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SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 45 | March
2022

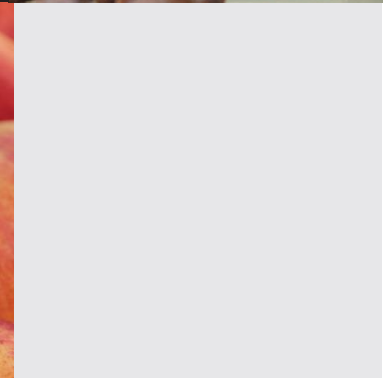


This report is released on a quarterly basis by the Trade Unit of the Markets and Economic Research Centre.

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Issue No. 45: March 2022



Beautiful country, beautiful fruit

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Ntombela

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1. Background

South Africa's diverse weather and climatic conditions across provinces enable the country to cultivate and produce a variety of fruits for domestic and international markets. The country is known as a key producer and exporter of citrus, deciduous and subtropical fruits. This issue of the Fruit Trade Flow Report looks at stone fruit, specifically apricots, peaches, plums and nectarines; table grapes as well as pome, apples and pears fruits. The report assesses the performance of these fruits in the current season and unpacks factors that allow South Africa to successfully supply both domestic and international markets. The report follows a trend analysis approach, comparing the 2021/2022 fruit season with the 2020/2021 season.

2. South Africa's table grape exports footprint on the rise: New attractive markets

by Lucius Phaleng

Table grapes is one of the important fruits produced and exported from South Africa to generate foreign earnings and contribute to the country's economic growth. South Africa and other prominent table grapes producers such as China, Chile, USA and Australia have assisted to grow the global volumes in the past years. According to Figure 1 below, the world production is projected to increase by 1.1 million tons to reach 25.6 million tons. China as the largest producer of table grapes has produced about 11.2 million tons in 2021/22 which is an increase of about 300 000 tons as compared to 2020/21 marketing season. India and Turkey came second and third as largest producers with volumes of 2.9 million tons and 1.9 million tons, respectively. Analysing the product distribution from major table grapes producers, it appears that large amounts are produced and consumed domestically. For example, out of the 25.6 million tons of table grapes produced, approximately 98% was consumed domestically in the producing countries. However, in the case of South Africa, majority (more than 80%) of table grapes produced is intended for exports.

According to the latest trade data from the United State Department of Agriculture (USDA FAS) (2022), Chile and Peru are the top exporters of tables with volumes of 645 000 tons and 510 000 tons, respectively in the current season. Both countries' table grapes exports are rising at the back of low production impacted by heavy rains that damaged the fruit size and quality in the current season. South Africa's export volumes in 2021/22 have increased to 344 000 tons as compared to 338 000 tons reported in 2020/21. Some of the largest destination markets for the exported table grapes are the United States, European Union and Russia, amongst others. Figure 1 highlights the global production and export trends of table grapes over the past six years. It is evident that both production and exports continued to perform well globally even during the covid-19 pandemic.

