United States Department of Agriculture
Foreign Agricultural Service

GAIN
Global Agricultural Information Network

Voluntary Report – Voluntary - Public Distribution **Date:** February 24,2021

Report Number: SF2021-0012

Report Name: Strong Domestic and Export Demand Drives Growth in South African Avocado Plantings

Country: South Africa - Republic of

Post: Pretoria

Report Category: Avocado

Prepared By: Wellington Sikuka

Approved By: Kyle Bonsu

Report Highlights:

The production of avocados in South Africa is estimated to decrease marginally by 2 percent to 130,000 Metric Tons (MT) in the 2020/21 MY, based on the cyclical on-year and off-year nature of avocado production. South African avocado production has experienced exceptional growth in the past four decades, from 1,500 MT in the 1969/70 MY, to the peak production of 169,243 MT in the 2017/18 MY, primarily due to increase in plantings, exponential export and domestic demand. Europe remains the principal market for South African avocado exports, accounting for 92 percent of the total exports. South Africa is under increasing pressure to acquire new markets for its avocados, and currently is prioritizing efforts to gain market access in the United States, Japan, India and China. This is expected to diversify exports from Europe, and to absorb the anticipated future increases in production.

Commodities:
Avocados, HS Code - 080440

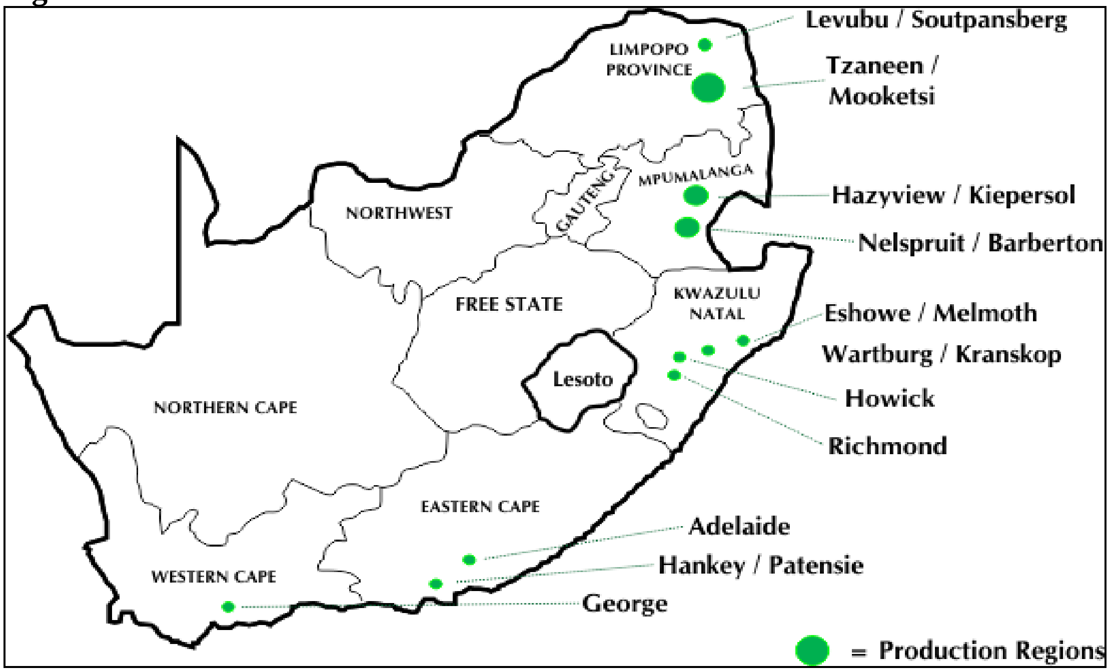
Marketing Year (MY) – January to December
Harvest Season – February to November
Exchange rate - 1US$ = R14.42 as at February 16, 2021

Sources:
South African Subtropical Growers Association - https://www.subtrop.co.za/
South African Avocado Growers Association - https://www.avocado.co.za/
South African Revenue Services - https://www.sars.gov.za/
Department of Agriculture, Land Reform, and Rural Development - https://www.dalrrd.gov.za/

