



**Western Cape  
Government**

Agriculture

**BETTER TOGETHER.**

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# **Market Intelligence Report: Blueberries**

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## 1. Introduction

In recent years there has been much attention placed on high-value, intensive agricultural production to lead the way in the continuous search for economic growth and job creation. Policy documents such as the National Development Plan (NDP), the Agricultural Policy Action Plan (APAP) and the New Growth Path (NGP) all point towards the need to expand export-focussed, labour-intensive irrigation farming. The Western Cape Province is particularly well-positioned in terms of achieving such agricultural development in the coming years and one of the products earmarked for its potential is blueberries. The Western Cape Department of Agriculture (WCDoA) has noted this potential with Pienaar & Partridge (2015) showing in their analysis that berries was the top-performing product according to their API index, whilst Troskie (2014) has also shown that South Africa has increased its market share by outperforming world import growth for berries in the past decade. The Department has also been investing in the so-called Alternative Crops Research Fund (ACF) since 2013 in an attempt to boost smaller industries such as blueberries.

This report will build on previous work done on alternative crops, focussing on blueberries<sup>1</sup> and specifically analysing the global markets, local production and trade performance. The analysis that follows will seek to point out potential and attractive export markets for producers, exporters and entrepreneurs to take note of. The blueberry world market has experienced significant growth in recent years, growing from R8.8 billion in 2011 to R33.7 in 2016; the equivalent of 30.8% average annual growth in value (ITC, 2018). This strong growth has also initiated substantial investment in the South African blueberry industry which has seen production respond to these opportunities, expanding the market share in world exports from 0.19% in 2008 to 1.1% in. It is exactly for this reason that proper research is needed to support decision-making in this sector going forward and to identify new markets to build on the good performance of South African producers and exporters in existing markets. The research undertaken in this report provides valuable insights into the industry and provides market information for improved and calculated decision-making for both the private and public sector in order to expand the industry.

## 2. Overview

Blueberries are fast becoming a very popular soft-skinned fruit across the world. Being rich in antioxidants and associated with various health benefits, the world market has experienced outstanding growth in recent years. This fresh fruit is also popular for juicing and used in various other uses such as processing, baking and

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<sup>1</sup> Blueberries are from the genus *Vaccinium* which includes cranberries, bilberries and grouseberries. Commercially produced blueberries are mainly that of the Northern Highbush which comes from North America.

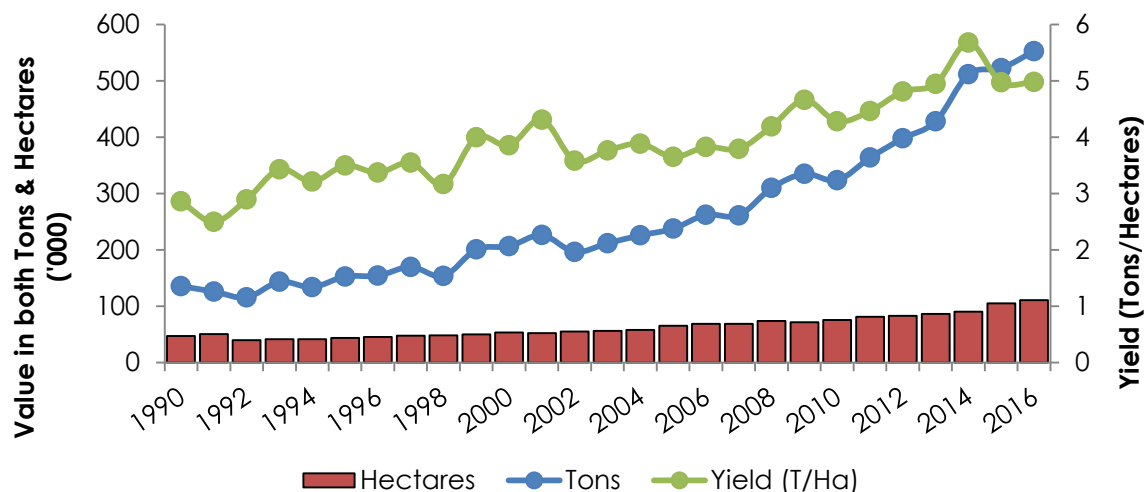
deserts. In world markets, berry products make up three positions in the top 15 fastest growing edible fruit categories. Black, white and gooseberries grew annually by 608% on average over the past 5 years, followed by raspberries (31.6%) and blueberries (30.8%) (ITC, 2018). Blueberry production is also highly labour intensive, providing on average 2.96 jobs per hectares, and highly profitable (SABPA, 2013). These factors support the argument that there is ample opportunity for this industry to grow in South Africa and to expand the export base.

### **3. Global Market**

#### **3.1 Production**

World blueberry production numbers can vary considerably depending on which source is used and the specific product chosen. Figure 1 gives the numbers of the Food and Agriculture Organisation (FAO) (2018) for both the production in tons, the hectares planted and the yield per hectare. It is clear that world blueberry production has grown remarkably over the past few decades. The increase in world production volumes were driven by both a strong increase in the area planted from 47 thousand hectares in 1990 to about 110 thousand hectares in 2016, as well as significant improvements in productivity. The yields have grown from around 2.85 to 5 tons per hectare over the same period which has boosted total output in the world to about 552 thousand tons in 2016. The data presented here is, however, questionable as many smaller producing countries, such as South Africa, are not even included in the statistics. Euromonitor's (2017) team of analysts estimate a slightly higher supply of blueberries currently at around 787 000 tons for the same year. This information is sourced from industry data and, in cases where data is not available, volumes are modelled.

Looking at world imports of Blueberries according to the International Trade Centre (ITC), the total volume was approximately 236 000 Tons in 2016 (ITC, 2018). Regardless of what source is used it is clear that global production has experienced substantial growth in the past decade which suggests increasing demand for blueberries worldwide.

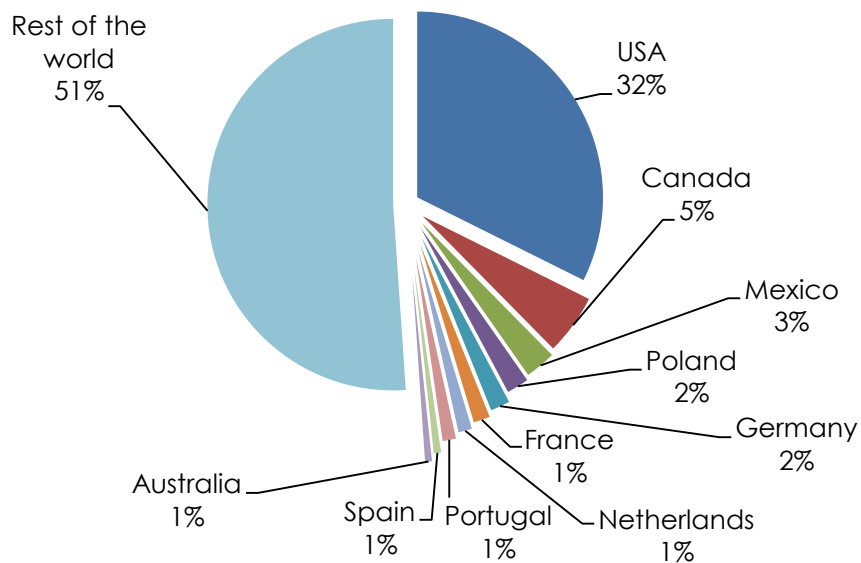


**Figure 1: Global blueberry production, area planted and yields**

Source: FAO (2017); Euromonitor (2017); ITC (2018)

The leading countries producing blueberries are given in Figure 2. The USA is the world leader by some distance producing some 32% of all output. They are followed by other leading producers such as Canada (5%), Mexico (3%), Poland (2%) and other European countries such as Germany, the Netherlands and France. Again, the data is questionable as it clearly leaves out a country like Chile which is one of the major exporters of blueberries producing around 94 000 tons in 2012 (Retamales et al., 2014).

