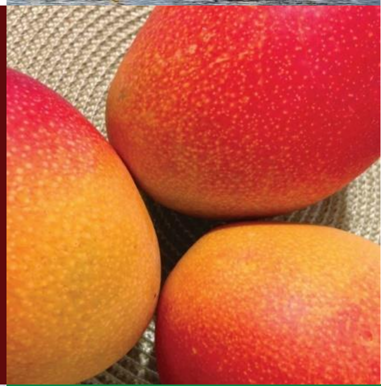

SOUTH AFRICAN FRUIT TRADE FLOW

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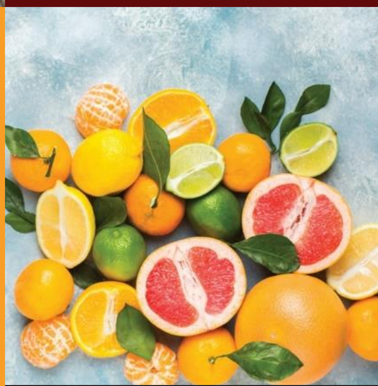

This report is released on a quarterly basis by the Trade Unit of the Markets and Economic Research Centre.

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SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 46: June 2022

Compiled by Onele Tshitiza, Lucius Phaleng, Moses Lubinga and Sifiso 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 publication looks at subtropical fruit, in particular the macadamia nuts, mango and avocado 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 macadamia nuts show positive growth

by Lucius Phaleng

South Africa's diverse climatic conditions are suitable for the production of most nuts, including groundnuts (peanuts) and tree nuts. Macadamia and pecan nuts are the popular tree nut crops grown in the country (SAMAC, 2022). Globally, the macadamia nuts are known as one of the fastest-growing agricultural industry in terms of expanded area planted, gross value added and also the generator of foreign earnings from exports. In the past decade, global nut production increased by 24% underpinned by growing area planted and improving demand induced by healthy eating patterns and changing consumer tastes. The greatest nut consumption is in the high-income countries, with the United States of America (USA) and Europe being the biggest consumers. With the rise of the middle class in developing countries, this trend is likely to remain positive and forecasted to continue growing in the next decade. **Figure 1** highlights global production trends of macadamia nuts between 2016 and 2021.