Background

Avocados in South Africa are grown under drip irrigation in the Limpopo, Mpumalanga, Kwa-Zulu Natal, Eastern Cape, and Western Cape Provinces. **Figure 1** shows the map of avocado growing areas in South Africa. The Limpopo province is the largest avocado production area accounting for 58 percent of the total production in 2020, followed by Mpumalanga (24 percent), and Kwa Zulu Natal (14 percent). The Eastern Cape and Western Cape account for only 4 percent of the total production. The Limpopo and Mpumalanga provinces have a warm subtropical climate which is better suited to the production of avocados, whereas the Western Cape and Eastern Cape have a much cooler climate. The growth in late cultivar varieties is the main driver for the increases in these provinces, which are currently targeted at supplying the domestic market during the off-season period of October to March.

Figure 1: Avocado Production Areas in South Africa



Source: https://avocado.co.za/avocado-production-stats-regions/

The Hass avocado is the predominant variety planted in South Africa, accounting for 80 percent of the total area planted. The Fuerte, Pinkerton, Ryan and Reed varieties make up the remaining 20 percent of avocado production. The harvest season for avocados in South Africa is normally from February until October, as shown in **Table 1**.

Table 1: Avocado Varieties and Harvest Seasons in South Africa

Variety	**Harvest Season**
Hass	February to May in the Limpopo Province. February to October in the Kwazulu-Natal Province.
Fuerte	March to May in the Limpopo and Mpumalanga growing regions. July and August in the KwaZulu-Natal Province
Pinkerton	June in the Limpopo Province. July in the Kwazulu-Natal Province.
Ryan	August and September in the Limpopo Province. October in the KwaZulu-Natal Province.
Reed/ Edranol	June in the Limpopo and Mpumalanga growing regions. Until late September in the KwaZulu Natal Province.

Source: https://avocado.co.za/cultivars/

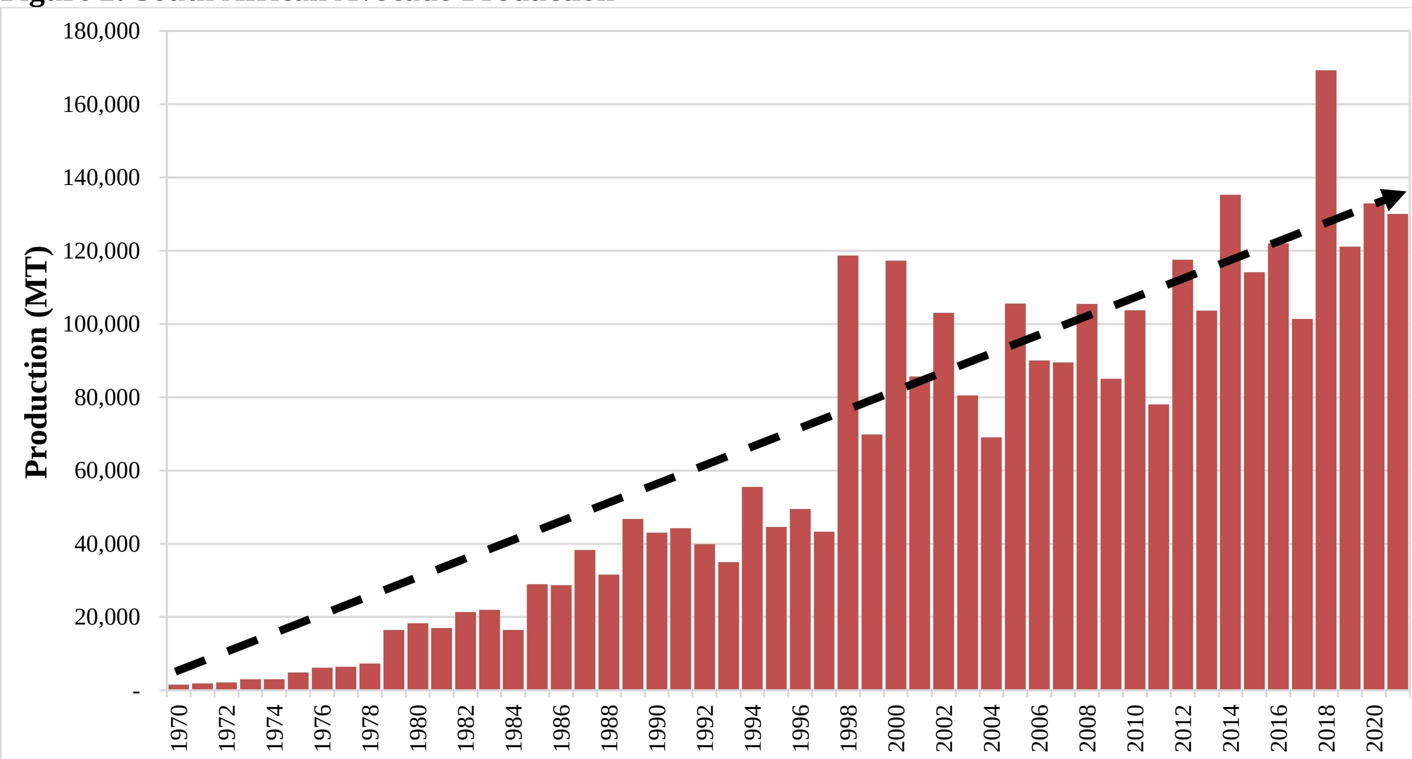
Similar to other agricultural commodities in South Africa, the avocado industry has a well-organized structure. The South African Avocado Growers' Association (SAAGA) represents the interests of the avocado growers through its efforts to gain access to new markets, technical research, provision of technical and marketing information, and generic promotion to develop the local market. The size of avocado farms in South Africa ranges from 10 hectares to 2,000 hectares. SAAGA is also part of the South African Subtropical Growers Association (Subtrop). Subtrop provides management and administrative services to the commodity associations: SAAGA, Litchi (SALGA), and Mango (SAMGA). Subtrop's main objectives include serving as the liaison with government and relevant institutions on issues of importance to the member associations; research coordination; generic market development; facilitation of market access initiatives; and provision of market or technical information. The biggest avocado producers and exporters in South Africa include, Westfalia Fruit, ZZ2, The Fruit Farm Group, and HL Hall and Sons.

