

A PROFILE OF THE SOUTH AFRICAN CABBAGE MARKET VALUE CHAIN

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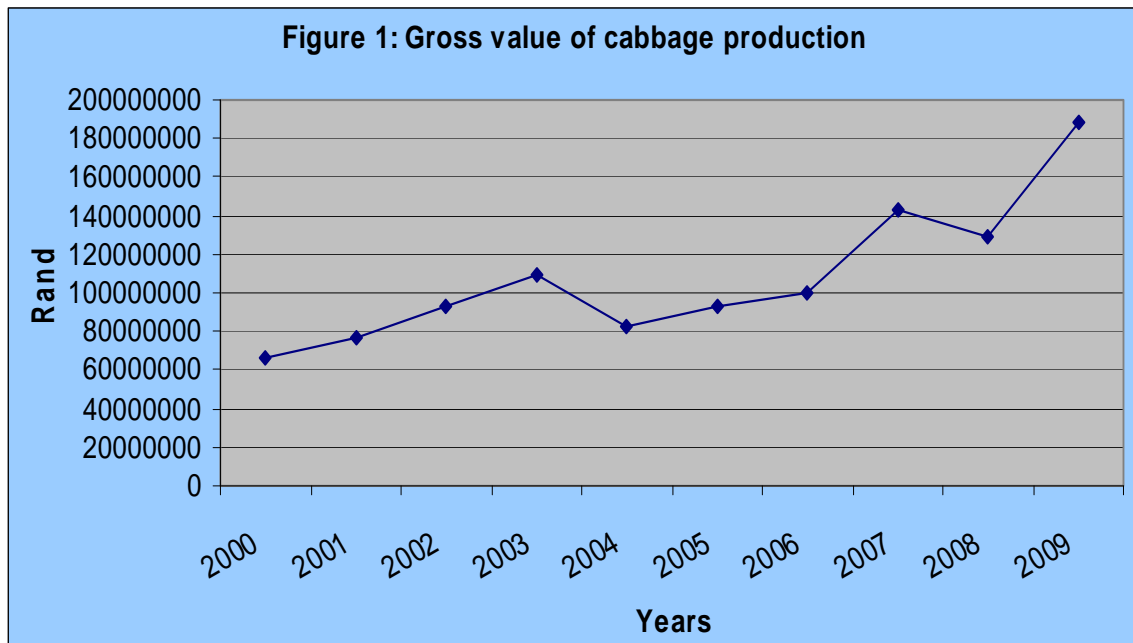
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1. DESCRIPTION OF THE INDUSTRY

Cabbage belongs to a class of vegetables called Brassica, also known as cruciferous vegetables because their flowers are cross-shaped. Other crucifers are broccoli, kale, cauliflower and Brussels sprouts. As with most vegetable crops, cabbages are mostly produced for and marketed through the national fresh produce markets, the informal market and chain stores. Cabbage is used raw in salads, such as coleslaw, as a cooked vegetable, or preserved in pickles or sauerkraut. Cabbage is 90% water and an excellent source of minerals, Vitamin A and C and the B vitamins.



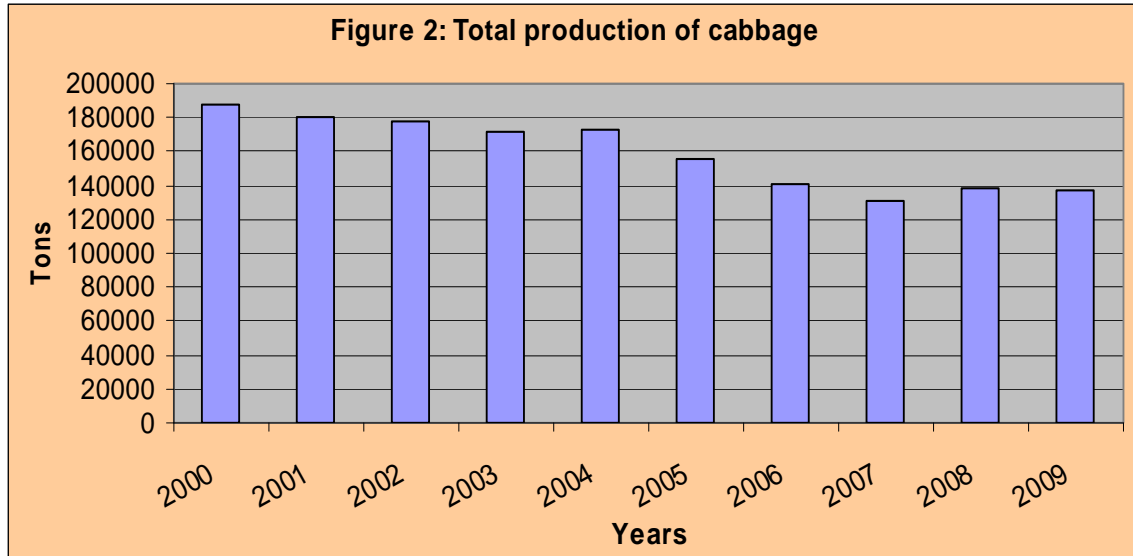
Source: Agricultural Statistics

Figure 1 above illustrates the contribution of the cabbage industry to the gross value of agricultural production over 10 years period. The industry contribution has increased steadily from 2001 to 2003. In 2004 the industry contribution dropped by 24% compared to 2003. There was a sharp decline in gross value due to high production which occurred while the prices were not favorable for the producers. From 2005 to 2007, the gross value increased steadily and in 2008, there was 10% decline in contribution due to decline in producer price in the same year. In 2009, the contribution increased by 46% compared to 2008, this can be attributed to high producer prices.

1.1 Production areas

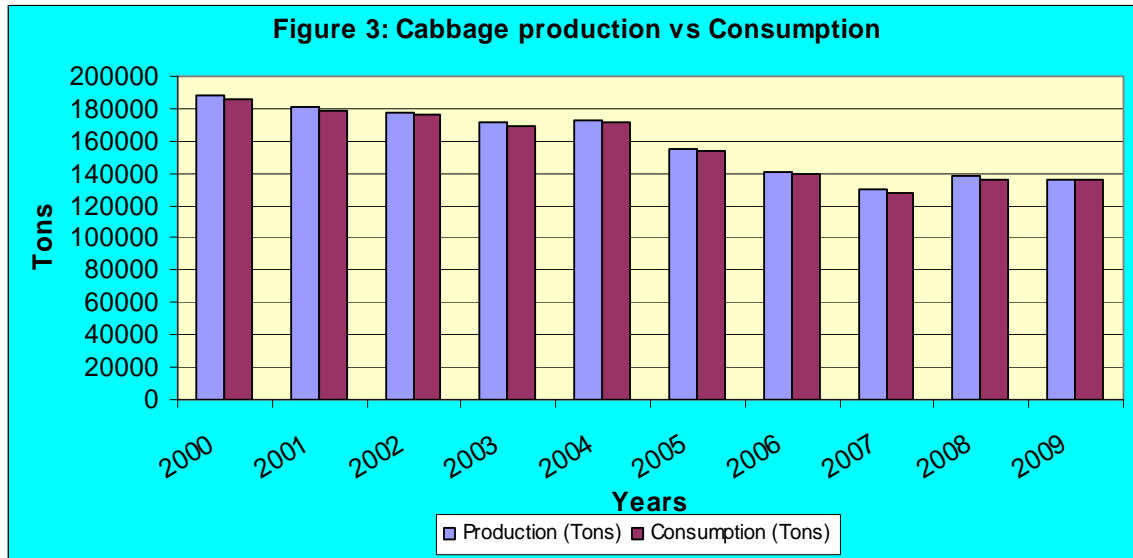
Cabbage grows best under cool conditions cabbage .Cabbages are produced in all provinces of South Africa but the production is concentrated in Western Cape, Kwazulu Natal, Eastern Cape, Gauteng , Free State and North West provinces. Globally, China, Russia, Japan, and United States are top countries in cabbage production.

1.2 Production trends



Source: Agricultural Statistics

Figure 2, illustrate the production volumes over the past ten years. Highest production volumes were recorded in 2000, and from 2001 to 2003 there was a steady decline in production volume. In 2004, the production increased slightly and then from 2005 the production declined significantly with 2007 having lowest production volumes. In 2008, there was a 6% increase in production volumes. In 2009 the production volumes decreased by 1% compared to 2008 production year. The decline in production can be attributed to increasing high production input costs and unfavorable climatic conditions.



Source: Agricultural Statistics

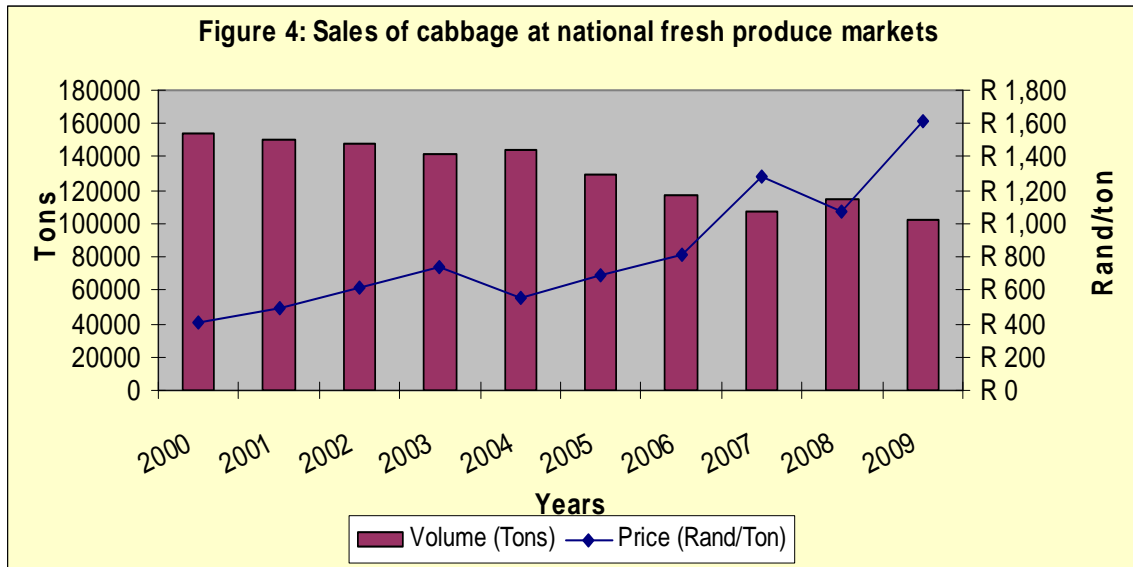
Figure 3 above, depicts local consumption of cabbage compared to the production over the 10 years period. South African average cabbage consumption is approximately 157 679 tons per annum. The average consumption drooped by 4% compared to 2008 average consumption. The figure illustrates that the production of cabbage is slightly higher than the consumption. Most of cabbages are produced for domestic consumption. South Africa is self sufficient in terms of cabbage production and the surplus is also exported.

