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SOUTH AFRICAN FRUIT TRADE FLOW

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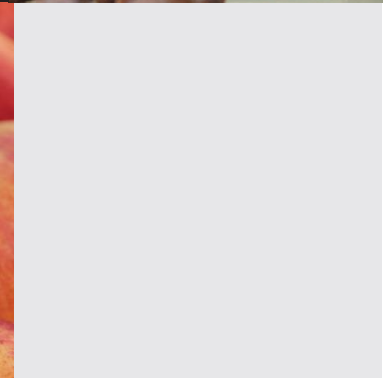


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SOUTH AFRICAN FRUIT TRADE FLOW

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Beautiful country, beautiful fruit

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1. Background

South Africa's diverse weather and climatic conditions across South Africa's nine provinces enable the country to cultivate and produce a variety of fruits, vegetables, flowers, and nuts for domestic and international markets. The country is known as one of the key producer and exporter of citrus, deciduous, and subtropical fruits in the international markets. This issue of the Fruit Trade Flow Report focuses on stone fruit, that is plums, peaches, nectarines, and apricots; and table grapes. The report assesses the production and export performance of these fruits in the current season and unpacks factors that allow South Africa to successfully supply both domestic and international markets. The ongoing port inefficiencies and energy crisis are identified as challenges and their impact on South Africa's fruit value chains is analysed. The report follows a trend analysis approach, comparing the 2021/2022 fruit season with the 2022/2023 season. The selection of these fruits is informed by the seasonality of fruits, where both stone fruits and tables grapes are currently at their export season in the period from October 2022 to March 2023.

2. The South African table grapes export set for a decline in the current 2022/23 season

By Bhekani Zondo

2.1. Introduction

High export earnings and increased investments in the deciduous fruit industry has led to an increase in the area under production for apples, pears, and table grapes in South Africa over the past decade (USDA, 2022a). However, in the current 2022/23 season the area under production of these fruits is expected to decline despite the increases in the past seasons. This is mainly attributed to several challenges that the industry faces, such as: high shipping costs, ever increasing farming input costs, poor and inefficient infrastructure, port inefficiencies, and the recent increase in electricity blackouts due to the energy crisis in the country (USDA, 2022a). These supply factors are increasingly constraining farmers profitability and discouraging investments in the industry. In comparison with other deciduous fruits, table grapes are the second most cultivated fruit in South Africa accounting for about 28% of area planted for deciduous fruits after apples which accounts for about 38% of area planted (USDA, 2022a). However, the area planted under table grapes experienced a 1% decline in the 2021/22 season to reach an estimated 20 379 hectares (ha) compared to the previous season (SATI, 2022; USDA, 2022a). The area planted for table grapes is also forecasted to experience a further decline by 79 ha to reach an estimated 20 300 ha of area planted (USDA, 2022a). According to USDA (2022a), the reason for the reduction in the area planted under table grapes is the shortage of irrigation water.

2.2. South African table grapes export performance in the 2021/22 season

According the South African Table Grapes Industry (SATI, 2022), about 77.7 million cartons of table grapes (1 carton equivalent to of 4.5kg) were inspected and approved for export. This good table grape crop harvest is attributed to favorable weather

conditions throughout the past season and new cultivars reaching maturity supporting full production.

Table 1 below presents South Africa’s leading export destinations for table grapes for the past two seasons (2020/21 and 2021/22). The trend analysis below shows that most of South Africa’s table grapes export are destined for the European Union (EU) which accounted for about 179 555 tons in the 2021/22 season showing a 3% growth rate from the 173 538 tons in the previous 2020/21 season. Following the EU, is the United Kingdom (UK) which recorded a 6% growth rate in terms of table grapes sourced from South Africa. Other main destination markets are the African states which often received table grapes exported via road from the national fresh produce markets. This market grew by 25% between 2020/2021 and 2021/2022. South Africa’s table grapes exports to Russia declined by 29% which could be attributed to the conflict between Russia and Ukraine that impacted trade with these two countries.

Table 1: South Africa’s leading export destinations for table grapes during the 2020/21 and 2021/22 seasons.

