

Africa lifts SA fruit and veg retailers

By [Shannon Sherry](#)

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African markets to the northern parts of SA are proving lucrative for local fruit and vegetable retailers, with business accounting for at least 10% of turnover for the sector.



Johan van Deventer told the Produce Marketing Association conference in Cape Town on Thursday (15 August) that half of the apples that were grown in SA were going into Africa" This was up from just 10% a decade ago.

"Can't you just smell business?" he asked the audience. "Let's not sit here, let's go and plant those trees."

Van Deventer, who is the managing director of Freshmark, said the political transition in 1994 had opened up Africa for South African businesses. Certain African markets had the potential for strong economic growth.

But he warned local businesses venturing into Africa to be careful. "Africa is not so easy - there could be crocodiles lying in wait for you," he said.

He said factors in Africa's favour were the increasing political stability on the continent and expected economic growth of 10%-plus even though it is off a low base. "In addition, an emerging middle class that will spend between 20% and 30% more of its income on food makes Africa attractive to food producers," he said.

Alternative is to farm in Africa

But it was often more viable for local retailers to grow crops in other African countries rather than export locally grown produce and try to sell it at high prices. "We have made small starts in growing food locally in many countries, involving small local farmers," Van Deventer said.

"Often there are no seeds there, so we smuggle (them in)," he added.

The association's global president, SA-born Bryan Silbermann, said the growth in demand for fruit and vegetables in Africa was averaging 6.8% a year. "This rate," he said "was the highest in the world."

Van Deventer said SA's black middle class was now economically stronger than its white counterpart and this provided a

bonus for food retailers because it more had than doubled their potential customer base,

Fresh produce marketers in SA had an opportunity to grow as besides the increase in the black middle-class, it was undeniable that in an increasingly health-conscious and anti-obesity world, fruit and vegetables were good for you and consumption was increasing.

"Consumers still regard fruit and vegetables as offering value for money, but there is fierce competition, not just on price but on quality, freshness, convenience, safety and merchandising," Van Deventer said.

For SA, the African market was supplementary, but had the potential to offer an alternative to the traditional European export markets for fresh produce. "We are blessed," said Van Deventer. "We are in the right place, at the right time and in the right industry."

Source: Business Day via I-Net Bridge

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