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Report Name: Positive Outlook for South African Tree Nut Production and Trade

Country: South Africa - Republic of

Post: Pretoria

Report Category: Tree Nuts

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Report Highlights:

The growth of South African tree nut production is expected to continue in the 2019/20 MY, based on the increase in area planted as the industry responds to increasing demand from export markets; new orchards coming into production; and the high returns per hectare of tree nuts relative to other crops. The impact of COVID-19 on tree nut production, demand and supply chains has been minimal to date. Almonds, walnuts, and pistachios are the leading tree nut exports from the United States into South Africa, and additional opportunities exist in the trade or licensing of new varieties and planting materials. However, the rising production of almonds, walnuts, and pistachios in South Africa may impact United States exports in the long term if this trend continues. South African tree nut exports to the United States, especially macadamia are expected to continue growing based on the duty free access in the United States under the African Growth Opportunity Act (AGOA) and growing demand.

Commodities:
Macadamia **-** 080261, 080262
Pecans – HS Codes unavailable
Almonds – 080211, 080212
Walnuts – 080231, 080232
Cashews - 080131,080132
Pistachios – 080251, 080252
Hazelnuts – 080221, 080222
Chestnuts – 080241,080242

MY – Marketing Year (January to December)
MT – Metric Tons

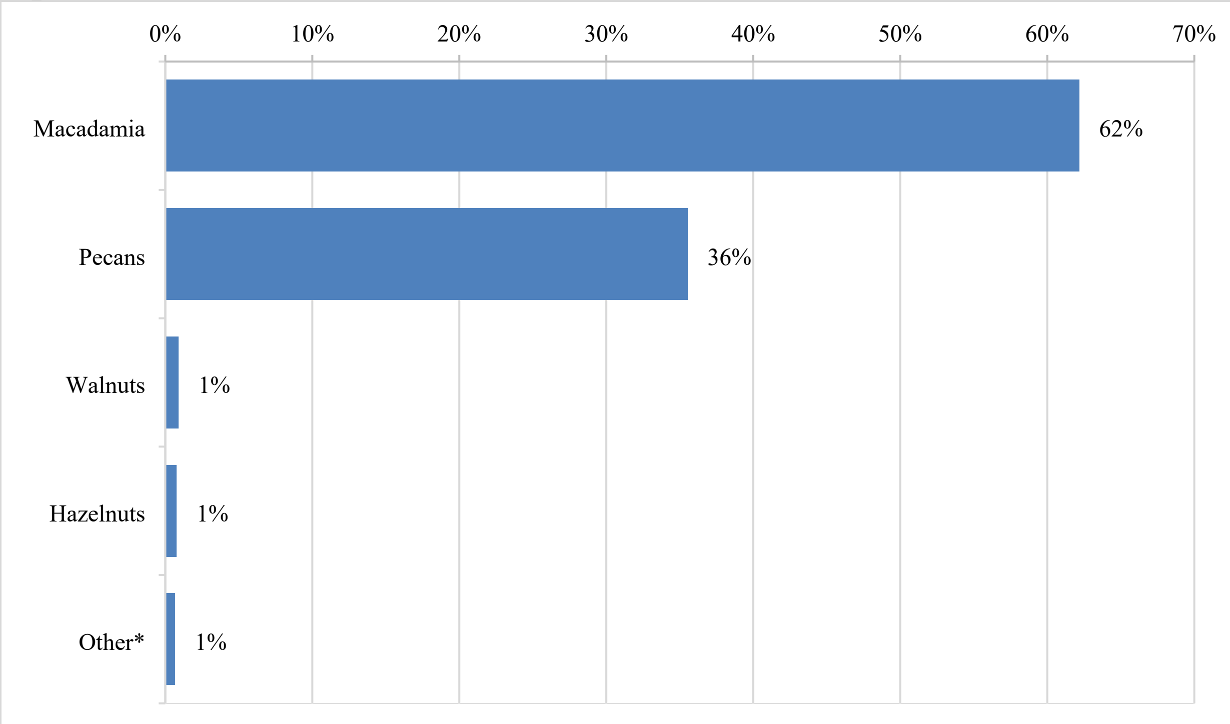
Sources:
South African Macadamia Nut Producers Association - http://samac.org.za/
South African Pecan Nut Producers Association - https://www.sappa.za.org
Industrial Development Corporation - https://www.idc.co.za/
Montagu Dried Fruits and Nuts - https://montagudriedfruitnuts.co.za/
Rotondo Walnuts - https://www.facebook.com/pg/Rotondo-Walnuts-1072877239408928/about/

Background

The total area planted to tree nuts in South Africa is estimated to grow by 7 percent to 78,812 hectares (HA) in the 2019/20 MY, from 73,342 HA in the 2018/19 MY. Similarly to the global trend, the South African tree nut industry has been experiencing tremendous growth in production, trade and consumption over the past decade. The average growth in production and the establishment of new orchards is at least 10 percent per annum. This growth in production and area planted is mainly attributed to industry's response to increasing demand from export markets (such as the United States, Asia and Europe), as well as the high returns per hectare of tree nuts relative to other crops (such as sugar cane, wine grapes, bananas and lumber). Notably, the Industrial Development Corporation has played an instrumental role in the development and growth of the tree nut sector in South Africa through providing funding, research, and initiating various tree nut projects. Domestic and export market demand is being driven by the improved lifestyles, healthier eating, the global growth of the middle-class population, and the increased use of tree nuts as an ingredient in food manufacturing. In South Africa, tree nuts are widely available in all retail shops such as Woolworths, Pick n Pay, Checkers, Spar, and specialty shops such as Montagu.

Macadamia accounted for 62 percent of the total area planted to tree nuts in South Africa, followed by pecans (36 percent), walnuts (1 percent), and hazelnuts (1 percent) as shown in **Figure 1**. The area planted to other tree nuts such as almonds, cashews, pistachios, and chestnuts is still minimal and accounts for a combined 1 percent of the total area planted to tree nuts. The Mpumalanga, Limpopo, Kwa-Zulu Natal, Northern Cape and Eastern Cape Provinces are the leading tree nut production areas in South Africa. **Table 1** shows the main growing regions for different tree nuts in South Africa.