2. MARKET STRUCTURE

The cabbage industry operates in the deregulated environment where the prices are determined by the forces of demand and supply. Fresh cabbages are sold through fresh produce market, processors, restaurants, hawkers, retailers and chain stores. Cabbages are also exported to other countries through export agents and marketing companies. South Africa also imports from other countries.

2.1 Domestic market and prices

National Fresh Produce Market remains an important channel for the sale of fresh cabbage in South Africa. In 2009, approximately 75% of cabbages were distributed through fresh produce markets. The remaining 25% represent direct sales from producer to wholesalers, retailers, processors, informal traders, exports and consumers.



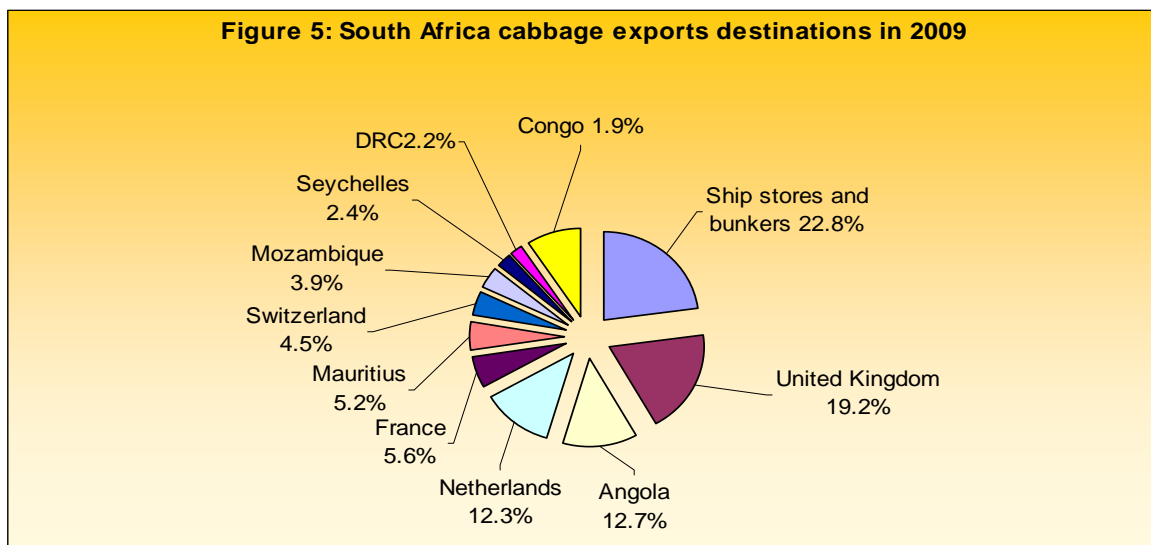
Source: Agricultural Statistics

Figure 4 above illustrate the sales of cabbage in the national fresh produce market over the period of 10 years. In 2000 and 2001 the cabbages were sold at the lowest prices due to high volumes of cabbage supplied in the same period. From 2002 to 2003 the prices increased steadily due to a steady decline in volumes in the same period. In 2004, the price dropped by 26% when compared to a price in the previous year due to increased cabbage volumes across the markets. From 2005 to 2007 prices increased steadily and in 2008 the price dropped by 16% compared to 2007 as the volumes increased across the markets. In 2009, the prices eased marginally higher by 51% due to decline in volume across the market.

2.2 South Africa Cabbage Exports

South Africa is not a major cabbage exporter, it represent 0.07% of world exports and its ranked number 45 in the world. South Africa has dropped in world ranking as in 2008 it was ranked number 36 in world cabbage exports. Most of cabbage produced is destined for domestic markets. South African cabbage exports were destined to United Kingdom, Netherlands, Angola, Mozambique, France, Mauritius, and Democratic Republic of the Congo. Figure 5 below illustrates South Africa cabbage export destinations.

Figure 5: South Africa cabbage exports destinations in 2009



Source: Trade Map

Table 2: South Africa major cabbage exports destinations in 2009

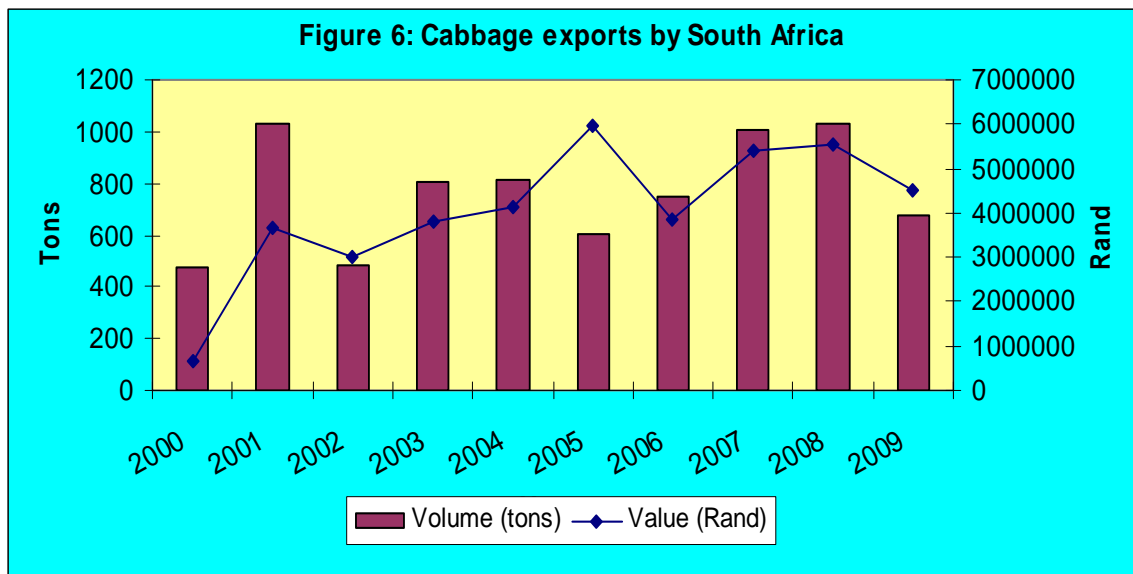
Importers	Exported value 2009, USD thousand	Share in South Africa's exports, %	Exported quantity 2009 (tons)	Unit value, (USD/unit)	Exported growth in value between 2005-2009, %, p.a.	Exported growth in quantity between 2005-2009, %, p.a.	Exported growth in value between 2008-2009, %, p.a.
World	536	100	682	786	-9	6	-20
Ship stores and bunkers	122	22.8	199	613	14	10	20
United Kingdom	103	19.2	87	1184	-28	-16	-46
Angola	68	12.7	96	708	6	6	-30
Netherlands	66	12.3	56	1179	-22	3	3
France	30	5.6	24	1250	121	21	-46
Mauritius	28	5.2	37	757	7	13	-40
Switzerland	24	4.5	20	1200	0	33	-20
Mozambique	21	3.9	87	241	44	66	-56
Seychelles	13	2.4	10	1300	31	2	30
DRC	12	2.2	12	1000	33	35	-20
Congo	10	1.9	15	667	82	106	150
Mayotte	7	1.3	6	1167			

Importers	Exported value 2009, USD thousand	Share in South Africa's exports, %	Exported quantity 2009 (tons)	Unit value, (USD/unit)	Exported growth in value between 2005-2009, % p.a.	Exported growth in quantity between 2005-2009, % p.a.	Exported growth in value between 2008-2009, % p.a.
Zimbabwe	7	1.3	6	1167			

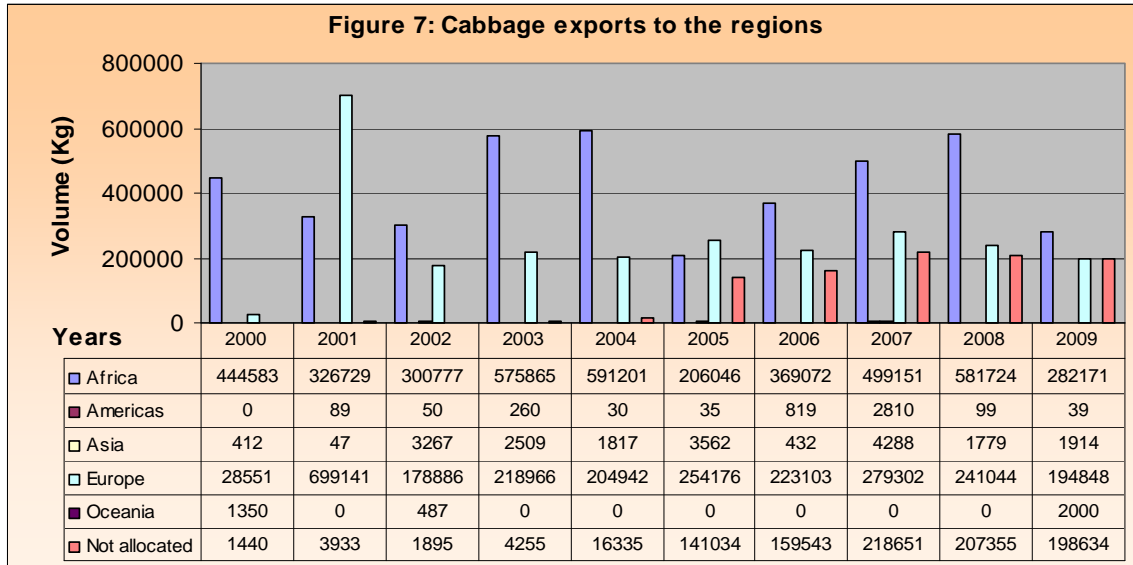
Source: Trade Map

Table 2 indicates that during 2009, 22.8% of South Africa cabbage exports went to ship stores and bunkers. United Kingdom commanded 19.2%, Angola 12.7%, and Netherlands commanded 12.3% share of South African cabbage exports. Cabbage exports to United Kingdom have decreased by 28% and 16% in quantity and value between 2005 and 2009 period. South African exports to Angola have decreased by 30% in value between 2004 and 2008. This can be attributed to the decline in production between 2008 and 2009 period.

