

Voluntary Report – Voluntary - Public Distribution

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Report Name: Spike in Pineapple Consumption and Processing Amid
Decline in Exports due to COVID-19

Country: South Africa - Republic of

Post: Pretoria

Report Category: Fresh Fruit

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Report Highlights:

While the impact of COVID-19 has been minimal to production and has been good in driving domestic demand in South Africa, exports have suffered. Post estimates that the production of pineapples will increase sharply by 18 percent to 132,000 Metric Tons (MT) in the 2019/20 MY, based on the rise in area planted, improvement in yields and good growing conditions. Domestic consumption of pineapples is estimated to rise by 14 percent to 33,000 MT in the 2019/20 MY, based on demand driven by health reasons and an unprecedented spike in demand for pineapples for use in homebrewed alcohol. However, Post estimates that the export of fresh pineapples will decrease by 34 percent to 2,200 MT in the 2019/20 MY, based on the slow pace of exports up to May 2020 due to the surge in airfreighting costs associated with the COVID-19 pandemic. South Africa currently exports small volumes of pineapple to the United States, as the subtropical fruit is eligible for duty free access under the African Growth and Opportunity Act.

MY – Marketing Year (January to December)

US\$ = R17.52 as at August 11, 2020

Sources:

Department of Agriculture, Land Reform and Rural Development-<https://www.dalrrd.gov.za/>

Gwanzi Queens Pineapple Farm - <http://www.gwanzi.co.za/>

Hluhluwe Pineapple Marketing Association - <http://www.pineapples.co.za>

South African Revenue Services - <https://www.sars.gov.za>

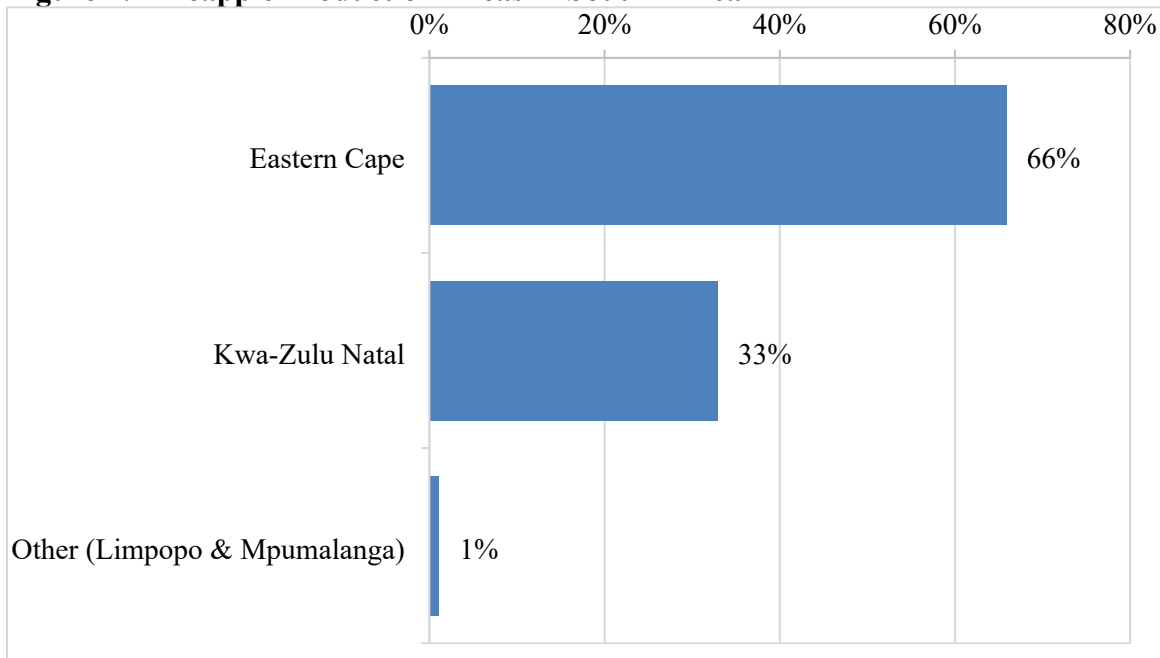
Statistics South Africa - <http://www.statssa.gov.za>

