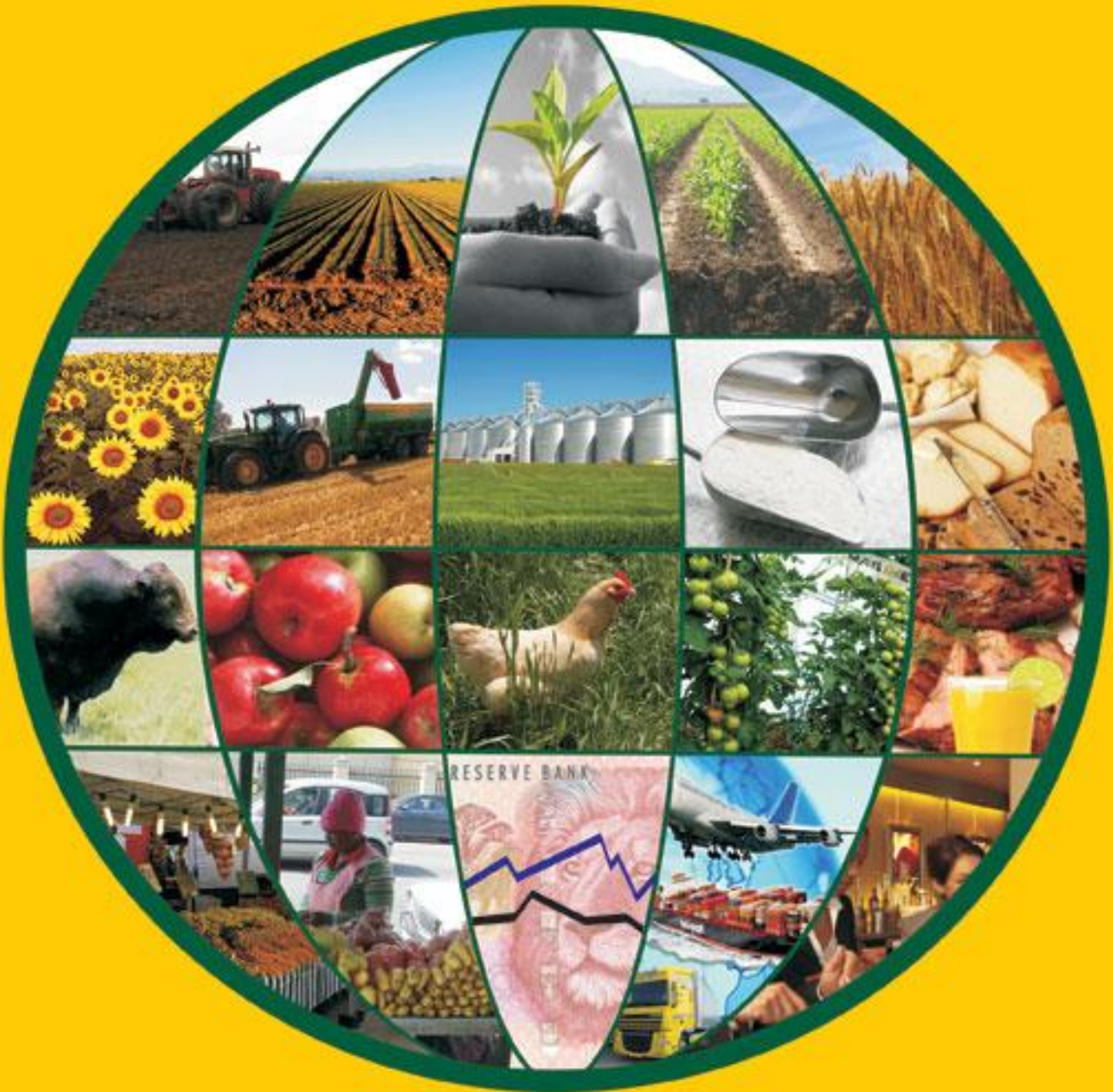
SOUTH AFRICAN FRUIT TRADE FLOW

September 2012

MARKETS & ECONOMIC RESEARCH CENTER (MERC)



National Agricultural Marketing Council

Promoting market access for South African agriculture

SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 7, September 2012

Compiled by: Sifiso Ntombela

Senior Economist (NAMC)

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1. Background

South Africa has diverse weather and climatic conditions that enable the cultivation of a variety of fruits. The country is a globally known producer and exporter of citrus, deciduous and subtropical fruits. In this issue of Fruit Trade Flow, the focus is on the table grape, citrus, apple and pear industries. The performance of these fruits in both export and domestic markets is analysed and compared to the previous season.

