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South Africa, Republic of

Fresh Deciduous Fruit

Deciduous Fruit Annual Report

1999

Prepared by:

Besa Kotati

U.S. Embassy, Pretoria

Drafted by:

Harry Germishuis

Report Highlights:

Although the crops harvested during 1998 did not vary much from the 1997 crops, exports increased substantially. The increased exports are due to the deregulation of the marketing system, bringing about the phasing out of all marketing boards and export subsidies.

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

The 1997/98 fresh deciduous fruit crop, (that is the crop marketed in 1998) remained almost on the same level as in 1996/97, despite the El Nino phenomena which had no significant impact on the crop . However, there has been a dramatic increase in exports, which are attributed mainly to the emerging independent fruit exporters.

Much of South Africa's fruits are exported to the EU, about 70% of all deciduous fruit exports. The economic turmoil experienced by the Asian and Russian economies frustrated South Africa's market development efforts in those markets. Efforts are however being made to develop alternative markets. In an effort to improve its market penetration in the EU, South Africa is currently engaged in free trade negotiations with the EU. These negotiations have ran into difficulties as the EU, for instance, wants South Africa to refrain from using the names port and sherry for some fortified wines.

Since the discontinuation of the South African government's export subsidies, fruit exports face unfair competition from subsidizing countries, and also has to cope with high duties in some of the markets. On the other hand South Africa's depreciating currency often offset the effects of higher duties.

Prospects for the 1998/99 crop look promising and will be another season of steady growth.

US Dollar 1 = Rand 6.00, 01/04/99

PS&D : Apples

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Apples					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	21116	21116	21116	24999	0	21500
Area Harvested	17285	17285	17350	17359	0	17350
Bearing Trees	12550	12720	12720	12825	0	12873
Non-Bearing Trees	5225	5300	5300	5391	0	5346
Total Trees	17775	18020	18020	18216	0	18219
Commercial Production	639026	660000	660000	658950	0	660000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	639026	660000	660000	658950	0	660000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	639026	660000	660000	658950	0	660000
Domestic Fresh Consump	252440	244062	260000	206330	0	205000
Exports, Fresh Only	170416	199768	180000	224500	0	225000
For Processing	216170	216170	220000	228120	0	230000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	639026	660000	660000	658950	0	660000

Production

The following table indicates the area under Deciduous Fruits per Province:

Hectares:

Area	T/Grapes	Apples	Pears	Stone fruit	Total
W/Cape	9,548	16,906	11,399	18,047	55,901
E/Cape	30	4,514	1,333	1,310	7,187
N/Cape	5,072	21	0	76	5,170
Free State	10	58	4	147	219
Others	476	-	6	486	968
Total	15,137	21,499	12,742	20,069	69,447

The table indicates that during 1998 deciduous fruits in South Africa were produced on 69,447 ha, with Apples occupying about 31%, Stone Fruits 29%, Table Grapes 22% and Pears 18%. The Western Cape is the main deciduous fruit producing area in South Africa, but, in terms of Table Grapes the Northern Cape accounts for

34% of the production area.

Compared to 1996/97, the 1997/98 production of apples stayed at almost the same level. However, exports increased by about 12.4%. Meanwhile, products for the domestic market declined by about 15.5%. This decline is due to the increase in exports, resulting from the emergence of independent fruit exporters, who exported fruits that were regarded as unexportable through the previous marketing dispensation

The following table shows the latest estimate of South Africa's 1997/98 apple situation.

Variety	Exports	Local Sales	Processing	Total
G.Smith	98,680	60,720	105,600	265,000
G. Delicious	66,481	59,764	60,162	186,407
S.King	9,216	32,925	18,820	60,961
Top red	6,793	26,451	13,519	46,763
Royal Gala	7,719	6,415	6,359	20,493
Others	35,610	20,056	17,138	72,804
Total	224,499	206,331	228,117	658,947

Granny Smith and Golden Delicious dominate the fresh apple market. Compared to 1996/97, the 1997/98 production declined slightly. This decline is attributed to the production of smaller fruits that were sent to processing and a variety of diseases, including skin rust and sunburn.

