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NAMC
Promoting market access for South African agriculture

SOUTH AFRICAN FRUIT TRADE FLOW

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Beautiful country, beautiful fruit

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1. Background

*South Africa's diverse weather and climatic conditions enable the country to cultivate and produce a variety of fruits. The country is known globally as a producer and exporter of citrus, deciduous and subtropical fruits. **This issue of the Fruit Trade Flow Report looks at table grapes and stone fruit (plums, nectarines, peaches and apricots).** The main focus is on an analysis of the current season's performance of these fruits, for both the export and domestic markets, in comparison with the previous seasons. This report further assesses the global production of these fruits, giving a perspective on South Africa's production and export rankings (as a share of global production and exports).*

2. Overview of table grapes for the 2019/20 season

This section focuses on the global preview of table grapes, including South Africa's production season.

2.1 Preview of global table grape production for the 2014/15 - 2019/20 seasons

Figure 1 depicts the leading producers of grapes in the world for the 2014/15 to 2019/20 seasons. It can be noted that China is the largest producer of grapes for all the years under consideration in this report. In the 2019/20 season, China is expected to produce 10.8 million tons of grapes – about a 9 % growth from last season – which may be due to some of its producing regions having had a bumper crop. However, for now, the actual effect of the coronavirus outbreak in China on grape production could not be ascertained; therefore, the projected 9 % growth might or might not change. It is also important to note that China consumes about 99 % of what it produces domestically and also imports some grapes from the rest of the world. India is the second-largest producer of grapes, producing 3 million tons in 2019/20, followed by Turkey (1.95 million tons), Uzbekistan (1.63 million tons) and the European Union (EU) (1.38 million tons). The EU has experienced unfavourable weather and lower demand for grapes in countries such as Italy. The global production of grapes is expected to increase because of larger production by China and Peru.

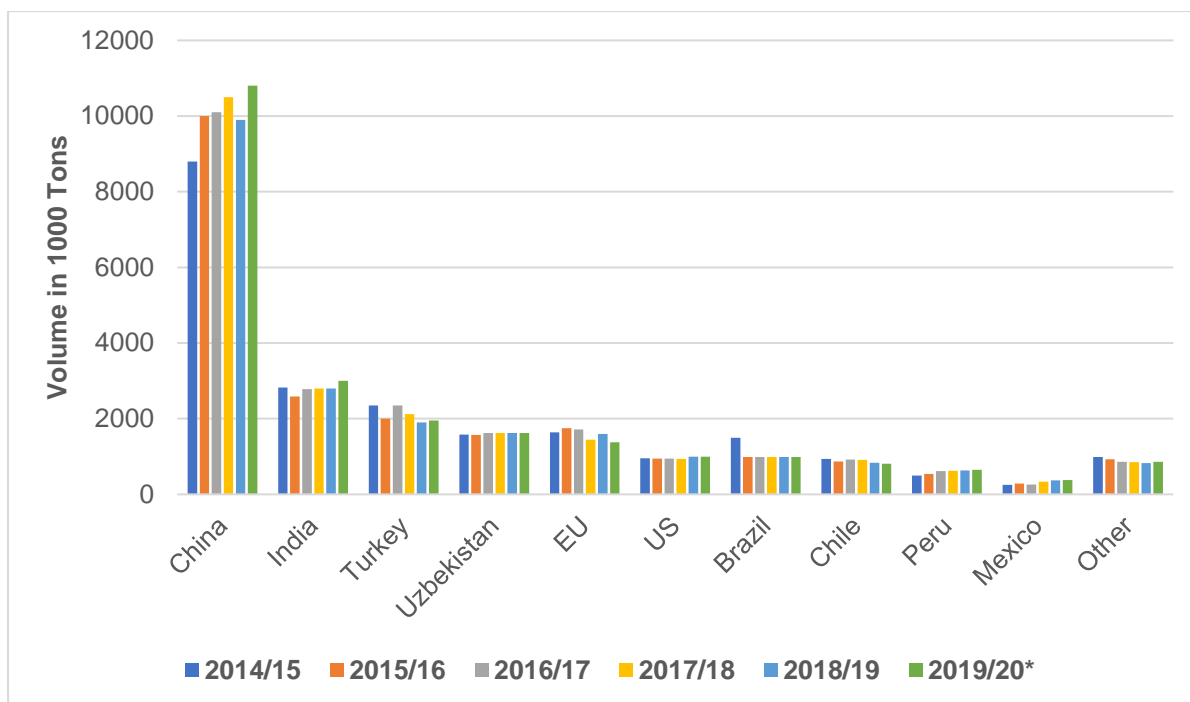


Figure 1: Leading producers of grapes in the world, 2014/15-2019/20*

Source: USDA (2020)

2.1.1 Global trade in table grapes for the 2014/15 - 2019/20 seasons

Global exports of table grapes in the 2019/20 season are expected to increase because of an increase in production in Peru and India. **Figure 2** illustrates the world's leading exporters of grapes for the 2014/15 to 2019/20 seasons. The graph shows Chile as the leading exporter in all the seasons, estimated to export 640 000 tons in 2019/20. Peru follows Chile in exports of grapes with an expected 400 000 tons in 2019/20, followed by the United States (US) (345 000 tons), China (320 000 tons) and South Africa (285 000 tons). Exports from Chile are expected to decrease due to the dry weather. At the same time, exports from India are also likely to be lower because of heavy rains and diseases (Freshplaza, 2020).

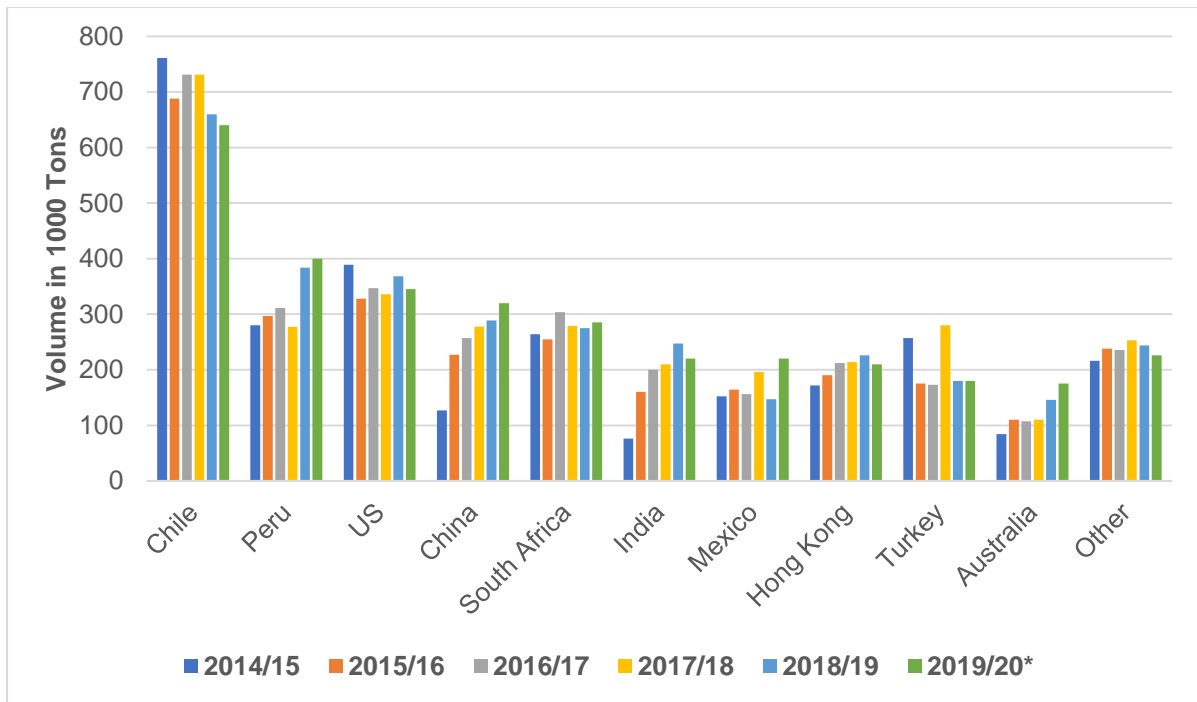


Figure 2: Leading exporters of grapes in the world, 2014/15-2019/20*

Source: USDA (2020)