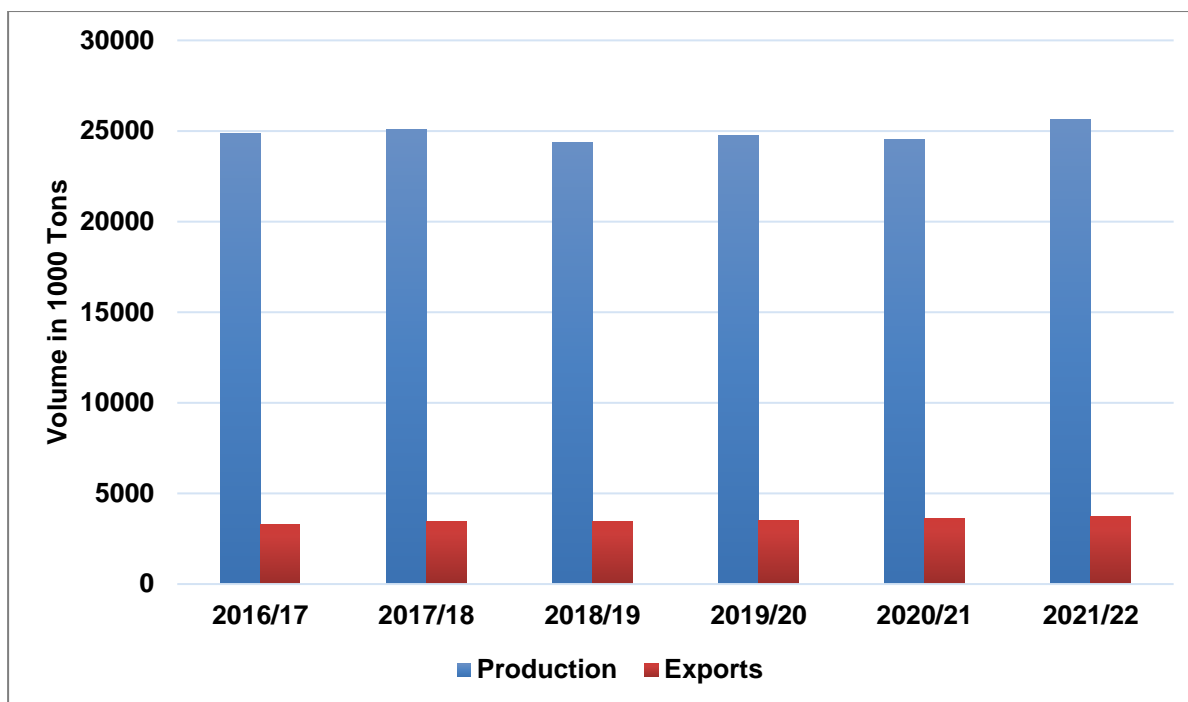


Figure 1: Global table grapes distribution, 2016/17 – 2021/22
Source: USDA FAS (2022)

Domestic table grape performance

South Africa's production is anticipated to improve for the third straight year to reach 380 000 tons, underpinned by good growing conditions and high-yielding cultivars coming into full-bearing capacity. South Africa's table grapes growers continue to transition to consumer-preferred seedless cultivars. Currently, 90% of vineyards are carrying seedless grapes which resonates with consumer preferences (SATGI, 2022). According to USDA FAS (2022), South Africa's exports are forecasted to reach 344 000 tons due to improved production. Table 1 below indicates the volumes of table grapes inspected and passed for exports in the five production regions of South Africa. Generally, the volumes inspected and passed for exports have increased by 15.7% from 51.5 million cartons (1 carton is equivalent to 4.5kg) in 2020/21 to 59.6 million cartons in 2021/22.

The Northern Province production region and Orange River production region showed a decline of 5.2% and 2.8% in comparison to the previous season, respectively. The remaining production regions such as Orange River, Berg River and Hex River contributed about 66.7% of the total volumes. The top-performing regions are the Hex River and the Orange River.

Table 1: Week 7 produced inspected and passed for exports

Produced inspected and passed for exports – (4.5kg cartons)				
Production region	2020/21	2021/22	2020/21 vs 2021/22	Diff %
Northern Provinces	7841175	7430993	-410182	-5,2
Orange River	18370060	22229239	3859179	21,0
Olifants River	3254904	3162766	-92138	-2,8
Berg River	12376729	13899415	1522686	12,3
Hex River	9655831	12881606	3225775	33,4

Total	51498699	59604019	8105320	15,7
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Source: SATGI (2022)

South Africa's market destinations and potential exports

The European Union is an important market for South Africa's table grapes absorbing nearly 54% of total table grapes exports in 2020/2021 season, followed by the United Kingdom at 22%, Canada at 7% and the Middle East at 6%. Africa, the Russian Federation and the Far East are the least market destinations constituting just 2% each. Figure 2 below illustrates the markets (out of 38 markets) that possess the high realistic export potential for South African table grapes. The United States is ranked as the leading market with R3 560.89 million realistic export potential, followed by China (R1 823.29 million), Germany (R1 127.96 million), Netherlands (R910.43 million) and Canada (R824.98 million) respectively. Therefore, it is advisable for the local table grapes growers to explore and diversify to the identified markets in order to increase export opportunities and expand the South African footprint in the global table grape market.

