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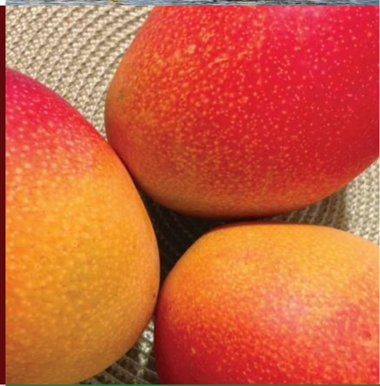
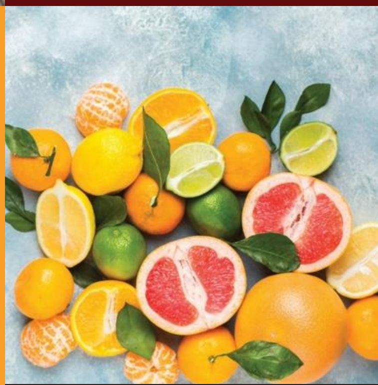


SOUTH AFRICAN FRUIT TRADE FLOW

Issue No. 50 | June 2023



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

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Compiled by Bhekani Zondo, Buhlebemvelo Dube, Naledi Radebe, Nkosingiphile Duma, Phelelani Sibiya

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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 producers and exporters of citrus, deciduous, and subtropical fruits in the international markets. This issue of the Fruit Trade Flow Report focuses on citrus fruits (focusing on grapefruit and mandarins) and macadamia nuts. The report assesses the production and export performance of these fruits in the current 2022/23 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 citrus fruits and macadamia nuts are currently at their export season in the period from March to September 2023.

2. Exploring South Africa's citrus industry performance in the 2022/23 season: focusing on mandarins and grapefruit

By Bhekani Zondo, Naledi Radebe, and Nkosingiphile Duma

2.1 Introduction

South Africa's production of citrus has expanded substantially over the past ten years, underpinned by continued investments in the sector and relatively strong export market earnings. The South African citrus industry is export-oriented, with over 50% of citrus produced destined for export markets. In the 2021/22 export season, about 59% (2.1 million pellets) of citrus produced within the country was exported, while 25% was processed and 6% was consumed locally (CGA, 2023a). According to the Citrus Growers Association (CGA), Valencia's were the most exported citrus fruit accounting for about 31%, followed by lemons (22%), mandarins (20%), navels (17%), and grapefruits (10%) in 2022 (CGA, 2023a). Europe continues to be the major export destination for South Africa's citrus fruits. In 2022, the five top regions that accounted for the biggest share of SA's citrus exports were Europe (33%), followed by the Middle East (19%), South East Asia (13%), United Kingdom (UK) (9%), and North America (9%).

South Africa's citrus exports remain resilient despite domestic challenges and those in international markets. Citrus exports from South Africa are being hampered by rising transportation costs, escalating farming inputs costs, new sanitary and phytosanitary constraints imposed by the European Union (EU), as well as the ongoing energy crisis (planned power cuts) and inefficiencies in our ports. These factors discourage investments within the sector and are making the industry less profitable and less competitive against other international market counterparts. In the 2022/23 season, global production of all categories of citrus fruit is predicted to experience a decrease in all major citrus-producing regions except for South Africa due to favorable climate conditions domestically (USDA, 2023). The decline in the global citrus crop season is attributed to a combination of unfavorable weather conditions and rising input costs among most. This article aims to explore the production and trade export performance (both locally and in international markets) of South Africa's mandarin and grapefruit citrus.