The leading importers of grapes in the world are shown in **Figure 3**. The EU is the largest importer of grapes, predicted to import 690 000 tons in 2019/20, followed by the US (645 000 tons), Russia (280 000 tons), China (250 000 tons) and Hong Kong (240 000 tons). Important to note is that imports to China may have decreased because of the increase in production in that country.

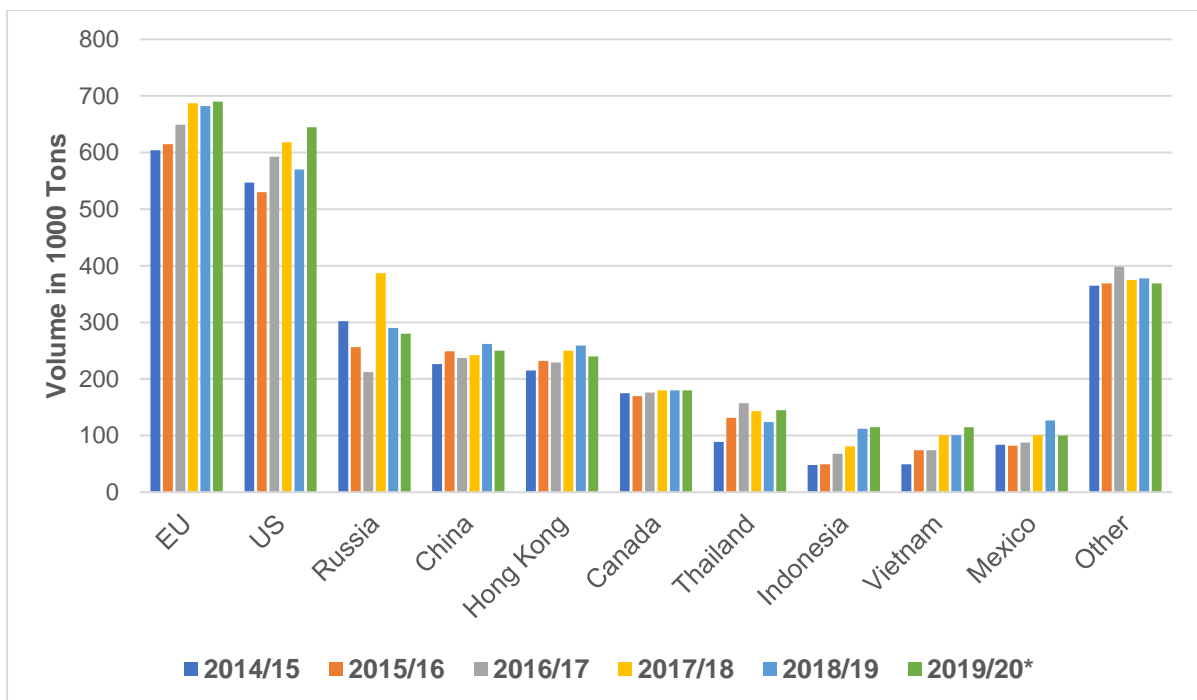
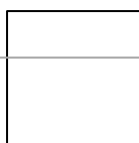


Figure 3: World's leading importers of grapes, 2014/15-2019/20*

Source: USDA (2020)



2.2 Preview of South Africa's table grape production season, 2019/20

The crop estimates for grapes for the 2019/20 season are shown in **Table 1**. The estimates show that this season's harvest is going to be between 59.6 and 64.7 million cartons, which is an average of 1 million cartons more than the 2018/19 season. The increase in production is due to water availability in most of the production regions. However, the recent estimate was lowered from the second crop estimate because of the Hex River area, which had its crops affected by rains, decreasing the estimate by 2 million cartons (1 carton= 4.5 kg) (SATI, 2020).

Table 1: Crop estimates of grapes for the 2019/20 season in South Africa (in million 4.5 kg cartons)

REGION	3rd ESTIMATE (31 January 2020)		2nd ESTIMATE (18 December 2019)		1st ESTIMATE (18 October 2019)		ACTUAL PACKED VOLUMES		
	LOW	HIGH	LOW	HIGH	LOW	HIGH	2018/2019	2017/2018	2016/2017
Northern Provinces	5,8	6,0	5,65	6,30	7,15	7,80	7,121	6,829	5,538
Orange River	19,5	19,9	18,50	19,90	18,50	19,90	19,207	19,016	20,533
Olifants River	2,5	2,7	2,10	2,50	2,10	2,50	2,367	2,802	3,968
Berg River	14,0	15,8	13,50	15,30	13,50	15,30	13,789	13,053	15,426
Hex River	17,8	20,3	19,80	22,30	19,80	22,30	18,649	20,365	22,111
TOTAL	59,6	64,7	59,55	66,30	61,05	67,80	61,133	62,065	67,575

Source: SATI (2020)

South Africa's table grape industry is export oriented and exported R9.23 billion worth of fresh and dried grapes in 2019. **Figure 4** shows the countries to which South Africa has exported thus far in week 12 of the 2019/20 season. South Africa exported a total of 60 827 796 cartons (1 carton = 4.5 kg) in week 12, which is 7 % more than in the same week of the 2018/19 season, and this may correspond to the production estimates of the season. The largest exports were directed to the EU (49 %), followed by the United Kingdom (UK) (25 %), South East Asia (9 %), the Middle East (5 %) and Russia (2 %). At the same time, the remainder went to other regions. It is important to note that the exports to Asia were lower by 35 %, compared to the total in the same week of 2018/19. There were more exports to North America, Russia and Africa, compared to last season.