In the recent past many countries have started to produce this high-value crop and have started to export surplus production to international markets. One such example is a country like Peru. The country's rise from virtually producing no commercial output in 2011 to having 4 000 hectares established in five years is remarkable. The country boasts the highest export growth in blueberries in this period, growing from R604 000 in 2011 to R1.2 billion in 2016. This is an unbelievable 331% average annual growth rate and Peru is just north of the world's leading blueberry exporter, Chile. Peru has managed to out-perform its neighbour in dramatic fashion with Chile's world market share declining in the same period by 2.1% (ITC, 2018). Despite the high establishment costs to enter the market, blueberries are an attractive investment for export farmers in Peru and demand from the USA, Europe and China are driving this increase in production (USDA, 2017).

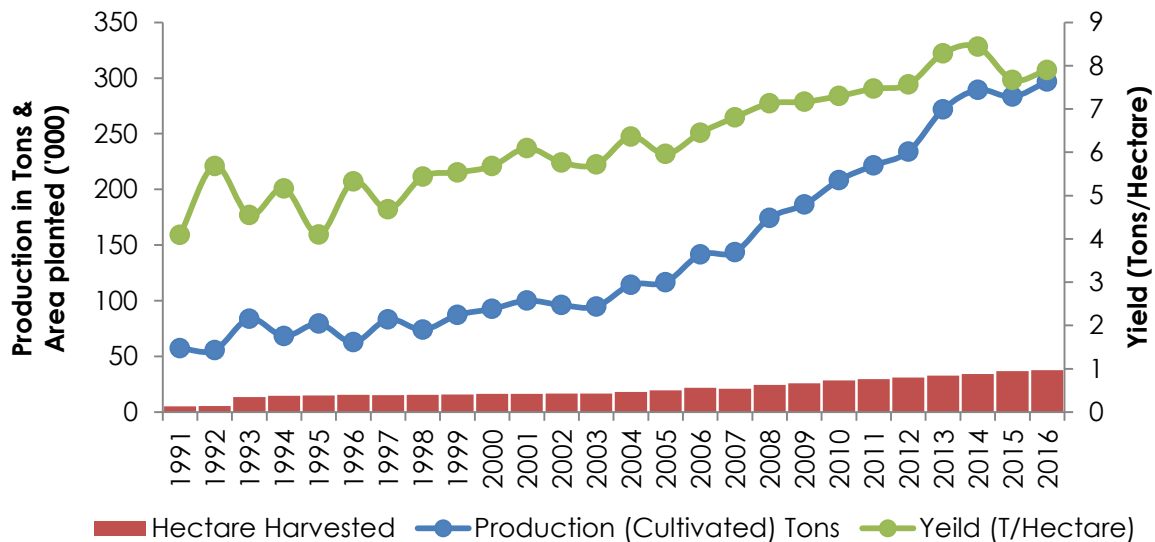


**Figure 2: Leading blueberry producing countries in volumes (tons)**

Source: FAO (2018)

As already mentioned the USA is the world's leading blueberry producer and they have very good data on their industry. Analysing this market will give a good indication of the supply dynamics. Figure 3 shows this supply-side information from 1991 to 2016. A few key insights are noted. First, the USA has seen its area planted for tame blueberries (thus not wild berries) expand consistently since 1991 (and earlier) growing from 5 300 hectares to around 37 500 in 2016 (USDA, 2013; NASS, 2016). Second, growth in the USA market has also been driven by productivity gains, with the total domestic production boosted by yield gains. The average yield per hectares has doubled from 1991 to 2016, from 4 to 8 tons per hectare. This has seen total output grow by 6.8% annually throughout this period. Naturally some states have much higher yields than listed here and there is considerable variation between different regions in the USA. For instance, the average yield for blueberries in California was about 12 tons/hectare, whilst that of Michigan State (the biggest producing state) was much lower at 5.4 tons/hectare in 2014 (NASS, 2014).

In value terms and just in the past decade, the USA blueberry market has increased from \$500 million to \$720 million. In the USA production is mostly marketed and distributed for the local fresh market with around 157 thousand tons (53%) and the rest for local processing with 137 thousand tons (47%). Of those fresh blueberries the USA exported approximately 23 thousand tons in 2016 (ITC, 2018). The structure of this market and it's dynamics are considerably different from a country such as South Africa and Chile which are primarily focussed in exporting their produce.



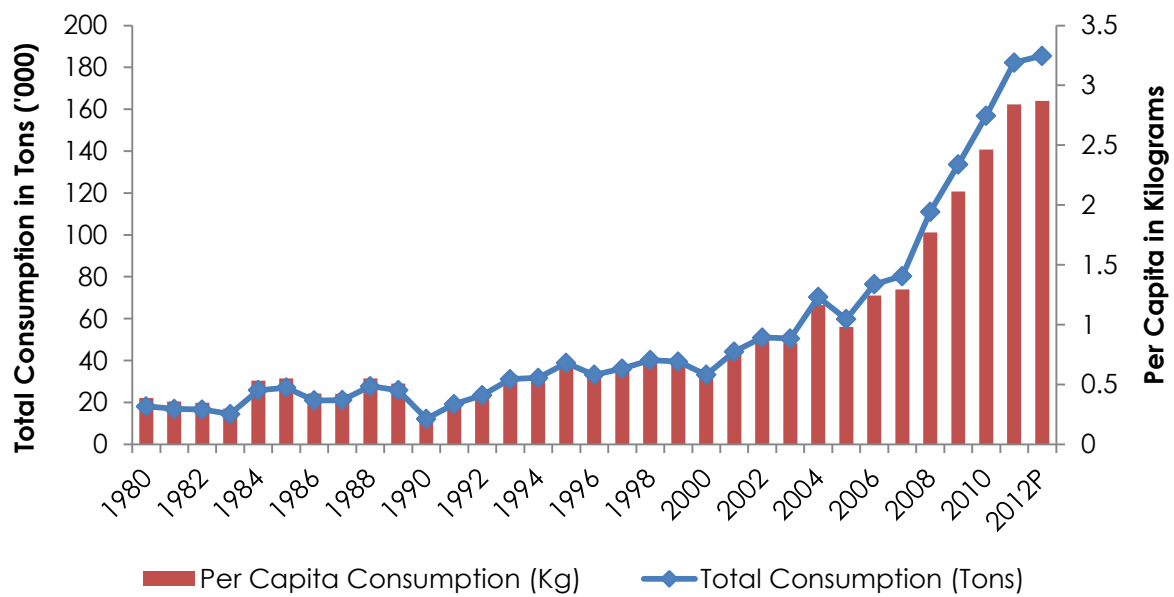
**Figure 3: USA blueberry production**

Source: Own Compilation from (USDA, 2013; NASS, 2016)

### 3.2 Consumption

The USA is also the world's leading blueberry consumer and since they also have some of the best historic data some interesting deductions can be made for the world market in terms of consumption trends. One of the major drivers of the expansion in blueberry production is due to the demand increase for blueberries both in total consumption and per capita levels. Figure 4 clearly shows this trend and it is especially in the past decade that demand for this product has grown considerably. From 2005 to 2012, total consumption (production plus imports minus exports) grew from 60 thousand tons to more than 185 thousand tons (USDA, 2013). This demand growth is also attributed to a significant rise in uses in new food products which formerly did not contain blueberries.