2.2 Domestic and global production performance of mandarins and grapefruit in the 2021/22 and 2022/23* seasons.

Table 1 below compares the domestic and global production performance of mandarins and grapefruit in the 2021/22 and 2022/23 seasons. South Africa's production of mandarins is forecasted to increase by 6% from 630 000 tons in the 2021/22 season to 670 000 in the current 2022/23 season. Similarly, domestic grapefruit production is forecasted to increase slightly by 1% from 380 000 tons in the 2021/22 season to about 385 000 tons in the 2022/23 season. Conversely, both the global production of mandarins and grapefruits are forecasted to decline substantially in the 2022/23 season. This is attributed to unfavorable climatic conditions and low production in major growing regions such as China, Morocco, Mexico, Turkey, and the United States of America (USA). The table shows that global production of mandarins is forecasted to decline by 3% from 37.8 million tons in the previous season to 36.5 million tons in the current season. Similarly, global grapefruit production is forecasted to decrease by 2% to about 6.7 million tons in the current season.

Table 1: Domestic and global production performance of mandarins and grapefruit in the 2021/22 and 2022/23* seasons.

	Mandarin Production (In 1000 tons)		Grapefruit Production (In 1000 tons)	
Years	**South Africa**	**Global**	**South Africa**	**Global**
2021/22	630	37 808	380	6 934
Jan 2022/23*	670	36 594	385	6 761

Source: USDA (2023)

NB: *Jan 2022/23*- estimates as of January 2023 of the 2022/23 season*

2.3 Export performance of South Africa's mandarins and grapefruits in the 2021/22 and 2022/23 seasons.

Both South Africa's mandarins and grapefruits exports are expected to perform well due to increased domestic production as well as high demand in major export markets such as the EU, UK, Russia, and the USA.

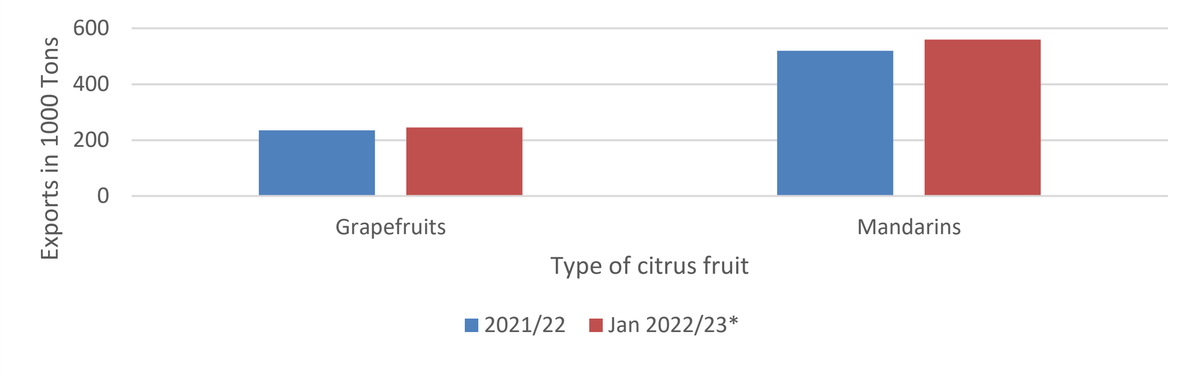


Figure 1: South Africa's exports of mandarins and grapefruits in 2021/22 and 2022/23
Source: USDA (2023)

Figure 1 above depicts the export performance of mandarins and grapefruits during the 2021/22 season and the forecasted performance for the 2022/23 season. Mandarin exports are forecasted to increase by 8% from 520 000 in the previous 2021/22 season to 560 000 tons in the 2022/23 season. On the other hand, grapefruit exports are expected to increase by 4% from 235 000 tons to 245 000 tons in the 2022/23 season. According to the 2023 fresh produce export directory, in 2022, about 42% of South Africa's grapefruit exports were destined for the Far East and Asian markets followed by Europe (35%), Russia (10%), and North America (6%) (FPEF, 2023). While about 25% of mandarin exports were destined for Europe, followed by the UK (19%), and North America (16%), among others.

