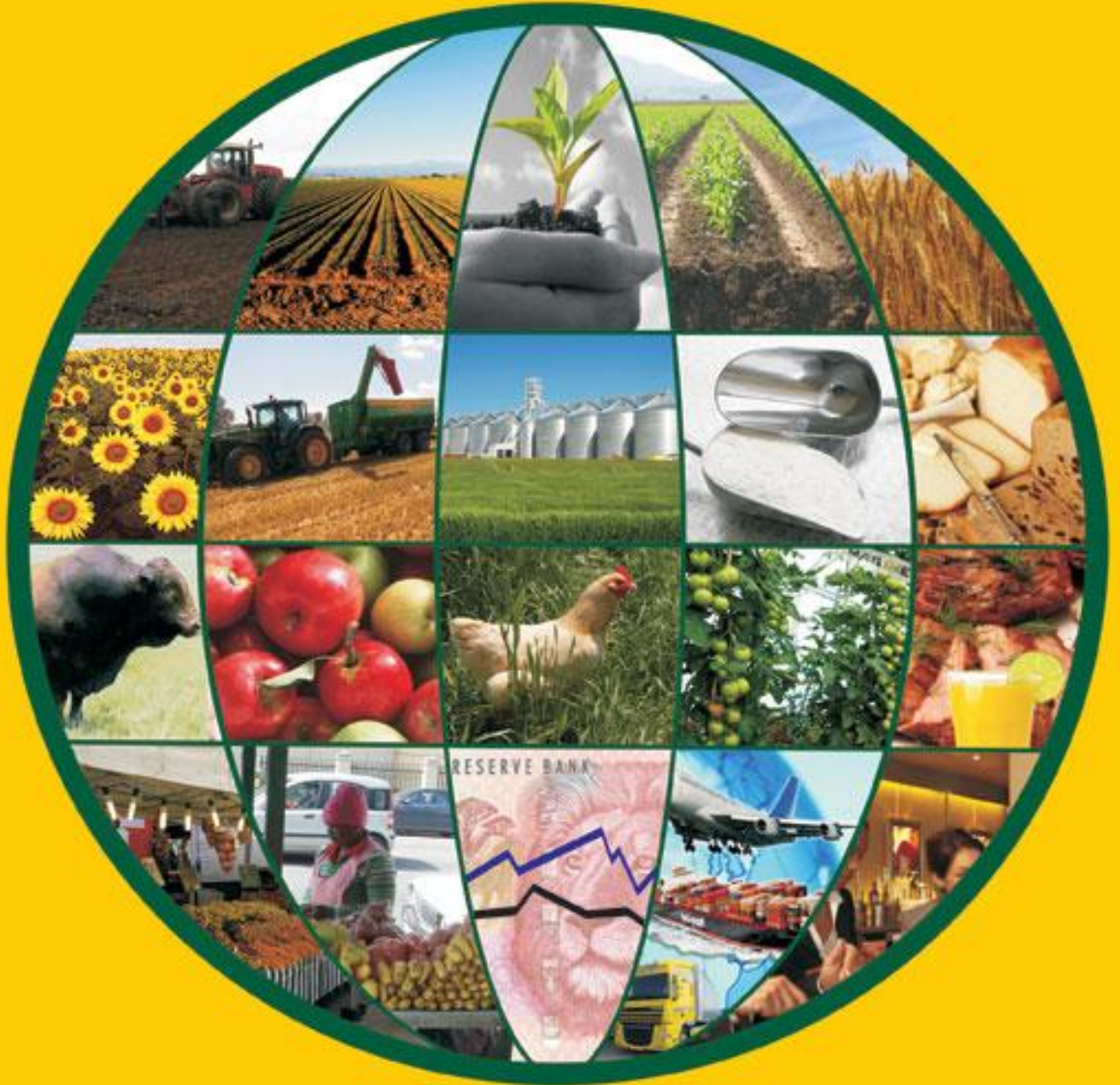


SOUTH AFRICAN FRUIT TRADE FLOW

January 2013



National Agricultural
Marketing Council

Promoting market access for South African agriculture



SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 8, January 2013



Beautiful country, beautiful fruit

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1. Background

South Africa has diverse weather and climatic conditions, which enables the country to cultivate a variety of fruits. The country is a globally known producer and exporter of citrus, deciduous, and subtropical fruits. In this issue of the Fruit Trade Flow, the focus is on table grapes, citrus fruits and peaches. The performance of these fruits on both export and domestic markets will be analysed and compared to that of the previous season. The global production of these fruits is also assessed and South Africa's global production and export rankings are determined.

2. Overview of the citrus fruit season, 2012

2.1. Global citrus production

Figure 1 shows the global citrus production for the 2007/2008 to 2011/2012 seasons. The bulk of global citrus production is dominated by oranges, followed by lemons, then grapefruit and soft citrus. It is clear from Figure 1 that citrus production declined by 6 % in the 2011/2012 season because of a reduction in orange production.

Brazil is by far the largest producer of oranges, accounting for 37 % of global orange production in the 2011/2012 season. The bulk of oranges produced in Brazil are processed into juice and only small quantities are exported as fresh produce due to safety and quality issues. The second largest producer of oranges is the United State of America with a global production share of 16 %, followed by China with 13 %, the EU-27 with 11 % and Mexico with a 6 % global production share. Interestingly, although South Africa is not a major global producer of oranges, it is the largest exporter of oranges in the world (see Figure 2).

Mexico is the biggest producer of lemons, accounting for 27 % of global lemon production in the 2011/2012 season. The lemon volumes from Mexico have been declining over the last five years, coming down from 2.2 million in 2007 to 1.7 million tons in 2012. Other leading producers include EU-27 with a 21 % share, Argentina with a 19 % share, Turkey with a 14 % share and the USA with a 12 % share in the 2011/2012 season. South Africa is the 6th largest producer of lemons, with a global production share of 4 % in 2012 season.

With regards to global grapefruit production, China is the world's largest producer and consumer of grapefruit. In the 2011/2012 season, more than 55 % of global grapefruit production was from China. The USA and South Africa were the second and third largest producers respectively. Nearly 81 % of world grapefruit production originates from these three countries, i.e. China, the USA and South Africa.

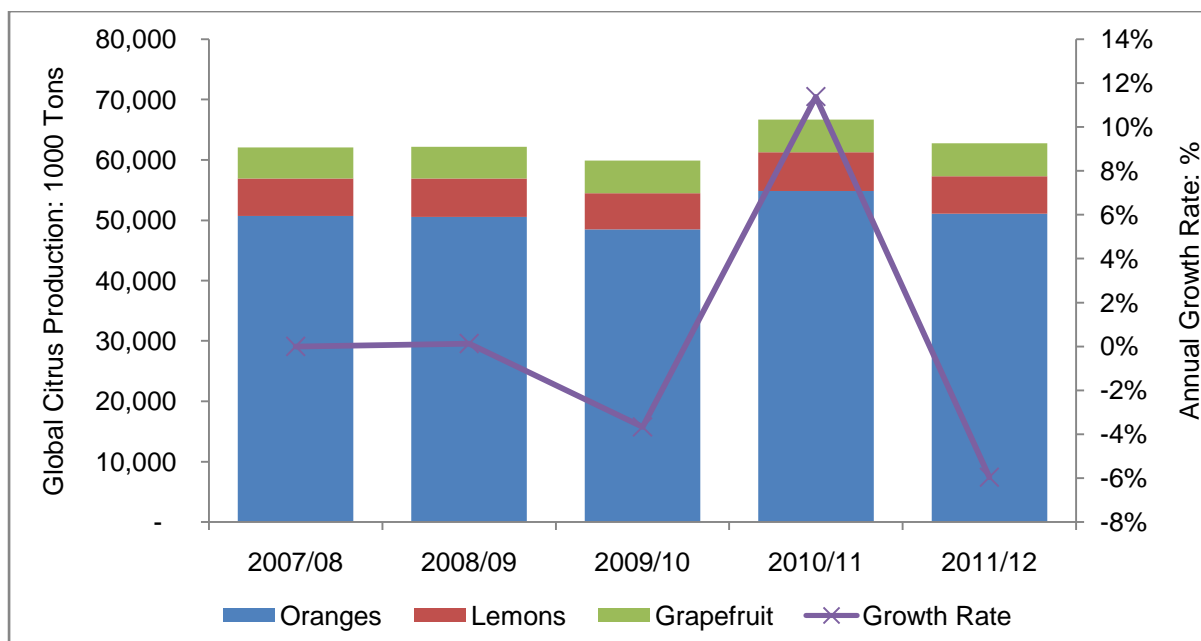


Figure 1: Global citrus production trends
Source: USDA FAS, 2013

2.2. Global citrus trade

Figure 2 shows the global citrus export trends between the 2007/2008 and 2011/2012 seasons. It is clear that over the last five years world citrus exports have been growing at a slow rate of 1 % per annum when measured in quantities. South Africa is the world's largest exporter of oranges with a total of 1 million tons exported in the 2012 season, accounting for 27 % of global orange exports. Other leading orange exporters include Egypt, the USA, Turkey and EU-27. Collectively the top five global orange exporters account for 85 % of world orange exports.

