

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 5/14/2014

**GAIN Report Number:**

## **South Africa - Republic of**

### **Fresh Deciduous Fruit Semi-annual**

#### **MY 2014 Deciduous Exports Decrease after Record MY 2013**

**Approved By:**

Corey Pickelsimer

**Prepared By:**

Wellington Sikuka

**Report Highlights:**

The 2014 MY production of apples, pears and grapes is expected to remain flat as the rising costs of production and orchard and vineyard establishment are expected to constrain growth area planted. Following unseasonal hail and rainfall, which damaged apple and pear fruits in late November 2013, apple and pear exports are expected to decrease by 16 percent and ten percent respectively, as the damaged fruit will be diverted from the export market to the domestic market and for processing. The 2013 MY apple, pear and grape production tonnages have been the highest reported in South Africa since 2003, based on the exceptionally good growing and weather conditions.

## **Executive Summary:**

Post forecasts that 2014 MY production of apples, pears and grapes will remain flat, based on average growing conditions of the 2013 MY, and a lack of increase hectares planted from rising production costs, such as the establishment of new trees, labor and fuel in new orchards and vine plantings. 2014 MY apple and pear exports are expected to decrease by 16 percent and ten percent respectively, as some fruit was damaged by unseasonal hail and rainfall in late November 2013 is expected to be sold in the domestic market, or diverted for processing.

Exceptionally good weather and growing conditions were experienced in the 2013 MY. This resulted in record production of apples, pears and grapes, the highest since 2003 MY. Apple and pear 2013 MY production both increased by nine percent and the 2013 MY grape production increased by 5 percent from the 2012 MY production.

Europe still remains the traditional market for South African apples (38 percent of total 2013 MY exports), pears (70 percent of total 2013 MY exports) and grapes (79 percent of total 2013 MY exports). The high residual stock in Europe, is expected to negatively affect South African exports in the 2014 MY. According to industry sources, there is growing focus to diversify South African exports to other markets especially, Africa, Middle East and Asian markets, which are believed to have less stringent import standards than Europe. South African apple exports to Zimbabwe are set to stop following the immediate ban of fresh fruits and vegetables by the Zimbabwean government in April 2014.

While South Africa is a net exporter of apples, pears and grapes, there is a gap for niche fruit imports, especially the larger sized apples, and higher quality grapes.

## **Exchange Rates:**

US \$ = R10.5145 – May 5, 2014

GB £ = R17.7553 – May 5, 2014

Euro € = R 14.5731 – May 5, 2014

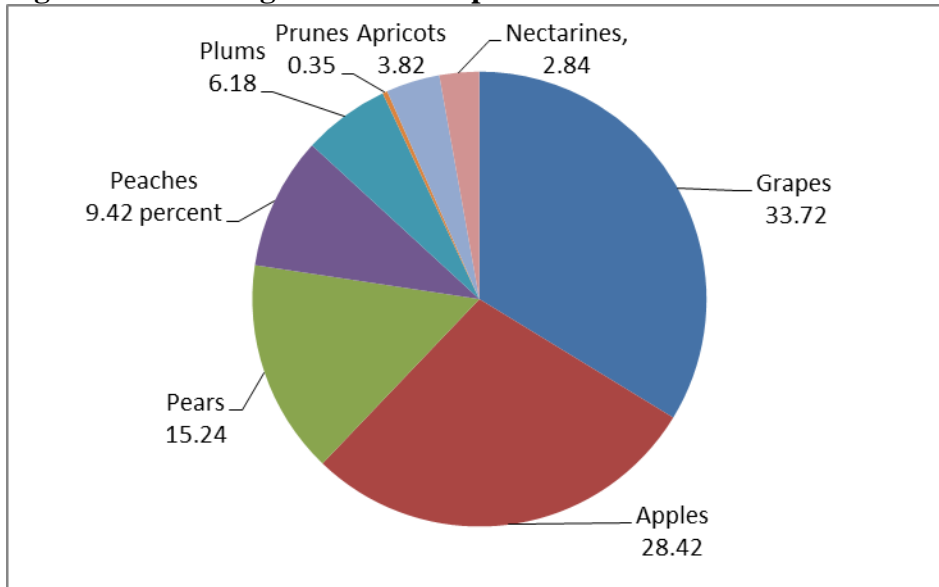
## **Sources:**

<b>Name</b>	<b>Website</b>
Hortgro	<a href="http://www.hortgro.co.za">http://www.hortgro.co.za</a>
South African Table Grapes Industry (SAGTI)	<a href="http://www.satgi.co.za/">http://www.satgi.co.za/</a>
National Agricultural Marketing Council (NAMC)	<a href="http://www.namc.co.za/">http://www.namc.co.za/</a>
Fresh Fruit Portal	<a href="http://www.freshfruitportal.com/">http://www.freshfruitportal.com/</a>

## **Brief background of the South African Deciduous fruit industry**

Deciduous fruit is the largest sub-sector when measured in terms of hectares under fruit plantation in South Africa. There are about 78,968 hectares of land carrying deciduous fruit in South Africa as reported in the 2013 Hortgro Key Deciduous Fruit Statistics. **Figure 1** below shows that grapes (fresh and dried), apples and pears have the largest area planted and accounted for 77 percent of the 2013 MY deciduous fruit planted area.

