

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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South Africa - Republic of

Fresh Deciduous Fruit Annual

Annual

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Report Highlights:

Post forecasts production of fresh apples to decrease by 7.2 percent to 750,000 MT in MY 2010/11, beginning in January 2010, due to a late spring that reduced budding and a heat wave that reduced yields prior to harvest, while pear production is forecast to remain flat at 348,000 MT. Production of table grapes is forecast at 280,000 MT in MY 2010, a 9.6 percent increase from 255,284 MT in MY 2009/10, on stellar climatic conditions which were characterized by warm and dry spring temperatures, resulting in better yields per hectare.

Executive Summary:

Pear production, supply, and distribution remain flat in MY 2010/11

Post forecasts production of fresh pears to remain flat at 348,000 MT in the January – December marketing year (MY 2010/11), as consumer demand remains static. Domestic consumption of fresh pears is forecast to remain flat at 44,000 MT in MY 2010/11 as pears are generally more expensive than apples in the domestic market and appeal to middle to high-income consumers. Exports of fresh pears will increase one percent on strong demand from the EU to 182,000 MT in MY 2010/11.

Apple production down on a late spring and heat wave damage

Post forecasts production for fresh apple production to decrease 7.2 percent to 750,000 MT in MY 2010 from the previous year on a late spring that reduced budding and a heat wave that reduced crop yields prior to harvest. Domestic consumption of fresh apples will decrease seven percent to 200,000 MT in MY 2010/11, from the previous year as domestic prices have risen on shorter supplies. Tighter supplies are also expected to push down fresh apple exports by 13 percent in MY 2010/11.

Table grape production benefits from good weather

Post forecasts production of table grapes at 280,000 MT in MY 2010, a 9.6 percent increase from 255,284 MT in MY 2009/10, on stellar climatic conditions which were characterized by warm and dry spring temperatures, resulting in better yields per hectare. The cultivar profile in South Africa has changed in recent years: seeded cultivars are declining on a yearly basis as consumers prefer seedless grapes. The domestic consumption of fresh table grapes will increase two percent to 38,000 MT as demand increases with the growth of middle class consumers.

Post forecasts table grape exports will increase six percent to 232,100 MT in MY 2010/11, up from 217,875 MT in the previous year on higher yields and greater exportable supplies. The South African industry launched a major international marketing campaign to support table grape sales in the UK in MY 2009 called “Beautiful Country, Beautiful Fruit”: www.beautifulcountrybeautifulfruit.com.

Market Year 2010/11 = January to December 2010

US\$1 = Rand 6.95 (20 October 2010)

Sources:

Deciduous Fruit Producer’s Trust (DFPT)

South Africa Table Grape Industry (SATGI)

National Agricultural Marketing Council (NAMC)

Commodities:

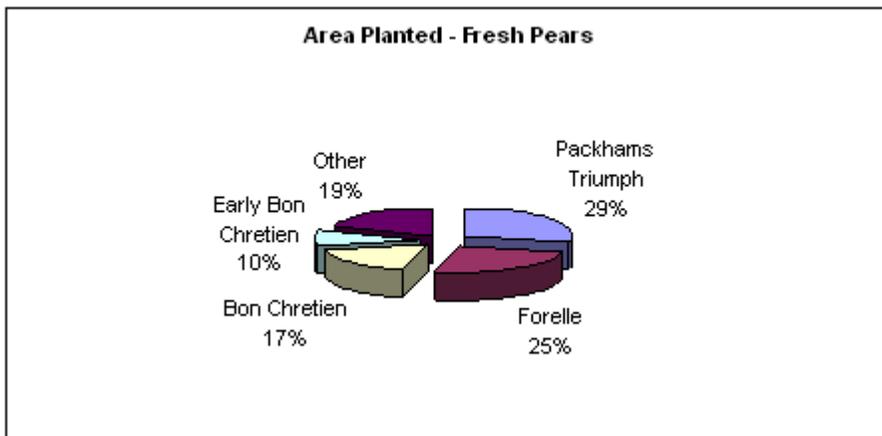
- Pears, Fresh
- Apples, Fresh
- Grapes, Table, Fresh

Pears, Fresh

Area Planted

Post forecasts area planted to pears will remain flat at 11,450 hectares in MY 2010/11 on high input costs. The cost of establishing a pear orchard increased by 49 percent to R124, 432 in MY 2009/10, up from R83, 696 in the previous year. The main drivers of the increased production costs are the planting material (rootstock and seedlings) and the cost of trellising. Rootstock is typically imported and experienced a price spike in-line with high commodity and petroleum prices during 2008 - 2009. The cost of trellising is dependent on iron, which also experienced price volatility in recent years.