Figure 1: Area Planted to Tree Nuts in South Africa



*Other includes Almonds, Pistachios, Cashews & Chestnuts.
Sources: South African Macadamia Nut Producers Association, South African Pecan Nut Producers Association, Industrial Development Corporation, Farmers Weekly, Rotondo Walnuts

Table 1: South African Tree Nut Production Regions

Tree Nut	Growing Regions
Macadamia	Mpumalanga (54 percent), Limpopo (23 percent), Kwa-Zulu Natal (22 percent), Eastern Cape (less than 1 percent), Western Cape (less than 1 percent).
Pecans	Northern Cape (70 percent), Mpumalanga, Limpopo, Kwa-Zulu Natal, Gauteng, Western Cape, Free State, and North West Province.
Almonds	Western Cape (100 percent).
Pistachios	Northern Cape (100 percent).
Walnuts	Eastern Cape (100 percent).
Hazelnuts	Eastern Cape, Free State, Mpumalanga, Kwa-Zulu Natal.
Cashews	Kwa-Zulu Natal, Mpumalanga, Limpopo.
Chestnuts	Production information not readily available

Sources: South African Macadamia Nut Producers Association, South African Pecan Nut Producers Association, Industrial Development Corporation, Farmers Weekly, Rotondo Walnuts

Table 2 on the following page shows the conversion factors that have been applied by the report.

Table 2: Tree Nuts Conversion Factors

Commodity	HS Codes	Conversion	Notes
Almonds	In-shell: 080211 Shelled: 080212	Multiply by 0.6 No Conversion	Convert to shelled basis No conversion
Pistachios	In-shell: 080251 Shelled: 080252	No Conversion Multiply by 2.0	No conversion Convert to in-shell basis
Walnuts	In-shell: 080231 Shelled: 080232	No Conversion Multiply by 2.34	No conversion Convert to in-shell basis
Macadamia	In-shell: 080261 Shelled: 080262	Multiply by 0.3 No Conversion	Convert to shelled basis No conversion

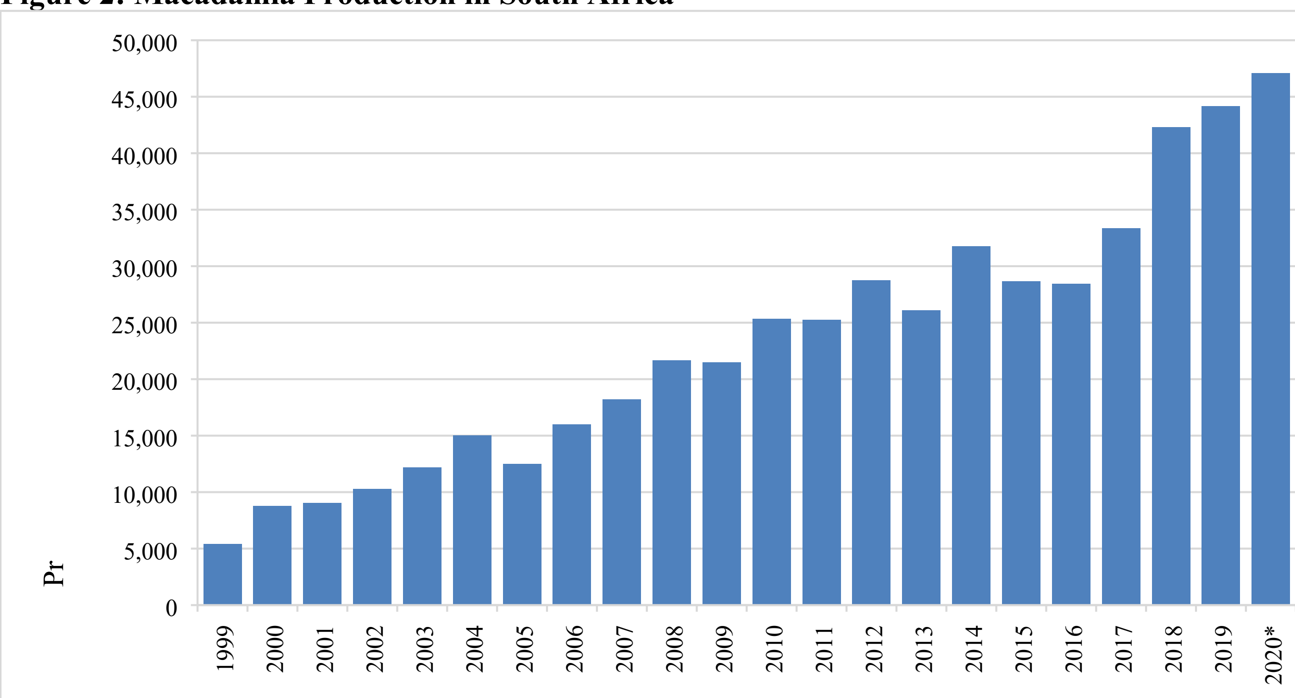
Macadamia - (HS Codes 080261, 080262):

Production

The production of macadamia is estimated to increase by 7 percent to 47,102 MT in the 2019/20 MY, from 44,169 MT in the 2018/19 MY. This is due to the increase in area planted, new orchards coming into full production, and normal weather conditions. The impact of COVID-19 to production in the 2019/20 MY is expected to be minimal. Production figures have been converted to tonnages in kernels (shelled values) using a factor of 0.3. South Africa is the world's largest producer of macadamia, accounting for about 20 percent of the global production.

Macadamia production in South Africa has increased exponentially and the rate of production is expected to continue growing in the near future based on aggressive new plantings by the industry. For example, in 2019 new planting of macadamia amounted to 5,962 HA. **Figure 2** shows that the production of macadamia has increased exponentially since 1999, mainly due to an increase in new plantings as the industry responds to export market demand and the high returns from macadamia production relative to other competing crops such as sugar cane, bananas and timber.

