Markets and Economic Research Centre

SA Fruit Trade Flow

ISSUE 30/ June 2018

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. The report is released on a quarterly basis by the trade unit of the markets and Economic Research Centre.

For more information contact Moses Lubinga at hlubinga@namc.co.za

Visit the NAMC Website: www.namc.co.za

National Agricultural Marketing Council
Promoting market access for South African agriculture

SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 30: June 2018

Compiled by Lucius Phaleng and Moses Lubinga

Table of Contents

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 deciduous fruit (cherry, pomegranate and litchi fruit).*** *The main focus is on the analysis of the current season's performance of these fruits, for both export and domestic markets, in comparison with the previous season. This report also 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 deciduous fruit production for the 2017/18 season

Deciduous fruits consist of different fruit types, including peaches, nectarines, plums, apples, grapes, pears, berries, cherries and pomegranates. The focus of this report is on the cherry and pomegranate production season. The global and South African previews are discussed in detail in the next section.

2.1 Preview of cherry production for the 2017/18 season

2.1.1 Global preview of the cherry production season

World cherry production is forecast to drop by 3 percent, to 3.1 million tons, because of the bad weather that damaged crops in the European Union (EU) and Turkey. However, counter gains are foreseen in the United States and China (USDA, 2018). **Figure 1** highlights the world's leading producers of cherry between 2012/13 and 2017/18, measured in 1000 tons. The European Union, the world's leading producer of cherry, is projected to experience a 21-percent drop in production, to 576 000 tons. This is due to heavy frosts experienced in April and May, affecting over half of the key cherry producing member states (USDA, 2018). Turkey has been ranked as the second largest producer of cherry, at a value of 500 thousand tons, followed by the Unite States, China and Ukraine, at projected productions of 495 000 tons, 360 000 tons and 280 000 tons, respectively. By the end of the 2017/18 season, Chile's production was forecast to be 124 000 tons, the second highest level in 3 years. This growth is attributable to the new orchards that are in production. On the other hand, China's production is forecast to rise steadily for the fifth straight year, from 30 000 tons to 360 000 tons, due to the continuing trend of new plantings reaching maturity (USDA, 2018).

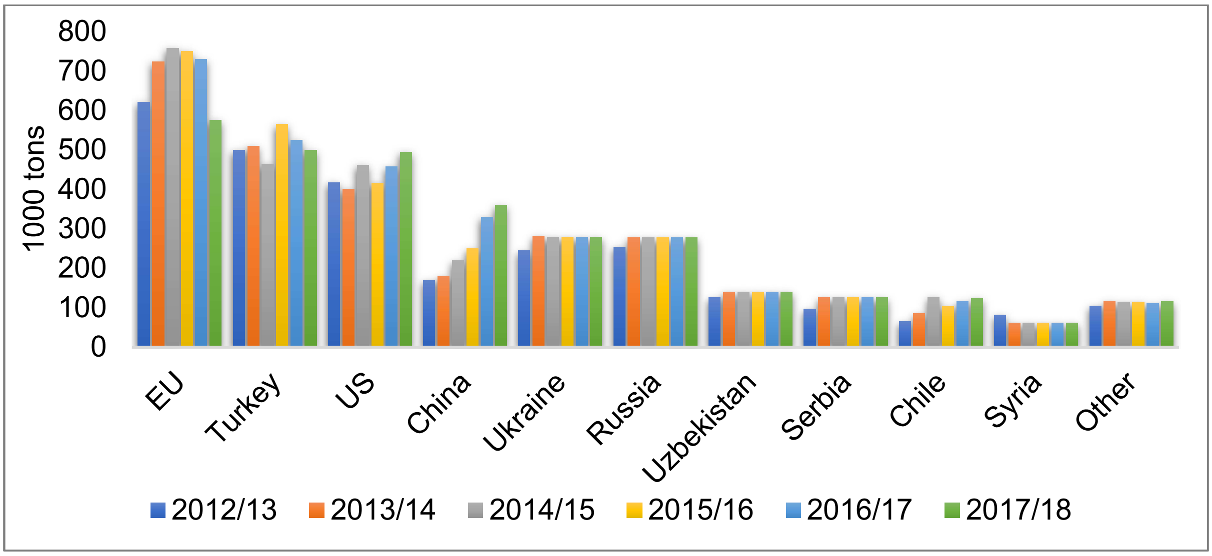

Figure 1: Main global cherry producers between 2012/13 and 2017/18
Source: USDA (2018)

Figure 2 shows the world's leading importers of cherries over the past six years, measured in thousand tons. Imports are forecast to slightly decline and this is in line with recent years (USDA, 2018). It is important to highlight the point that a large quantity of cherries produced in the world is consumed domestically, while a smaller share is processed. For the 2017/18 season, China was ranked as the leading importer of cherries, at a share volume of 26.4%, followed by Hong Kong, Russia, the EU and Canada, at volumes of 75 000 tons, 67 000 tons, 50 000 tons and 30 000 tons, respectively.