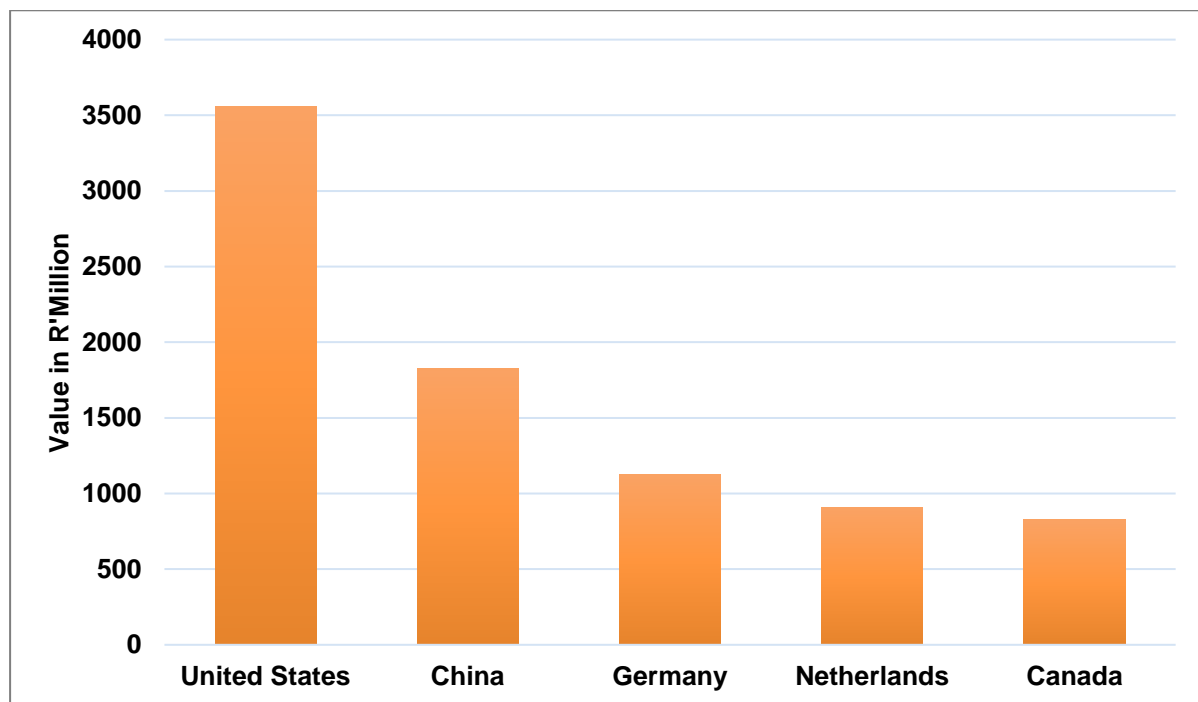


Figure 2: International markets with realistic export potential for South Africa

Source: Trade advisory (2022)

Figure 3 below highlights the table grapes volumes sold in the national fresh produce markets over the previous production seasons. In 2020, about 20.5 thousand tons were sold in the NFPMs at an average price of R16 803.61 per ton. In 2021, the table grapes sales in the NFPMs increased to 21.9 thousand tons at an average price of R17 710.18 per ton. High sales of table grapes range between December and May due to the seasonality of the commodity which start towards the end of each month.

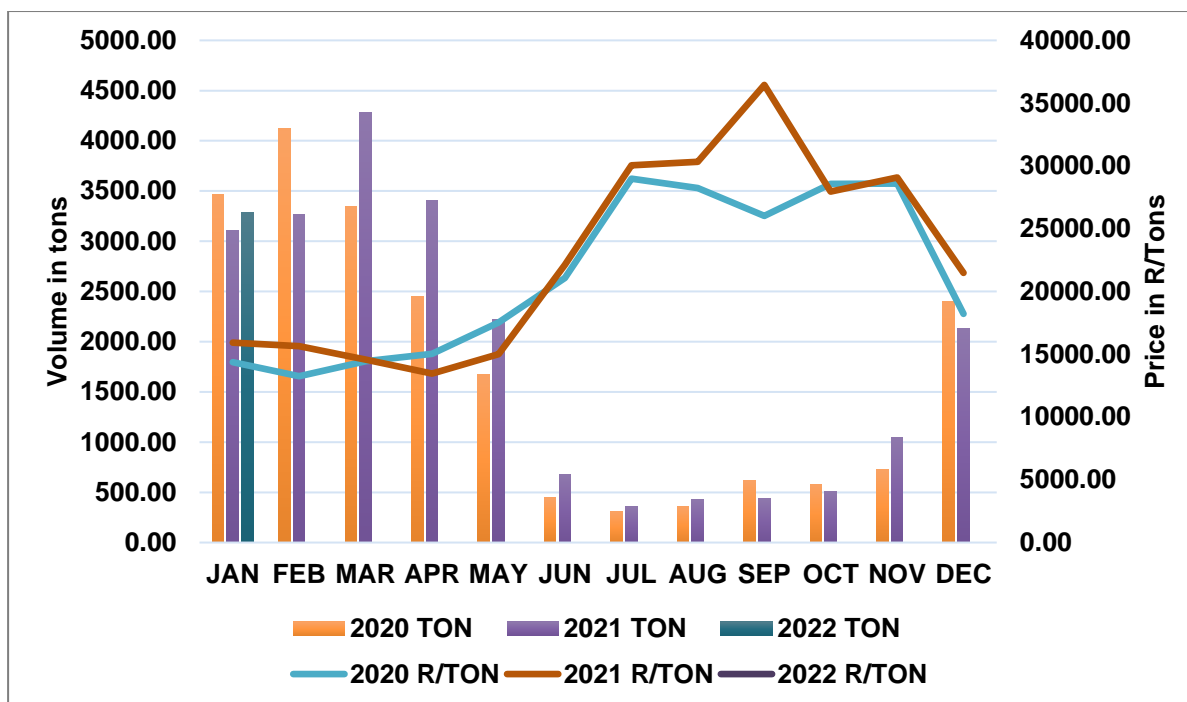


Figure 3: Table grapes local market sales at NFMPs
Source: DALRRD (2022)

Conclusion

The export volume of South Africa's 2021/22 table grapes is estimated to match the record levels of the previous season. This could be the third consecutive season with growth in South Africa's table grape industry, despite a decrease in the planted area of 1,234 hectares since 2019. South Africa experienced a good winter season with much-needed rain across table grape growing regions, including the Northern Cape rural areas that have been drought-stricken for a period of nine years. Table grape growers should remain cautious of the impact of the current global container shortages and shipping distresses. South Africa is the fourth leading global exporter of table grapes, behind Chile, Peru, and China.