Summerpride Foods - <https://www.summerpride.co.za/old/Summerpride/Summerpride-Home.html>

Background

Pineapple production in South Africa is concentrated in two regions, namely the Eastern Cape Province (Bathurst Area) accounting for 66 percent of the total production, and the KwaZulu-Natal Province (Hluhluwe District) accounting for 33 percent. According to [Statistics South Africa](#), there is also limited pineapple production in the Mpumalanga and Limpopo Provinces, accounting for less than 1 percent of the total production, as shown in **Figure 1**.

Figure 1: Pineapple Production Areas in South Africa



Source: Summerpride Foods, [Hluhluwe Pineapple Marketing Association](#), & [Statistics South Africa Census of Commercial Agriculture in 2017](#)

The area planted to pineapples in the Eastern Cape and Kwa-Zulu Natal provinces is comparable at about 1,000 hectares (HA) and 900 HA, respectively. However, the Eastern Cape accounts for more pineapple production in quantity due to the larger size of the Cayenne pineapple variety predominantly planted in the province, relative to the smaller sized Queen variety planted in the Kwa-Zulu Natal

Province. Pineapple production in South Africa is all done under dry-land (rain-fed), as irrigation is considered un-economical at this stage. The Eastern Cape pineapple production is primarily for processing, while the Kwa-Zulu Natal pineapple production is for the fresh produce markets.

Unlike most agricultural commodities in South Africa, there is no single central or national association that looks after the interest of all the pineapple growers in South Africa. The pineapple industry is currently organized by the respective growing regions in South Africa. Pineapple growers in the Eastern Cape Province are organized and represented by their own Pineapple Growers Association with about 22 members all based in the Eastern Cape. Pineapple growers in the Kwa-Zulu Natal Province are organized and represented by their own Hluhluwe Pineapple Marketing Association with about 9 members, all based in the Kwa-Zulu Natal.

Area Planted

The area planted to pineapples is estimated to increase by 11 percent to 2,000 HA in the 2019/20 MY, from 1,800 HA in the 2018/19 MY, based on the expansion in plantings and new producers in the Eastern Cape Province.

