



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 1/27/2000

GAIN Report #SF0005

## **South Africa, Republic of**

### **Tree Nuts**

### **Macadamia**

### **2000**

Approved by:

**Richard Helm**

**U.S. Embassy, Pretoria**

Prepared by:

Patricia Mabiletsa

---

#### **Report Highlights:**

**South Africa's young macadamia industry is experiencing a significant upward growth trend that is expected to continue for the next few years. More than 50% of planted trees will come into bearing in the next 5 years. Production in 2000 is expected to reach 8,000 mt, a 15% increase from the previous year. Exports are expected to rise 12% to 7,650 mt with over 50% of shipments destined for the U.S. By 2005, South Africa could produce over 20,000mt of macadamias.**

---

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Pretoria [SF1], SF

Executive Summary ..... 1

Production ..... 2

..... 2

Consumption ..... 4

Trade ..... 4

Stocks ..... 5

Policy ..... 5

Marketing ..... 5

## **Executive Summary**

South Africa's young macadamia production is expected to grow significantly as more than half the trees begin bearing in the next few years. Total macadamia nut production is expected to increase by about 15% in 2000 as a result of expanded area planted, favourable weather and more trees coming into bearing. Total commercial production is expected to reach about 8000 metric tons in 2000, up from 6800 metric tons of a year earlier. Output should reach 20,000 metric tons by 2005, if current trends continue. However, forecasts will continue to depend on further confirmation of data on planted area. Exports during 2000 are expected to increase by 12% to 7650 metric tons from the previous year and by another 15% in 2001. Since 1997, South Africa's macadamia sales have suffered as a result of depressed world market prices brought about by high stock levels in Australia. As a result, the farmgate price dropped from R8.00/kg in 1997 to R6.40/kg in 1998, and no increase in the price level is expected in 2000.

U.S. Dollar 1 = Rand 6.30, 01/31/2000

## Production

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Macadamia, Inshell Basis					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	5300	5580	0	6500	0	7500
Area Harvested	2465	2465	0	2700	0	2900
Bearing Trees	740	739	0	870	0	990
Non-Bearing Trees	850	935	0	1080	0	1260
Total Trees	1590	1674	0	1950	0	2250
Beginning Stocks	1230	814	1580	530	1580	430
Production	7350	6800	0	8000	0	9500
Imports	0		0	0	0	0
TOTAL SUPPLY	8580	7614	1580	8530	1580	9930
Exports	6500	6700	0	7650	0	9080
Domestic Consumption	500	384	0	450	0	550
Ending Stocks	1580	530	1580	430	1580	300
TOTAL DISTRIBUTION	8580	7614	1580	8530	1580	9930

In 2000(MY1999/2000) macadamia production is expected to increase by about 15 %, due to favorable weather conditions, expanded planted area, and an increase in the number of bearing trees.

The table below indicates the 5-year total South African macadamia production on a dry-in shell basis

YEAR	DRY IN SHELL(DIS) TONS	FARM GATE PRICE R/KG DIS
1995	2191	5.75
1996	3500	7.00
1997	4914	8.00
1998	6265	6.40
Est 1999	6800	

South Africa's production since 1995 has shown significant upward trend. Annual production increases since 1995 have been 60% and 40% in 1996 and 1997 respectively. These increases have been helped by conducive weather conditions, as well as an increase in the number of bearing trees.

In 1998, the farm gate price dropped by 20% from around R8.00/kg in 1997 to about R6.40/kg. South Africa's farm gate prices are not expected to increase in 1999 over their 1998 levels because of the relatively large stock levels in world markets as well as an anticipated large Australian crop this season.

The table below indicates the estimated tree numbers in thousands by age group as of January 1,1999

Age group in years	Total trees '000	% of total
0-5	935	56
6-10	410	24
11-20	234	14
21+	95	6
Total	1674	100

South Africa's macadamia production shows significant potential for growth based on the number and age of planted trees. Over half of trees will still come into bearing in the next six years, which should lead to a dramatic increase in production. Production should expand to around 20,000 mt, assuming data on area are correct. The macadamia industry is young and still developing its statistical capacity. As a result, post may have to make significant revisions if more reliable data become available.

## Consumption

Domestic consumption of macadamia nuts is expected to jump as a result of expanded supply.

## Trade

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	3044	U.S.	0
Others		Others	
Europe	1490		0
Asia	557		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
	0		0
Total for Others	2047		0
Others not listed	67		
Grand Total	5158		0

The South African Macadamia Growers Association (SAMAC) indicates that about 60% of exports went to the US in 1998.

The table below shows the percentage of production to various markets for 1997 and 1998.

DESTINATION	1997	1998
Domestic Consumption	5	5
United States	24	56
Europe	47	28
Asia	22	10
Other	2	1
Total	100	100

## Stocks

In 1998 about 530mt of dry-in-shell were carried over to the next year. This trend is expected to continue as the nuts are sold all year round.

## Policy

The macadamia industry is not supported or subsidized by the government. SAMAC funds all research projects.

## Marketing

The macadamia industry in South Africa is export oriented with tremendous growth potential. The industry hopes to sustain this growth through a continued co-operative and unified approach under SAMAC to market increasing quantities and quality macadamias in both local and world markets. It also seeks cooperation with other African macadamia producing countries.

South African macadamia growers deliver their produce after on farm dehusking, as Nut-in-Shell (N.I.S.) at moisture contents varying from 7 to 20%, to any of the five major processing facilities. One of the processing plants is used as a toll cracking facility where producers deliver N.I.S. to the factory, have them cracked and packed and then market the product themselves. The plant also serves growers on a cooperative basis with the nuts then being marketed by the South African Dried Fruit Cooperative (SAD), which also markets the total production from the Lowveld Cooperative in Nelspruit. Both these plants only produce raw kernels at this stage. Another company has two processing facilities. These factories purchase N.I.S. on a sliding scale according to the kernel percentage, commonly called the crack out percentage. The factories produce raw and roasted kernels which they market themselves.

Another factory also buys N.I.S. from growers, produce only raw kernels which they market themselves.

The final processor produces a wide variety of processed macadamias and other dried nut products, mainly for the domestic market. One of the processing facilities recently became the first in the country to comply with the ISO 9002 grading standard.