Production

The production of avocados in South Africa is estimated to decrease marginally by 2 percent to 130,000 Metric Tons (MT) in the 2020/21 MY, from 132,881 MT in the 2019/20 MY. This is based on the cyclical on-year and off-year nature of avocado production. Given that the 2019/20 MY was an on-year, it is expected that production will decrease in the 2020/21 MY. The decrease in production was partially off-set by the increase in area planted, new orchards coming into full production, good weather conditions, and adequate irrigation water. COVID-19 is expected to have minimal impact to the South African avocado production.

The South African avocado production has experienced exceptional growth in the past four decades as shown in **Figure 2**. Production has grown from 1,500 MT in the 1969/70 MY, to a peak of 169,243 MT in the 2017/18 MY. This is largely attributed to improved yields, better varieties, improved water management and agricultural practices, some farmers doing high density plantings of up to 475 trees per hectare (normal plantings is about 312 trees per hectare in South Africa), and extensive investments in new orchard plantings especially from the 2007/08 MY. The growing demand and high returns from avocado exports has also resulted in most farmers diverting land away from other crops such as bananas, sugar, mangoes and commercial timber/ forestry.

Figure 2: South African Avocado Production



Sources: South African Subtropical Growers Association, South African Avocado Growers Association & Post Estimates

The area planted to avocados in South Africa is estimated to increase by 5 percent to 17,386 Hectares (HA) in the 2020/21 MY, from 16,573 HA in the 2019/20 MY. The growth in area planted is driven by land being diverted from other crops, new land developments, and under-utilized land especially communal projects being resuscitated through lease agreements with commercial growers.