IMPORTERS	Table grape exports (in Tons)		GROWTH RATE
	2020/21	2021/22	
European Union	173 538	179 555	3%
United Kingdom	70 992	75 027	6%
Canada	17 885	20 152	13%
Middle East	14 463	17 945	24%
Southeast Asia	15 517	15 840	2%
Far East	12 332	11 290	-8%
Africa	4 748	5 957	25%
United States	4 866	3 718	-24%
Russia	4 835	3 452	-29%
All others	2 594	2 814	8%
TOTAL	321 770	335 750	4%

Source: USDA (2022a)

According to the SATI’s final crop estimate for the 2022/23 season, the production is expected to decline to 63.6 million cartons (4.5kg equivalent). This is equivalent to a decline of approximately 18% in terms of table grapes to be inspected and pass for exports in the current season (2022/2023 which will end in April 2023) compared to the previous season (i.e., 2021/2022). **Table 2** below depicts the total volumes of table grapes produced and passed for export in the previous 2021/22 season and the estimated overall volumes to be produced and exported in the current season. The results shows that all the major table grapes growing regions will experience declines, with the Orange River and Northern Provinces regions experiencing a 26% and 25% decline respectively, in terms of table grapes produced and passed for exports. Similarly, the Hex River, Olifants River, and Berg River shows an estimated decline of about 18%, 16%, and 7%, respectively. According to SATI (2023), the main reason behind the reduced estimates for the current season is due to lower yields for the

remaining cultivars in the respective growing regions more especially in the Hex River region.

Table 2: Produced inspected and passed for exports.

Production Region	Produced inspected and passed for exports – In millions (equivalent to 4.5kg cartons)			
	2021/22	2022/23*	Difference	% Difference
Northern Provinces	7,44	5,6	- 1,84	-25%
Orange River	22,30	16,4	- 5,90	-26%
Olifants River	3,56	3	- 0,56	-16%
Berg River	19,15	17,9	- 1,25	-7%
Hex River	25,25	20,64	- 4,61	-18%
TOTAL	77,70	63,6	- 14,10	-18%

Source: SATI (2022) and SATI (2023)

Conclusion

South Africa’s table grape industry is expected to produce a slightly smaller production in the current season as compared to the previous 2021/2022 season. This is mainly attributed to the decline in area under cultivation for table grapes, poor yields, and ongoing energy crisis. The recent energy crisis in the country in the form of the rolling electricity blackouts is also expected to exert further strain on the industry. Furthermore, electricity blackouts will likely exacerbate the impact of the shortage of irrigation water in the table grapes farming regions by distorting irrigation schedules. Therefore, the current energy crisis requires urgent attention and appropriate alternative electricity cogeneration options are necessary for farmers. Despite the growing competition that the domestic industry faces in international markets, the country continues to supply its major markets like the EU, UK, Canada, Middle East, and others. Improvements in infrastructure (road networks, and ports) are also highly recommended.

3. South Africa was expecting an improved stone fruit 2022/23 export season

By Onele Tshitiza and Cindy Chokoe

3.1 Global Overview of the peaches and nectarines season 2022/23

The world’s peach and nectarine production for the 2022/23 season was estimated to increase by 1.0 million metric tons to 23.7 million metric tons. This is attributed to an increase in production from world’s top producers such as China, EU, and Turkey (USDA, 2022b). Figure 1 illustrates the world’s leading peach and nectarine producing countries from 2017/18 season to 2022/23 season. For the 2022/2023 season, it can be noted that China will continue to be the major producer of peaches and nectarines with a production volume of about 16.8 million metric tons, constituting a 5% increase from the 2021/22 season (USDA, 2022b). The EU is the second leading producer of peaches and nectarines, with about 3.1 million metric tons expected to be produced in 2022/23, an 8% increase from the previous season of 2021/22. Turkey is the world’s third largest producer of peaches and nectarines, with a projected production of

940 000 metric tons in 2022/23 season, which is about a 5% increase as compared to the 2021/22 season (USDA, 2022b). The increase was due to sufficient rainfall and lack of frost damage in the current season (FreshPlaza, 2022).

In the United States of America (USA), production is expected to drop by 100 000 metric tons to 605000 metric tons, constituting a 14% decline, due to late winter and spring freezes in its growing region.