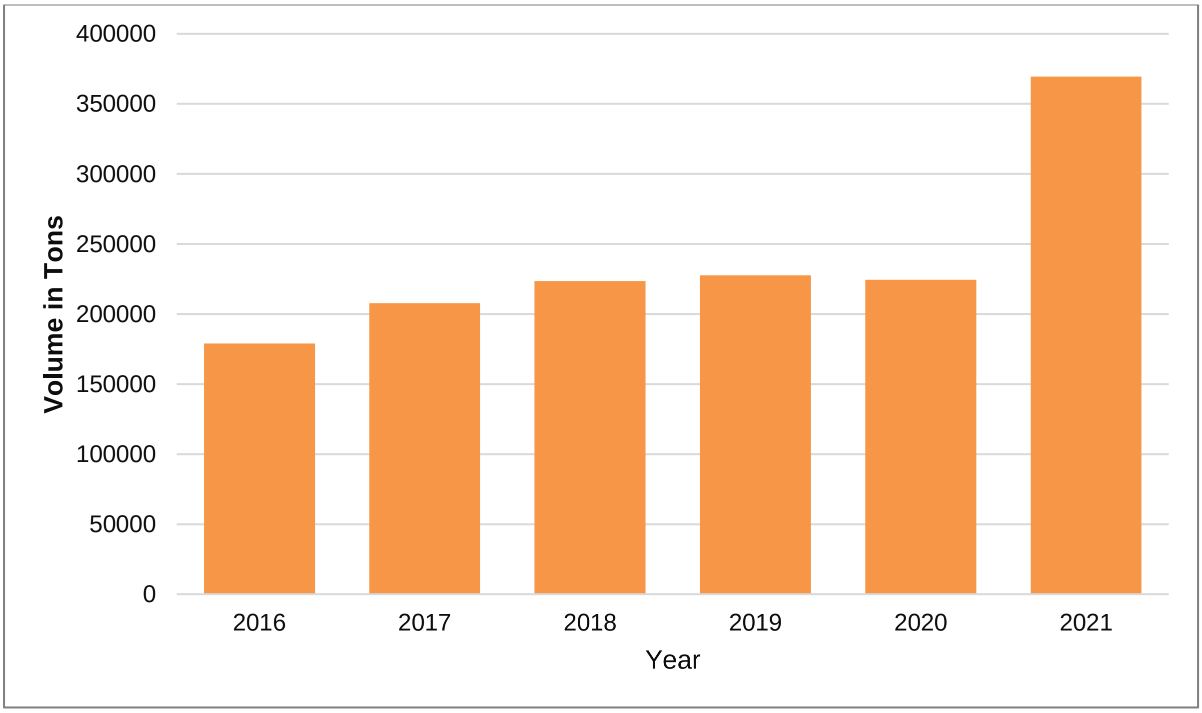

Figure 1: Total global macadamia nuts production, 2016 – 2021
Source: SAMAC (2022)

In 2021, about 369 491 tons of macadamia nuts were produced globally. South Africa maintained its leading position in the world macadamia nut production with 22% share (see **Figure 2**). Australia and Kenya (the second largest macadamia producing country in Africa) each produced 19% at the world share in the period under review. Kenya is projected to reach 60 000 of macadamia production by 2022 due to expanded production areas and also having more smallholder farmers in the production. China and USA contributions to global production were at 14% and 8% respectively and are among the top five macadamia producers in the 2021 season. Malawi is the third largest macadamia producing country in Africa with the world share of 4%. According to Tridge (2022), Zimbabwe is another promising macadamia nuts producer in Africa with 6.8% export share (listed as the main contributor to the export market).

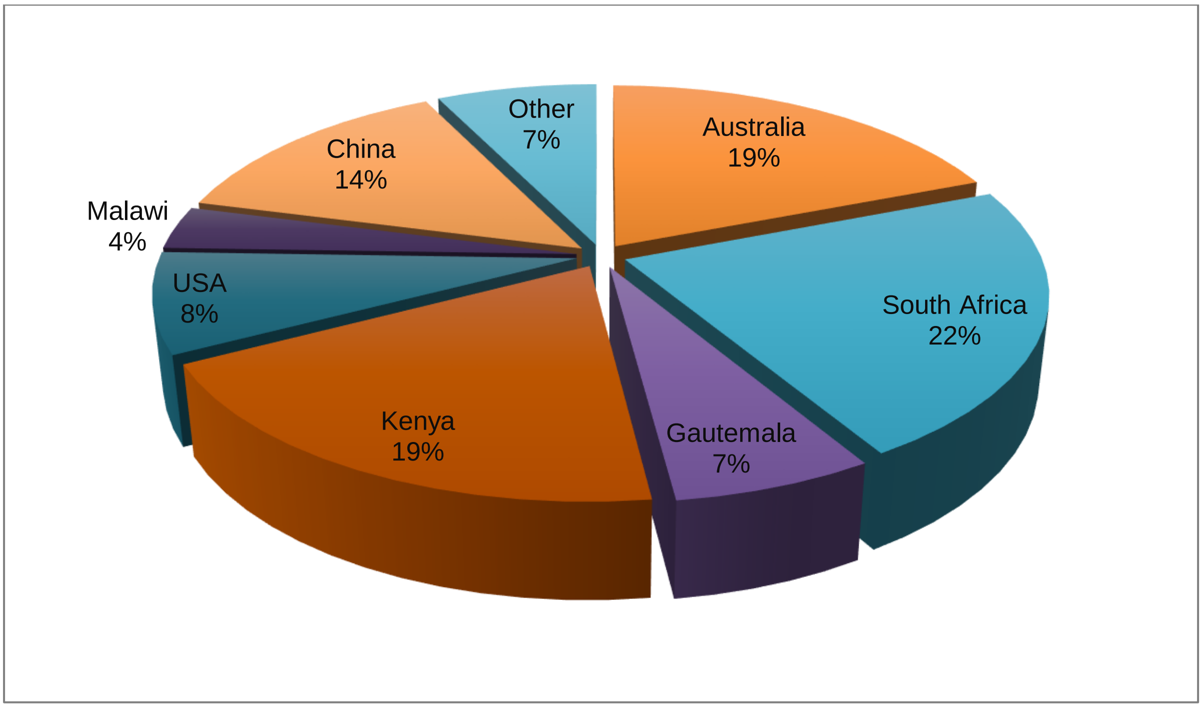

Figure 2: Global leading producers of macadamia nuts, 2021
Source: SAMAC (2022) & own calculation

According to SAMAC, about 93% of the South Africa macadamia nuts are exported as either nut in shell (NIS) or shell. The industry's future growth is largely dependent on finding access in attractive export markets. In 2021, South African macadamia crop was affected by hot and dry conditions that prevailed for several years. Although most orchards are irrigated, water usage was restricted in certain areas which contributed significantly to physiological stress experienced by many orchards. The 2021 final crop was 53 585 tons of inshell macadamias, which is an increase of 4 660 tons as compared to 2020 crop production. The 2022 projections on crop production are 61 288 tons which entails that it will be 14.9% higher with an added 7 968 tons dry nut-in-shell (see **Figure 3**).