2. South African apple and pear seasons: 2012[1]

The 2012 pome fruit season commenced in week 1 of 2012 and reached a peak around weeks 16 and 17. The 2012 season is characterised by high-quality fruit in relatively good quantities. The 2012 crop estimates show that the total apple crop will increase by 8 % as compared to the previous season, to reach 27.46 million cartons (one carton equivalent to 12.5 kg). The pear crop is estimated to decline by 1 % to reach 14.06 million cartons. Figure 1 shows a seven-year trend on total number of cartons passed for export for both apples and pears. During this period, apples have shown a steady increase in quantities passed for export, while pears have remained relatively constant over the same period. This growth can be largely contributed to increasing demand and improving access conditions to African and Middle Eastern markets. Improved horticultural practices and technology usage has enhanced the number of pome fruit cartons passed for export.

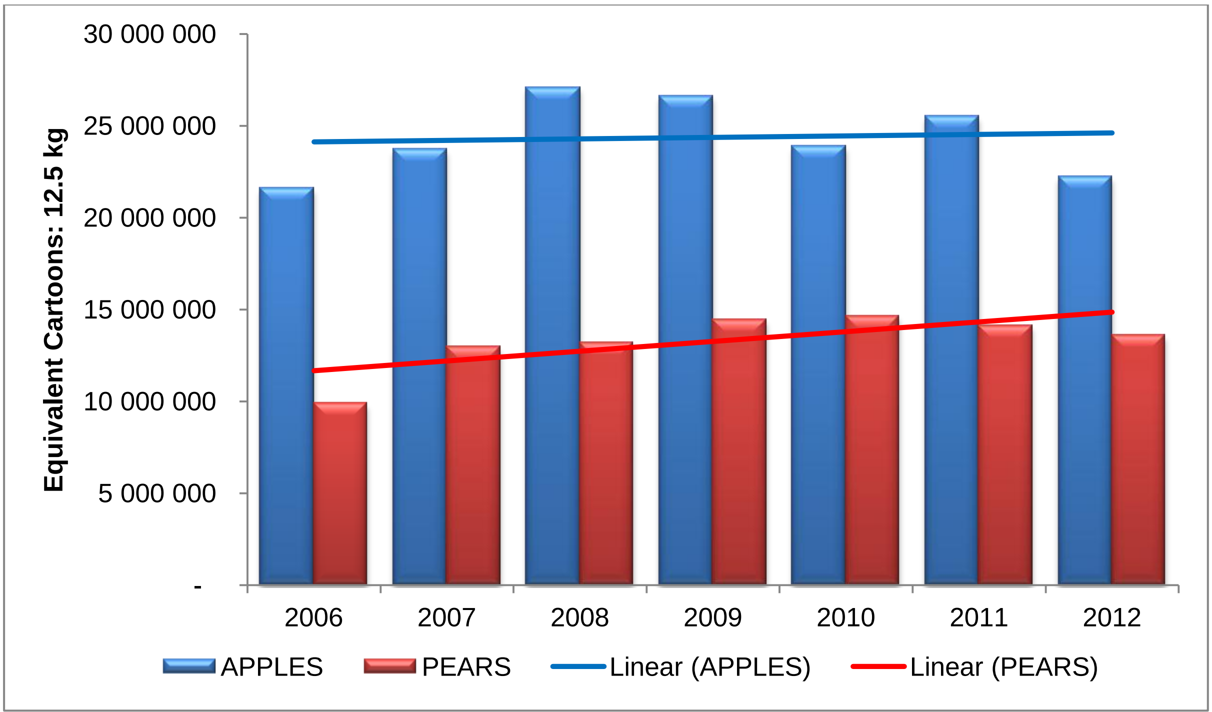


Figure 1: Pome fruit volumes passed for export per annum: 2006-2012
Source: Hortgro Services, 2012
Note: Estimated volumes for 2012 season

[1] The author wishes to acknowledge Nando Baard of Hortgro Services and Mahlatse Makaleng of DAFF for valuable data and information provided in compiling this section.

Table 1 shows the changes in apple exports to various markets. It is clear that South Africa's apple exports to the United Kingdom (UK) and European Union (EU) are decreasing and being relocated to Africa and the Middle East. Between 2006 and 2012, apple exports to the UK declined by 12 % and to the EU by 28 %. However, the export share of these markets remains high – for example, the UK holds 34 % of South African apple exports while the EU accounted for 13 % of export share in 2012. The export data clearly shows that emerging markets (e.g. Far East, Middle East and Africa) are increasingly becoming important markets for South African apple exports.

Table 1: Apple fruit export market diversification: 2006-2012

Markets	Apples			
	2006	2012	Growth	Share
UK	8,211,148	7,209,640	-12 %	34 %
Far East	3,079,738	4,429,651	44 %	21 %
Africa	2,100,626	3,735,026	78 %	18 %
EU	3,923,459	2,819,581	-28 %	13 %
Middle East	838,170	2,078,417	148 %	10 %
Other	859,197	735,628	-14 %	4 %
Total	**19,012,339**	**21,007,943**	**10 %**	**100 %**

Source: Hortgro Services, 2012
Note: 2012 season not yet concluded and volumes not complete

Table 2 shows the diversification process in pear exports. The UK market seems to be losing export share while the Far East, Africa and Middle East are gaining export share.

