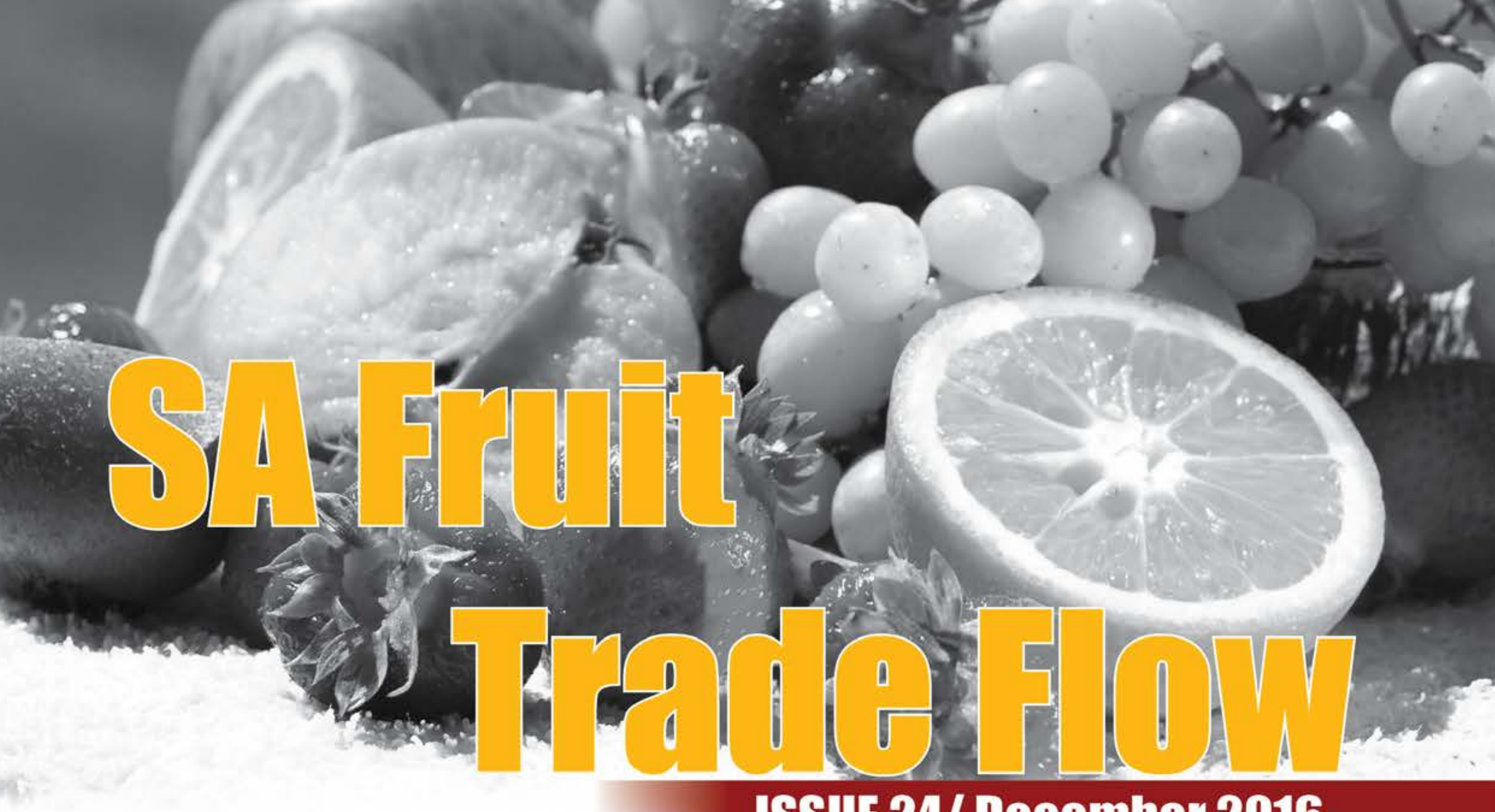

SA Fruit Trade Flow

ISSUE 24/ December 2016

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.

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In this issue we cover the following topics:

Overview of pome fruit production for the 2015/16 season

Global production of pome fruit for the 2015/16 season

Global pome fruit trade for the 2015/16 season

Publication

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Promoting market access for South African agriculture

SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 24: December 2016

Compiled by Thandeka Ntshangase and Lucius Phaleng and Yolanda Potelwa

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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 pome fruit (apples and pears) and subtropical fruit (pomegranates and pineapples). The main focus is on the analysis of the current season's performance of these fruits, on both the export and domestic markets, compared to 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 pome fruit production for the 2015/16 season

2.1 Global production of pome fruit for the 2015/16 season

Figure 1 shows the total production of pome fruit (both apples and pears) in the world, measured in million metric tons and growth rate (%). For the 2015/16 season, pome fruit amounted to a total volume of 102 million metric tons, with apples commanding a large share of 75% and pears with a 25% share of all pome fruit produced. In 2015/16, about 77 million metric tons of apples were produced globally, with China as the leading producer. This market produced a total of 43 million tons, with 89% share is consumed as fresh fruit and the remainder processed and exported. The European Union was the second largest producer of apples with a share of 16%, followed by the United States of America and Turkey with 6% and 4% respectively. It is estimated about total of 25 million tons of pears were produced in the world, with China as a largest producer. This market currently commands a share of 75%, followed by the EU and the USA with a share of 10% and 3% respectively. It has been reported that China is currently the largest producer of pome fruit in the world with a 61% share of total production. This is mainly attributed to the climatic conditions that allow for the production of pome fruit, as well as the technological advancements in the Chinese market.