Figure 2: Macadamia Production in South Africa



*Estimate. **Production figures have been converted to shelled values using a factor of 0.3.
Source: Southern African Macadamia Growers Association & Post Estimates

The area planted to macadamia is estimated to increase by 9 percent to 49,000 HA in the 2019/20 MY, from 44,776 HA in the 2018/19 MY, this is mainly due to aggressive growth in the Kwa-Zulu Natal and Mpumalanga Provinces by sugar cane farmers diversifying to macadamia production. Beaumont is the most widely planted cultivar accounting for 48 percent of the total area planted, followed by the A4 variety (24 percent), 816 variety (16 percent), 814 variety (4 percent), Nelmak 2 variety (3 percent), and 788 variety (2 percent).

Consumption

Less than 5 percent of the macadamia production is consumed domestically. Consumption is estimated to increase by 2 percent to 1,650 MT in the 2019/20 MY, from 1,620 MT in the 2018/19 MY, based on the increase in production. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. The domestic consumption of macadamia fluctuates between 3 to 5 percent of the total production and ranges between 1,000 MT to 1,700 MT, based on the available quantities remaining after exports and domestic market prices relative to the export markets. Macadamia are mainly used in savoury and sweet dishes.

Processing

About 40 to 45 percent of the total macadamia production is processed, through packaging and value-added products such as spreads, oils, chocolates, confectionary, and flour. The majority of the processed products are also exported.

Exports

The export of macadamia is estimated to increase by 4 percent to 23,540 MT in the 2019/20 MY, from 22,620 MT in the 2018/19 MY, based on the growth in production, growing demand driven by health conscious consumers, the pace of exports in 2020, and minimal disruptions to supply chains and demand due to COVID-19. Peak exports of macadamia are usually between April and July, and industry is still optimistic about the 2019/20 MY exports notwithstanding the pandemic. Export figures have been adjusted to shelled values using a factor of 0.3

The South African macadamia industry is export-oriented as this provides the largest revenue. Kernels account for 72 percent of the total macadamia exports, and 28 percent are in-shell exports. The United States is the largest export market and accounted for 40 percent of the total shelled macadamia exports in 2019, followed by Vietnam (20 percent), Hong Kong (14 percent) and Germany (5 percent). South African macadamia exports benefit from duty free access in the United States under the African Growth Opportunity Act (AGOA). Shelled macadamia exports have a higher value than in-shell exports.

Table 3: South African Shelled Macadamia Exports

South Africa Exports to the World						
Commodity: 080262, Macadamia Nuts, Shelled, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	7,947	6,973	8,512	10,231	16,268
United States	T	3,710	2,645	3,135	5,002	6,171
Vietnam	T	58	216	527	376	3,176
Hong Kong	T	430	481	1,671	320	2,210

Germany	T	541	543	326	711	815
Netherlands	T	694	751	691	933	671
China	T	34	1	0	104	564
Spain	T	466	344	347	561	470
Japan	T	352	239	215	279	333
United Kingdom	T	383	324	283	313	305
Canada	T	254	151	178	221	215
Australia	T	182	214	125	284	194
Switzerland	T	132	161	173	118	192
Taiwan	T	109	115	156	140	157
Italy	T	151	136	91	144	102
Saudi Arabia	T	89	106	107	58	91

Source: Trade Data Monitor (TDM)

Table 4: South African In Shell Macadamia Exports*

South Africa Exports to the World						
Commodity: 080261, Macadamia Nuts, In Shell, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	6,853	4,443	6,547	7,458	6,352
Hong Kong	T	3,671	2,888	4,239	4,143	3,509
China	T	848	90	432	1,160	1,846
Vietnam	T	2,093	1,411	1,775	1,721	830
United States	T	102	10	23	92	83
Mozambique	T	0	0	0	16	30
Netherlands	T	59	11	10	3	16
Thailand	T	8	0	0	0	15
Canada	T	5	0	6	5	9
Japan	T	4	0	0	0	8
Germany	T	29	15	12	5	5
Spain	T	0	8	2	0	1

*Exports have been adjusted to shelled values using the adjustment factor of 0.3.
Source: TDM

Imports

Imports of macadamia into South Africa are minimal and range between 250 MT to 1,500 MT, and has been growing annually. Malawi is the leading supplier of shelled macadamia into South Africa, accounting for 75 percent of the total shelled imports, followed by Zimbabwe (16 percent), and Mozambique (5 percent). Notably, Malawi, Mozambique, and Zimbabwe are part of the Southern African Development Community (SADC) and enjoy duty free access into South Africa.

Table 5: South African Shelled Macadamia Imports

South Africa Imports from the World						
Commodity: 080262, Macadamia Nuts, Shelled, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
_World	T	139	322	262	512	673
Malawi	T	98	69	198	487	502
Zimbabwe	T	0	215	0	21	109
Mozambique	T	0	0	31	0	35
United States	T	0	0	0	1	18
New Zealand	T	0	0	0	0	7
Vietnam	T	0	0	0	0	2
Kenya	T	16	4	1	0	0
Singapore	T	0	0	0	3	0

Source: TDM

Table 6: South African In Shell Macadamia Imports*

South Africa Imports from the World						
Commodity: 080261, Macadamia Nuts, In Shell, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	825	520	325	669	793
Zimbabwe	T	723	389	141	422	452
Mozambique	T	59	78	101	193	238
Eswatini	T	2	0	0	1	50
Zambia	T	13	15	19	25	24
Malawi	T	2	9	54	26	13
Other	T	28	26	9	0	9
Tanzania	T	0	0	0	3	7

*Imports have been adjusted to shelled values using the adjustment factor of 0.3.
Source: TDM

Table 7: Custom Duties Applicable to Macadamia Imports into South Africa

HS Code	**Article description**	**Unit**	**Rate of Duty**				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
0802.6	**Macadamia:**						
0802.61	In shell	kg	free	free	free	free	free
0802.62	Shelled	kg	free	free	free	free	free
0802.90	Other	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