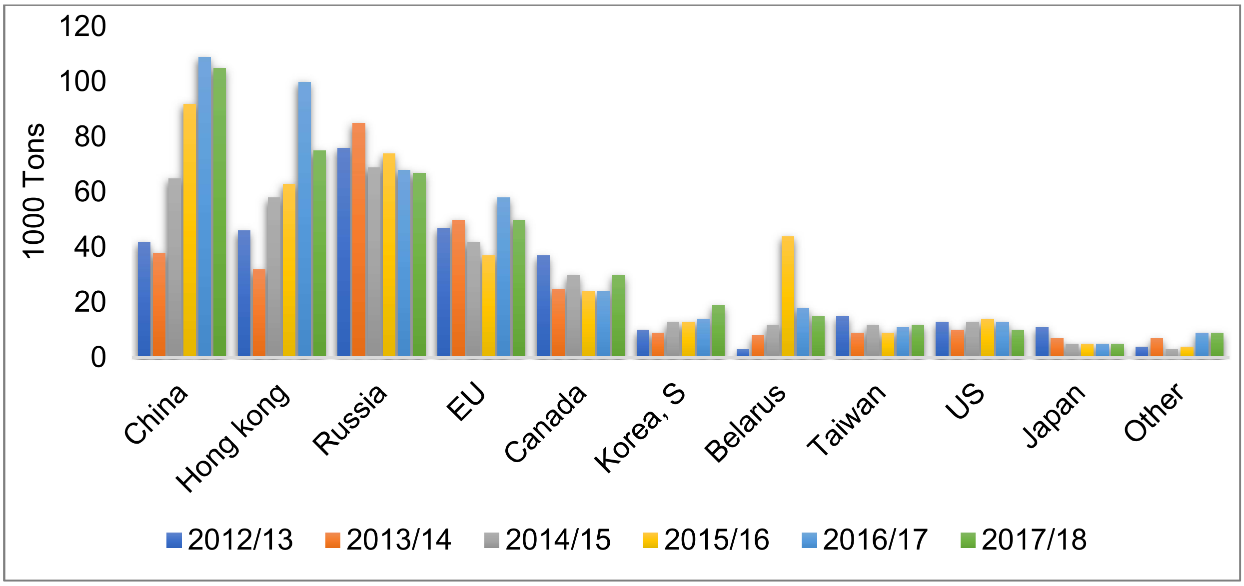

Figure 2: Main global cherry importers between 2012/13 and 2017/18
Source: USDA (2018)

Global exports increased by 10 percent to over 400 000 tons, due to greater supplies exported from Chile and the United States (USDA, 2018). **Figure 3** highlights the world's leading exporters of cherries over the past 6 years, measured in thousand tons. It is important to note that the volume of cherry exports has improved by 39.9% since 2012/13. The United States is ranked as the world's leading exporter of cherries, at a share of 27.3% in 2017/18, followed by Chile with exports expected to rise to nearly 10 percent, at 105 000 tons, given that greater production can be associated with larger shipments. The third-largest exporter was Turkey, with an exported volume of 60 000 tons, followed by the EU, Uzbekistan and Serbia, at shares of 7.4%, 7.2% and 5.7%, respectively.