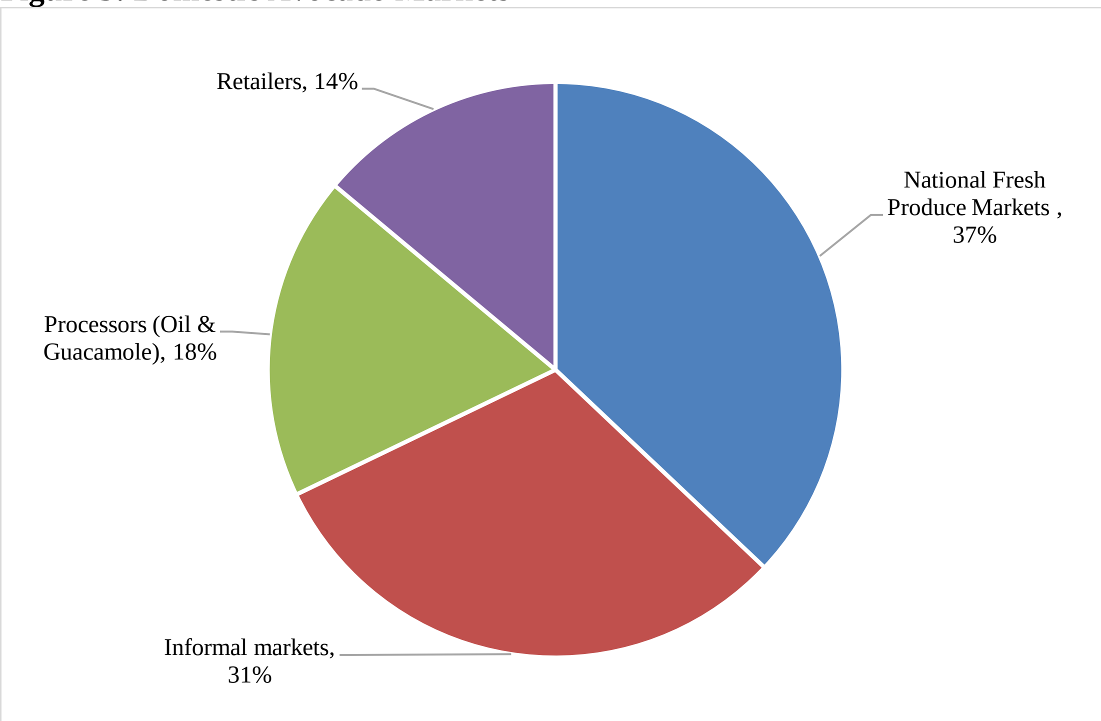
Consumption

The domestic consumption of fresh avocados is estimated to increase by 4 percent to 55,000 MT in the 2020/21 MY, from 53,000 MT in the 2019/20 MY, based on the increase in demand as consumers seek health food, and government easing lockdown restrictions for restaurants, hotels and the food industry.

South African consumers generally prefer the Fuerte avocado variety which is "pear" shaped with a smooth thin skin that stays green colored when ripe and sometimes has a long thinner neck. However, other avocados varieties such as the Haas are easily available in the market especially during the harvest seasons from February to August. The domestic consumption of avocados has risen steadily over the past years, which has resulted in the growth and necessity of imports during South Africa's off-season.

Figure 3 shows that 82 percent of domestic consumption is fresh avocados and 18 percent are processed to mainly oil and guacamole. The national fresh produce markets are the leading channel through which fresh avocados are sold in South Africa accounting for 37 percent of the total domestic sales, followed by sales in the informal markets (31 percent), deliveries to processors (18 percent) and sales through retail supermarkets (14 percent).

Figure 3: Domestic Avocado Markets



Sources: South African Subtropical Growers Association, & South African Avocado Growers Association

Trade:
Exports

Post estimates that the export of avocados will increase by 8 percent to 51,000 MT in the 2020/21 MY, from 47,265 MT in the 2019/20 MY, based on the available crop, strong demand driven by health reasons, and minimal disruptions of COVID-19 to logistics and demand.

Europe is the principal market for South African avocado exports, accounting for 92 percent of the total exports in the 2019/20 MY. This is expected to remain the same in the 2020/21 MY, based on the Economic Partnership Agreement (EPA) between the European Union and South Africa, and the limited export market access for South Africa avocados in other countries. South Africa is in the process of negotiating market access to export avocados to the United States. The process is currently at a technical stage under the responsibility of the USDA Animal and Plant Health Inspection Service (APHIS). South Africa is also negotiating market access with China, Japan and India. South Africa also has its sights on expanding exports to the Middle East.