**Figure 1: Percentage of total area planted to deciduous fruits**



**Source: HORTGRO**

The Western Cape is the largest and traditional producer of deciduous fruit in South Africa, however, in the past two decades; the Northern and Eastern Cape, and Limpopo provinces have become increasingly large producers of deciduous fruit. In terms of production ratings for Southern Hemisphere, South Africa ranks number four in apple production and number two in pear production.

**Commodities:  
Apples, Fresh**

**Production**

Post forecasts South Africa 2014 MY production to increase marginally by two percent to 900,000MT based on good growing conditions of 2013 MY and as more trees are reaching full bearing potential, which will be affected by the rising orchard establishment and production costs resulting in only a marginal increase in area planted by 1.2 percent.

Post revised upwards the South Africa 2013 MY apple production at 882,413MT as reported by industry statistics and is based on good growing and weather conditions in 2013. This revision represents an 8.5 percent increase compared to the 2012 MY production of 813,192MT. The 2013 MY production at 882,413MT was the highest recorded in South Africa since the 2003 MY.

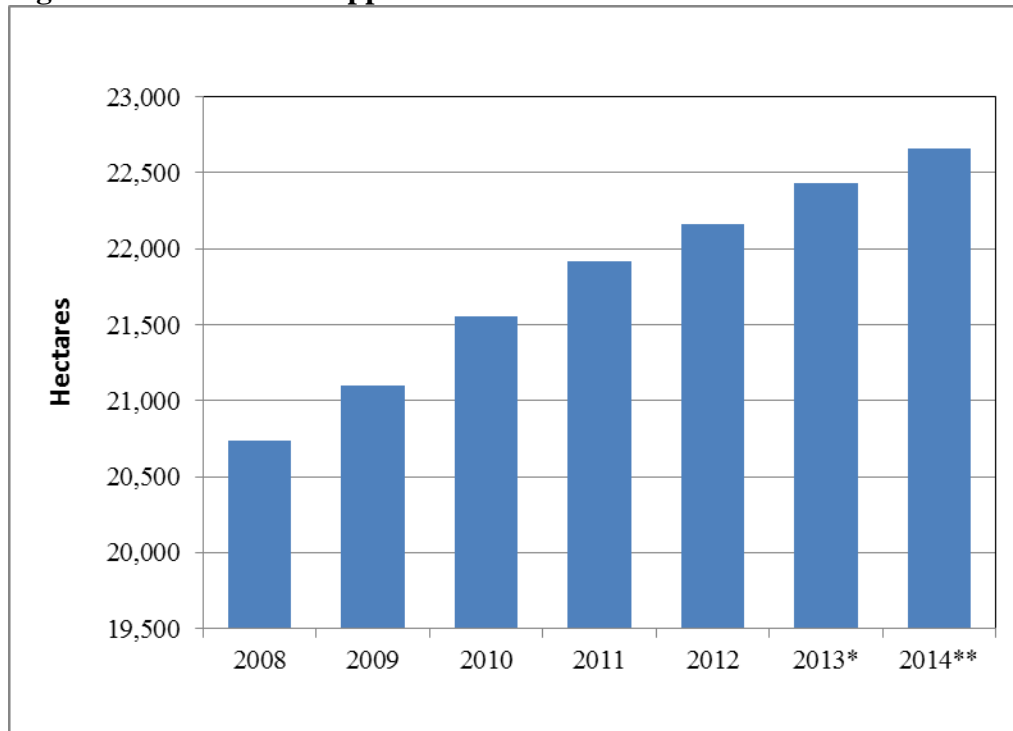
Apples are grown in several provinces around South Africa, but the Western Cape is the heartland of deciduous fruit, accounting for approximately 90 percent of the total production and exported apples.

Western Cape is a winter rainfall area and has a climate similar to the Mediterranean, which is favorable for apple production. The most important apple growing regions are Ceres, Groenland, Langkloof East, Villiersdorp, which are all located in the Western Cape Province.

Harvest for South African apples typically begins at the end of January and can run through to June, with peak times between February and April.