3. South Africa's stone fruit exports set to perform well in 2021/22 season

by Onele Tshitiza

3.1. Global production and trade of stone fruit

The global production of peaches from 2016/17 to 2021/22 is illustrated in Figure 4. It is evident from Figure 4 that the world peach production is increasing and estimated at 21.8 million tons in 2021/2022 season, with China leading production with an estimated 16.0 million tons. The increase in production is attributed to China's rebound of 1 million tons compared to the previous season which was affected by weather-related losses (USDA, 2022). The production in the European Union (EU) is set to decrease further from last season, from 3.2 million tons to 2.7 million tons as production from countries such as Spain and Italy continue to be affected by frost and rain, subsequently a declining area planted (USDA, 2022). The decreasing production

in the EU countries is likely to attract more imports as compared to previous seasons.

Global peach exports are expected to reach 759 000 tons, with the EU being the largest exporter of 175 000 tons, followed by Turkey at 165 000, and the United States at 72 000 tons. At the global level, South Africa is a small producer and exporter of peaches when compared to countries like China and Turkey. On the import side, the world peach imports are expected to amount to 752 000 tons, where Russia is the largest importer absorbing 245 000 tons, followed by the United Kingdom at 70 000 tons and Saudi Arabia at 50 000 tons.

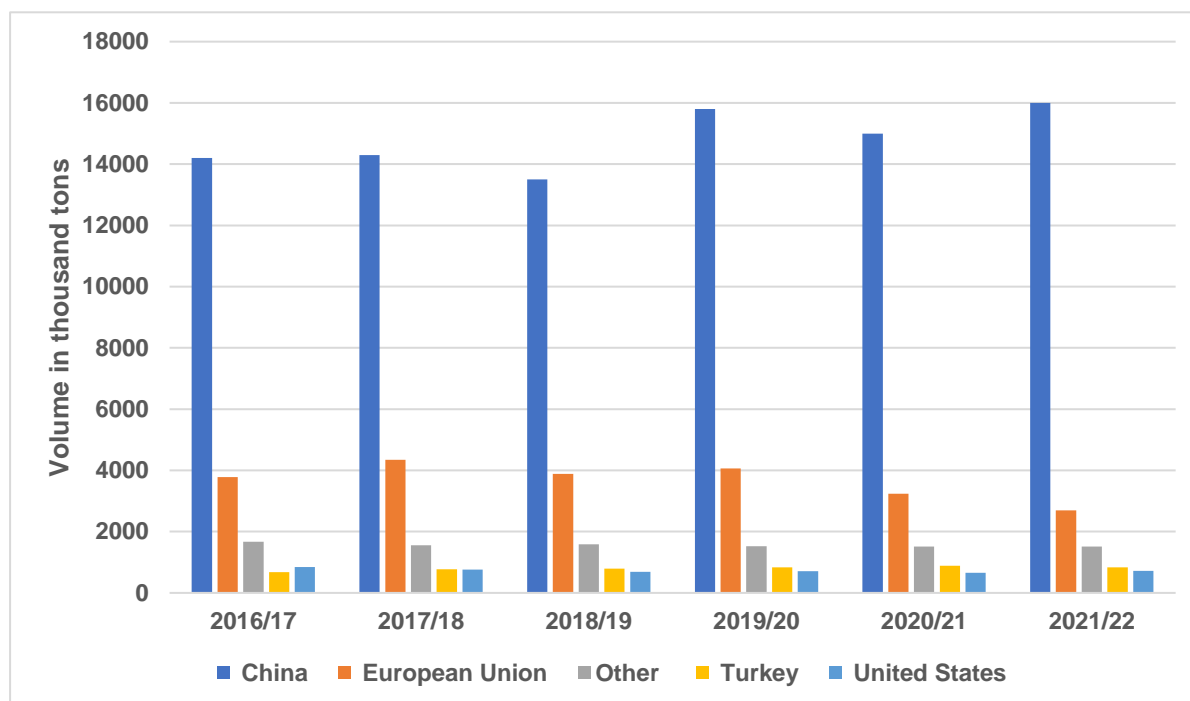


Figure 4: Global production of peaches and nectarines
Source: USDA (2021)

South Africa's marketing of stone fruit

As the summer fruit season comes to a close, so is the stone fruit season. The season experienced above average rains due to the La Nina event but no significant disruptions to production and harvesting was reported in the stone fruit producing areas of South Africa. South Africa is estimated to export 15.6 million cartons of plums (1 carton is equivalent to 5.25 kg), which is a 2% increase compared to last season. Nectarines on the other hand are estimated to reach export volumes of 8.2 million cartons (1 carton is equivalent to 2.5 kg), a 27% increase compared to the previous season. Apricots are expected to reach 595 299 cartons, a decline of 13% compared to the previous season. Peaches are predicted to increase by 2% to reach export volumes of 2.5 million cartons. The industry is expected to perform relatively well due to good growing conditions that improved the flowering potential of orchards and better thinning practices that resulted in good fruit set, implying better yields and quality fruit (Hortgro, 2022). Table 2 below shows the crop estimates of stone fruits in South Africa.