Figure 6 below; illustrate cabbage exports from South Africa over the past 10 years. The export increased significantly in 2001, 2007 and 2008 despite the decline in production volumes in the same years. In 2009, the cabbage export dropped by 34% compared to 2008 exports. This can be attributed to the decline in production volume in the same year. It was generally less profitable to export cabbage in the past between 10 years except for 2005 and 2009, since lower export value were recorded for relatively higher volumes exported.

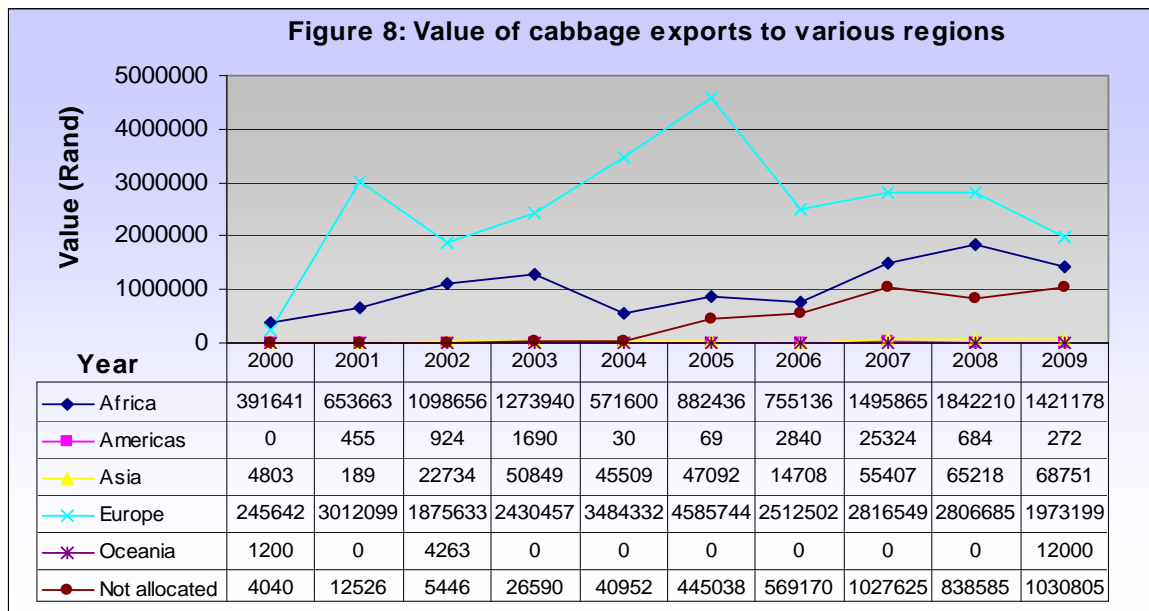


Source: Quantec Research



Source: Quantec Research

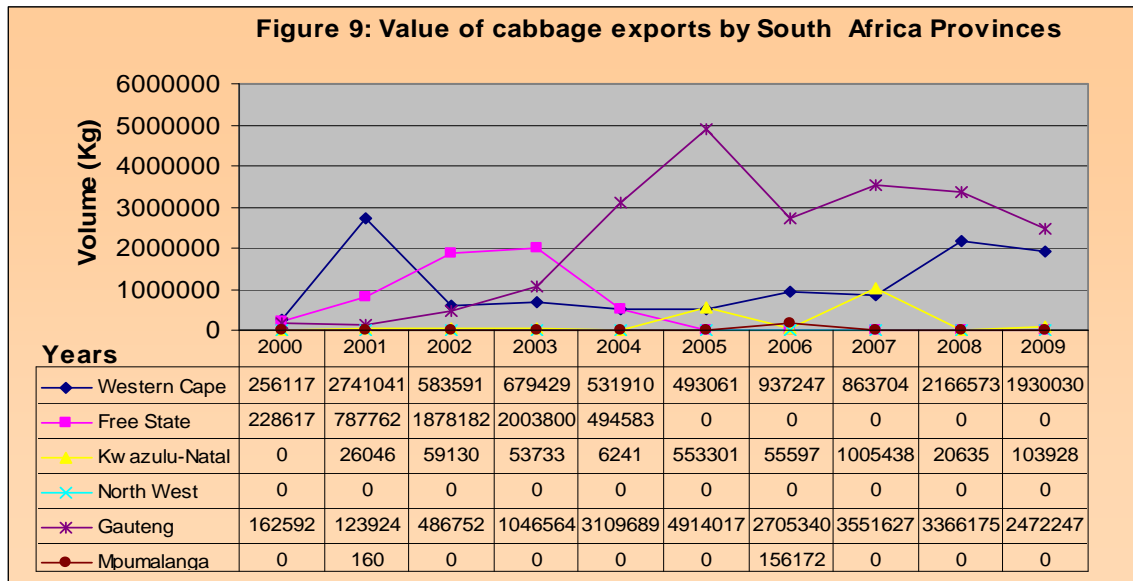
Figure 7 above, illustrates the South Africa cabbage exports by the regions. South Africa exports cabbages mainly to Africa, Europe and from 2005 to 2009 a considerable amount of cabbage exports was not allocated to any region. A small quantity of cabbage is exported to Asian, Americas and Oceania regions. Small exports to these regions can be attributed to Asian and United States countries being among top cabbage producers in the world.



Source: Quantec Research

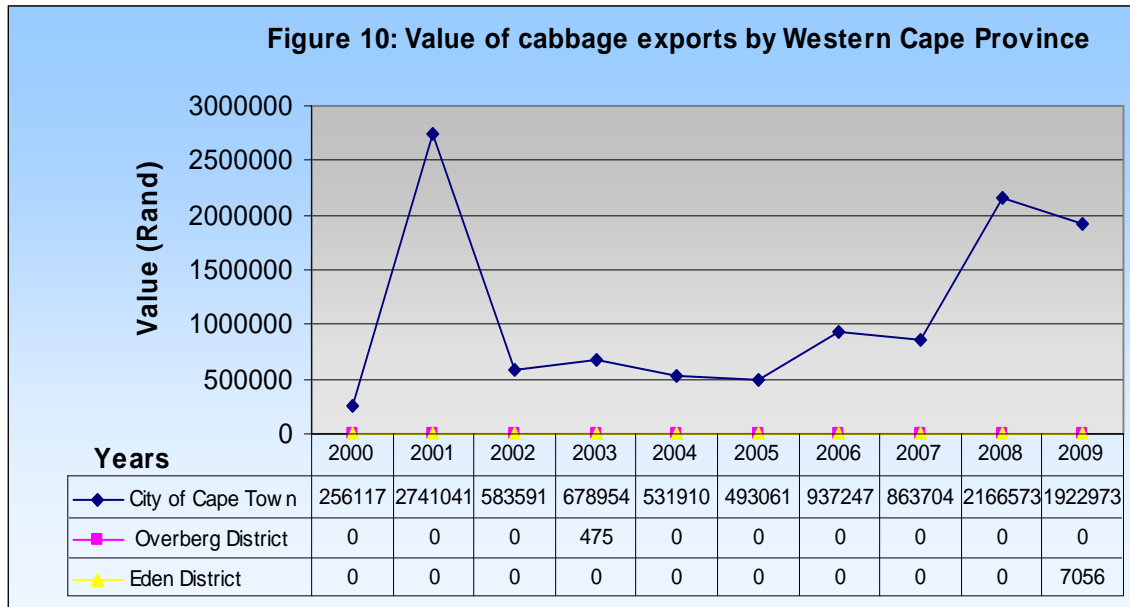
Figure 8 above; illustrate the value of South African cabbage exports. The figure shows that it was more profitable to export cabbage to European region; this is

illustrated by high export value. Export to African countries earned less value despite high volumes to the region.