In the analysis of Figure 1 above, it was mentioned that Mexico is the biggest producer of lemons. It is therefore not surprising to note that Mexico is the world's largest exporter of lemons with a total quantity of 496 000 tons in the 2011/2012 season, accounting for 32 % of global lemon exports. South Africa is the 4th largest exporter of lemons with a global export share of 11 %. Other leading lemon exporters include Turkey, Argentina and the United States of America. The top five lemon exporters are responsible for 94 % of lemon exports in the world.

South Africa is a major global exporter of grapefruit. The country held a 25 % share of total grapefruit exports in the 2011/2012 season. South Africa is followed by the USA, Turkey, China and Israel and collectively they account for 94 % of global grapefruit exports. Remarkably, China is the world largest producer of grapefruit but not a significant exporter of this fruit. This indicates that China is an ideal and attractive market for fresh grapefruit exports. According to USDA 2013 data, China is the world's largest consumer of fresh grapefruit, accounting for 65 % of global grapefruit consumption.

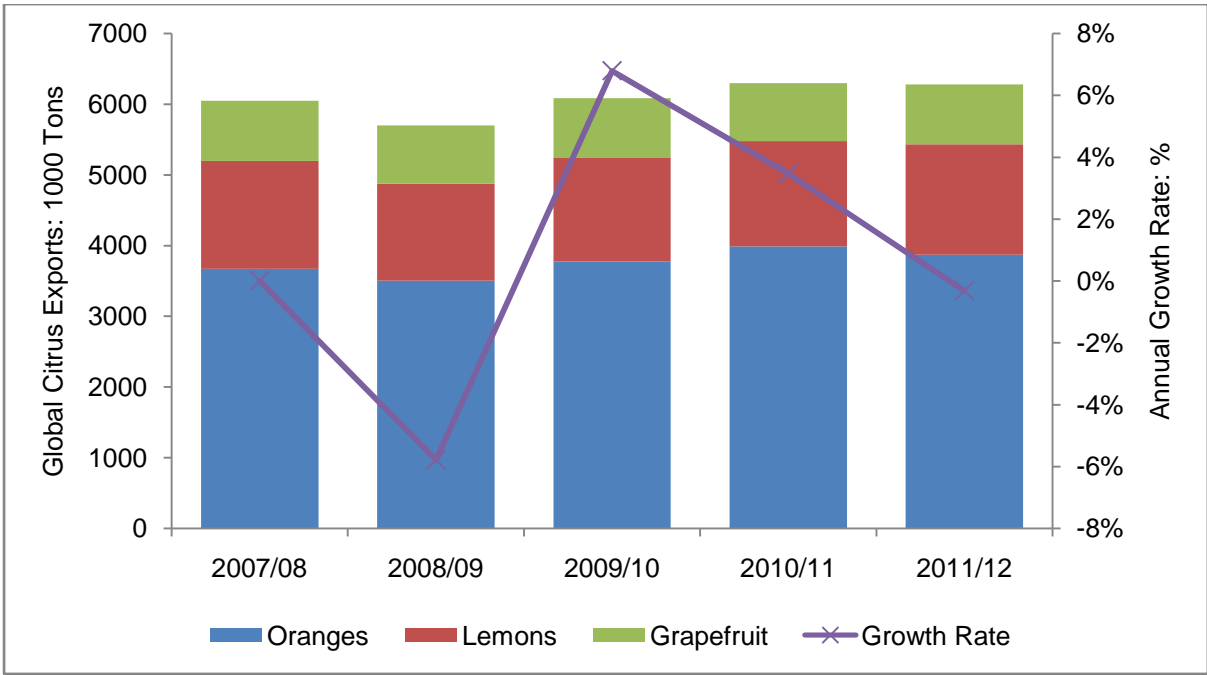


Figure 2: Global citrus export trends
Source: USDA FAS, 2013

Figure 3 shows the citrus fruit import trends over the last five seasons. Global citrus imports varied slightly in the past five years. The biggest decline in citrus imports was observed in the 2008/2009 season and this decline can be attributed to the global economic meltdown during that period. The EU-27 region is the world largest importer of all citrus fruits. Russia is fast becoming an important importer of citrus fruits as well.

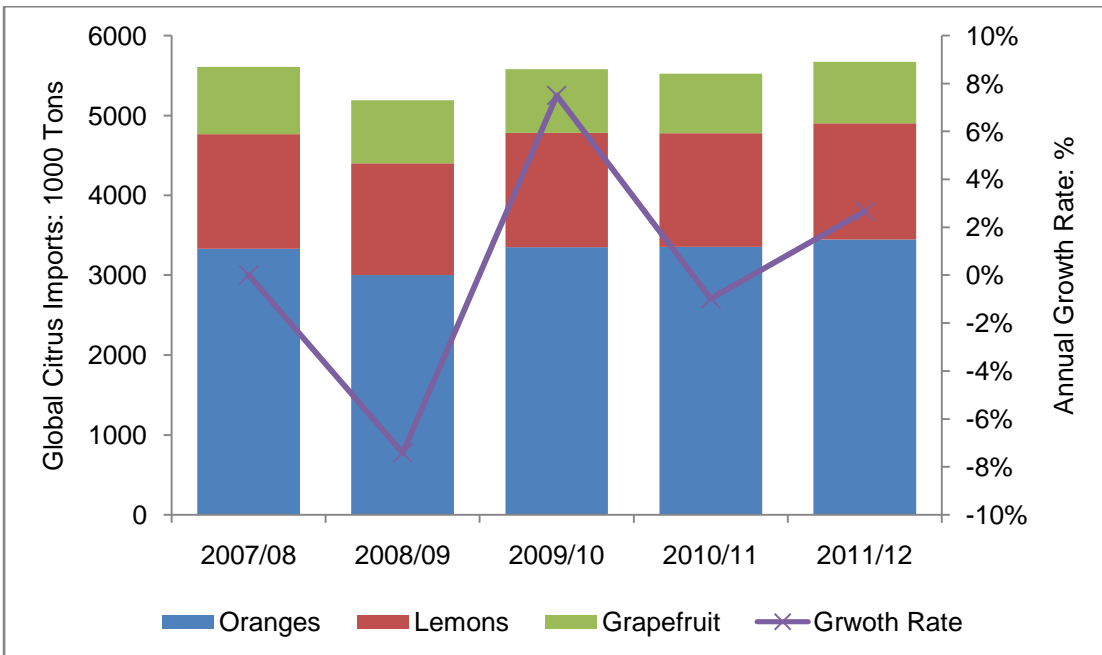


Figure 3: Global citrus import trends
Source: USDA FAS, 2013

Table 1 presents a summary of the sections above and highlights South Africa's role in the global citrus industry. South Africa accounted for 3.4 % of the world's citrus fruit in the 2011/2012 season. The country's global share has remained relatively the same over the five past seasons. The country's citrus production is dominated by oranges, which account on average for 69 % of total citrus production. Table 1 also shows South Africa's share in global exports, which is roughly 29 %, and its share in global processed citrus products, which is 2.1 %.