Table 2: Pear fruit export market diversification: 2006-2012

Markets	Pears			
	2006	2012	Growth	Share
UK	2,059,525	1,552,142	-25 %	12 %
Far East	805,575	1,726,785	114 %	13 %
Africa	120,281	224,901	87 %	2 %
EU	5,151,033	7,653,893	49 %	57 %
Middle East	167,100	1,628,342	874 %	12 %
Other	371,066	705,974	90 %	5 %
Total	**8,674,581**	**13,492,037**	**56 %**	**100 %**

Source: Hortgro Services, 2012
Note: 2012 season not yet concluded and volumes not complete

Figure 2 shows pear sales in the domestic market between 2010 and 2012. Between January and July of 2012, a total of 30 611 tons of pears were sold in National Fresh Produce Markets (NFPMs) compared to 30 914 tons sold in 2011 during the same period. The monthly average price received for pears between January and July 2012 was R4 393 per ton, which is 9.8 % higher than the monthly average price received in 2011 during the same period.

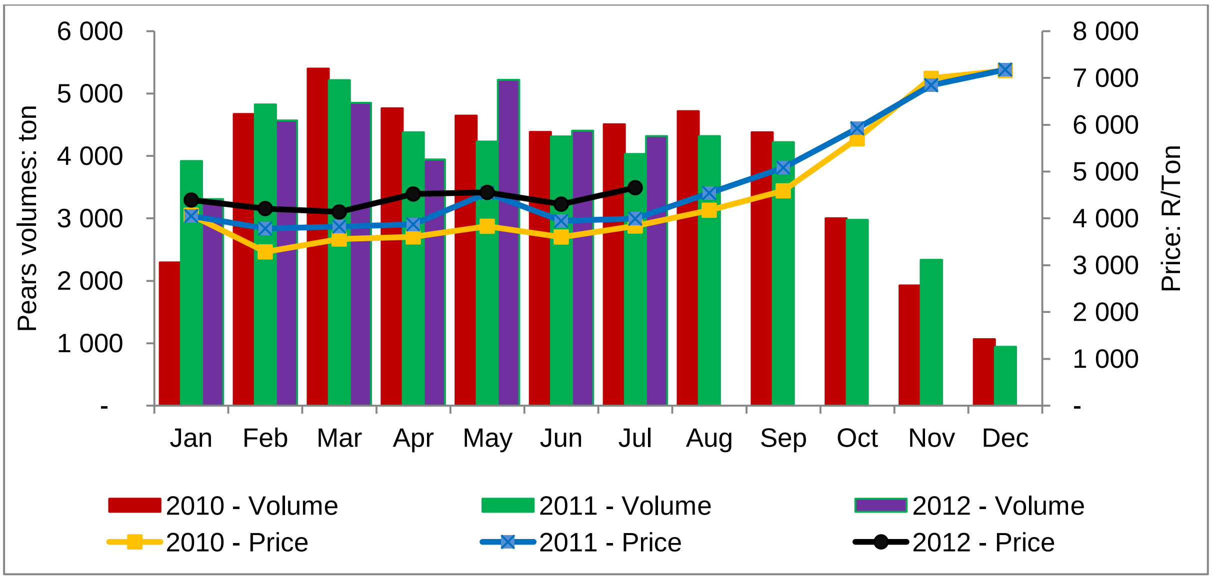


Figure 3 shows the sales for apples. The volume of apples sold in NFPMs between January and July of 2012 amounted to 92 726 tons, which is 13 % higher than 2011 and 6 % higher than 2010 volumes during the same period. The apple price in NFPMs for 2012 has remained slightly above the previous year's price.