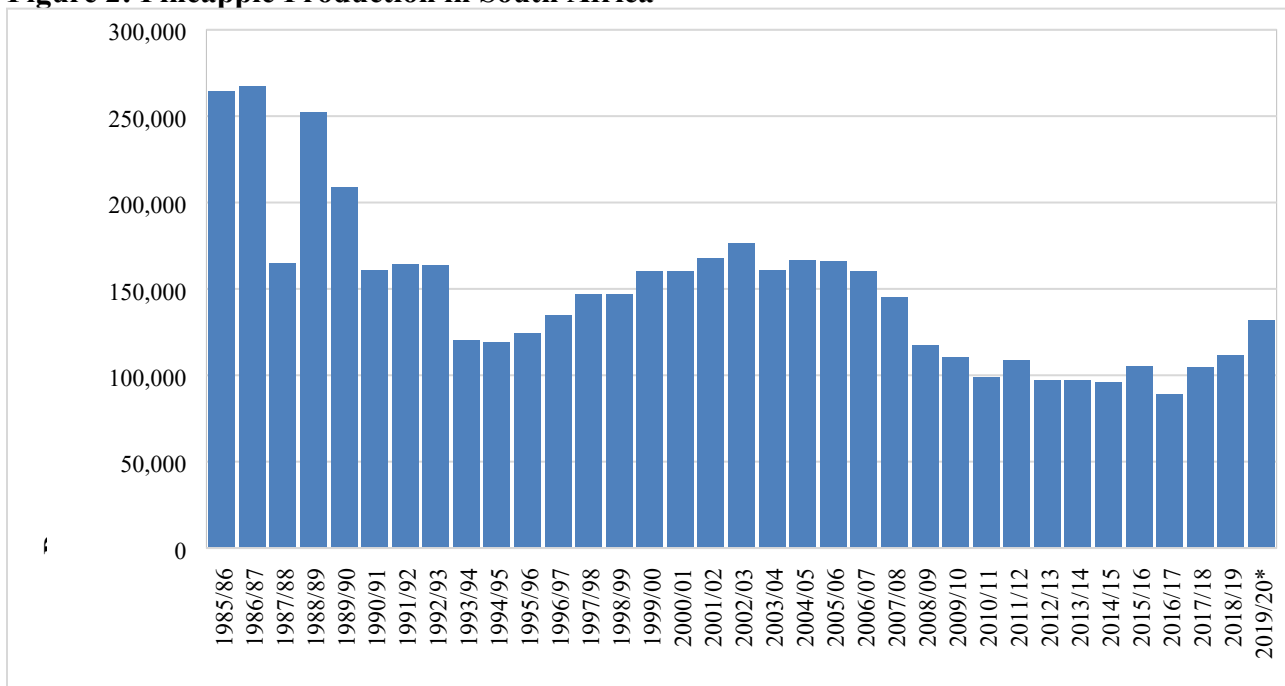
The Smooth Cayenne variety is the predominant cultivar planted in the Eastern Cape Province, accounting for about 55 percent of the total area planted to pineapples in South Africa. The Smooth Cayenne is used for processing. The Queen variety is mainly for the local and export fresh fruit markets. The Queen variety is the predominant cultivar planted in the Kwa-Zulu Natal Province, accounting for about 45 percent of the total area planted to pineapples in South Africa. The pineapple industry continues to invest in and research other new varieties, such as the Yellow Cayenne (MD11) and the MD2 variety, which is produced in very small quantities for the fresh fruit market. These varieties offer pineapples that are sweeter, uniform sizes and ripeness, and better yields.

Production

Post estimates that the production of pineapples in South Africa will increase sharply by 18 percent to 132,000 Metric Tons (MT) in the 2019/20 MY, from 111,500 MT in the 2018/19 MY, based on the rise in area planted, improvement in yields and good growing conditions. Pineapples are harvested throughout the year from February to December. The impact of COVID-19 to production has been minimal to date, as the industry is complying with government measures and was not closed down during the national lock-down.

The current pineapple production estimates of 132,000 MT in the 2019/20 MY, are still well below the peak production figures of 267,396 MT reported in the 1986/87 MY. **Figure 2** shows that production has generally decreased over this period, due to challenges the industry faced from using contaminated zinc sulphate fertiliser which wiped-out most pineapple production areas. Other reasons for the decline include the withdrawal of state support/subsidies to the agricultural sector, failure of pineapple projects in the communal areas, and competition for land from other crops. Pineapple production seems to be on the rise since the 2016/17 MY, based on the expansion in the Eastern Cape Province in response to demand for pineapples for health reasons, and the drive to improve economies of scale in the Eastern Cape located processing facility.

Figure 2: Pineapple Production in South Africa



Source: [Department of Agriculture, Land Reform and Rural Development - Abstract of Agricultural Statistics 2019](#) & Post Estimates.

Domestic Fresh Consumption

Post estimates that domestic consumption of pineapple will rise by 14 percent to 33,000 MT in the 2019/20 MY, from 29,000 MT in the 2018/19 MY, based on the continued rise in demand driven by health reasons, growth in production, and an unprecedented spike in demand for pineapple believed to be used for homebrewed alcohol during the first national lock-down when alcohol sales were banned in South Africa. The spike in demand during the lockdown also resulted in the tripling of pineapple prices from R4.96/kg (US\$0.28/kg) to R15.71/kg (US\$0.90/kg).

About 19 to 28 percent of the total pineapple production is consumed and sold as fresh fruit in South Africa. Producers normally sell pineapples to the various fresh produce markets such as the [Johannesburg Fresh Produce Market](#) or directly to established retail stores. Fresh pineapple is normally consumed as a healthy snack, garnish for cocktails or other drinks or used as an ingredient in salads or cooking.