Table 1: South Africa's share in world citrus production, exports and processing and citrus composition within South Africa

Season	SA share in the World	Production share in SA			Citrus SA: World	Export share in SA			Citrus SA: World	Processed citrus share in SA		
		Oranges	Lemons & Limes	Grapefruit & Other		Oranges	Lemons & Limes	Grapefruit & Other		Oranges	Lemons & Limes	Grapefruit & Other
	%			%			%					
2007/08	3.4	72.8	11	16.2	28.3	72.8	12.5	14.7	2.0	59.9	12.1	28.0
2008/09	3.3	71.2	10.5	18.2	26.9	71.9	10.8	17.4	2.7	65.9	10.9	23.2
2009/10	3.4	72.3	10.7	17	29.2	75.9	10.5	13.6	2.3	57.0	12.2	30.8
2010/11	3.1	68.3	12.2	19.4	24.5	71.3	12.3	16.4	2.2	56.7	13.4	30
2011/12	3.4	69.0	12.4	18.6	29.1	73.5	11.7	14.8	2.1	51.0	15.9	33.1

Source: USDA and author's calculations

2.3. South Africa's citrus production in the 2012 season

South Africa is an important player in global citrus exports. The Limpopo Province is the biggest producer of citrus fruits, accounting for 31 % of total production. Mpumalanga and the Eastern Cape Provinces each account for 21 %, followed by the Western Cape with 16 % and KwaZulu-Natal with 7 %. The Western Cape and parts of the Eastern Cape are better suited for soft citrus and lemons, as these fruits prefer cooler regions. The other provinces have a warm climate and are ideal for orange and grapefruit production.

Figure 4 shows that a large proportion of South Africa's citrus production is exported to other countries, leaving only 9 % for domestic consumption as fresh produce. South Africa imported only 24 metric tons between 2007 and 2011, making the country a net exporter of citrus fruits. Large volumes of exports can be attributed to the fact that international markets are much more profitable than domestic markets, particularly in the years where the Rand's value is weak against global currencies. Only 27 % of fresh citrus is processed into secondary products like fruit juice. On average, from 2007 to 2011, 73.8 % and 58.1 % of oranges were exported and processed respectively. These percentages are higher than those of grapefruit, lemons & limes due to the high volumes of oranges produced in the country.

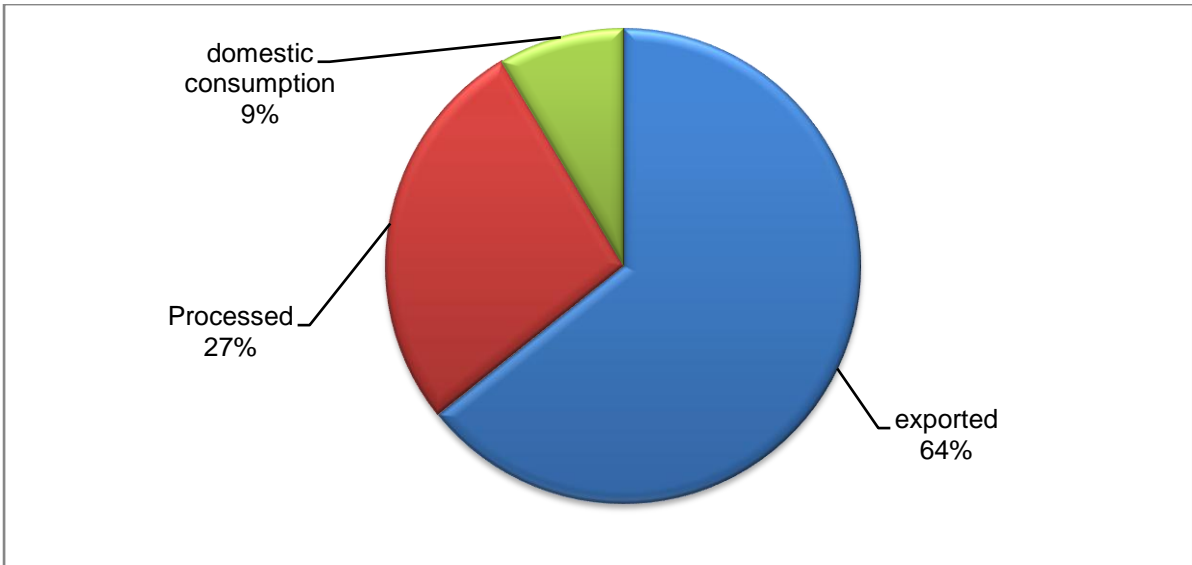


Figure 4: Citrus fruit distribution pattern from 2007–2011

Source: USDA, 2012, and author’s calculations

Figure 5 shows the total volume of citrus fruits inspected and passed for export between 2008 and 2012. During this period, the packed volumes increased by an average of 2 % per annum. In the 2012 season, a total of 102 million cartons (1 carton = 15 kg) were passed for export. Between 2008 and 2012, orange volumes showed a significant growth, rising from 64 million equivalent cartons in 2008 to 71 million cartons in 2012, thus a 10 % growth rate. Grapefruit and soft citrus products showed marginal growth while lemons improved from 5 million to 11 million cartons in the 2012 season.

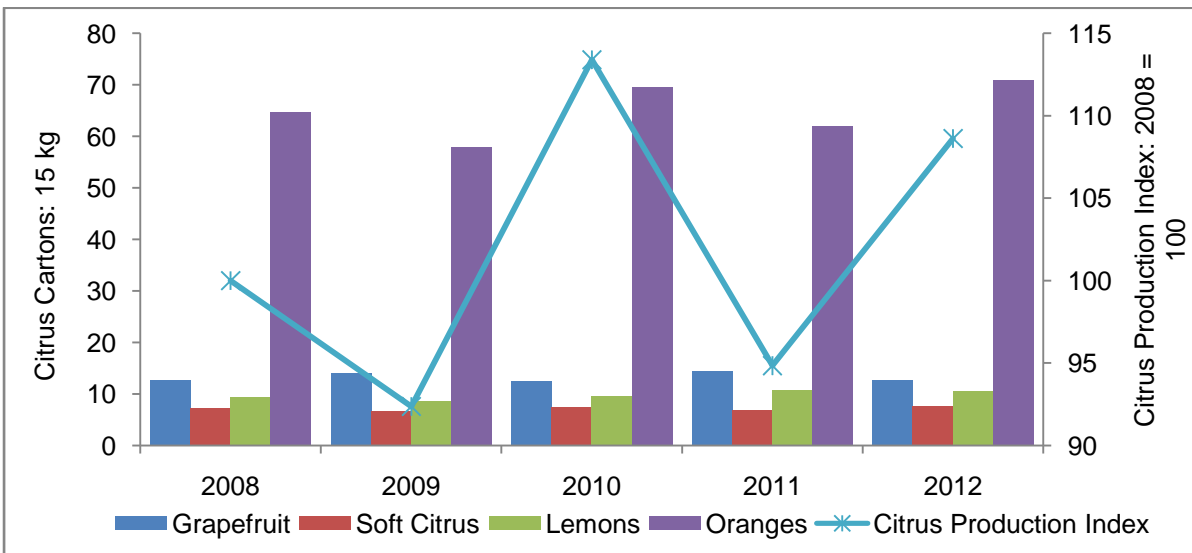


Figure 5: Citrus fruit volumes past for export per annum, 2006–2012

Source: CGA, 2013

Figure 6 shows the weekly number of citrus cartons passed for export in 2012 season. It is clear that 2012 volumes are slightly higher than the previous season, driven mainly by the large volume of oranges harvested in the 2012 season. The harvest commenced in week 2

but significant volumes only started in week 10 indicating that the 2012 season was slightly later than the previous season.