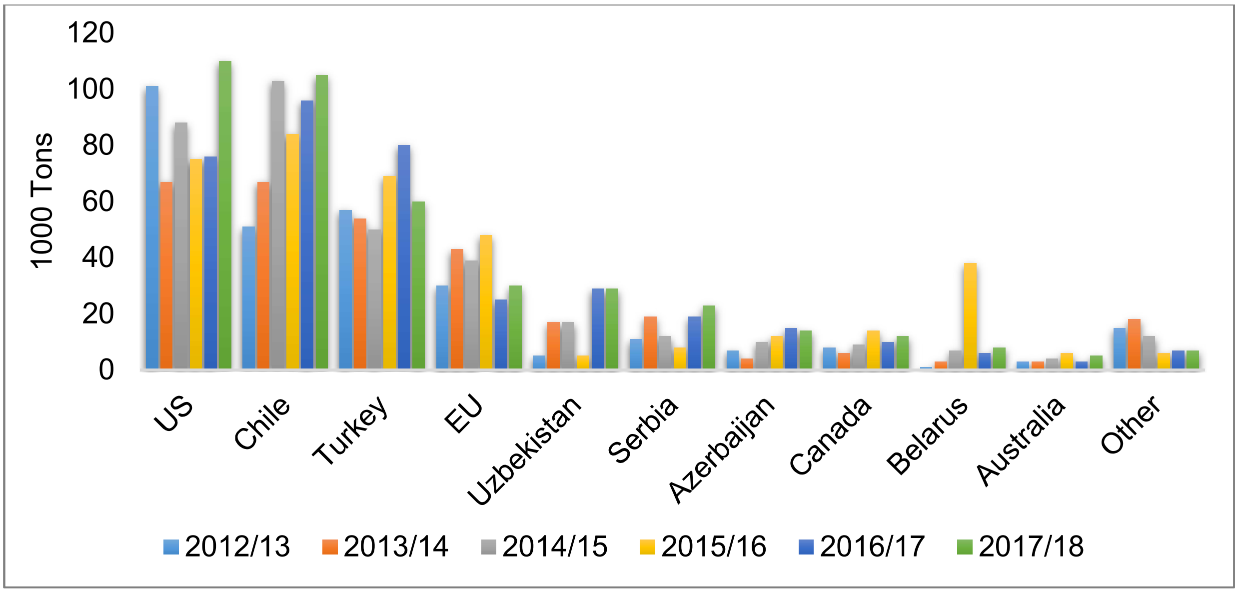

Figure 3: Main global cherry exporters between 2012/13 and 2017/18
Source: USDA (2018)

2.1.2 South Africa's preview of cherry production

South Africa's cherry production by commercial and smallholder farmers is still unique. It is only grown in the Western Cape, Eastern Cape and KwaZulu-Natal. **Table 1** illustrates the cherry crop distribution (local market, exports and processed) between 2012/13 and 2016/17. It is important to note that South Africa's cherry production has increased by 79.8% since the year 2012/13, while exports and processed quantity increased by 3257% and 262%, respectively. In the 2016/17 season, South Africa produced 613 tons of cherry, of which 49.3% was consumed locally, while 38.3% was exported to international markets, with only 57 tons being used for processing.

Table 1: South African cherry distribution 2012/13 - 2016/17

Year	Total production	Local market	Exports	Processed	Change in Total production
	(Ton)	(Ton)	(Ton)	(Ton)	%
2012/13	341	313	7	21	
2013/14	442	281	127	34	30%3%
2014/15	456	251	153	52	68%
2015/16	767	326	384	57	-21%
2016/17	613	302	235	76	
Average crop distribution (%)		**56%**	**35%**	**9%**	

Source: HORTGRO (2018)

Exports of South Africa's cherries to the various regions of the world during the 2016/17 period are presented in **Figure 4**. Cherries totalling 235 tons were exported by South Africa in the 2016/17 period. It is important to note that the United Kingdom (UK) was the leading importer of cherries from South Africa, constituting about 50% of total exports, followed by the Middle East (19%), the Far East (17%), the European Union (7%) and Indian Ocean Islands (5%). The African region imported the least of South Africa's cherries, accounting for about 2% of total exports.

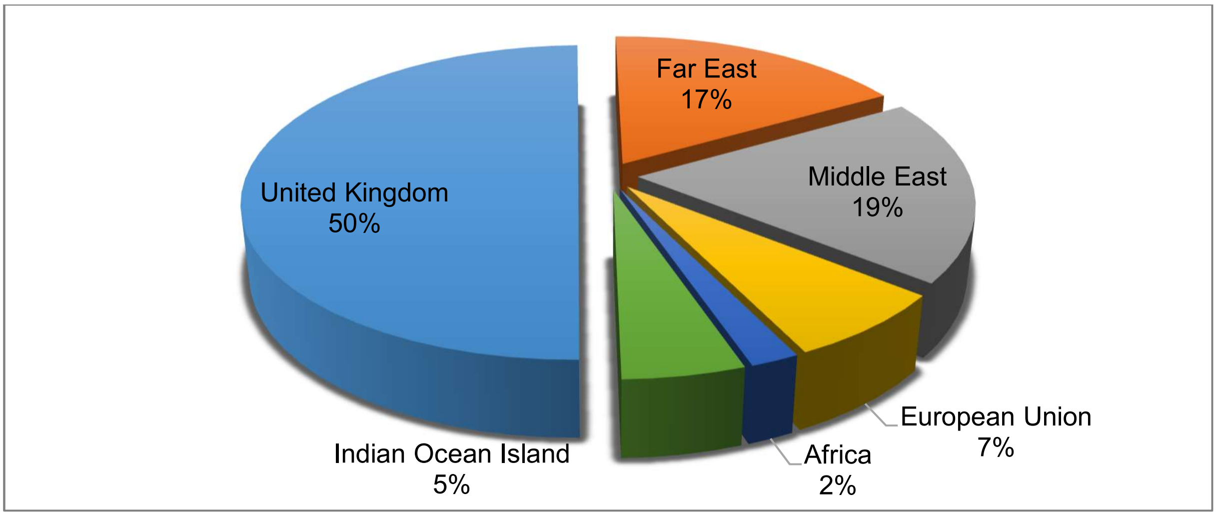

Figure 4: Leading export destinations of South Africa's cherries
Source: SACGA (2018)

Figure 5 presents prices and volume trends of cherries for the 2017 –2018 (Jan-May) period. It can be observed that the cherry production season ranges between October and January. This is represented by the quantity sold in the local market. The volume of cherries sold in the local market in 2018, between January and May, has increased by 78 tons (R59 598/ton), as compared with 17 tons (R73 281/ton) in 2017. The average price and quantity increased significantly during the 2018 period.

