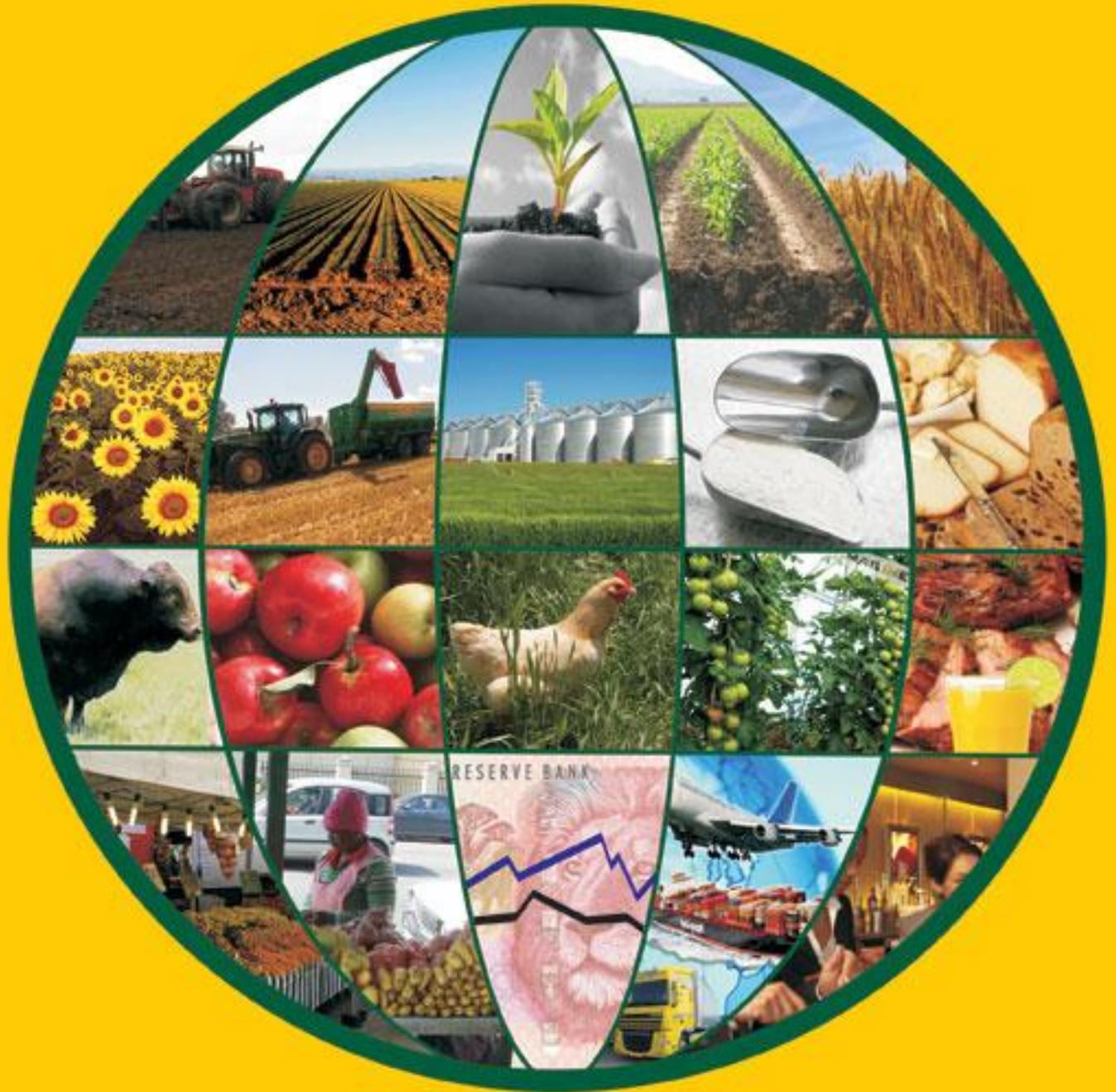


SOUTH AFRICAN FRUIT TRADE FLOW

February 2012



National Agricultural
Marketing Council
Promoting market access for South African agriculture



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Issue No. 5, February 2012



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 the performance of the pome fruit industry, on both local and export markets in the 2011 season. A preview of the table grape and stone fruits seasons that are currently underway is also presented.

In 2011, the pome fruit season ended on a high note, with a total of 25.5 and 14.1 million equivalent cartons (each weighing 12.5 kg) of apples and pears respectively packed and passed for export. The European markets imported a large percentage of the recorded exports. A closer look indicates that (in the 2011 season) about 71% of pears and nearly 43% of apple exports were exported to European markets. Noteworthy is the growth in apple exports destined for the African market. In this regard, the African market accounted for 24% of South Africa's total exports of apple. The strengthening of exports to Africa can be attributed to new trade and economic agreements (e.g. SADC FTA, AGOA, proposed Tripartite FTA between SADC, EAC and COMESA); improved logistics and the evolving retail and banking sector in Africa.

The new table grape season started in October 2011 and will continue until the end of May 2012. In the last three seasons, table grape exports had an average value of around R3 billion. In the 2011/2012 season, table grapes harvested from the early regions showed excellent quality despite harsh weather conditions experienced in January 2012. As of the end of Week 1, a total of 18 million equivalent cartons (each weighing 4.5 kg) were packed and passed for export. The late regions have also started with the harvest and they are expected to push the total volumes of table grapes to between 50 and 52 million equivalent cartons.