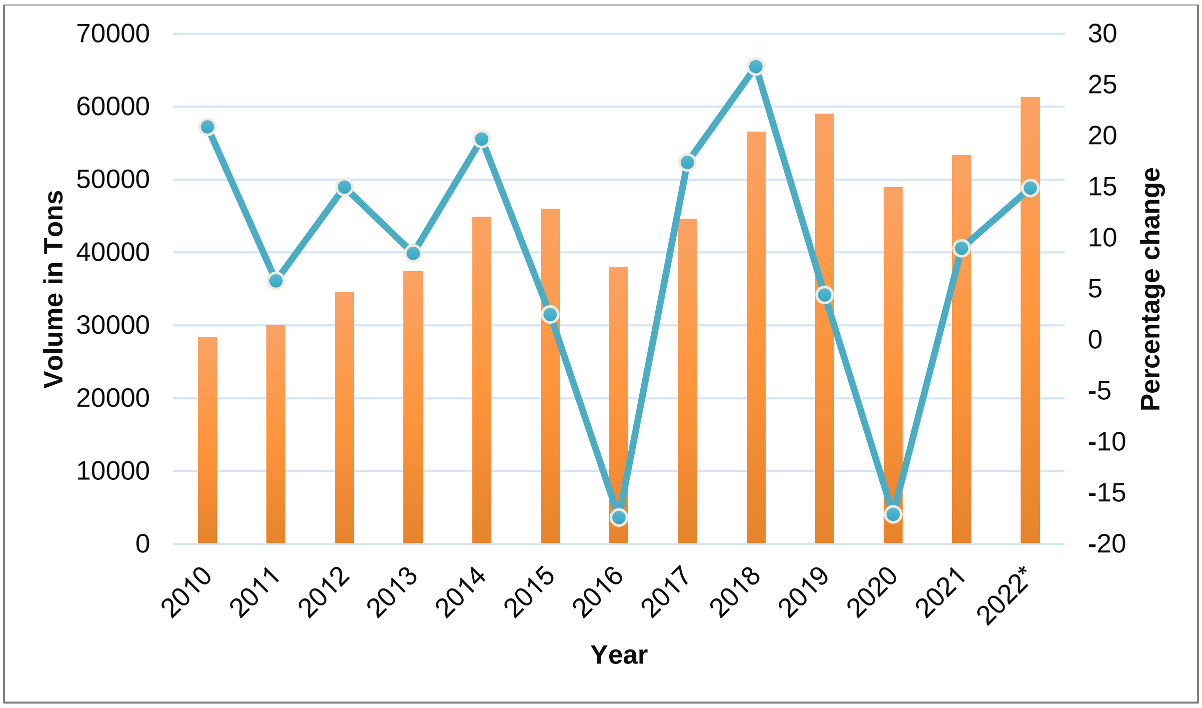

Figure 3: South Africa macadamia nuts production, 1991 – 2022*
Source: SAMAC (2022)

Most of macadamia nuts produced in South Africa are destined for international markets. Therefore, it is important for SAMAC to invest more on opening new markets and also at the same time maintaining the existing ones. Globally, there is an increasing demand for macadamia nuts and the Asian market is the fastest growing destination for South Africa's macadamia exports. The global market is particularly keen on the health and protein benefits offered by the macadamia nuts. **Figure 4** highlights the important market destination for South Africa's macadamia nut exports during 2021 season. According to SAMAC, Asia is a principal market for South Africa's macadamia exports with a major share of 73%, followed by European Union (13%), North America (12%) and both Middle East and Japan constituted about 1% share individually.

