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South Africa, Republic of

Fresh Deciduous Fruit

Annual

2001

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Report Highlights:

South Africa's deciduous fruit production for 2001 is expected to reach 1.23 million metric tons, up 2% from 2000. Late frost and flood damages are likely to produce lower apple and pear yields in some areas. Exports are expected to rise by about 3% for apples and pears, and 1% for table grapes. Low prices in world markets due to surpluses and stiff competition among suppliers will continue to affect South Africa's exports.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

South Africa's total deciduous fruit production for 2001 is expected to reach 1.23 million metric tons, up 2% from 2000. Late frost and flood damages in some areas are likely to produce a lower crop. The 2001 estimate for apples is at 710,000 MT, pears at 310,000 MT, and table grapes at 210,000 MT representing increases of about 0.1%, 4% and 1.1% respectively. Exports are also expected to increase by about 3% for apples and pears, and 1% for table grapes because of low prices in world markets due to surpluses and stiff competition among suppliers.

Trade

The 2001 marketing season is expected to carry over from last year's situation, which kept the South African deciduous fruit industry in a financial crisis because of low prices, surpluses in the world market and late frost in the Ceres Valley. Producer income dropped significantly during the year. Large seller margins for South Africa in Europe have virtually disappeared and exports are growing at a slower rate. South African fruit exports plummeted from 100 million boxes in 1977 to 55 million boxes in 2000. However, the domestic suppliers are benefiting, as buyers like supermarket chains are getting fruit at 30 or 40 percent less, while retaining their own margins.

Europe still remains SA's major export destination, but increasingly South Africa's 80 exporters face stiff competition from the European Union and worldwide exporters. South Africa's exports remain strong in the Middle East, with a 90% market share.

South Africa, Australia, United Kingdom, Uruguay, Argentina, Chile, France, New Zealand, the Netherlands, Germany and Belgium, Spain, Italy and Brazil, established a World Apple and Pear Association(WAPA) to address serious concerns in the industry such as the imbalances between demand and supply, variety adjustment, critical price situation, absence of new emerging markets, and the increased role of food safety and standardization in food trade. This association was formally launched on January 01,2001.

Policy

South Africa's National Department of Agriculture revised the grading standards and requirements for stonefruit, e.g. peaches and nectarines, and apricots, table grapes and pomefruit for the 2000/1 season to ban Class II fruit exports destined for EU and USA.

The Department of Agriculture has also produced the first draft regulations on organically produced products which appears to be based on the International Federation of Organic Agriculture Movements(IFOAM) and legislation established by the European Commission. The product coverage include bee-keeping, plant and animal origin, as well as processed products for human consumption. At this stage, the organic regulations only pertain to the local market.

Marketing

SA's 2000 poor sales performance was aggravated by bad weather conditions and price competition between the large number of export agents in the country. Producers maintain that deregulation of the South African fruit industry is the main cause of the crisis. SA's exporters(80 strong) are exposed to competition from the EU and other countries.

Monopoly premiums formerly enjoyed by deciduous fruit industries Unifruco and Outspan, now merged under the name Capespan, have been lost. Quality has declined for some exporters and standards have been under severe pressure. Cultivar development is no longer an industry activity. Many growers now tend to seek the industry price in each market weekly.

The deciduous fruit farmers blame deregulation for causing fragmentation within the markets that increased the number of registered agents from one to 130. This they claim has jeopardized quality and caused undue price competition which led to export losses of at least R1-billion this year. Despite the deregulation fallout, producers and exporters do not want to return to government controlled regulation.

South African deciduous fruit industry is also impacted by a worldwide decline in fruit exports resulting from oversupply. Prices of table grapes dropped from R30 a carton in 1999 to R18 in 2000. Production costs for 2000 have increased about R25 per carton as a result of increases in input costs. Farmers in the major deciduous producing areas (Ceres, Worcester and Caledon) are having problems repaying their production loans estimated at R18,8 million or 55.3% of the total production loans.

Production

Apples

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Apples					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	20999	21500	21500	22000		22500
Area Harvested	17359	17350	17350	17400		17430
Bearing Trees	12825	12873	12873	13000		13080
Non-Bearing Trees	5391	5346	5346	5370		5360
Total Trees	18216	18219	18219	18370	0	18440
Commercial Production	699000	675000	710000	709000		710000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	699000	675000	710000	709000	0	710000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	699000	675000	710000	709000	0	710000
Domestic Fresh Consump	206000	221113	220000	220000		231100
Exports, Fresh Only	309000	250817	289000	255000		250000
For Processing	184000	203070	201000	234000		228900
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	699000	675000	710000	709000	0	710000

Despite expanded planted area, and an increase in the number of bearing trees, MY 2000/2001 apple production is expected to remain virtually unchanged due to floods and late frost that affected the Ceres Valley last year. Exports are expected to increase slightly following low prices from a glut of fruit in the international markets in 2000.