Table 2: Export estimate of South Africa's stone fruit (Week 8)

Commodity	2020/21 Actual export	2021/22 Estimate	% Difference
Plums (5.25kg cartons)	15 226 993	15 567 106	2
Nectarines (2.5 kg cartons)	6 511 315	8 242 708	27

Apricots (4.75 kg cartons)	683 489	595 299	-13
Peaches (2.5 cartons)	2 445 559	2 503 852	2

Source: Hortgro (2022)

In terms of the actual stone fruits exported, by the end of week 8 of 2022, South Africa had exported 7.58 million cartons of plums, 6% more than what was exported in the corresponding period of the previous season (Table 3). Nectarines were up by 25% compared to the same week in 2020/21, with a total of 5.43 million cartons already exported. Apricots and peaches exported were 525 790 cartons and 1.87 million cartons exported, respectively.

In terms of market destinations, by the end of week 8 of 2022, 47% of the apricot exports were destined to the Middle East, 27% to Europe, and 24% to the United Kingdom. Nectarine exports mainly went to the UK accounting for 45% export share, Europe at 37%, and the Middle East at 11%. Conversely, peach exports were absorbed by the UK holding a 41% market share, the Middle East at 36%, and Europe at 18%, while plum exports went to Europe (52%), the UK (18%) and the Middle East (17%). South Africa enjoys low to zero tariffs in the European markets due to preferential conditions contained in the EU-SADC EPA agreement, hence, the country export large quantities of stone fruits to this region.

Table 3: Cumulative total exports of stone fruit (week 8)

Commodity	2020/21 Actual	2021/22 Actual	%Difference
Plums (5.25kg cartons)	7 140 023	7 587 497	6
Nectarines (2.5 kg cartons)	4 333 612	5 438 163	25
Apricots (4.75 kg cartons)	639 960	525 790	-18
Peaches (2.5 cartons)	1 928 759	1 875 239	-3

Source: Agrihub (2022)

Stone fruit sales in the National Fresh Produce Markets

The quantities and average prices of peaches sold at the national fresh produce markets (NFPMs) from 2020 to 2022 (January only) are depicted in Figure 5. The largest volumes were sold in 2021, with a total of 14 228.4 tons compared to the other years. Peaches were sold at the highest price in August 2020 with an average price of R41 679.9/ton. Peaches were sold the most in January in all the years as that is the peak of the season.