Processing

About 70 to 80 percent of the total pineapple production is delivered for processing in South Africa. Post estimates that pineapples delivered for processing will increase by 22 percent to 97,000 MT in the 2019/20 MY, from 79,405 MT in the 2018/19 MY, due to the increase in production and in response to the continued growth in demand for Not From Concentrate (NFC) pineapple juice in Europe for health reasons.

There are two main processing facilities in South Africa, with the largest being based in the Eastern Cape Province and a very small facility recently built in the Kwa-Zulu Natal Province. The main processed pineapple products in South Africa include concentrate, juicing, jam, wine, dried fruit, and pineapple fiber (downstream activities of weaving and designing). About 80 percent of these processed pineapple products are exported and 20 percent are sold in the local market. NFC pineapple juice is usually exported in bulk septic tanks. **Table 1** shows examples of some processed pineapple products sold into the domestic market.

Table 1: Examples of Retail Pineapple Processed Products

| Pineapple Pieces – 440g | 100% Queen Pineapple Juice – 750 ml |
|--|--|
|  |  |
| <p>Woolworths - R 27.99 (US\$1.60)</p> | <p>Rugani Juice – R36.00 (US\$2.05)</p> |

Trade:

Exports

Only 2 to 5 percent of the total fresh pineapple production in South Africa is exported. Due to their very short shelf-life and challenges in maintaining quality during shipping, fresh pineapples are usually air-freighted to overseas markets. Exports to regional markets in Africa are mainly by road.

Post estimates that the export of fresh pineapple will decrease by 34 percent to 2,200 MT in the 2019/20 MY, from 3,371 MT in the 2018/19 MY. The decline is based on the slow pace of exports up to May

2020 due to the significant rise in airfreighting costs, which have nearly doubled during the COVID-19 pandemic. Additionally, there has been diversion of some export fruit to satisfy the surge in local demand.

Botswana is the leading market, accounting for 22 percent of the total exports in 2019, followed by Namibia (14 percent), Saudi Arabia (13 percent), United Arab Emirates (11 percent), Zimbabwe (7 percent), Zambia (5 percent), Eswatini (4 percent), Ethiopia (4 percent) and the United States (3 percent). South African pineapple exports are eligible for duty free access to the United States under the African Growth and Opportunity Act (AGOA).

Table 2: South African Pineapple Exports

| South Africa Exports to the World | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Commodity: 080430, Pineapples, Fresh Or Dried | | | | | | | | | | | |
| Annual & YTD Series | | | | | | | | | | | |
| Partner | Unit | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020* |
| World | T | 2,905 | 3,434 | 3,482 | 3,331 | 2,903 | 2,635 | 4,747 | 2,905 | 3,327 | 862 |
| Botswana | T | 357 | 609 | 699 | 748 | 480 | 457 | 549 | 608 | 746 | 202 |
| Namibia | T | 388 | 358 | 292 | 268 | 361 | 302 | 317 | 358 | 457 | 154 |
| Saudi Arabia | T | 476 | 500 | 571 | 585 | 536 | 398 | 515 | 447 | 440 | 73 |
| United Arab Emirates | T | 313 | 379 | 340 | 328 | 315 | 314 | 409 | 354 | 378 | 131 |
| Zimbabwe | T | 239 | 462 | 383 | 265 | 194 | 155 | 120 | 191 | 225 | 43 |
| Zambia | T | 63 | 130 | 206 | 215 | 142 | 175 | 122 | 181 | 181 | 50 |
| Eswatini | T | 17 | 24 | 34 | 59 | 80 | 63 | 1,878 | 166 | 140 | 32 |
| Ethiopia | T | 0 | 0 | 0 | 0 | 12 | 44 | 81 | 94 | 132 | 28 |
| United States | T | 85 | 77 | 79 | 81 | 146 | 134 | 107 | 69 | 116 | 25 |
| Lesotho | T | 8 | 24 | 37 | 37 | 46 | 45 | 50 | 56 | 93 | 35 |
| Netherlands | T | 579 | 527 | 573 | 446 | 346 | 279 | 262 | 89 | 86 | 25 |
| Seychelles | T | 50 | 56 | 42 | 16 | 12 | 17 | 26 | 46 | 82 | 17 |
| Germany | T | 18 | 15 | 4 | 25 | 13 | 24 | 25 | 39 | 78 | 17 |
| Mozambique | T | 21 | 27 | 40 | 80 | 49 | 26 | 30 | 19 | 38 | 8 |
| United Kingdom | T | 20 | 53 | 31 | 19 | 30 | 15 | 22 | 83 | 31 | 7 |
| Malawi | T | 1 | 2 | 3 | 3 | 3 | 5 | 11 | 14 | 18 | 1 |
| Italy | T | 80 | 41 | 31 | 18 | 15 | 52 | 32 | 16 | 15 | 0 |
| Kuwait | T | 20 | 26 | 25 | 29 | 19 | 20 | 20 | 22 | 10 | 3 |
| Spain | T | 16 | 19 | 21 | 30 | 2 | 7 | 73 | 11 | 10 | 2 |
| Russia | T | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 8 | 4 |
| Egypt | T | 2 | 0 | 3 | 7 | 6 | 1 | 10 | 12 | 7 | 0 |
| Hong Kong | T | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 0 |
| Canada | T | 1 | 0 | 1 | 2 | 1 | 0 | 0 | 1 | 6 | 0 |
| Georgia | T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 0 |
| Switzerland | T | 36 | 24 | 34 | 42 | 44 | 44 | 22 | 17 | 4 | 1 |