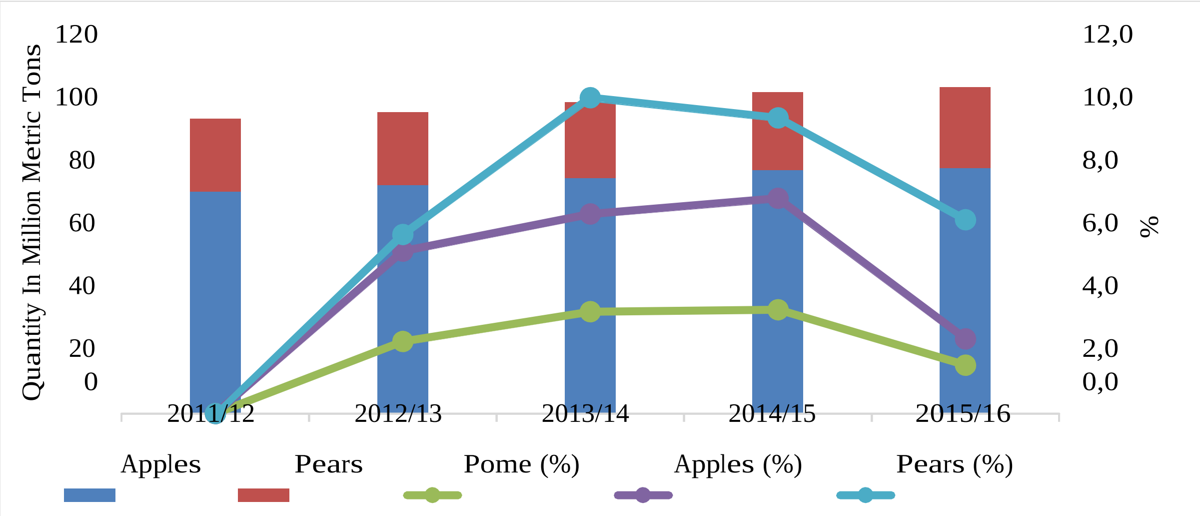

Figure 1: Global production of pome fruit in thousand metric tons between 2011/12 and 2015/16
Source: USDA (2016)

2.2 Global pome fruit trade for the 2015/16 season

In the 2015/16 season, global pome fruit exports amounted to a total of 8.5 million metric tons, equivalent to an 8% share of global production. Figure 2 highlights the global exports of pome fruit, measured in million metric tons, over the past five years. Of the total pome fruit exported, apples amounted to a total of 6.69 million tons, with the EU as the largest exporter holding a share of 24%, followed by the USA (16%) and China (14%). South Africa was ranked as the fifth largest exporter of apples with a share of 7% during 2015/16. Global pear production amounted to 1.8 million metric tons during the 2015/16 production season, with the EU, China, Argentina and South Africa ranking as the top exporters with a share of 23%, 20%, 17% and 10% respectively.

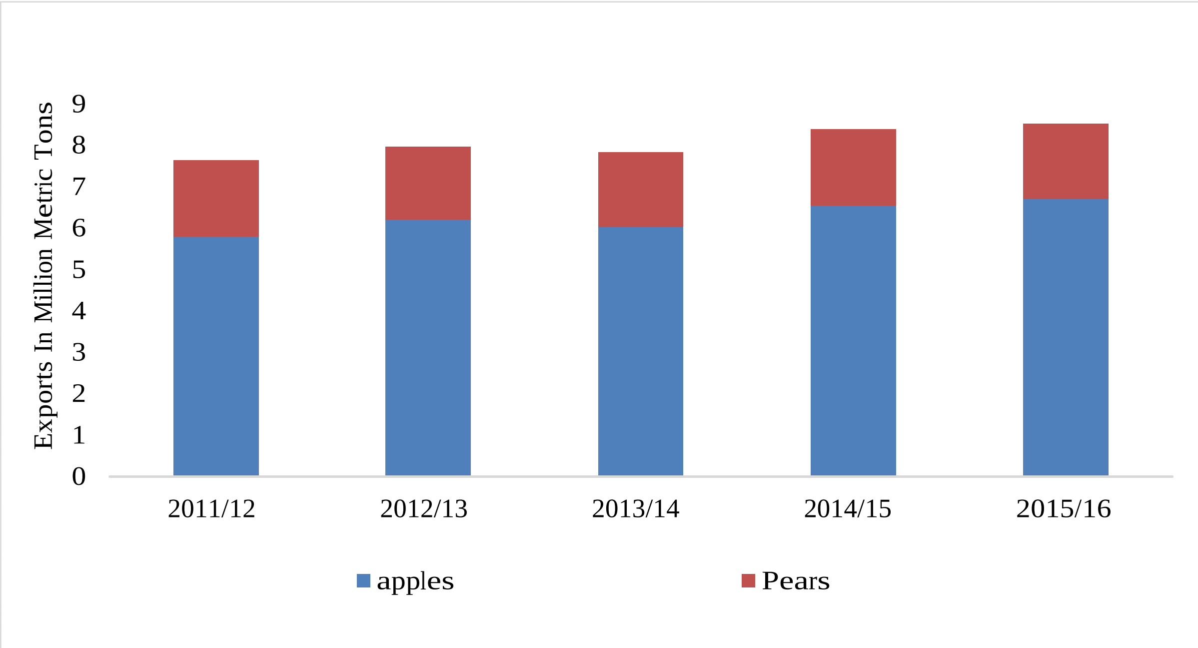

Figure 2: Global exports of pome fruit
Source: USDA (2016)

Figure 3 highlights the global imports of pome fruit over the past five years, measured in million metric tons and share (%). Global imports of apples and pears amounted to a total of 6.2 million metric tons and 1.633 million metric tons respectively.Of the total exported apples in the world, Russia was the largest importer with a share of 13%, followed by Belarus and the EU with a share of 11% and 7% respectively during the 2015/16 season. With regard to pears, Russia was the leading global importer with 240 thousand metric tons, followed by the EU and Brazil with a volume of 220 thousand metric tons and 205 thousand metric tons respectively.

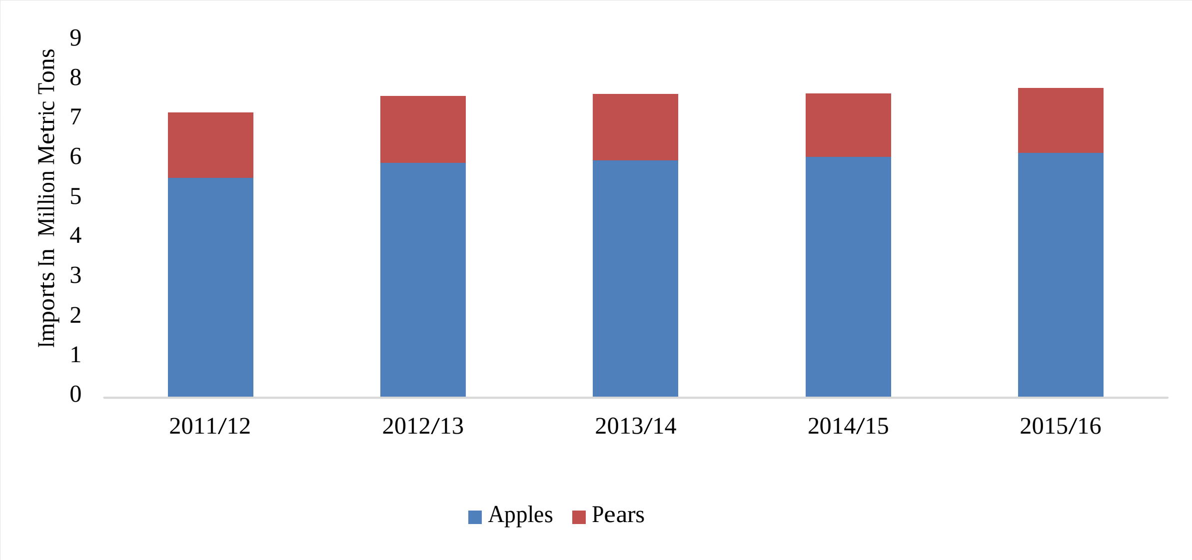

Figure 3: Global imports of pome fruit
Source: USDA (2016)

