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## South Africa, Republic of

### Fruit and Wine Competitiveness

### Voluntary Report

### 2005

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**Report Highlights:**

According to a recently commissioned study, South Africa, although a small supplier of agricultural commodities, can still be seen as competitive within the global food market, especially in fresh fruit and wines. However, S. Africa's competitiveness is relatively low in other agricultural products like sugar, maize, poultry, red meat and pork. Some of the country's major fruit and wine competitors are identified as United States, Canada, Australia, Brazil, Argentina, and China. Total annual agricultural supply is expected to remain fairly stable because of limited productive resources. The full study by Promar is available at [www.namc.co.za](http://www.namc.co.za).

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Includes PSD Changes: No  
Includes Trade Matrix: No  
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Pretoria [SF1]  
[SF]

## COMPETITIVENESS

### South Africa's fruit and wine competitiveness

In an international competitiveness study conducted by Promar International on behalf of the National Agricultural Marketing Council, South Africa, although a small supplier of agricultural commodities, is seen as competitive within the global food market, especially in fresh fruit and wines. However, the competitiveness is relatively low in other agricultural products like sugar, maize, poultry, red meat and pork. Some of the country's major fruit and wine competitors are identified as United States, Canada, Australia, Brazil, Argentina, and China.

Total annual agricultural supply is expected to remain fairly stable because of limited productive resources, as compared to their international competitors.

According to Promar International, the scope of their study made it impossible to analyze some of the variables to include all input costs, which may effect the total picture of input competitiveness. In a crop-by-crop analysis, South Africa's input costs are currently viewed as average as compared to its competitors.

### Deciduous Fruit

In 2003, South Africa's apple yield remained fairly stable in the last four years, at a lowest level (24.1 Mt/Ha) compared to other major international producers, namely, France (30.8 Mt/ha), New Zealand (36.7 Mt/Ha), Chile (30.5 Mt/Ha), Brazil (26.6 Mt/Ha), and the U.S. (25.5 Mt/Ha).

South African pear yields remained stable in 2003 at 20 Mt/Ha, the same as 2002. It shared a third position with Chile (20 Mt/Ha), following New Zealand (43.8 Mt/Ha), the U.S. (32.8 Mt/Ha), and above France (15 Mt/Ha).

South Africa's pear yield dropped by 10% in 2003 compared to 1999, while decreases in other countries were highest in France (27%), Brazil (25%), Chile (19%), the U.S. (5%) a slight decrease in New Zealand (1%).

### Avocados

In 2003, South Africa ranked fifth in yield competitiveness at 6.6 Mt/Ha following Israel (10.1 Mt/Ha), Mexico (10.1 Mt/Ha), Peru (9.0 Mt/HA), and Spain (8.7 Mt/Ha).

South Africa's yield increased significantly in 2003 by 36% compared to 1999, while Israel and Mexico rose by 7%, Spain by 6% and Peru reduced by 6%.

### Grapes

South Africa's CY 2003 yield remained stable at 13.1 Mt/Ha. It ranked third from Brazil (15.4 Mt/Ha), the U.S. (15.2 Mt/Ha), Argentina (11.8 Mt/Ha), Mexico (11.6 Mt/Ha), and Chile (10.4 Mt/Ha).

The country's yield decreased by 3% in 2003 compared to CY 1999. Other countries also experienced declines in yield. Chile dropped by 7%, Argentina (by 5%), Mexico (by 3%), and the U.S. (by 1.3%).

## Wine grapes

In 2003, South Africa (0.7 million MT) remained a smaller producer of wine grapes compared to France (4.7 million MT), the US (2.3 million MT), and Australia (1.2 million MT). However, it is a higher producer than Chile (0.5 million MT) and New Zealand (0.05 million MT).

The country experienced a 2% decline in wine grape production in 2003 from 1999, while other Southern Hemisphere countries like Chile and Australia continued to increase by 17% and 47%, respectively.

## Citrus

In 2003, South Africa ranked third in yield competitiveness at 24 MT/Ha following the U.S. (second at 32.6 MT/Ha) and Israel (first-at 33.9 MT/Ha), and above Spain (fourth at 21.8 MT/Ha). Although the country's yield for oranges is considered average, it remained relatively stable over the last 5 years compared to its competitors.

South Africa's soft citrus (e.g. easy peeling tangerines) ranked second at 20 MT/Ha in 2003 following the U.S. (24.3 MT/Ha). Yield reduced over the last 5 years although not as much as Israel. The country is followed by Brazil (third at 19.4 MT/Ha), Spain (fourth at 18.1 MT/Ha) and Italy (fifth at 16.4 MT/Ha)

The country's yield of lemons and limes ranked third at 24.9 MT/Ha in 2003 following the U.S. (first at 35.8 MT/Ha) and Argentina (second at 28.6 MT/Ha). The study indicates that South Africa is in a mid-position compared to other world suppliers.

South Africa's grapefruit yields decreased in the last few years but not as much as Brazil and Israel.

## INPUT COSTS (For all agricultural products)

According to Promar International, the scope of their study made it impossible to analyze some of the variables to include all input costs. The intensity of use of various inputs depends on the characteristics of the land, the crops produced, and the relative costs of inputs including labor and capital. Below are some of the variables that were studied:

## Agricultural contribution to Employment

South Africa's agriculture is more labor intensive at an employment rate of 14% of the total population, compared to the U.K.(2%), the U.S.(2%), the Netherlands (3%), Canada (3%), France(3%), and Spain (7% ). However, it is a lower employer than Brazil (18% of the total population), Thailand (57% of the total population), and Kenya (75% of the total population).