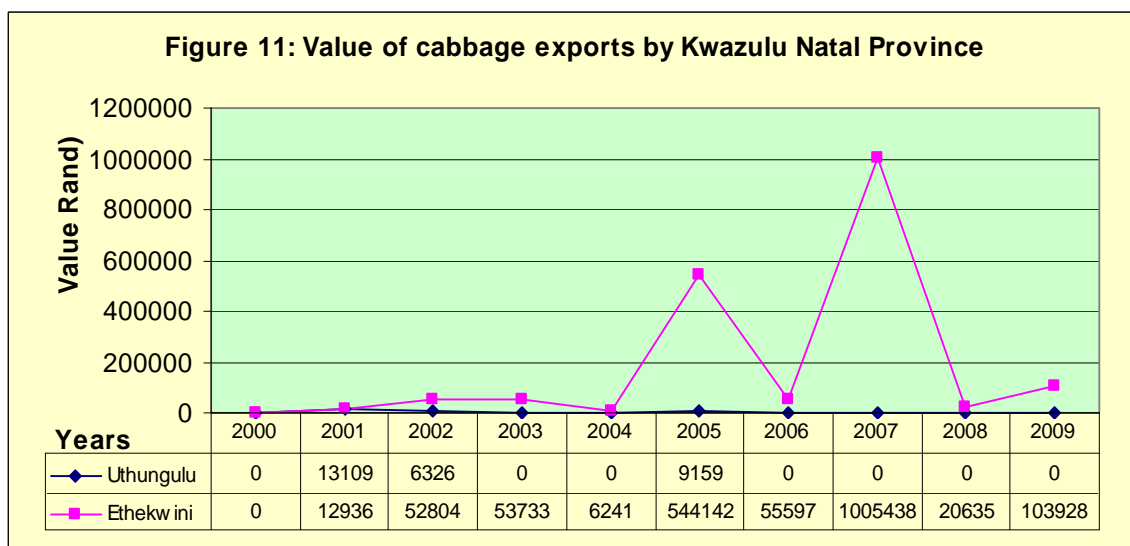
Source: Quantec Research

Figure 9; above illustrate the cabbage exports by the Provinces of the past ten years. In 2009, South African cabbages were exported through Western Cape, Gauteng, and Kwazulu Natal to a lesser extent. The high export values for Western Cape, Gauteng, and KwaZulu Natal can be attributed to the export exit points, Cape Town harbour, OR Tambo International Airport and Durban harbour. The following figures (figure 10-14) show the value of cabbage exports from the various districts in all Provinces in South Africa.



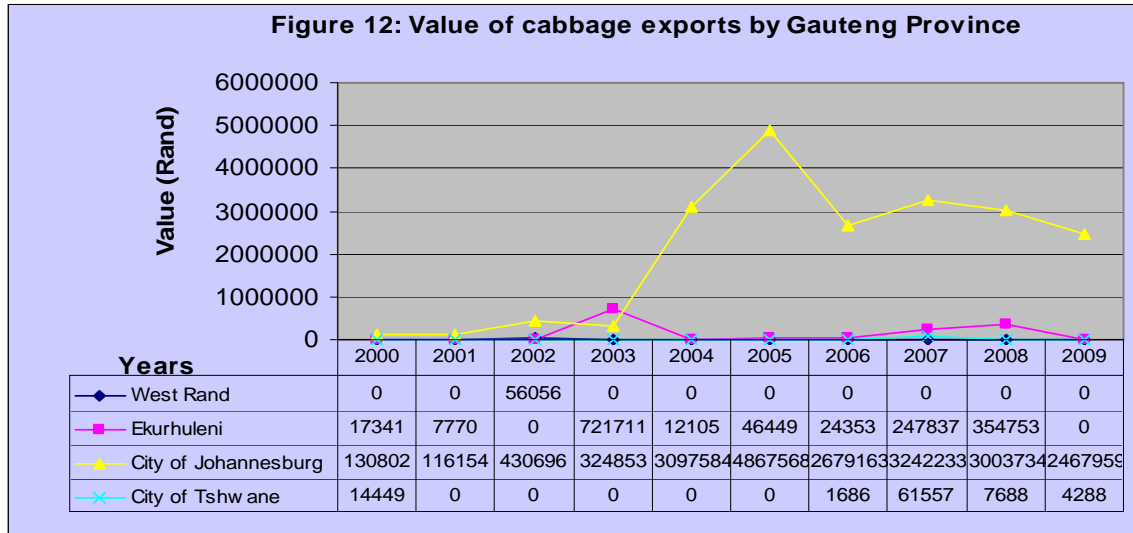
Source: Quantec Research

Figure 10 above, indicates that in 2009 cabbage exports from Western Cape Province were from City of Cape Town and Eden district municipalities. The highest export value was recorded in 2008 from City of Cape Town.



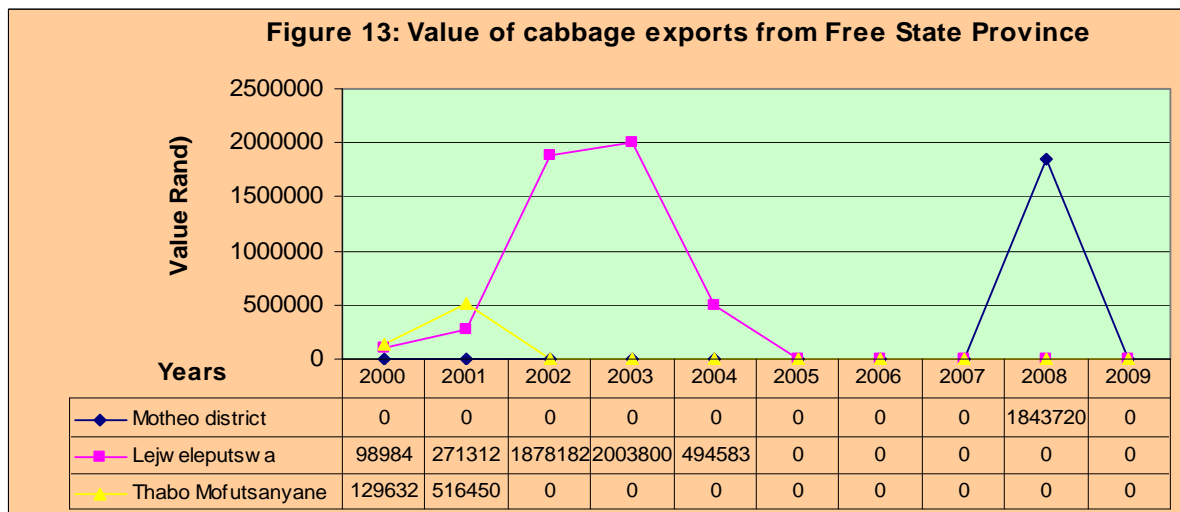
Source: Quantec Research

Figure 11, above indicates that in 2009 cabbage exports from Kwazulu Natal Province were from Ethekwini district municipality and the highest value was recorded in 2007.



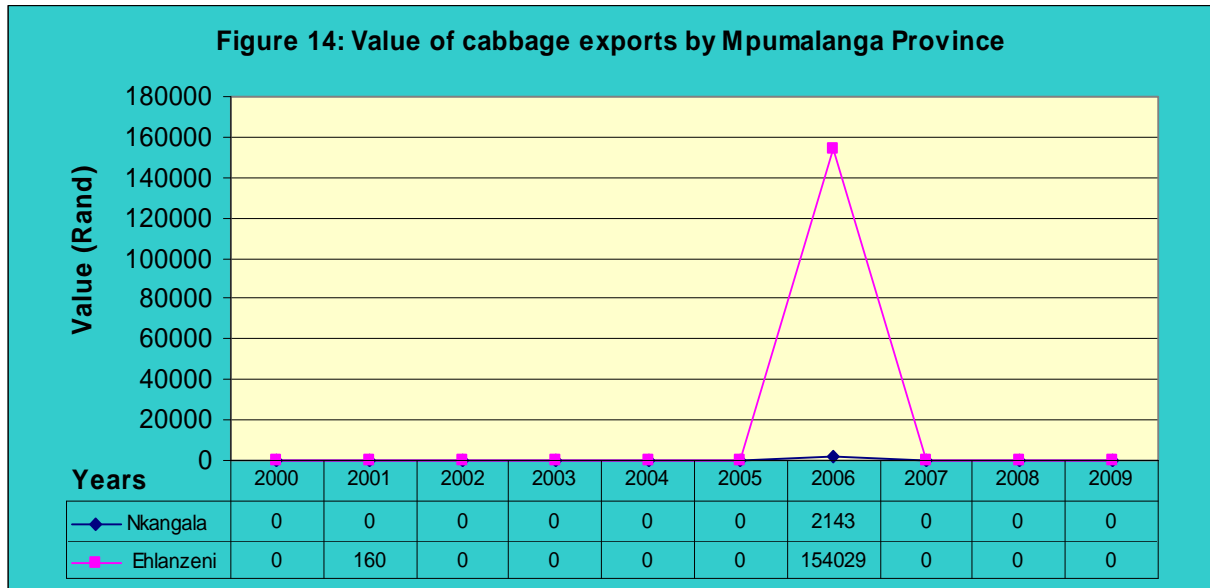
Source: Quantec Research

As can be seen from figure 12 above, cabbage exports from Gauteng Province were from the City of Johannesburg municipality. City of Tshwane municipality contributed to a lesser extent. The high exports values were recorded 2005 and in 2008 to 2009 the values of exports have declined.



Source: Quantec Research

Figure 13 above, shows that cabbage exports from Free State Province were mainly from Lejweleputswa and Thabo Mofutsanyane Municipalities. In 2008 the province exported cabbage from Motheo district municipality and in 2009 there was no cabbage exports from Free State Province.



Source: Quantec Research

Figure 14 above, shows that the cabbage exports from Mpumalanga Province are mainly from Ehlanzeni Municipality. The highest cabbage export value was recorded in 2006. In 2009, there were no cabbage exports from Mpumalanga.

2.3 Share Analysis

Table 3 illustrates the provincial share towards national cabbage exports. Western Cape and Kwazulu Natal commanded the greatest share of provincial cabbage export. Free State Province has commanded high percentages from 2000 to 2003. In 2009, Western Cape Province commanded 42.83% and Gauteng 54.86% share of South Africa cabbage exports. The high exports share in Western Cape and Gauteng can be attributed to registered exporters and exports exit points based in these provinces.