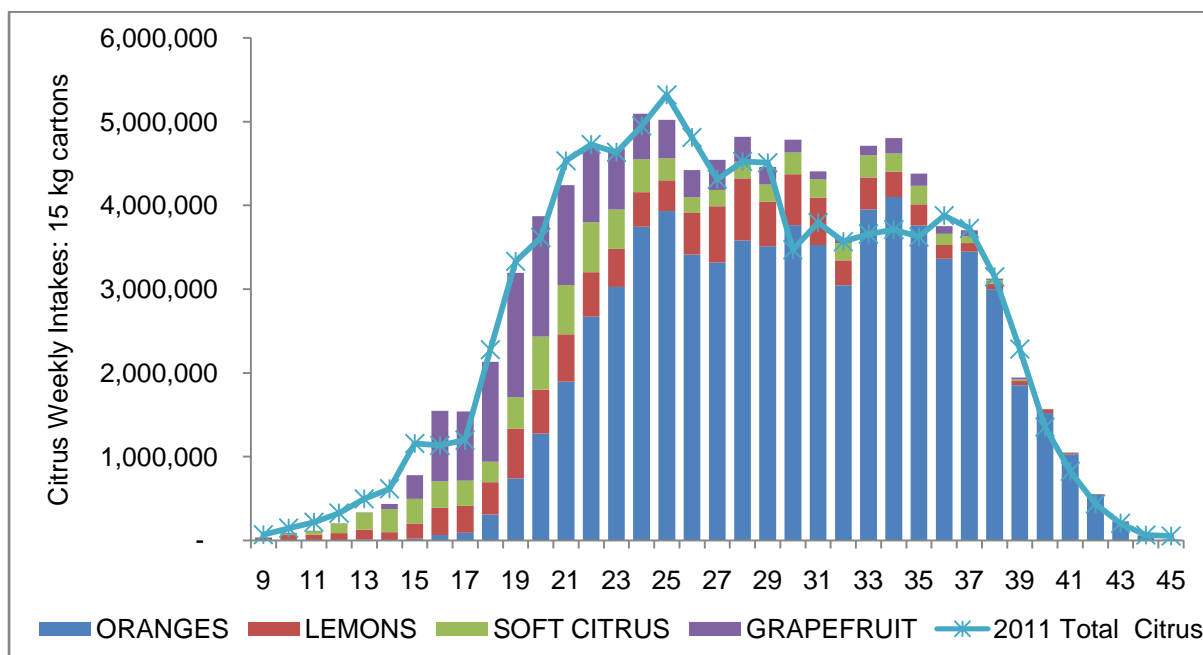


Figure 6: Weekly number of citrus cartons passed for export in the 2012 season
Source: CGA, 2013

Table 2 presents the largest citrus production regions measured in volumes passed for export. The Sundays River Valley is the largest citrus producing region, with a total of 18.97 million cartons passed for export in 2012 season. Over the five years, citrus volumes from the Sundays River Valley increased by 8 %. Other regions that have recorded a double digit growth over the last five years include Letsitele (11 %), Senwes (10 %), Western Cape (20 %), Hoedspruit (20 %) and Nelspruit (19 %). The Onderberg and Boland regions showed a decline in volumes inspected and passed for export over the last five years. The volumes from Limpopo River region have remained relatively the same over the last five years

Table 2: Top 10 Citrus production regions by volumes

CGA Region	2,008	2,009	2,010	2,011	2,012
S.R. Valley	17 541 610	16 538 798	17 590 165	20 838 325	18 968 464
Letsitele	12 996 607	11 398 578	15 302 006	13 568 782	14 435 267
Senwes	11 774 742	11 547 950	13 281 453	9 836 562	12 959 664
W. Cape	10 881 004	9 381 396	12 156 088	11 507 404	13 041 816
Hoedspruit	6 832 087	7 320 424	7 475 122	8 876 255	8 483 894
Patensie	5 976 259	5 427 723	5 775 045	7 142 916	6 511 812
Onderberg	6 351 613	6 485 758	6 263 107	5 604 235	5 151 586
Limpopo Riv	5 666 404	4 452 421	5 595 986	4 754 322	5 704 299
Nelspruit	4 378 469	4 453 466	5 031 484	4 106 097	5 228 342
Boland	3 955 105	3 287 892	3 764 949	3 627 183	3 562 762
Other	8 171 762	7 063 124	7 109 495	5 046 589	4 975 348
Total	94 525 662	87 357 530	99 344 900	94 908 669	99 023 254

Source: CGA, 2012

2.4. South Africa's citrus export and domestic market sales

Figure 7 shows South Africa orange exports to various markets in the 2012 season and compared to the two previous seasons. The 2012 season's orange exports were 9 % higher than 2011 and 3 % lower than the record high exports of the 2010 season. Northern Europe remains the largest destination market for South African citrus, absorbing 23 % of total orange exports. The Middle East accounts for 20 %, followed by Russia, South East Asia and South Europe, with each absorbing 11 % of total exports.

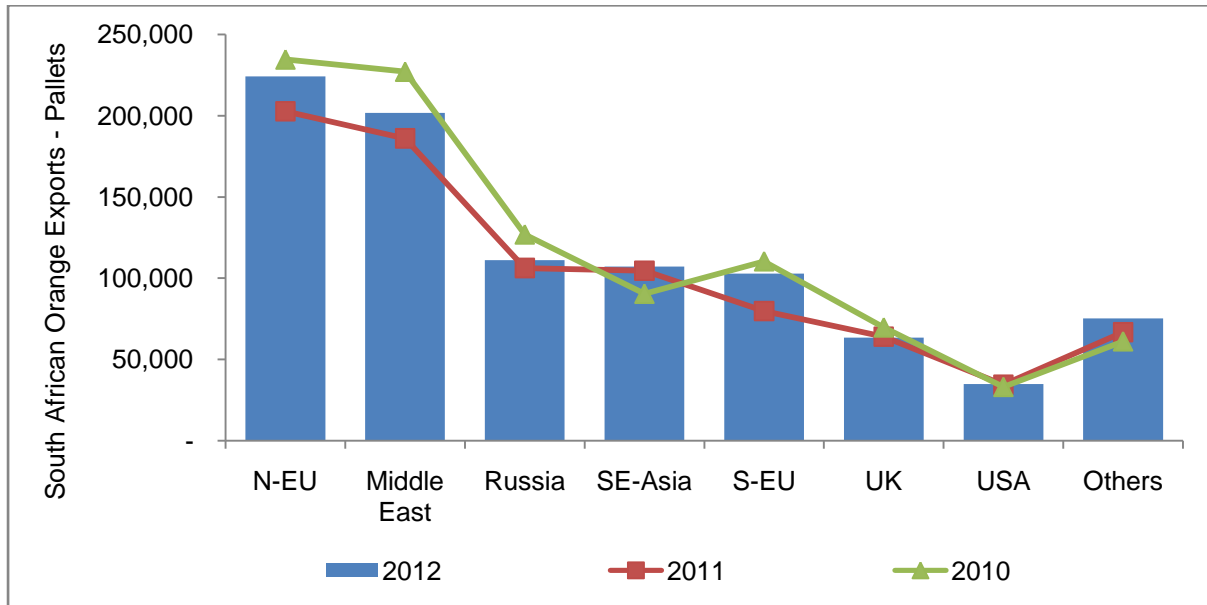


Figure 7: South African orange exports per market in the 2012 season

Source: CGA, 2013

Figure 8 represents South Africa's lemon exports to various markets in the 2012 season. Over the last four seasons, lemon exports have been increasing by an average rate of 7 % per annum. The Middle East is the main destination market, accounting for 41 % of total exports. Other leading markets include Northern Europe, Russia, South East-Asia and the United Kingdom collectively accounting for 49 % of total exports. It is clear that South Africa's lemon exports are concentrated into 5 markets which hold 90 % of total markets.

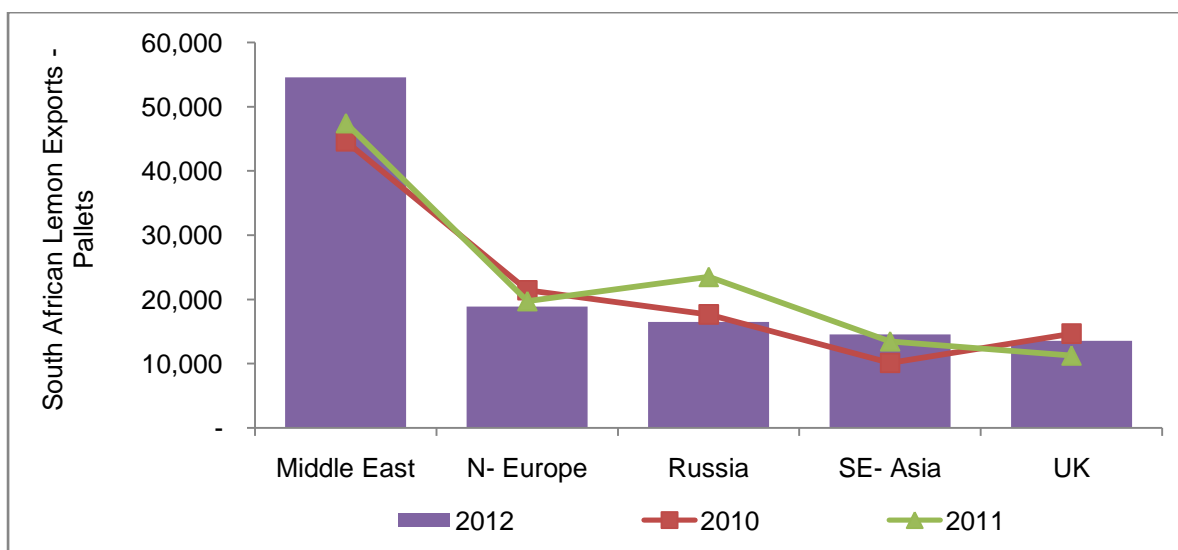


Figure 8: South African lemon exports per market in 2012 season

Source: CGA, 2013

Figure 9 shows South Africa's grapefruit exports to the world in the 2012 season. 2012 grapefruit exports decreased by 21 % compared to 2011 and by 1 % compared to 2010. Northern Europe and Japan are the main destination markets for South African grapefruit, together accounting for 64 % of total exports.