It's inclusion in new products has been growing significantly from 300 new products in the year 2000, to more than a 1000 new products in 2012. Blueberries were especially included in cereals, yogurts and confectionery (USHBC, 2017). Another driver of the strong demand in the USA (and elsewhere) have been the raised awareness on the health benefits of the product through which food processors want to add consumer appeal and value. Blueberries contain antioxidants and the product is associated with natural beauty products such as skincare and other uses. Furthermore, the expectation for 2018 and onwards suggests that a stronger global economy will drive consumer spending to its highest level since 2011 (Angus, 2018). These factors suggest that the blueberry market is one that will continue to grow in the medium to near future.



**Figure 4: USA blueberry consumption, 1980 to 2012**

Source: USDA (2013)

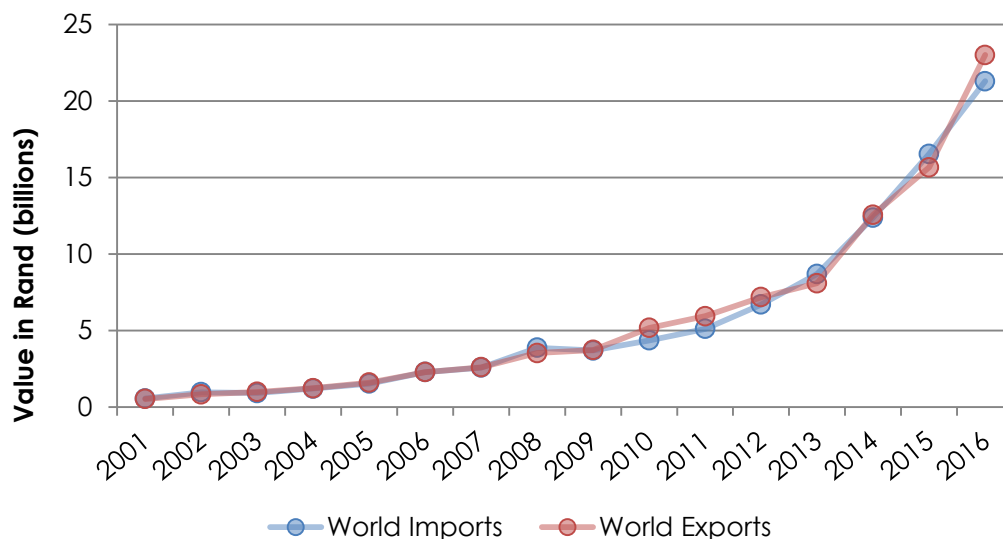
### 3.3 International Trade

The international market for blueberries is of particular importance to South African producers who are seeking to export. At this macro-economic level there are several indicators that assist in determining the potential for business opportunities in this market. The increase in world blueberry production has already been established, driven mainly by greater growth in demand for the product and products which contains blueberries. To confirm this strong growth in demand for beyond USA markets, additional evidence in world exports of blueberries<sup>2</sup> is given in Figure 5. In cases where the data could not allow for further disaggregation at the tariff-level, the statistics for the bigger group of HS: 081040 (Fresh cranberries, bilberries and other fruits of the genus *Vaccinium*) were used. It is assumed that the two biggest categories of blueberries and cranberries show similar growth patterns in world markets.

Figure 5 gives an indication the world exports and imports for blueberries. This expansion in value of both of these metrics confirms the global demand rise in blueberry consumption. World imports have grown from R549 million in 2001 to R21.2 billion in 2016 which translates into an average annual growth rate of 27% (ITC, 2018). It has been the past 5 years that the value of imports has grown the fastest.

<sup>2</sup> Blueberries are grouped in HS: 081040 and includes cranberries, bilberries and others of the genus *Vaccinium*. Some countries does not report import statistics to the detail that would have blueberries separate. Many European and North American countries do however report in more detail and blueberries are included under the *VACCINIUM MACROCARPUM* AND *VACCINIUM CORYMBOSUM* which better known as Northern Highbush Blueberry.

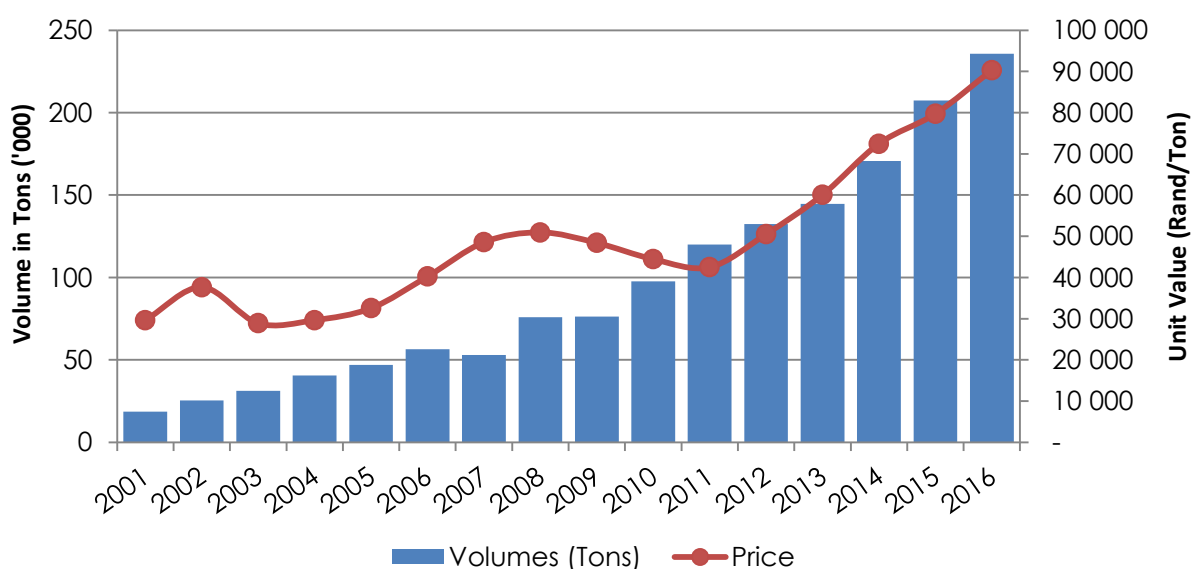




**Figure 5: World imports and exports of blueberries, 2001 to 2016**

Source: ITC (2018)

Naturally such growth can either be driven by strong price increases, higher volumes traded or a combination of both. In the case of blueberries it can clearly be seen from Figure 6 that it was both. The graph shows the volumes traded expanding from 18 000 tons in 2001 to 235 000 tons in 2016. Looking at the Unit Value<sup>3</sup> in Rand per Ton, prices have also increased substantially since the end of the financial crises in 2009/2010 and have since contributed to this exponential growth seen in terms of the value of imports over the past few years.

