

Fruits and Vegetables



Global Perspectives

Fruits and vegetables are a critical component for balance dietary for households. The consumption of fruits and vegetables in EU countries is 353 gram per person per day and is growing about 1.6% every five years. The consumption of fruits and vegetables in African countries is much lower due to affordability and market access constraints. At a global scale, watermelons, bananas, apples, oranges as well mangoes and guavas are the most produced fruits. In terms of vegetables, tomatoes, onions, peppers and chillies as well as cabbages and other leaf products are leading the pack on vegetables production and consumption. A study by Krishna Bahadur shows that the world is not producing sufficient fruits and vegetables to meet the nutritional balance required by the UN standards to end hunger by 2030.

Looking at oranges, global production for 2019 will increase by 11.6% to 54.3 million tons which is the highest in eight years. US expected to increase its production by 36% (4.8 million tons); Brazil to increase by 26% (20 million tons) and South Africa to increase by 3% (1.7 million tons). Orange production from China and Mexico is expected to fall.

The bulk of US (approximately 95%) and Brazil (roughly 70%) orange production is processed and not exported as fresh fruit. This makes South Africa and Egypt amongst the top exporters of orange.

NFPMs is constraining the vegetable industries in the country. Some of the factors affecting the Project Rebirth are lack of public funding and limited support from municipalities – the owners of NFPMs. As a result of inefficient NFPMs, more farmers are shifting to the private retailers to sell their vegetables.

Retailers have stringent quality and safety standards that all farmers should adhere to. These include: compliance to SA GAP and/or Global GAP and product specifications; reliability of supply; and own transport to distribution centers. Given the tight protocols to supply private retailers, NAMC has established an Agribusiness Unit which engages private retailers on behalf of the small-scale farmers to identify market opportunities, products on demand and best supply models. Farmers interested to know the type of products demanded by retailers as well as preferred models of supply can contact Precious on precious@namc.co.za.



Domestic and Regional Perspectives

South Africa is best known for producing best quality fruits and vegetables. The bulk of fruits is exported to EU, South East Asia and Middle East markets. Oranges is the largest single fruit product produced in South Africa and it accounts nearly 9% of agricultural exports value. By end of week 34 of 2019, about 21.9 million cartons (1 carton = 15kg) of Navels and 26.1 million cartons of Valencia were passed for exports markets in South Africa. According to CGA all citrus products are showing great potential with expansions taking place in Mpumalanga and Limpopo Provinces as well as in Maputo and Eswatini. In Maputo alone, at least 5 000 containers per season could be available for exports in the near future. However, this export potential in South Africa and neighboring countries can be realized if rail transport infrastructure is developed to minimize logistic costs and improve cold chain – minimum handling of fruits to ensure best quality in the export markets.

On the vegetables front, most locally produced products are sold through National Fresh Produce Markets (NFPMs). The slow progress on Project Rebirth, which is the initiative aimed at improving the infrastructure of



Key areas to unlock growth in fruits and vegetables

Market development for local and export markets requires an urgent attention. Locally, raising budget allocation to revitalize NFPMs through Project Rebirth and strengthening regulations on market agents to promote transformation can unlock new growth in the vegetable industries. For exports markets, generic promotions and better access will help SA exports.

Grains and Oil Seeds



Global Perspectives

World total grain production is estimated to be modestly bigger in the current season, however, the production in the Southern Africa region will be lower due to unfavorable weather. The world maize production is estimated to go up by 3.7% with larger crop from Ukraine and US. Ukraine is expecting a record-high crop of 35.8 million tons, which is 48.5% larger than the previous year. The EU and Indonesia are also expecting good crop which may increase their respective exports to the US and other markets. Global wheat production is expected to grow by 3% in the 2019 season.

On the trade perspective, trade for maize commodity in August was up from last month with larger imports coming from the EU and Indonesia. On the exporter side, the Ukraine also witnessed larger maize exports to the world driven by large crop size. Other global markets such as China, maize feed and residual demands were smaller due to weaker forecasts for protein meal consumption.