## Degree of intensive farming

Intensive farming in South Africa is conducted on a smaller area (12% of the total land) compared to France (34%), Spain (28%), and the U.K. and the Netherlands both at 24%. Of interest to note is that all the EU countries operate under the CAP. South Africa is more farm-intensive than Australia and Canada both at 5%.

### Average Farm Size

South Africa's average farm size (8 Ha) is at the lower end of scale within the major international agri-food producers- Australia (358 Ha), the U.S. (175 Ha), and the U.K. (70 Ha), although it is higher than Japan (2 Ha) and Thailand (4 Ha).

### Pesticides

South Africa has a small annual pesticide market (US \$ 0.19 billion) compared to the U.S. (US \$7 billion), Japan (US \$2.8 billion), France (US \$1.9 billion), and Brazil (US \$2.2 billion).

The costs of active ingredients are lower in South Africa (US \$15/kg) compared to Japan (US \$44), the Netherlands (US \$33), Canada and France (US \$23 each), Australia (US \$18), Spain (US \$17), the U.S. (US \$16), but higher than Brazil (US \$13) and Thailand (US \$7).

Average agri-chemical usage is at US \$7/Ha, still lower than Japan (US \$83/Ha), Spain (US \$30/Ha), the Netherlands (US \$23/Ha), the U.S. (US \$19/Ha), the U.K. (US \$12/Ha), Canada (US \$11/Ha). It is on the same level with Brazil and higher than Australia (under US \$7) and Thailand (US \$6/Ha).

In a crop-by-crop analysis, South Africa's input costs are considered average. Generally, input costs are considered much higher in Japan, the EU countries, the U.S., and Canada, but are slightly lower in Brazil, Australia and Thailand.

### Seeds

South Africa's annual seed market is the smallest at US \$0.15 billion as compared to the U.S. (US \$5.6 billion), France (US \$1.4 billion), Japan (US \$1.1 billion), Brazil (US \$1.1 billion), and Thailand (US \$0.36 billion).

S. Africa's average seed costs are low at US \$0.4/kg, compared to Netherlands and Spain (US \$7/kg), but higher than Brazil (US \$0.2/kg) and Australia (US \$0.3/kg).

### Fertilizers

South Africa's annual fertilizer market (US \$0.56 billion) is relatively small as compared to the U.S. (US \$8.5 billion), Brazil (US \$2.2 billion), Japan (US \$1.4 billion), and France (US \$2.7 billion).

Fertilizer usage is average at US \$ 36/Ha, which is higher than Australia (US \$15/Ha), Kenya (US \$22/Ha), Canada and Thailand (US \$27/Ha), but lower than Spain (US \$50 /Ha), Netherlands (US \$300/Ha), and Japan (above US \$300/Ha).

### Machinery

The country's use of essential machinery, like tractors and harvesters, averaged at 0.04/farm, is lower than the EU and North American markets (averaged between 3 – 7).

## Irrigation

Only 10% of South Africa's arable land is irrigated, which is much lower than Netherlands (62%), Spain (28%), and Thailand (31%), although it is closer to the U.S. (13%) and France (14%).

South Africa's agricultural trade is competitive to its international competitors on some commodities. However, it cannot be seen as a major competitor because of limitation of productive resources, with some noted above.

For more information on South African commodity competitiveness in the global market, go to [www.namc.co.za](http://www.namc.co.za) for the full Promar study.

INDICATORS OF S. AFRICA'S AGRI-PRODUCTS COMPETITIVENESS								
	Deciduous			Subtropical	Citrus			Wine
	Apples	Pears	T/grapes	Avocados	Oranges	Soft citrus	Lemons	Winegrapes Total prod.
	MT/HA	MT/HA	MT/HA	MT/HA	MT/HA	MT/HA	MT/HA	Mil MT
<b>South Africa</b>	<b>24.1</b>	<b>20</b>	<b>13.1</b>	<b>6.6</b>	<b>24.1</b>	<b>20</b>	<b>24.9</b>	<b>0.7</b>
New Zealand	36.7	43.8						0.05
Chile	30.5	20	10.4					0.5
Brazil	26.6		15.4		20.6	19.4		
U.S.	25.5	32.8	15.2		32.6	24.3	35.8	2.3
Australia								1.2
Argentina			11.8				28.6	
Spain				8.7	21.8	18.1		
Mexico			11.6	10.1				
Israel				10.1	33.9			
France		15						4.7
Peru				9				
Italy					18.4	16.4		

**Source: National Agricultural Marketing Council**

**NB:** The blank spaces on the tables may be an indication that a particular country is not South Africa's competitor for that commodity in export markets.

South Africa's relative input costs and uses												
FARMING SECTOR				INPUT COSTS								
		Land Use		Pesticides			Seeds		Fertilisers		Irrigation	
	Employs	Intensive Farming	Ave farm size	market	Active ingredient	Agri-chemical	market	Ave. costs	market	Uses	Uses	
	% population	% land use	HA	US \$billion	US \$/Kg	US \$/Ha	US \$billion	US \$/Kg	US \$billion	US \$/Ha	% arable land	
South Africa	14	12	8	0.19	15	7	0.15	0.4	0.56	36	10	
Brazil	18			2.2	13	7	1.1	0.2	2.2			
U.S.	2		175	7	16	19	5.6		8.5		13	
Canada	3	5			23	11				27		
Australia		5	358		18			0.3		15		
Spain	7	28			17	30		7		50	28	
France	3	34		1.9	23		1.4		2.7		14	
UK	2	24	70			12						
Netherlands	3	24			33	23		7		300	62	
Thailand	57		4		7	6	0.36			27	31	
Kenya	75									22		
Japan			2	2.8	44	83	1.1		1.4	15		

**Source: National Agricultural Marketing Council**

**NB:** The blank spaces on the tables may be an indication that a particular country is not South Africa's competitor for that commodity in export markets.