Figure 1. Fresh Pears Area Planted



Source: DFPT

Production

Post forecasts production of fresh pears will remain flat at 348,000 MT in MY 2010, from 347,636 MT in the previous year as prices are expected to remain on par with last year. MY 2010/11 was a normal production year for pears that benefited from good weather, unlike fresh apples that were negatively impacted by unfavorable weather conditions.

Area harvested is expected to remain flat at 10,800 hectares in MY 2010/11, from 10,863 hectares in the previous year, as consumer demand remains unchanged. The area planted to Packham’s Triumph and Forelle pears, the leading varieties, will remain constant at 54 percent of total area planted to pears in MY 2010/11. However, the area planted to Bon Chrétien pears is shifting towards Early Bon Chrétien pears. Early Bon Chrétien pears mature in late December, which affords producers an opportunity to enter the market ahead of the Bon Chretien varieties that mature in March.

Consumption

Domestic consumption of fresh pears is forecast to remain flat at 44,000 MT in MY 2010/11, from 44,711 MT the previous year, as consumer demand remains static. Pears are generally more expensive than apples in the domestic market and appeal more to middle to high-income consumers. A 12.5 kilogram box of pears can sell up to 50 percent more than a 12.5 kilogram box of apples at local wholesale markets. Domestic demand for fresh pears is approximately 13 percent total production annually.

Marketing

South African producers focus on two pear varieties primarily for export markets: Packham’s Triumph and Forelle. The Packham’s Triumph is a medium to large bumpy green dessert pear. The flesh is creamy-white with a smooth texture and consumers enjoy its sweet and juicy taste. The Forelle pear is a small, bell shaped, red-freckled variety of pear. Consumers enjoy its crisp texture and sweet taste.

Trade

Post forecasts exports of fresh pears will increase one percent to 182,000 MT in MY 2010/11, from 180,408 MT from the previous year, despite a strengthening rand. The EU is South Africa’s biggest traditional market with the Netherlands and the UK having the largest market share. The representatives of the South African fruit industry are determined to maintain the EU market since South Africa has an advantage of shorter shipping distances and free access. In 2009, the industry kicked-off a consumer education campaign in UK stores such as Tesco and Morrison’s Sainsburys as well as launched print and radio advertisements promoting South African deciduous fruits.

Post forecasts South Africa will import 185 MT of pears in MY 2010, as imports are typically specialty crunchy pears from China destined for high-income consumers. Pear imports typically land during the last quarter of the MY.

Table 1. Export Trade Matrix, Fresh Pears: MY 2008-2009, Year to Date 8/09-8/10

South Africa Export Statistics
Commodity: 080820, Pears, Fresh
Marketing Year Jan-Dec: 2008 - 2009, Year To Date: 08/2009 & 08/2010

Quantity						
Partner Country	Unit	Marketing Year		Year To Date		
		2008	2009	08/2009	08/2010	%Change
Netherlands	T	44,489	49,784	49,761	57,152	14.85
United Kingdom	T	24,695	29,728	29,704	24,391	-17.89
Russia	T	20,581	15,173	15,110	16,893	11.8
Germany	T	12,038	15,005	14,989	11,286	-24.7
Belgium	T	8,715	12,524	12,524	3,443	-72.51
France	T	4,813	7,129	7,050	7,350	4.25
United Arab Emirates	T	3,996	5,370	5,215	8,441	61.84
Italy	T	4,613	5,166	5,164	5,551	7.49
Malaysia	T	5,539	4,659	4,245	6,698	57.79
Others	T	36,518	36,075	34,503	40,082	13.92
World	T	165,997	180,613	178,265	181,287	1.7