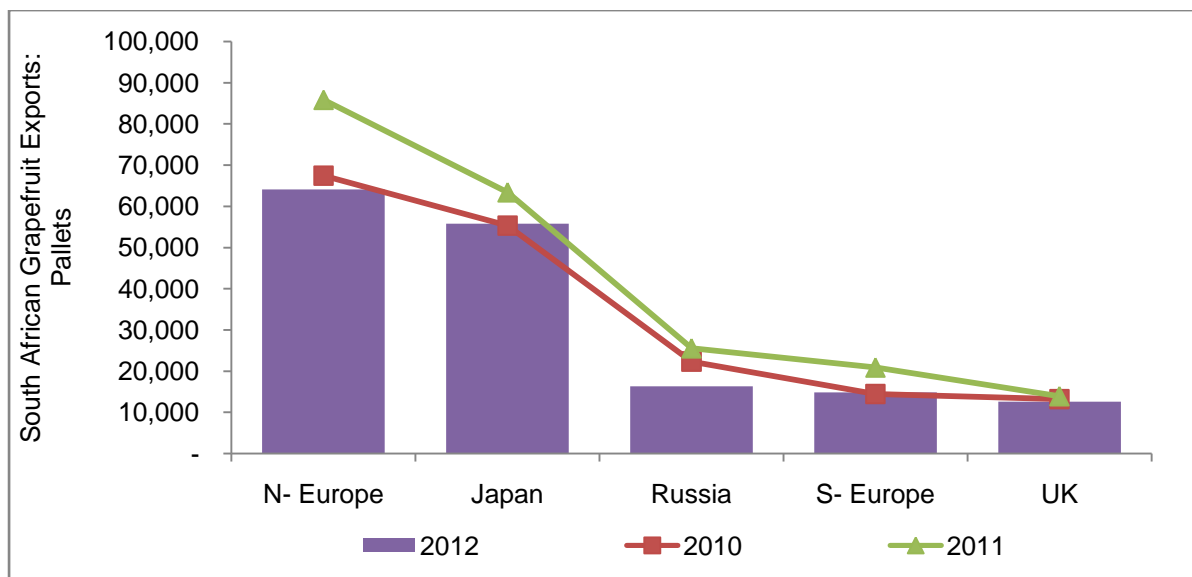


Figure 9: South African grapefruit exports per market in 2012 season
Source: CGA, 2013

Figure 10 shows trends of consumed citrus fruits in 2011 and 2012 with relative price per ton of lemon, orange and grapefruit. Volumes consumed in 2012 declined by 5 % from 2011. In the 1st and 2nd quarters of 2012, consumption was relatively low while prices were very high. The cumulative price per ton of lemons was higher than the cumulative price per ton of grapefruit and oranges, in that order.

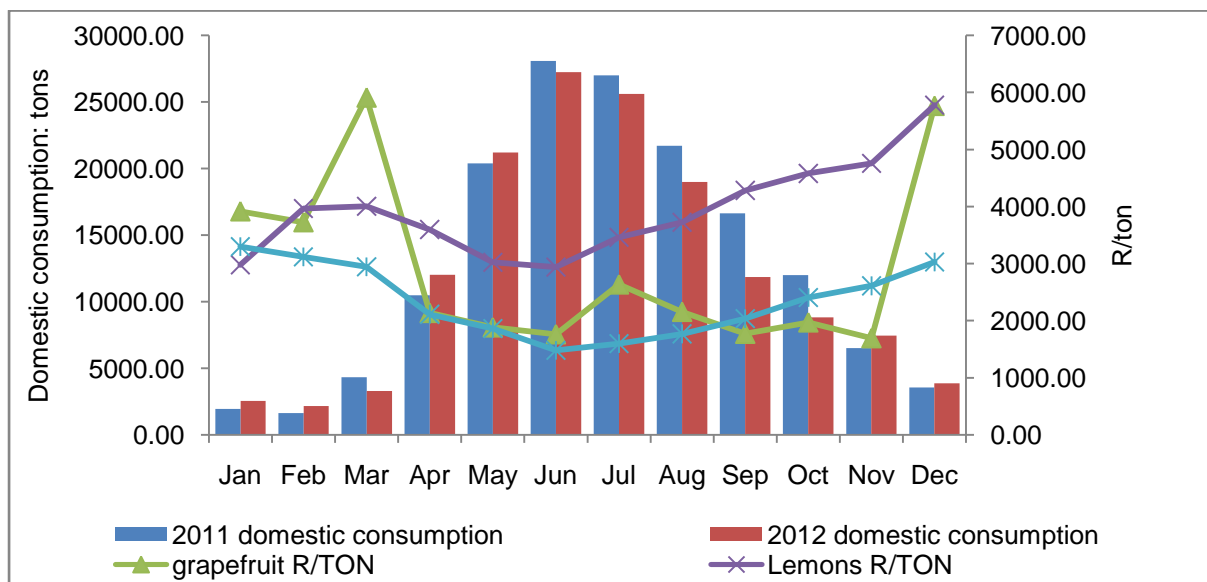


Figure 10: Fresh citrus fruit sales at the domestic market
Source: DAFF, 2013

3. Preview of the table grape season, 2012/2013

3.1. Global table grape production and exports

The USDA (2012) estimates a total crop of 17.1 million metric tons in the 2012/2013 table grape season, which is a 3 % growth compared to the previous season. Both production and consumption have grown by 20 % in the last 5 years, driven by growth in China. Figure 11 shows the world's top ten table grape producing countries. China is by far the largest and fastest growing producer of table grapes in the world. In the current season, China is estimated to produce 7.3 million tons of table grapes, which is equivalent to a 40 % global production share. Strong global demand and high profitability over the last five seasons have sparked expansions in vineyard plantations in China and other leading grape producing countries.

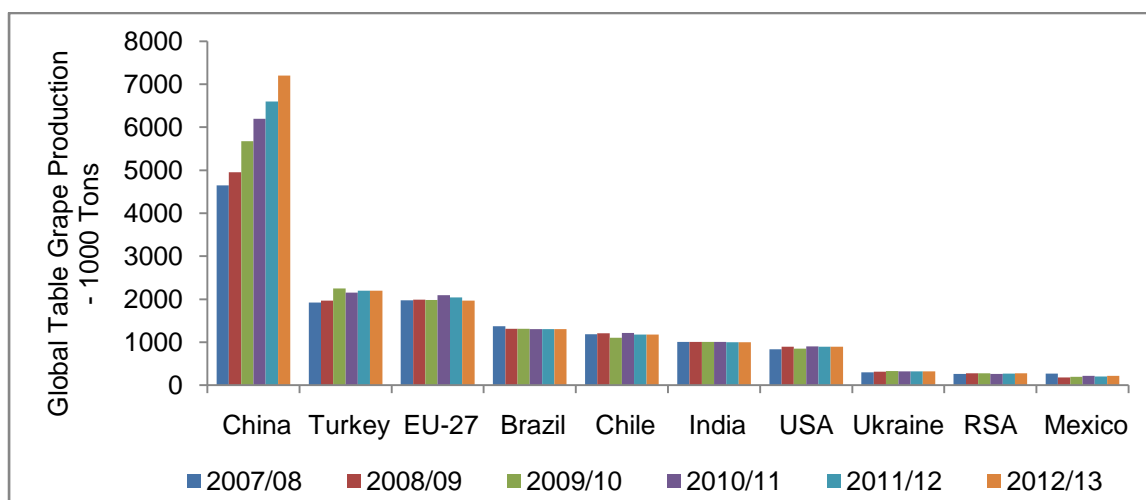


Figure 11: Global table grape production trends

Source: USDA, 2012

Figure 12 shows the leading exporters of table grapes in the world. Global table grape exports are forecast to increase by 4 % in the current (2012/2013) season as compared to the previous season. The increase will be fuelled by large volumes expected from Chile, the largest exporter in the world, and the USA, the second biggest exporter in the world.

