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SOUTH AFRICAN FRUIT TRADE FLOW

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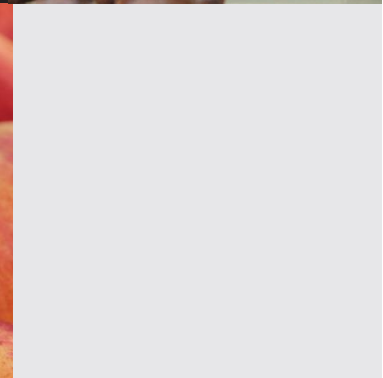


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Beautiful country, beautiful fruit

Compiled by Buhlebemvelo Dube, Thabile Nkunjana, Naledi Radebe, and Bhekani Zondo

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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 South African Fruit Trade Flow Report focuses on raisins and avocados. 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 report follows a trend analysis approach, comparing the 2021/2022 fruit season with the 2022/2023 season and the selection of these fruits is informed by the seasonality of fruits.

2. A decade-long analysis of South Africa's raisins export performance

By Thabile Nkunjana and Naledi Radebe

The raisin industry, like many other industries in South Africa, is well developed and doing well in the global market. South Africa has approximately 700 raisins producers (Raisins SA, 2023). The Orange River in Northern Cape Province is the core of raisins production in the country, accounting for at least 90% of the crop each year. The Western Cape accounts for the remaining 10% of production. The Northern Cape Province is the principal producer of raisins due to its ideal temperature for growing and sun-drying grapes, as well as the Orange River's year-round availability of irrigation water.

The industry has evolved to be a big global player, producing some of the best raisins in the world because of decades of investment. South Africa is the fifth-largest exporter of raisins in the world, with at least 88% of the entire harvest destined for significant overseas markets. Exports, on the other hand, have decreased in both quantity and value between 2020 and 2022 (Trade Map, 2023). Weather events may have affected raisins production in recent years, with the most recent being flooding in the Orange River area later in 2022. Despite some obstacles, raisins production remains strong in key producing areas, and temperatures have recently surpassed 40 degrees Celsius, which is ideal for drying the fruit.

Exports to the world

Figure 1 presents the trajectory in South African raisins exports from 2013 to 2023, as of September. South Africa's raisins exports increased by 140.8% between 2013 and 2022, from R751.1 million in 2013 to R1.8 billion in 2022 (see **Figure 1**). As previously stated, South Africa's raisins exports have decreased after reaching a high of R2.04 billion in 2020 (Trade Map, 2023). South Africa's raisins to the world were valued at R1.5 billion in the first nine (9) months of 2023 (Trade Map, 2023). This is R211.6 million less than the R1.8 billion shipped in 2022.

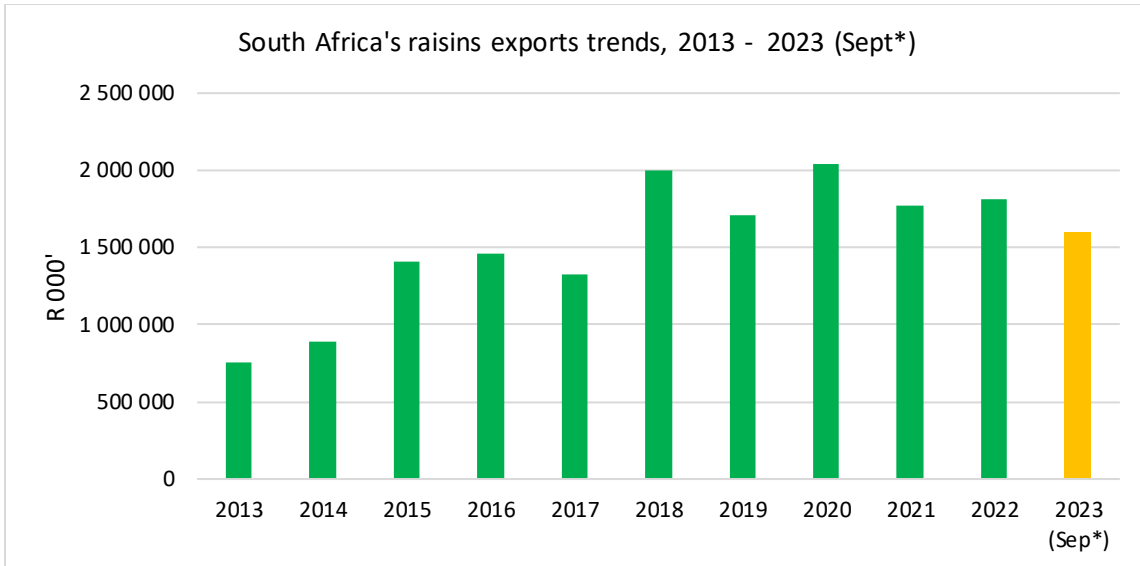


Figure 1: South Africa's raisins exports trend from 2013 to 2023, September
Source: Trade Map, 2023