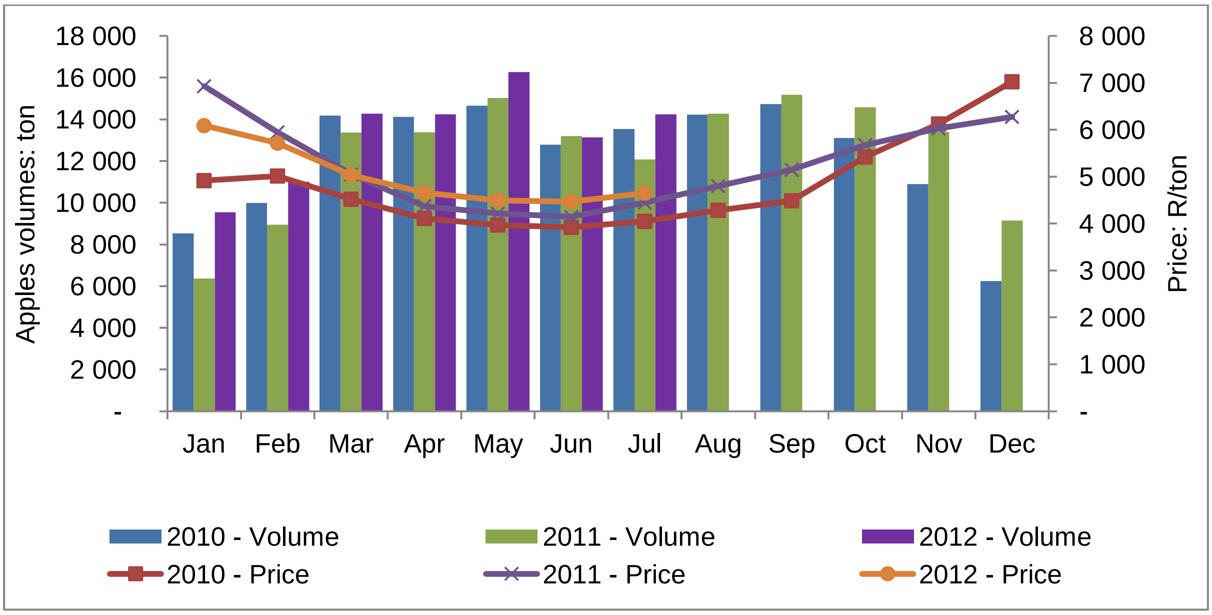
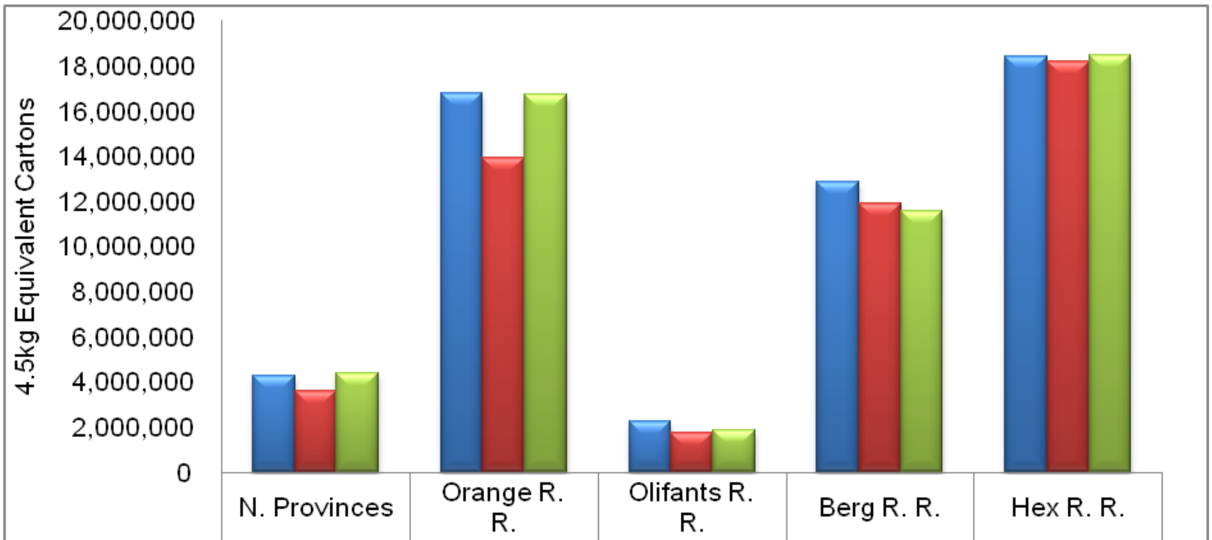


Figure 3: Local market sales for apples through NFPMs
Source: DAFF, 2012

3. South African table grape season: 2011/2012[2]

The 2011/2012 South African table grape season has come to an end. This has been the largest harvest season ever recorded since deregulation. The volume that was passed for exports amounted to 54.657 million equivalent cartons (carton is equivalent to 4.5 kg) of which 54.621 million cartons were eventually exported. Figure 4 shows the number of cartons passed for export from all five table grape production regions.



	N. Provinces	Orange R. R.	Olifants R. R.	Berg R. R.	Hex R. R.
2011/2012	4,254,172	16,825,150	2,271,622	12,874,316	18,431,899
2010/2011	3,577,697	13,942,172	1,778,367	11,926,311	18,226,290
2009/2010	4,390,078	16,765,934	1,887,891	11,572,671	18,498,401

Figure 4: Cartons of South African table grapes inspected and passed for export
Source: SATI, 2012

Table 3 clearly indicates how the demand for seedless varieties has increased over the past five seasons. Black seedless varieties have shown the greatest increase, from just over 0.587 million cartons to 4.403 million cartons within the same period. The demand for seeded varieties continued to decline, with only red seeded varieties remaining somewhat stable.