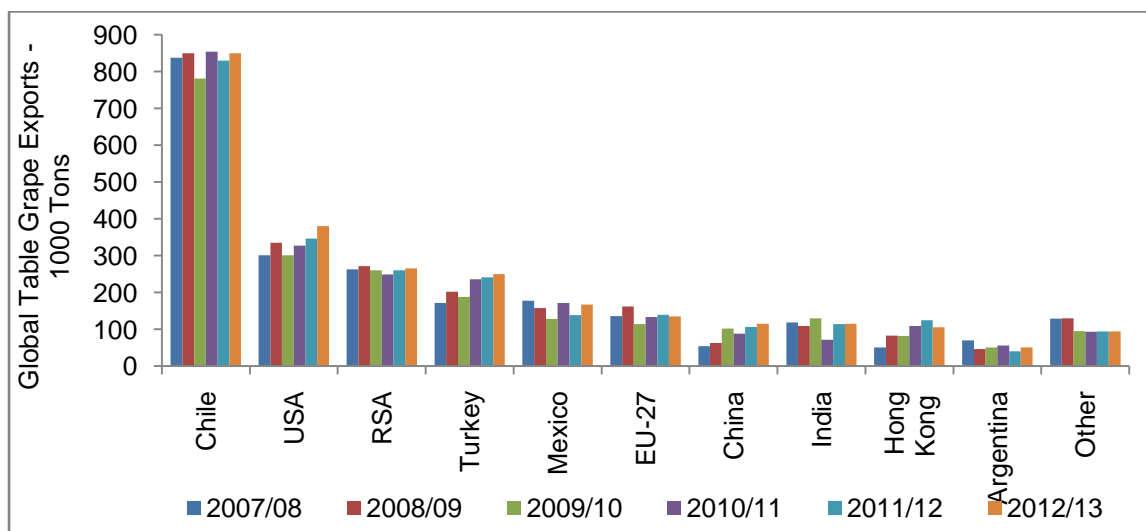


Figure 12: Global table grape production trends

Source: USDA, 2012

3.2. South Africa's table grape production and export in 2012/2013 season

The South African table grape industry released the initial crop estimate in October 2012. The 2012/2013 season's crop is estimated to be in the range of 53 to 55 million equivalent cartons (1 carton = 4.5 kg). In the previous season, a total of 54.65 million cartons were harvested from all five production regions (see Table 3). The November 2012 farm workers' strike that started in De Doorns (the main producing area) will likely have negative impacts on the estimated volumes. As a result of the labour unrest, about 50 hectares of table grapes were destroyed and certain vineyard activities (e.g. bunch thinning) were interrupted. The consequences of interrupted vineyard activities will lead to quality issues such as small berry sizes and uneven bunch shape and sizes.

Table 3: Initial table grape crop estimates for the 2012/2013 season

Region	2011/2012	2012/2013
	Actual: Million	Estimate: Million
Northern Province	4.25	4.2–4.4
Orange River	16.83	16.6–16.9
Olifants River	2.27	2.3–2.5
Berg River	12.87	12.5–12.8
Hex River	18.43	18.2–18.5
Total	54.65	53.8–55.1

Source: SATI, 2012

Figure 13 shows the weekly intake of table grapes up to week 1 of the current season. The volumes inspected and passed for export in the current season are slightly lower than the previous season due to the combination of weather conditions and labour unrest.

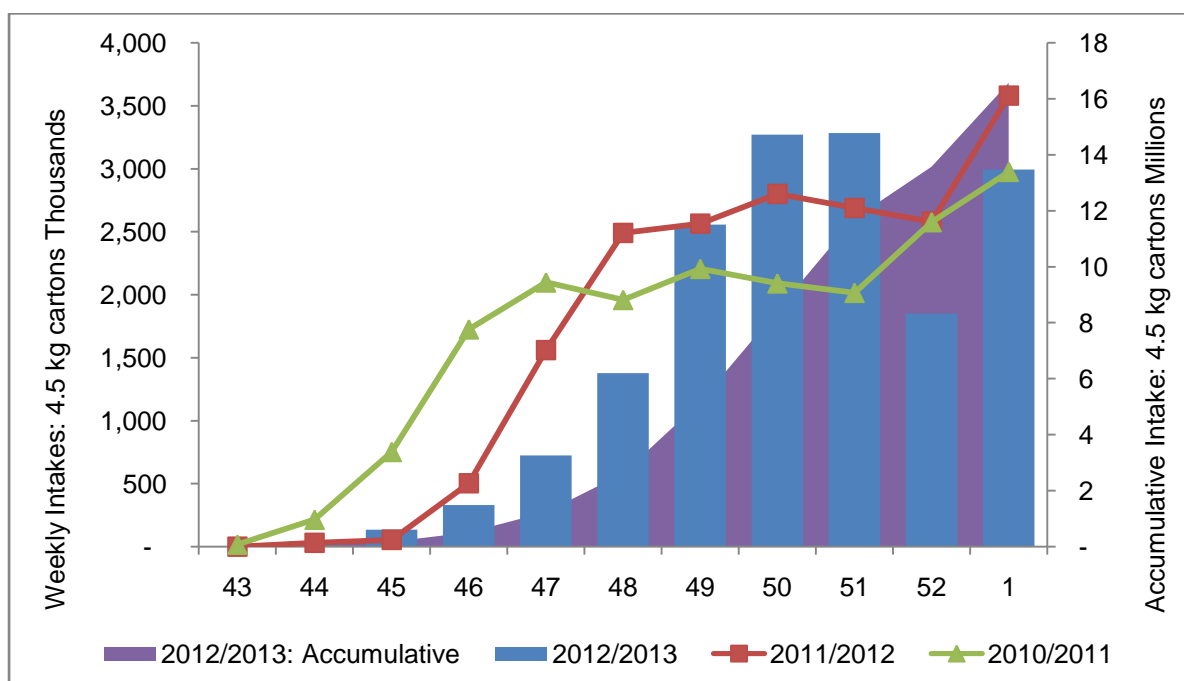


Figure 13: Weekly number of table grapes passed for export in 2012/2013 season

Source: SATI, 2013

Figure 14 presents South African table grape exports to various markets. Northern Europe and the United Kingdom remained key markets for table grape exports. By the end of week 1, these two markets had absorbed 87 % of the total of South African table grape exports.

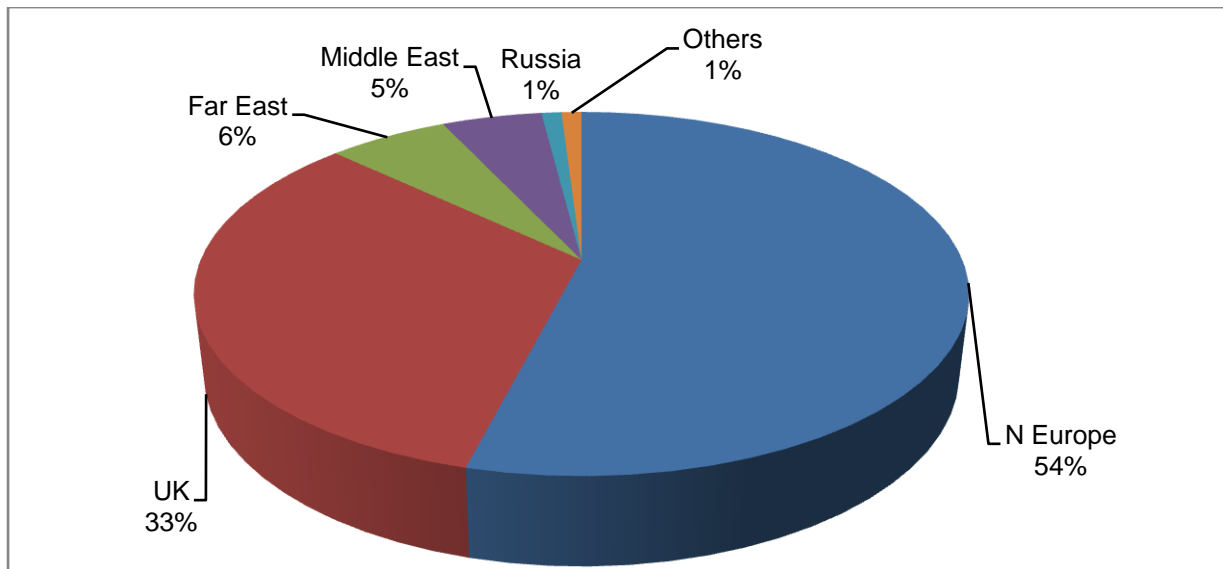


Figure 14: Table grape exports per market in the 2012/2013 season
Source: SATI, 2013

Figure 15 shows South African domestic consumption (2011–2012) and price trends (2012) for table grapes. Domestic consumption increased by 6 % between 2011 and 2012. Prices in the first semester of 2012 were much lower than the price per ton in the second semester. It is important to note that when prices were lower, more was consumed and vice versa. Consumption was low from July to December 2012, indicating that table grape consumption is seasonal. Prices grew by 246 % while consumption of table grapes declined by 87 % between the 1st and 2nd semesters of 2012.