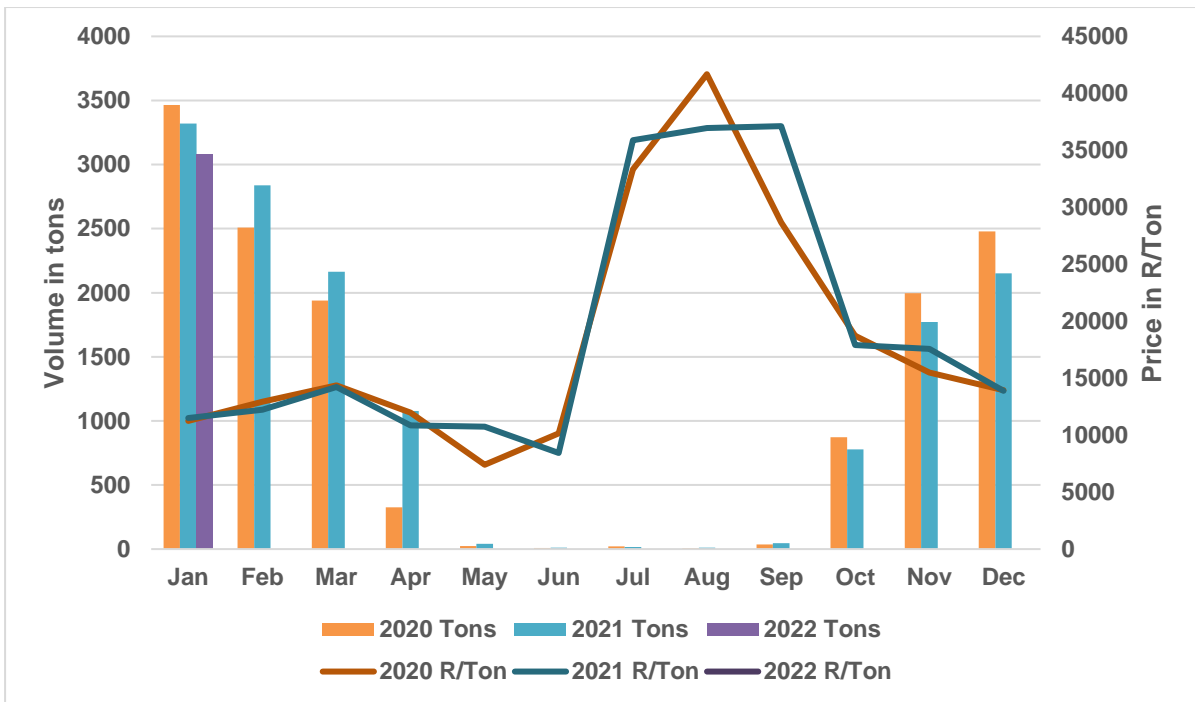


Figure 5: Sales of peaches at the NFPMs (2020 - 2022)
 Source: DALRRD (2022)

Figure 6 shows the volumes of plums sold at the NFPMs from 2020 to 2022 (January only). It can be noted that the largest volumes were sold in March 2021 totalling 5 078.5 tons and an average price of R7 639.5/ton. The least quantities of plums are sold between May and November when it is off-season. Volumes of plums sold so far was 4 855 tons in 2022.

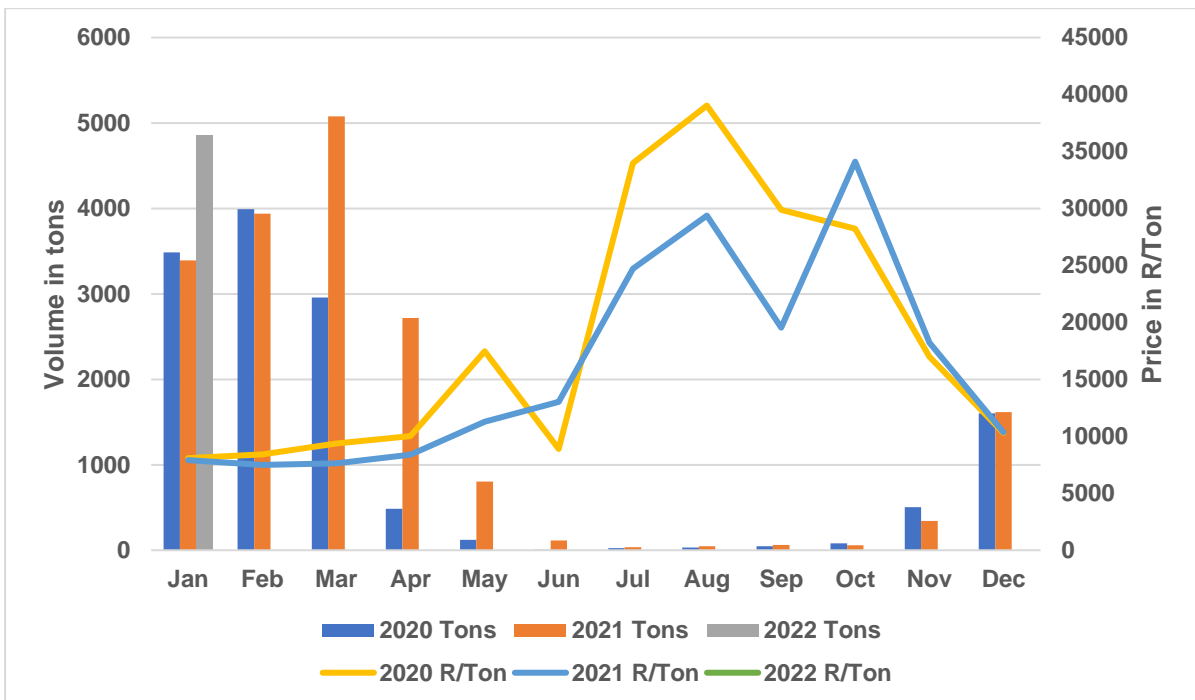


Figure 6: Sales of plums at the NFPMs (2020 - 2022)
 Source: DALRRD (2022)

Nectarines sold at the NFPMs from 2020 to 2022 (January) are shown in Figure 7.

The largest quantities of nectarines sold were in 2021, amounting to 9 962.9 tons. The most volumes were sold at the peak of the season between November and March. In December, the average price was R 15 274.8/ton (1 904 tons) in 2020 and R15 130.3/ton (2 192.9 tons) in 2021.