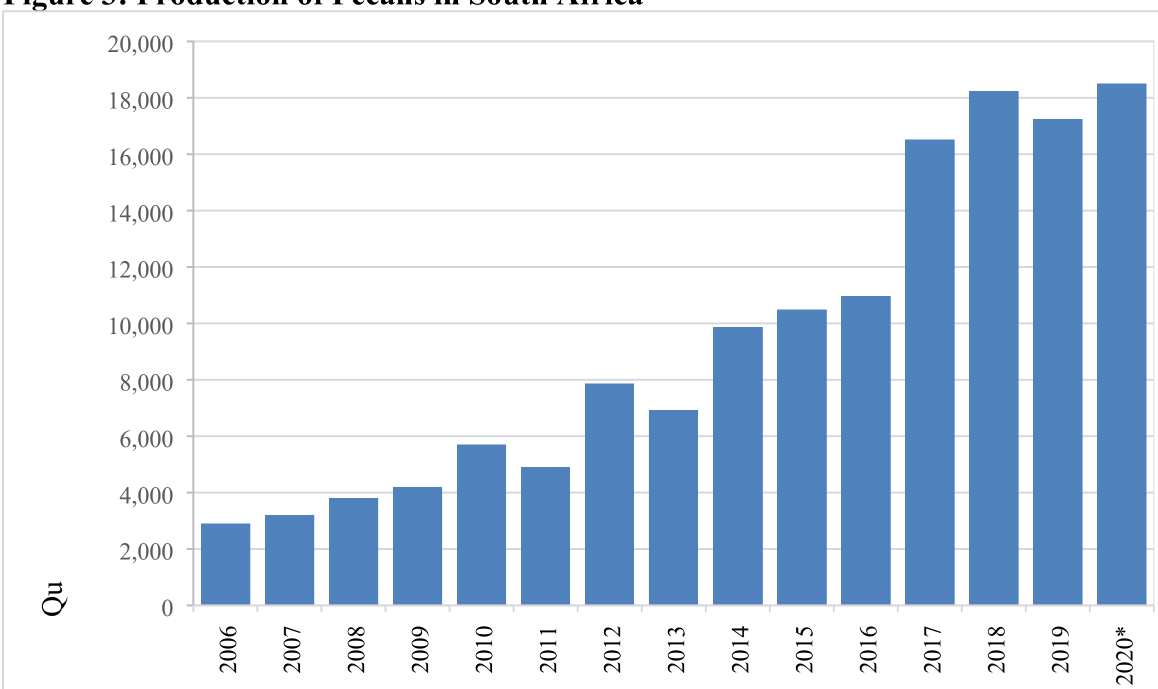
Pecans:

Production

The production of pecans is expected to return to normal levels and is estimated to increase by 6 percent to 18,300 MT in the 2019/20 MY, from 17,239 MT in the 2018/19 MY. This is due to the increase in area planted, new orchards coming into full production, and improved rainfall and weather conditions in the main growing regions.

Pecans are the second leading tree nut produced in South Africa. Production has grown exponentially mainly due to an increase in new plantings as the industry responds to export market demand and the high returns of pecan production. **Figure 3** below shows the historic growth in production of pecans in South Africa since 2006. The significant jump in production by 51 percent from 10,968 MT in the 2016/17 MY, to 16,519 MT in the 2017/18 MY, is mainly due to the industry's full recovery from the 2016 drought conditions in the main growing regions of Mpumalanga, Limpopo and Kwa-Zulu Natal. The main cultivars of pecans grown in South Africa are Wichita, Choctaw, Western and Pawenee. The area planted to pecans is estimated to increase by 4 percent to 28,000 HA in the 2019/20 MY, from 26,900 HA in the 2018/19 MY.

Figure 3: Production of Pecans in South Africa



* Estimate. ** Production figures are in shell values.
Source: Southern African Pecan Nut Producers Association (SAPPA)

Consumption

The domestic consumption of pecans ranges from 3 to 10 percent of the total production. Post estimates that consumption will increase by 2 percent to 460 MT in the 2019/20 MY, from 450 MT in the 2018/19 MY, based on the increase in production and available supply. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. Pecans are mainly used in salads, baking or consumed as a snack.

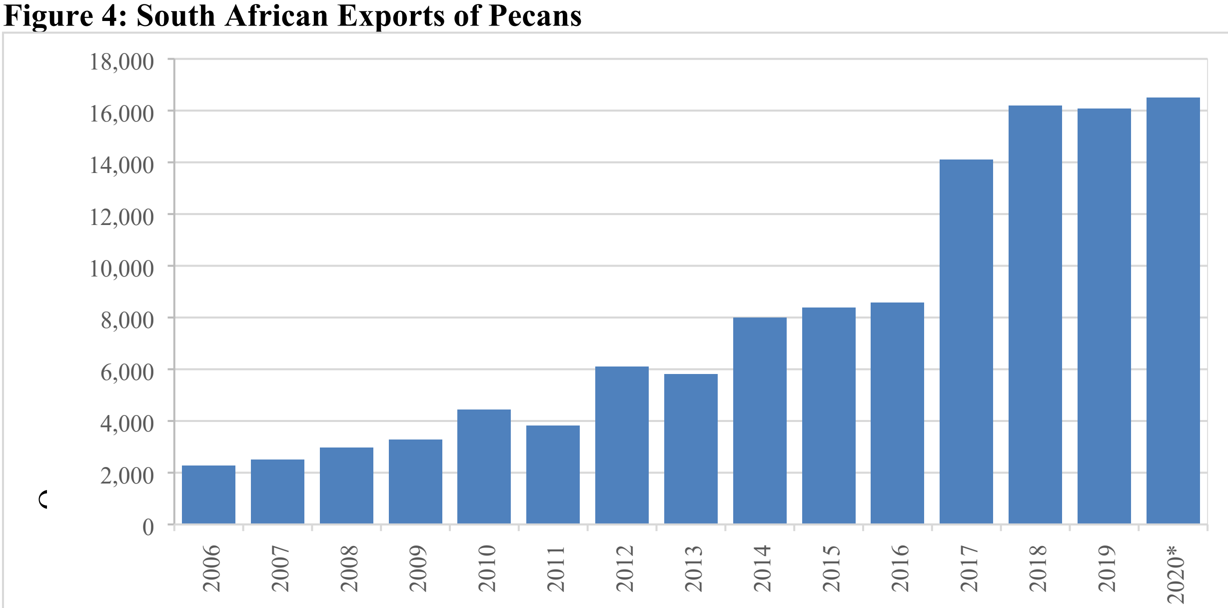
Processing

Pecans delivered for processing ranges from 9 to 16 percent of the total production. Post estimates that pecans delivered for processing will increase by 6 percent to 1,750 MT in the 2019/20 MY, from 1,650 MT in the 2018/19 MY, based on the increase in production and available supply. Pecans are mainly processed by shelling into kernels and packaged for export. Shells from processed kernels are used as mulch in the orchards.