2.3 Review of the South African pome fruit industry for the 2015 season

Figure 4 shows the production trends of pome fruit over a period of ten years with a 2020 production projection. Pome fruit production is dominated by apples, with a total volume of 920 thousand tons produced during the 2015 season, compared to a volume of 411 thousand tons of pears produced. It has been observed that the production of both apples and pears has been fluctuating over the past 10 years. The production of apples decreased by 13% while the production of pears increased by 6% between the 2013 and 2014 production seasons. It is estimated that the production of apples and pears for the 2020 season will amount to 1020 thousand tons and 475 thousand tons respectively.

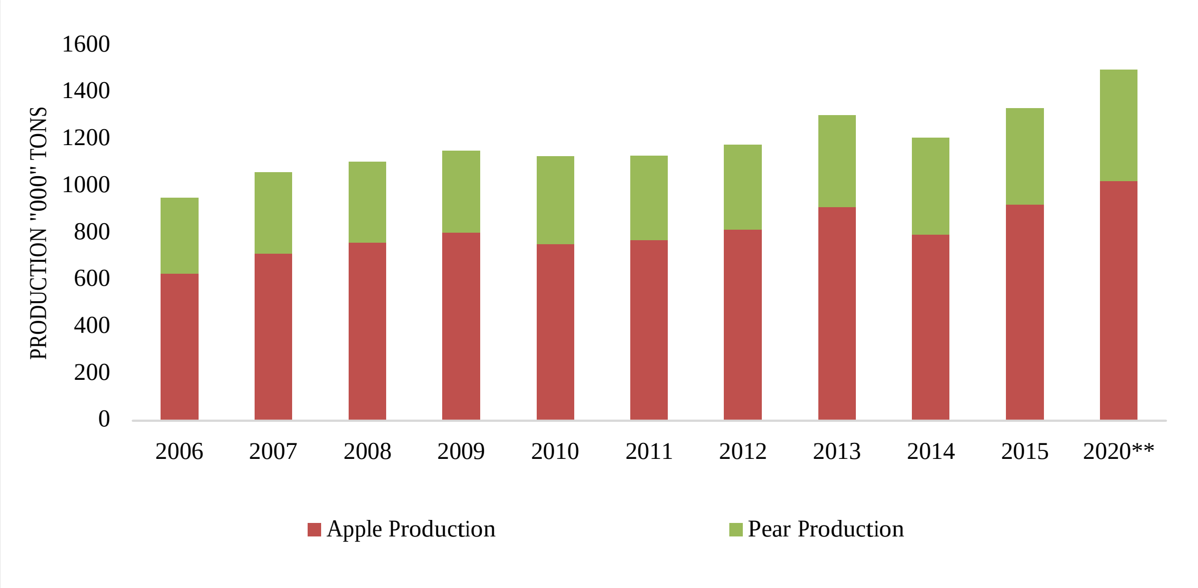

Figure 4: South African pome fruit production in tons
Source: Hortgro (2016a)

Figure 5 highlights the distribution channels for apples between the 2011 and 2015 seasons. During the 2015 season alone, exports constituted 45% (413 292 tons) of all apples produced, with the remainder being either processed (32% or 293 724 tons) or consumed in the local market (23% or 212 770 tons). It is vital to note that the 2020 estimation for apple crop distribution improved by 1%, with a share of 46% being exported, 31% processed and 23% sold on the local market.

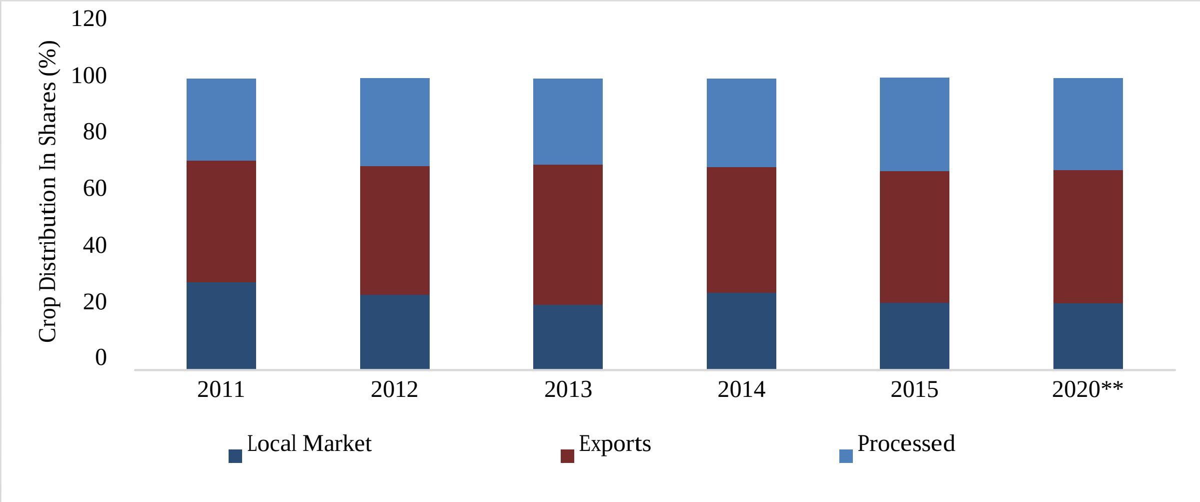

Figure 5: Annual apple crop distribution, 2006-2015
Source: Hortgro (2016a)

Figure 6 highlights the South African apple fruit inspected and passed for export in the 2015 season. A higher export quantity (28 million cartons) was achieved in 2016, compared to 26 million cartons exported in the 2015 season, from week 53 to week 44. The current apple season is performing well compared to the previous season, reaching a peak of 408 thousand cartons passed for export in week 19 of the 2016 season, compared to 273 thousand cartons in week 19 of 2015.

