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South Africa, Republic of

Tree Nuts

Annual

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Report Highlights:

South Africa's 2004 macadamia nut production is expected to increase to about 16,000 MT wet-in-shell because of expanded area harvested and the alternating fruit-bearing cycle of the plant. However, the rate of increase may be affected by extended drought in the macadamia nut producing areas. Rainfall that started late after tree blooming is expected to have little to no effect on production. Exports are expected at about 15,000 MT wet-in-shell.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Table of Contents

Executive Summary	3
Production	4
Production Subcategory.....	5
Consumption	5
Consumption Subcategory	5
Trade	5
Trade Subcategory	6
Stocks	6
Stocks Subcategory	6
Policy	7
Policy Subcategory.....	7
Marketing	7
Marketing Subcategory.....	7

Executive Summary

South Africa's 2004 macadamia nut production is expected to increase to about 16,000 MT wet-in-shell (WIS) because of expanded area harvested and the alternating fruit-bearing cycle of the plant. However, the rate of increase may be affected by extended drought around the macadamia nut producing areas. Rainfall that started after the blooming phase of the trees is expected to have little or no effect on production.

Exports are expected at about 15,000 MT wet-in-shell. North America is South Africa's largest export market for macadamia nuts. In 2003, exports were expected to increase by 16% over the 5,800 MT WIS of 2002. Increases in exports are also expected to Asia (Japan and Hong Kong) and to other markets, which include the Middle East and Scandinavian countries.

South African macadamia industry's vision is to adhere to food safety standards and practices required by their exporting countries.

Production

South Africa's new plantings for macadamia nuts is expected to continue to grow at an annual rate of about 15-20% in the coming years. The growth is expected to reach about 30,000 MT wet-in-shell (8,800 MT kernels) by 2010.

2004 is therefore expected to be an 'on-year' production period, with a large increase in production to about 16,000 MT wet-in-shell.

Though 2003, because of the alternating nature of the plant, was expected to be an 'off-year' period for macadamia nuts production, the season unexpectedly ended on a high note with a rise in production of about 22%. The growth in production is however contributable to the total increase in the area harvested than the weather, as an 'off-year' is characterized by unfavorable climatic conditions for tree nut growth. As indicated by the tree statistics table below, expected increase in the bearing trees (6-10 yrs old) jumped by 46% in 2004 from the last season.

In 2002, South Africa's macadamia nut production reached a total of about 11,500 MT wet-in-shell. Exports amounted to 98% of the total production. 48% of exports were destined to North America, 27% to Europe, 11% to South East Asia/Hong Kong, and 10% to Japan.

The table below indicates the South Africa's expected macadamia tree statistics in 2004 ('000)

AGE IN 2004	Limpopo	Mpumalanga	Kwazulu Natal	Other*	Total
1 – 5	318	850	172	60	1400
6 – 10	300	473	161	0	934
11 +	458	263	18	0	739
TOTAL	1076	1586	351	60	3073

Source: SAMAC

* = Cape Province (George & Knysna) and North West Province (Magaliesburg & Rustenburg)

Macadamia production for a period of 5 years is shown in the table below:

MT	1999	2000	2001	2002	2003
Wet-in-Shell	7,353	10,889	10,789	11,500	14,000
Dry-in-Shell	6,505	9,742	9,671	10,439	12,500
Sound Kernel	1,511	2,461	2,530	2,878	3,400
Unsound Kernel	405	574	456	374	450
TOTAL KERNEL	1,916	3,035	2,986	3,252	3,850

Source: SAMAC

PRODUCTION PER PROVINCE TABLE

	2001		2002		2003	
MT	Mpumalanga	Limpopo	Mpumalanga	Limpopo	Mpumalanga	Limpopo
Wet-in-Shell	4,210	6,536	4,897	6,566	6,240	7,774
Dry-in-Shell	3,668	5,963	4,342	6,094	5,467	7,046
Sound Kernel	961	1,562	1,177	1,702	1,514	1,887
Unsound Kernel	236	218	230	144	248	206
TOTAL KERNEL	1,197	1,780	1,407	1,846	1,762	2,093