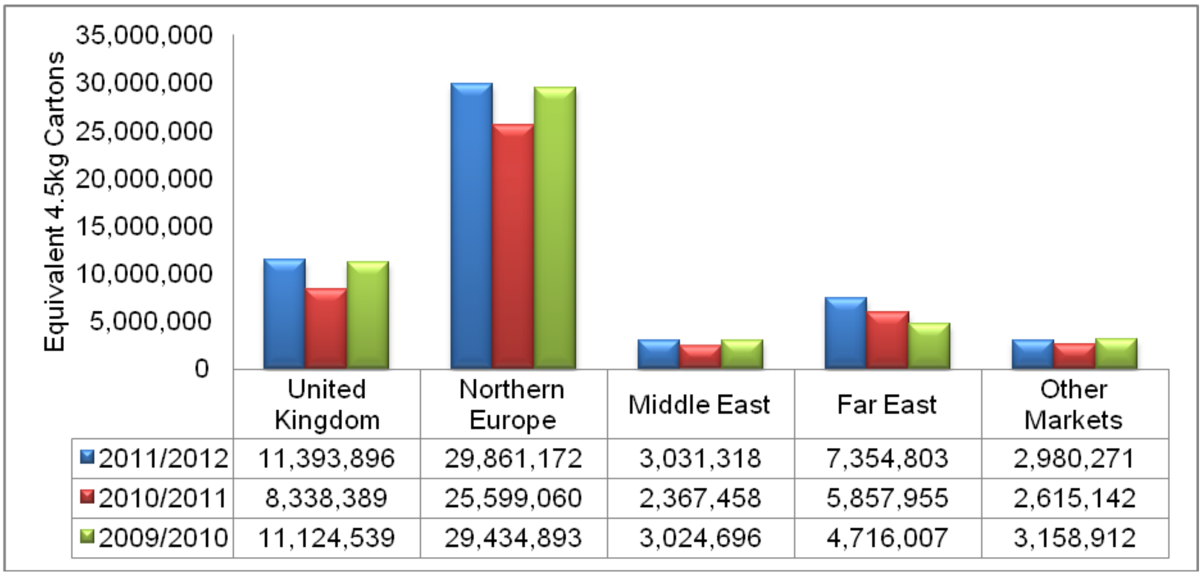
Table 3: South African table grape varieties inspected over the past five seasons

Variety Group	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
White Seedless	18 670 872	17 978 144	19 646 338	16 342 852	18 943 277
Red Seedless	10 074 121	10 936 071	11 571 551	10 897 362	13 539 930
Red Seeded	6 150 421	5 855 774	5 942 468	5 664 982	5 987 864
Black Seeded	7 584 144	6 649 278	6 502 915	6 062 791	5 310 644
White Seeded	8 112 185	7 494 990	6 632 528	6 500 520	5 180 691
Black Seedless	587 208	1 135 033	1 956 272	3 148 884	4 402 934
Mixed Grapes	476 627	659 895	931 006	577 731	738 152
Experimental	60 465	29 240	70 905	250 135	553 903

Source: SATI, 2012

[2] This article was compiled by Mr Thami Vilakazi of the South African Table Grape Industry (SATI)

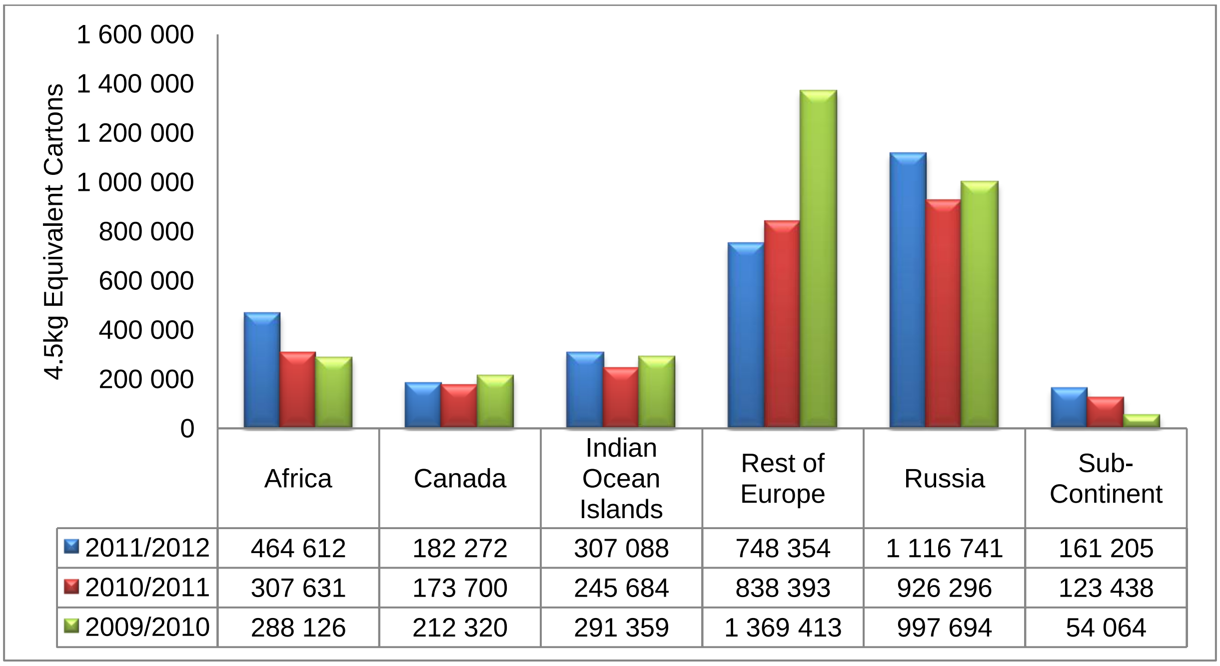
The 2011/2012 exports reflect a continued shift in focus by exporters/export agents towards Eastern markets. As more markets become accessible and our export agents more knowledgeable in how to operate in those markets this trend is expected to increase. This movement is shown in Figure 5 and Figure 6. The emerging markets are becoming increasingly important export markets for South African table grape producers.



