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South Africa, Republic of

Avocado

Avocado Annual Report

1999

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Report Highlights:

After a record 1998 crop resulted in record exports, the alternative bearing cycle of the avocado trees led to a 35% drop in the 1999 crop. The reduced exports bolstered export prices but details of the 1999 export results are not yet available. After the trees recuperated during 1999, prospects for the 2000 crop are favorable and a new record crop is forecast.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Pretoria [SF1], SF

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Executive Summary

South Africa's avocado industry is in a strong growth phase. The 1998 crop reached an unprecedented 100,000 tons of which more than 52,000 tons were exported. Export earnings reached R144 million (\$26 million) compared to the R58 million (\$ 12.6 million) for the 22,704 tons exported in 1997. Alternative bearing and inclement weather saw the 1999 crop drop by 35% compared to the previous years record and exports probably dropped to about 33,000 tons. Prospects are favorable for another record 2000 crop as well as another export record. The demand in Europe over the early March to June season is close to saturation and some fruit will have to be diverted to new, alternative markets.

U.S. Dollar 1 = Rand 6.1 (11/26/99)

| | | | | | | |
|------------------------|------------------------------|---------|-----|---------|-----|---------|
| PSD Table | | | | | | |
| Country: | South Africa, Republic of | | | | | |
| Commodity: | Fresh Avocados | | | | | |
| | | 1998 | | 1999 | | 2000 |
| | Old | New | Old | New | Old | New |
| Market Year Begin | | 01/1998 | | 01/1999 | | 01/2000 |
| Area Planted | 0 | 12705 | 0 | 13465 | 0 | 14275 |
| Area Harvested | 0 | 10790 | 0 | 11450 | 0 | 12380 |
| Bearing Trees | 0 | 1890 | 0 | 2000 | 0 | 2125 |
| Non-Bearing Trees | 0 | 335 | 0 | 350 | 0 | 325 |
| TOTAL No. Of Trees | 0 | 2225 | 0 | 2350 | 0 | 2450 |
| Production | 0 | 100 | 0 | 65 | 0 | 104 |
| Imports | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL SUPPLY | 0 | 100 | 0 | 65 | 0 | 104 |
| Exports | 0 | 52 | 0 | 33 | 0 | 54 |
| Fresh Dom. Consumption | 0 | 38 | 0 | 24 | 0 | 38 |
| Processing Consumption | 0 | 10 | 0 | 8 | 0 | 12 |
| TOTAL DISTRIBUTION | 0 | 100 | 0 | 65 | 0 | 104 |

Production

The South African avocado industry has grown by 18.7% since 1995. Total area planted to avocados and the percentage increase by time period are shown in the following table:

| Year | Hectares | % Increase | Time span (years) | Average % increase per year |
|------|----------|------------|-------------------|-----------------------------|
| 1973 | 3265 | - | - | - |
| 1981 | 6645 | 104 | 8 | 13 |
| 1987 | 7470 | 12 | 6 | 2 |
| 1991 | 8946 | 20 | 4 | 5 |
| 1995 | 10706 | 20 | 4 | 5 |
| 1998 | 12705 | 19 | 3 | 6 |

The continued growth in the area planted and consequent tree numbers implies that more trees are coming into bearing (>3 years) and full bearing (>6 years), each season. This in turn leads to the strong growth in production and exports shown over the past few years.

Conditions for the 1998 crop were vary favorable and the crop apparently reached 100,000 tons for the first time ever. Alternative bearing manifested itself again in 1999 when production dropped about 35% but climatic conditions also played a role in the decrease. Indications are that the 1999 crop is heading for a new record as the trees enjoyed a rest in 1999 and weather conditions have been favorable to date.