Source: Trade Data Monitor (TDM)

*Export figures up to May 2020.

Imports

Pineapple imports into South Africa are very minimal as shown in **Table 3**

Table 3: South African Pineapple Imports

| South Africa Imports from the World | | | | | | | | | | | |
|---|------|------|------|------|------|------|------|------|------|------|-------|
| Commodity: 080430, Pineapples, Fresh Or Dried | | | | | | | | | | | |
| Annual & YTD Series | | | | | | | | | | | |
| Partner | Unit | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020* |
| World | T | 313 | 155 | 152 | 125 | 79 | 76 | 65 | 88 | 232 | 156 |
| Mozambique | T | 0 | 0 | 0 | 0 | 0 | 0 | 21 | 0 | 150 | 125 |
| Thailand | T | 111 | 140 | 130 | 124 | 78 | 75 | 44 | 61 | 74 | 31 |
| Eswatini | T | 23 | 0 | 1 | 1 | 0 | 0 | 0 | 2 | 6 | 0 |
| Unidentified | T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Germany | T | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Ghana | T | 179 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| Namibia | T | 0 | 5 | 20 | 0 | 0 | 0 | 0 | 26 | 0 | 0 |
| United States | T | 0 | 11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: TDM

*Import figures up to May 2020.

Table 4: Production, Supply and Demand (PSD) of Fresh Pineapples in South Africa

| Pineapples | 2017/2018 | | 2018/2019 | | 2019/2020 | |
|----------------------|---------------|----------|---------------|----------|---------------|----------|
| | Jan-18 | | Jan-19 | | Jan-20 | |
| Market Begin Year | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| South Africa | | | | | | |
| Area Planted | | 1,600 | | 1,800 | | 2,000 |
| Area Harvested | | 1,415 | | 1,600 | | 1,900 |
| Production | | 104,310 | | 111,500 | | 132,000 |
| Imports | | 88 | | 232 | | 200 |
| Total Supply | | 104,398 | | 111,732 | | 132,200 |
| Exports | | 2,905 | | 3,327 | | 2,200 |
| Domestic Consumption | | 27,833 | | 29,000 | | 33,000 |
| Processing | | 73,660 | | 79,405 | | 97,000 |
| Total Distribution | | 104,398 | | 111,732 | | 132,200 |
| | | | | | | |
| (HA) ,(MT) | | | | | | |

Regulations and Trade Policy

Import Duties

Table 5 shows custom duties applicable to South African pineapple imports. United States fresh or dried pineapple exports face a 15 percent customs duty, and pineapple juice faces a 25 percent customs

duty in South Africa. The European Union (EU) and South African Development Community (SADC) enjoy duty-free access due to the free trade agreements that are in place.