Table 2 below presents South Africa's actual grapefruits and mandarins that were packed and shipped for exports as of week 26 (early June) of the 2021/22 season compared to the current 2022/23 season. The table shows that, as of week 26 of the current export season, grapefruit exports declined to 9.5 million cartoons (of 15 Kg equivalent) from 11.5 million cartoons in the same period in 2022. By contrast, mandarin exports increased from 11 million cartoons in 2022 to about 13.6 million cartoons in the same period in 2023.

Table 2: Exports of grapefruits and mandarins shipped as of Week 26 of the 2022/23 season.

	Citrus Shipped for Exports (in Million 15 Kg Cartoons)	
End of Week 26	**2022**	**2023**
Grapefruit	11,5	9,5
Mandarins	11	13,6

Source: CGA (2023b)

2.4 Domestic performance of grapefruits and mandarins in the South African National Fresh Produce Markets (NFPMs)

Figure 2 and Figure 3 below depict the sale of grapefruits and mandarins (comparing quantities and prices) in the 20 South African NFPMs in 2022 and 2023. As of May 2023, about 1295,8 tons of grapefruits were traded in the NFPMs since the beginning of the year while approximately a total of 4115,9 tons in 2022. As expected, **Figure 2** illustrates that the largest volumes of grapefruits are sold between June and July which is the peak of the citrus season. In July 2022, about 544.05 tons were sold. During the peak season, prices for grapefruits ranged between R3808.46 per ton and R2846.45 per ton. During the periods when grapefruits are off-season, usually after July of each year, volumes traded in NFPMs start to decrease and as a result, prices start to increase until it reaches their highest level around February.

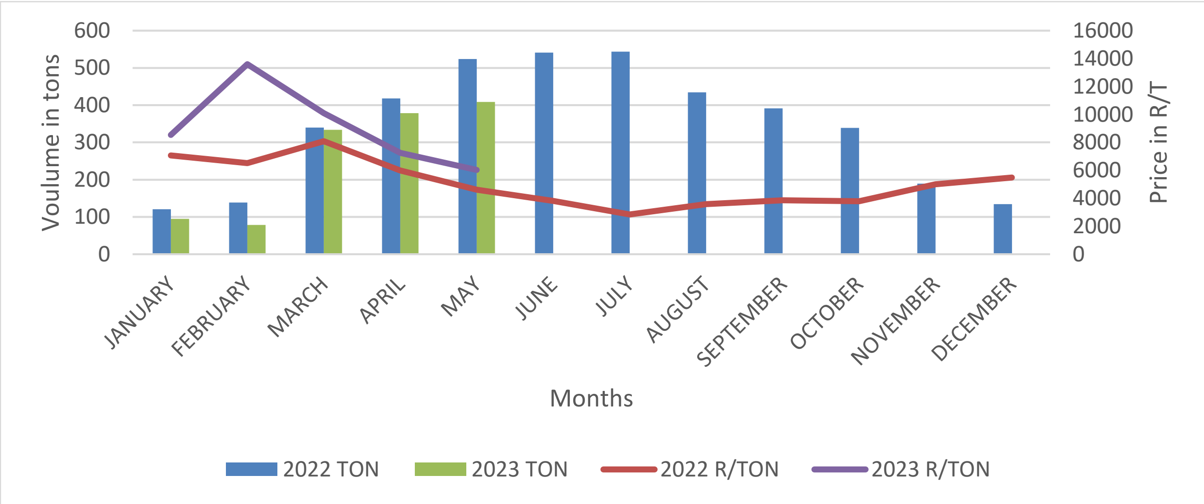


Figure 2: Sales of grapefruits in the NFPMs during 2022 and 2023.
Source: DALRRD (2023)

In terms of mandarins, in 2022, a total of about 27 191,49 tons we sold in the South African NFPMs compared to 6192,8 tons sold as of May 2023. The peak season for mandarins is around August and thus corresponds with the large volumes traded in the NFPMs. In August 2022, about 5 928.42 tons were sold in the NFPMs at prices around R5 894.36 per ton. Prices for both grapefruits and mandarins are usually at their highest around February each year. In February 2022, grapefruits and mandarins were sold at R6 512.42 per ton and R14 071,10 per ton, respectively. In February 2023, prices of grapefruits and mandarins reached a record of R13 602.55 per ton and R16 650, 65 per ton, respectively.