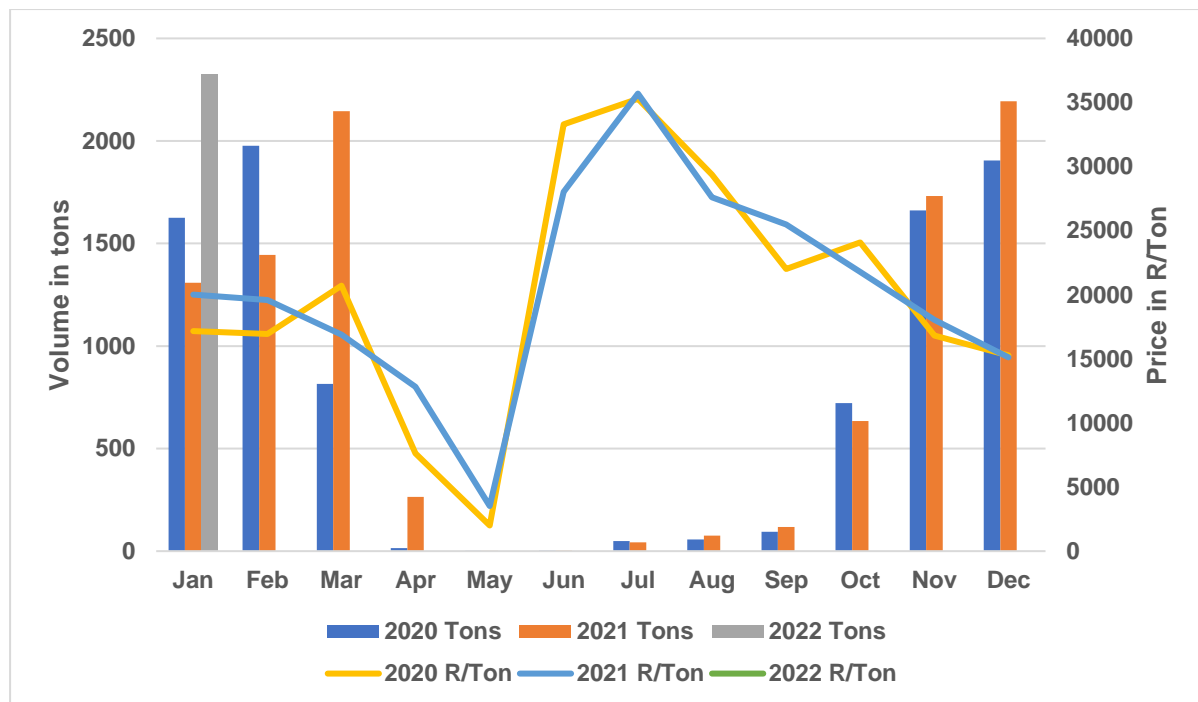


Figure 7: Sales of nectarines at the NFPMs (2020 – 2022)
Source: DALRRD (2022)

The sales of apricots at the NFPMs from 2020 to 2022 (January) are shown in Figure 8. South Africa sells smaller volumes of apricots at the NFPMs compared to other stone fruits, which is also in line with its production. South Africa sold the largest amount of 944.8 tons in total in 2021 and the average price was R16 160.5/ton.

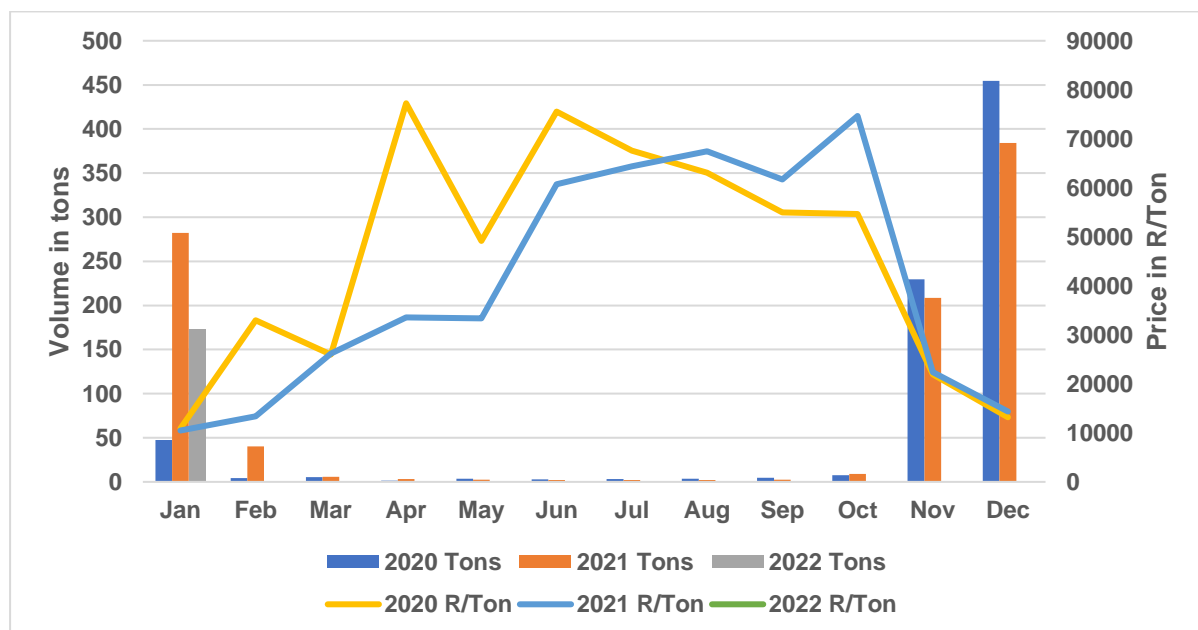


Figure 8: Sales of apricots at the NFPMs (2020 – 2022)
Source: DALRRD (2022)