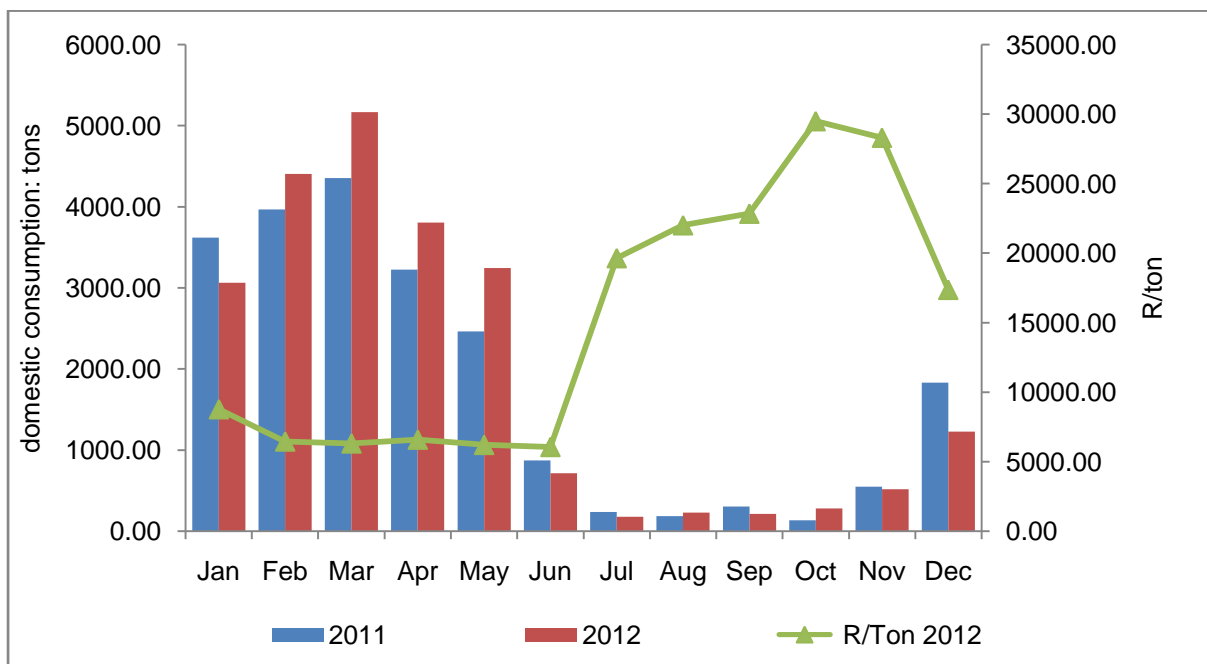


Figure 15: Table grape sales in the domestic market
Source: DAFF, 2013

4. Preview of the peach season, 2012/2013

4.1. Global peach/nectarine production

According to the USDA (2012) report, the world production of peaches and nectarines is forecast to continue its decade-long climb in the 2012/13 season, rising by 3 % from the previous season to reach a record 19.4 million tons (see Figure 16). The recent expansion of global peach and nectarine production almost all comes from China. In the 2012/2013 season, China's production is forecast to reach 1.2 million tons, which is equivalent to 62 % of global production. South Africa is the 8th largest producer of peaches and nectarines, accounting for just 1 % of global production. Global production is very concentrated, with the top five largest producers (i.e. China, EU-27, USA, Turkey and Argentina) accounting for 94 % of world production of peaches and nectarines (see Figure 16).

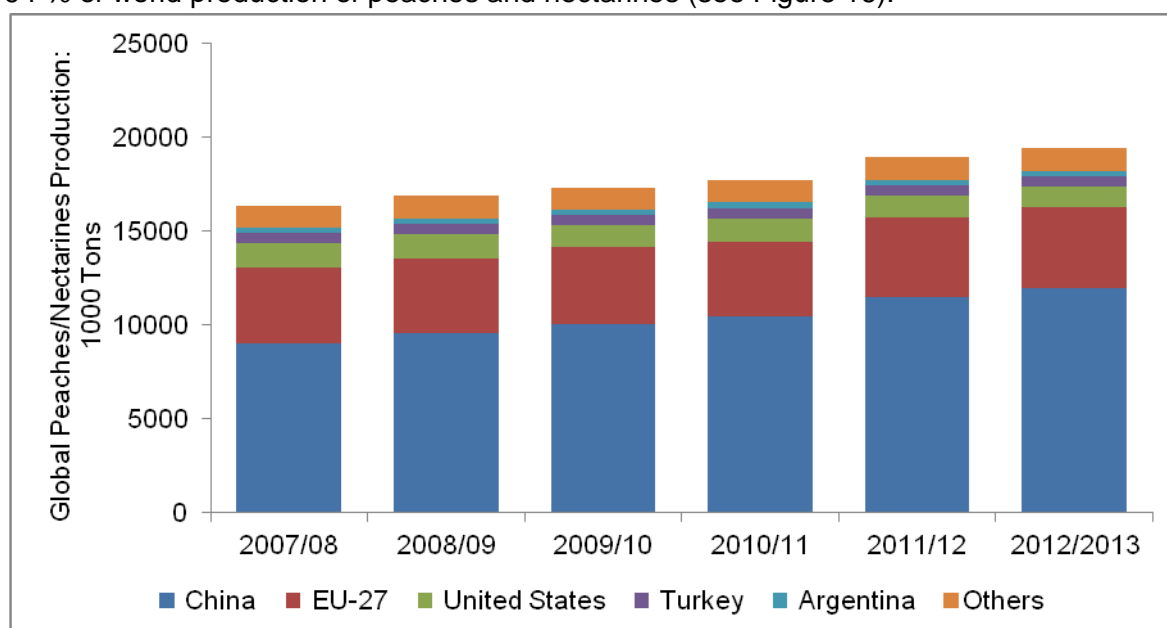


Figure 16: Global peach/nectarine production trends, 2007–2013

Source: USDA, 2012

Figure 17 shows the leading exporters of peaches and nectarines in the world. The EU-27 has gained a significant share in global exports over the last 6 years. Between 2008 and 2013, EU-27 exports recorded a growth rate of 68 %, growing from 194 000 tons to 325 000 tons in the 2012/2013 season. South Africa is among the top ten exporters of peaches and nectarine fruits, but is responsible for only 2 % of the global export share.