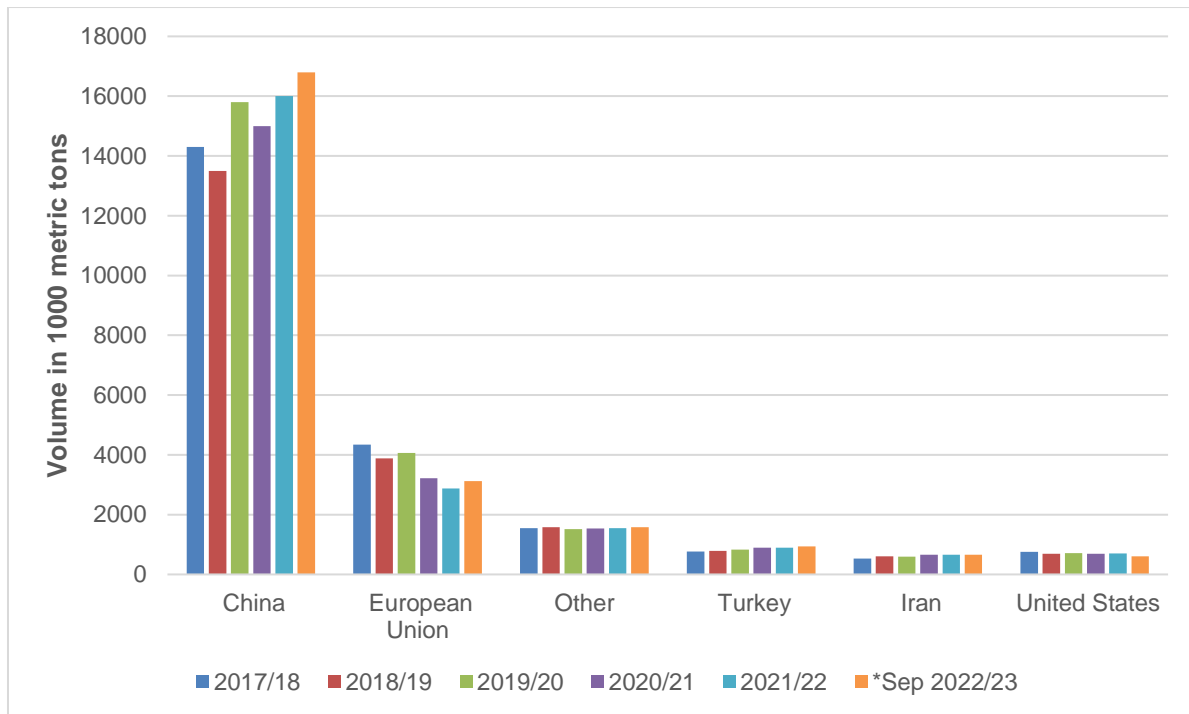


Figure 1: Global leading peach and nectarine producing countries in 2021/2022 (in 1,000 metric tons). *Estimate

Source: USDA (2022b)

Figure 2 shows the global exports and imports from 2017/18 season to 2022/23 season. Exports are expected to reach 799 000 metric tons in the 2022/23 season, while imports are expected to reach 778 000 metric tons. In 2021/22, Turkey became the world’s leading exporter of peaches and nectarines, surpassing the EU, which had been the leading exporter for the last five years. Turkey’s exports will reduce by 2% from 170 000 metric tons due to lower shipments to Russia and increased domestic demand for nectarines in 2022/23. China’s peach exports on the other hand are expected to rise by 22% due to renewed shipments to Russia (USDA, 2022b).