	United Kingdom	Northern Europe	Middle East	Far East	Other Markets
2011/2012	11,393,896	29,861,172	3,031,318	7,354,803	2,980,271
2010/2011	8,338,389	25,599,060	2,367,458	5,857,955	2,615,142
2009/2010	11,124,539	29,434,893	3,024,696	4,716,007	3,158,912

Figure 5: South African table grape exports to various major markets
Source: SATI, 2012

The 2011/2012 season also reflects an increase in exports to African countries of just over 60 % as compared to the exports of the 2009/10 season. Russia again managed to break through the 1 million carton mark. The African market also showed positive growth, absorbing nearly half a million cartons (see Figure 6).



	Africa	Canada	Indian Ocean Islands	Rest of Europe	Russia	Sub-Continent
2011/2012	464 612	182 272	307 088	748 354	1 116 741	161 205
2010/2011	307 631	173 700	245 684	838 393	926 296	123 438
2009/2010	288 126	212 320	291 359	1 369 413	997 694	54 064

Figure 6: South African table grape exports to various smaller developing markets
Source: SATI, 2012

Figure 7 shows table grape sales in NFPMs. Looking at the results of table grape volumes harvested in the 2011/2012 season, the volumes sold in NFPMs increased by 10 % as compared to the previous season. The average price received in the local market was at the same level as the previous year.

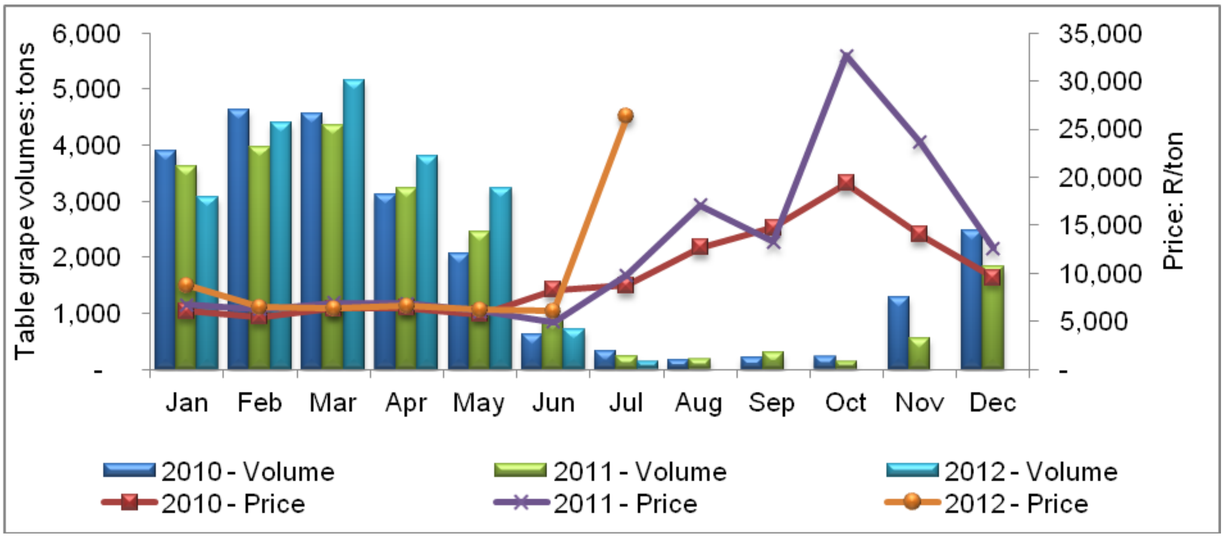


Figure 7: Local market sales for table grapes through NFPMs
Source: DAFF, 2012

4. South African citrus season: 2012[3]

Table 4 shows the crop estimates as compiled and adapted by the Citrus Marketing Forum (CFM) in the current citrus season. The CFM originally estimated a total crop of 102.9 million equivalent cartons (carton is equivalent to 15 kg) in March 2012. This was due to climatic conditions and fruit development at the time. However, as these production factors changed, so did the crop estimates. The revised crop estimates now expect a total crop of 97.7 million cartons, which is lower than the total crop harvested in the previous season (see Table 4).