Source: GTA

Table 2. Tariff Rate, Fresh Pears

Pears and quinces

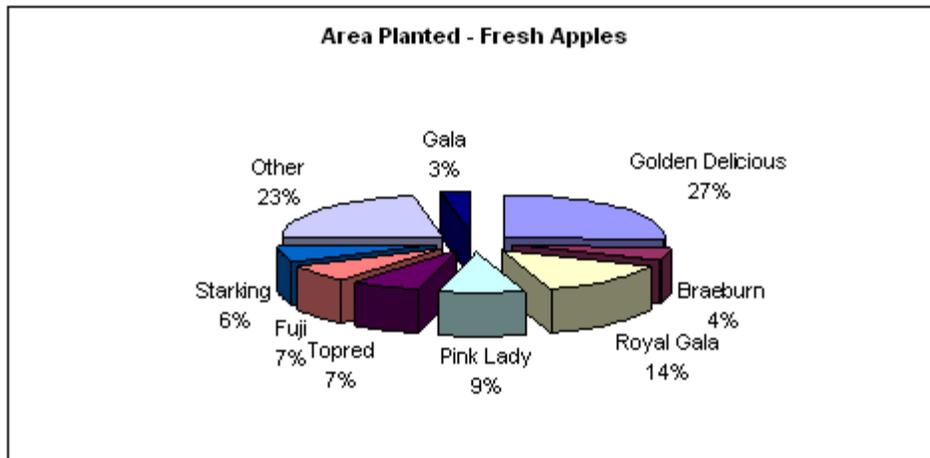
Item	CD	Description	Unit	General	EU	EFTA	SADC
0808.20	3	Pears and quinces	kg	4%	free	4%	free

Apples, Fresh

Area Planted

Post forecasts area planted to apples will remain flat at 21,350 hectares in MY 2010/11; from 21,000 hectares in the previous year as input costs have leaped 58 percent. According to Deciduous Fruit Producer's Trust (DFPT) tree census of MY 2009, the cost of establishing an apple orchid increased to R128, 006 per hectare in 2009, up from R81, 687 in 2008. As with pears, the high cost of planting material for rootstock and seedlings, and the cost of trellising spiked in-line with the high commodity and petroleum prices of 2008 - 2009. The cost of trellising is dependent on iron, which also experienced price volatility in recent years.

Figure 2. Fresh Apples Area Planted



Source: DFPT

Production

Post forecasts fresh apple production will decrease 7.2 percent to 750,000 MT in MY 2010/11 on a late spring that reduced budding and a heat wave that lowered yields prior to harvest. Unfavorable weather conditions adversely impacted South Africa's apple crop by reducing yields for the early to mid-season apple cultivars, such as Gala and Golden Delicious. Industry officials estimate the impact of the heat wave will reduce MY 2010/11, Gala apple production by 21 percent and Golden Delicious by percent 20 from the previous year. Current expectations for the late season varieties indicate production of Granny Smith apples will decline 15 percent in MY 2010/11 from the previous year. Pink Lady (or Cripps' Pink) and Sundowner (or Cripps' Red) is expected to increase by one percent in MY 2010/11, as these varieties were largely unaffected by the heat wave.

Consumption

Post forecasts domestic consumption of fresh apples will decrease to 200,000 MT in MY 2010/11, down seven percent from the previous year on lower available supplies. Apples are popular in South Africa and widely consumed throughout the year. They form part of the national food basket of goods which are monitored quarterly by the South African National Agricultural Marketing Council (NAMC) to track food price inflation. The Johannesburg Fresh Produce Market, a fresh produce market with an annual turn over of R2 billion, reports apples rank among the top 5 highly consumed fruits in South Africa. The price of a 12.5 kilogram box of apples in the local market ranges between R65 and R180. The most popular apples in South Africa are the Granny Smith, the Golden Delicious, Cripps Pink, and Topred.

NAMC's food monitoring reports demonstrate that from July 2009 to July 2010, the fruit and vegetable category had the highest price inflation rate at nine percent. Although apple prices have decreased by four percent since April 2010, prices are still 12.44 percent higher than in the same period during 2009 (See Table 3).