**Trade
Exports Apples**

January-September 2000	METRIC TONS
US	7,508
United Kingdom	82,089
Netherlands	24,127
Belgium	17,022
Malaysia	7,919
Germany	5,892
Libyan	4,776
Zimbabwe	4,518
Benin	3,569
Mauritius	3,483
Total for Others	39,994
Grand Total	200,897

Production
Processed Apples
Juice

PSD Table	Juice					
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin						01/2001
Deliv. To Processors	184000	203070	201000	234000	0	228900
Beginning Stocks	5070	6070	5000	0	5000	0
Production	22450	24775	24510	28550		27500
Imports	5000	5674	5490	5450		5900
TOTAL SUPPLY	32520	36519	35000	34000	5000	33400
Exports	17770	28353	20050	25400		25500
Domestic Consumption	9750	8166	9950	8600		7900
Ending Stocks	5000	0	5000	0	5000	0
TOTAL DISTRIBUTION	32520	36519	35000	34000	5000	33400

Exports Apple juice

January-September 2000	Metric Tons
US	10,219
Canada	5,369
Japan	2,989
Spain	1,862
United Kingdom	304
Israel	183
Taiwan	181
Netherlands	178
Saudi Arabia	177
U A Emirates	47
Others not listed	188
Grand Total	21,697

Production

Table grapes

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Fresh Table Grapes					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	15200	15200	16000	16000		16800
Area Harvested	12550	12550	12600	12600		12650
Commercial Production	195000	227671	225000	208000		210000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	195000	227671	225000	208000	0	210000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	195000	227671	225000	208000	0	210000
Domestic Fresh Consump	45000	39378	45000	36000		37000
Exports, Fresh Only	145000	183716	175000	168000		170000
For Processing	5000	4577	5000	4000		3000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	195000	227671	225000	208000	0	210000

There has been a dramatic increase in grape production in South Africa since deregulation, partly due to more lower quality fruit being exported. 2001's grape production is estimated to increase by about 1%. Exports are projected to rise by only one percent because of excess production of certain cultivars which are not highly in demand in international markets. Grape farmers also incurred high production costs.

Table grape producers have been making an effort to improve the quality and image of their products through either regional brands, stricter enforcement of grading regulations, higher sugars, or other actions taken to ensure that South Africa's reputation for high quality fruit is maintained.

**Trade
Exports Table grapes**

January - September 2000

Metric Tons

US	11,327
Netherlands	58,114
Belgium	39,332
United Kingdom	27,473
France	7,144
Canada	5,261
Germany	4,764
Hongkong	2,952
Saudi Arabia	2,334
Spain	2,103
U A Emirates	1,487
Total not listed	2,709
Grand Total	165,000

Production

Pears

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Fresh Pears					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	12750	12750	13000	13000		13200
Area Harvested	9050	9050	9070	9080		9110
Bearing Trees	7217	7217	7250	7300		7520
Non-Bearing Trees	4121	4121	4378	4378		4450
Total Trees	11338	11338	11628	11678	0	11970
Commercial Production	290000	280948	275000	297000		310000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	290000	280948	275000	297000	0	310000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	290000	280948	275000	297000	0	310000
Domestic Fresh Consump	52500	58810	55000	62500		66210
Exports, Fresh Only	125000	113872	130000	115000		118500
For Processing	112500	108266	90000	119100		124790
Withdrawal From Market	0	0	0	400	0	500
TOTAL UTILIZATION	290000	280948	275000	297000	0	310000

South Africa's MY 2001 pear production is expected to increase by about 4 percent as a result of expanded acreage coming into bearing age. Exports are expected to improve by 3 percent compared to last year, partly as a result of low producer prices due to glut in the world market experienced in 2000. Like last season, increased pear production this season may be used for juice production due to low quality.

**Trade
Export Pears**

January-September 2000	Metric tons
US	4,309
Netherlands	26,458
United Kingdom	22,603
Belgium	14,860
France	7,655
Germany	2,378
Hongkong	2,301
Malaysia	2,151
Canada	2003
Singapore	1,230
Italy	1,163
Others not listed	
Grand Total	94,992