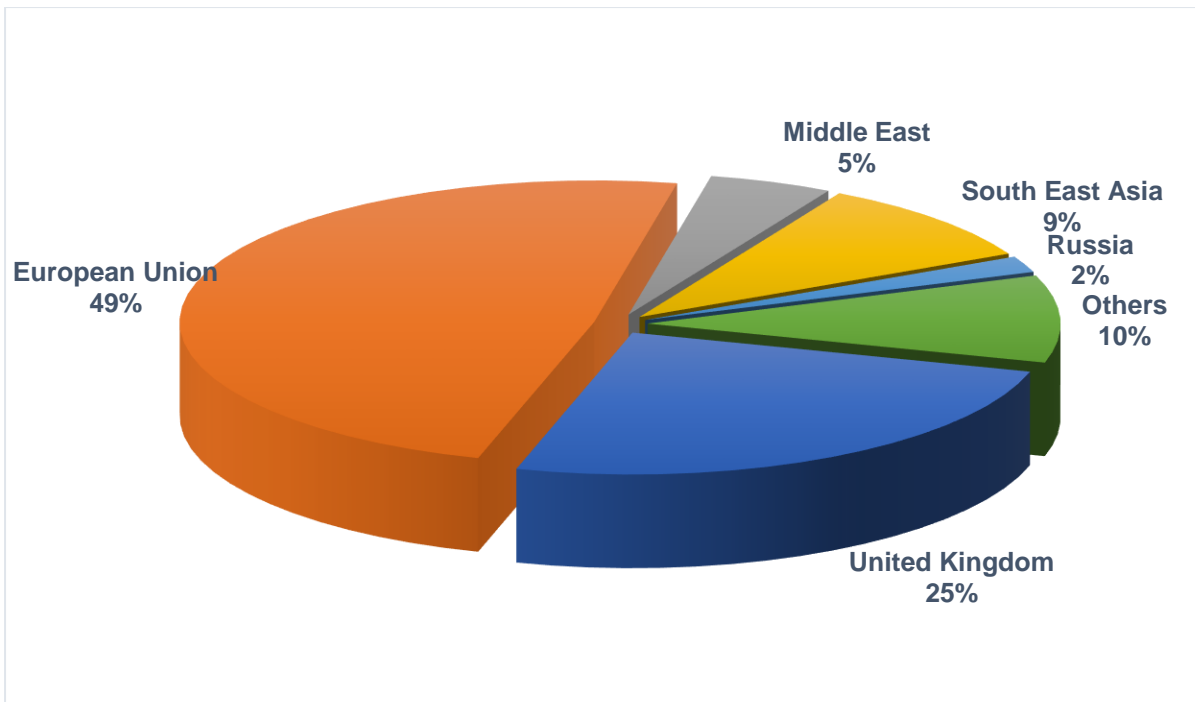


Figure 4: Importing regions for South Africa's grapes (week 12 of 2019/20)

Source: Agrihub (2020)

The prices and volumes of grapes sold at the National Fresh Produce Markets (NFPMs) between 2018 and 2020 are represented in **Figure 5**. Quantities sold at the markets were the highest in February and March of 2019, with 4 393.5 tons (R11 185.32) and 4 376.2 tons (R11 897.60) supplied respectively. The quantity of grapes supplied in January 2020 was higher than in January of other years, with 3 453.3 tons already being supplied in the current season. The price of grapes in January 2020 was R14 425.07 per ton, which was higher than the prices in both 2018 and 2019.



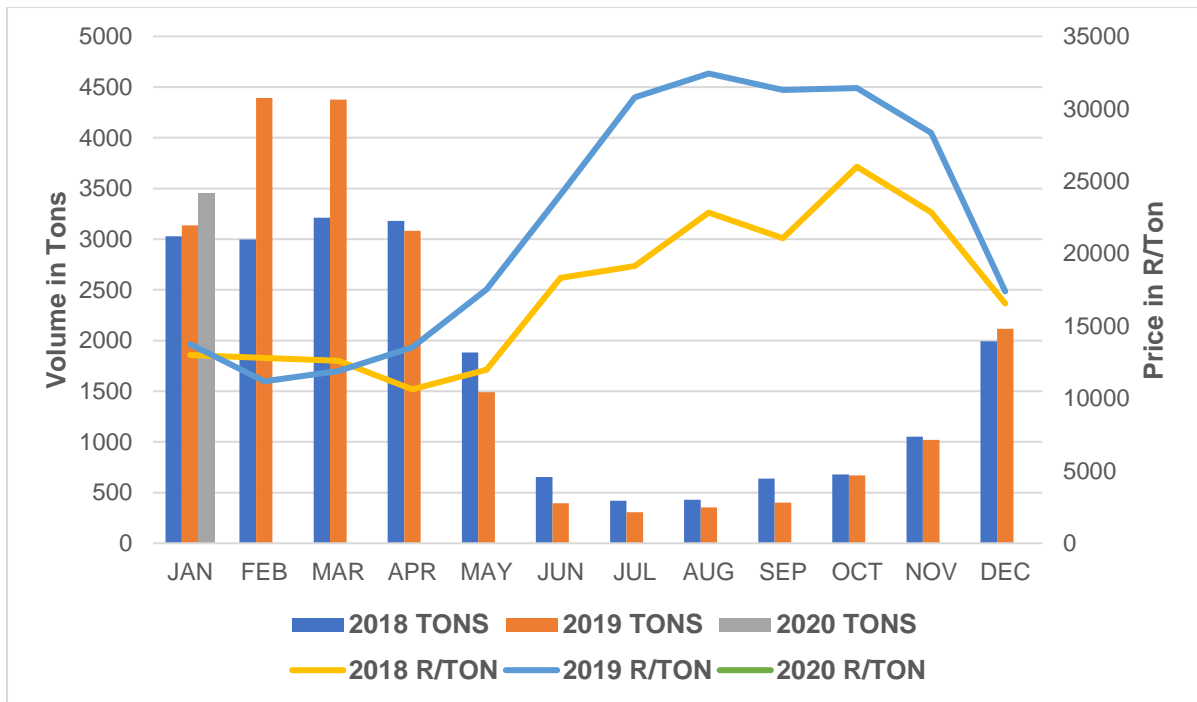


Figure 5: Price and quantity of grapes sold at the NFPMs (2018-2020)

Source: DAFF (2020)

3. Overview of stone fruits for the 2019/20 season

The following section provides an overview of the local market for stone fruit (plums, nectarines, peaches and apricots), as well as export markets and the volumes sold through the NFPMs.

3.1. Overview of stone fruit products passed for export for the 2018/19-2019/20 seasons

Table 2 highlights the various stone fruit cultivars passed for export during week 9 of both the 2018/19 and 2019/20 seasons. The table shows the actual volumes achieved and the estimates for the 2019/20 season. Plum cultivars passed for export in week 9 include African Delight, Angeleno and September Yummy, and the estimates for the 2019/20 season stand to increase, with the exception of Angeleno which is expected to decrease by 44 %. Nectarine cultivars are estimated to increase by a share of 256 % (Arctic Wolf) and 489 % (September Red), while Arctic Snow is estimated to increase by 100 % from zero volume passed for export in 2018/19. In the case of peaches, the Fairtime cultivar is estimated to decline by 15 % while PE04-27 and PEO 04/26 are estimated to increase by 100 % and 115 % respectively. The highlighted apricot cultivars are estimated to decline in the 2019/20 season because of drought in the Little Karoo region, as well as the decline in area planted over the years (Hortgro, 2019).