The majority of the stone fruits are expected to record double digit growth in the 2011/2012 season due to high yields and excellent quality. However, plums are expected to decline by 471,915 equivalent cartons (each weighing 5.25 kg) as compared to the previous season. Apricots are estimated to record significant growth of 43% as compared to the previous season, followed by nectarines and peaches with both registering 19% growth over the previous season.

2. Overview of the pome fruit industry: 2011 season

Figure 1 shows the trend in total cartons of pome fruit passed for export between 2009 and 2011 seasons. The total number of pear cartons passed for export has remained more or less constant at 14.4 million equivalent cartons (each weighing 12.5 kg) over the last three years. Apples cartons passed for export declined from 26.6 million in 2009 to 23.8 million cartons in 2010. The 2011 season recorded an increase of 1.6 million cartons as compared to the 2010 apple season.

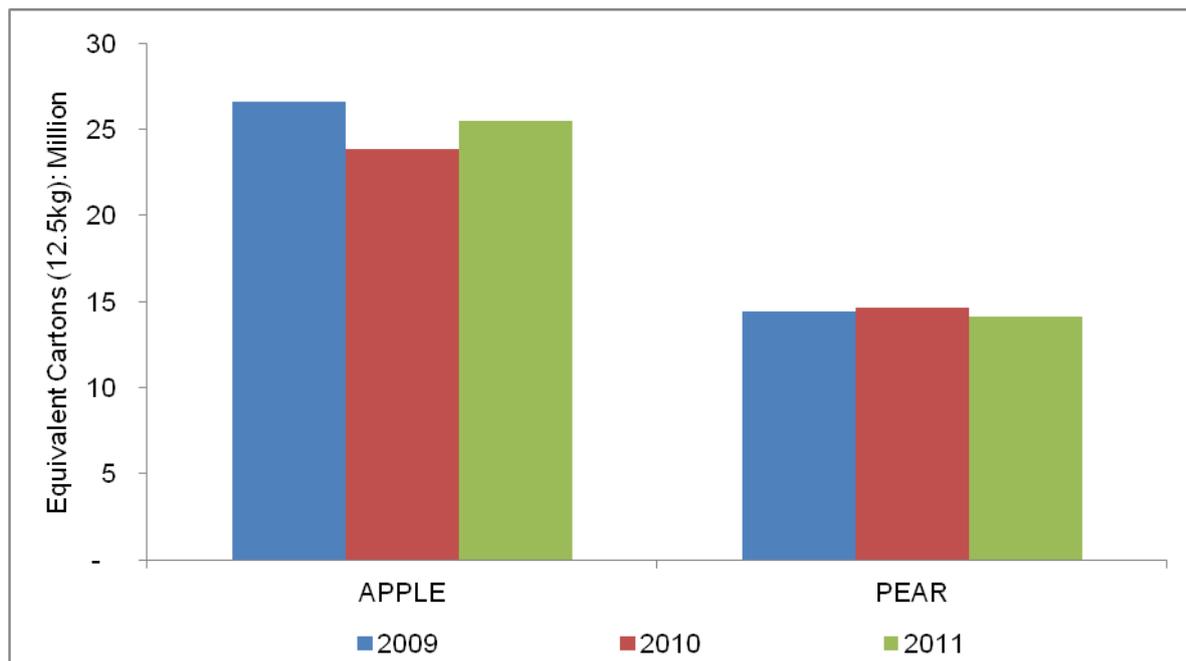


Figure 1: South African fresh apples passed for export: 2009 – 2011

Source: Hortgro Services, 2012

Figure 2 shows the markets for South African exports of apples over the last three years. The UK remains the largest importer of apples with a 29% import share in the 2011 season. However, the UK share in South African exports of apples has declined from 37% in 2009 to 34% in 2010 and 29% in 2011. The declining share can be attributed to strengthening market barriers in the UK (i.e. SPS and ethical issues), weakening currency and slow economic recovery as well as intensifying competition from other Southern Hemisphere countries. South African exporters are increasingly recognising the potential of the African market. This recognition is noticeable when one looks at the significant growth rate recorded in apple exports going to Africa during the last three years. In 2009, apple exports to Africa amounted to 3.5 million cartons; this grew to 4.1 million in 2010 and to 5.8 million cartons in 2011. The strengthening of exports to Africa can be attributed to new trade and economic agreements (e.g. SADC FTA, AGOA, the proposed Tripartite FTA between SADC, EAC and COMESA), improved logistics and the evolving retail and banking sectors in Africa.