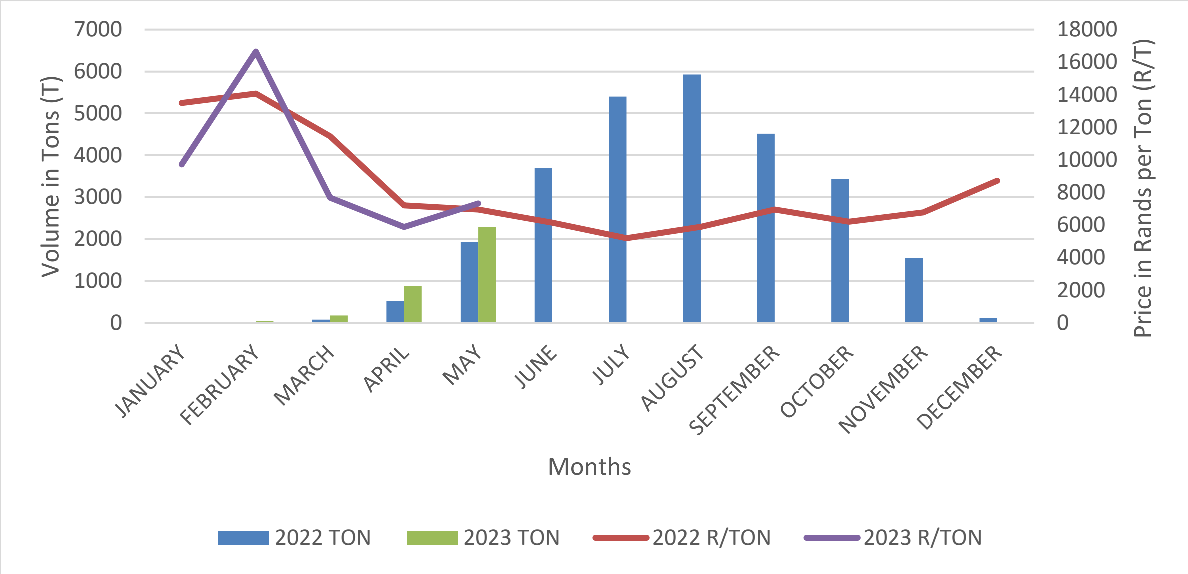


Figure 3: Sales of mandarins in the NFPMs during 2022 and 2023.
Source: DALRRD (2023)

2.5 Conclusion

Despite the ongoing challenges faced by the South African citrus industry, the trend analysis also shows that both the production and export of grapefruits and mandarins for the 2022/23 season are forecasted to grow. This is mainly attributed to favorable weather conditions as well as the high demand for South African grapefruits and mandarins. The strong demand for South Africa's citrus in international markets is underpinned by the reduced production of other major citrus-producing regions. The domestic sales of grapefruits and mandarins also show the same trend as the previous 2022 season. The volume of sales for both mandarins and grapefruits often increase towards the middle of the year due to abundance in supply as the citrus season nears its peak during this time. Whereas the exports of mandarins and grapefruits are expected to increase in the current season, the operational inefficiency of the ports as well as the energy crisis requires urgent solutions.

3. South Africa is expecting an improved macadamia nut crop in the 2023 season.

By Buhlebemvelo Dube and Phelelani Sibiya

3.1 Introduction

The global macadamia nut market size is forecast at $1,45 billion in 2023 and is expected to increase at a Compound Annual Growth Rate (CAGR) of 10,88%, reaching $2,43 billion in 2028 (Mordor Intelligence, 2023). The macadamia industry is forecast to sustain its growth due to the increasing global demand as consumers shift towards nutritious diets.