Table 3. Fresh Apple Price Levels (Rand/ kilogram): July 2009 – July 2010

Price levels			Percentage change
July 2009	April 2010	July 2010	July – 09 to July10
10.21	12.02	11.48	12.44

Source: NAMC

Trade

Exports

Post forecasts exports for fresh apples will decline 13 percent to 290,000 MT in MY 2010 from the previous year on a small crop resulting from the late spring and a heat wave that negatively affected yields and reduced exportable supplies. South African industry officials estimate that fresh apple exports for MY 2010, beginning January 2010, are down 14 percent from MY 2009. Although the UK continues to be South Africa’s largest destination for apple exports, the global economic downturn resulted in lower export volumes to UK compared to previous year (2009) during the same period.

Imports

Post forecasts South Africa will import 200 MT of apples in MY 2010/11, down from 235 MT the previous year on reduced local demand. The pace of imports as of August 2010 was 122 MT, with 100 percent of the imports coming from the United States. The South African grocery chain, The Shoprite Group, imported approximately 160 tons of apples from the United States for the first time in over a decade. U.S. fresh apple exports to South Africa had been prohibited over concerns about the introduction of new pests. However, South Africa approved an import permit last year that allowed trade to resume. According to The Shoprite Group, the decision to import Red Delicious was taken in order to provide Shoprite customers with red apples over the December to January, period when South African red apples are scarce.

Historically, imported apples have found it difficult to compete in the South African market as they are not price competitive with available domestic supplies.. For this reason, limited volumes of apples arrive in the country at the end of the marketing year when domestic supplies are low. Red apples become scarce during this holiday season, and Washington Red Delicious will most likely find their niche in this off-season period between November to February.

Pest and plant disease restrictions

Apples from the Pacific Northwest may be exported to South Africa under the terms of the "Protocol of Phytosanitary Requirements for the Export of Apple Fruit from the United States of America, Pacific Northwest States of Washington, Idaho and Oregon (PNW) to South Africa". This protocol may be obtained from the Northwest Fruit Exporters (509/576-8004).

Table 4. Export Trade Matrix, Fresh Apples: MY 2008-2009, Year to Date 8/09-8/10

Commodity: 080810, Apples, Fresh

Marketing Year: 2005 - 2009, Year To Date: 08/2009 & 08/2010						
Quantity						
Partner Country	Unit	Marketing Year		Year To Date		
		2008	2009	08/2009	08/2010	% Change
United Kingdom	T	120,014	111,251	106,262	83,207	-21.7
Malaysia	T	33,164	39,309	29,564	30,156	2
Netherlands	T	26,973	19,618	19,156	15,936	-16.81
United Arab Emirates	T	18,515	18,461	15,208	14,709	-3.28
Benin	T	20,536	18,334	12,994	12,542	-3.48
Singapore	T	10,751	11,925	8,470	7,875	-7.02
Bangladesh	T	2,829	8,945	8,184	6,703	-18.09
France	T	6,117	7,486	6,225	6,079	-2.35
Russia	T	14,086	6,701	6,583	3,066	-53.42
Other	T	105,569	96,940	70,978	75,505	6.00
World	T	358,554	338,970	283,624	255,778	-9.82

Source: GTA

Table 5. Tariff Rates, Fresh Apples

Apples

Item	CD	Description	Unit	General	EU	EFTA	SADC
0808.10	9	Apples	kg	4%	free	4%	free

Grapes, Table, Fresh

Area Planted

Post forecast area planted to table grapes will remain flat at 10,830 hectares in MY 2010/11, as grape production continues to recover from floods in 2008 that damaged 23 percent of the crop and reduced the area planted by 3,161 hectares. Despite the reduction in area planted, yields are up nearly 10 percent in MY 2010/11 on good weather.

Production

Post forecasts production of table grapes at 280,000 MT in MY 2010/11, a 9.6 percent increase from 255,284 MT in MY 2009/10, on stellar climatic conditions which were characterized by warm and dry spring temperatures, resulting in better yields per hectare. The cultivar profile in the South Africa has changed in recent years: seeded cultivars are declining on a yearly basis as consumers prefer seedless grapes. Production of black and red seedless varieties increased by 9.3 percent and 9 percent respectively. The popularity of seedless cultivars stems from characteristics such as large berry size (with elongated or oval berry shapes), favorable texture (crunchiness), and good color. Though the demand for seedless cultivars is growing globally, Europe still exists as a large market for seeded varieties that have specific cultivar characteristics: longer shelf-life, good color development, and larger fruit sizes.