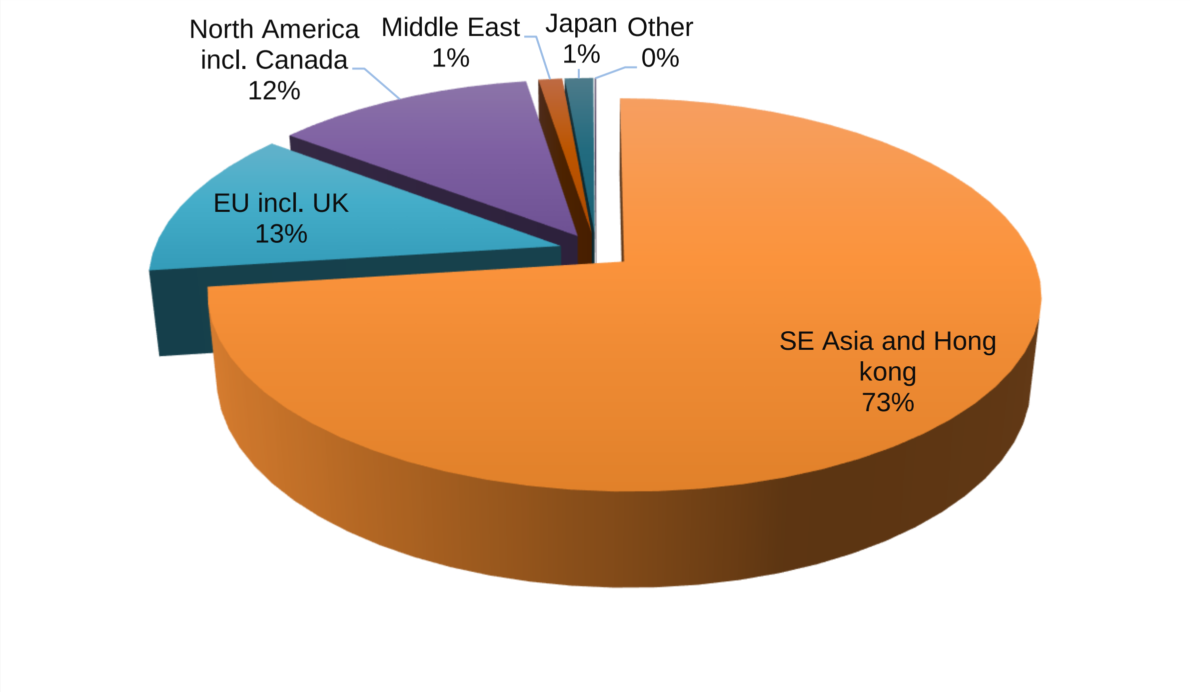

Figure 4: South Africa's important market destination for macadamia nuts
Source: SAMAC (2022) & own calculation

In conclusion, the South African macadamia nut industry has shown considerable growth over the past decade, which is one of the agricultural industries that can drive agricultural development and also create jobs through export-led expansion and enhancing the agricultural processing capacity in the country. Additionally, the development of agriculture and agro-processing master plan (AAMP) present a great opportunity to allow inclusivity of small players in the value chain and also gain income to improve the rural economy. The growth in demand for macadamias is forecasted to double by 2022 therefore, South Africa stands a great chance to improve its market share due to the current strong demand momentum of macadamias. Given the global demand, South Africa has the potential to increase investment in production for the latter crops to supply the markets in USA, Germany and Japan for Macadamias (Shelled), while potential markets for macadamia nuts (in-shell) are in UK, Malaysia and the United Arab Emirates among other markets (Trade advisory, 2022).

3. South Africa's mangoes focused on the local market

by Onele Tshitiza

Mango production in South Africa

South Africa's mango industry is relatively small compared to the export-oriented industries such as citrus, however plays an importance role in the local market. Mangoes contributed R397.2 million to gross production value of 2019/20 (DALRRD Agricultural Abstract, 2021). South Africa produced 76 188 tons in the 2020/21 season compared to 85 275 tons produced in the 2019/20 season. The decline accounted for 10.7% and was due to unfavourable weather conditions which affected the flowering.

The 2021/22 production of mangoes is expected to decline by about 20% because of cool cloudy conditions which affected flowering and in turn pollination. The mango industry is local-oriented, where the fruit is mainly consumed locally, this may be due to low production as the industry still uses old trees than new planted orchards (SAMGA, 2022). The majority of mango production is processed into achar, while the rest is consumed as fresh mangoes sold at the national fresh produce markets (NFPMs), juice, direct sales and exports (**Figure 5**). Of the total production in 2020/21, achar accounted for 32.8%, followed by NFPMs accounting for 25.4%, juice (9.6%), direct sales (9%) and export (3.9%). In order for the industry to complete globally, it would need to invest in new high yielding cultivars and to produce beyond the local consumption to meet the global demand.