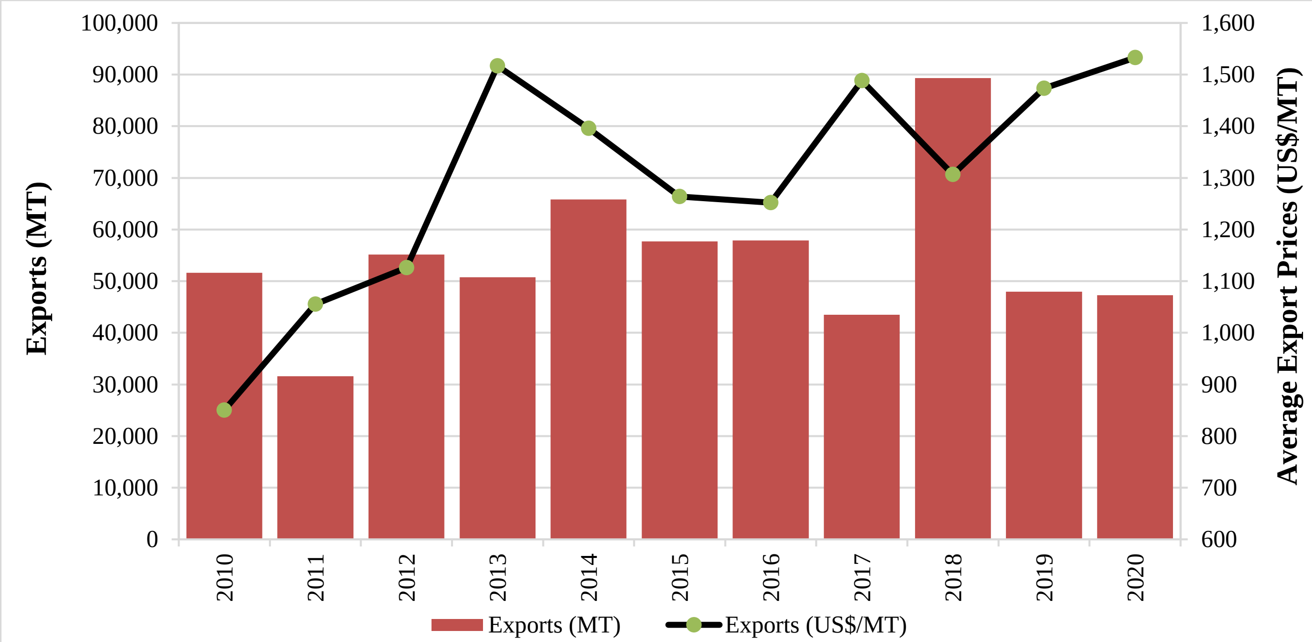
Table 2: South African Avocado Exports

South Africa Exports to the World							
Commodity: 080440, Avocados, Fresh Or Dried							
Calendar Year							
Partner Country	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
World	T	57,666	57,866	43,492	89,343	47,948	47,265
Netherlands	T	40,854	41,279	29,824	60,274	33,480	29,624
United Kingdom	T	11,439	10,744	9,503	17,893	7,780	9,841
Russia	T	950	701	350	1,243	936	2,247
Namibia	T	487	523	537	885	660	801
Portugal	T	261	346	148	1,443	581	704
Botswana	T	305	334	261	440	396	602
Spain	T	1,789	2,311	1,881	3,716	1,582	592
Saudi Arabia	T	0	0	5	353	186	393
Greece	T	0	0	0	43	43	331
United Arab Emirates	T	72	23	53	717	765	313
Germany	T	31	7	0	14	125	303
Singapore	T	220	141	124	225	443	244
Lebanon	T	374	393	21	217	44	216
Italy	T	0	0	0	0	22	200
Malaysia	T	64	239	150	117	81	129
Australia	T	0	0	19	0	10	109
Lesotho	T	36	39	47	82	73	102
France	T	181	44	12	344	38	99
Hong Kong	T	282	122	200	60	208	66
Cyprus	T	0	0	0	0	44	64
Qatar	T	0	0	2	24	32	50
Mauritius	T	20	13	14	12	25	42
Kuwait	T	46	26	42	27	48	39
Eswatini	T	63	33	24	60	31	30
Japan	T	14	0	0	0	0	27
Canada	T	0	0	0	0	74	24
Mozambique	T	30	22	23	20	20	21
Zambia	T	16	44	36	54	20	16
Zimbabwe	T	3	6	4	0	2	11

Source: Trade Data Monitor

Figure 4 shows the growth in exports and average export prices since the 2009/10 MY. Short term fluctuations in exports are mainly due to the cyclical production of avocados, and quality issues in some seasons.