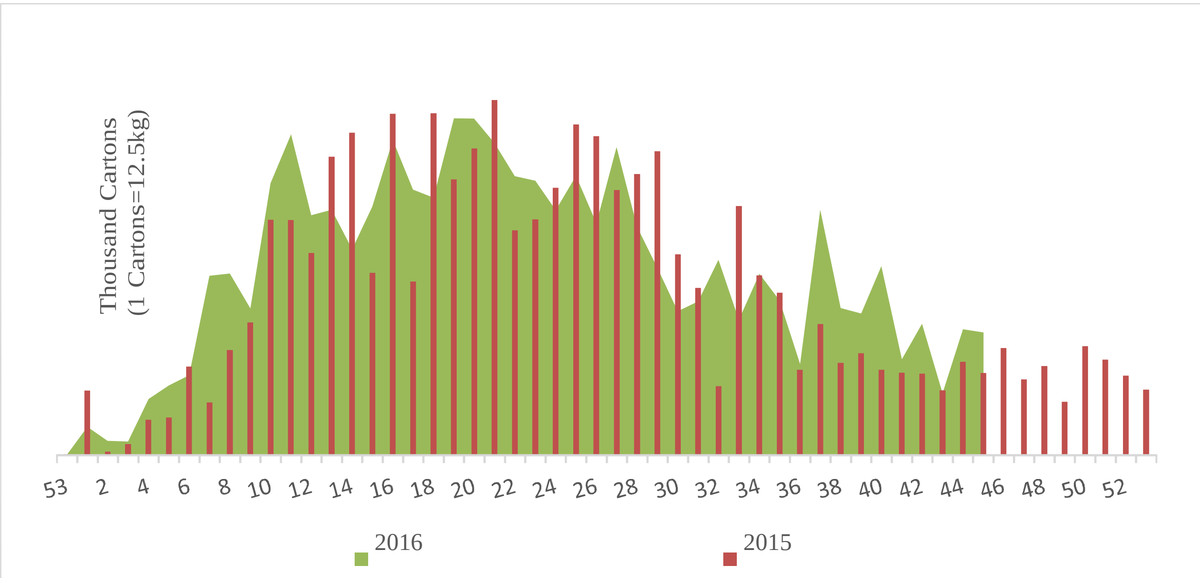

Figure 6: South African apples passed for export
Source: Hortgro (2016a)

South Africa exported almost half (45%) of all apples produced in 2015. Figure 7 shows the distribution of South Africa's apple exports to the various market destinations. Of the 413 292 tons of apples exported to the global market, the majority (30%) was destined for markets in Africa, followed by the Far East & Asia with a share of 26% and the United Kingdom with a share of 23% of total exports. The USA & Canada ranked as the smallest importer of South African apples with a share of 1%.

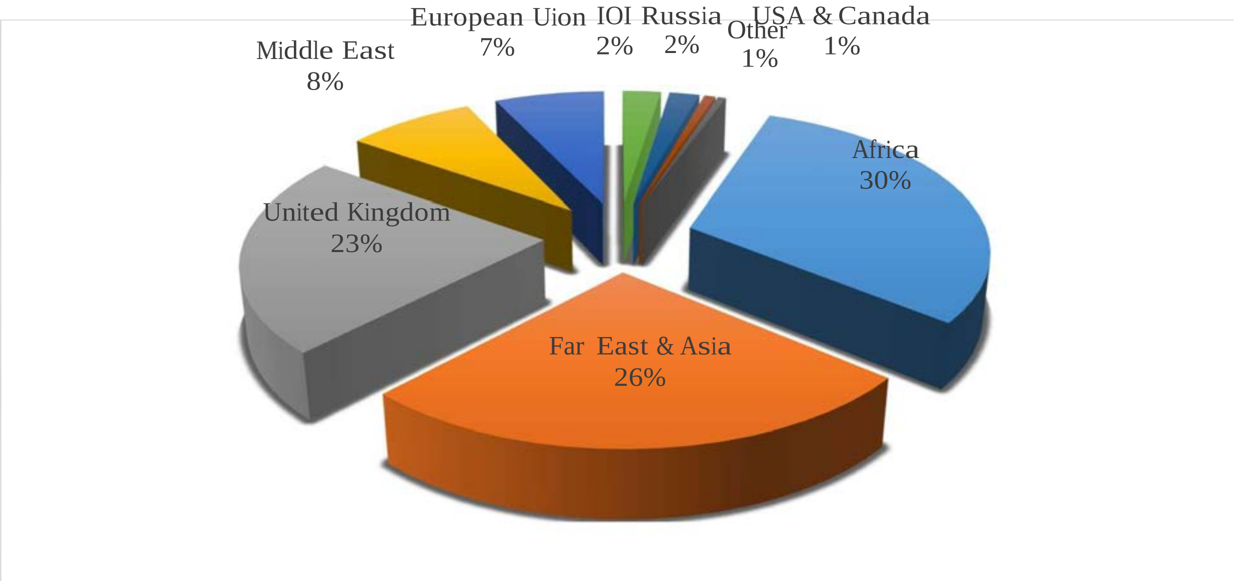

Figure 7: Main export destinations for South African apples
Source: Hortgro (2016a)

Figure 8 shows the distribution channels for pears produced in South Africa between 2011 and 2015. It is important to note that South Africa exported 47% (192 thousand tons) of its production to the global market during the 2015 season. A large portion of pear production is distributed to export channels in comparison to other channels; however, the export quantity declined by 2% in 2015 compared to the previous season.

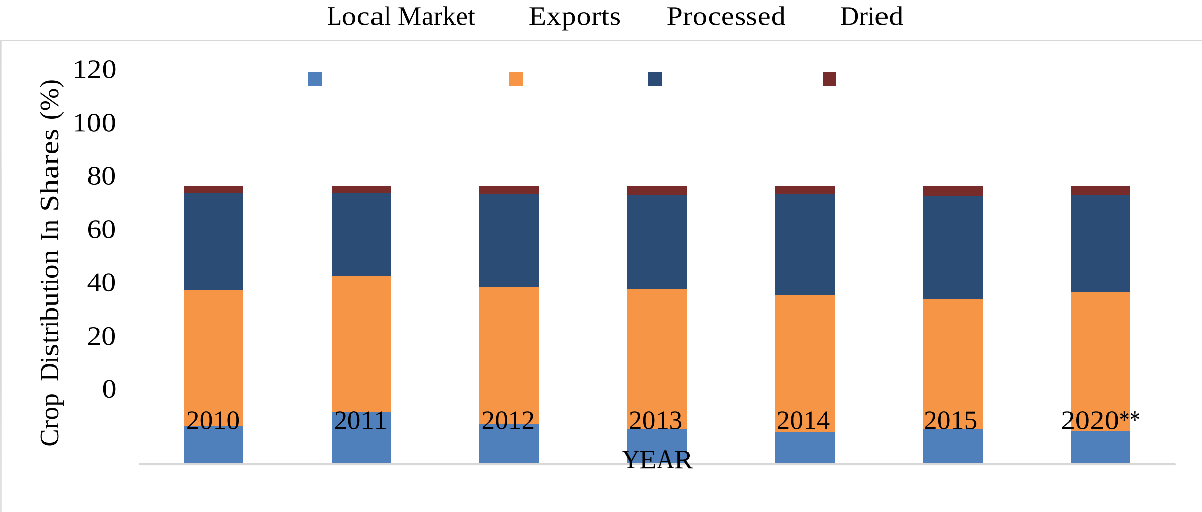

Figure 8: Annual pear crop distribution, 2006-2015
Source: Hortgro (2016a)