Table 2: Stone fruit cultivars passed for export (cartons)

Stone fruit cultivars passed for export (week 9)				
Stone fruit	Cultivars passed for export	2018/2019 Eqv	2019/2020 Eqv	% Diff vs 2019/20
Plums (1 carton = 5.25 kg)	African Delight	1 034 497	1 231 211	19 %
	Angeleno/Suplumsix	717 657	404 614	-44 %
	September Yummy	31 288	92 448	195 %
Nectarines (1 carton = 2.5 kg)	Arctic Wolf	51 652	184 027	256 %
	September Red	1 738	10 233	489 %
	Arctic Snow	0	6 596	100 %
Peaches (1 carton = 2.5 kg)	Fairtime	72 964	62 143	-15 %
	PE04-27	0	11 118	100 %
	PEO 04/26	4 920	10 561	115 %
Apricots (1 carton = 4.75 kg)	Faralia	9 904	6 764	-32 %
	Farely	4 251	1 858	-56 %
	PAZ	2 712	713	-74 %

Source: Hortgro (2020)

3.2. South Africa's trade in stone fruit

South Africa's 2020 plum export season has started with uncertainty due to the new COVID-19 outbreak. Most of South Africa's plum exports are destined for the European market, which is heavily affected by the virus. However, there are serious concerns as to how the COVID-19 outbreak will affect international trade. **Figure 6** highlights the total volume of South Africa's plums (measured in 5.25 kg cartons) passed for export and the corresponding markets in week 10 of 2020. Europe remains South Africa's main market for plums exported during the 2020 season. During week 10 of 2020, South Africa's plum exports destined for Europe constituted a 50 % share by volume – the equivalent of a 5 % growth rate as compared to last season. The UK was the second-largest export market, accounting for 21 % of the share, followed by the Middle East (19 %), Far East & Asia (5 %), Russian Federation (4 %), USA & Canada, Africa and the Indian Ocean Islands (1 % each). South Africa has experienced an enormous decline of a 28 % share in the Indian Ocean Islands compared to the previous season. In contrast, the USA & Canada showed the highest growth rate of 22 % of imports from South Africa in the current season.

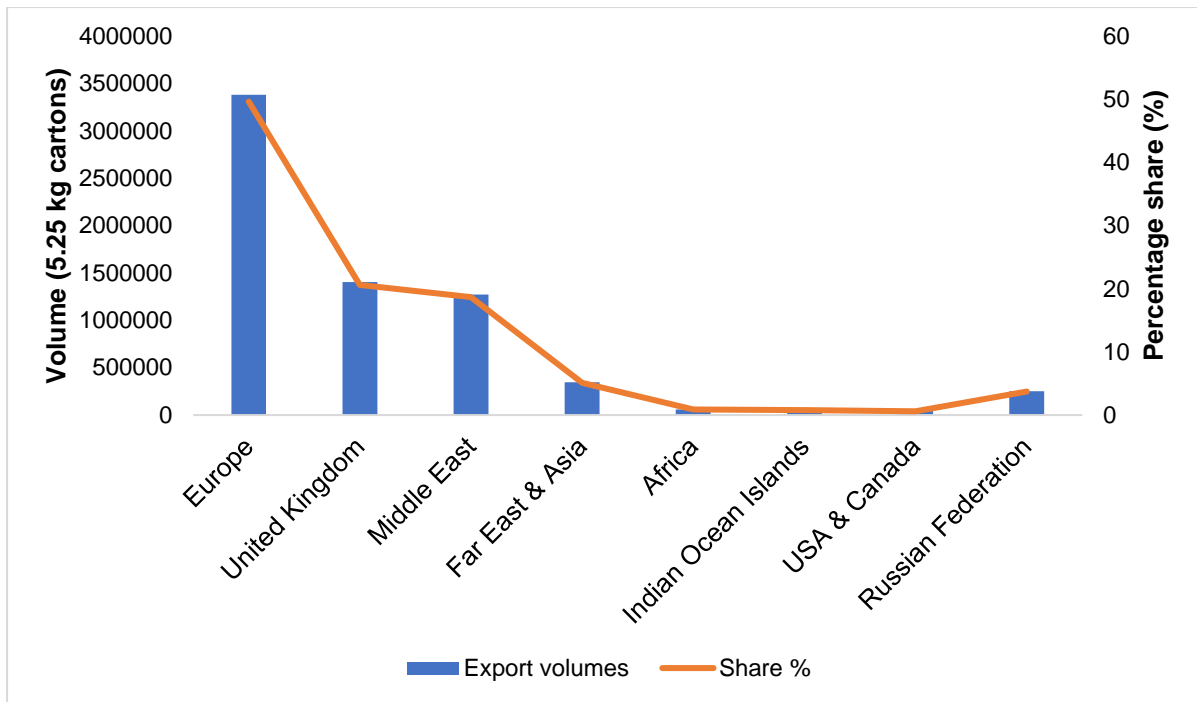


Figure 6: South Africa's markets for plums passed for export (5.25 kg-equivalent cartons)

Source: Hortgro (2020)

South Africa's fresh produce markets are the only system of fresh produce commission markets in the world. **Figure 7** shows the volume of plums sold through the NFPMs, as well as their market price trends, from January to December (2018 & 2019) and January 2020. The total volume of plums sold through NFPMs between January and December was 16 994 tons (2018) at an average price of R7 643 per ton, and 12 659 tons (2019), at an average price of R9 744 per ton. In the current season thus far, about 34 tons were sold in January 2020 at a market price of R9 744 per ton. The highest sales in the fresh produce markets were achieved in February of 2018 and March of 2018.

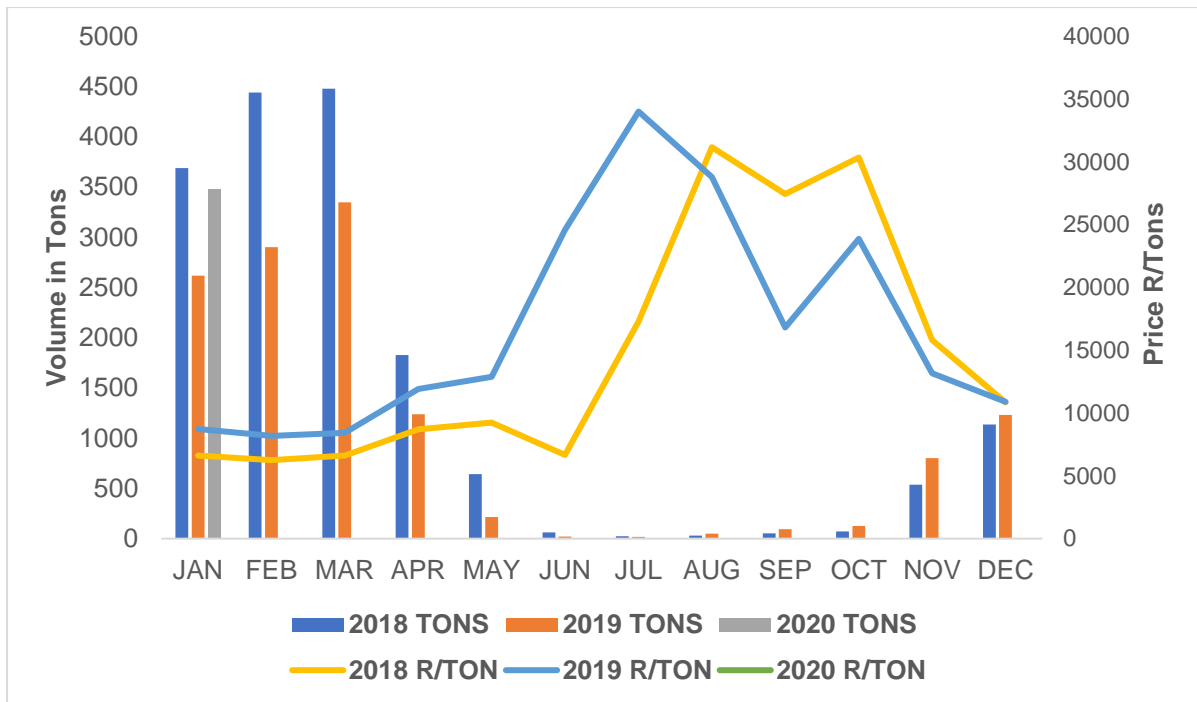


Figure 7: Price and quantity of plums sold through the NFPMs (2018-2020)

Source: DAFF (2020)

During summer, nectarines are very popular among all market segments. Three (3) nectarine cultivars were passed for export, namely *Arctic Wolf*, *September Red* and *Arctic Snow*. **Figure 8** highlights the main market destinations for nectarines exported from South Africa in week 11 of the 2019/20 season. The UK was the principal importer of nectarines from South Africa, with a share of 48 %, followed by Europe (31 %), the Middle East (16 %), Indian Ocean Islands (IOI) and Far East & Asia (2 % each), and Africa (1 %).