Table 4: Southern Africa crop estimates: 2012 season

Product Type		Final Packed 2010	Final Packed 2011	Original Estimate 2012	Latest Estimate 2012
Grapefruit		12.5m	16.2	15.2	12.4
Soft Citrus		7.5m	6.9	7.6	7.6
Lemons		9.6m	10.8	11.1	9.7
Oranges	Navels	22.9	21.2	22.9	23.3
	Valencia	46.5	44.2	46.1	44.7
Total		**99**	**99.3**	**102.9**	**97.7**

Source: CGA, 2012
Note: Crop estimates include volumes from South Africa, Zimbabwe, Swaziland and Mozambique

[3] [3] The author wishes to acknowledge John Edmonds of the Citrus Growers' Association for valuable data provided in compiling this section.

The end of the 2012 citrus season is approaching, with the bulk of volumes already harvested. At the end of week 35, nearly 82 % of the estimated total crop has been harvested, packed and passed for exports. Figure 8 shows the market distribution for orange exports. Northern Europe is the largest export market for oranges, accounting for 26 % export share, followed by the Middle East with 18 % and the Far East with 14 % export share. The African market comprises a small share in orange exports.

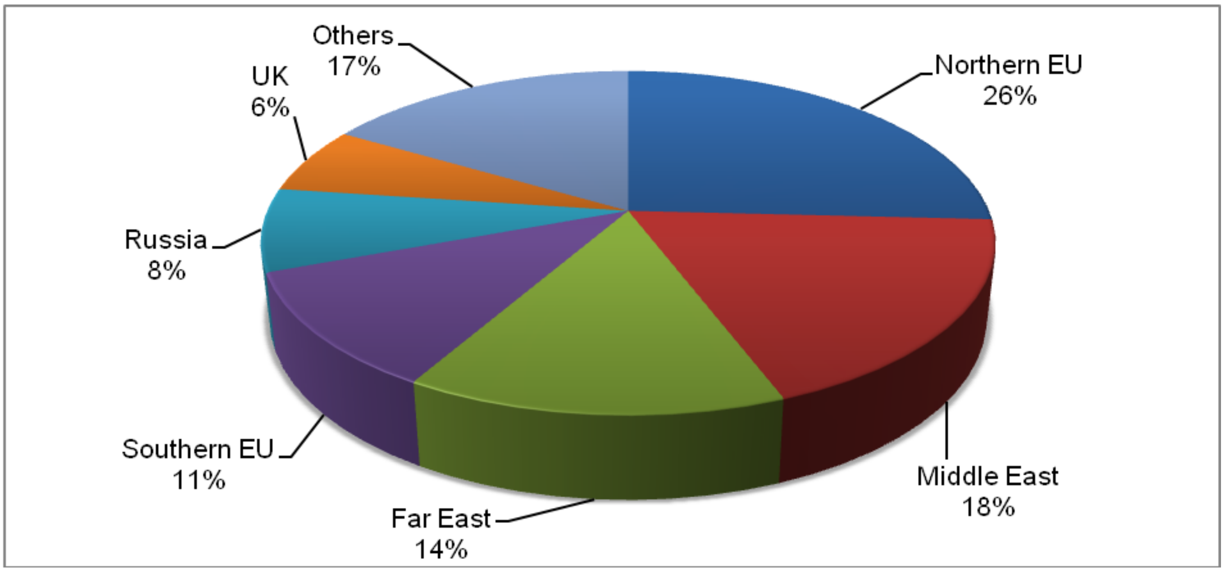


Figure 8: Orange export volumes per market in the 2012 season
Source: CGA, 2012

Figure 9 shows the exports of lemons per market in the 2012 season. It is clear that the Middle East is by far the largest export market for South African lemon exports, with a 42 % export share, followed by the Northern Europe with a 15 % share and the Far East with an 11 % export share in the 2012 season.