Exports to the world by regions

Figure 2 presents the trend of South African raisins exports to the world by region from 2013 to 2023, September. Raisin exports to the European Union (27) market averaged 52% in percentage (%) between 2013 and 2022, followed by the Americas (20%), Africa (10%), the United Kingdom (UK) (7%), and Asia and the Middle East (4%) (Trade Map 2023). Exports to other parts of the world amounted for 6% of total revenue during this time period.

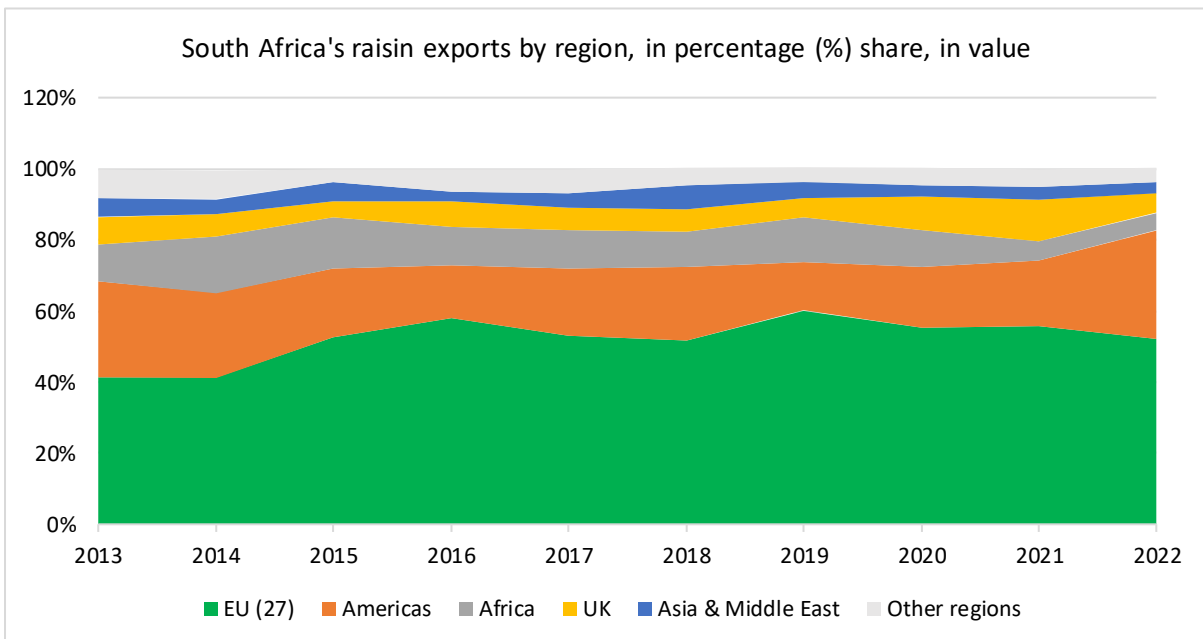


Figure 2: South Africa's raisins exports trend by region from 2013 to 2022
Source: Trade Map, 2023

European Union (27) (EU)

Between 2013 and 2022, South African raisins exports to the EU (27) averaged R809.1 million annually, while overall exports increased by 204.4% in value terms, from R310.6 million to R945.5 million for the same period (Trade Map, 2023). Germany had the largest market share in 2022 (53%), followed by the Netherlands (20%), France (8%), Denmark (6%), and Sweden (4%).

Americas

South Africa's second largest market by world's regions for raisins exports is the Americas, with exports increasing 170.4% from R202.8 million in 2013 to R548.4 million in 2022. With a market share of 68% in 2022, the United States of America (USA) is by far the largest market for South African raisins in the region, followed by Canada (27%), Brazil (3%), Chile, and Argentina, each with a market share of 1%. The Americas has one of the highest year-on-year growth rates in 2022, increasing from R330.5 million to R548.4 million.