Consumption

Post forecasts the domestic consumption of fresh table grapes will increase two percent to 38,000 MT in MY 2010/11, as demand increases with the growth of middle-income consumers. The growth in demand is not expected to exceed two percent, since the price of table grapes are relatively high when compared other fresh fruits such as apples and pears. The price of a 4.5 kilogram box of table grapes costs between R110 and R140 in the local market.

Grapes are considered a luxury fruit, and only 30 percent of the population is identified as frequent grape consumers. This demographic has a disposable monthly income of R8, 000 or higher per month. The local market for grapes is small at less than 40,000 MT annually. However, the market has grown from 24,000 MT in 2001 to 37,409 MT in 2009, driven by a rapidly expanding urban middle-class.

Trade

Exports

Post forecasts table grape exports will increase six percent to 232,100 MT in MY 2010/11, up from 217,875 the previous year on higher yields and greater exportable supplies. The EU is the leading export market for South African grapes, accounting for 63 percent of South Africa’s table grape exports. South Africa benefits from a shorter shipping distance than competitors and strong demand for seedless varieties accompanied by sustained demand for seeded varieties in Eastern Europe. The global economic downturn put downward pressure on exports to the UK, which is South Africa’s second largest traditional market at 16 percent of total grape exports. However, the South African Table Grape Industry is actively marketing its product in UK, which has been steadily coming out of recession since the last quarter of 2009. Industry officials remain optimistic the marketing campaigns and improvement in the economy will generate increased sales in MY 2010/11.

Table 6. Export Trade Matrix, Fresh Grapes: MY 2008-2009, Year to Date 8/09-8/10

Commodity: 080610, Grapes, Fresh
Calendar Year: 2005 - 2009, Year To Date: 08/2009 & 08/2010

Quantity						
Partner Country	Unit	Marketing Year		Year To Date		
		2008	2009	08/2009	08/2010	%Change
Netherlands	T	105,488	110,553	84,028	88,108	4.86
United Kingdom	T	60,923	58,987	36,245	31,046	-14.34
Belgium	T	17,010	19,979	18,127	3,098	-82.91
Germany	T	13,902	14,800	13,508	9,989	-26.05
Hong Kong	T	6,168	8,503	6,892	9,127	32.43
United Arab Emirates	T	4,168	7,496	6,334	7,103	12.13
Russia	T	10,045	6,195	5,078	7,231	42.38
Malaysia	T	4,448	4,884	4,485	5,684	26.72
Other	T	40,421	39,832	36,191	36,699	0.00
World	T	262,573	271,229	210,888	198,085	-6.07

Note:

- *The export figures from Global Trade Atlas (GTA) exceeds the production figures given by both the South African Table Grapes Industry and the National Department of Agriculture which leads Post to suspect the GTA data might have included dried grape in the export data or exports from neighboring countries.*

Table 7. Tariff Rates, Fresh Grapes

Fresh

Item	CD	Description	Unit	General	EU	EFTA	SADC
0806.10	1	Fresh	kg	4%	free	4%	free

Marketing

The South African industry launched a major campaign to support the sales of table grapes in the UK in MY 2009. The initiative is a three-way venture between the organizations representing the deciduous fruit, and grape industries, and the South African Government. The campaign is funded by growers and the South African Government on a 50/50 basis. In MY 2010/11, however, the responsibility for the entire cost of the marketing campaign shifted to South African growers.

The campaign features a range of promotional activities in stores, including tastings, posters, radio and print advertising, competitions to win a holiday to South Africa, and tickets to major sporting events. The group launched a new website supporting the campaign at www.beautifulcountrybeautifulfruit.com.