Figure 9 presents the total South African pear fruit inspected and passed for export from week 1 to week 53 of the 2015 season, and from week 1 to week 44 of the 2016 season. The volume of exports reached a peak in week 12 of the 2016 season, with 918 thousand cartons passed for export, while that same volume was passed for export in week 5 of the 2015 season. No volume was recorded as being passed for export in week 53 of the 2015 season. The current pear season is performing well compared to the previous season, with 16 million cartons passed for export from week 44 to week 53 of the 2016 season, compared to 14 million cartons during the same period in 2015.

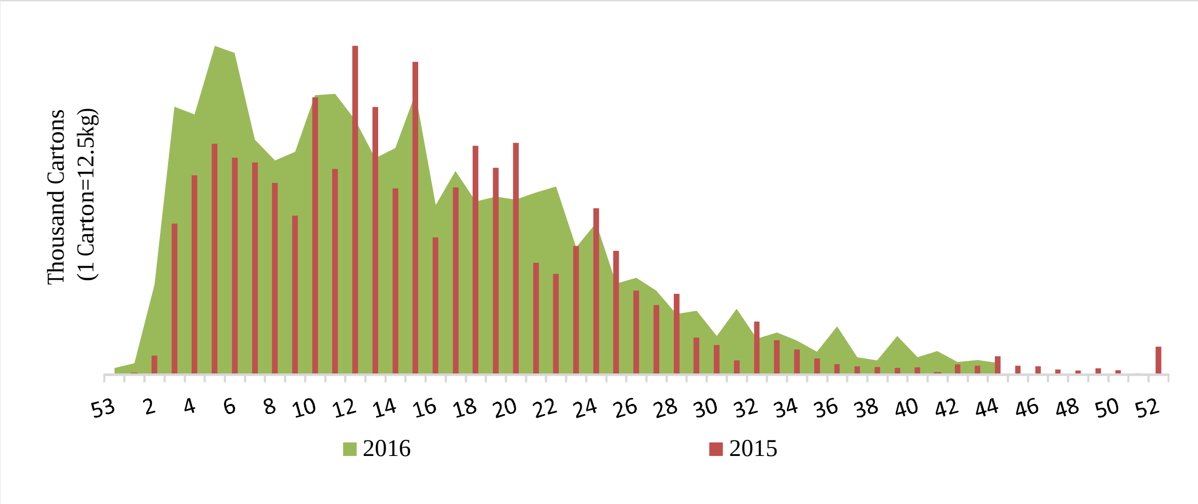

Figure 9: South African pears passed for export, 2015-2016
Source: Hortgro (2016a)

Figure 10 indicates the market destinations for South African pear exports during the 2015 production season. Of the 192 thousand tons of pears exported to the global market, 42% was exported to the European Union, followed by the Middle East with a 17% share and the Far East & Asia with a 16% share of total exports.

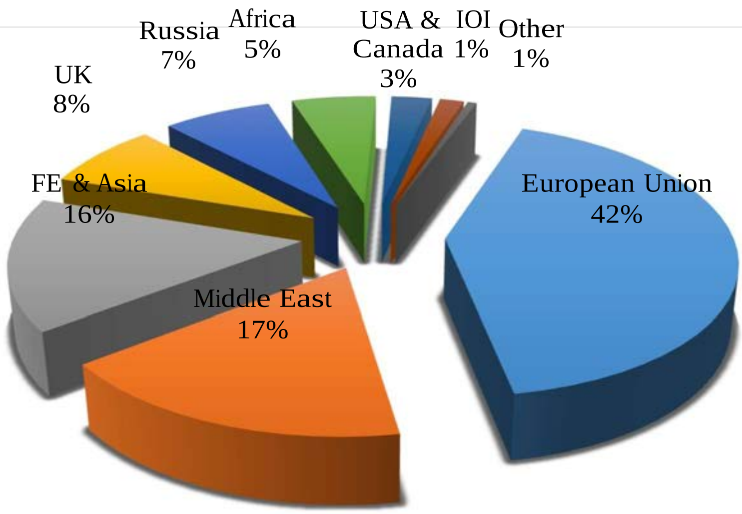

Figure 10: Main export destinations for South African pears
Source: Hortgro (2016a)

2.4 Domestic sales of pome fruit

Figure 11 shows the quantity of South African apples sold on the national fresh produce markets (NFPMs) in relation to the price trends for 2015 and 2016. In 2015, about 165 454 tons were sold on the NFPMs, reaching the highest point in October with 16 494 tons. In 2016 (Jan-Sep) 118 905 tons were sold on the NFPMs, reaching a peak in April with 15 007 tons. The average price for 2016 is higher compared to the 2015 price trend, with a total average price of R3 041 per ton in 2015 (Jan-Sep) compared to R3 732 per ton in 2016.

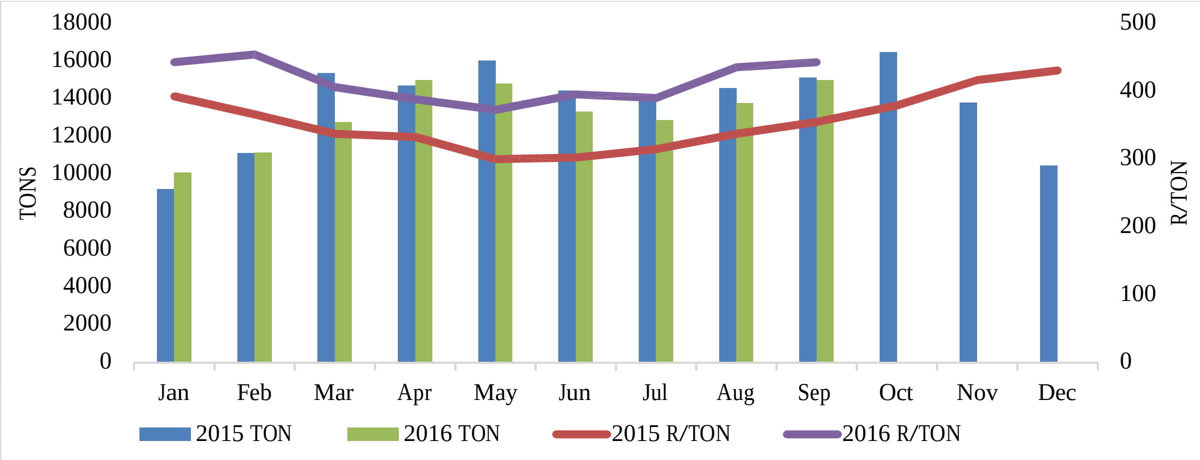

Figure 11: Domestic market sales of apples between 2015 and 2016

Source: DAFF (2016)