Africa

From 2013 to 2020, South Africa's share in the African market for raisins increased dramatically, from R77.7 million to R210.5 million. Between 2020 and 2021, there was a massive 55.9% drop. Nonetheless, overall exports to Africa have increased by 13.6% from the previous period. Algeria, with a market share of 35% in 2022, is Africa's top market for raisins exported by South Africa, followed by Morocco (14%), Tunisia (13%), Botswana (10%), and Djibouti (8%).

Asia and Middle East

Asia and the Middle East are the world's fourth largest export markets, with exports increasing by 40.9% from R40.6 million in 2013 to R57.2 million in 2022. The United Arab Emirates (UAE) had a 34% market share in 2022, followed by Japan (20%), Malaysia (12%), the Philippines (8%), and Saudi Arabia (8%).

United Kingdom (UK)

In general, the United Kingdom is an important market for South African agricultural exports. South African raisins exports to the UK surged by 75.4% between 2013 and 2022, with annual exports averaging R110.0 million.

Conclusion

Over the last decade, South Africa's raisins exports have increased tremendously. This is mostly due to increased productivity, despite recent changes in weather patterns. While South Africa's overall raisins export to the world has decreased in recent years, this is not always owing to South Africa losing market share, but rather to a fall in quantity exported, which could be attributed to a decline in local production or increasing local consumption. As a result, as output increases, raisins will continue to contribute favourably to the country's Gross domestic product (GDP) while also

supporting jobs in the industry, primarily in the Northern Cape region and somewhat in the Western Cape province. Despite its minor size in comparison to other local industries, the raisins industry will continue to be important to South Africa's agricultural economy in the near future and generate substantial amounts in foreign earnings.

3. South Africa's avocado exports set for growth

By Buhlebemvelo Dube and Bhekani Zondo

The South African avocado industry is rapidly growing and there are numerous opportunities and challenges that growers must exploit to ensure sustainable growth. According to the South African Avocado Growers' Association (SAAGA, 2023), the local industry produces an estimated three years average of 139 400 tons and about 45% of local production is exported fresh. In addition, the remaining crop is consumed domestically and about 10% is processed into oil and purée. The industry reckons that despite the industry being export oriented, the local market has also shown substantial growth over the past years. Local industry growth is important for the avocado industry, especially for periods or seasons when the Southern Hemisphere competitors like Peru, Chile and Kenya are having larger crops.

The recently signed agreement for exportation of South African avocados to the Chinese market has been a huge milestone for local growers as it further diversifies the avocado exports from the traditional export market in the European Union (EU). The demand for avocado consumption, especially from China and the Middle East offers the conducive platform to further increase local production and such an increase will have positive benefits for local exporters and the economy at large. The local avocado production has been increasing in recent years, with new plantings of about 800 ha planted annually. To date, avocados in South Africa are grown on 18 000 ha of land (DALRRD, 2023). Also, the South African avocado industry employs almost 15 000 people in farms and packhouses, thus signifying the importance of the industry in the overall economy. The aim of this article is to provide a trend analysis of South Africa's avocado exports and domestic sales between 2022 and 2023.

Figure 3 below illustrates the avocado production areas by province in South Africa. Limpopo is currently largest avocado producing province in South Africa, accounting for a share of 54% of overall production followed by Mpumalanga (22%), KwaZulu-Natal (18%), Western Cape (5%), and Eastern Cape (1%).