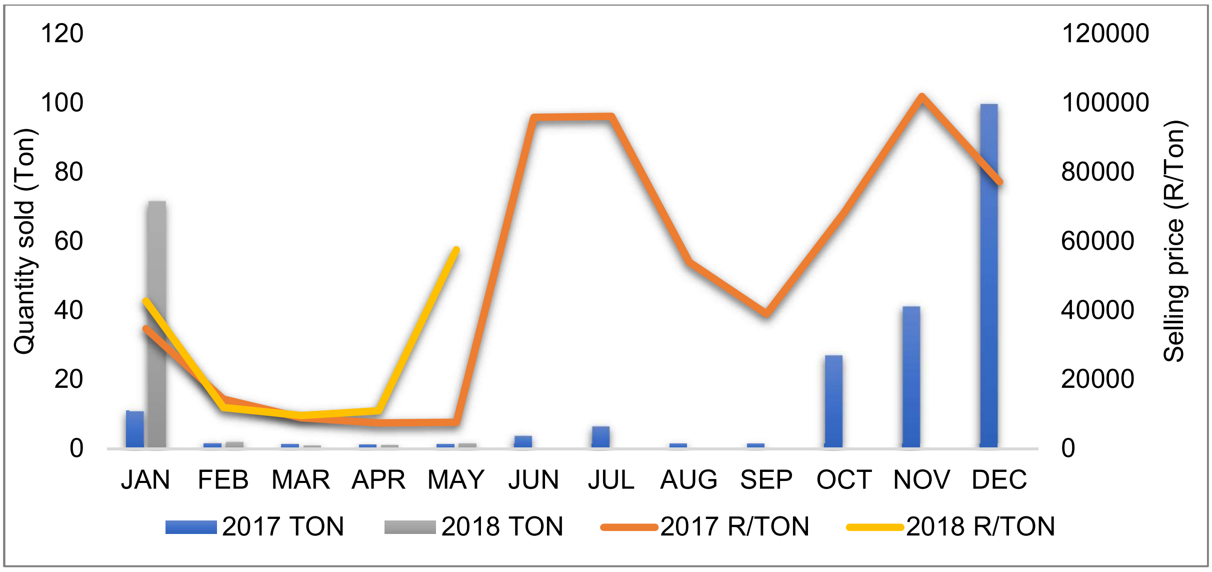

Figure 5: Local market sales of cherries
Source: DAFF (2018)

2.2 Preview of South Africa's pomegranate production

Pomona is believed to be the largest pomegranate producer in South Africa and one of the largest in the southern hemisphere. **Figure 6** highlights the South African exports and local consumption trends over the past 6 years, measured in tons. It is important to illustrate that South Africa exports more of its pomegranate than is consumed locally. Almost 80% of pomegranate produced locally is consumed in the international markets. Both exports and consumption volumes have been increasing in the period under review, with the exception of local consumption in 2017, which decreased by 22 tons, as compared with the 2016 period. South African pomegranate exports increased by 193.8% from 2012 to 2017, while 62.8% was realised in local markets.

Figure 6: Export and local market trends of South Africa's pomegranates
Source: POMASA (2018)

Table 2 shows South African litchi fruits passed for exports, per cultivar, between 2012 and 2017, measured in 3.8kg (equivalent to cartons). It can be observed that the Wonderful cultivar constituted about 64% of total exports in 2017, and this cultivar is said to rank 18th in terms of fruits consumed annually in the world. The second cultivar is Hershkovitz, which constituted about 21%, followed by Acco (13%) and others (1%).

Table 2: South Africa's litchi exports per cultivar, 2012–2017

Cultivar	2012	2013	2014	2015	2016	2017	% Contribution
Wonderful	281085	444911	588797	691720	935087	915603	64%
Hershkovitz	93158	67049	152130	232247	258130	300118	21%
Acco	39605	34996	83352	152022	128999	181487	13%
Shir	2368	3553	4145	0	2644	4145	0%
Kessari/Baghwa	17566	14824	2361	588	5355	1676	0%
Other	49827	30141	6465	21323	7783	18036	1%
Total 3.8 kg Eqv. Cartons	**483609**	**595474**	**837250**	**1097900**	**1337998**	**1421065**	**100%**

Source: POMASA (2018)

Exports of South Africa's pomegranates to the various regions of the world during the 2017 period are presented in **Figure 7**. It is clear from the figure that during 2017, most of South Africa's exports of pomegranates went to the European Union and the Middle East. In 2017, exports to the European Union (*excluding* the UK) accounted for 56% of all South Africa's pomegranate exports, while those to Middle East accounted for 16%. Export volumes to the UK and the Far East (and Asia) were 12% and 7%, respectively. The African continent accounted for 5% of the total of South Africa's exports of pomegranates, while Russia was at 4%.