Figure 12 highlights the domestic consumption of pears and the price trends for 2015 and 2016 (Jan-Sep). The domestic pear prices received for the period January to September showed a significant increase between 2015 and 2016, with the average 2016 price being higher in most months than the average 2015 price, with the exception of March and August when it dropped below the average 2015 price. In September 2016, the average price of pears was registered at R529 per ton, compared to R531 per ton in September 2015. South Africa sold 42 882 tons of pears in 2015, compared to 37 241 tons in 2016 (Jan-Sep). Domestic consumption of pears has been fluctuating in recent times, with sales reaching a peak of 5 289 tons in March 2015 and 4 268 tons in May 2016.

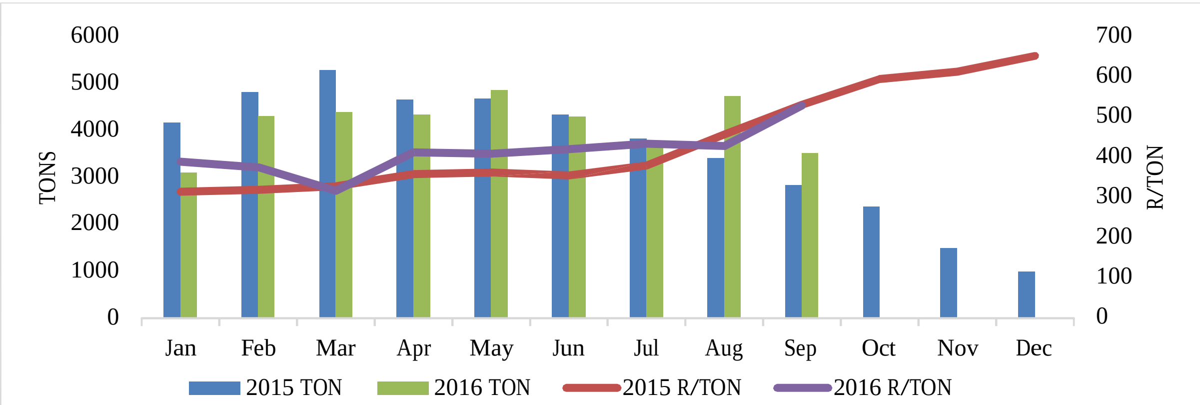

Figure 12: Domestic market sales of pears between 2015 and 2016

Source: DAFF (2016)

3. Review of South African pineapple production between 2006 and 2015

Figure 13 shows the production of pineapples in South Africa between 2006 and 2015. It has been observed that South African pineapple production has been declining in recent years, from 166 thousand tons in 2006 to 95 thousand tons in 2015. This decline is mainly attributed to the recent drought conditions in the country. Within this notable overall decline, production showed some growth in 2012 before once again declining, with 2012 production surpassing 2014 production by 108 thousand tons.

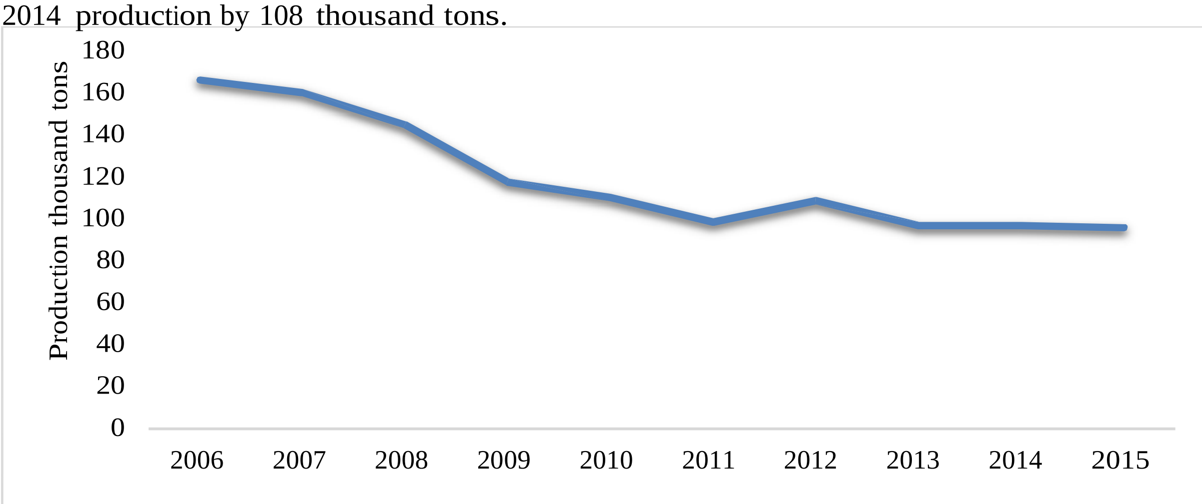

Figure 13: Pineapple production between 2006 and 2015
Source: DAFF (2016)

Approximately 75% of total pineapple production is destined for processing into juice and canning. The volume of pineapples processed amounted to 22 thousand tons in 2015, declining from 25 thousand tons in 2006. This decline is mainly attributed to the overall decline in production that has been observed over the years. The remaining production volume is destined for the NFPMs and the export market, with a share of 24% and 2% respectively in 2015 (see Figure 14).