Conclusion

South Africa's 2021/22 stone fruit export season is expected to perform well compared to the previous season, despite the heavy rains in the current season. South Africa continues to export its stone fruit to its major markets such as Europe, the Middle East and the United Kingdom. The fruit industry relies largely on shipping as a form of transport and it is therefore imperative that ports function efficiently. The South African ports have been experiencing challenges such as congestion in terminals, which creates delays. Port officials and industry are working together to ensure that ports run effectively in order for the exports of fruit to continue uninterrupted.

4. Russia's advance on the frontline: A perspective of pome fruit trade

by Moses Lubinga

The ongoing conflict between Russia and Ukraine has been noted to cause a lot economic damage not only in the affected countries, but Ukraine seems to be the most affected so far. Whereas Russia has been criticized by many countries for attacking Ukraine for reasons that are beyond the scope of this article, the ministry of Agriculture was applauded for the bold decisions made in allowing imports of pome and stone fruits originating from China into their market. Not until late February 2022, China's pome and fruit exports to Russia had been suspended for more than two years due to shipments' failure to meet basic phytosanitary standards a number of times. Between 2018 and 2019, Russia intercepted over 48 cases of fruit consignments originating from China contaminated with harmful species, including peach moths and oriental fruit moths. Since August 2019, Russia took a decision to suspend imports of pome and stone fruit from China. Given that South Africa is ranked the fourth (4th) largest supplier of pomes to Russia, in this article I assess how Russia's suspension of China's pome fruit imports could have influenced South Africa exports to Russia.

4.1. Pome fruit exports from China and South Africa to Russia

By quarter 3 of 2019 (before the suspension), China's pome fruits (apples, pears and quinces) destined for Russia amounted to R73 million, an equivalent of 86% decline when compared to the value of exports that were made in the first quarter of 2018 (2018q1) when earlier detections were made in a consignment. At the time (2018q1), China was ranked 8th among the leading suppliers of pomes to Russia while South Africa was in the third (3rd) position, worth R213 million. However, data aggregated at annual level reveals that prior to the suspension, China was the leading exporter of pome fruits to Russia while South Africa was in the 6th position (R655 million). By the end of 2019 following the suspension, China dropped to the 8th position (R 374 million) while South Africa progressed to the 3rd position with pome fruit exports valued at R709 million. By the end of 2021, South Africa maintained the 4th position after Argentina. It is worthwhile to note that even during the year 2020 when covid-19 pandemic put many economies on their knees, the value of South Africa's exports destined for Russia actually increased by 102% from R709 million in 2019 to R1.43 billion. This suggests that irrespective of the disruptions in supplies and logistical challenges encountered during the pandemic, South Africa's pome fruit exports benefited from trading with Russia.

According to Trade Map (2022), the growing success of South Africa's pome fruits in Russia is driven by two factors: the volume exported and the unit prices of fruits. For instance, prior to the suspension of pome fruit imports from China, South Africa's annual growth in the quantity exported to Russia ranged between 4% and 7% while for China it was 20% between 2017 and 2018. However, after suspending China's imports, South Africa's exports rose by 70% between 2019 and 2020 from 4% growth rate recorded during the 2018-2019 period. Similarly, data reveals that South Africa's exports destined for China registered a very high increase in growth in unit values, estimated at 19% unlike during the period before the suspension of China's imports when South Africa's import growth in unit values ranged between 5% and 6%.

Conclusively, despite the undesired suffering that is being endured by many due to the ongoing war between Russia and Ukraine, the Russia's removal of a suspension on China's pome fruits might come at the expense of South Africa's pome fruit exports destined for the Russian market. Therefore, unlike the past two years during which South Africa exported larger quantities of pome fruits to Russia, there might be a need for the domestic industry to plan for alternative markets, most especially during the third quarter of the calendar year when many competitors also supply Russia. This suggestion also takes into consideration of the ongoing war which has led to many citizens migrate to nearby countries, hence negatively affecting the purchasing power within Russia.

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<https://apps.fas.usda.gov/PSDOnline/CircularDownloader.ashx?year=2022&month=03&commodity=StoneFruit>


Useful Links

Agrihub	www.agrihub.co.za
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





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