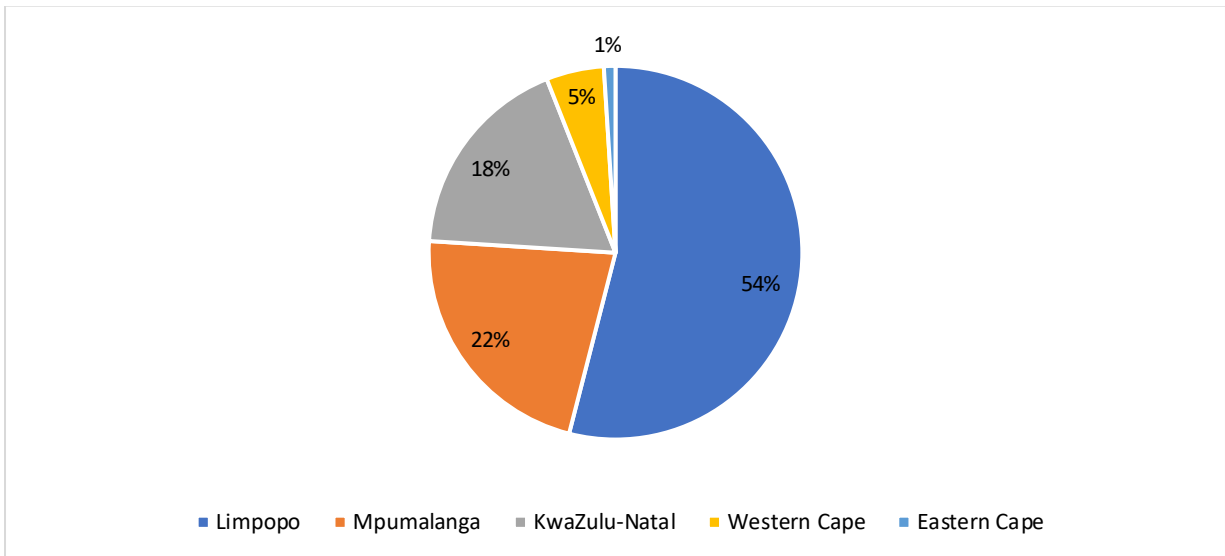


Figure 3: Avocado production areas by province in South Africa

Source: SAAGA (2023)

Export performance of South Africa’s avocados in the 2022 and 2023.

Figure 4 below shows South Africa’s monthly exports of avocados in 2022 and 2023. As of September 2023, South Africa’s avocado exports were valued at about R219 million, an increase of 3536% from the value of R6 million exported in January. The highest value of avocado exports in 2023 was recorded in April, worth a value of R739.3 million while in 2022, the highest value of avocado exports was recorded in May worth R430.5 million. The trend analysis shows that South Africa’s avocado exports peaks around March and May each year and then start to decline towards the end of the year and this may be attributed to the seasonality of the product. The data from the International Trade Centre Trade Map database shows that the Netherlands is currently the leading export destination for South Africa’s avocados with a share in value of 69%, followed by United Kingdom (UK) (16%), Germany (4%), Russia (3%), and Spain (3%).

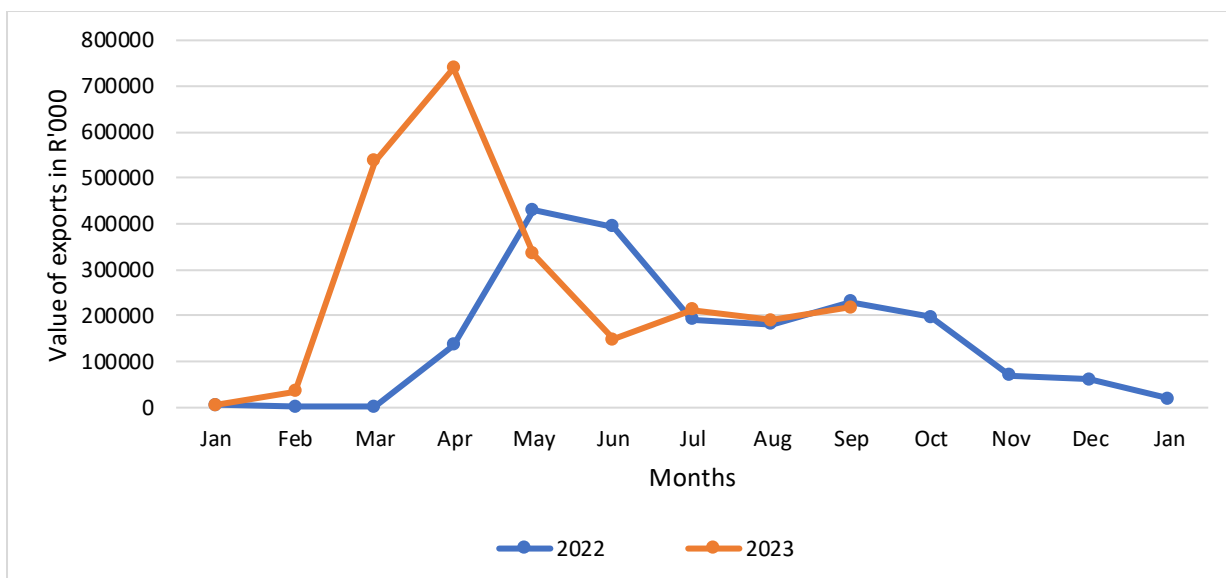


Figure 4: South Africa's monthly avocado exports in 2022 and 2023.