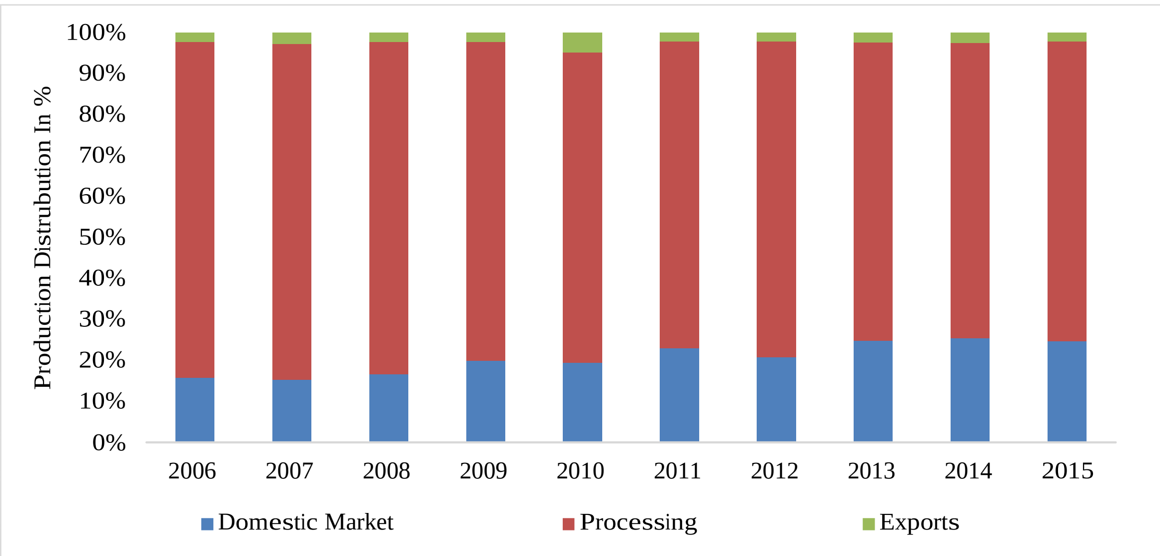

Figure 14:Pineapple crop disitrubution
Source: Quantec (2015)

Figure 15 shows the main destinations of South African pineapple exports. The Middle East and Africa were the largest main destination collectively accounting for 67% of South Africa's total exports of pineapples in the 2015 season. Africa has been a largest market destination until 2015, losing market share of 16% between 2015 and 2016. The Middle East had gained with 6% share between 2014 and 2015. European was the third largest market destination with the share of 27%, followed by USA with share of 5% in 2015.

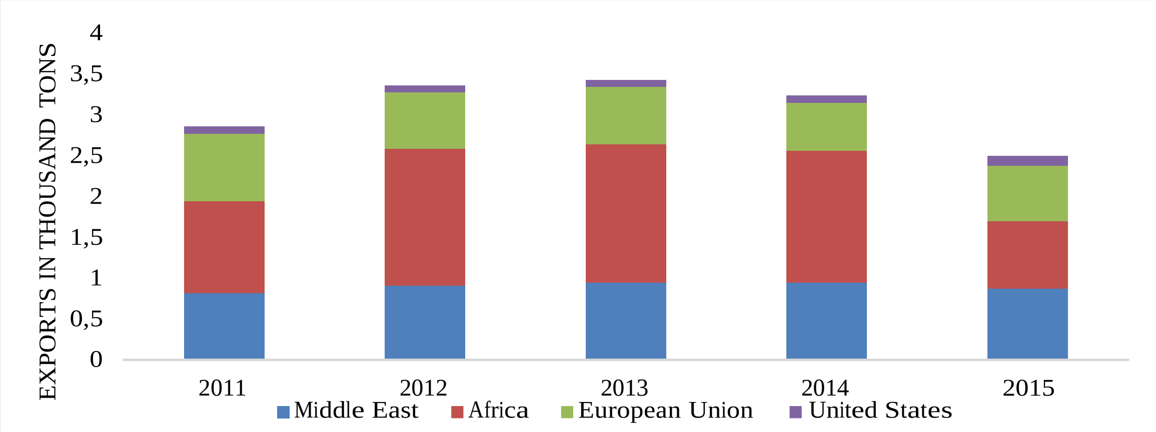

Figure 15: Export market destinations for South African pineapples
Source: Trademap (2015)

Figure 16 shows pineapple sales on the domestic market through the NFPMs. The total volume of pineapples sold on the NFPMs thus far in 2016 (Jan-Oct) amounts to 16 057 tons, compared to 19 250 tons in 2015 (Jan-0ct). The average monthly price of pineapples in 2016 (Jan-Oct) is R8 231 per ton, which is 64% more than the 2015 price. The increase in prices during 2016 is mainly attributed to the decline in the supply of pineapples to the local market, with the prevailing drought also playing an important role in terms of driving an increase in prices in order to cover harvest losses (see Figure 16).

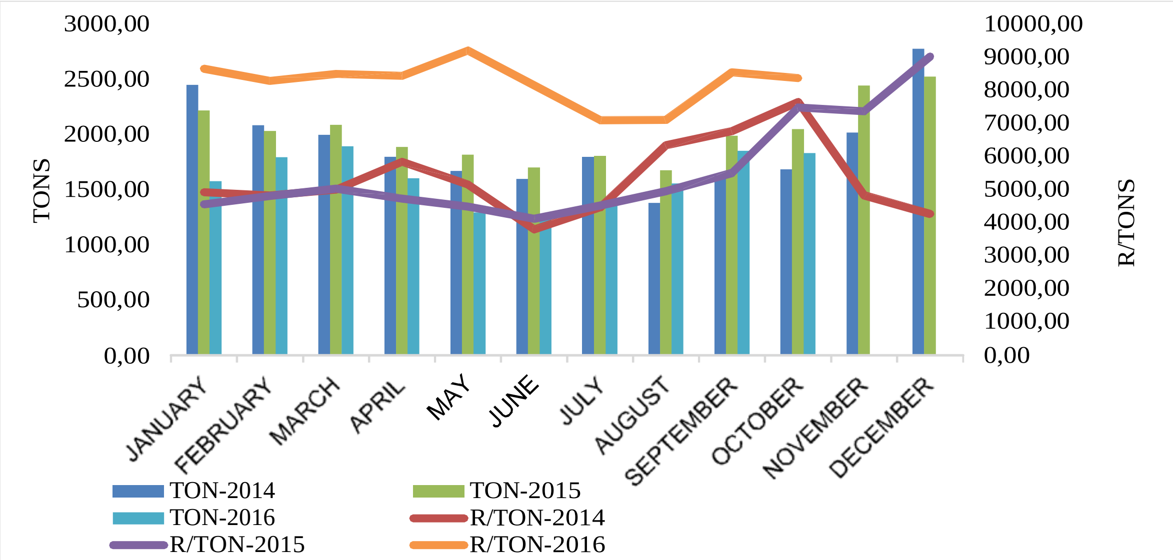

Figure 16: Market sales and price trends for pineapples
Source: DAFF (2016)

4. Overview of pomegranate production for the 2015/16 season

4.1 South African pomegranate production for the 2015/16 season

Pomegranate production in South Africa was initiated in the early 2000s, and South Africa is currently an international role player in the production and export of pomegranates from the southern hemisphere to various northern hemisphere countries. Pomegranate production is especially suited to Mediterranean climates with cold winters and hot summers, but production is also possible in subtropical regions, provided suitable production practices are applied (Hortgro, 2013).