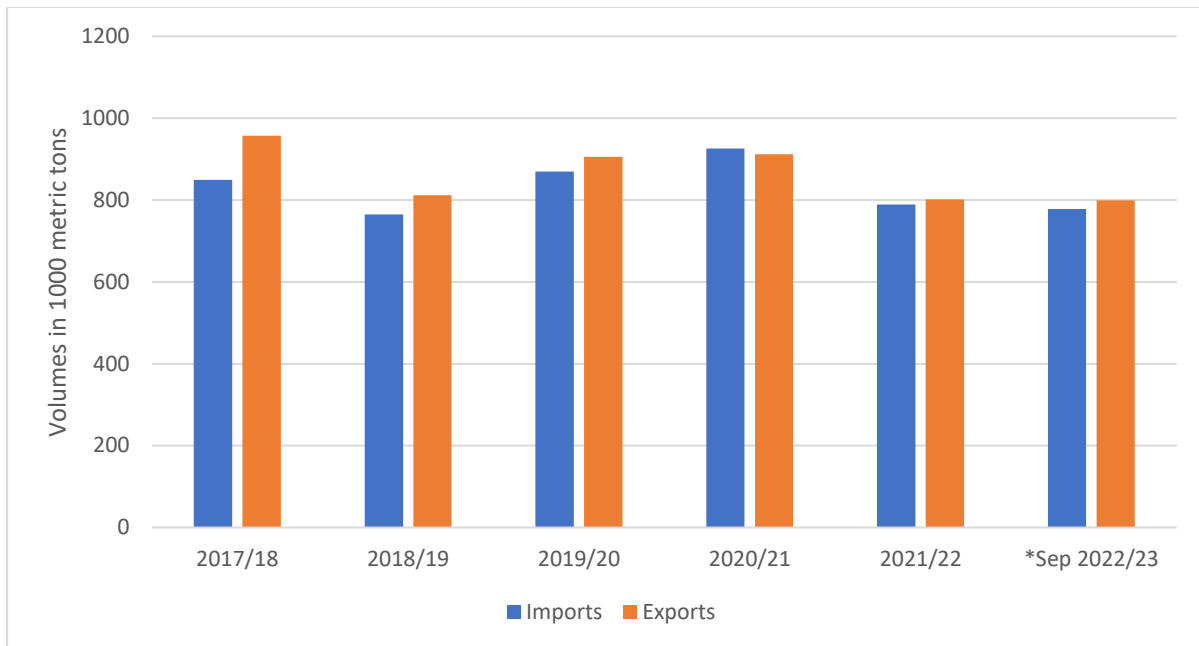


Figure 2: Global imports and exports of peaches and nectarines
Source: USDA (2022b)

3.2 South African Stone fruit exports for 2022/23 season

A report by HORTGRO (2022) indicated that the country was expecting an above-average stone fruit crop compared to the lower production in the 2020/21 season. The report noted that the initial stone fruit export for South Africa has seen an upsurge of 4% each for plums (86 000 tons) and peaches (6 550 tons), organic growth of 15% for nectarines (23 650 tons) and apricots reaching 9% more exports (3 085 tons). Factors such as logistical bottlenecks and the cost of production for farmers were highlighted to be the cause for challenges faced in the previous season. With these bottlenecks addressed in the current season, it was expected that the exports will improve to provide relief to stone fruit producers.

Table 3 shows South Africa's export estimate for stone fruit in the 2022/23 season compared to the 2021/22 season. It can be noted that the exports have been adjusted downwards from the original estimate due to further challenges such as delays in harvest, broken equipment, and bad weather at the Cape port in the current season, which have all led to the fruit arriving at its destination as low quality and in turn, a loss for the producer (HORTGRO, 2023a). It was also highlighted that producers' irrigation schedules were affected by loadshedding; however, rainfall water circumvented a greater loss to the industry in the Western Cape. All stone fruit exports are expected to decline, with plums expected to decline the most by 2.1 million cartons (1 carton = 5.25kg). Peaches and nectarines are predicted to decline by 12% and 5%, respectively.

Table 3: Week 38-11 export estimate of stone fruit for 2022/23 season

Stone fruit	2020/2021	2021/2022	2022/2023 Estimate	2022/2023 vs 2021/2022	% Difference
Apricots (Cartons of 4.75kg)	683 489	595 478	593 426	- 2 052	0
Nectarines (Cartons 2.5kg)	6 511 315	8 195 567	7 771 391	- 424 176	-5
Peaches (Cartons of 2.5kg)	2 445 559	2 508 947	2 207 175	- 301 772	-12
Plums (Cartons of 5.25kg)	15 123 055	15 699 256	13 536 141	- 2 163 115	-14

Source: HORTGRO (2023b)

According to data from Agrihub (2023), South Africa had exported a total of 572 562 cartons of apricots by week 11 of 2023, which was 5% more than 2021/22 in the same week. The major destinations for apricots were the Middle East, where 55% of exports went to the region, while 23% went to the UK, and 22% went to Europe.