There is a high potential for the sector to play a role in job creation in the country in the upcoming years if this growth remains sustainable and inclusive. One of the driving forces is that macadamia nuts provide a healthy snack option since they are high in antioxidants, low in sugar, and rich in monosaturated fats. Moreover, they are used as ingredients in confectionaries (bakeries), ice creams, and cosmetics. They also demonstrated resilience in the industry by being minimally affected by covid19, leading the market with a share of 75% in 2020/21 (House of Macadamia, 2023). Macadamias South Africa (SAMAC, 2023) suggests that this influences some sugarcane farmers to transition towards macadamia production.

The South African total value of annual macadamia production increased from R32 million in 1996 to almost R5.1 billion in 2022 (SAMAC, 2023) and it competes at a global level with top producers like Australia. The industry has more than 10000 permanent jobs and 9000 seasonal workers, and it is forecast to add 36 000 more jobs (permanent and seasonal workers), thus contributing positively to the local economy and towards achieving the 1 million agriculture jobs outlined in the National Development Plan (NDP) (SAMAC, 2023).

3.2 South Africa's Production of Macadamia between 2018 and 2023

The conducive ecology and climatic conditions of South Africa contribute towards the Macadamia tree being one of the dominant tree nuts grown in the country. **Figure 1** below depicts South Africa's macadamia production between 2018 to 2023* and the 2023 forecast measured in tons of Dry Nuts in Shell (DNIS).

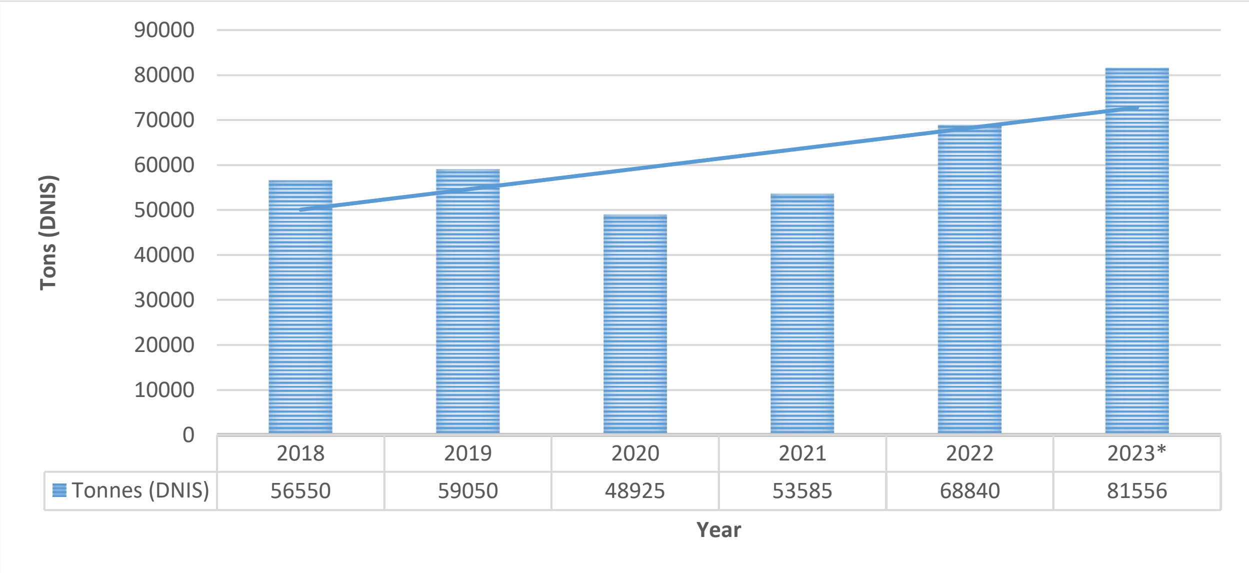


Figure 1: SA macadamia production (2018-2023)
Source: SAMAC (2023)