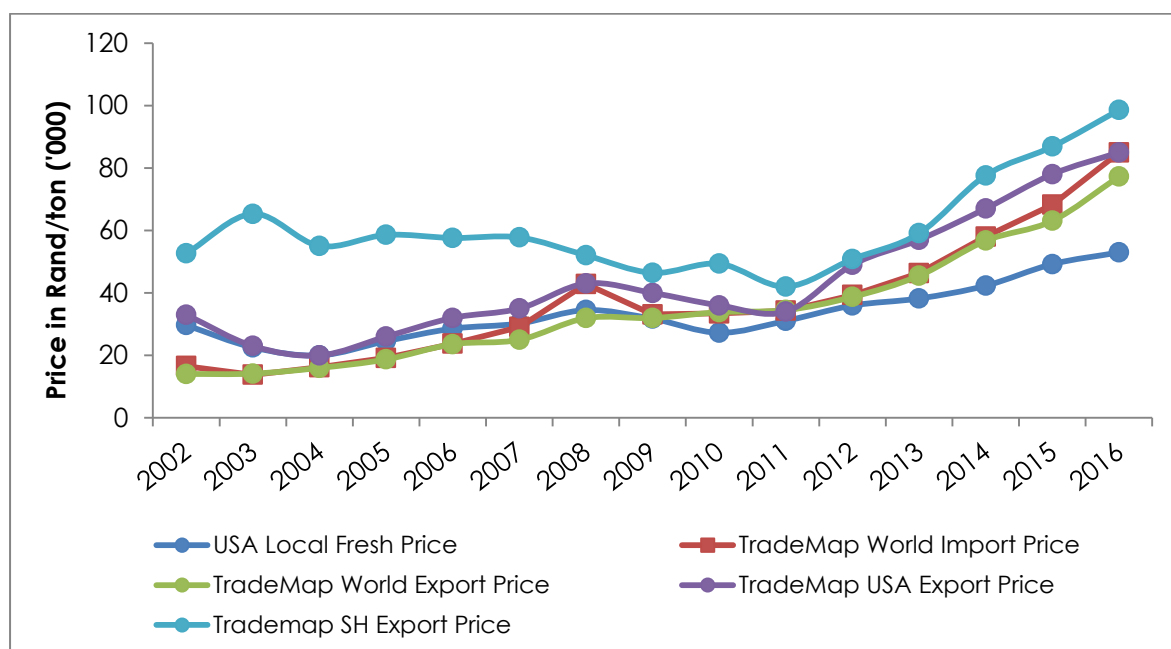


**Figure 6: World imports of blueberries, volumes and prices, 2001 to 2016**

Source: ITC (2018)

<sup>3</sup> This indicator is a proxy for prices and is calculated by using the value of imports divided by the quantity. In the past this is often used as a good indicator of average prices.

The average price of blueberries across all importing countries was R84 946 per ton in 2016 (ITC, 2018). However prices vary considerably across countries due to the structure of the market. A country like the USA which focusses on supplying its domestic market for both fresh and processing has a much lower price due to the much higher supply concentrated in North America. To get a better sense of the world price dynamics in the global blueberry market, Figure 7 gives valuable information on prices from various sources. USA local prices were generally lower than the world import price and it's clear that the Southern Hemisphere (SH) importing countries pay premium prices which are consistently higher than world prices. The main driver is the higher demand of blueberries in the Northern Hemisphere off-season. For instance, the average price at which Southern Hemisphere countries exported their produce in 2016 was R98 500 per ton, compared to the USA local price of around R50 000 per ton.



**Figure 7: World prices for blueberries, 2002 to 2016**

Source: Own Compilation from NASS (2016), ITC (2018)

The main players in international trade of blueberries are given in Table 1 with both the top 10 importers and exporters listed in terms of volumes. Chile, one of the biggest Southern Hemisphere competitors for South Africa, is currently the biggest exporters of blueberry in the world, exporting 103 thousand tons in 2016 (ITC, 2018). After Chile, the volumes drop substantially with Peru in second exporting around 27 thousand tons, followed by the USA. South Africa remains a relatively small player in the world market for blueberries with a mere 1.1% market share in world exports.

The USA is the leading importing country by some margin, importing 130 thousand tons, followed by the UK with 27 thousand tons. It is clear that these two nations are

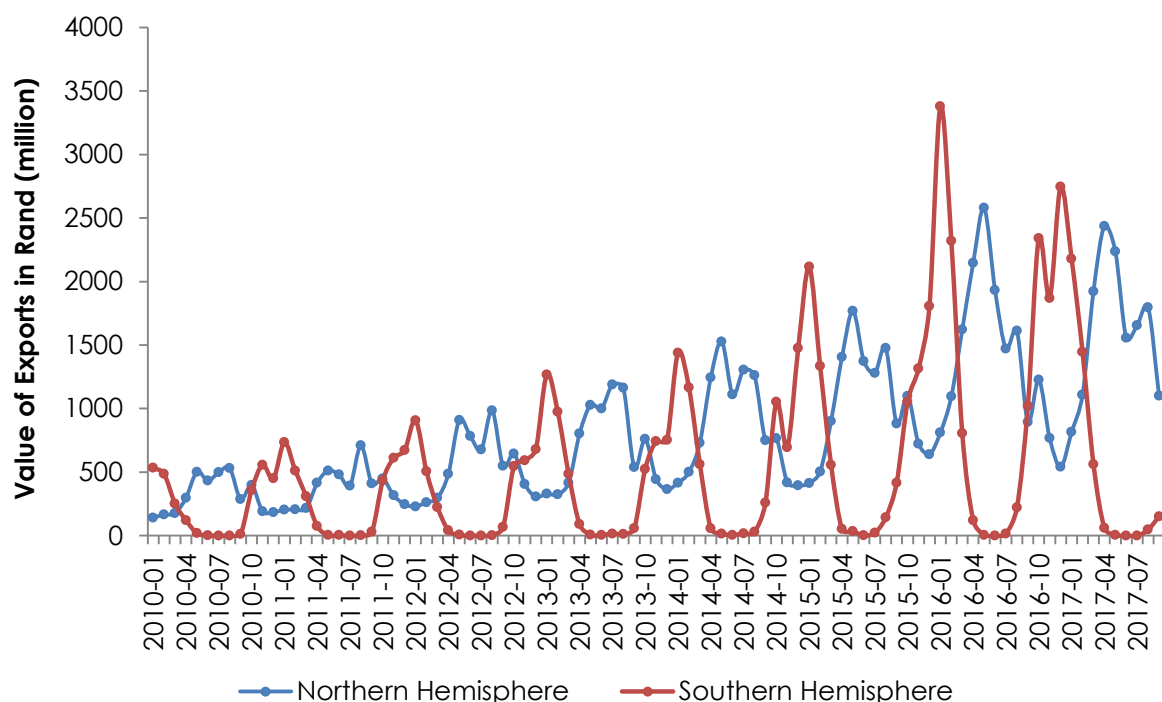
both major importers and exporters of the product and therefore play a significant role in the dynamics of these markets. The latter is also South Africa's main trading partner. The rest of the top ten are mainly made up of other European countries such as the Netherlands, Portugal, Switzerland, Spain and Belgium (ITC, 2018).