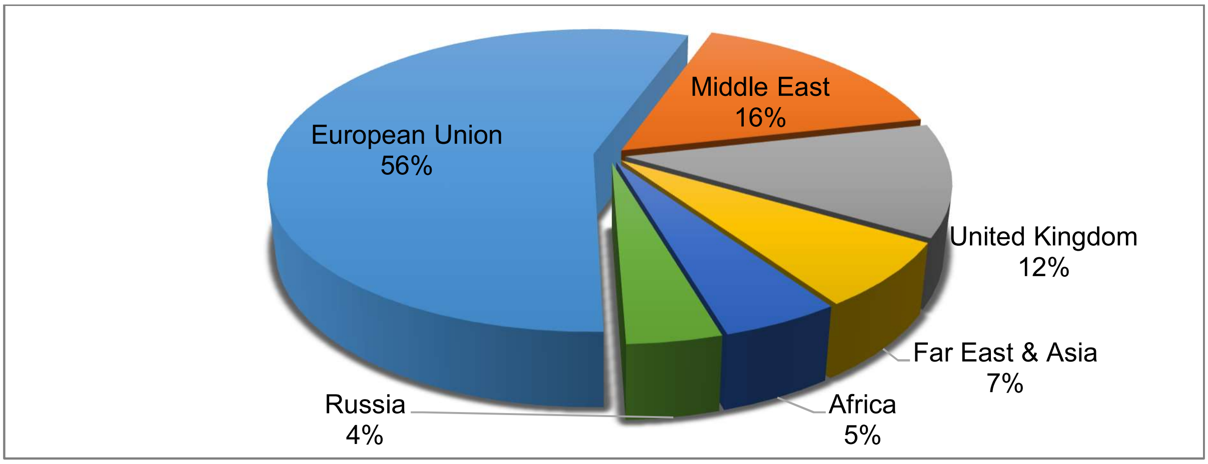

Figure 7: Importers of South Africa's pomegranates, 2017
Source: POMASA (2018)

The average price and quantity of pomegranate sold in the local market in 2017 and 2018 (Jan–May) are presented in **Figure 8**. The average price (and quantity) of pomegranate sold in the local markets in 2017 was R468 617 per ton (383 tons). In 2018 (Jan-May), about 316 tons of pomegranate were sold in the local markets, at an average price of R87 923 per ton. The volume of pomegranates sold in 2018 (Jan–May) has declined, as compared with the 2017 (Jan–May) sales. Prices on the local markets are largely influenced by seasonality in production, perishability of produce, and the volumes of pomegranates used for processing and exports (availability of pomegranates on the local market) (DAFF, 2017).

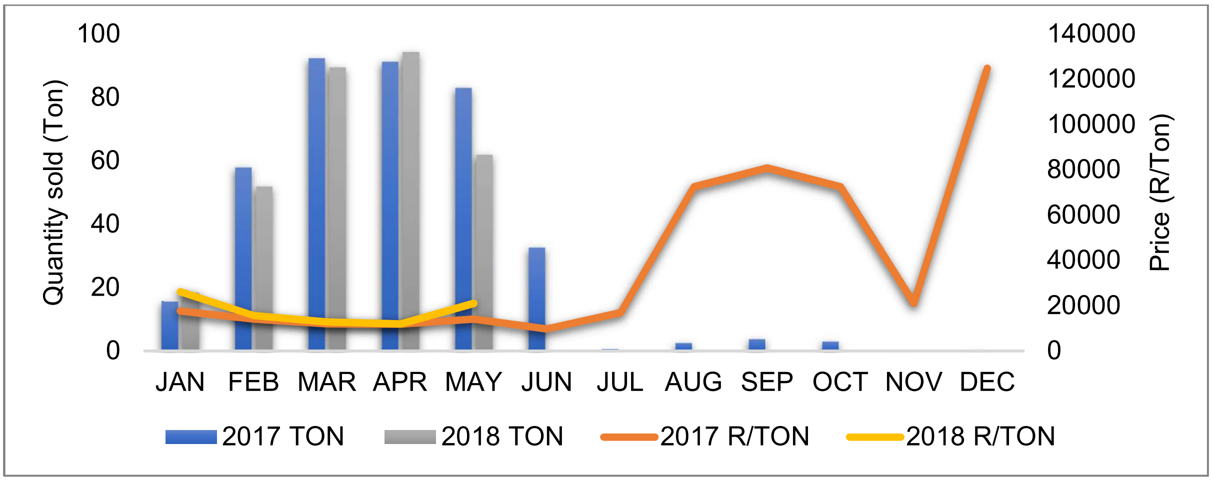

Figure 8: Local market sales of pomegranates
Source: DAFF (2018)