Exports

South Africa exports range between 75 to 90 percent of the total production. Post estimates that pecan exports will increase by 3 percent to 16,500 MT in the 2019/20 MY, from 16,082 MT in the 2018/19 MY, based on the pace of exports in 2020, growth in production, and minimal disruptions in supply chains and demand due to COVID-19. China is the leading export market accounting for 75 percent of the total exports. Exports to China are nuts in shell, and demand in this market remains strong. **Figure 4** shows the growth in pecans exports since 2012. Industry data has been used for exports because Trade Data Monitor and HS codes specific to pecans are not available.

Figure 4: South African Exports of Pecans



*Estimate. **Export figures are in shell values.
Source: SAPPA

Almonds - (HS Codes 080211, 080212):

Production

The production of almonds is estimated to increase by 6 percent to 145 MT in the 2019/20 MY, from 137 MT in the 2018/19 MY, based on the increase in area planted, available irrigation water, and new orchards coming into full production. Consolidated production statistics is largely unavailable, and this is expected to improve following the establishment of the Almond Board of South Africa in 2018.

The production of almonds is still relatively small in South Africa, and there are less than fifteen known commercial growers. Production is limited to Montagu, in the Western Cape Province, and is currently the only region believed to be suited for almond production in South Africa due to its Mediterranean climate. There are currently only two processing facilities in South Africa and there will be a need to invest in more processing facilities if production increases. The Industrial Development Corporation (IDC) report on the commercial viability of almond production in South Africa is one of the few available information sources on the South African almond industry. The study can be downloaded on the following link, https://www.idc.co.za/images/Almond-Final-Report-OABS2017-12-01.pdf .

The area planted to almonds is estimated to increase by 5 percent to 300 HA in the 2019/20 MY, from 285 HA in the 2018/19 MY. If the current pace of new plantings continues, it is expected that this area may grow to between 5,000 to 10,000 HA in the next 10 years. The growth in area is predominantly from wine growers, who are under financial strain and are diversifying to other crops including almonds, and some farmers (mainly wheat, barley and canola) who are using their additional water rights to plant almonds. One of the biggest challenges that may prevent the almond industry from massive expansion is the limited availability of irrigation water, which is being worsened by the frequent droughts in the Western Cape. According to industry contacts, almonds require up to 12,000 litres/ hectare of water which is way higher than 4,000 – 5,000liters/ hectare that the wine grape industry uses.

While an estimated thirteen cultivars are registered in South Africa, only two cultivars are being grown; Nonpareil and Independent. The growth in the production of almonds in South Africa is alleged to be constrained by the limited availability of planting material, lack of processing capacity, and insufficient registered chemicals and pesticides. The waiting period for planting material is reported to be at least two years. This may present opportunities for U.S. suppliers of cultivars and planting material.

Consumption

The consumption of almonds has increased three-fold in the past two decades to about 3,800 MT in the 2019/20 MY, from about 1,400 MT in the 2009/10 MY. The growth in almond consumption is largely driven by demand from consumers pursuing healthier eating and lifestyle habits, and the rise in demand for products perceived to be super foods. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. Consumption is expected to continue growing at an annual average of 10 percent in the coming years.

Almonds are renowned for their valuable sources of essential nutrients and proteins by proponents of various modern diet trends such as paleo, and banting. Domestic consumption has also been driven by increased demand from manufactures such as Pioneer Foods, Unilever, Vital Health Foods and Tiger Brands. Almonds are also consumed as a snack, garnish to desserts, and as a base ingredient in certain curry dishes.

Exports

While the exports of almonds from South Africa have grown over the past decade, they are still minimal at below 260 MT. Exports are inconsistent and have been in decline since 2017, due to quality issues and production. Namibia is the largest market for South African almond exports and accounted for 43 percent of the total exports in the 2018/19 MY, followed by Botswana (17 percent), Russia (15 percent), and Ghana (8 percent). The ad hoc increases in the export of almonds in some years may be an indication that the South African almond sector and production is growing, which may have negative implications for U.S. imports in the long term if this trend continues.

Table 8: South African Almond Exports*

South Africa Exports to the World						
Commodity: Group PSD-Almonds, Shelled Basis, Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	167	147	256	151	130
Namibia	T	105	47	114	42	56
Botswana	T	35	23	23	24	22
Russia	T	0	0	0	0	20
Ghana	T	0	0	0	0	11
Eswatini	T	1	3	42	6	6
Mozambique	T	2	12	6	6	4
Zambia	T	4	8	7	5	3
Malawi	T	0	0	1	0	2
Zimbabwe	T	5	5	11	2	2
Mauritius	T	7	0	1	2	1
United Arab Emirates	T	0	0	1	1	1

*Exports have been adjusted to shelled values using the adjustment factor of 0.6.
Source: TDM

Imports

Post estimates that the imports of almonds will increase by 11 percent to 3,800 MT in the 2019/20 MY, from 3,411 MT in the 2017/18 MY. This is due to the fact that South Africa`s growing demand for almonds far exceeds local production, and the pace of imports in 2020, and minimal impact of COVID-19 on demand in South Africa. This has created a lucrative opportunity for U.S. exporters of high value shelled almonds. The United States is the largest supplier of almonds into South Africa, and accounted for 86 percent of the total imports in the 2018/19 MY, followed by Spain (8 percent) and Australia (6 percent). In addition to shelled almonds, the United States also supplies South Africa with almond paste that is used in the production of almond milk. **Table 9** shows the key suppliers of almonds into South Africa.