**Table 1: World leading blueberry exporters and importers in 2016**

Rank	Exporting Country	Volumes (tons)	Share in World Exports	Importing Country	Volumes (tons)	Share in World Exports
1	Chile	103 675	43.99	USA	130 327	55.29
2	Peru	27 240	11.56	United Kingdom	27 350	11.60
3	USA	22 544	9.56	Netherlands	15 994	6.79
4	Canada	21 922	9.30	China	8 734	3.71
5	Argentina	16 936	7.19	Portugal	7 355	3.12
6	Morocco	16 175	6.86	Hong Kong	7 230	3.07
7	Netherlands	11 659	4.95	Switzerland	4 670	1.98
8	Mexico	8 380	3.56	Norway	4 017	1.70
9	Hong Kong	4 779	2.03	Spain	2 716	1.15
10	Poland	3 415	1.45	Belgium	2 589	1.10
11	South Africa	2 569	1.09	-		
	Total Exports	235 695		Total Imports	235 695	

Source: ITC (2018)

The fact that major importers are geographically concentrated in the Northern Hemisphere bodes well for South Africa. The country's Northern counterparts demand big volumes of blueberries in their off-season exactly at the time when Southern hemisphere can supply these markets. Figure 8 highlights these dynamics, clearly showing the indirect relationship in export values for the different months during each year. Traditionally, the major producing regions such as the USA, Canada and Europe supply world markets with blueberries during the peak of production from around April to August. Then, when these parts of the globe generally enter colder winter periods, the Southern hemisphere countries supply blueberries to their Northern counterparts with October to March peaking. This creates market potential for South African blueberry exports, and it is encouraging to see that there is ongoing and strong growth of Southern Hemisphere exports.



**Figure 8: World Exports of Blueberries (HS: 081040) per Hemisphere**

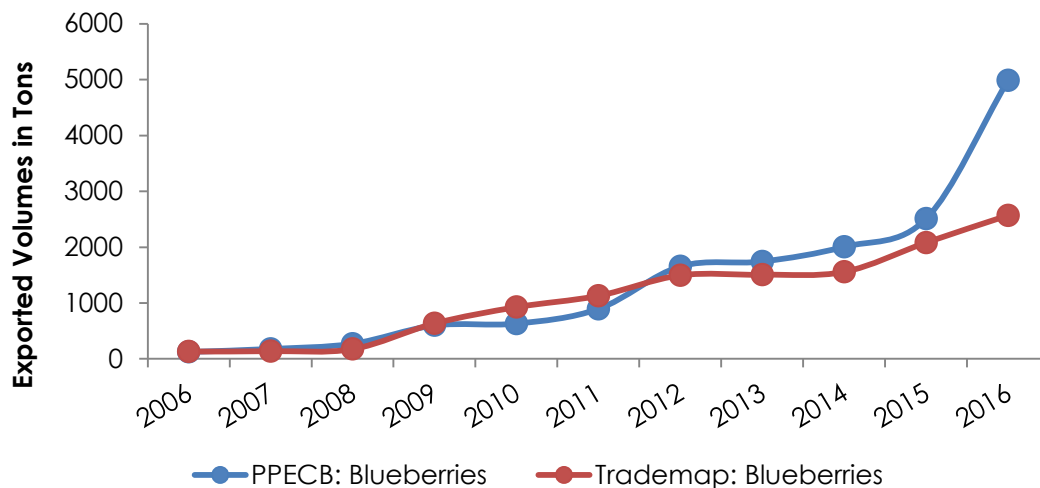
Source: ITC (2018) & Own Compilation

#### 4. The South African Blueberry Industry

The South African berry industry has experienced considerable growth in recent years. Statistics recently compiled by Hortgro and the South African Berry Association (SABA) give some valuable insights on blueberry production across South Africa. Production is concentrated in the Western Cape with 68% of all berries produced in the Province (Hortgro, 2017). As expected, around 70% of all South African blueberries are destined for the export market and the estimated total production for the 2015/16 season was 3 135 Tons. The local market utilises 16% of fresh sales, with the rest entering the agri processing segments downstream in agricultural value chains. These numbers align well with the exported volumes from the two available sources given in Figure 9, and adds to the evidence that strong growth in production has taken place in the past few years (ITC, 2018; PPECB, 2017). In the past decade, blueberry exports have grown from a mere 124 tons in 2006 to more than 4 900 tons in 2016; an average annual growth of 44% over this period. The deviation between the two sources for the 2016 volumes needs further assessment.

In terms of hectares under production, the WCDoA's Flyover project (2013) shows that there were at least 463 hectares of blueberries planted in the Western Cape in 2013 and more recent industry statistics suggest that the area planted is substantially higher. It is believed that there is now a greater coverage of all blueberry producers in the country and that there has been some expansion in the past few production

seasons, leaving the area planted in South Africa at around 970 hectares and possibly more (Hortgro, 2017). The other major berries produced in South Africa were raspberries with 197 planted hectares, followed by blackberries with 46 hectares (Hortgro, 2017).



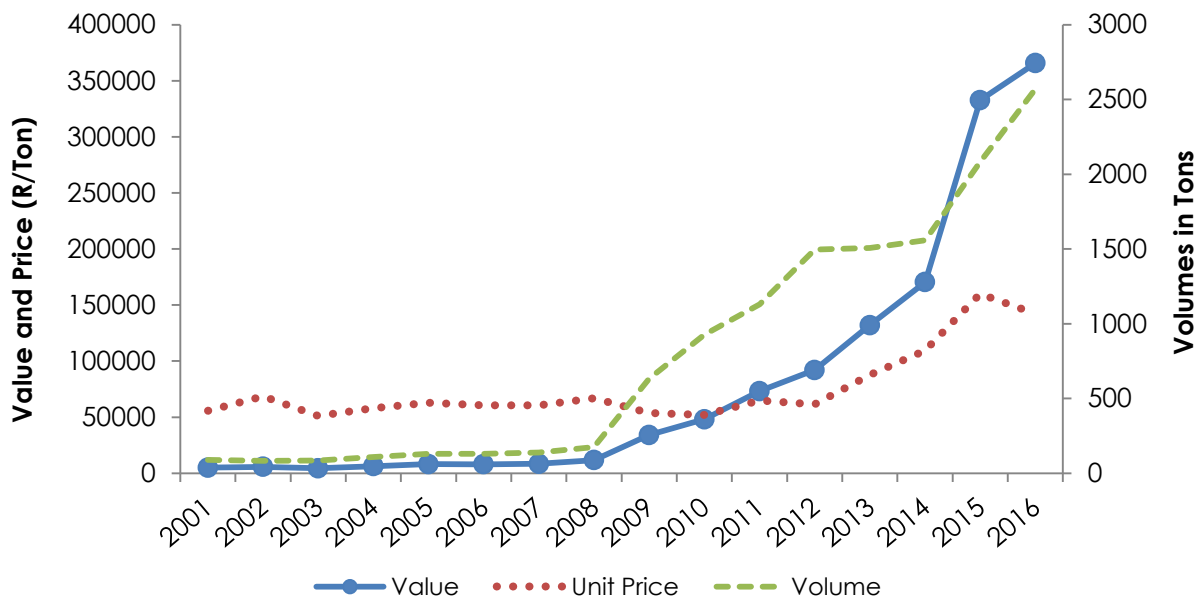
**Figure 9: South African Blueberry (HS: 081040) export volumes in Tons**

Source: ITC (2018) & PPECB (2017)

According to Hortgro (2017) orchard establishment of blueberries has been speeding up with almost 50% of all orchards having an age of less than three years. The preferred production systems to grow blueberries is under shade netting (43%), followed by open field (40%) and tunnels (17%). The majority of plants are planted in the soil as a permanent crop.