Policy

Labeling requirements

Fresh, unprocessed fruit is exempt from consumer labeling requirements.

http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/localImportRegulations/Apples_regulations.pdf

http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/localImportRegulations/Pears_regulations.pdf

Licenses and quotas: None

Currency Issues: None

Production, Supply and Demand Data Statistics:**Table 8. PRODUCTION, SUPPLY, AND DEMAND DATA STATISTICS**

Pears, Fresh South Africa	2008/2009	2009/2010	2010/2011
	Market Year Begin: Jan 2008	Market Year Begin: Jan 2009	Market Year Begin:

							Jan 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	11,435	11,435	11,425	11,450	11,450	11,435			11,450	(HA)
Area Harvested	10,863	10,863	10,854	10,878	10,878	10,863			10,800	(HA)
Bearing Trees	10,525	10,525	10,507	10,550	10,550	10,525			10,550	(1000 TREES)
Non-Bearing Trees	909	909	918	1,000	1,000	909			1,000	(1000 TREES)
Total Trees	11,434	11,434	11,425	11,550	11,550	11,434			11,550	(1000 TREES)
Commercial Production	347,636	347,636	342,143	348,000	348,000	347,636			348,000	(MT)
Non-Comm. Production	0	0	0	0	0	0			0	(MT)
Production	347,636	347,636	342,143	348,000	348,000	347,636			348,000	(MT)
Imports	190	185	188	190	188	185			100	(MT)
Total Supply	347,826	347,821	342,331	348,190	348,188	347,821			348,100	(MT)
Fresh Dom. Consumption	45,206	44,711	48,225	48,190	48,100	44,711			44,000	(MT)
Exports	180,620	180,613	165,997	180,000	181,000	180,467			182,000	(MT)
For Processing	122,000	122,497	128,109	120,000	119,088	122,643			122,100	(MT)
Withdrawal From Market	0	0	0	0	0	0			0	(MT)
Total Distribution	347,826	347,821	342,331	348,190	348,188	347,821			348,100	(MT)

Table 9. PRODUCTION, SUPPLY, AND DEMAND DATA STATISTICS

Apples, Fresh South Africa	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	21,100	20,600	20,737			21,100			21,350	(HA)
Area Harvested	19,319	18,819	18,956			19,319			19,500	(HA)
Bearing Trees	19,023	20,773	18,942			19,023			19,100	(1000 TREES)
Non-Bearing Trees	2,077	1,980	1,793			2,077			2,100	(1000 TREES)
Total Trees	21,100	22,753	20,735			21,100			21,200	(1000 TREES)
Commercial Production	808,916	746,870	748,699			808,916			750,000	(MT)
Non-Comm. Production	0	0	0			0			0	(MT)
Production	808,916	746,870	748,699			808,916			750,000	(MT)
Imports	0	0	94			235			150	(MT)
Total Supply	808,916	746,870	748,793			809,151			750,150	(MT)
Fresh Dom. Consumption	208,755	208,589	181,428			214,134			200,000	(MT)
Exports	338,970	311,517	358,554			332,471			290,000	(MT)
For Processing	261,191	226,764	208,811			262,546			260,150	(MT)
Withdrawal From Market	0	0	0			0			0	(MT)
Total Distribution	808,916	746,870	748,793			809,151			750,150	(MT)

Table 10. PRODUCTION, SUPPLY, AND DEMAND DATA STATISTICS

Grapes, Fresh South Africa	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USD A Official	Old Post	New Post	
Area Planted	10,821	14,010	13,982	10,830		10,821			10,830	(HA)
Area Harvested	8,657	11,120	11,092	8,700		8,657			8,700	(HA)
Commercial Production	255,28 4	260,00 0	258,77 3	280,00 0		255,28 4			270,00 0	(MT)
Non-Comm. Production	0	0	0	0		0			0	(MT)
Production	255,28 4	260,00 0	258,77 3	280,00 0		255,28 4			270,00 0	(MT)
Imports	0	0	0	0		0			0	(MT)
Total Supply	255,28 4	260,00 0	258,77 3	280,00 0		255,28 4			270,00 0	(MT)
Fresh Dom. Consumption	37,409	41,000	34,650	20,000		37,409			37,900	(MT)
Exports	217,87 5	219,00 0	224,12 3	260,00 0		217,87 5			232,10 0	(MT)
For Processing	0	0	0	0		0			0	(MT)
Withdrawal From Market	0	0	0	0		0			0	(MT)
Total Distribution	255,28 4	260,00 0	258,77 3	280,00 0		255,28 4			270,00 0	(MT)
TS=TD			0			0			0	

Note:

- *In previous reports, area planted to grapes included area for both fresh and dried grapes. In this report, the area planted and production statistics are for fresh grapes, based on new data from the South African Table Grapes Industry.*

