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Prioritisation of South Africa's orange export markets in the Far East – 6 July 2016

- Far East markets remain one of the most important areas of strategic expansion for the South African fresh produce industry. South Africa exported **103 802 tons** of oranges in 2015 to Indonesia, Japan, Korea, Viet Nam, Thailand, China and Hong Kong, combined.
- Of this volume, **87 728 tons** (or **85%**) went to China and Hong Kong, making the two markets the cornerstone of South Africa's Asian market (**figure 1**).

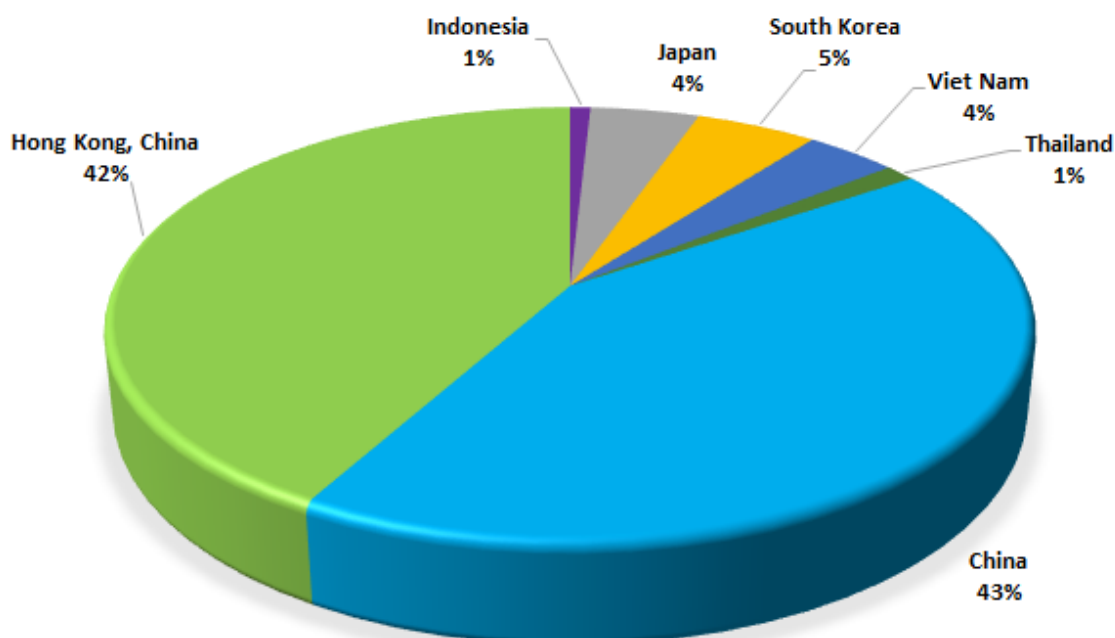


Figure 1: Composition of South Africa's orange exports in selected Far East markets

Source: Agbiz Research, International Trade Centre (2016)

- Between 2011 and 2015, South Africa's market share (from an export value perspective) averaged **6%** across the selected Far East markets. More specifically - Indonesia (**8%**), Philippines (**12%**), Japan (**1%**), South Korea (**0.9%**), Viet Nam (**10%**), Thailand (**22%**), China (**1%**) and Hong Kong (**0.8%**) (See **figure 2**).
- Over the period 2011 and 2015, the largest market, in terms of value, has been Hong Kong (**US\$207 million**), South Korea (**US\$185 million**), Japan (**US\$127 million**) and China (**US\$120 million**) (**figure 2**).

- Indonesia, Vietnam, Philippines and Thailand are relatively smaller markets, with average import values of **US\$21 million**, **US\$15 million**, **US\$13 million** and **US\$7 million**, respectively.