## 5. South African Export Performance

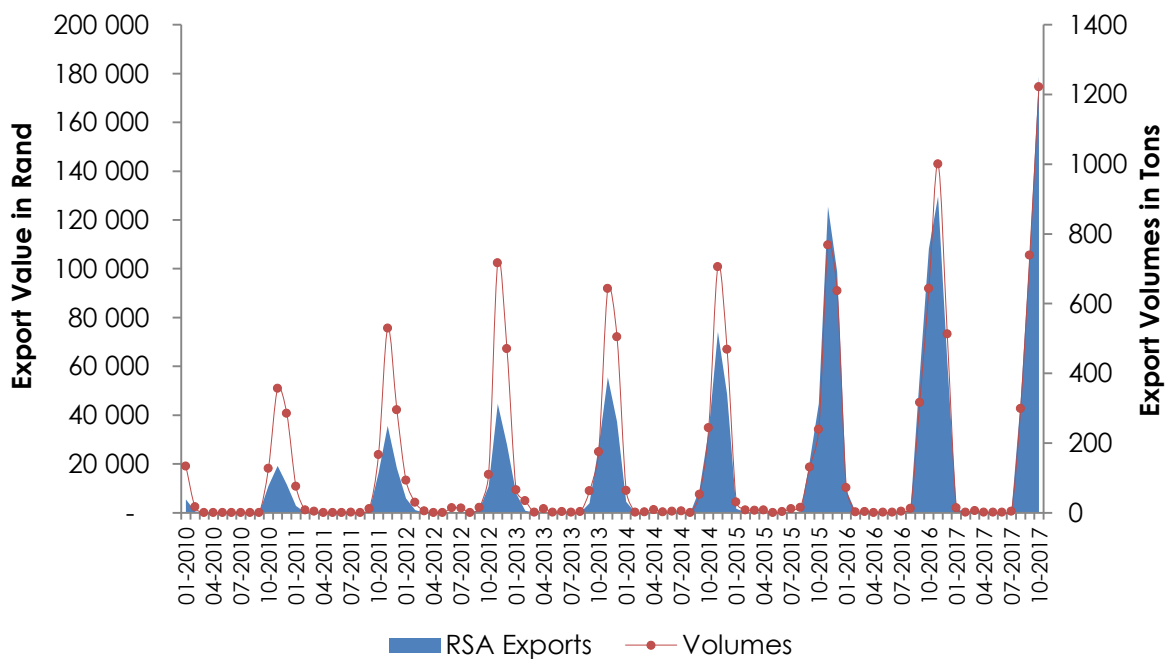
This section will focus on the current trade performance of South African blueberry exports. Whilst strong growth has been seen in the value of exports, it would be of value to determine what the main drivers were: price, volumes or both? Figure 10 provides the required information, revealing that the growth in the value of exports is driven by both strong price increases as well as volume expansion. Again, using the unit values as a proxy for prices per ton, one can clearly see from the red dotted line that the price has surged after more or less a decade of stable prices. Since 2012, prices have grown from R61 515 to a peak of R160 000 per ton in 2015 before dropping back slightly to R142 000 in 2016 (ITC, 2018). This increase is both due to the demand increase for the product, but also heavily impacted by the relative weakening of the South African rand over time. As already noted in Figure 9 there was also a major shift in production which has enabled export volumes to increase significantly from 2008 to 2017.



**Figure 10: South African Blueberry Exports in Value, Volume and Unit Prices**

Source: ITC (2018)

Looking at the annual data does not tell the full story. The most recent market information is given in Figure 11 below which provides the same information, but measured on a monthly frequency. There is clear evidence that South Africa's blueberry export performance has been continuing its good run, with the combined monthly value of exports for August to October of 2017 reaching R330 million compared to the R165 million for the same months of 2016 (ITC, 2018).

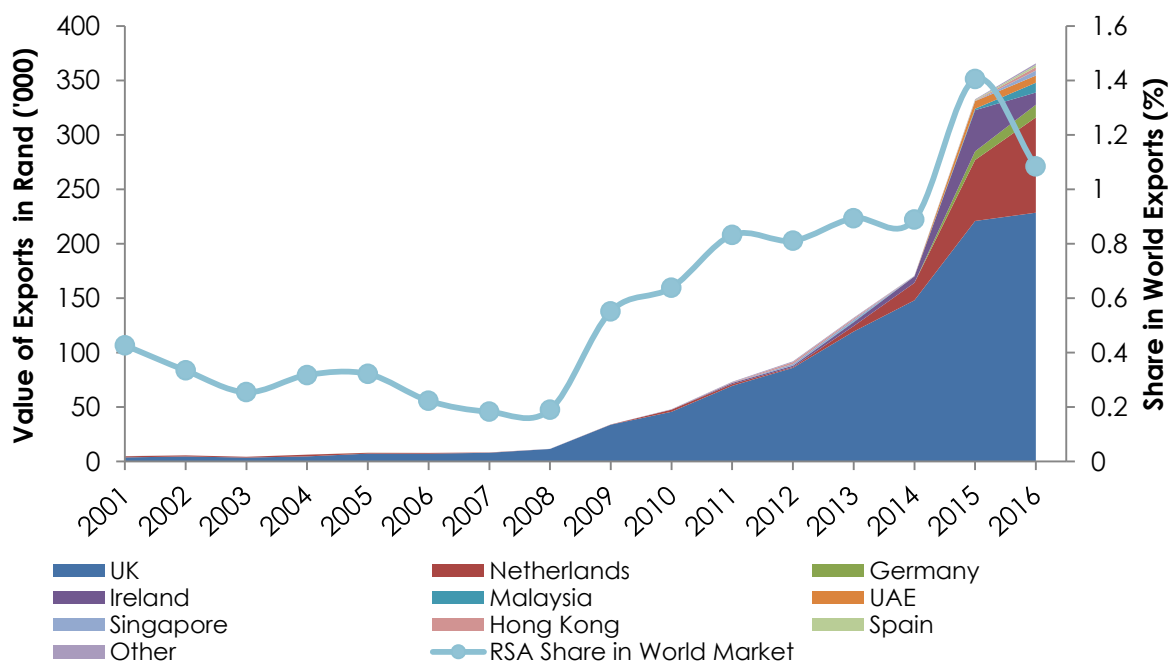


**Figure 11: South African Blueberry Exports in Value, Volume and Unit Prices**

Source: ITC (2018)

The same applies to the volumes exported for 2017 already delivering on 2 287 tons with the numbers for the biggest month, November, not yet included. If one assumes we export the same volumes for November and December as in 2016, total exports for this year could reach around 3 800 tons.