Table 3: Share of provincial cabbage exports to the RSA cabbage exports (%)

Year Provinces	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Western Cape	39.57	74.51	19.40	17.96	12.84	8.27	24.32	15.93	39.01	42.83
Free State	35.32	21.41	62.45	52.96	11.94	0	0	0	0	0
Kwazulu-Natal	0	0.71	1.97	1.42	0.15	9.28	1.44	18.55	0.37	2.31
North West	0	0	0	0	0	0	0	0	0	0
Gauteng	25.12	3.37	16.18	27.66	75.07	82.44	70.19	65.52	60.61	54.86
Mpumalanga	0	0.0	0	0	0	0	4.05	0	0	0
South Africa	100	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Research

Table 4: Share of district cabbage exports to the total Western Cape Provincial cabbage exports (%)

Year District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Cape Town	100	100	100	99.93	100	100	100	100	100	99.63
Overberg	0	0	0	0.07	0	0	0	0	0	0
Eden	0	0	0	0	0	0	0	0	0	0.37
Western Cape	100	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Research

Table 4 above, indicates that in City of Cape Town commanded the greatest share of cabbage exports from Western Cape Province during the period under review. Cape Town harbour renders exit point of cabbage exports.

Table 5: Share of district cabbage exports to the Kwazulu Natal Provincial cabbage exports (%)

Years District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Uthungulu	0	50.33	10.70	0	0	1.66	0	0	0	0
Ethekwini	0	49.67	89.30	100	100	98.34	100	100	100	100
Kwazulu Natal	0	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Research

Table 5 above, shows that Ethekwini commanded the greatest share of cabbage exports from Kwazulu Natal Province. In 2001, Uthungula commanded the greatest share of cabbage export from Kwazulu Natal. The greatest share by Ethekwini can be attributed to Durban harbour which renders exports exit point.

Table 6: Share of district cabbage exports to the Gauteng Provincial cabbage exports (%)

Year District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
West Rand	0	0	11.52	0	0	0	0	0	0	0
Ekurhuleni	10.67	6.27	0	68.96	0.39	0.95	0.90	6.98	10.54	0
City of Johannesburg	80.45	93.73	88.48	31.04	99.61	99.05	99.04	91.29	89.23	99.83
City of Tshwane	8.89	0	0	0	0	0	0.06	1.73	0.23	0.17
Gauteng	100	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Research

Table 6 above, illustrate that City of Johannesburg commanded the greatest share of cabbage exports by Gauteng Province. In 2003, Ekurhuleni commanded the greatest share of cabbage exports. OR Tambo International Airport renders exit point of cabbages exports from Gauteng Province.

Table 7: Share of district cabbage exports to the Free State Provincial cabbage exports (%)

Year District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Lejweleputswa	43.30	34.44	100	100	100	0	0	0	0	0
Thabo Mofutsanyane	56.70	65.56	0	0	0	0	0	0	0	0
Free State	100	100	100	100	100	0	0	0	0	0

Source: Calculated from Quantec Research

Table 7 above, indicate that Lejweleputswa and Thabo Mofutsanyane commanded the greatest share of cabbage exports from Free State Province between 2000 and 2004.

Table 8: Share of district cabbage exports to the Mpumalanga Provincial cabbage exports (%)

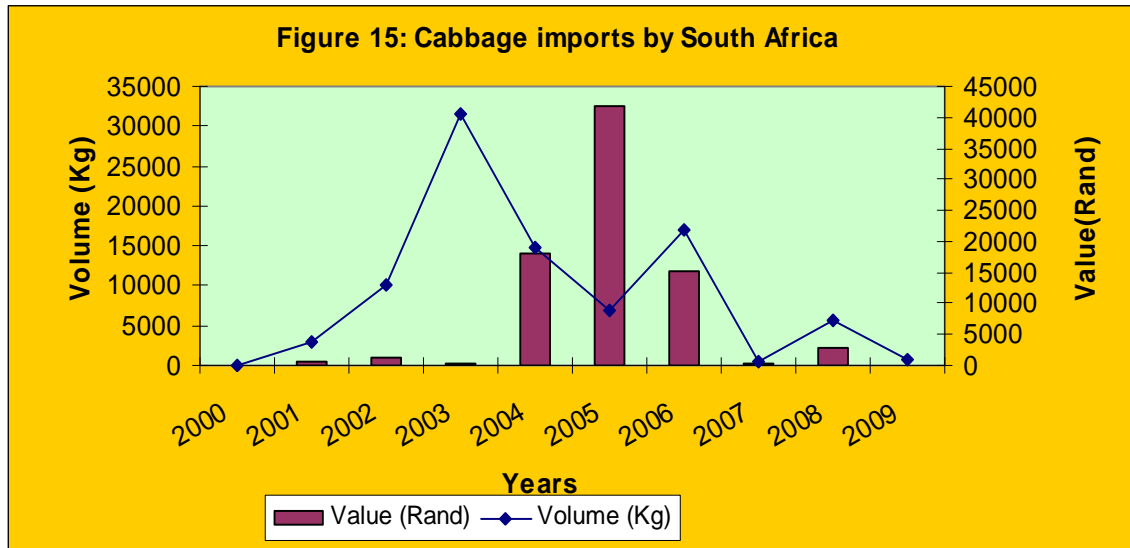
Year District	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nkangala	0	0	0	0	0	0	1.37	0	0	0
Ehlanzeni	0	100	0	0	0	0	98.63	0	0	0
Mpumalanga	0	100	0	0	0	0	100	0	0	0

Source: Calculated from Quantec Research

Table 8, illustrates that in Ehlanzeni commanded the greatest share of cabbage export from Mpumalanga province in 2001 and 2006.

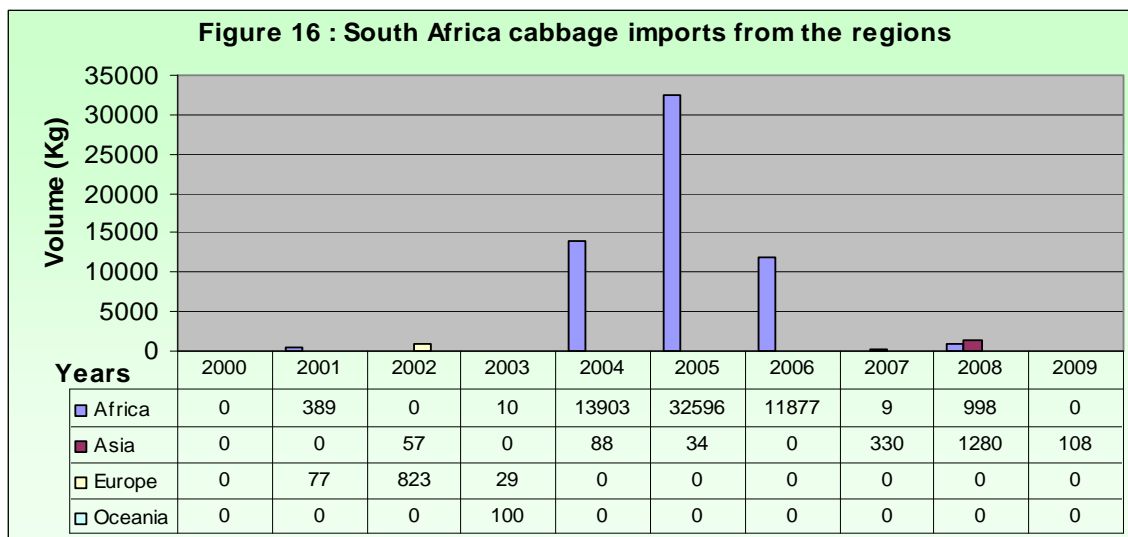
2.4 South Africa Cabbage Imports

South Africa is not a major cabbage importer and there is no world ranking. South Africa is self sufficient in terms of cabbage production hence the low cabbage import except in 2005. Canada, United States of America, Germany, Hong, Kong and Russian Federation are top countries importing cabbage.



Source: Quantec Research

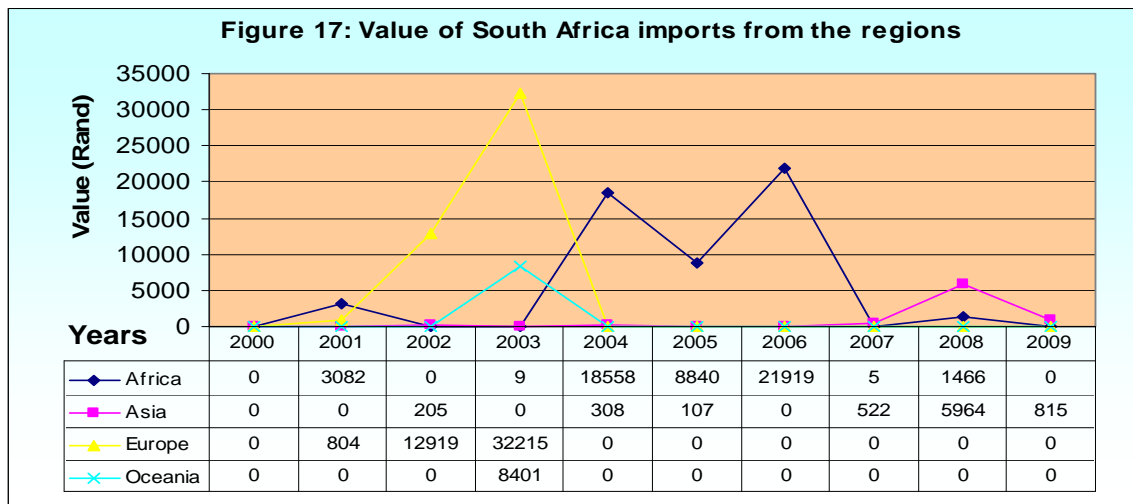
Figure 15 above, shows that cabbage imports were relatively unstable for the past 10 years and the significant imports were in 2004, 2005 and 2006. The increase in imports in 2005 can be attributed to the slightly decrease in production of cabbage in the same year and it was also cheap to import since higher volumes were imported at a lower value. From 2001 to 2003, 2006 and 2008 it was expensive to import cabbage since less volume were imported at higher values. In 2009 there was 95% decline in cabbage imports for South Africa despite a decrease in domestic production volumes.



Source: Quantec Research

Figure 16 above; illustrate the South Africa cabbage imports from the regions. From 2001 to 2006, South Africa imported high quantities of cabbage from

African countries (Zimbabwe). In 2009, South Africa cabbage imports were less significant and it was imported from Asia.