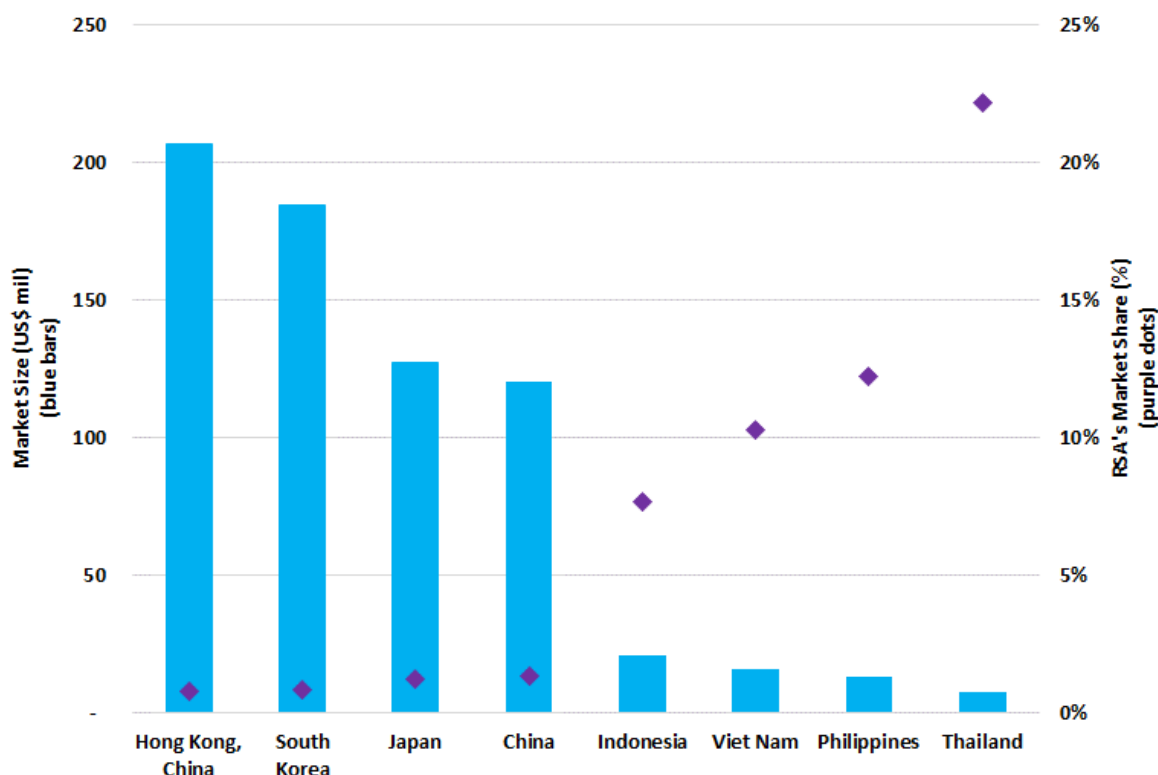


Figure 2: Market size and South Africa's market share in selected Far East markets

Source: Agbiz Research, International Trade Centre (2016)

- Figure 2** shows that South Africa has a higher market share in smaller markets, and a lower market share in larger markets. South Africa has a **weighted average market share of 1% in the larger markets**, and a **weighted average market share of 11% in smaller ones**.
- Using a market attractiveness index (MAI), we found that three of the four larger markets ((1) **Hong Kong**, (2) **China**, (3) **South Korea**) are the most attractive markets for South Africa's orange exports.
- Relatively smaller markets such as Philippines, Viet Nam and Indonesia are ranked fourth, fifth and sixth, respectively. Japan is the seventh attractive market, and Thailand the least attractive among the list considered countries.
- Figure 3** ranks the markets according to attractiveness and South Africa's market share expressed as the value of South African imports as a proportion of the country's total imports for oranges.
- Using the sample's average as cut off points, **we determine that a market attractiveness index of 66 points and a market share of 7% are the thresholds that define high versus low attractiveness and market share, respectively**.
- The size of the bubbles reflect the overall market size of the countries in the sample.

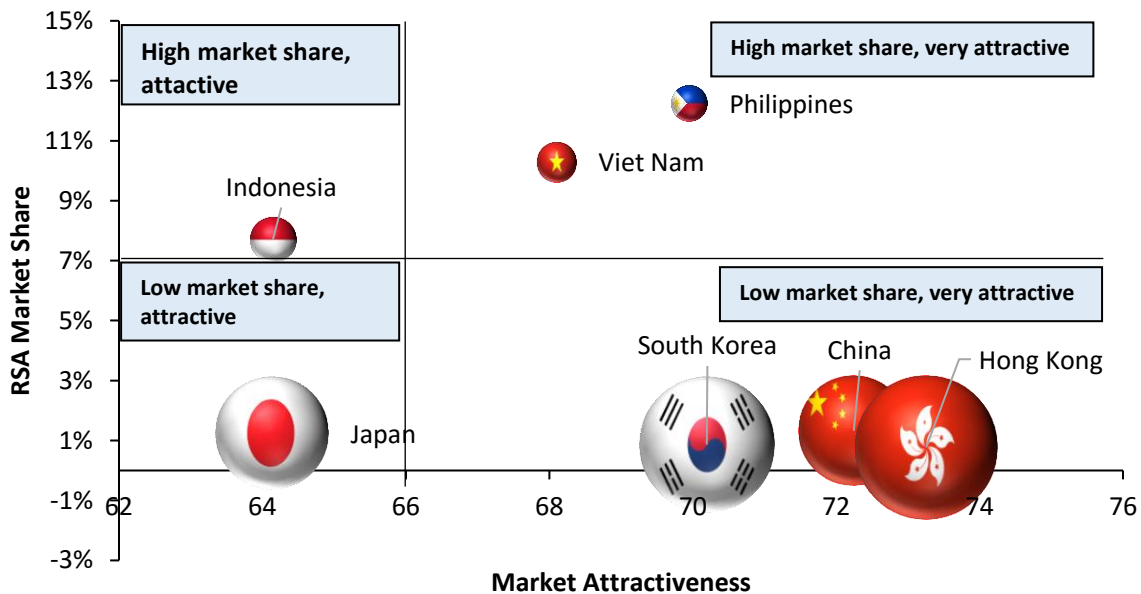


Figure 3: Market attractiveness – market share matrix

Source: Agbiz Research, International Trade Centre (2016)

Concluding Remarks

- Our considered opinion is that **South Korea, China and Hong Kong are the most attractive markets**, where South Africa's market share has great potential for growth.
- Despite their relatively small size, Philippines and Viet Nam are also very attractive markets, in which South Africa can maintain or grow its market share.
- Indonesia and Japan are relatively attractive markets, with the former having a high market share, and the latter a low market share.
- Thailand is not shown in **Figure 3**, because it is considered less attractive, as it is a small market, with a low market attractive index score. South Africa's market share, is nonetheless, relatively high (22%).

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