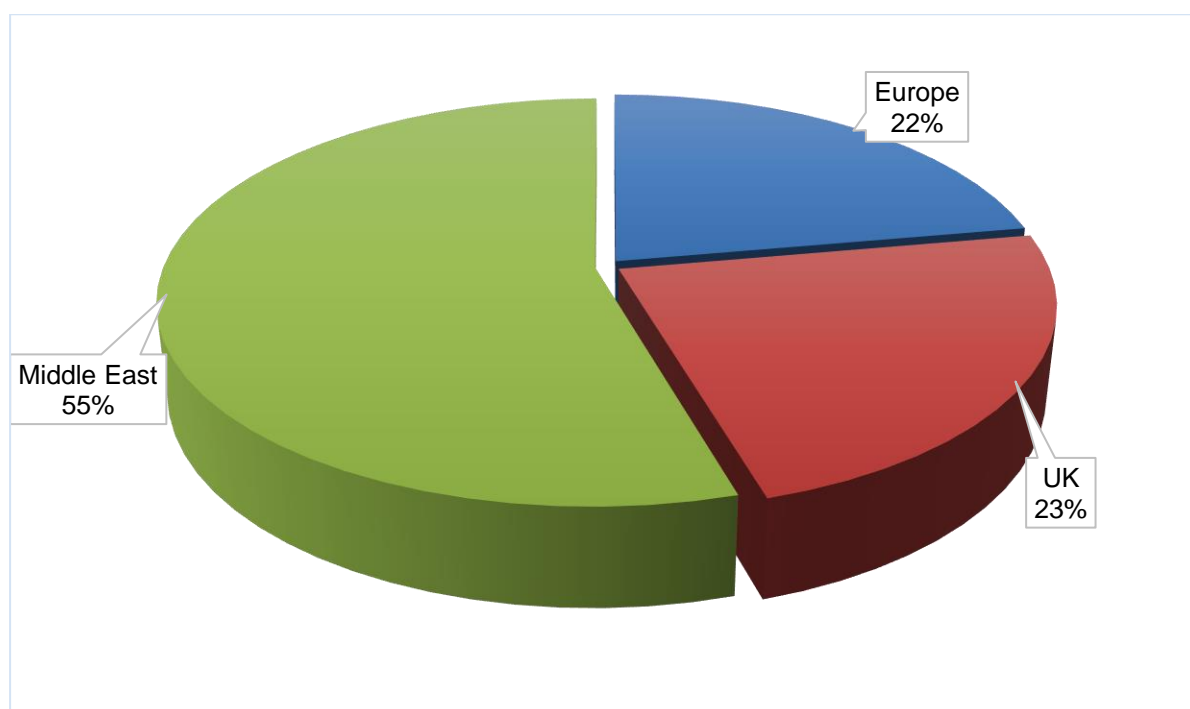


Figure 3: Major destination for South Africa's apricots in week 11 of 2023 (2022/23)

Source: Agrihub (2023)

South Africa had exported 7 057 863 cartons of nectarines in week 11 of 2022/23, compared to 6 735 419 cartons in week 11 of 2021/22. The leading importers of South Africa's nectarines were the UK (46%), Europe (33%) and the Middle East (13%).