Table 5: Customs Duties

| HS Code | Article description | Unit | Rate of Duty | | | | |
|----------------|----------------------------------|------|--------------|------|------|------|----------|
| | | | General | EU | EFTA | SADC | MERCOSUR |
| 0804.30 | Pineapples: | | | | | | |
| 0804.30.10 | Fresh | kg | 15% | Free | 15% | Free | 15% |
| 0804.30.90 | Other | kg | 15% | Free | 15% | Free | 15% |
| | | | | | | | |
| 2009.4 | Pineapple juice: | | | | | | |
| 2009.41 | Of a Brix value not exceeding 20 | kg | 25% | free | 25% | free | 25% |
| 2009.49 | Other | kg | 25% | free | 25% | free | 25% |

Source: [South African Revenue Services \(SARS\)](#)

Import Procedures, Quality Standards and Labelling Regulations

The Department of Agriculture, Land Reform and Rural Development is responsible for regulating pineapples in South Africa. The applicable procedures to be followed when importing plants and plant products into South Africa can be found on the following link,

<http://www.nda.agric.za/doaDev/sideMenu/plantHealth/docs/importProcedure.pdf>. The regulations relating to the grading, packing and marking of pineapples intended for sale in South Africa can be found on the following link,

<https://www.dalrrd.gov.za/doaDev/sideMenu/foodSafety/doc/citrusfruitlocal/No%20538%20of%2009%20June%202017.pdf>. Maximum Residue Limits (MRLs) for pineapples may be found on the following link,

<https://www.dalrrd.gov.za/doaDev/sideMenu/foodSafety/doc/2019%20UPDATED%20PINEAPPLES.xls>. Post also publishes the [Food and Agricultural Import Regulations and Standards \(FAIRS\) Country Report](#) and the [FAIRS Export Certificate Report](#), to assist U.S. exporters with the relevant regulations, certificates, permits and procedures. The FAIRS reports are publicly available for download on the following GAIN link, <https://gain.fas.usda.gov/#/search>.

United States African Growth and Opportunity Act (AGOA)

South African pineapple exports are eligible to enjoy duty free access to the United States under the African Growth and Opportunity Act (AGOA). AGOA is a United States Trade Act, enacted on 18 May 2000 as Public Law 106 of the 200th Congress. AGOA has since been renewed to 2025. More information on AGOA can be found on the following link, <https://agoa.info/about-agoa.html>. The legislation significantly enhances market access to the United States for qualifying Sub-Saharan African (SSA) countries, including South Africa.

European Union Economic Partnership Agreement (EPA)

The European Union (EU) is South Africa’s traditional export market for most agricultural products. South Africa has a Free Trade Agreement with the EU under the Southern African Development

Community (SADC) - EU Economic Partnership Agreement (<https://ec.europa.eu/trade/policy/countries-and-regions/regions/sadc/>). The member states included under the SADC - EU EPA are Botswana, Lesotho, Mozambique, Namibia, South Africa and Eswatini (formerly Swaziland). As a result, South Africa benefits from duty free access for pineapples under this Free Trade Agreement.

The UK and Southern African Customs Union (SACU) and Mozambique EPA (SACUM-UK EPA)

South Africa's duty free access to the United Kingdom (UK) continued after BREXIT, based on the previous SADC-EU EPA arrangements. In 2019, the UK, Southern African Customs Union (SACU) member states (Botswana, Lesotho, Namibia and South Africa) and Mozambique signed a new free trade agreement, the SACUM-UK EPA. This is expected to take effect from 1 January 2021 and in the interim trade is based on the previous EU/SADC EPA arrangements. As a result, South Africa's duty free access to the UK were not affected by BREXIT and will not be affected in future.

Attachments:

No Attachments.