Key challenges and recommendations (continued)

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## *Agri-BEE within the berry industry*

**Source: Own compilation from WCDoA, 2019**

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A number of excellent transformation initiatives are on-going, which includes:

- training,
- business ventures, and
- skills development.

However, there are very few independent black growers.

WCDoA willing and able to collaborate on improving this.

# Key challenges and recommendations (cont. 2)

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## *Differentiate from market competitors*

**Source: Own compilation from WCDoA, 2019**

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Eventually breakthroughs in industry prosperity will be driven by marketing, rather than further improvement in technology, production techniques etc.

SIZA participation can help with differentiation:

- ✓ SA blueberry producers are socially and ethically responsible towards their workforce and the environment.

Is this also the case for blueberry producers from market competitors?



# Contact Us



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