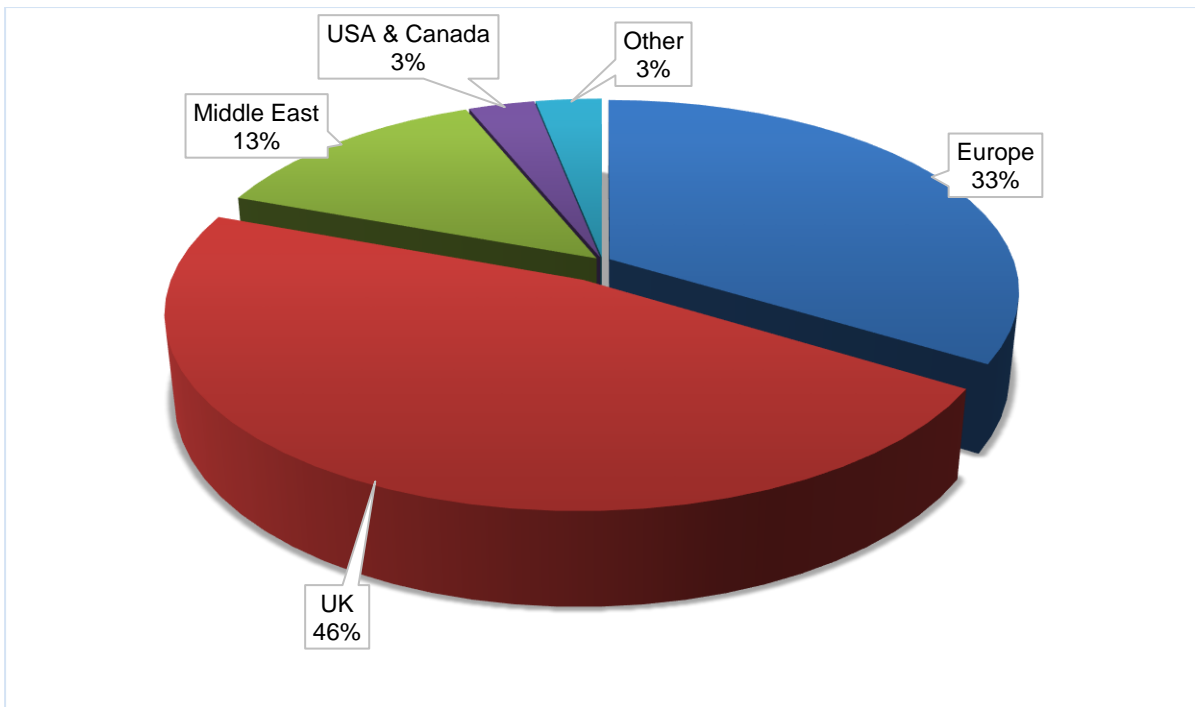


Figure 4: Major destination for South Africa's nectarines in week 11 of 2023 (2022/23)

Source: Agrihub (2023)

There was a total of 1 827 258 cartons of peaches exported in week 11 of 2022/23, which was 10% more than week 11 of 2021/22. It can be noted that South Africa exported the majority of peaches to the UK (42%), followed by the Middle East (37%), Europe (15%) and other (6%).

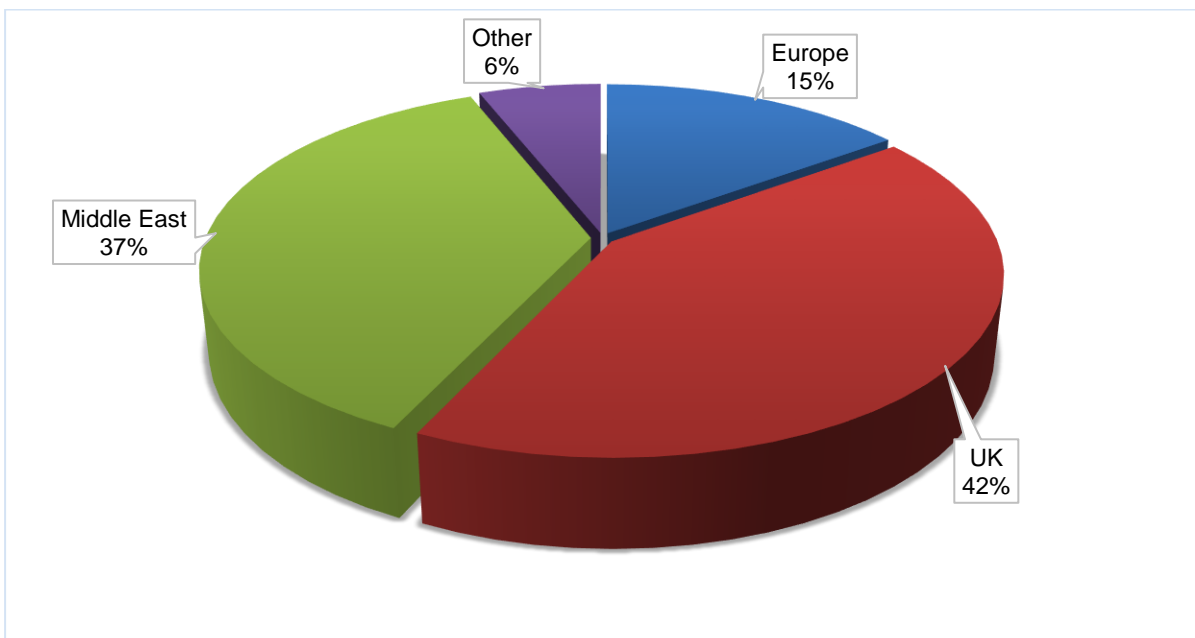


Figure 5: Major destination for South Africa's peaches in week 11 (2022/23)

Source: Agrihub (2023)

The country had exported 9 776 560 cartons of plums in week 11 of 2022/23, with 50% going to Europe, 18% going to the Middle East and the UK, each and 5% to the Russian Federation and the rest to other destinations.