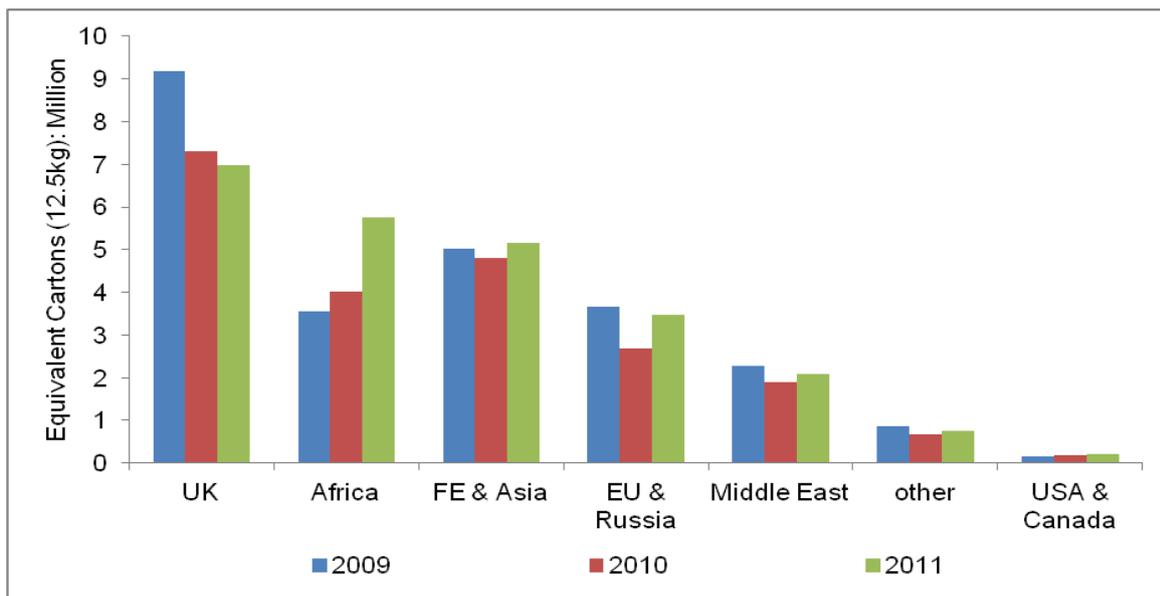


Figure 2: Apple export volumes per market in the 2011 season

Source: Hortgro Services, 2012

Figure 3 shows the main destinations of South African pear exports. The EU and Russia accounted for 60% of South Africa’s total exports of pears in the 2011 season. The Far East and Asian markets are slowly gaining larger shares. In 2009, South African pear exports to Eastern emerging markets stood at 1 million cartons, which then increased to 1.6 million in 2010 and to 2 million cartons in 2011. The Middle East is also showing growth. South African pear exports to this market increased from 653,271 cartons in 2009 to 1.2 million cartons in 2011, i.e. an 85% growth rate in three years. Pear exports to Africa are also growing but remain modest.

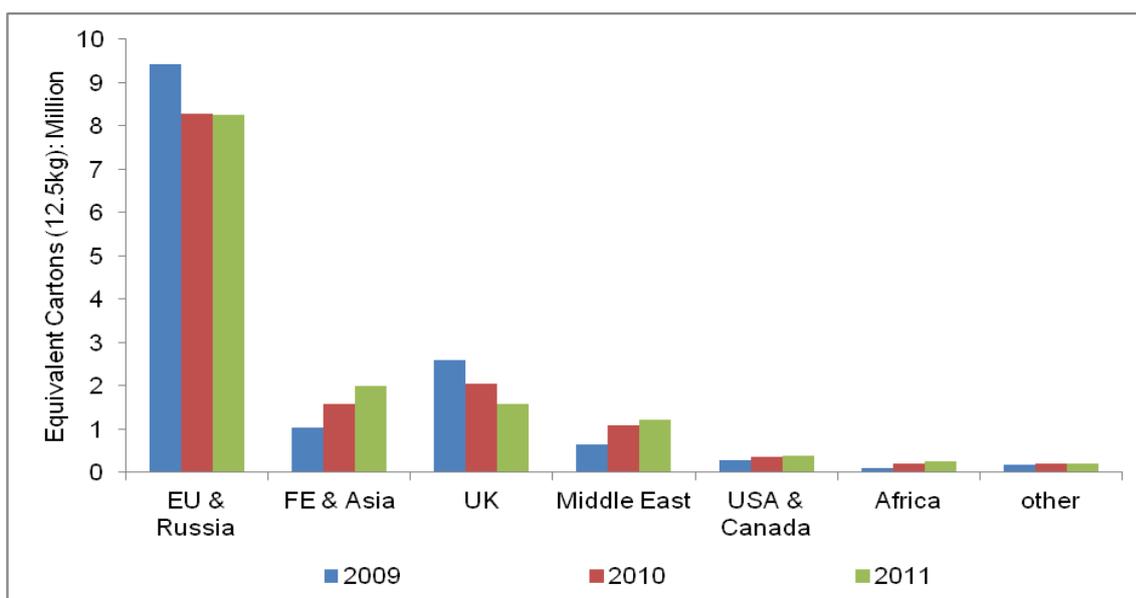


Figure 3: Pear export volumes per market in the 2011 season

Source: Hortgro Services, 2012

Figure 4 shows apple sales on the domestic market through the National Fresh Produce Markets (NFPMs). The total volume of apples sold in the NFPMs in 2011 was 148,930 tons compared to 146,998 tons in 2010. The average monthly price of apples in 2011 was R5,253 per ton which is 9% more than the 2010 price. The price of apples usually reaches a low point between May and June when harvesting activities are at their busiest (see Figure 4).