The main area of growth is in the Mpumalanga "Lowveld" where plantings in the Kiepersol, Nelspruit and Baberton areas have increased by 50.7% since 1995. This area has increased from 29% of all plantings in 1995 to 33% of total plantings in 1998. Overall plantings have increased at an average rate of 387 hectares per year over the past 25 years. About 40% of the area planted is planted to the smooth skinned Fuerte variety that stays green colored when ripe. The Fuerte season runs from late February in the Northern Province to early August in Kwazulu Natal. The Hass variety constitutes another 40 % of the area planted. The thick, green, pebbly skin changes color to purple/black when ripe. The season runs from mid May in the Northern Province to October from Kwazulu Natal. The other 20% of the area planted to other varieties does not alter the May, June and July peak production season that much, while the main market, the EU is well supplied early in the season from March to June.

Consumption

Fresh domestic consumption is estimated at about 30% of production while the processors can take about 10,000 tons, or another 10%. The big 1998 crop forced more fruit on the domestic market when export returns suffered from the oversupply in the markets. With the smaller 1999 supply to the domestic market, domestic prices increased as shown in the following table:

Average domestic selling prices for Avocados on the 16 most important fresh produce markets:

| Prices in (currency) | S.A. Rand | per (uom) | Metric ton | | |
|----------------------|-----------|-----------|------------|--|--|
| | | | | | |
| Year | 1998 | 1999 | % Change | | |
| Jan | 5854 | 3964 | -32.3% | | |
| Feb | 3893 | 4297 | 10.4% | | |
| Mar | 2399 | 2697 | 12.4% | | |
| Apr | 1664 | 2203 | 32.4% | | |
| May | 1653 | 2170 | 31.3% | | |
| Jun | 1726 | 2393 | 38.6% | | |
| Jul | 1799 | | -100.0% | | |
| Aug | 1728 | | -100.0% | | |
| Sep | 1664 | | -100.0% | | |
| Oct | 1996 | | -100.0% | | |
| Nov | 2098 | | -100.0% | | |
| Dec | 2722 | | -100.0% | | |

Trade

Fresh avocado exports over the past ten years were: Metric tons

| | |
|------|---------|
| 1989 | 35,046 |
| 1990 | 30,485 |
| 1991 | 31,595 |
| 1992 | 26,587 |
| 1993 | 22,431 |
| 1994 | 26,226 |
| 1995 | 28,400 |
| 1996 | 27,417 |
| 1997 | 22,704 |
| 1998 | 52,121. |

These figures, supplied by Customs and Excise, do not reflect the growth rate due to droughts in the main growing areas during the early nineties. Irrigation water supplies have now improved after some favorable rainfall seasons and the production expansion should continue unabated. Indications are that some EU markets are close to saturation during the peak season and alternative export markets will have to be found. The following trade matrix gives an indication of export destinations:

| Export Trade Matrix | | | |
|---------------------|---------|----------------|-------------|
| Country: | | Units: | Metric tons |
| Commodity: | | | |
| Time period: | Jan-Dec | | |
| Exports for | 1997 | | 1998 |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Belgium | 12801 | Belgium | 27708 |
| United Kingdom | 6663 | United Kingdom | 12924 |
| France | 743 | France | 6874 |
| Netherlands | 165 | Netherlands | 2217 |
| Spain | 421 | Spain | 816 |
| Switzerland | 1535 | Switzerland | 538 |
| | | Germany | 482 |
| | | U.A. Emirates | 218 |
| | | Canada | 141 |
| | | Hong Kong | 80 |
| Total for Others | 22328 | | 51998 |
| Others not listed | 376 | | 123 |
| Grand Total | 22704 | | 52121 |

Belgium is listed as the main market but this is only due to the use of the port of Antwerp to channel the fruit to Europe. France and the U.K. are probably the main markets.

Marketing

Various institutions export avocados but the South African Avocado Grower's Association plays a major role in trying to coordinate activities. Exporters pay a voluntary levy of R1 per 4 kg. carton to finance market promotion and other activities, again mainly in the U.K. and France. Research is also financed mainly covering post harvest handling and transport. Controlled atmosphere transport from the farm to the market is available.

On the local market a 1% promotion levy is assessed on domestic sales, with the emphasis again on quality control.