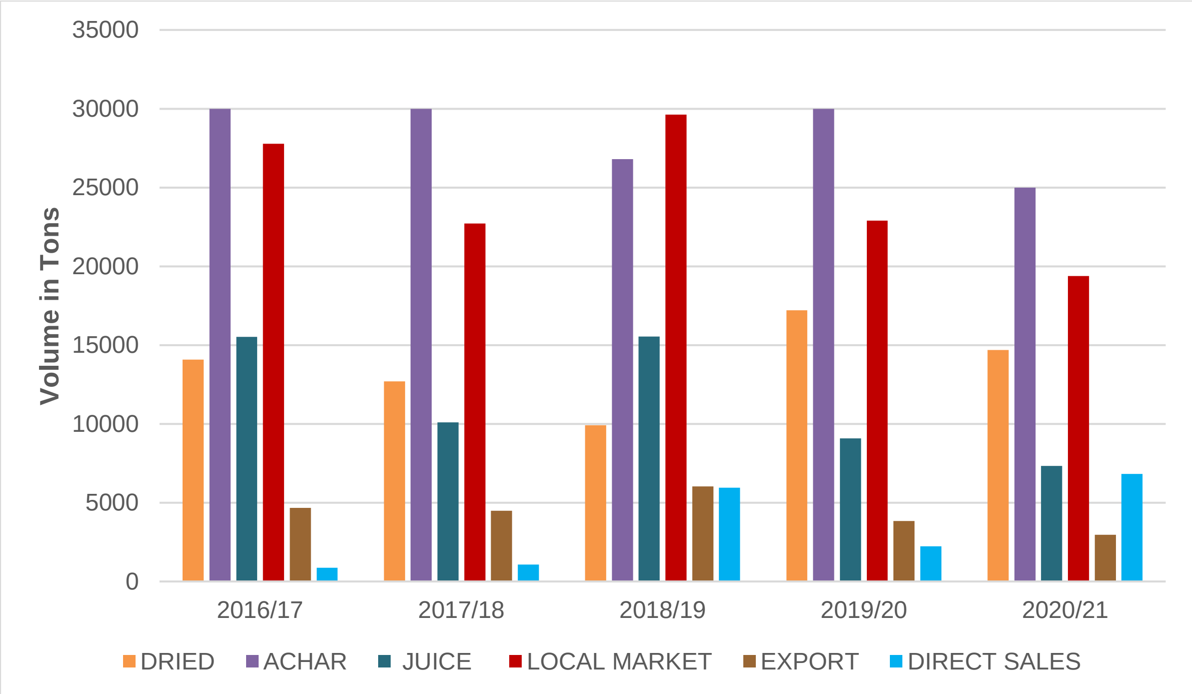

Figure 5: Mango consumption patterns in South Africa
Source: SAMGA (2022)

South Africa exported 2 954 tons of mangoes in the 2020/21 season (**Figure 6**). The highest volume of exports was exported in the 2018/19 season supported by favourable weather conditions, however, since then exports have been relatively low due to more volumes channeled to the domestic fresh or processed market segments.