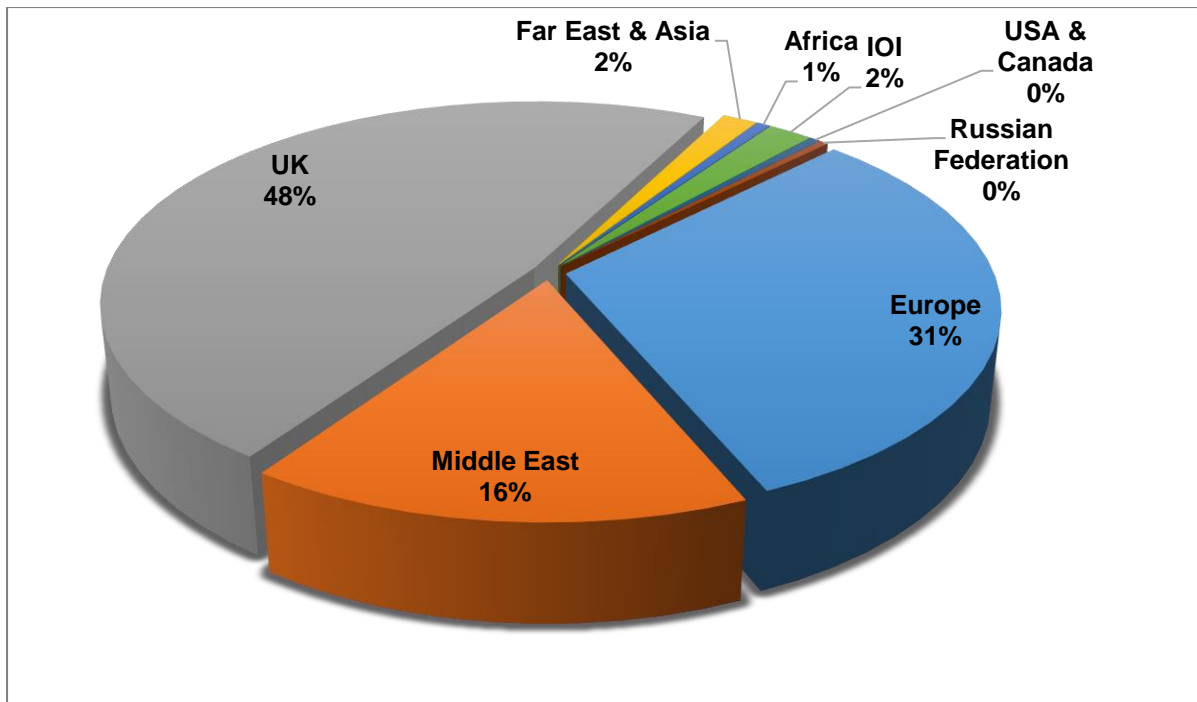


Figure 8: Main export destinations for South Africa's nectarines

Source: Hortgro (2020)

Figure 9 highlights the sales and average price trends of nectarines from January 2018 to January 2020. The highest sales of nectarines occur towards the beginning and the end of each year. A total of 9 966.45 tons (9 122.43 tons) were sold at an average price of R15,436.67 per ton (R 17 413.86 per ton) during the 2018 (2019) seasons. In 2020 (January), a total of 1 587.42 tons were sold at an average price of R17 583.98 per ton. In 2018, the highest sales (by volume, 2 018.90 tons) were recorded in March at an average price of R13 985.36 per ton, while during 2019 the highest sales (1 978.20 tons) were reached in December.

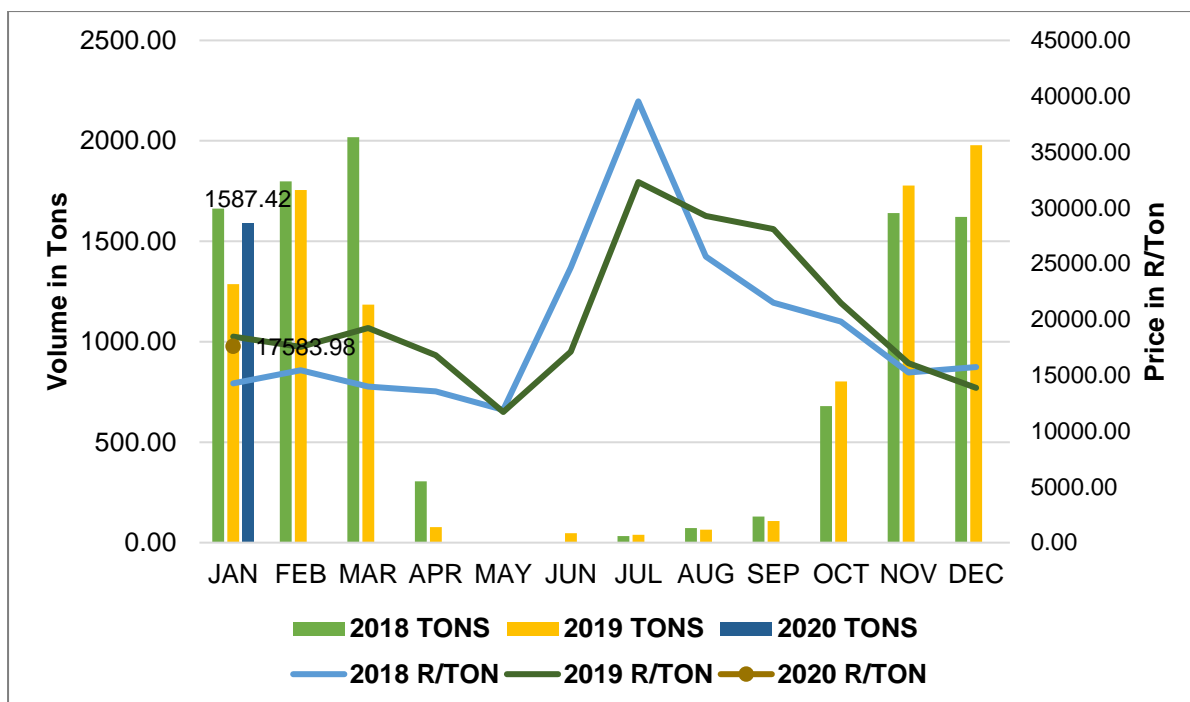


Figure 9: Price and quantity of nectarines sold through the NFPMs (2018-2020)

Source: DAFF (2020)

The largest proportion of peaches produced in the country are used for processing (peach juice) and drying. Only smaller quantities of fresh peaches are exported to the international markets. **Figure 10** illustrates the main market destinations for fresh peaches exported by South Africa in week 11 of 2019/20. The Middle East absorbed about 45 % of peaches from South Africa, followed by the UK (38 %), Europe (9 %), Indian Ocean Islands (IOI) (4 %) and Far East & Asia (2 %). Both the Russian Federation and Africa constituted about 1 % of South Africa's total peach exports.