Domestic and Regional Perspectives

South Africa' supply of maize is projected at 13.733 million tons for the 2019/2020 marketing season. The local demand is projected at 12.138 million tons with closing stock levels estimated at 1.594 million by April 2020 - which represents available stock level for 54 days. In August 2019, the price for yellow and white maize was R2804.0/ton and R2931.3/ton respectively. Figure 1 indicates weekly producer deliveries of maize in South Africa as well as export and import quantities of maize from week 1 of the 2019/2020 marketing season. The major challenges facing the grain industries are weather variability – which mainly affects the small-scale farmers that have low adaptation capability. The revived debate on equitable redistribution of natural resources such as land and water also affects the viability of grain industries. Moreover, the availability and access to the storage facilities, particularly in the rural areas also plays a key role in the viability of grain production. Majority of small-scale farmers have a limited access to storage facilities which compels them to sell their produce even when the market prices are at the low levels.

In the Southern African region, Zambia's maize production is expected to reduce by 16% down from 2.39 million tons harvested last year. This can be attributed to unfavorable weather that also affected Zimbabwe's crop. In Zimbabwe, maize production is likely to decline by 54% to a low crop of 776 635 tons. This implies that Zimbabwe will need to import at least 1 million tons to meet local demand and maintain the mandated strategic reserves of 500 000 tons of maize.

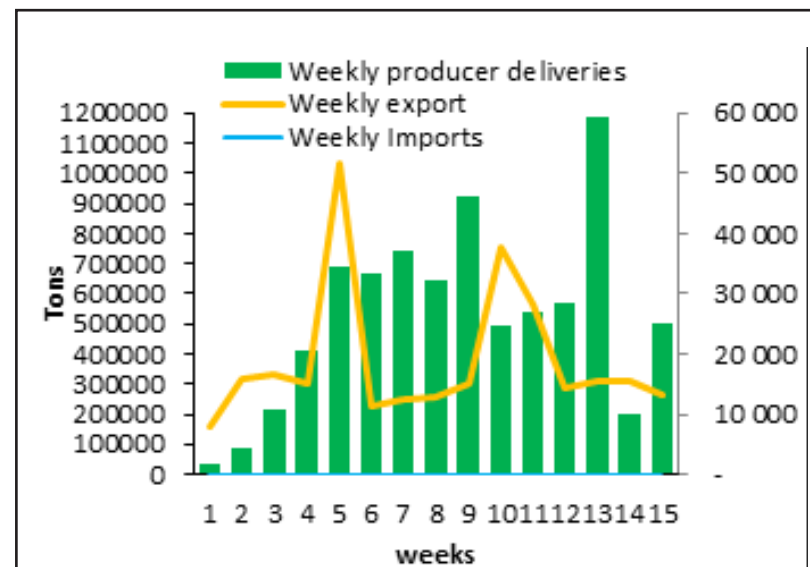


Figure 1: Maize trade & Producer deliveries 2019
Source: NAMC Research, Data from SAGIS and GrainSA



Key areas to unlock growth in Grains and Oil Seeds

Grains and Oil Seeds remain very strategic products for food security in the country. Two areas that requires concerted efforts to boost growth in grain industries. Firstly, equable access to natural resources for small scale farmers coupled with provision of technical and affordable financial support. Secondly, the development of new markets for farmers. Access to renewable energy as part of the country's drive towards an energy-mix can provide grain farmers with new market opportunities in the energy sector. However, for this new market opportunity to be realized – there is an urgent need to provide clarity on regulations and state subsidies on biomass and ethanol industries. The urgent matter is for grain farmers is the publication of IRP policy.



Livestock and Animal Products



Global Perspectives

The US beef industry is going strong despite a decline in exports to China. US beef production is boosted by cheap feed as US grains faced market challenges in China due to ongoing tariff disputes between China and US. According to USDA and Drovers, USA beef trade in August is up by 9% from last month and the year-to-date exports are up by 14.2% compared to 2018. Majority of US beef is going to Japan (29% share), South Korea (21% share) and Mexico (14% share). US beef export to China are down by 47.5% as compared to last year. Brazil is the biggest exporter of beef, followed by India, Australia and the US. However, US is the largest importer of beef, followed by China, Japan and South Korea. Australian wool production for 2019/20 will be 285 mkg greasy. This is a 4.5% decline from the 2018/19 levels due to a reduction in the number of sheep expected to be shorn.