Source: Calculated from Quantec Research

Figure 17 above, shows the value of South Africa cabbage imports by the regions. In 2003, it was expensive to import cabbage from Europe, as high value was recorded for low cabbage volumes. In 2005 it was cheaper to import cabbage from African countries as low import value was recorded for high cabbage volumes.

2.5 Processing

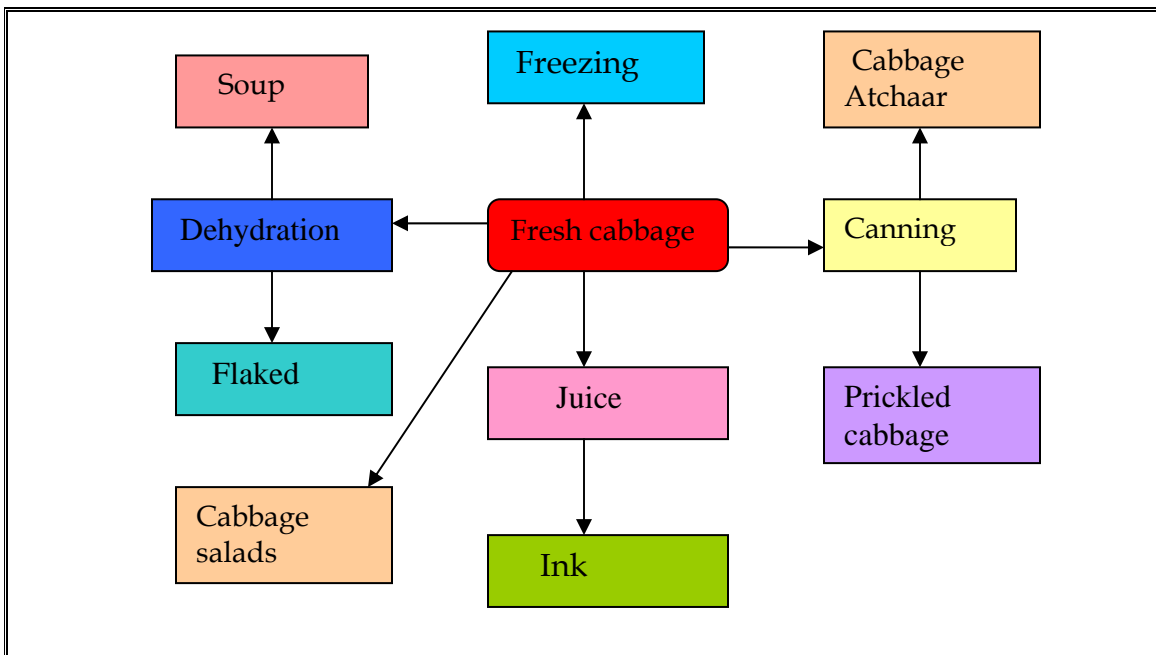
Fresh cut cabbage is used raw in salads such as coleslaw and as cooked vegetable (added to soups or stews). Cabbage is also dehydrated (dried, flaked or powder) for use as a flavoring agent in soups and as an ingredient in other dehydrated foods. Cabbage leaves are used to treat acute inflammation. A paste of raw cabbage may be placed in a cabbage leaf and wrapped around the affected area to reduce discomfort. Cabbage can also be canned, pickled, frozen and cabbage juice can be extracted to make ink. In 1999, 2003 and 2007 there has been a considerable increase in volumes that were canned. There were juice extraction activities in 1999 and 2002. In 2003 and 2004 there was no cabbage freezing activities recorded. In 2009, there was a 38% decrease in cabbage volume that was processed when compared to 2008 production year.

Table 8: Processed cabbages

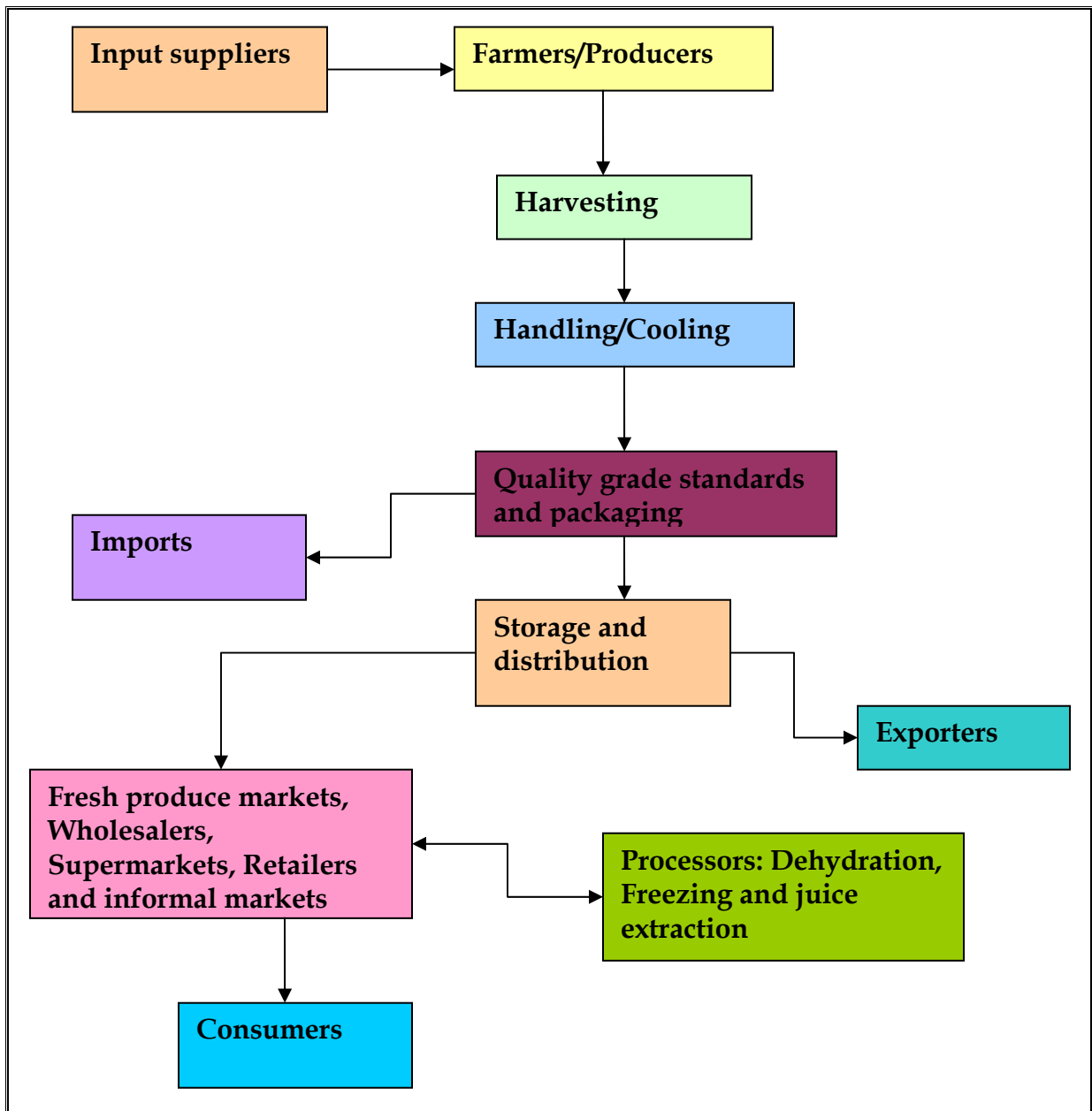
Years	Canning		Juices		Freezing		Dehydration		Total processing	
	Volume (Tons)	Value (Rands)	Volume (Tons)	Value (Rands)	Volume (Rands)	Value (Rands)	Volume (Tons)	Value (Rands)	Volume (Tons)	Value (Rands)
2000	933.4	R 370,335	0	0	342.8	R 115,814	552.9	R 504,116	1829.1	R 990,266
2001	412.5	R 290,757	0	0	678.7	R 256,794	476.5	R 269,197	1567.7	R 816,748
2002	807.2	R 778,573	10	R 5,010	673.5	R 244,610	156.2	R 33,596	1646.9	R 1,061,788
2003	1125	R 1,172,880	0	0	0	R 0	845.4	R 211,360	1970.4	R 1,384,240
2004	934.5	R 1,168,618	0	0	0	R 0	404.9	R 109,330	1339.4	R 1,277,947
2005	928.1	R 1,284,425	0	0	105.6	R 52,428	35	R 10,158	1068.7	R 1,347,010
2006	993.8	R 1,361,082	0	0	112.5	R 60,420	345.9	R 103,791	1452.2	R 1,525,294
2007	1333	R2,120,016	0	0	186	R117,952	839	R259 928	2357	R2,497,896
2008	1116	R1,503,537	0	0	182	R140,688	269	R85,759	1566	R1,729,984
2009	879	R1,862,705	0	0	50	R76,040	50	R27,500	976	R1,966,244

Source: Agricultural Statistics

2.6 Cabbage value chain tree explaining its uses



2.7 Market value chain for cabbage



The cabbage value chain can be broken down into the following levels: the producers of cabbage (farmers); pack house owners (cleans, grade and quality control); cold storage and transport facilities (store and transport cabbage on behalf of farmers); traders in cabbage (market and sell cabbages); processors (add value to cabbage and process cabbage to other usable forms); and end users (consumers).

3. MARKET INTELLIGENCE

3.1 Tariffs

Table 9: Tariffs applied by various exports markets to cabbage originating from South Africa.