Source: SAMAC

Production Subcategory

South Africa, Republic of Macadamia, Inshell Basis							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Area Planted	6750	6750	7100	6900		7000	(HA)
Area Harvested	3000	3000	3100	3100	0	3150	(HA)
Bearing Trees	1000	1000	1080	1080	0	1100	(1000 TREES)
Non-Bearing Trees	1700	1600	1760	1720	0	1800	(1000 TREES)
Total Trees	2700	2600	2840	2800	0	2900	(1000 TREES)
Beginning Stocks	300	1500	400	550	400	450	(MT)
Production	11000	11500	12000	14000	0	16000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SUPPLY	11300	13000	12400	14550	400	16450	(MT)
Exports	10400	11900	11400	13500	0	15300	(MT)
Domestic Consumption	500	550	600	600	0	670	(MT)
Ending Stocks	400	550	400	450	0	480	(MT)
TOTAL DISTRIBUTION	11300	13000	12400	14550	0	16450	(MT)

Consumption

South Africa's MY 2004 domestic consumption for macadamia nut is expected to increase by about more than 12% because of a rising total production and improving local demand. Macadamia nuts are mainly sold directly to retailers, confectioneries and bakeries.

Consumption Subcategory

None

Trade

South Africa exports about 90% of total macadamia nut production annually in kernel form. The 2004 export figures are expected to increase about 13% from last year.

North America is South Africa's largest export market for Macadamia nuts. In 2003, exports to this market alone increased by around 16% from 5,868 MT WIS in 2002. Spain, Italy and Greece are also major export markets for South Africa. A steady rise is also realized in Asian markets. Exports to Japan improved from 0 MT in 2000 to about 1,144 MT WIS in 2002.

The Table for South Africa's total macadamia nut exports in 5 years (MT WIS):

Countries	1998	1999	2000	2001	2002
USA	3,044	2,944	6,144	5,772	5,868
Europe	1,488	1,840	2,767	2,792	3,336
Asia	556	760	1,096	1,304	2,404
Others	68	48	208	192	292
Total	5,156	5,592	10,215	10,060	11,900

Source: SAMAC

Trade Subcategory

Export Trade Matrix

Country South Africa, Republic of
Commodity Macadamia, Inshell Basis

Time Period	Jan-Dec	Units:	MT
Exports for:	2002		2003
U.S.	5,868	U.S.	6,818
Others		Others	
Europe	3,336	Europe	3,075
Asia	2,404	Asia	2,273
Others	292	Others	1,337
Total for Others	6032		6685
Others not Listed	0		0
Grand Total	11900		13503

* Estimates

Stocks

South Africa's annual macadamia nut stocks are estimated between 400 MT-600 MT. The 2004 stocks are expected to rise by 7% mainly because of improvement in total production. A massive increase in stocks is not likely in the coming years because of a high demand of the nuts in the export markets.

Stocks Subcategory

None

Policy

The Macadamia industry is an organization free from government intervention and is funded by its members through voluntary levies. Macadamia nuts do not fall among the group of products that are controlled under the Agricultural Products Standards Act, which regulates standards for product sales (local and export). However, the industry is negotiating with the government to be included under the Act, to tighten farmers' standards for chemical usage.

Policy Subcategory

None

Marketing

Macadamia growers deliver their produce after on-farm de-husking, as wet-in-shell (WIS) at moisture contents varying from 7 – 20%, to any of the five major processing facilities. One of the processing plants is used as a toll cracking facility where producers deliver WIS to the factory, where they are cracked before shipment.

South Africa has a total of about 9 processors, accredited with HACCP, and ISO 9000:2000. Four processing plants are in Limpopo province, and have a carrying capacity of about 8,800 MT WIS/year.

Marketing Subcategory

None