### Area Planted

**Figure 2: South Africa Apple Area Planted**



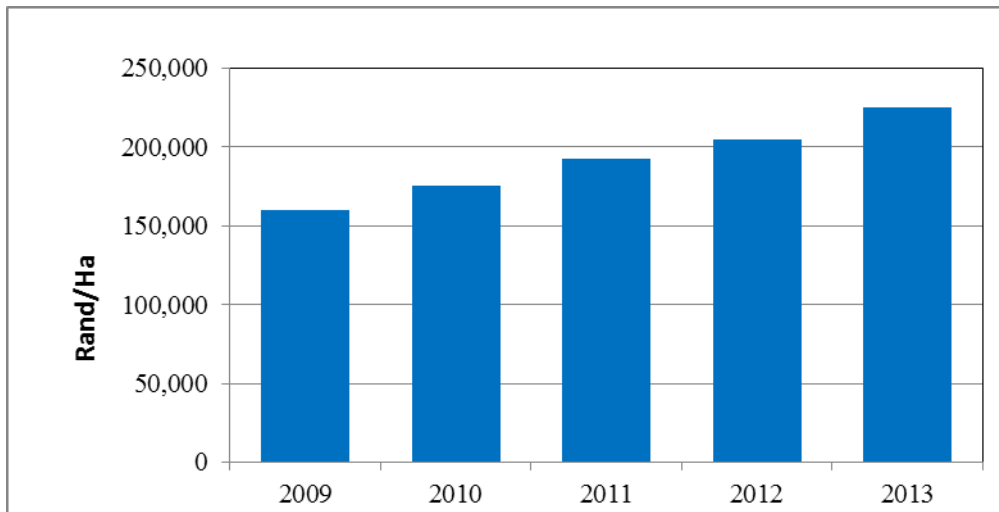
*\*Estimate, \*\*Forecast*

Source: HORTGRO

Post forecasts 2014 MY area planted at 22,700 hectares (ha), a marginal one percent growth due to the rising orchard establishment and production costs which have been above the average inflation rate, and have negatively affected the expansion of the area under apples. Post estimates the area planted in 2013 MY to be 22,433ha, as stated in the industry’s 2013 tree census. **Figure 2** shows that the area planted has increased steadily since 2008, and is expected to reach the peak levels of above 23,000 ha achieved 11 years ago.

Since 2008, Golden Delicious cultivar has been the leading favorite and most planted cultivar ahead of the Granny Smith cultivar which was previously favored by producers. Other cultivars which have been growing steadily are Gala, Pink Lady and Fuji.

**Figure 3: South Africa Apple Orchard Cost of Establishment**



Source: HORTGRO

**Figure 3** shows that the cost of establishing an orchard has been rising, in some cases, above the general price inflation rate. In 2013 MY, the cost of establishing an apple orchard was R225,043/ha (US\$21,403/ha), an increase of ten percent from the 2012 MY cost of R204,607/ha (US\$19,460/ha) against a general price inflation of 5.7 percent in 2013. The rising orchard establishment costs have been cited as one of the reasons for slow tree replacement. Most apple trees are ageing; about 33 percent are over 25 years old, mostly being the Golden Delicious, Granny Smith and Topred cultivar. However, for sustainable and consistent supply the industry has managed to maintain the replacement stock (0 – 3 years) at above 10 percent as per best practice. Industry reported that the number of apple trees aged between zero and three years in the 2013 MY was 11 percent.

Apple production costs have also increased. In 2013 MY, the cost of apple production was R264,655/ha (US\$25,170/ha), an increase of 20 percent from the 2012 MY cost of R220,347/ha (US\$20,956/ha). Key drivers of the increased costs were labor and fuel.

### Consumption

Post forecasts 2014 MY domestic consumption to increase by five percent to 214,200MT as blemished apples that were damaged by unseasonal hail in late November 2013 will be shifted from the export market to the domestic and processed market. The industry has been running the “ugly” fruit campaign, encouraging shoppers to purchase blemished fruit as growers are at risk of incurring huge losses should the bulk of the damaged fruits be processed. Over the years, growth in the domestic market has largely been driven by the increasing preference for fresh fruit over processed fruit from a growing middle class.

Post revised downwards the 2013 MY domestic consumption at 203,296MT, as reported by industry statistics and is based on a higher than expected crop being exported and less tonnage available to the local market. This revision represents a three percent decrease compared to the 2012 MY quantity of 209,343MT.

Apples are popular in South Africa and widely consumed throughout the year and they form part of the national food basket of goods which are monitored 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 turnover of R2 billion, reports apples rank among the top five highly consumed fruits in South Africa.