Country	Product description (H07490)	Trade regime description	Applied tariff	Estimated total ad valorem equivalent tariff	Applied tariff	Estimated total ad valorem equivalent tariff
				2009	2010	2010
Angola	Cabbage fresh or chilled	MFN duties (Applied)	15.00%	15.00%	15.00%	15.00%
Belgium	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
Canada	Cabbage fresh or chilled	MFN duties (Applied)	\$18.10 or 6.00%	6.00%	\$18.10 or 6.00%	6.00%
China	Cabbage fresh or chilled	MFN duties (Applied)	13.00%	13.00%	13.00%	13.00%
Congo	Cabbage fresh or chilled	MNF duties (Applied)	30.00%	30.00%	30.00%	30.00%
DRC	Cabbage fresh or chilled	MNF duties (Applied)	10.00%	10.00%	10.00%	10.00%
France	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
Germany	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
Hong Kong	Cabbage fresh or chilled	MFN duties (Applied)	0.00%	0.00%	0.00%	0.00%
Italy	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%

Country	Product description (H07490)	Trade regime description	Applied tariff	Estimated total ad valorem equivalent tariff	Applied tariff	Estimated total ad valorem equivalent tariff
Japan	Cabbage fresh or chilled	MNF duties (Applied)	3.00%	3.00%	3.00%	3.00%
Mauritius	Cabbage fresh or chilled	MNF duties (Applied)	0.00%	0.00%	0.00%	0.00%
Mexico	Cabbage fresh or chilled	MFN duties (Applied)	10.00%	10.00%	10.00%	10.00%
Mozambique	White or red cabbage fresh or chilled	Preferential tariff for South Africa	15.00%	15.00%	15.00%	15.00%
Netherlands	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
Russian Federation	Cabbage fresh or chilled	General tariff	0.00%	0.00%	0.00%	0.00%
Singapore	Cabbage fresh or chilled	MFN duties (Applied)	0.00%	0.00%	0.00%	0.00%
Spain	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
Thailand	Cabbage fresh or chilled	MFN duties (Applied)	\$108.18/ton	42.34%	\$108.18/ton	42.34%
United Kingdom	White or red cabbage fresh or chilled	Preferential tariff for South Africa	1.20%	1.20%	0.00%	0.00%
United States of America	Cabbage fresh or chilled	MFN duties (Applied)	\$5.40/ton	0.91%	\$5.40/ton	0.91%

Source: Market Access

The lucrative exports markets for cabbage from South Africa exist in Singapore, Mauritius, Russian Federation, Malaysia and Hong Kong since these countries apply zero tariffs to cabbage exports originating from South Africa. In European

markets (France, United Kingdom, Germany, Netherlands and Spain) preferential tariff of 0.00% is applied to cabbage exports originating from South Africa due to EU-SA Free Trade Agreement (FTA). EU preferential tariff has been reduced from 1.20% to 0.00%. African markets in Congo and Mozambique are protected by 15% and 15% tariffs respectively in spite of the existence of the SADC-FTA

3.2 Non tariff barriers

3.2.1 The European Union

Non-tariff barriers can be divided into those that are mandatory and laid out in the EU Commission's legislature, and those that are as a result of consumers, retailers, importers and other distributions' preferences.

3.2.2 Product legislation: quality and marketing

There are a number of pieces of EU legislation that govern the quality of produce that may be imported, marketed and sold within the EU.

General Food Law covers matters in procedures of food safety and hygiene (micro-biological and chemical), including provisions on the traceability of food (for example, Hazard Analysis and Critical Control Points, of HACCP).

EU Marketing Standards, which govern the quality and labeling of vegetables, are laid out in the CAP framework under regulation EC 2200/96. These regulations include diameter, weight and class specifications, and any produce that does not comply with these standards are not allowed to be sold on the EU markets (detailed lists of products and their standards can be found in the annexes to the directive). The legislation (under EU 1148/2001) also dictates that a Certificate of Conformity must be obtained by anyone wishing to export and sell vegetables in the EU, if that particular vegetable falls under the jurisdiction on the EU marketing standards, Vegetables to be used in further processing needs a Certificate of Industrial Use, whilst another legislative directive covers the Maximum Residue Limits (MRL) of various pesticides allowed.

3.2.3 Product legislation: phytosanitary regulations

The international standard for phytosanitary measures was set up by the International Plant Protection Committee (IPPC) to protect against the spreading of diseases or insects through the importation of certain agricultural goods. The EU has its own particular rules formalized under EC 2002/89, which attempts to prevent contact of EU crops with harmful organisms from elsewhere in the world.

The crux of the directive is that it authorizes the Plant Protection Services to inspect a large number of vegetable products upon arrival in the EU. This inspection consists of a physical examination of a consignment deemed to have a level of phytosanitary risk, identification of any harmful organisms and

certification of the validity of any phytosanitary certificate covering the consignment. If the consignment does not comply with the requirements, it may not enter the EU, although certain organisms can be fumigated at the expense of the exporter.

3.2.4 Product legislation: packaging

The EU commission lays down rules for materials that come into contact with food and which may endanger people's health or bring about an unacceptable change in the composition of the foodstuffs. The framework legislation for this is EC 1935/2004. Recycling packaging materials are also emphasized under 94/62/EC, whereby member states are required to recycle between 50% and 65% of packaging waste. If exporters do not ship produce in packaging which is reusable, they may be liable for the costs incurred by the importing companies. Wood packaging is subject to phytosanitary controls (see Directive EC 2002/89) and may need to undergo heat treatment, fumigation, etc.

3.2.5 Non-legal market requirements: social and environmental accountability

To access a market, importers must not only comply with the legal requirements set out above, but also with market requirements and demands. For the most part, these revolve around quality and the perceptions of European consumers about the environmental, social, health and safety aspects of both the products and the production techniques. Whilst supplying vegetables that complies with these issues may not be mandatory in the legal sense, they are becoming increasingly important in Europe and cannot be ignored by existing or potential exporters.

(i) Social responsibility is becoming important in the industry, not only amongst consumers, but also for retail outlets and wholesalers. The Social Accountability 8000 (SA8000) certification is a management system based on International Labour Organization (ILO) conventions, and deals with issues such as a child labour, health and safety, and freedom of association, and requires an on-site audit to be performed annually. The certificate is seen as necessary for accessing any European market successfully. The major retailers in the EU also play an important role in tackling environmental issues, which means that exporters have to take these into account when negotiating exporting arrangements.

(ii) Environmental issues are becoming increasingly important with European consumers. Consumer movements are lobbying against purchasing non-environmental friendly or non-sustainable produce. To this end, both governments and private partners have created standards (such as ISO 14001 and EUREPGAP) and labels to ensure produce adhere to particular

specifications. Labels are an absolute must for exporters attempting to enter the rapidly expanding organic produce market. The EU Commission has recently adopted an EU label for identifying food produced according to EU organic standards in the directive EEC 209/91

3.2.6 Consumer health and safety requirements

Increasing consumer conscience about health and safety issues has prompted a number of safety initiatives in Europe, such as EUREPGAP on good agricultural practices (GAP) by the main European retailers, the international management system of HACCP, which is independently certified and required by legislation for European producers as well as food imported into Europe (EC 852/2004), and the ISO 9000 management standards system (for procedures and working methods), which is certified by the International Standards Organization (ISO).

3.3 The United States

The USDA has quality standards for vegetables that provide a basis for domestic and international trade and promote efficiency in marketing and procurement. At the same time the USDA issues quality certificates based on these standards and a comprehensive grading system. Graders are located around the country at terminal markets. These certification services, which facilitate the ordering and purchasing of products by large-volume buyers, assure these buyers that the product they purchase will meet the terms of the contract in terms of quality, processing, size, packaging and delivery.

3.4 Asian Market Access

Japan's agricultural sector is heavily protected, with calculations from the Organization for Economic Co-operation and Development (OECD) estimating that almost 60% of the value of Japan's farm production comes from trade barriers or domestic subsidies. Japan uses tariff rate quotas (TRQ) to protect its most sensitive products, and reserves the right for trading many of these products (within the quota) for one or two state trading enterprises. However, these extremely protective measures apply only to some products; others are able to compete more effectively with outside competition, often on the grounds of higher quality.

Perhaps the biggest barrier to trade with Japan in vegetable markets is its strict phytosanitary requirements, which have often been challenged in the WTO as having little or no scientific justification. Other measures that are being challenged include Japan's use of fumigation on agricultural products when cosmopolitan pests (already found in Japan) are detected. Japan is also increasing its labeling requirements.

4. GENERAL DISTRIBUTION CHANNELS

There are roughly three distinct sales channels for exporting vegetables. One can sell directly to an importer with or without the assistance of an agent (usually larger, more established commercial farms/orchards). One can supply a vegetable combine, which will then contract out importers/marketers and try to take advantage of economies of scale and increased bargaining power. At the same time vegetable combines might also supply large retail chains. One can also be a member of a private or co-operate export organization (including marketing boards) which will find agents or importers and market the produce collectively. Similar to a vegetable combine, an export organization can either supply wholesale markets or retail chains depending on particular circumstances. Export organizations and marketing boards will wash, sort and package the produce.

5. LOGISTICAL ISSUES

5.1 Mode of transport

The transportation of vegetables falls within two categories – *ocean cargo* and *air cargo* – with ocean cargo taking much longer to reach the desired location but costing considerably less. Of course, the choice of transportation method depends, for the most part, on the fragility of the produce and how long it can remain relatively fresh. With the advent of technology and container improvements, the feasibility, cost and attractiveness of sea transportation have improved considerably. As more developing countries begin to export and supply major developed countries markets, so the number and regularity of maritime routes, and the container vessels travelling these routes, increase.

Presently South American countries like Peru benefit from the asparagus trade, which has led to some level of economies of scale with other vegetable products, and this has enabled cheaper transport prices for their other vegetable varieties. Such economic of scale could benefit SADC countries if more producers became exporters and took advantage of the various ports which have special capabilities in handling vegetable produce (for example, the proposed terminal in Maputo).