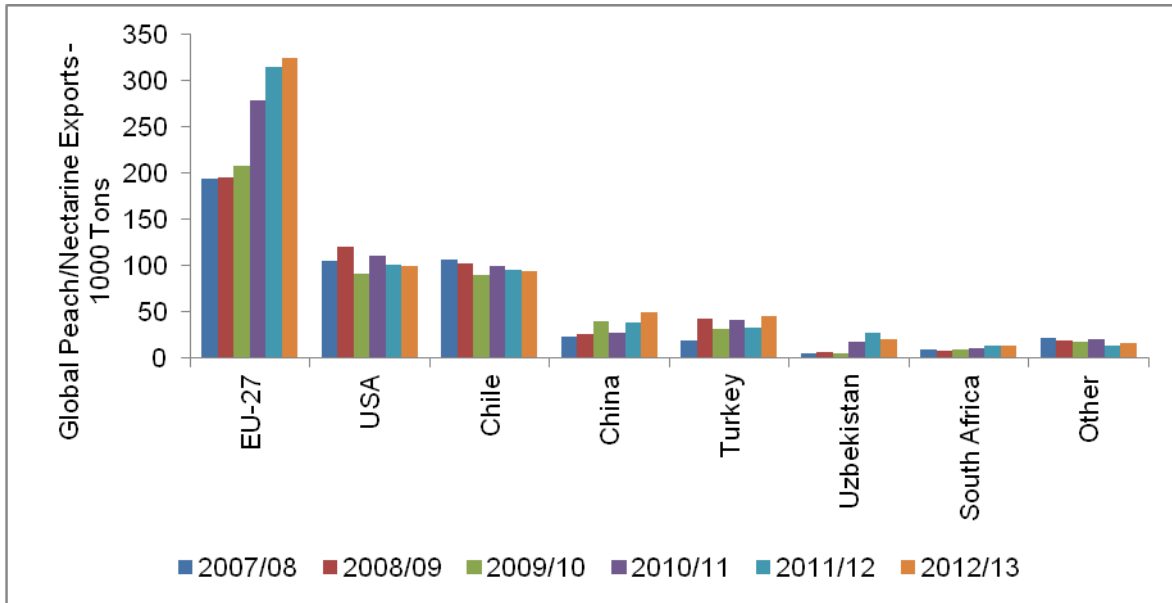


Figure 17: Global peach/nectarine exports
Source: USDA, 2012

4.2. South Africa’s stone fruit estimates in 2012/2013 season.

Table 4 shows the crop estimates of all South Africa stone fruits in the 2012/2013 season. Apricots and nectarines are forecast to decline by 10 % and 7 % respectively. Peach and plum fruits are forecast to grow by 6 % and 4 % respectively compared to the previous season.

Table 4: Stone fruit crop estimates for 2012/2013 season

Product	Carton Size	Actual			Estimates	Estimates vs. Previous Season
		2009/2010	2010/2011	2011/2012	2012/2013	
Apricots	4.75	976 187	882 100	1 283 657	1 151 932	-10 %
Nectarines	2.5	2 605 845	2 528 509	3 535 866	3 278 782	-7 %
Peaches	2.5	1 134 343	997 526	1 197 427	1 269 829	6 %
Plums	5.25	7 876 810	9 396 300	9 526 529	9 910 643	4 %

Source: Hortgro Services, 2013

Figure 18 shows the main destination markets for South Africa peach exports in the 2012/2013 season.

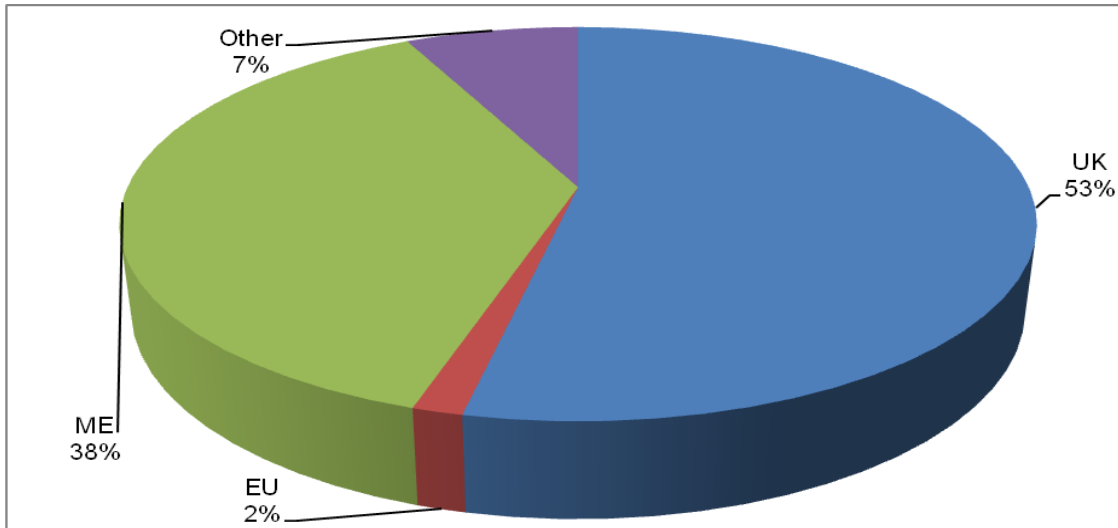


Figure 18: South Africa peach exports per market in the 2012/2013 season
Source: Hortgro Services, 2013

Figure 19 shows the volumes of peaches consumed in the domestic market between 2011 and 2012 with relative prices per ton for 2012. Consumption declined by 11.9 % between 2011 and 2012, suggesting that more peaches were consumed in 2011 than 2012. In 2012, the highest volume of peaches was consumed in the month of January, accounting for 26 % of consumed peaches in that year. In the last quarter of the year, consumption was significantly increased from 583.02 tons consumed in the 2nd and 3rd quarter combined. Price per ton was very high in June and July, when consumption was only 2.23 and 6.88 tons respectively.

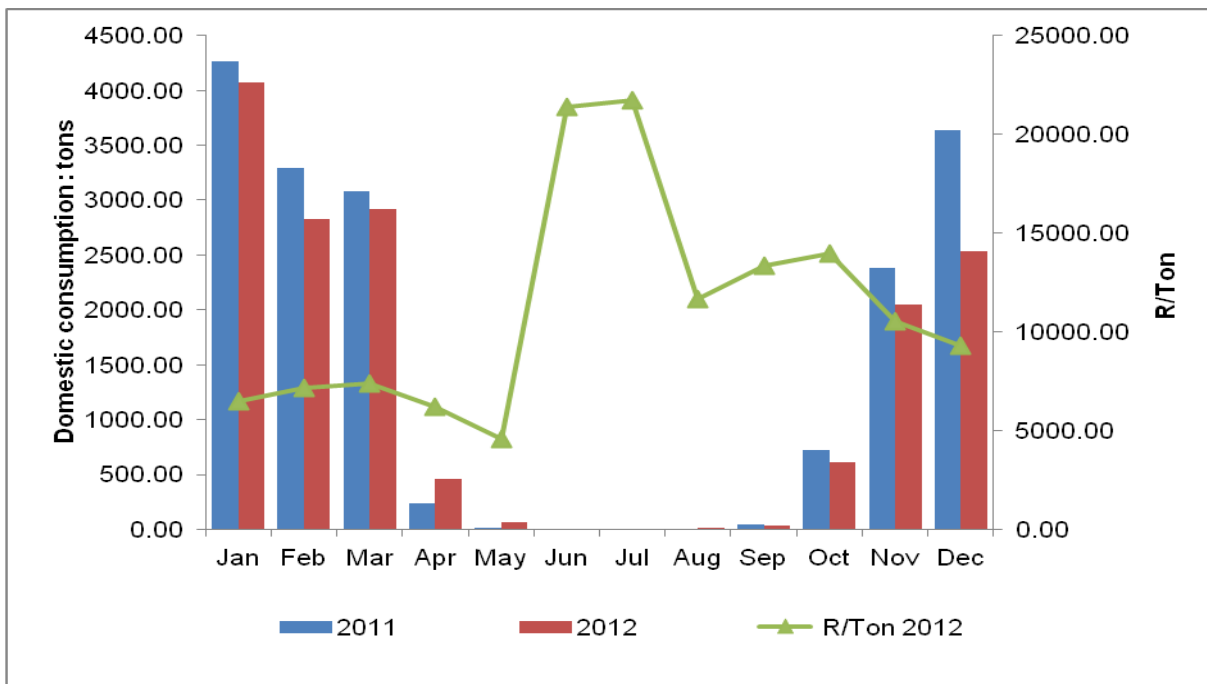


Figure 19: Peach sales on the domestic market, 2011 and 2012
Source: DAFF, 2013

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Department of Agriculture, Forestry and Fisheries (DAFF). 2012. *Local market fruit sales data*. Directorate of Agricultural Statistics, Pretoria.

Hortgro Services. 2010. *Pome and stone fruit export data*. Information and Value Chain Division, Paarl.

South African Table Grape Industry (SATI). 2010. *Table grape fruit export data*. Information and Market Intelligence Division, Paarl.

Useful Links:

Citrus Growers' Association (CGA): www.cga.co.za

Dept of Agriculture, Forestry and Fisheries (DAFF): www.daff.gov.za

Fresh Produce Exporters' Forum (FPEF): www.fpef.co.za

Hortgro Services: www.hortgro.co.za

National Agricultural Marketing Council (NAMC): www.namc.co.za

Perishable Products Export Control Board (PPECB): www.ppecb.com

South African Subtropical Growers' Association (Subtrop): www.subtrop.co.za

South African Table Grape Industry (SATI): www.satqi.co.za

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