



S A Fruit Juice Industry

August 2014

Given the development on the African Continent, it is evident that all organizations will feel the impact of what is happening in Africa - a source of supply; as a market; and as an investment opportunity; or as a place from which to export. There are so many interesting aspects to this movement such as for instance the role and future positioning of South Africa given the faster rate of development elsewhere and on the other hand its maturity and inclusion in BRICS.

This is evident in the nature and scope of business activity and for instance following the AB7 Trade Exhibition at the Gallagher Convention Centre in Midrand in June, the IFEA (Africa's international food & drink event) is scheduled for Sandton in November.

The current consumption of fruit juice products in South Africa also indicates potential for long term growth. Whilst the consumption in the USA and Germany is approximately 44 litres per capita, that of South Africa is approximately 12 litres per capita. Figures in the rest of Africa are difficult to obtain, but one can only assume a wider potential gap. This will of course require increased income per capita. In this regard Professor Barnes of Durban projects that the 2010 income level in South Africa of R35 000 per year will increase to R90 000 in 2050. This will at the same time enable diversification from grain and cereal based foods and by that time we will also have an increased population with a higher average age which should increase the demand for higher value processed foods.

The Economic Partnership Agreement between the European Union and a selected grouping of southern African states including South Africa has just been concluded. The legal formalities and implementation dates are not yet finalized. This agreement has eased certain quota requirements on South African exports of fruit juices, but the industry is not that heavily dependent on the European export market. Regional trade agreements in Sub-Saharan Africa will also play a significant role in the development of the continent and impact on the South African juice industry.

The Department of Health has recently issued both draft regulations (R429 in terms of the Foods, Cosmetics & Disinfectants Act) and guidelines in respect of labelling and advertising for public comment. The objective is primarily to protect consumers whilst at the same time upgrading the regulations in terms of latest standards and ensuring a fair and even trading environment to promote product benefits. All food and beverage products will be significantly affected and the draft covers a broad range of proposed guidelines including ingredient and nutritional declarations; use of religious endorsements and health claims; and marketing to children. SAFJA and its Technical Team are currently reviewing these publications and will submit proposals on behalf of the fruit juice industry.

Rudi Richards
SAFJA
(www.safja.co.za)