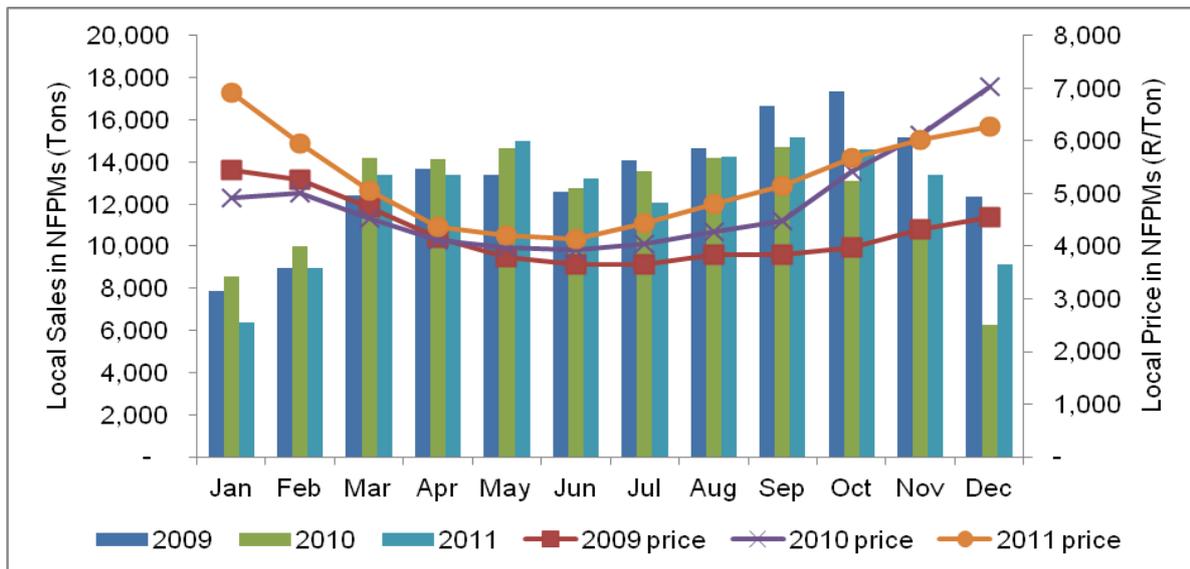


Figure 4: Local market sales for apples through the NFPMs

Source: DAFF, 2012

Figure 5 presents pear sales on the NFPMs between 2009 and 2011. Noteworthy is that volumes sold in the NFPMs have been increasing at an average rate of 10% per annum during the last three years. The average monthly pear price increased from R4,306 in 2009 to R4,533 in 2010 and to R4,798 per ton in 2011.

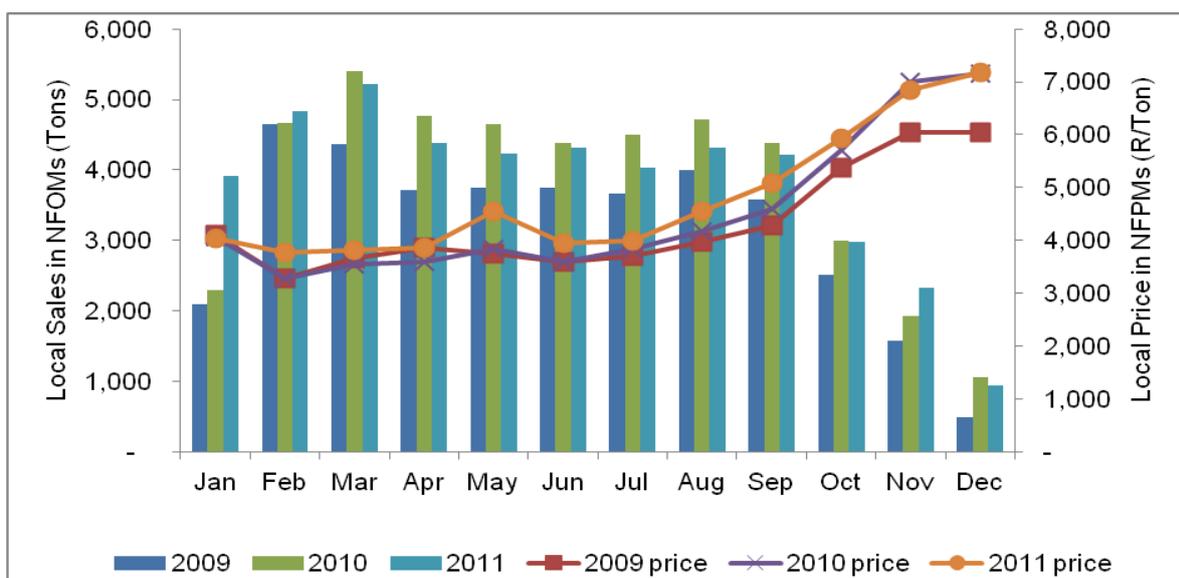


Figure 5: Local market sales for pears through the NFPMs

Source: DAFF, 2012

Important to note is that pome fruit (both apples and pears) are available on the domestic market throughout the year due to improved storage facilities and technologies.

3. Table grape season: 2011/2012

The 2011/2012 table grape season commenced in October 2011. The total crop estimated for the current season is between 50 and 52 million cartons (see Table 1). Early production regions (i.e. the Northern Province and Orange River regions) are approaching the end of harvest. The grapes harvested from these regions were of high quality despite the hot and dry conditions experienced during the past weeks. At the end of Week 1 of 2012, a total of 18.8 million cartons had been packed and passed for export throughout the country as compared to 18.6 million cartons passed for export at the same time in 2010/2011 season. The late regions have also started with the harvesting of table grapes. By the end of the season (roughly around Week 20 of 2012), a total of 11.5 to 12 cartons are expected from the Berg River region and around 18 million cartons are expected from the Hex River region.

Table 1: South African table grape estimates: 2011/2012 season

Crop Estimates: 2011/2012 Season			
Regions	Carton Size	2010/2011 (Actual): Million	2011/2012 (Estimate): Million
Berg River	4.5 kg	11.93	11.5 - 12.1
Northern Provinces	4.5 kg	3.58	3.4 - 3.6
Olifants River	4.5 kg	1.78	1.86 - 2.2
Orange River	4.5 kg	13.94	15.4 - 16
Hex River	4.5 kg	18.23	17.8 - 18.2
Total	4.5 kg	49.46	49.96 - 52.1

Source: SATI, 2012

Figure 6 shows the weekly number of table grape cartons inspected and passed for export between Week 44 and Week 1 of the 2011/2012 season. The number of cartons passed for export in the current season is slightly higher than the previous season, but fall short when compared to volumes passed for export in the 2009/2010 season. Between Week 48 and Week 1 of the 2011/2012 season, an average of 2.6 million cartons per week was passed for export. In the coming weeks, when the late regions reach a harvest peak, the weekly intake is expected to reach an average of 3 million cartons per week.