Table 9: South African Almond Imports*

South Africa Imports from the World						
Commodity: Group PSD-Almonds, Shelled Basis,						
Annual Series						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
_World	T	2,797	2,784	2,971	2,982	3,411
United States	T	2,405	2,394	2,405	2,420	2,919
Spain	T	160	221	148	175	277
Australia	T	107	157	262	280	191
Turkey	T	0	0	37	19	12
United Arab Emirates	T	19	0	12	21	12
Belize	T	0	0	45	0	0

*Imports have been adjusted to shelled values using the adjustment factor of 0.6.
Source: TDM

Table 10: Custom Duties Applicable to Almond Imports into South Africa

HS Code	**Article description**	**Unit**	**Rate of Duty**				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
0802.1	**Almonds:**						
0802.11	In shell	kg	free	free	free	free	free
0802.12	Shelled	kg	free	free	free	free	free

Source: SARS

Walnuts - (HS Codes 080231, 080232):

Production

The production of walnuts is estimated to increase to 1,500 MT in the 2019/20 MY, from 1,350 MT in the 2018/19 MY, based on the increase in area planted, available irrigation water, and new orchards coming into full production. South Africa does not have a registered walnut growers association and consolidated production statistics is largely unavailable.

The commercial production of walnuts is still very small in South Africa, and there are less than 20 known commercial growers. Walnut production in South Africa is concentrated in Aliwal North, Eastern Cape Province. The area planted to walnuts is estimated to increase by 11 percent to 700 HA in the 2019/20 MY, from 630 HA in the 2018/19 MY. About 86 percent (600 HA) of the total area planted is from one grower Rotondo Walnuts Pty Ltd which was established in 1999. Area planted to walnuts is expected to continue growing in the coming years, in response to growing local demand, higher returns, and increasing investment into this sector. The main varieties currently planted include Chandler (55 percent), Serr (20 percent), Vina (16 percent), Howard (7 percent) and Sunland (2 percent). Other varieties planted in limited quantities include Hartley, Amigo, Chico, Sorento, Ashley and Livermore. Walnut trees take about 10 years to reach full production and harvesting on walnuts starts in March and ends in April on a normal season.

Consumption

Post estimates that the domestic consumption of walnuts will increase by 4 percent to 1,215 MT in the 2019/20 MY, from 1,164 MT in the 2018/19 MY, based on the increase in production, improvement in quality, and growing demand for healthy snacks and baking. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19.

Consumption of walnuts is believed to be affected by its similarity to pecan nuts which are much more readily available and some consumers usually substitute walnuts with pecan nuts. The differences between walnuts and pecan nuts are explained by Montagu (South Africa's popular nut and dried fruit retailer) on the following link, https://montagudriedfruitnuts.co.za/difference-walnuts-pecan-nuts/ . Walnuts are mainly used in food preparations, snacks or as an ingredient.

Exports

Post estimates that the export of walnuts will increase by 7 percent to 600 MT in the 2019/20 MY, from 560 MT in the 2018/19 MY. This is based on the pace of exports in 2020, growth in production, and minimal disruptions in supply chains and global demand due to COVID-19.

Turkey is the largest export market for South African exports, and accounted for 48 percent of the total walnuts exports in 2019, followed by (9 percent), China (9 percent), Spain (8 percent), and Italy (8 percent).

Table 11: South African Walnuts Exports*

South Africa Exports to the World Commodity: Group PSD-Walnuts, Inshell Basis, Annual						
Partner	Unit	2015	2016	2017	2018	2019
World	T	308	598	559	181	560
Turkey	T	10	87	20	89	274
United Arab Emirates	T	184	85	204	0	51
China	T	0	0	0	0	50
Spain	T	0	128	0	0	45
Italy	T	44	0	0	0	43
Portugal	T	0	139	226	0	35
Mauritius	T	0	54	61	81	20
United States	T	0	0	0	0	19
Namibia	T	5	7	6	4	10
Botswana	T	2	5	5	3	7

*Exports have been adjusted to Inshell values using the adjustment factor of 2.3.
Source: TDM

Imports

Post estimates that walnut imports will increase by 16 percent to 220 MT in the 2019/20 MY, from 189 MT in the 2018/19 MY. This is due to South Africa`s growing demand for walnuts, and the domestic producers being export oriented thereby creating an opportunity for imports. Since 2015, South Africa has become a net exporter of walnuts.

Chile is the largest supplier of walnuts into South Africa, and accounted for 53 percent of the total imports in the 2019/20 MY, followed by the United States (29 percent), China (16 percent), and United Arab Emirates (1 percent).

Table 12: South African Walnuts Imports*

South Africa Imports from the World Commodity: Group PSD-Walnuts, Inshell Basis, Annual						
Partner	Unit	2015	2016	2017	2018	2019
World	T	170	171	227	132	189
Chile	T	0	0	0	1	101
United States	T	82	141	58	24	55
China	T	47	1	83	61	31
United Arab Emirates	T	0	0	21	22	2
Iran	T	20	0	0	21	0
Italy	T	21	0	6	0	0

*Imports have been adjusted to Inshell values using the adjustment factor of 2.3.
Source: TDM

Table 13: Custom Duties Applicable to Walnut Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.3	**Walnuts:**						
0802.31	In shell	kg	free	free	free	free	free
0802.32	Shelled	kg	free	free	free	free	free

Source: SARS

Cashews - (HS Codes 080131, 080132):

Production

Post estimates that the production of cashews will increase by 1 percent to 150 MT in the 2019/20 MY, from 148 MT in the 2018/19 MY, based on the increase in area planted and normal weather conditions. The production of cashews is in the Kwa-Zulu Natal, Mpumalanga, and Limpopo Provinces. The area planted to cashews is estimated to increase by 2 percent to 50 HA in the 2019/20 MY, from 49 HA in the 2018/19 MY. South Africa does not have a registered cashews growers association and consolidated production statistics are largely unavailable.

Consumption

The consumption of cashews is estimated to decrease by 2 percent to 2,551 MT in the 2019/20 MY, from 2,605 MT in the 2018/19 MY, based on the available supply and a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. Cashews are mainly used as an ingredient in foods such as casseroles, salads and confectionary products.