South Africa's main markets for blueberry exports are given in Figure 12. The United Kingdom (UK) is South Africa's main market, importing blueberries valued at R228 million in 2016. This was 62% of all imports. The Netherlands were the second largest market with R88 million. Encouraging signs for the berry industry is the sudden emergence of new markets such as Germany, Malaysia, the UAE, Singapore and Hong Kong. Again, if one looks at the 2017 values which do not include the 4<sup>th</sup> quarter, usually the biggest quarter, the trend continues. The German and Irish markets have already imported more than double the amount cited in 2016 with R27 million and R22 million respectively. The export values for Hong Kong also continue to grow with a year-to-date value of R8.4 million, substantially higher than the R3.1 million for the entire 2016. Thus, these are strong growth markets which could see further growth in exports in the coming years.

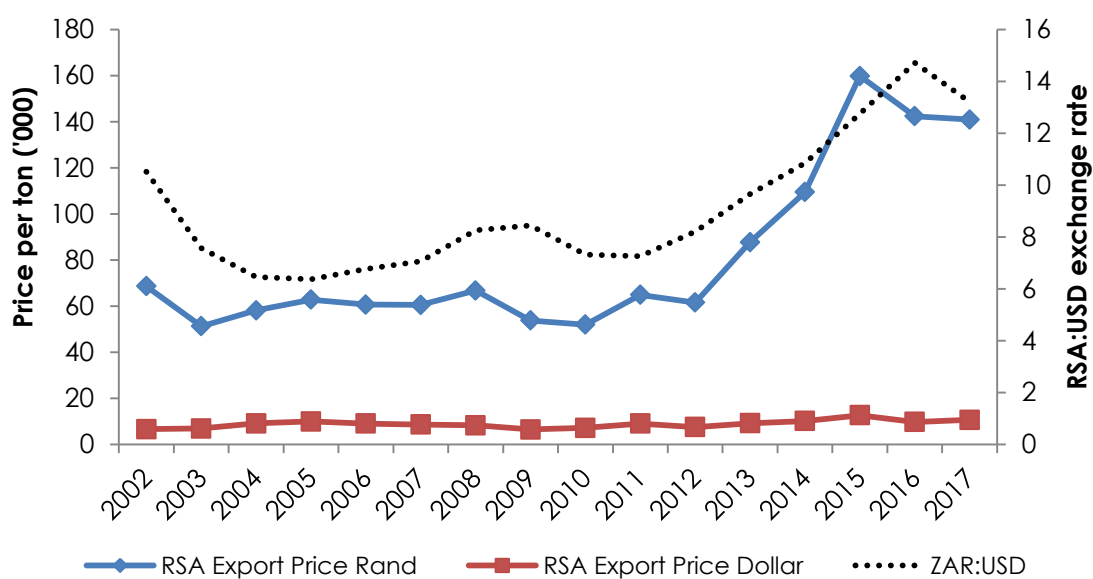


**Figure 12: South African Blueberry Importers by Value**

Source: ITC (2018)

The line in Figure 12 gives South Africa's share in global blueberry exports, measured on the right-hand axis in dollar terms to take out the impact of exchange rate fluctuations. Clearly, South Africa has been increasing its market share substantially from 0.19% in 2008 to 1.1% in 2016 (ITC, 2018).

Finally, another important factor influencing the blueberry industry is exchange rates. As the industry is mainly exporting fruits to Northern Hemisphere countries, the relative strength of the rand can heavily impact the profitability in any given year. Figure 13 shows South African blueberry export prices to the world measured both in rand and dollar terms. Then, on the right axis, the dotted black line gives the rand-dollar exchange rates over time. Clearly evident here is the weakening of the rand impacting the price received for blueberry exports in South Africa, whilst the dollar price remained relative stable. It is expected that prices will be under pressure in the coming months as the South African rand has strengthened to record levels due to impending political changes in the country which has seen the rand trading at R12 to the dollar.



**Figure 13: South African blueberry prices against the exchange rate**

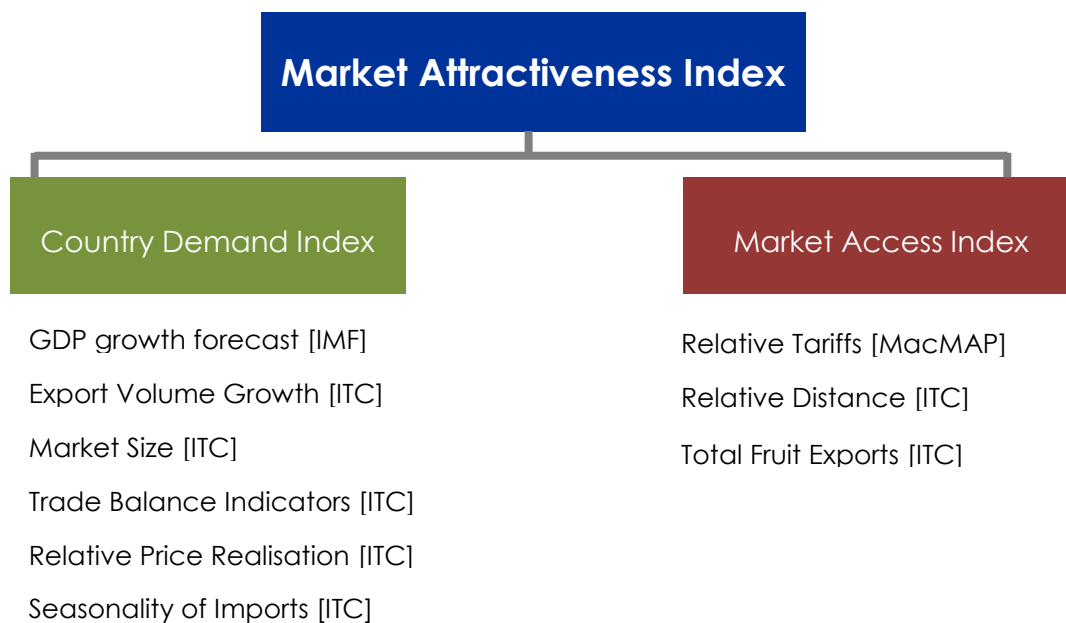
Source: ITC (2018)

## 6. Attractive Market Opportunities

The final section in this report will seek to analyse world markets for blueberry exports in terms of their attractiveness. To do this, potential market destinations for South African producers will be listed according to the Market Attractiveness Index (MAI) from the International Trade Centre (ITC). This uses the simple methodology of using a composite index, formed when combining various individual indicators into one single indicator. In this case it includes various factors that indicate increased opportunities for exports from South Africa (OECD, 2004). The indicators included in the augmented MAI are illustrated in Figure 13 below. The new approach includes aspects in determining the Country Demand Index such as seasonality of imports, market growth and the relative price realisation in the prospective importing country. Thus the augmented index is more realistically associated with agricultural



products. The Market Access Index remains unchanged and includes tariffs, distance advantages and total fruit trade.