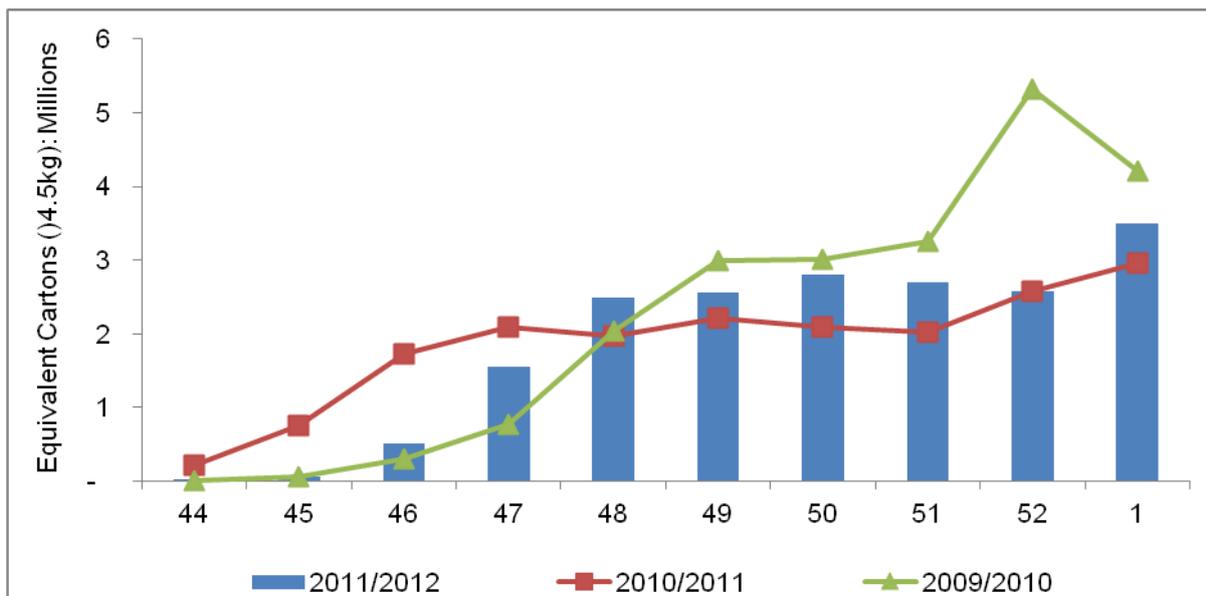


Figure 6: Weekly number of table grape cartons passed for export in the 2011/2012 season
Source: SATI, 2012

Figure 7 shows the main destination markets for South African table grape exports. As at the end of Week 1 of the current season, the Northern EU was the leading destination with a 55% share on total exports. The UK accounted for 32%. The Middle East and Far East accounted for 2% and 7% share of exports respectively. Noteworthy is that table grape exports are more dependent on the European markets as compared to pome fruit exports. The European markets account for more than 87% of total table grape exports.

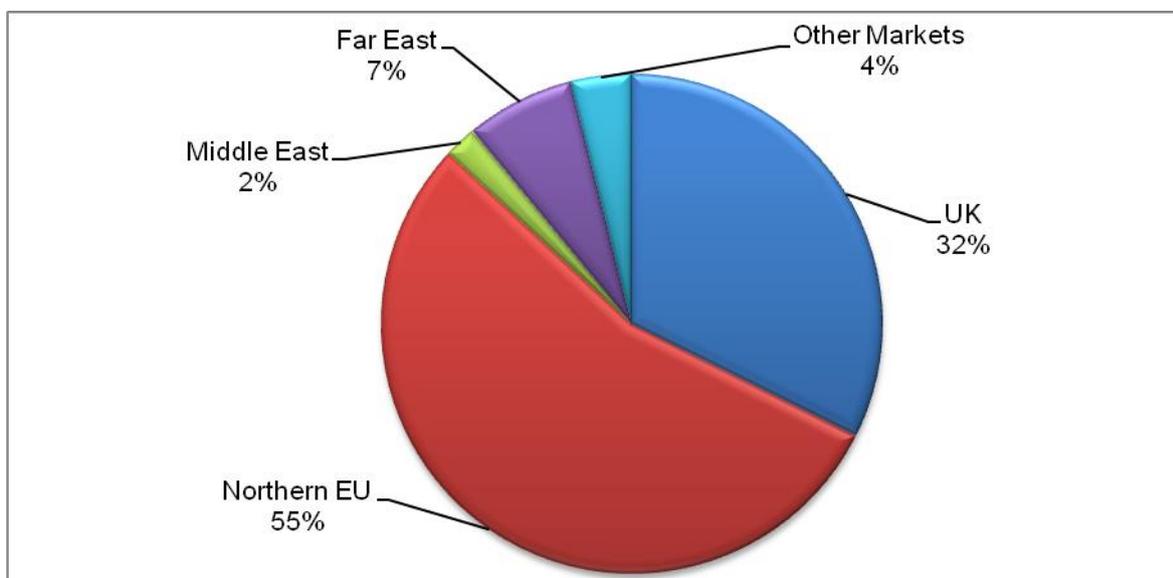


Figure 7: Table grape export volumes per market in the 2011 season
Source: SATI, 2012

Figure 8 shows the table grape sales in the domestic market between 2009 and 2011. Table grape volumes have remained around 23,500 tons per year. Locally produced table grapes

are available in the market between October and May. Imported table grapes from Israel and Spain are available between June and September. Over the last three years, the monthly average price increased from R9,618 per ton in 2009 to R12,776 per ton in 2011.