Exports

The exports of cashews from South Africa are minimal, and estimated to decrease by 1 percent to 140 MT in the 2019/20 MY, from 142 MT in the 2018/19 MY, based on the pace of exports in 2020, quality issues and available supply. Cashew exports fluctuate annually due to the inconsistent quality of production in South Africa.

Turkey was the largest market for South African cashews exports accounting for 35 percent of the total exports in 2019, followed by Namibia (25 percent), Botswana (23 percent), Netherlands (10 percent) and Zambia (3 percent).

Table 14: South African Exports of Cashews

South Africa Exports to the World						
Commodity: 080131,080132, Cashew Nuts, Fresh Or Dried, In Shell/Cashew Nuts, Fresh Or Dried, Shelled						
Annual						
Partner	Unit	2015	2016	2017	2018	2019
_World	T	120	101	119	107	142
Turkey	T	0	0	0	0	49
Namibia	T	14	19	36	29	35
Botswana	T	19	46	43	45	32
Netherlands	T	0	0	0	0	14
Zambia	T	4	6	7	6	4
Malawi	T	1	1	1	1	2

Source: TDM

Imports

Post estimates that the import of cashews will decrease by 2 percent to 2,600 MT in the 2019/20 MY, from 2,655 MT in the 2018/19 MY, based on the pace of imports in 2020, cyclical fluctuations, and reduced demand due to the loss of income as a result of the impact of COVID-19. Imports are mainly driven by the inadequate production to satisfy the growing local market demand for cashews.

Mozambique is the largest supplier of cashews into South Africa, accounting for 36 percent of the total imports in 2019, followed by Vietnam (29 percent), Benin (11 percent), Tanzania (7 percent) and India (6 percent).

Table 15: South African Imports of Cashews

South Africa Imports from the World						
Commodity: 080131,080132, Cashew Nuts, Fresh Or Dried, In Shell/Cashew Nuts, Fresh Or Dried, Shelled						
Annual						
Partner	Unit	2015	2016	2017	2018	2019
World	T	2,875	2,425	2,454	2,195	2,655
Mozambique	T	487	661	1,119	787	964
Vietnam	T	1,673	1,238	820	762	781
Benin	T	0	0	0	16	304
Tanzania	T	32	16	202	208	183
India	T	481	292	174	147	163
Burkina Faso	T	0	1	0	32	85
Guinea-Bissau	T	0	0	0	64	66
Cote d'Ivoire	T	17	118	0	0	32
Nigeria	T	1	1	0	17	25
China	T	0	19	16	0	19
Brazil	T	49	49	49	74	16

Source: TDM

Table 16: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0801.3	**Cashews:**						
0801.31	In shell	kg	free	free	free	free	free
0801.32	Shelled	kg	free	free	free	free	free

Source: SARS

Pistachios - (HS Codes 080251, 080252):

Production

Post estimates that the production of pistachios will increase by 6 percent to 178 MT in the 2019/20 MY, from 168 MT in the 2018/19 MY, based on the increase in area planted, improvement in yields and normal weather conditions. The production of pistachios is concentrated in Prieska, in the Northern Cape Province where the processing facility is also located. The area planted to pistachios is estimated to increase by 7 percent to 160 HA in the 2019/20 MY, from 150 HA in the 2018/19 MY. Pictachios are harvested in March and April, and the most planted varieties are Aryeh, Shufrah, and Sirora. In 2019, two farmers formed the Pistachio Growers Association of South Africa as a platform to guide and assist the establishment and expansion of the industry.

Consumption

The consumption of pistachios is estimated to increase by 2 percent to 255 MT in the 2019/20 MY, from 250 MT in the 2018/19 MY, based on available supply and growing demand for healthy foods such as nuts. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. Pistachios are mainly consumed as a snack and ingredient in cooking, baking and processed products.

Exports

South African pistachio exports are minimal and fluctuate yearly due to the inconsistent quality and production. The exports of pistachios from South Africa are estimated to increase by 6 percent to 160 MT in the 2019/20 MY, from 151 MT in the 2018/19 MY, based on the pace of exports in 2020, available supply, and minimal disruptions in supply chains and global demand due to COVID-19. South Africa started exporting pistachios to Europe in 2019, due to the improvement in quality.

Table 17: South African Exports of Pistachios

South Africa Exports to the World						
Commodity: Group PSD-Pistachios, Inshell Basis, Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	8	14	38	18	151
Netherlands	T	0	0	0	0	78
Greece	T	0	0	0	0	39
Italy	T	0	0	0	0	20
Botswana	T	3	5	6	6	5
Namibia	T	2	5	3	4	5
Malawi	T	0	0	0	0	1

*Shelled tonnages have been adjusted to in shell tonnages using a factor of 2.
Source: TDM

Imports

Post estimates that the import of pistachios will increase by 2 percent to 260 MT in the 2019/20 MY, from 255 MT in the 2018/19 MY, based on the pace of imports and growing demand for pistachios in South Africa. The United States is the leading supplier of pistachios to South Africa, and accounted for 94 percent of South African imports in 2019, followed by Turkey (4 percent), and the United Arab Emirates (2 percent).

Table 18: South African Imports of Pistachios

South Africa Imports from the World						
Commodity: Group PSD-Pistachios, Inshell Basis, Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	158	103	80	123	255
United States	T	60	63	38	78	240
Turkey	T	0	0	5	15	10
United Arab Emirates	T	21	0	14	0	5
Canada	T	0	0	9	0	0
Iran	T	68	39	13	18	0
Netherlands	T	4	0	0	0	0
Nigeria	T	2	1	0	0	0
Pakistan	T	3	0	0	0	0
Ukraine	T	0	0	0	11	0

*Shelled tonnages have been adjusted to in shell tonnages using a factor of 2.
Source: TDM

Table 19: Custom Duties Applicable to Pistachio Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.5	**Pistachios:**						
0802.51	In shell	kg	free	free	free	free	free
0802.52	Shelled	kg	free	free	free	free	free

Source: SARS

Hazelnuts - (HS Codes 080221, 080222):

Production

Post estimates that the production of hazelnuts will increase by 1 percent to 461 MT in the 2019/20 MY, from 455 MT in the 2018/19 MY, based on the increase in area planted and new orchards coming into full production. South Africa does not have a registered hazelnuts growers association and consolidated production statistics are largely unavailable.