Key areas to unlock growth in Livestock and Animal Products

The disease outbreaks in the livestock industry have a significant negative social and economic impact. There is a growing need to strengthen biosecurity infrastructure to ensure control and early detection of disease outbreaks in the country. This requires an urgent investment on animal traceability infrastructure and related biosecurity measures.



Domestic and Regional Perspectives

South Africa's livestock industry is breathing sighs of relief as more international trading partners lift export bans, which was instituted due to a Foot-and-Mouth disease outbreak in January 2019. On 23 July 2019, the General Administration of Customs of the Peoples Republic of China (GACC) announced that subsequent to their risk assessment of the FMD situation in South Africa, they are lifting the ban of imported cloven hooved animals and their products. This applies to all areas of South Africa, apart from Limpopo, Ehlanzeni area of Mpumalanga and uMkhanyakude area of KwaZulu-Natal. One of the industries benefiting from this development is mohair and wool.

South Africa produces about 53% of the world's mohair. Approximately 95% of this production is exported with the rest consumed locally. China accounts for over 70% of all South African wool exported. The Foot-and-Mouth disease outbreak early in 2019 proved to be a disaster for the industry because exports were banned. The domestic mohair passed for exports flattened at R982 000 in the three months of 2019. The domestic wool passed for exports declined from R476 million in January 2019 to R178 million in February 2019 (Figure 2). The strong demand for wool in China and EU markets will boost exports of South African wool and mohair products in the coming months. In the week of 22 August 2019, the average price of weaners (190 – 250kg less auction fees) was R28.42/kg, beef A2/3 class was R45/kg and sheep A2/3 class R68.53/kg.

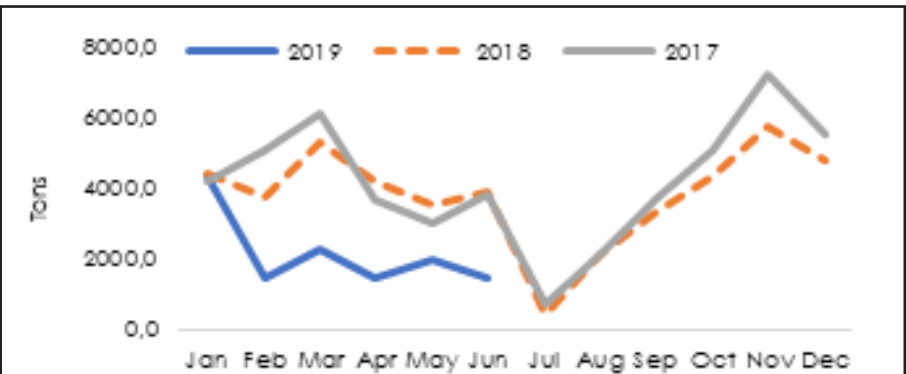


Figure 2: SA wool passed for exports

Source: NAMC Research, Data from SARS

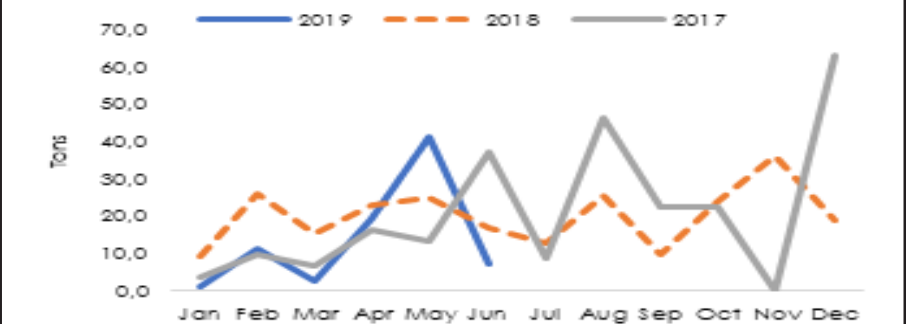


Figure 3: SA mohair passed for exports

Source: NAMC Research, Data from SARS



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