Figure 4: South African Avocado Exports



Source: Trade Data Monitor

Imports

Post estimates that avocado imports will increase by 5 percent to 3,800 MT in the 2020/21 MY, from 3,603 MT in the 2019/20 MY, based on the continued increase in off-season demand.

Spain is the leading supplier of avocados to South Africa accounting for 34 percent of the total imports, followed by Mozambique (30 percent), Zimbabwe (21 percent), Kenya (10 percent), Eswatini (5 percent) and Israel (1 percent).

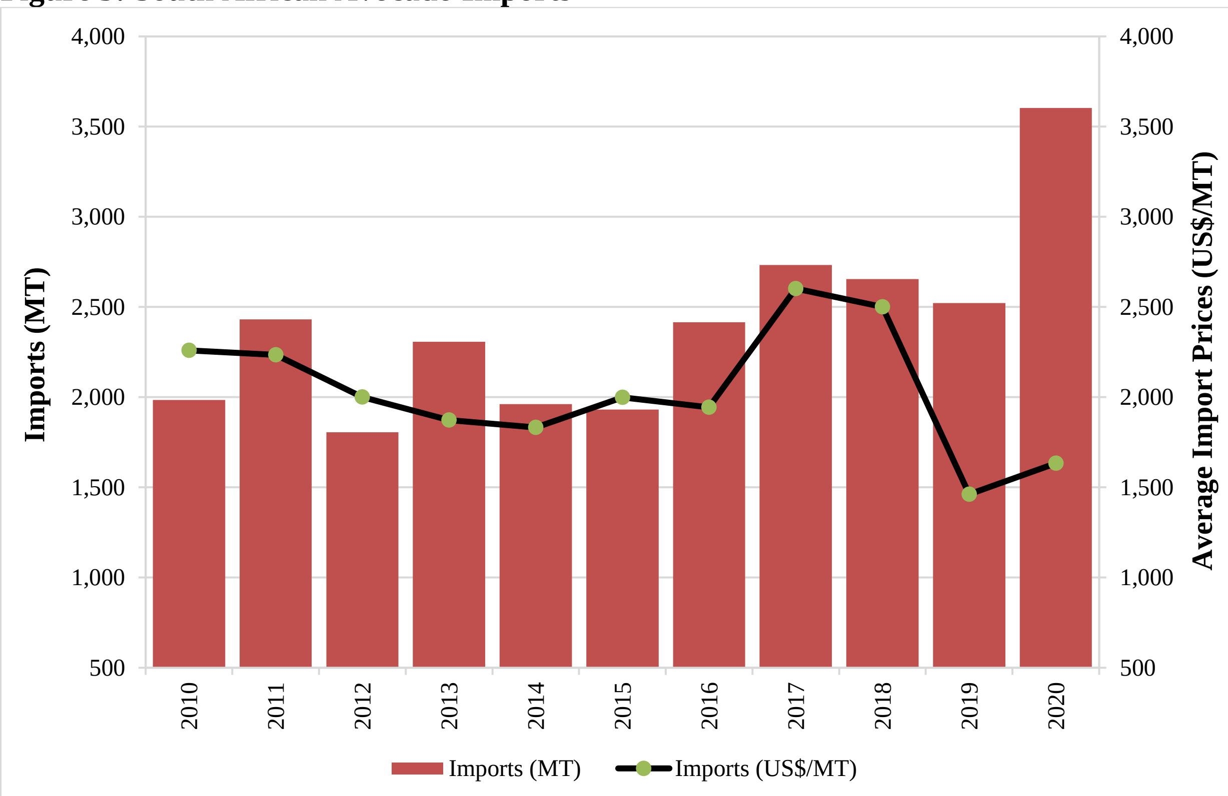
Table 3: South African Avocado Exports

South Africa Imports from the World							
Commodity: 080440, Avocados, Fresh Or Dried							
Calendar Year							
Partner Country	**Unit**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
World	T	1,932	2,416	2,733	2,655	2,522	3,603
Spain	T	1,144	1,708	1,825	1,583	740	1,224
Mozambique	T	0	0	0	238	700	1,083
Zimbabwe	T	0	0	0	218	571	743
Kenya	T	0	0	0	0	59	362
Eswatini	T	169	301	222	158	214	167
Israel	T	595	368	599	415	237	24
Netherlands	T	0	0	21	0	0	0
Unidentified	T	24	40	63	23	0	0
Zambia	T	0	0	0	22	0	0