3. Overview of subtropical fruit production for 2017/18 season

The subtropical fruit industry comprises of fruits such mangoes, avocados, macadamia nuts and litchis. The focus of this report is on litchi production. This section provides a detailed performance analysis of litchi fruit from a national perspective, covering production trends, litchi distribution, main markets and volume consumed in local markets. The litchi industry in South Africa is well-established but exhibits a slow trend in terms of new plantings and production (DAFF, 2017).

3.1 Preview of the litchi production season 2017/18

South Africa's litchi crop is mainly grown in the Limpopo and Mpumalanga provinces, in particular the Mopani and Malelane regions. KwaZulu-Natal is another producer of litchi (DAFF, 2017). **Figure 9** shows the production and growth rate of litchis between 2008/09 and 2017/18, measured in tons and percentage. It is vital to note that litchi production has been fluctuating in the period under review, which has also affected the growth rate. As can be observed, the highest total volume of 9 801 tons of litchis was produced during the 2016/17 production season, while the lowest volume (2 478 tons) was experienced during the 2008/09 season. Production by volume increased by 123.8% between the 2008/09 and 2017/18 production seasons. The production of litchis in 2017/18 declined by 43.4%, as compared with the 2016/17 period, due to the effect of drought in the Western Cape (FSA, 2017).

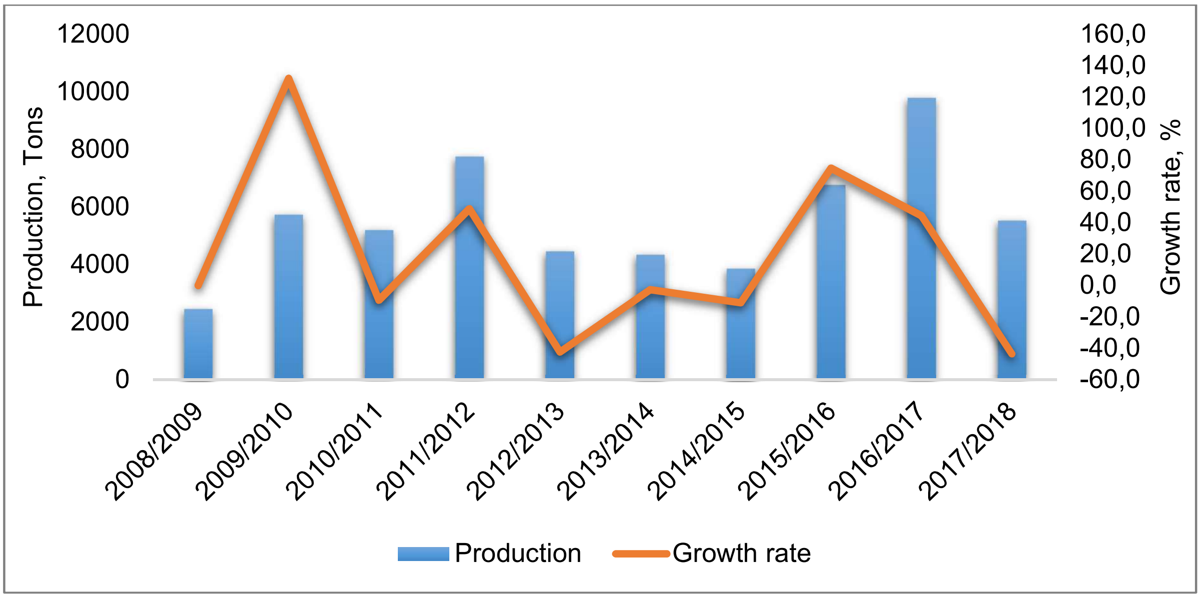

Figure 8: Litchi production between the 2008/09 and 2017/18 seasons
Source: SALGA (2018)

The distribution of the annual litchi crop over the past ten years is presented in **Figure 9**. Generally, it can be observed that the South African litchi industry is predominantly export oriented. Of the total 5 545 tons of litchis produced during the 2017/18 season, 65% was exported while 11% was processed. Approximately 24% of all litchis produced was sold through the local market during the same period. The volume of litchis delivered to the processing and export markets decreased between 2016/17 and 2017/18. A high volume delivered in both local and export markets was reached during 2016/17 period, while that for the processing market was reached during the 2010/11 period.