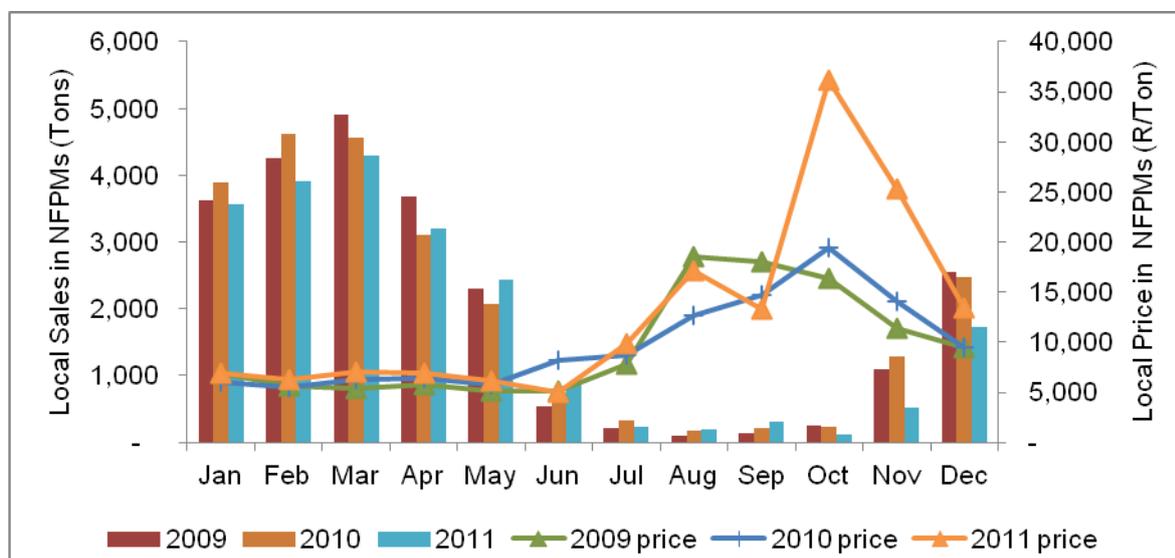


Figure 8: Local market sales for table grapes through the NFPMs
Source: DAFF, 2012

4. Stone fruit season: 2011/2012

Table 2 presents the crop estimates for the stone fruit industry. Plums, which account for the largest volume of stone fruit, are estimated to decline by 471,915 equivalent cartons to reach a total of 8.92 million cartons (5.25 kg) in the 2011/2012 season. Other stone fruits are estimated to record a growth in the 2011/2012 season. Apricot volumes are expected to grow by 43% as compared to the previous season, and nectarines and peaches are both expected to increase by 19% as compared to the previous season. Factors that have contributed to this estimated growth include good weather and young stone fruit trees now entering full bearing capacity, which ultimately results in higher yield per hectare.

Table 2: South African stone fruit industry estimates: 2011/2012 season

Product	Carton Size(kg)	Actually			Estimates 2011/2012
		2008/2009	2009/2010	2010/2012	
APRICOTS	4.75	1,036,144	976,187	882,100	1,261,813
NECTARINES	2.5	2,001,049	2,605,845	2,528,509	3,004,441
PEACHES	2.5	942,476	1,134,343	997,526	1,189,710
PLUMS	5.25	8,897,782	7,876,810	9,396,300	8,924,386

Source: Hortgro Services, 2012

Figure 9 shows the trends in total number of stone fruit cartons passed for export between 2009/2010 and 2011/2012. The volumes shown in Figure 9 cover the period between Week

40 and Week 2. Between the 2009/2010 and 2011/2012 seasons, plums registered production growth of 50%, followed by nectarines with a 44% growth rate. The total number of peach cartons passed for export only grew by only 4% during the last three seasons.

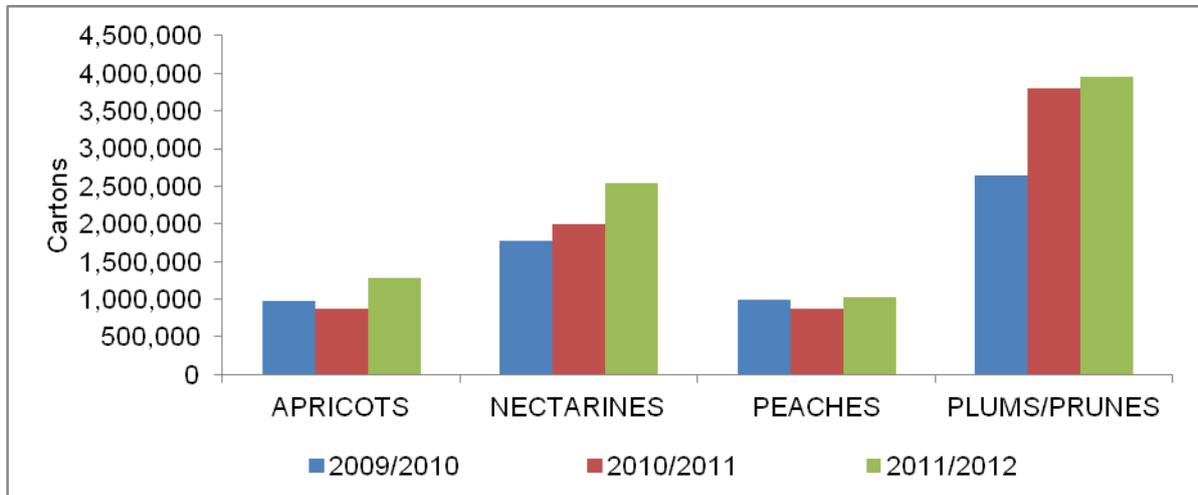


Figure 9: Number of stone fruit cartons passed for export between Week 40 and Week 2