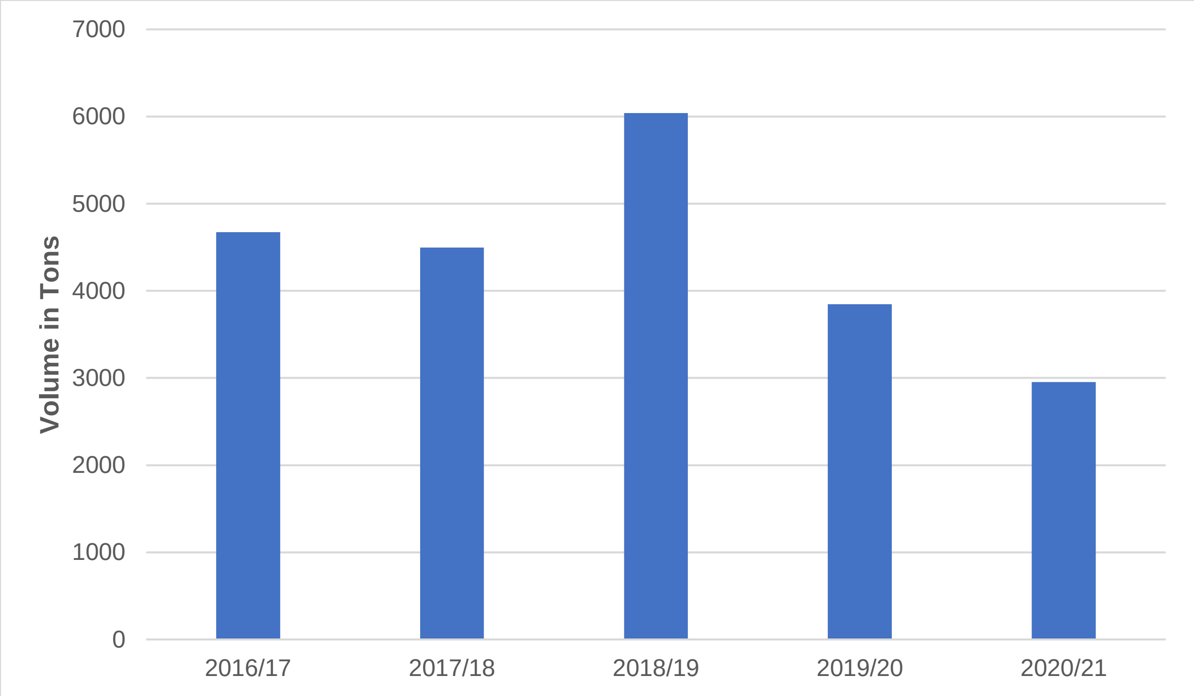

Figure 6: South Africa's exports of mangoes
Source: SAMGA (2022)

Figure 7 shows the volumes of mangoes sold at the NFPMs from 2020 to 2022 (January to May). The NFPMs sold a total of 23 710.8 tons in 2020 and 19 096.1 tons in 2021, while they have sold 11 543.6 tons so far in 2022. It can be noted that the largest volumes of mangoes were sold in January in all the years, indicating the peak season of mangoes. The average price of mangoes was R10 827.1 per ton in January 2021, while it was R8 605.4 per ton in January 2022, indicating that when there are higher quantities available in the market, the price tends to be lower and vice versa.