Trade

South African Deciduous Fruit production is export oriented, with exports accounting for 60 - 70% of total production. The following table gives an indication of South Africa's exports of deciduous fruits.

	1997	1998 Estimate	% Change
Apples	199,768	224,500	+ 12.4%
Apricots	2,581	3,270	+26.7%
Grapes	124,223	139,900	+12.6%
Nectarines	2,666	2,570	-3.6%
Peaches	3,674	1,773	-5.8%
Pears	111,247	121,353	+9.0%
Plums	27,393	28,671	+4.7%
Total:	471,552	522,037	+10.7%

Although it is still early to judge the effects of deregulation, in 1998, South African exports grew by about 11%, with the largest increase for table grapes, followed by apples. The tremendous increase in exports is attributed to the emergence of independent exporters who exported fruit that under the previous market dispensation were regarded as not exportable. The independent exporters also helped in identifying and developing new markets rather than sticking to the traditional export markets.

On the other hand, besides increasing the exports from South Africa, deregulation also added more strain on shipping companies, most of whom were not adequately prepared for the new demand created, as well as the lack of coordination between exporters.

To deviate from the stagnating EU market, South African exporters are currently exploring other market. Because of the Asian economic crisis, however, limited quantities were exported to the Far East. Other promising markets like Russia and Eastern Europe were also recently hit by economic turmoil. To enhance the competitiveness of South African products, the exporters are upgrading their logistical and quality management systems both inside and outside the country. This includes the upgrading of port facilities in major destinations like the U.K., Germany, Belgium, the Middle East (Saudi Arabia) and African countries.

Since the phasing-out of Government assistance on exports, South African products still continue to show a positive performance in the export market. Although coping, the exporters are at a disadvantage as they have to compete with subsidized fruits. South Africa's depreciating currency is partially offsetting the effects of removal of the assistance.

According to the South African Department of Customs and Excise 199,768 tons of Apples were exported during 1997, this differs from information obtained from the Deciduous Fruit Producer Trust which showed that about 214,000 tons were exported. At this stage we have to use the official data of the Dept. Of Customs and Excise.

Export Trade Matrix			
Country:	South Africa, Republic of	Units:	Metric tons
Commodity:	Apples		
Time period:	Jan-Dec		
Exports for	1996		1997
U.S.	14361	U.S.	15140
Others		Others	
United Kingdom	96046	United Kingdom	78813
Belgium	34490	Belgium	33704
Germany	17134	Germany	10732
Russian Fed.	7419	Zimbabwe	7997
Saudia Arabia	6067	Mauritius	5627
Zimbabwe	6233	Russian Fed.	4911
		Canada	2999
		Italy	2027
		Hong Kong	1437
Total for Others	167389		148247
Others not listed	27000		36381
Grand Total	208750		199768

Policy

The enactment of the New Agricultural Products Marketing Act set in motion the deregulation of the entire South African Agricultural Marketing system. Regarding, Deciduous fruits on the domestic market, it completed the deregulation process that started in 1989. According to industry sources, the deregulated marketing environment, has given producers greater choice, and most are starting to explore the different marketing opportunities afforded to them. As such a variety of different institutions are currently involved in the marketing (both on the domestic and overseas market) of deciduous fruits produced in South Africa.

Moreover, as a result of deregulation, companies like Unifruco (deciduous fruit) and Outspan International (citrus) have joined forces (Capespan) to increase the economies of scale and plant utilization in the markets. One of the world's largest fruit distributors, Del Monte Fresh Produce, is building a \$10 million state of the art packing facility in the Western Cape, between Wellington and Tulbach, to handle mainly deciduous and citrus fruit from the area.

Other companies which were specializing in the domestic market are currently venturing on the export market and vice versa. This therefore is creating a competitive environment on both the domestic and export market.

Marketing

The South African Deciduous Fruit Industry has just finished its first season under a free marketing environment, created through the enactment of the New Agricultural Marketing Act. In terms of Deciduous Fruits, the initial result was the closure of the Deciduous Fruit Board and its activities. The closure of the Board resulted in a vacuum in the market place. However, to close the gap, different institutions representing different fruits jointly formed the Deciduous Fruit Producer Trust to perform some of the following activities:

- Setting-up an exporters' forum to discuss matters of common interest.
- Set-up an industry forum where all role players in the industry have the opportunity to discuss and attend to matters of industry interest.
- Accumulate and disseminate information about the industry to help farmers to position their products in the market (both domestic and overseas).