Source: Trade Data Monitor

While avocado imports are still relatively low in quantity, they have grown significantly from 1,984 MT in the 2009/10 MY, to 3,603 MT in the 2019/20 MY, as shown in **Figure 5**. Post expects that avocado imports will continue to grow due to the rising demand from the domestic market and lack of ample local supply during South Africa's off-season.

Figure 5: South African Avocado Imports



Source: Trade Data Monitor

Table 4: Production, Supply and Demand of Avocados in South Africa

Avocados, Fresh	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan-19		Jan-20		Jan-21	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	15,730	0	16,573	0	17,386
Area Harvested	0	14,000	0	14,700	0	15,300
Bearing Trees	0	5,128,900	0	5,500,000	0	5,800,000
Non-Bearing Trees	0	905,100	0	980,000	0	1,000,000
Total No. Of Trees	0	6,034,000	0	6,480,000	0	6,800,000
Production	0	121,156	0	132,881	0	130,000
Imports	0	2,522	0	3,603	0	3,800
Total Supply	0	123,678	0	136,484	0	133,800
Exports, Fresh	0	47,948	0	47,265	0	51,000
Fresh Dom. Consumption	0	50,000	0	53,000	0	55,000
For Processing	0	25,730	0	36,219	0	27,800
Total Distribution	0	123,678	0	136,484	0	133,800
(HECTARES) ,(1000 TREES) ,(MT)						

Regulations and Trade Policies:

South African Customs Duties

United States avocado exports would face a 5 percent customs duty in South Africa. **Table 5** reflects the applicable custom duties when exporting avocados to South Africa

Table 5: Custom Duties Applicable to Exports to South Africa

HS Code	Article Description	Unit	Rate of Duty						
			General	EU	UK	EFTA	SADC	MERCOSUR	AfCFTA
0804.4	**Avocados:**								
0804.40.10	Fresh	kg	5%	free	free	5%	free	free	4%
0804.40.90	Other	kg	5%	free	free	5%	free	free	4%

Source: South African Revenue Services (SARS)

South African Import Regulations

The following links provide useful resources and regulations pertaining to exporting avocados and its products to South Africa:

Table 6: South African Import Resources and Regulations

Name	Website Link
Export Procedures to South Africa	Download.
Maximum Residue Limits	Download
Regulations relating to the grading, packing and marking of avocados intended for sale in the Republic of South Africa	Download

Source: South African Department of Agriculture, Land Reform and Rural Development

European Union (EU) and South Africa Free Trade Agreement

South Africa and the EU have a Free Trade Agreement under the SADC/EU Economic Partnership Agreement. As a result, Europe is the leading trading partner for South African avocados due to the duty free access its exports enjoy in South Africa.

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

The Economic Partnership Agreement (EPA) between SACU (Botswana, Lesotho, Namibia and South Africa) member states and Mozambique and the United Kingdom (UK) and Northern Ireland came into effect on January 1, 2021. This EPA was necessitated by the UK`s exit from the European Union. As a result, South Africa's duty free access to the UK has not been affected by BREXIT.

South Africa's Pending New Market Access Requests

South Africa is in the process of negotiating market access to export avocados to the United States. The United States is one of the leading importers of avocados globally, and imported a total of 1.1 million MT avocados in the 2019/20 MY. The United States presents great potential for South Africa, especially in years when leading suppliers such as Mexico, Peru, Chile and the Dominican Republic have decreased production. South Africa is also in the process of negotiating market access with China, Japan and India.

Price Support Policies

South Africa has no price support policies for avocado producers. SAAGA has a mandatory statutory levy payable by avocado producers to fund functions deemed essential to the industry, namely, research, training, plant improvement and transformation.

Attachments:

No Attachments.