Table 1 presents the production and market distribution of South African pomegranates for the 2015 and 2016 seasons, along with the percentage changes. It is notable that pomegranate production in South Africa has shown a positive growth trend, with production increasing from 6.4 thousand tons in 2015 to 7.5 thousand tons in 2016, meaning a growth rate of 16%. The largest volume of pomegranate production is destined for export, holding a share of 64%, with the remainder destined for sale on the local market (5%) and for processing (31%).

Table 1: South African pomegranate production (cartons)

Product	2015	2016	Change (%)
Exports	4102	4822	18%
Processing	1902	2298	21%
Local market	473	398	-16%
Total Production	6477	7518	16%

Source: Hortgro (2016b)

4.2 South African pomegranate exports

Figure 17 presents the total volume of South African pomegranate fruit inspected and passed for export from week 1 to week 34 of the 2014, 2015 and 2016 seasons. The highest export volume for 2016 was achieved in week 13, with 160 thousand cartons (1 carton = 4.3kg) passed for export, while the highest volume for 2015 was reached in week 4 with 149 thousand cartons. The current pomegranate season is performing well compared to the previous season, with 1.2 million cartons passed for export from week 1 to week 34 of 2016, compared to 970 thousand cartons during the same period of 2015.

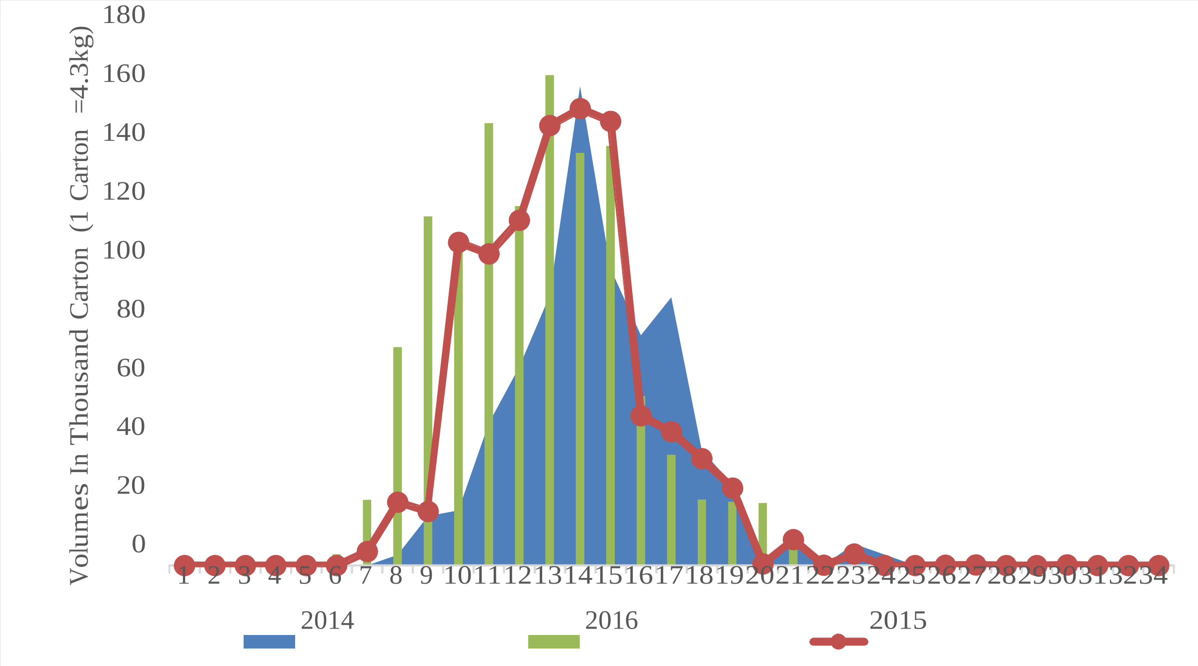

Figure 17: South African pomegranates passed for export
Source: Hortgro (2016b)

Figure 18 depicts the export market destinations for South African pomegranates in the 2015 season. The European Union ranked as the leading market destination for South African pomegranates, accounting for a share of 59%, followed by the Middle East with 15%, the Far East & Asia with 9%, and the United Kingdom with 8%. The IOI market held the smallest share of only 1%.

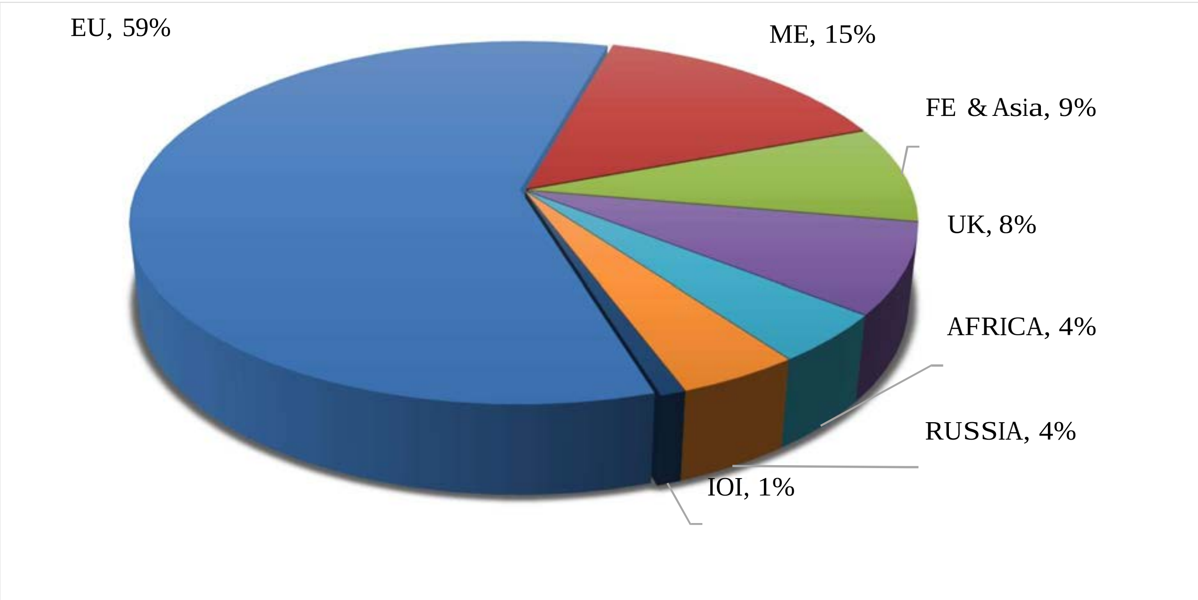

Figure 18: Export market destinations for South African pomegranates
Source: Hortgro (2016b)

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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	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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