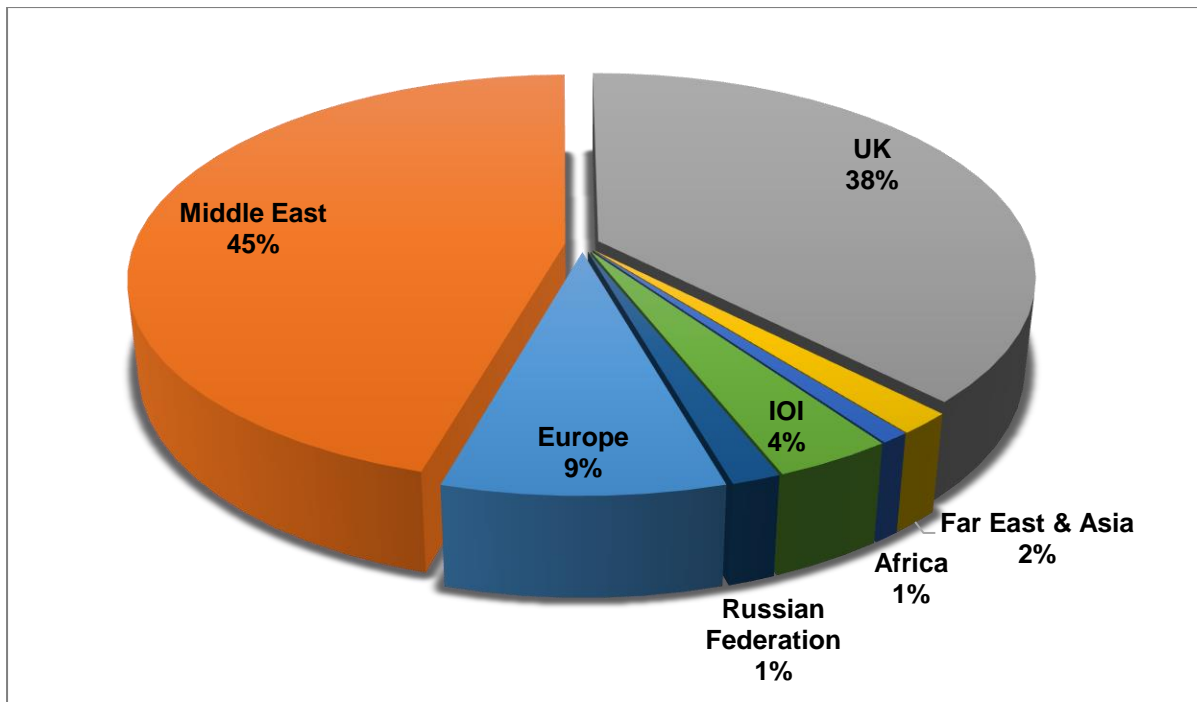


Figure 10: Main export destinations for South Africa's peaches

Source: Hortgro (2020)

Figure 11 illustrates the trends for peaches sold through the NFPMs in terms of quantity and average price for 2018, 2019 and 2020 (January). In 2018, South Africa sold 14 346.03 tons at an average sales price of R11 889.59 per ton, and the highest sales (by volume) were recorded in January. In 2019, about 11 708.63 tons were sold in the local markets at an average sales price of R13 861.03 while 2020 (January) sales by volume and price amounted to 3 431.15 tons at R11 378.02 per ton. It is worth noting that the 2020 January sales were higher than the 2019 sales during the same month.

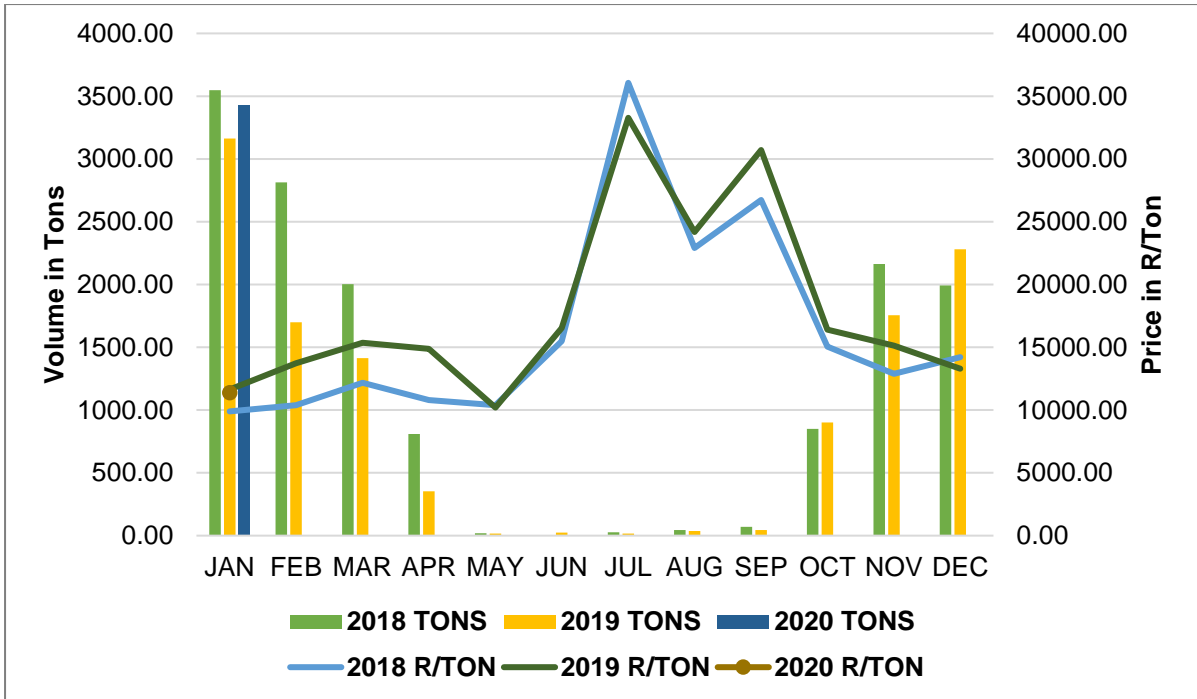


Figure 11: Price and quantity of peaches sold through the NFPMs (2018-2020)

Source: DAFF (2020)

Figure 12 indicates the main market destinations for apricots that South Africa supplied to the global markets in week 11 of 2019/20. The Middle East ranked as the principal importer of South Africa’s apricots with a share of 40 %, followed by Europe (27 %), the UK (30 %), Africa (2 %) and the Indian Ocean Islands (IOI) (1%).