Source: Hortgro Services, 2012

Note: One carton of nectarine/peach is equivalent to 2.5 kg; apricot is 4.75 kg and plum is 5.25 kg

Figure 10 shows the main destination markets for apricot exports. Nearly 70% of apricots exported are destined for European markets, followed by the Middle East market with a 30% share of South African apricot exports. The UK has an 18% share.

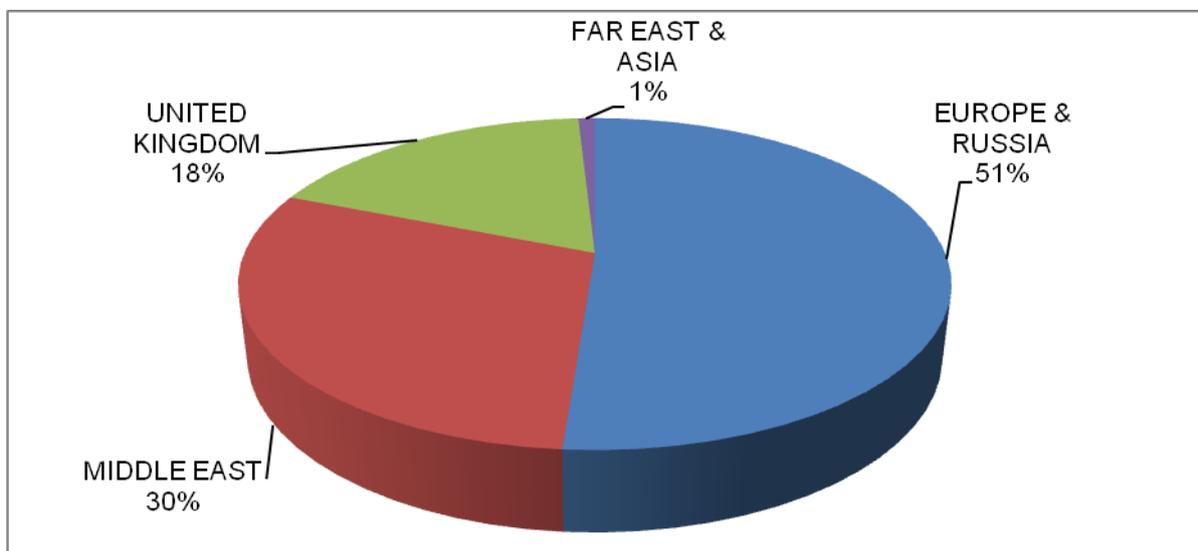


Figure 10: Apricots export volumes per market: 2011/2012 season

Source: Hortgro Services, 2012

Figure 11 shows the leading importers of the South African nectarines. As in the case of apricots, about 78% of total exports were shipped to European markets in the 2011/2012

season. The European share rose from 71% in the 2009/2010 season to reach almost 80% in the 2011/2012 season.

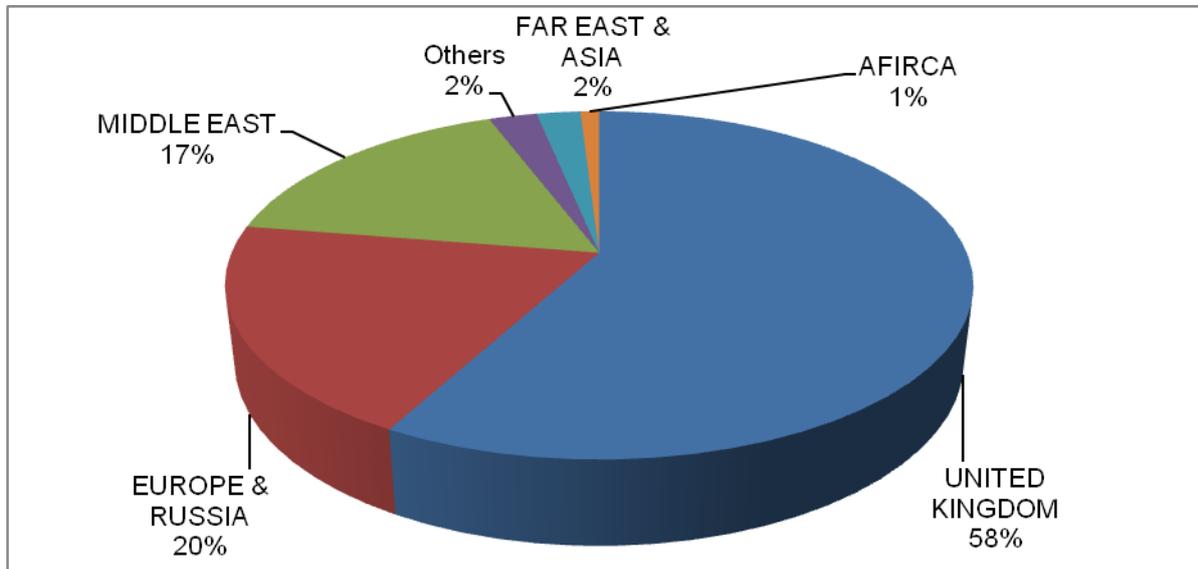


Figure 11: Nectarines export volumes per market: 2011/2012 season
Source: Hortgro Services, 2012

Figure 12 presents the peach export volumes per market in the 2011/2012 season. The Middle East is the largest importer of South African peaches, followed by the United Kingdom. These two markets collectively account for 76% of total peach exports.