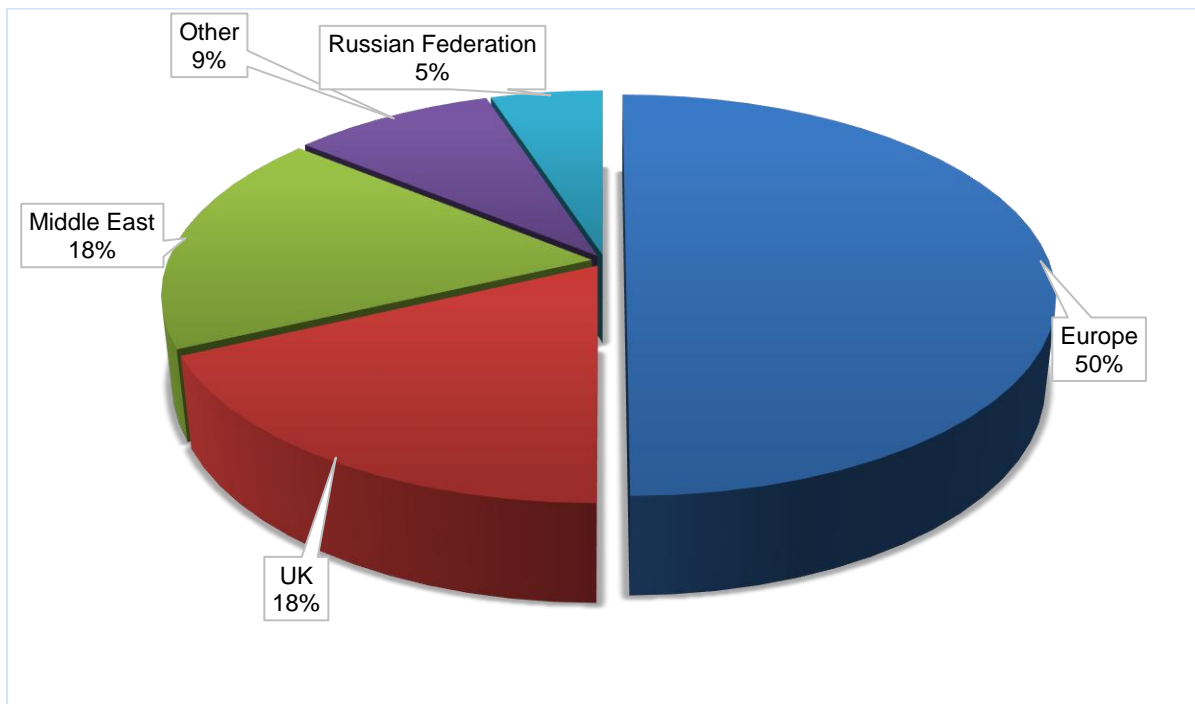


Figure 6: Major destination for South Africa's plums in week 11 (2022/23)

Source: Agrihub (2023)

Conclusion

The stone fruit industry was set to have positive exports for the 2022/23, however, challenges at the Cape port did not bode well for the industry, which has led to a downturn in the export estimate. The energy crisis further exacerbated the outcome of fruit production, especially for plums. All these challenges need urgent interventions from the stakeholders along the value chain, especially the port related matters, or they could pose significant losses for the fruit sector and in turn socio-economic pressure such as revenue loss and unemployment. With the country already facing these socio-economic challenges, it cannot afford losing foreign earnings as they contribute to the economy.

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Useful Links

Agrihub	<u>www.agrihub.co.za</u>
Bureau for Food and Agricultural Policy (BFAP)	<u>www.bfap.co.za</u>
Citrus Growers' Association (CGA)	<u>www.cga.co.za</u>
Department of Agriculture, Forestry and Fisheries (DAFF)	<u>www.daff.gov.za</u>
Food and Agriculture Organisation (FAO)	<u>www.fao.org/docrep</u>
Fresh Produce Exporters' Forum (FPEF)	<u>www.fpef.co.za</u>
Hortgro Services	<u>www.hortgro.co.za</u>
National Agricultural Marketing Council (NAMC)	<u>www.namc.co.za</u>
Perishable Products Export Control Board (PPECB)	<u>www.ppecb.com</u>
Quantec Easy Data	<u>www.quantec.co.za</u>
South African Subtropical Growers' Association (Subtrops)	<u>www.subtrop.co.za</u>
South African Table Grape Industry (SATGI)	<u>www.satgi.co.za</u>



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