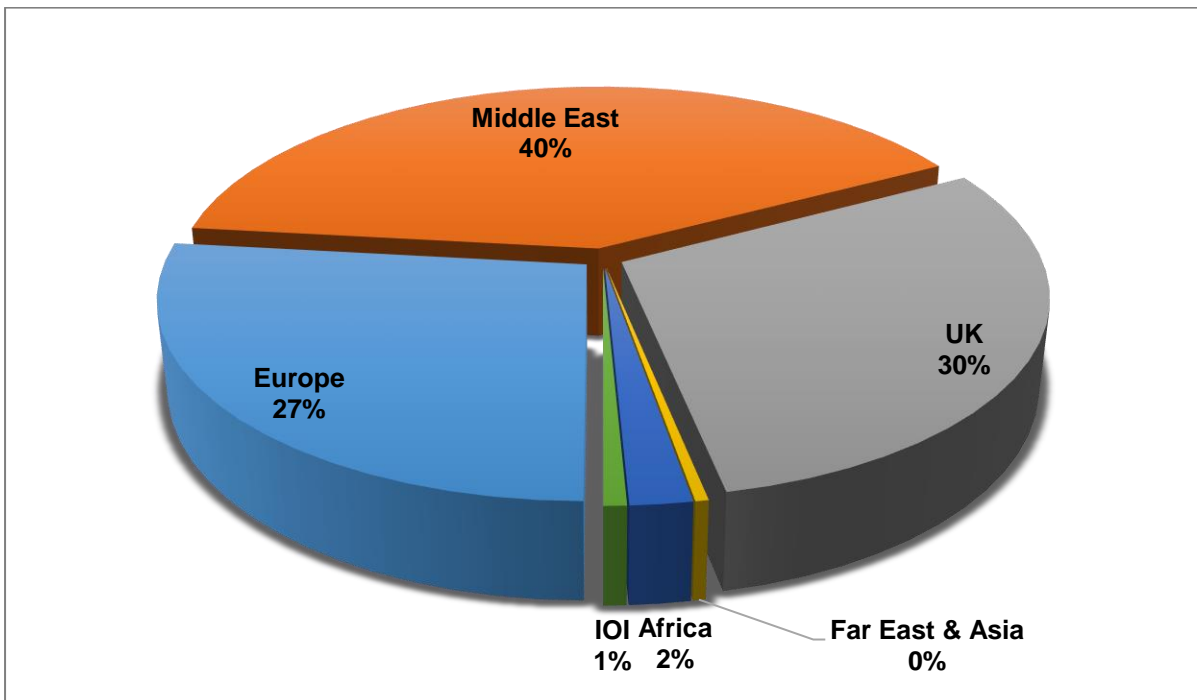


Figure 12: Main export destinations for South Africa’s apricots

Source: Hortgro (2020)

Figure 13 indicates the volume of apricots sold through the NFPMs and the corresponding price trends for 2018, 2019 and 2020 (January). During 2018, approximately 975.26 tons were sold at an average price of R13 904.17 per ton, with the highest sales being attained in December 2018 at a volume of 432.31 tons. In general, there were higher sales of apricots in 2019 as compared to 2018. In 2019, about 792.26 tons were sold at an average price of R17 545.48 per ton. The 2020 local market sales only capture the month of January, which achieved a sales volume of 46.77 tons at a sales price of R11 049.82 per ton.

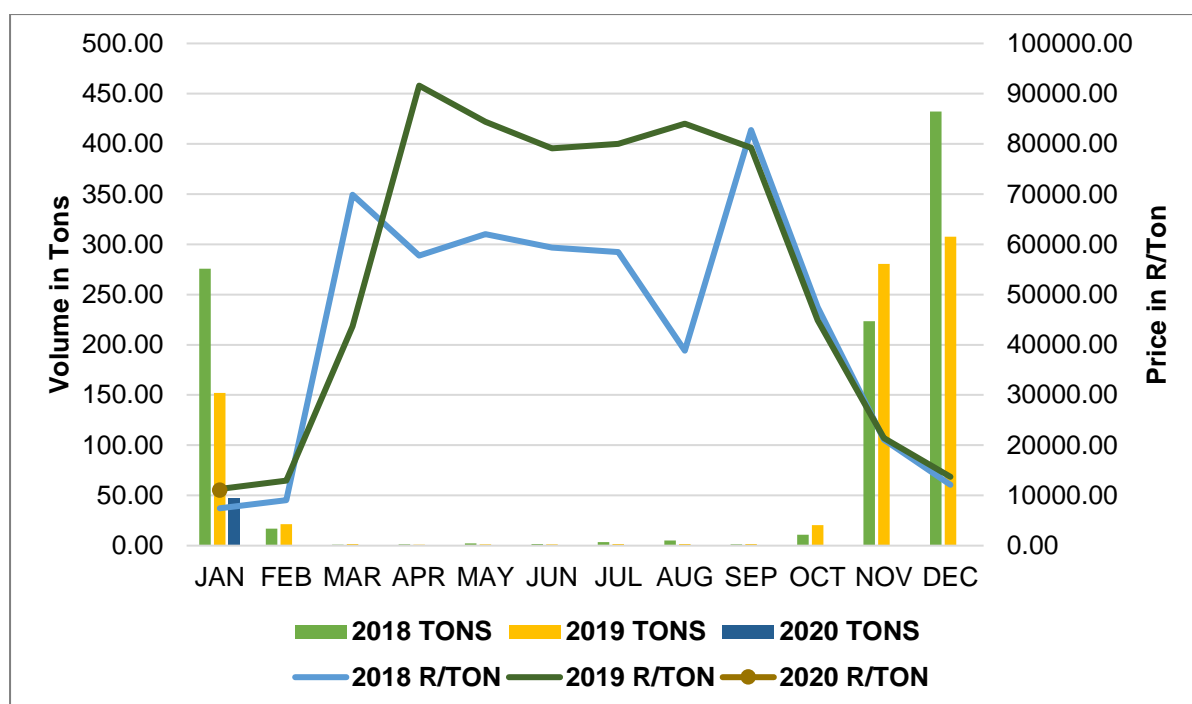


Figure 13: Price and quantity of apricots sold through the NFPMs (2018-2020)

Source: DAFF (2020)

4. Fruit industry perspectives

The following section focuses on current issues affecting the fruit industry, and also provides an analysis of how the industry is performing in terms of addressing developmental issues and where it could improve. In this issue, the focus is on the table grape industry's trade with China.

4.1. Table grape exports to China amidst the COVID-19 outbreak and the associated barriers to trade

Towards the end of last year (November 2019), the South African Table Grape Industry (SATI) outlined its interest in prioritising China as the top strategic export market, given that China has a large population, fast-growing economy and good reputation in consuming fruits. In addition, the two countries' harvesting seasons occur during different calendar months, implying that South Africa's supply of table grapes to China only complements what China produces. Furthermore, prioritising China as

a market of strategic importance comes at an opportune time during which there is growing interest in increasing bilateral trade flow, particularly under the leadership of President Cyril Ramaphosa of South Africa and President Xi Jinping of China. SATI has taken bold steps to ensure the export of table grapes that meet Chinese market requirements – e.g. the growing of seedless varieties. In addition, the industry is enthusiastic in embarking on a promotional campaign during which products are envisaged to be marked with a South African Table Grapes logo.

However, during mid-December of 2019, there was an outbreak of the ongoing coronavirus pandemic which started in China (Wuhan Province). As of 1 April 2020, the pandemic had been responsible for more than 858 363 infections and 42 630 deaths globally, with China accounting for 9 % of infections and 8 % of deaths. In South Africa, 1 353 people were reported to be struggling for their lives, 31 had recovered and three had died (*See link for updates in real-time <https://infographics.channelnewsasia.com/covid-19/map.html>*). Furthermore, the coronavirus has directly disrupted trade as well as the global transport sector, and thereby the global economy. This section aims to provide insight into how South Africa's table grape trade has been affected, given that the outbreak is occurring at a time when exports are tending towards the peak. This article also presents some of the non-tariff barriers (NTBs) imposed on South Africa's table grapes by China, based on the country's official regulations.