Source: Trade Map (2023)

Domestic performance of avocados in the South African National Fresh Produce Markets (NFPMs)

Figure 5 below illustrates the sales of avocados in the 20 South African NFPMs in 2022 and 2023. As of November 2023, a total of about 28 795,43 tons of avocados were sold in the NFPMs since the beginning of the year. The illustration in **Figure 5** shows that so far in 2023, the largest volumes of avocados sold in NFPMs were sold in March, estimated at about 3 618.60 tons at a price of R9 796,98 per ton. In 2022, the highest volumes of avocado sales were sold in September at a price of about R9 091,30 per ton. Since August 2022, sales of avocados have been declining which may indicate a decrease in local supply, and as a result, prices have started to increase. Highest prices of avocados are usually observed around January but they begin to decrease until March each year. In January 2022, the price of avocados at NFPMs was estimated at about R24 573,13 per ton compared to R21 845,35 per ton in 2023 during the same period. The higher prices at the start of each year correspond to the lower local supply during this time. However, when the local supply improves starting in March each year, prices begin to fall.

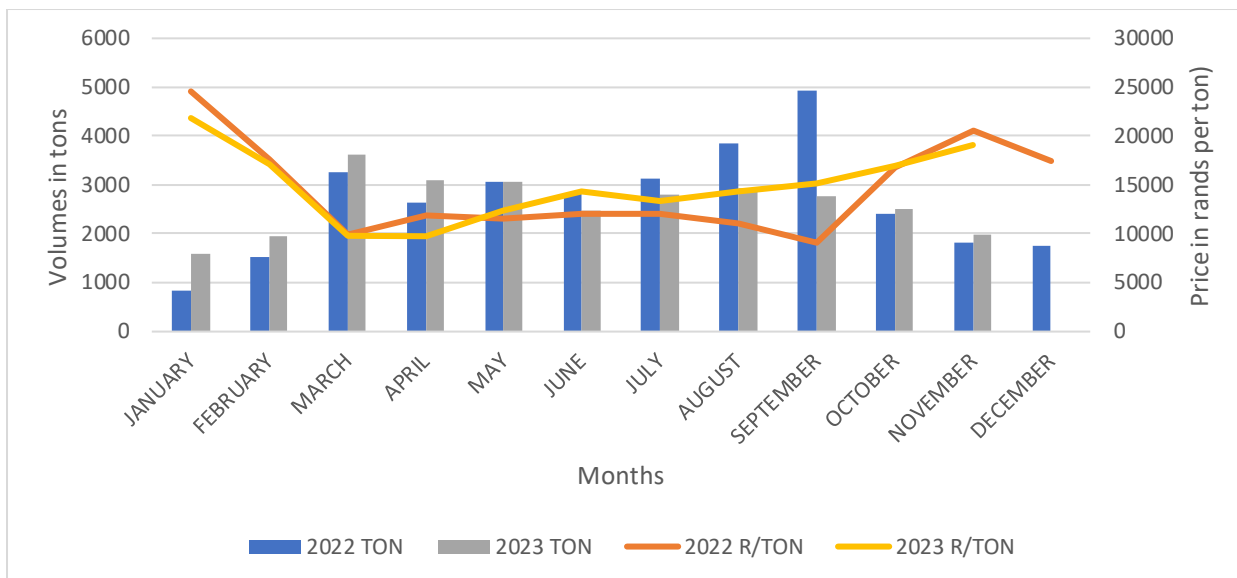


Figure 5: Sales of avocados in the NFPMs during 2022 and 2023.

Source: DALRRD (2023)

Conclusion

The South African avocado industry continues to grow both in terms of international sales and domestic sales in the NFPMs. The most dominant markets for South Africa's avocado exports remain mainly in Europe and UK. However, with the recently signed agreement for South Africa's avocado exports to China, the industry will be competitive to this significant market, and the agreement is likely to result to more avocado exports transitioning to the Asian region. Also, the African Continental Free Trade Area (AfCFTA) will potentially unlock untapped opportunities in most African countries. Challenges such as inefficient border systems, unreliable payment systems, poor cold chain systems and competition from dominant growers in Kenya or Morocco will require the South African avocado growers to be efficient in production, maintain trade agreements through forging useful memorandum of understandings on phytosanitary regulations. Locally, NFPMs sales have also shown substantial growth, with more volumes of sales observed early before May each year.

4. References

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5. 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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