PS&D: Pears

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Fresh Pears					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	12435	12435	12500	12742	0	12750
Area Harvested	8950	8950	9000	9045	0	9050
Bearing Trees	6200	6200	6350	6350	0	7217
Non-Bearing Trees	4515	4515	4500	4500	0	4121
Total Trees	10715	10715	10850	10850	0	11338
Commercial Production	276874	276612	283845	287363	0	290000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	276874	276612	283845	287363	0	290000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	276874	276612	283845	287363	0	290000
Domestic Fresh Consump	50374	50374	53110	53110	0	52500
Exports, Fresh Only	111509	111247	117835	121353	0	125000
For Processing	114991	114991	112900	112900	0	112500

Export Trade Matrix			
Country:	South Africa, Republic of	Units:	Metric tons
Commodity:	Fresh Pears		
Time period:	Jan-Dec		
Exports for	1996		1997
U.S.	2886	U.S.	4655
Others		Others	
United Kingdom	22706	United Kingdom	38395
Belgium	20700	Belgium	25619
Germany	9806	Germany	12044
Italy	5172	Italy	4115
Gabon	4414	France	4073
Greece	3421	Hong Kong	3354
Portugal	3303	Russian Fed.	3223
Canada	2737	Poland	2250
Spain	2298	Canada	1437
		Spain	1101
Total for Others	74557		95611
Others not listed	8365		10981
Grand Total	85808		111247

PS&D: Table Grapes

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Fresh Table Grapes					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Planted	7050	15100	7092	15137	7150	15200
Area Harvested	5710	12380	5755	12500	5900	12550
Commercial Production	156000	181143	156000	187000	165000	195000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	156000	181143	156000	187000	165000	195000
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	156000	181143	156000	187000	165000	195000
Domestic Fresh Consump	51000	51550	53000	42000	56000	45000
Exports, Fresh Only	102000	124223	100000	139900	105000	145000
For Processing	3000	5370	3000	5100	4000	5000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	156000	181143	156000	187000	165000	195000

Compared to 1997, 1998 table grape production increased from 181,000 to 187,000 tons. This increase is attributed to good weather experienced in South Africa's grape producing areas. Exports also increased from 124,000 to 140,000 tons. This growth in exports is due to proper market timing, and production of good quality, seedless grapes that are in demand in the EU markets.

Export Trade Matrix			
Country:	South Africa, Republic of	Units:	Metric tons
Commodity:	Fresh Table Grapes		
Time period:	Jan=Dec		
Exports for	1997		1998
U.S.	8007	U.S.	
Others		Others	
United Kingdom	45904		
Belgium	28665		
Germany	19098		
Poland	2263		
United Arab Emirates	1618		
Canada	1185		
Spain	1108		
Hong Kong	2284		
Italy	1016		
Mauritius	1050		
Total for Others	104191		0
Others not listed	12025		
Grand Total	124223		0

PS&D: Concentrated Apple Juice

PSD Table	Juice					
Country:	South Africa, Republic of					
Commodity:	Apples					
		1996		1997		1998
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Delivery to processors	216170	216170	220000	228120	0	230000
Beginning Stocks	0	0	0	0	0	5700
Production	26400	26400	27047	27850	0	28800
Imports	0	0	0	0	0	0
TOTAL SUPPLY	26400	26400	27047	27850	0	34500
Exports	16914	16914	17923	12600	0	20000
Domestic Consumption	9486	9486	9124	9550	0	9750
Ending Stocks	0	0	0	5700	0	4750
TOTAL DISTRIBUTION	26400	26400	27047	27850	0	34500

Generally, South Africa produces about 28,000 tons of concentrated apple juice annually. Due to the 1998 Asian Economic crisis exports were less than expected. Most of South Africa's concentrated apple juice goes to Japan, Canada and the US). Because of high duties in the EU, it is not feasible to export into that market.