Based on one media article (https://getnews.co.za/site/eastern-cape-positions-hazelnut-hub/), the Ferrero Group has been in the forefront of establishing the hazelnuts industry in South Africa. Ferrero Group has reportedly established hazelnut production trials and nurseries in Tarkastad and Dordrecht in the Eastern Cape Province, Reitz in the Free State Province, Carolina in the Mpumalanga Province, and Franklin and Underberg in the Kwa-Zulu Natal Province. The Ferrero Group`s investment in establishing a hazelnut industry in South Africa is driven by their strategy to expand its global network in order to spread its risk in a global market dominated by Turkey and Italy. The area planted to hazelnuts is estimated to increase by 9 percent to 600 HA in the 2019/20 MY, from 550 HA in the 2018/19 MY. While the total area planted to hazelnuts is currently estimated to be about 600 HA, production figures are still low as the newly established orchards have not reached their peak yields.

Consumption

The consumption of hazelnuts is estimated to increase by 2 percent to 492 MT in the 2019/20 MY, from 482 MT in the 2018/19 MY, based on the increase in production. Domestic consumption is expected to be partially offset by a slight reduction in demand due to the loss or reduction in income of some consumers and closure of tourism facilities such as hotels to address the spread of COVID-19. Hazelnuts are generally used as an ingredient in baking, chocolates and savory dishes.

Exports

Hazelnut exports are minimal and below 50 MT annually. Post estimates that the export of hazelnuts will remain flat at 5 MT in the 2019/20 MY, based on the pace of exports in 2020, available supply, and industry's focus on supplying the local market at export parity prices. The 2019 hazelnut exports were at a record low of 5 MT based on the local industry supplying their production to the local demand at competitive prices. Namibia, Botswana and Lesotho are the leading markets for South African hazelnuts exports.

Table 20: South African Hazelnuts Exports

South Africa Exports to the World						
Commodity: 080221,080222, Hazelnuts Or Filberts (Corylus Spp.) Fresh Or Dried, In Shell/Hazelnuts Or Filberts (Corylus Spp.) Fresh Or Dried, Shelled						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	13	26	42	17	5
Namibia	T	3	4	3	13	1
Botswana	T	1	1	1	1	1

Lesotho	T	4	0	1	1	1
Japan	T	0	0	17	0	0
Mozambique	T	5	1	0	0	0
Taiwan	T	0	0	18	0	0
United States	T	0	18	0	0	0

Source: TDM

Imports

Hazelnut imports are estimated to increase by 3 percent to 120 MT in the 2019/20 MY, from 116 MT in the 2018/19 MY, based on the pace of imports in 2020. South Africa is a net importer of hazelnuts and Turkey is the largest supplier accounting for 95 percent of the total imports in 2019, followed by Georgia (5 percent). Imports of hazelnuts seem to be cyclical, and have been on a downward trend since the 2013/14 MY, due to the efforts to establish the local industry, and that hazelnuts can generally be stored for a much longer period.

Table 21: South African Imports of Hazelnuts

South Africa Imports from the World						
Commodity: 080221,080222, Hazelnuts Or Filberts (Corylus Spp.) Fresh Or Dried, In Shell/Hazelnuts Or Filberts (Corylus Spp.) Fresh Or Dried, Shelled						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	239	280	120	135	116
Turkey	T	233	279	97	129	110
Georgia	T	0	0	0	6	6
Spain	T	1	0	13	0	0
Italy	T	0	0	10	0	0
Netherlands	T	5	0	0	0	0

Source: TDM

Table 22: Custom Duties Applicable to Hazelnut Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.2	**Hazelnuts or filberts *(Corylus spp.)*:**						
0802.21	In shell	kg	free	free	free	free	free
0802.22	Shelled	kg	free	free	free	free	free

Source: SARS

Chestnuts - (HS Codes 080241, 080242):

Production

There is no known production of chestnuts in South Africa, and statistics is largely unavailable.

Consumption

Chestnuts are not a popular tree nut in South Africa, and are not readily available in most retail shops compared to other tree nuts. The consumption of chestnuts is minimal and below 4 MT annually, based on the import figures. Canned chestnuts and chestnut puree are more common in retail shops.

Exports

South Africa often alternates between being a net importer and exporter of chestnuts. Although South Africa does not produce chestnuts, the volume it exports derives from re-exports of the chestnuts imported. South African chestnut exports are minimal and fluctuate between 0 to 12 MT annually. Exports are normally to surrounding countries such as Namibia, Mozambique and Botswana.

Table 23: South Africa Chestnuts Exports

South Africa Exports to the World						
Commodity: 080241,080242, Chestnuts (Castanea Spp.), In Shell, Fresh Or Dried/Chestnuts (Castanea Spp.), Shelled, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	12	7	1	4	1
Namibia	T	0	0	0	3	0
Mozambique	T	12	5	0	1	0
Botswana	T	0	2	0	0	0

Source: TDM

Imports

Chestnut imports are minimal, and range between 1 to 4 MT as shown in **Table 24** below. China and Portugal are the main suppliers of chestnuts to South Africa.

Table 24: South Africa Chestnuts Imports

South Africa Imports from the World						
Commodity: 080241,080242, Chestnuts (Castanea Spp.), In Shell, Fresh Or Dried/Chestnuts (Castanea Spp.), Shelled, Fresh Or Dried						
Annual						
Partner	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**
World	T	1	1	3	1	2
Portugal	T	1	1	1	1	2
China	T	0	0	2	0	0

Source: TDM

Table 25: Custom Duties Applicable to Chestnut Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.4	**Chestnuts:**						
0802.41	In shell	kg	free	free	free	free	free
0802.42	Shelled	kg	free	free	free	free	free

Source: SARS

Attachments:

No Attachments.