5.2 Cold chain management is crucial when handling perishable products, from the initial packing houses to the refrigerated container trucks that transport the produce to the shipping terminals, through to the storage facilities at these terminals (and their pre-cooling capability), onto the actual shipping vessels and their containers, and finally on to the importers and distributors that must clear

the produce and transport it to the markets/retail outlets, etc. For every 10°C increase above the recommended temperature, the rate of respiration and ripening of produce can increase twice or even thrice. Related to this are the increasingly important traceability standards, which require an efficiently controlled supply chain and internationally accepted business standards.

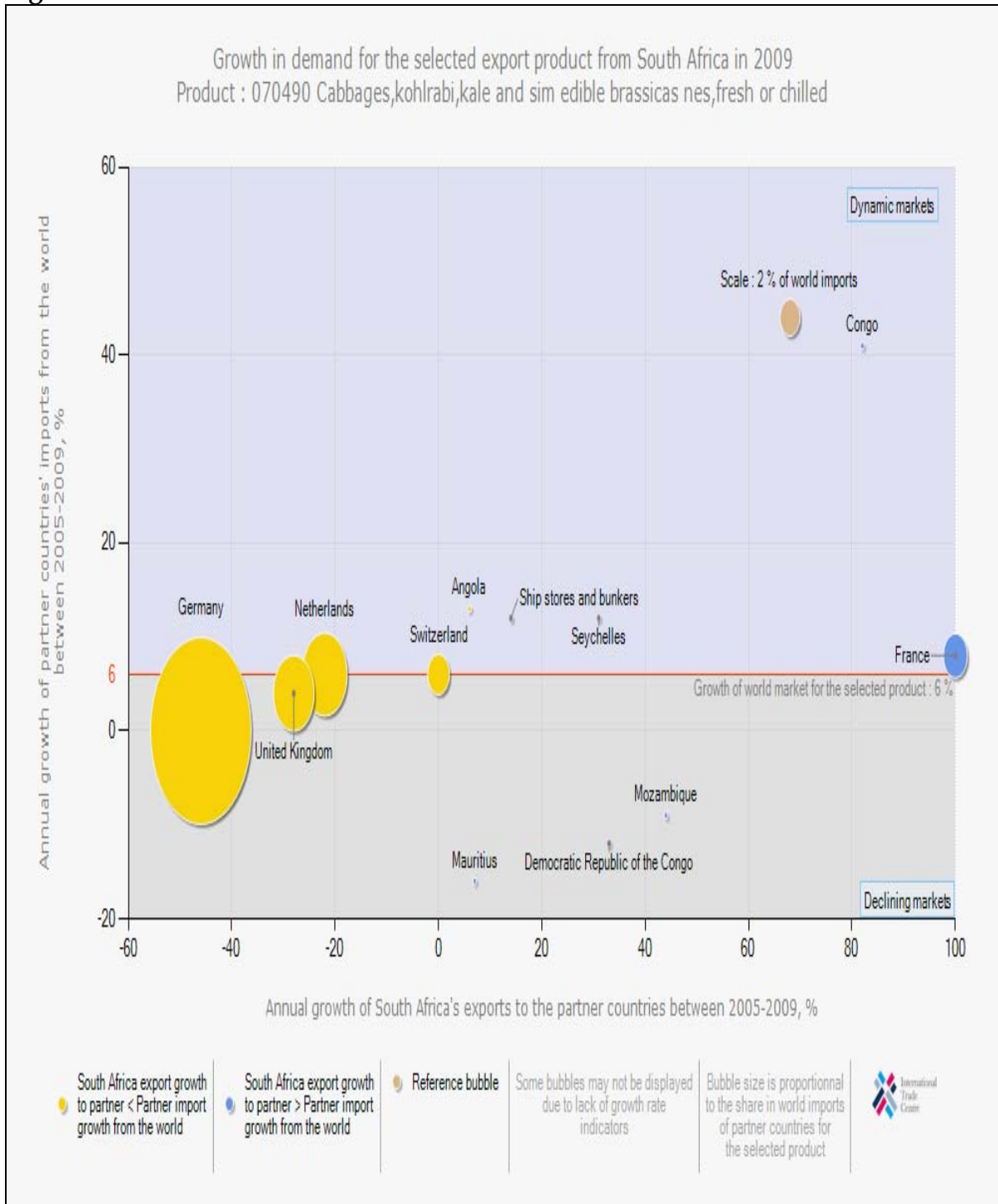
5.3 Packaging also plays a vital role in ensuring safe and efficient transport of a product and conforming to handling requirements, uniformity, recyclable materials specifications, phytosanitary requirements, proper storage needs and even attractiveness (for marketing purposes).

6. COMPETITIVENESS OF SOUTH AFRICAN CABBAGE EXPORTS

Figure 18 below, shows that South Africa cabbage exports are growing faster than the world imports into Congo, Seychelles and France. South Africa's performance in these countries is regarded as gains in the dynamic market. South Africa cabbage exports to Angola and Switzerland are growing slower than the world imports to these countries. South Africa performance in these countries is regarded as loss in the dynamic markets. South Africa's cabbage exports are declining while the world imports are growing into Germany and Netherlands. South Africa cabbage exports are growing while world imports are declining into Mozambique, Democratic Republic of Congo and Mauritius.

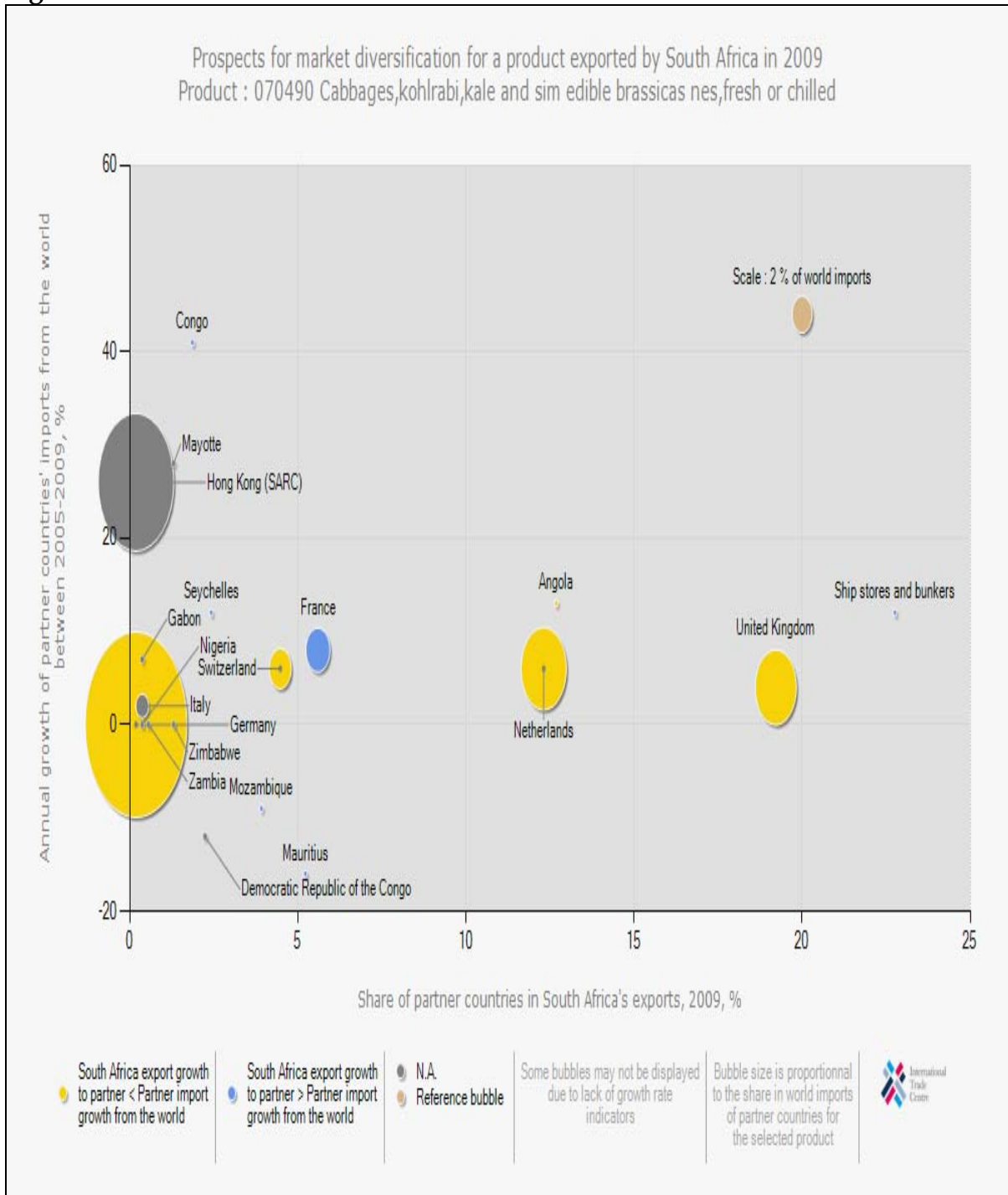
Figure 19 below, shows that United Kingdom, Netherlands and Angola are the current markets for cabbage export from South Africa. Prospective exports markets for cabbage from South Africa are mainly in France, Switzerland and Italy. Other small markets exist in Seychelles and Gabon. However if South Africa is to diversify its cabbage exports, the most lucrative markets exist in Congo, Mayotte and Hong Kong as they have increased their cabbage imports from the world between 2005 and 2009 period. Congo cabbage imports have grown by 41%, Mayotte 28% and Hong Kong by 26%.

Figure 18



Source: ITC Trade Map

Figure 19



Source: ITC Trade Map

7. CHALLENGES

Cabbage is a difficult crop to grow because it is susceptible to many insects, diseases and pest. Ensuring a quality pack can be a problem for hand harvesters. Cabbage has to be harvested only at optimum maturity to meet potential buyer's quality standards. The amount of profit made from cabbage crop depends on how well it meets market specifications. Cabbage crop quality is frequently measured using physical and sensory criteria. Rising consumer concerns about food safety have come to impact the assessment of cabbage crop quality.

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Market Access Map

www.macmap.org

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