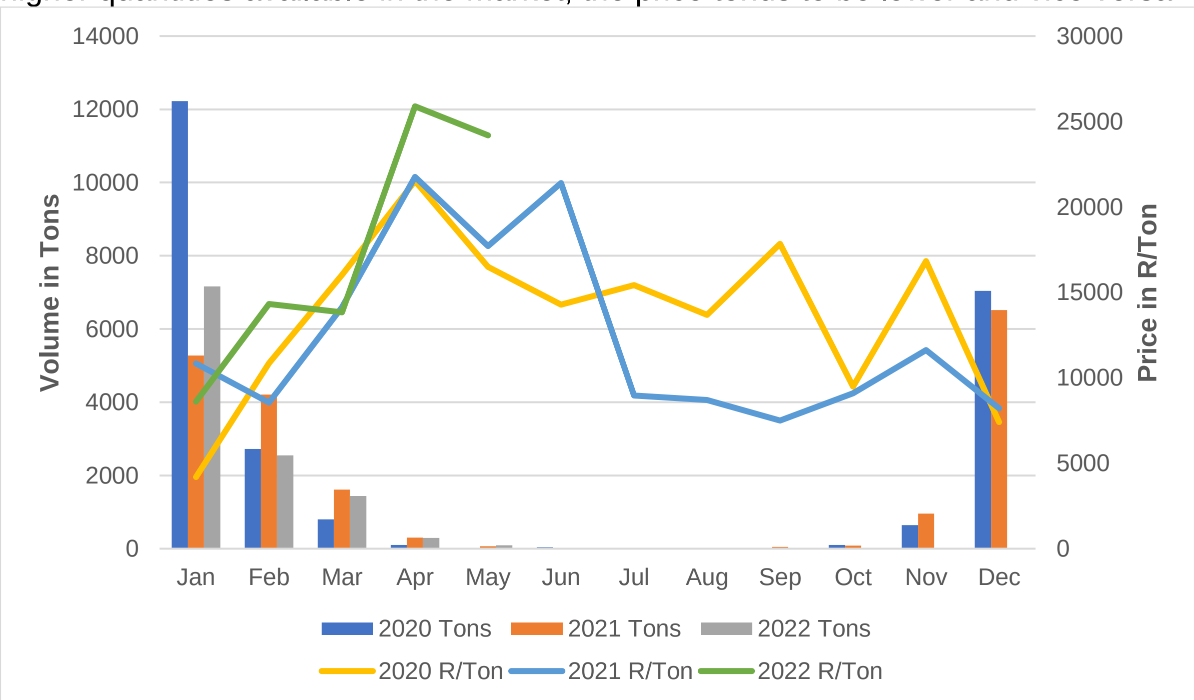

Figure 7: South Africa's sales of mangoes at the NFPMs
Source: DALRRD (2022)

Conclusion

South Africa's mango industry produces mainly for the local market and meets the local demand for mangoes, making the country a net exporter of mangoes. However, the industry needs investment in new cultivars in order to expand production and possibly export the expanded surplus. The subtropical industry relies on membership fees and voluntary levies, unlike statutory measures that other industries have such as pome, citrus and table grapes. They therefore need the assistance of government institutions such as the Agricultural Research Council (ARC) for the development of new cultivars. The ARC is under-resourced to assist all the industries. Processing of mangoes is also a big driver for the industry, which is positive, considering the country exports the majority of its fruit fresh. With the AAMP signed off, hopefully these areas of development can be lifted into implementation.

4. What makes Kenya's avocado industry outstanding?

by Moses Lubinga

This article is aimed at highlighting lessons the domestic avocado industry might learn from their Kenyan counterparts. Kenya is the leading producer of avocado on the African continent and ranked number 6 globally, followed by Ethiopia (15th globally), Malawi (17th globally) and South Africa (FAOSTAT, 2022). Kenya's production and yield are three-folds as much South Africa's, possibly due to the favourable tropical climate and the many smallholder farms involved in avocado production. Kenya's avocado is mostly exported to Europe (59% *share in value*) and Asia (27% *share in value*) while avocado originating from South Africa is largely exported to Europe, and accounted for 88% share in value in 2021. For avocado originating from South Africa, Netherland is the largest importer responsible for about 59% share in value, followed by the United Kingdom (UK) with 19% share, although no longer a member of the EU.

In South Africa, whereas avocado production increased by 10% between 2019 and 2020, the yield dropped by 1%. A typical South African avocado season starts in February until November but the majority of the fruit is harvested from March up to September. At global level, South Africa ranks number 18 among the major producers of avocado, including Mexico, Dominican Republic and Peru being the leading producers, in that order.

Lessons from Kenya's avocado industry

First, smallholder farms play a predominant role in sustaining production in Kenya's avocado industry. Despite a phytosanitary concern of the prevalence of fruit flies in many African countries, coupled with the fact that many farmers do not have the capacity to meet the international requirements to supply international markets, Kenya has been able to be a competitive supplier and also to gain access in markets with some of the strictest requirements such as China. Kenya's success on this front might be attributed to the group certification approach used by smallholder producers to acquire Global good agricultural practices (GlobalG.A.P.) certification, also known as "Option 2". This is whereby a group of producers with a shared mandatory quality management system receives one certificate for the entire group following a successful audit and random sample inspections of some of the producers by a GLOBALG.A.P. approved certification body (Antequera, 2017). This is advantageous given that produce from small farms that could not meet the certification related costs are able to have their produce gain access into international markets.

Second, whereas Kenya's value chain actors continue to attend to the problem of fruit flies which have been associated with the rejection of fruit consignments in international markets, traders have explored the exporting of frozen avocados, which to a bare minimum present a risk of carrying live pests and/or their eggs. Major fruit fly types of concern include the Mediterranean fruit fly, the Natal fruit fly and the mango fruit fly. According to the produce report (Roy, 2022), fresh avocados originating from Kenya have also been granted market access into China after a long period of waiting.

Conclusion

Kenya's avocado industry is highly competitive in international markets even if most fruit supplies are produced by smallholder farms. The South African avocado industry should also consider a group certification approach (option 2) to enable smallholder producers to directly participate in the exporting business. In areas where fruit fly prevalence is very high, producers (large or small) should consider freezing the fruit prior to exporting. However, this requires capital investment in the necessary infrastructure and equipment. Thus, the industry and government institutions should also consider strengthening public-private partnerships to ensure that the required infrastructure and equipment is available and accessible to the producers.

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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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