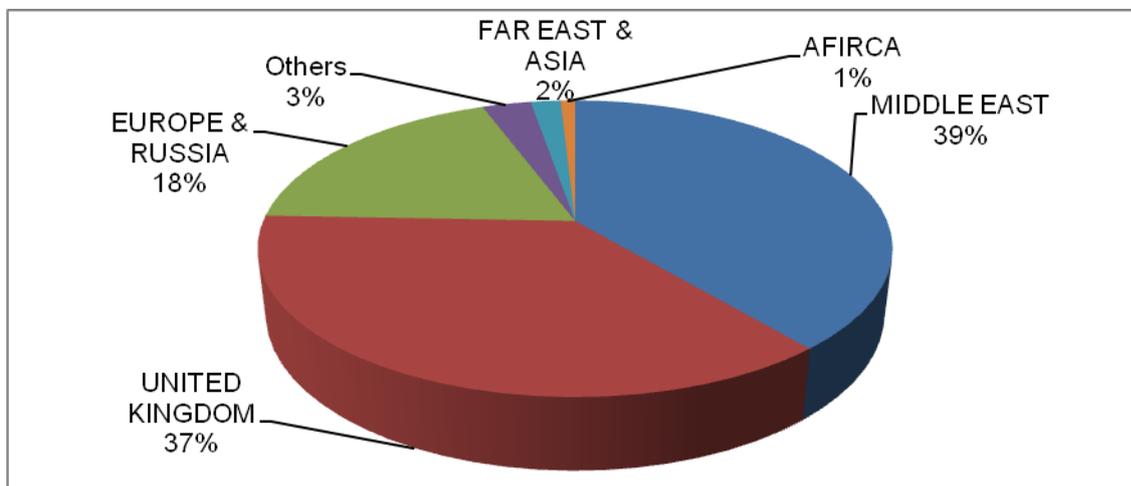


Figure 12: Peaches export volumes per market: 2011/2012 season
Source: Hortgro Services, 2012

Exports of plums are highly concentrated in the European markets (see Figure 13). Northern European and Russian markets accounted for 45% of total plum exports in 2011/2012 season. The UK accounted for 34%, while the Middle East and the Far East collectively accounted for a 20% share of total plum exports.

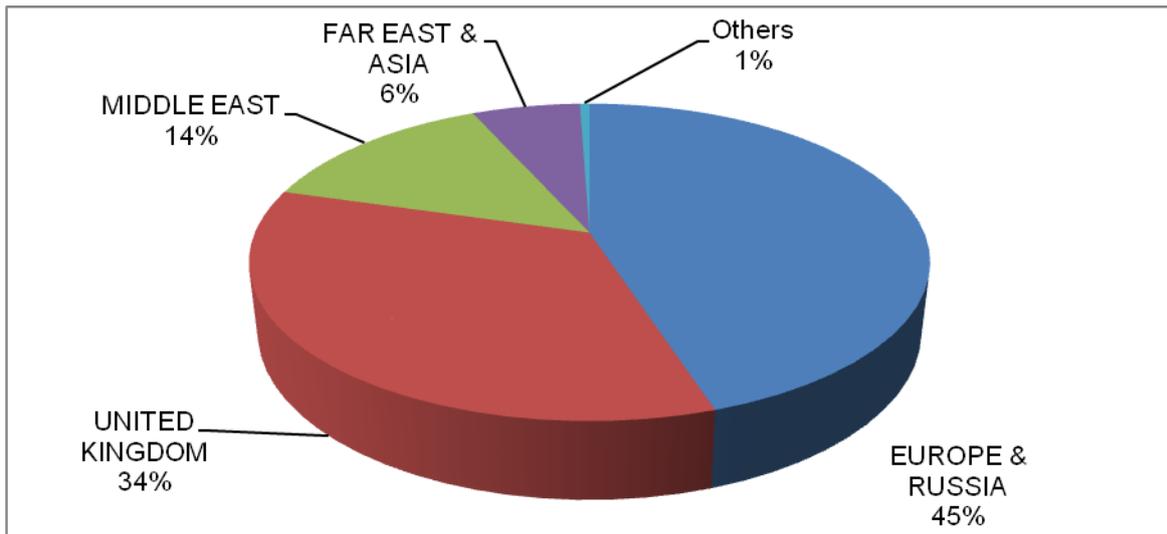


Figure 13: Plum export volumes per market: 2011/2012 season

Source: Hortgro Services, 2012

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Department of Agriculture, Forestry and Fisheries (DAFF). (2011). Local market fruit sales data. Directorate of Agricultural Statistics. Pretoria, RSA.

Hortgro Services. (2011). Pome and Stone fruit export data. Information and Value Chain Division. Paarl, RSA.

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

Useful Links:

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

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

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

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

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

Hortgro Services: www.hortgro.co.za

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

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