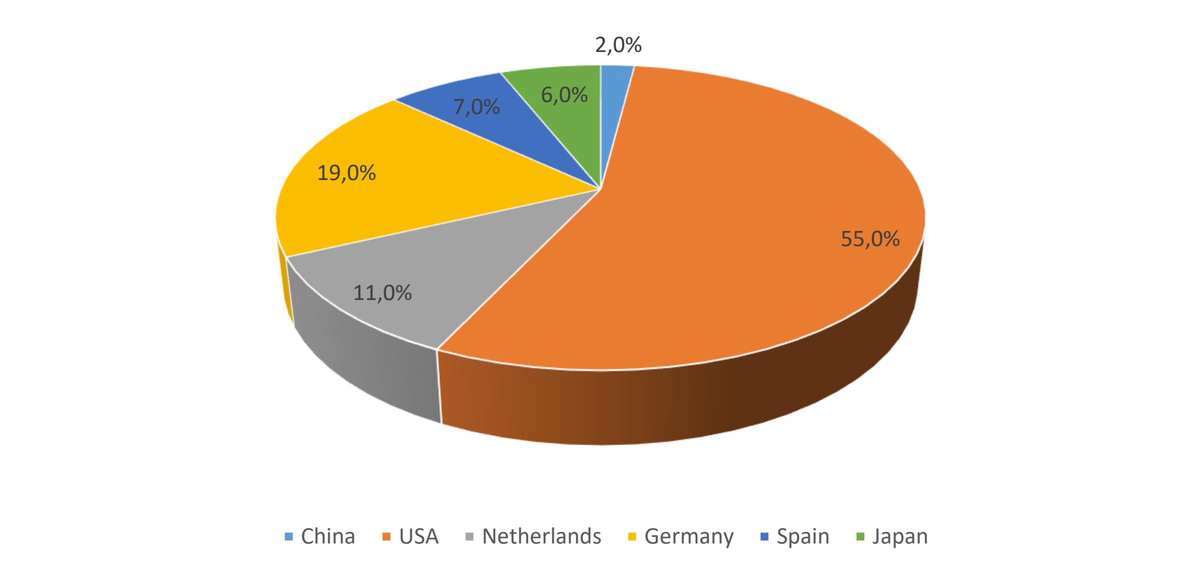
According to **Figure 1** above, South Africa's 2023 macadamia nut crop is forecasted at almost 81 556 tons, which is an 18.5% increase from the 2022 crop production which was 68 840 tons (SAMAC, 2023).

There are concerns that the global demand is at its peak with prices decreasing due to increasing supplies. However, the World Macadamia Organization (WMO, 2023) reports suggest that there is room for recovery and that there is a need to focus more on a sound long-term marketing strategy.

3.3 Exports of the South African macadamia industry

The South African macadamia industry is export-oriented with more than 98% annual production being shipped to the global market, most NIS (Nut-In-Shell) were exported to Asia, with a sharp demand from China. In 2022, the export value was approximately R4,6 billion. Figure 2 illustrates the main export destinations in percentage share of the South African macadamia exports. The top importers of South African macadamia are the USA (55%), Germany (19%), and the Netherlands (11%) (Trade Map, 2023).

Figure 2: Percentage shares in South Africa`s macadamia exports



Source: Trade Map (2023)

3.4 Conclusion

The macadamia industry is attracting local farmers to switch from other alternative crops as it is a profitable crop characterized by rates of return per hectare. The trend analysis shows that South African macadamia nut production has been increasing substantially over the period from 2018 to 2023 and South Africa is becoming one of the major producers globally. The substantial increase in domestic macadamia production necessitates an increase in alternative markets for South African macadamia nuts.

For the South African macadamia industry to sustain its growth and remain competitive it must deal with the challenges of climate change and adopt climate-resilient cultivars as well as other sustainable production practices.

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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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