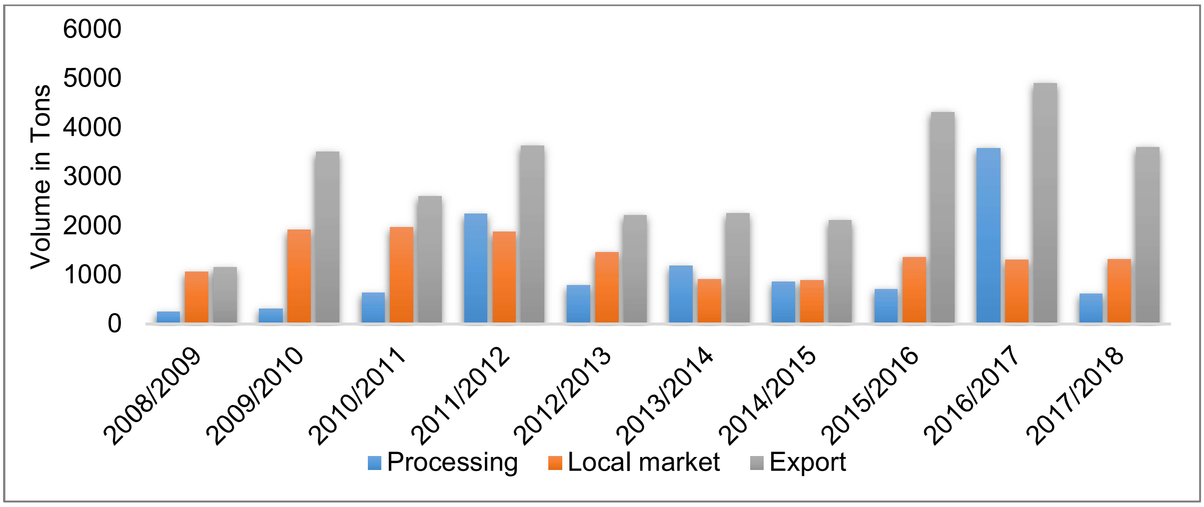

Figure 9: Litchi crop distribution, 2008/09 and 2017/18
Source: SALGA (2018)

The main markets that imported portions of the total of 3 604 tons of litchis exported by South Africa during 2017/18 period is highlighted in **Figure 10**. It is evident from the figure that during the 2017/18 period, almost all litchi exports were destined for the European market. Exports to Europe accounted for 97% (3 496 tons) of the total litchi exports (3 604 tons). The Netherlands, as part of Europe, imported the largest share (88%) of South Africa's litchi exports, followed by the United Kingdom (9%), Canada (2%) and the Middle East (1%).

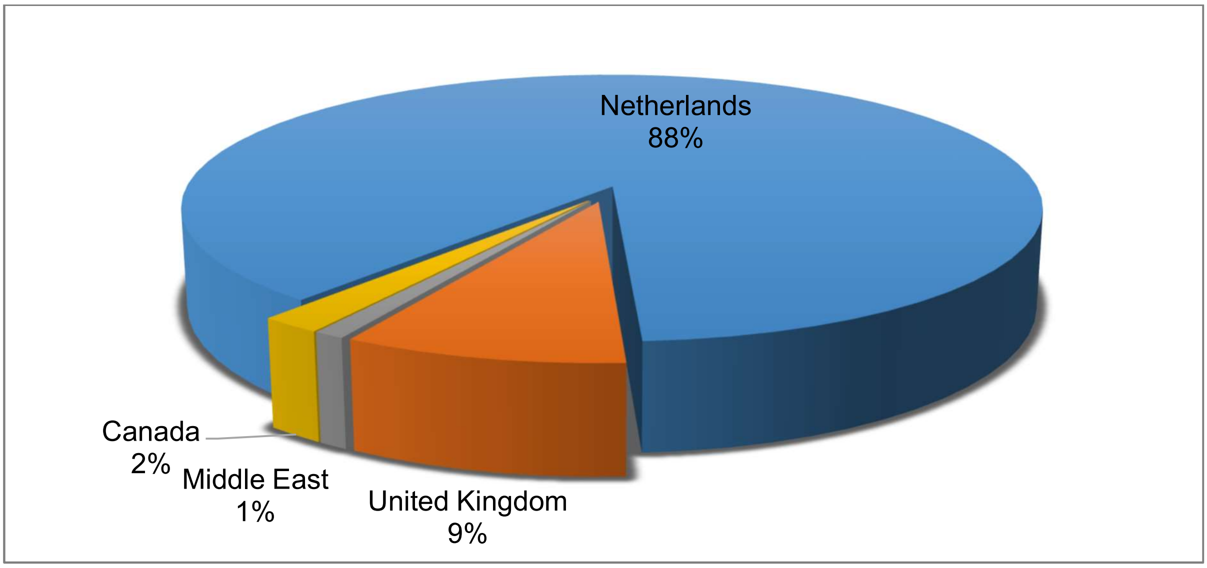

Figure 10: Importers of South Africa's litchis (2017/18 season)
Source: SALGA (2018)