According to TradeMap, South Africa is the third-largest supplier of fresh table grapes to China, after Peru and the USA. Generally, Peru and the USA start harvesting much earlier (around August and September) than South Africa. Data from the South African Revenue Service (SARS) reveals that in January of 2020, South Africa exported about 2 287 tons of fresh grapes to China, worth close to R68.2 million. In comparison to the same period in 2019, this represents a 227 % increase in the value of table grapes exported to China. Similarly, an increase (83 %) in table grape exports was observed during December of 2019, compared to what was exported in December of 2018. **Figure 14** illustrates table grape exports.

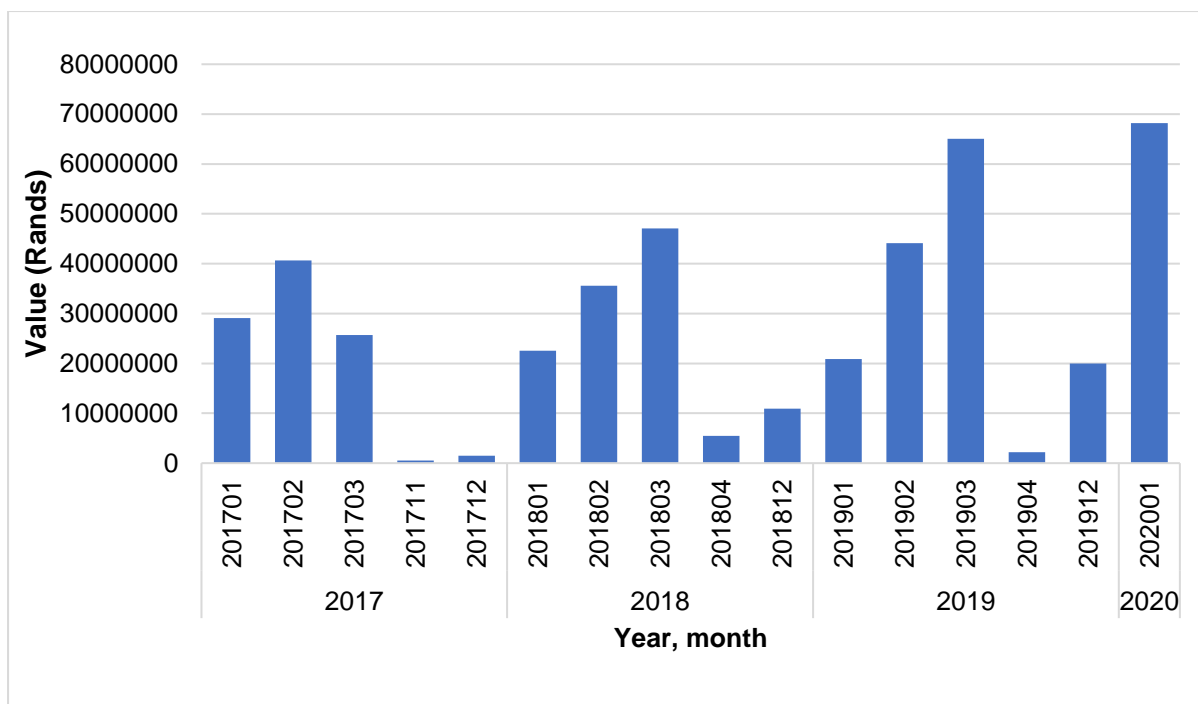


Figure 14: Table grape exports to China, 2017-2020

Source: Author's compilation based on SARS data

Generally, there is an increasing trend for table grapes destined for China. Despite the outbreak of the coronavirus in December last year, the latest data suggests that the epidemic has not yet negatively impacted on South Africa's exports to China, possibly due to the high population in China coupled with their traditionally high consumption rate of fruits, as well as the fact that China's harvesting is out of season.

With regard to the non-tariff measures (NTMs), this section delves more into those measures affecting South Africa's table grapes based on the existing bilateral trade arrangements with China. South Africa and China have a bilateral trade arrangement mandated by Cooperation Agreements on "Animal Quarantine and Animal Health" and "Plant Quarantine Notice". Details are enshrined in the circular of the Ministry of Foreign Trade and Economic Cooperation, the National Entry-Exit Inspection and the Quarantine Bureau on the Implementation of the Cooperation Agreements. These agreements have been in force since the early 2000s.

In this context, South Africa's table grapes are subject to two categories of NTMs, namely Sanitary and Phytosanitary (SPS) and Export-Related measures. For the SPS and Export-Related measures, China imposes eight requirements that must be fulfilled. Four of the requirements are linked to compliance with conformity assessments, i.e. table grapes exported to China must be accompanied by a certificate to ensure that the product adheres to food safety and environmental requirements. In addition, other requirements are to ensure that South Africa's table grapes adhere to the strict quarantine requirements stipulated by China.

The other four requirements in this category are to ensure that table grapes of South African origin meet the labelling, marking and packaging requirements while emphasising the production and post-production processes. In particular, according to the agreement, a later category of the four requirements stipulates “*avoid the use of straws, leaves and other plant materials that might be infected by pests and diseases for packaging and bedding materials. Transport, packaging and bedding materials shall go through appropriate quarantine and disinfection treatment.*” Quality Control (QC) measures imposed by China fall under the Export-related measures. QC measures relate to non-automatic licensing, quotas and prohibitions, among other quantity control measures. Specifically, the bilateral agreement compels South African companies intending to export genetically modified agricultural products produced by using agricultural genetically modified organisms or containing ingredients of agricultural genetically modified organisms, to make an application to the competent agricultural administrative department of China, coupled with several strict conditions that must be met before approval of the application is made. Interestingly, there is only one QC measure that South Africa must meet as compared to China's other trading partners.

Conclusively, the trajectory of South Africa’s table grape exports to China is very promising despite the ongoing coronavirus pandemic. It might still be too early to assess the full impact the pandemic might have on the industry. Yet, a comparison with the previous year's exports for the period since the start of the pandemic reveals that South Africa's table grape exports destined for China are doing well. Given that South Africa has also registered confirmed cases of the pandemic, it is critical for SATI and the South African government, in general, to curb the further spread of the pandemic, especially before the start of the winter season, given that the virus proliferates more in cold conditions. Also, South Africa's table grapes are subjected to fewer NTMs, i.e. SPS and Export-Related measures, as compared to China's other trading partners, thanks to the existing bilateral trade arrangements through which South Africa receives some preferential treatment.

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USEFUL LINKS

Bureau for Food and Agricultural Policy (BFAP)	www.bfap.co.za
Citrus Growers' Association (CGA)	www.cga.co.za
Department of Agriculture, Forestry and Fisheries (DAFF)	www.daff.gov.za
Food and Agriculture Organisation (FAO)	www.fao.org/docrep/
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
Quantec Easy Data	www.quantec.co.za
South African Subtropical Growers' Association (Subtrop)	www.subtrop.co.za
South African Table Grape Industry (SATI)	www.satgi.co.za

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