**Figure 14: The Market Attractiveness Framework and Indicators**

*Source: Own Compilation*

The results from the MAI analysis give a relative framework to identify attractive markets based on the selected criteria. The final index is a weighted average between all of the indicators based on the relative importance the author assigned to each<sup>4</sup>. The interpretation therefore suggests that any of the top markets identified could be attractive markets where exporters can do further detailed analysis for each country in order to compile a robust exports strategy.

### **6.1 MAI Results**

The top 20 attractive markets for blueberries are highlighted in Table 2 below which gives the final MAI index value (0-100) as well as some additional indicators to benchmark these findings. The results show that Hong Kong, the Netherlands and the UK were the top three most attractive markets identified. These markets are all existing marking for South Africa and have had really strong import growth over the past 5 years. The UK remains a very attractive market for South Africa with import growth of 36% and is the second biggest importer of blueberries in the world. South Africa has seen its exports to the UK grow by 122% since 2011 and together with expanding and new European markets will remain a key market going forward.

<sup>4</sup> These are given in the Appendix

**Table 2: The MAI results**

#	Country	Weighted MAI	Value of World Import 2016	World Import Growth, 2011-2016	Value of RSA Export 2016	RSA Annual Export Growth, 2011-2016
1	Hong Kong	51.31	729 058	46.96	3 078	53.01
2	Netherlands	48.15	1 973 128	46.75	87 538	122.15
3	United Kingdom	47.52	3 116 090	36.19	228 496	26.87
4	Ireland	46.54	79 756	62.90	11 182	59.21
5	USA	45.72	12 804 061	34.68	-	-
6	Singapore	45.65	237 304	40.68	4 617	31.82
7	Czech Republic	43.28	11 988	-	-	-
8	Malaysia	43.10	44 289	88.27	9 028	264.66
9	China	41.41	1 149 366	126.46	-	-
10	Maldives	42.44	4 397	37.81	-	-
11	Mauritius	42.37	703	42.19	513	77.64
12	Botswana	41.68	205	124.99	220	49.97
13	Bahrain	39.42	3 664	46.20	-	-
14	Switzerland	37.82	695 277	55.28	-	-
15	Israel	37.76	2 843	-	-	-
16	Spain	37.42	234 695	82.27	1 993	73.77
17	Germany	37.41	264 431	21.14	11 622	20.98
18	Japan	36.32	357 699	10.95	-	-
19	Taipei, Chinese	36.14	173 449	37.77	-	-
20	Belgium	36.12	266 761	17.22	-	-

Source: Own Compilation

Investors should pay particular attention to markets such as Ireland (4<sup>th</sup>), Czech Republic (7<sup>th</sup>), Spain (16<sup>th</sup>), Germany (17<sup>th</sup>) and Belgium (20<sup>th</sup>). These non-traditional markets for South African blueberries could provide significant potential in the coming years as these have all shown strong growth, are relatively big markets and market access conditions are comparatively favourable.

A few attractive option in Asia are also listed with Singapore, Malaysia and China all showing strong market potential. It is especially the former two that have become important new markets for South Africa. As is the case in the European markets, South Africa will be competing against the likes of Chile and Peru who are also seeking additional markets around the world.

The USA is included in Table 2 as an attractive market mainly due to the size and its strong import grow. South Africa is not currently exporting any blueberries to the USA which is strange due to the exclusion of blueberries under preferential tariff agreement of AGOA. The USA market is mainly served by Chile, Canada, Mexico and Peru which has a distinct distance advantage over South Africa. This is especially true for Canada and Mexico which has special tariff arrangement under

the North American Free Trade Agreement (NAFTA). Seeing that world production is also concentrated geographically between these Western nations, it will be difficult to access the USA market due to the relative cost associated with delivering the product competitively. This again highlights the preference for European and Asian markets for South African exporters.

Some additional attractive markets listed in Table 2 with are comparatively smaller, but still having potential, were nations such as the Maldives (10<sup>th</sup>), Mauritius (11<sup>th</sup>) and Botswana (12<sup>th</sup>). These could be attractive secondary market options for South African blueberries once the bigger, more traditional markets, become saturated. The latter two are also very close in proximity and South Africa therefore has a distinct distance advantage in these markets.

Chinese Taipei (also known as Taiwan) was the final country on the Top 20. This market has grown considerably in recent years. However, South Africa has since the end of Apartheid aligned its foreign policy and bilateral engagements to favour the Republic of China at the expense of increased trade with Taiwan.

## **7. Conclusion**

This report aimed at providing additional market intelligence to support alternative crops, and in this case specifically the blueberry industry. In the past few years the expansion in production both in volumes and area planted indicate that this growing industry can add significant economic value to the Western Cape economy and add additional jobs in the agricultural sector.

This report has highlighted the current trends in the global supply of blueberries that have been driven by a very strong demand increase for the product across the globe. This demand growth is based on per capita consumption increasing with health conscious consumers demanding more healthy options, whilst blueberries are also included in many new products ranges as a secondary ingredient. More people are also starting to consume blueberry products for the first time, driving total consumption considerably higher over the past few years.

World imports have grown substantially as more countries responded to this higher global demand for blueberries and have started to produce surplus. World imports have grown from R549 million in 2001 to R21.2 billion in 2016 which translates into an average annual growth rate of 27%. It was especially in the past five to six years that the average price levels for a ton of blueberries have increased significantly. The analysis has also shown that Northern Hemisphere countries are willing to pay premium prices for blueberries in their off-season. This provides Southern Hemisphere producers such as Chile, Peru and South Africa critical market opportunities. With average prices of R98 500 per ton and average yields comparable to that of the

USA at around 8 tons per hectares, the blueberry market provides ample opportunities for high net-returns.

South Africa has also expanded its production capacity with around 70% of all blueberries exported. The volumes of exports have increased significantly from less than 131 tons in 2006 to more than 2 500 tons in 2016. Immediate evidence suggests that this value will increase even more when the final trade statistics for 2017 are released. In terms of trade performance, South Africa has also done well, growing its share in the world market from 0.19% in 2008 to 1.1% in 2016. It has especially grown its exports to the United Kingdom, and more recently new markets such as Hong Kong, the Netherlands, Germany, Malaysia, Ireland and Singapore opening up that are driving export growth

Finally, the results of the Market Attractiveness Index reveal important dynamics about opportunities for South African blueberry exporters. Several potential markets were identified which showed strong performance. The blueberry industry should both prioritise and expand exports to existing markets, whilst at the same time look to develop the newer markets. This will enable the industry to diversity products away from depending solely on countries like the UK and the Netherlands and will limit the risks if these markets suddenly become saturated or less accessible. All indicators, however, point to a market that is still growing in order to meet the demand that is still much higher than supply.

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## Appendix

**Table 3:** Relative weighting used in MAI analysis

Indicator	Weight (%)
Country demand index	21
Seasonality	15
Unit Price Index	15
Tariff preference index	10
Distance index	10
Existing trade index	10
Market size index	10
Trade balance index	3
Change in trade balance index	3
Expected GPD index	3
Total	100

### **DISCLAIMER:**

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