Figure 11 illustrates the recorded volumes of litchis sold through agents on the national fresh produce markets (NFPMs) during the 2017 and 2018 (Jan–May) periods. It is important to note that the season for litchis runs from October to February each year. Between January and May, the volume of litchis sold on the NFPMs increased from 416 tons (2017) to 492 tons (2018), an 18.3% increase. The price of litchis on the NFPMs is largely driven by the quantity supplied. It can be seen that high prices are received as the quantities of the fruit reduce over time.

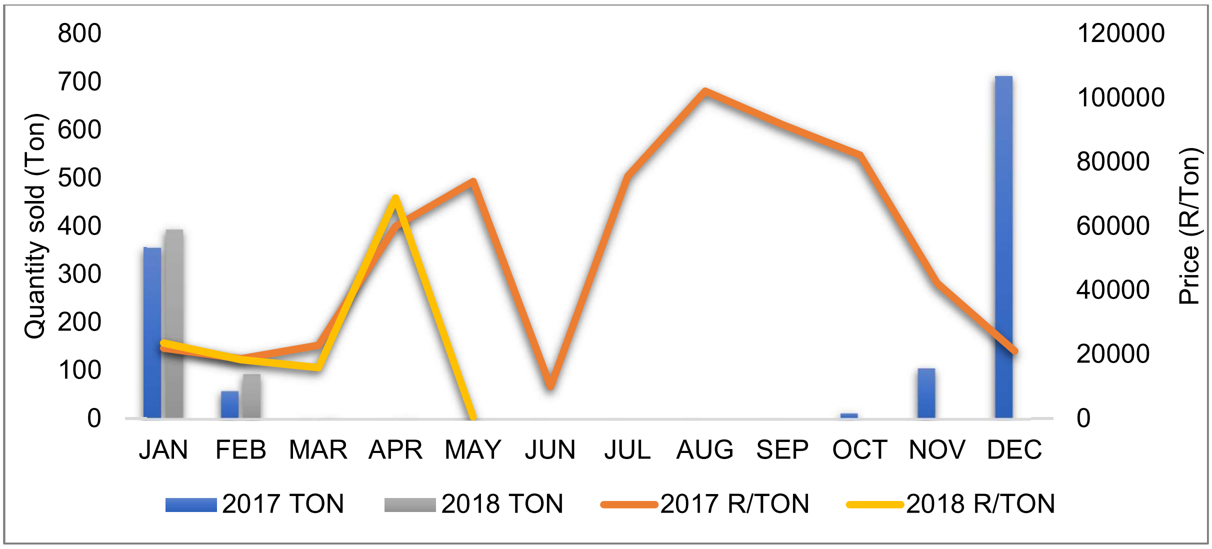

Figure 11: Local market sales of litchis
Source: DAFF (2018)

REFERENCES

DAFF (Department of Agriculture, Forestry and Fisheries). 2018. *Local market fruit sales data*. Pretoria: Directorate of Agricultural Statistics.

Hortgro. 2018. *Stone fruit (cherry), production and export data*. Paarl: Information and Market Intelligence Division.

POMASA (Pomegranate Association of South Africa). 2018. Statistical booklet

SACGA (South African Cherry Growers Association). 2018. Export destination

SALGA (South African Litchi Growers Association). 2018. Production, local market and exports (destinations)

USDA (United State Department of Agriculture). 2018. Global producers, exporters and importers.

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 (Subtrops)	*www.subtrop.co.za*
South African Table Grape Industry (SATGI)	*www.satgi.co.za*

DISCLAIMER

Information contained in this document results from research funded wholly or in part by the NAMC acting in good faith. Opinions, attitudes and points of view expressed herein do not necessarily reflect the official position or policies of the NAMC. The NAMC makes no claims, promises or guarantees about the accuracy, completeness or adequacy of the contents of this document, and expressly disclaims liability for errors and omissions regarding the content thereof. No warranty of any kind, implied, expressed or statutory, including but not limited to the warranties of no infringement of third-party rights, title, merchantability, fitness for a particular purpose or freedom from computer virus, is given with respect to the contents of this document in hard-copy, electronic format or electronic links thereto. References made to any specific product, process or service by trade name, trade mark, manufacturer or another commercial commodity or entity are for information purposes only and do not imply approval, endorsement or favouring by the NAMC.

For Correspondence:

Dr Moses Lubinga
+27 (0) 12 341 1115
Hlubinga@namc.co.za

Private Bag X935
Pretoria
0001