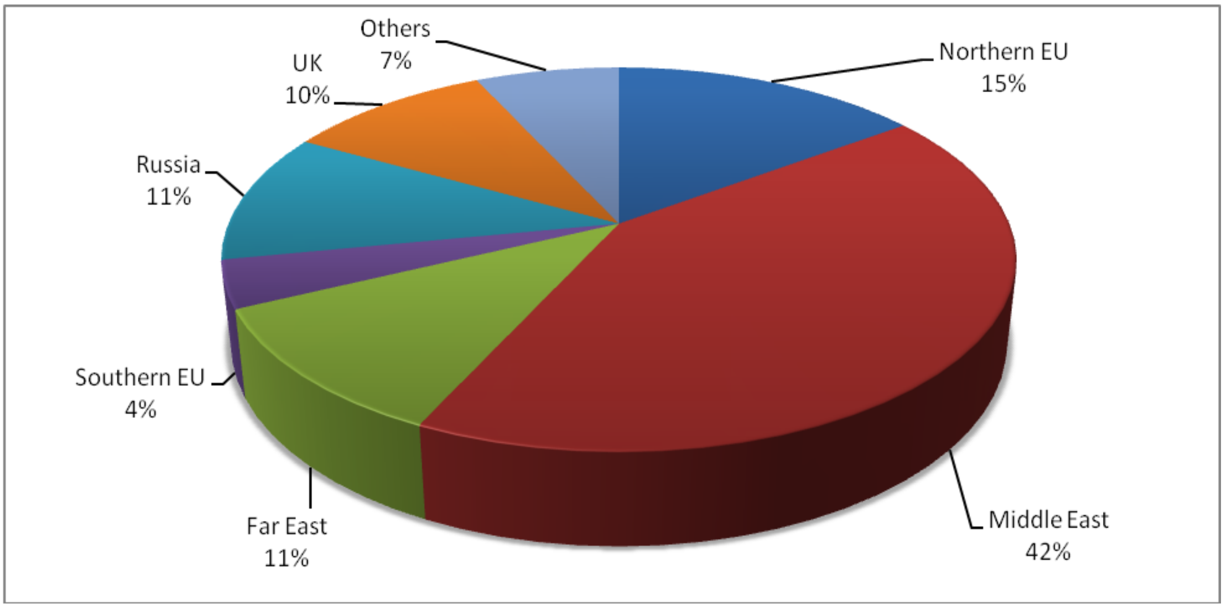


Figure 9: Lemon export volumes per market in the 2012 season
Source: CGA, 2012

Figure 10 shows the export markets for South African grapefruit. Northern Europe and Japan are the two largest markets for South Africa grapefruit exports, collectively accounting for 65% of South African grapefruit exports in the 2012 season.

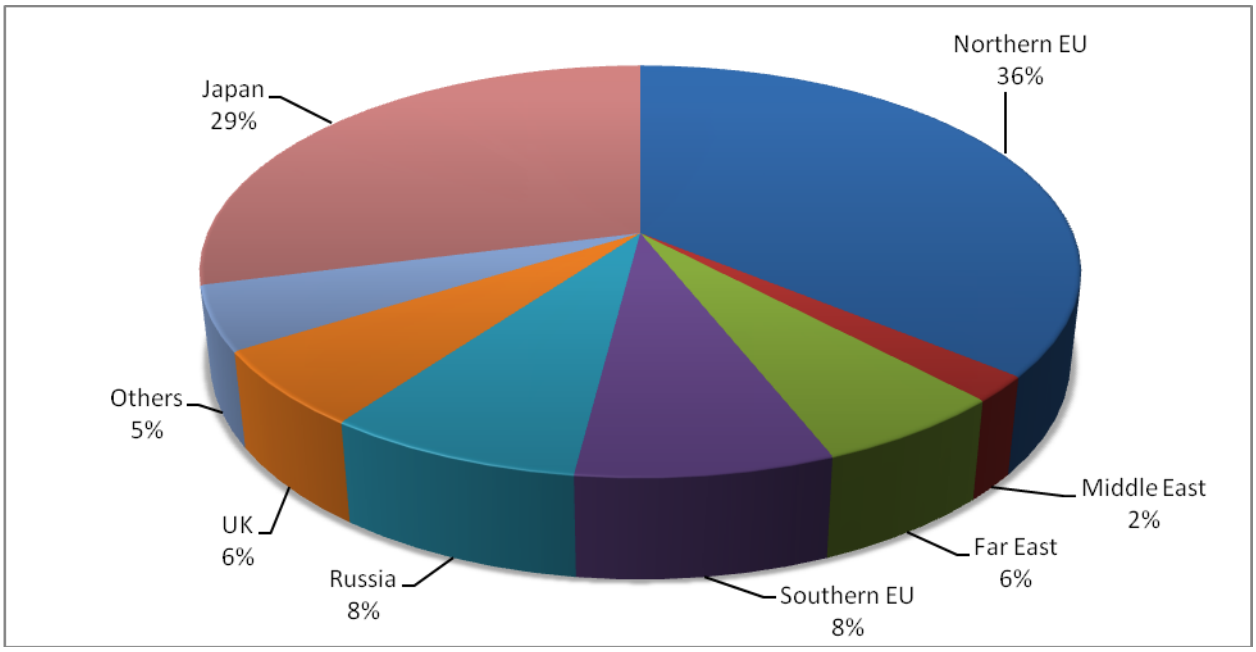


Figure 10: Grapefruit export volumes per market in the 2012 season
Source: CGA, 2012

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CGA (Citrus Growers' Association). 2012. *Citrus fruit data*. Hillcreast: Information and Market Intelligence Division, CGA.

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

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

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

Useful Links:

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