## Trade

### Exports

Post forecasts 2014 MY South African apple exports to decrease by 16 percent to 380,000MT, based on apples with blemishes that were damaged by unseasonal hail and rainfall in November 2013 being shifted from the export market to the domestic and processed market. In addition, difficulties are anticipated in the European market which has a higher residual stock, with a lot of Northern Hemisphere fruit such as Royal Galas from France and Italy. South African exports to Zimbabwe are also projected to drop following the immediate ban of fresh fruits and vegetables by the Zimbabwean government in April 2014.

Post estimates 2013 MY South African apple exports at 454,499MT on good growing and weather conditions, relatively weak Rand and strong demand in non-traditional African and Middle East Markets. The EU, which is the world's second largest apple importer, is SA's traditional market with UK being the biggest individual market.

**Table 1: South African Fresh Apple exports**

<b>South Africa Export Statistics</b>			
<b>Commodity: 080810, Apples, Fresh</b>			
<b>Year To Date: January - December</b>			
<b>Partner Country</b>	<b>Quantity</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>World</b>	<b>335,239</b>	<b>388,728</b>	<b>454,499</b>
United Kingdom	85,327	98,050	107,541
Malaysia	38,154	41,043	46,515
Netherlands	17,130	16,438	33,371
Nigeria	1,882	7,857	32,317
United Arab Emirates	14,995	19,263	23,947
Angola	16,769	21,929	19,789
Benin	25,891	29,771	14,599
Singapore	9,811	11,575	12,549
Zimbabwe	15,039	13,449	12,154
Ghana	8,028	13,551	11,250
Kenya	6,830	7,881	10,384
Zambia	7,436	8,195	10,072
Others	87,947	99,726	120,011

**Source: GTA**

South Africa is a counter-seasonal producer, and is the Southern Hemisphere's most convenient source for EU importers based on its proximity to the EU, and historical trading patterns, compared to other deciduous exporting countries like New Zealand, Chile, Brazil and Argentina. South Africa has been

focusing on diversifying its export markets with expected growth to African markets such as Nigeria, Angola, Kenya, Zambia and Cameroon.

### Imports

Post forecasts 2014 MY South African apple imports at 200 MT, which is mainly composed of niche high valued apples imported by retailers. South Africa’s production has always met local demand, however, due to the small size of the domestic apples there is a niche market for the bigger sized apples from the USA. This demand is driven by local consumers becoming more sophisticated and global in their buying patterns, and the United States and South Africa agreement on apple imports. Under the agreement, 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) or from the South African Department of Agriculture, Fisheries and Forests, on the following link:

<http://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Plant-Health/Import-into-SA/Import-protocols>.

**Table 2: South African Fresh Apple imports**

South Africa Import Statistics			
Commodity: 080810, Apples, Fresh			
Year To Date: January - December			
Partner Country	Quantity		
	2011	2012	2013
World	145	0	123
United States	145	0	123

Source: GTA

### Tariff Rates

**Table 3: Tariff Rates, Fresh Apples**

Heading / Subheading	CD	Article Description	Statistical Unit	Rate of Duty			
				General	EU	EFTA	SADC
0808.10	9	Apples, fresh	kg	4 percent	Free	4 percent	Free

Source: SARS – Schedule 1 - Customs and Excise Tariffs

**Table 4: PSD - Apples, Fresh**

Apples, Fresh South Africa	2011/2012	2012/2013	2013/2014
	Market Year Begin: Jan 2012	Market Year Begin: Jan 2013	Market Year Begin: Jan 2014

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	22,200	22,166	22,600	22,433		22,700	(HA)
Area Harvested	21,000	19,959	22,600	19,976		20,400	(HA)
Bearing Trees	21,000	23,082	20,600	23,662		23,900	(1000 TREES)
Non-Bearing Trees	1,200	3,219	2,000	3,592		3,700	(1000 TREES)
Total Trees	22,200	26,301	22,600	27,254	0	27,600	(1000 TREES)
Commercial Production	790,600	813,192	815,000	882,413		900,000	(MT)
Non-Comm. Production	0		0			0	(MT)
Production	790,600	813,192	815,000	882,413	0	900,000	(MT)
Imports	0	0	300	123		200	(MT)
Total Supply	790,600	813,192	815,300	882,536	0	900,200	(MT)
Fresh Dom. Consumption	228,200	209,198	240,300	203,296		214,200	(MT)
Exports	388,800	388,728	410,000	454,499		380,000	(MT)
For Processing	173,600	215,266	165,000	224,741		306,000	(MT)
Withdrawal From Market	0	0	0	0		0	(MT)
Total Distribution	790,600	813,192	815,300	882,536	0	900,200	(MT)
TS=TD	0	0	0	0	0	0	

## Commodities:

### Pears, Fresh

#### Production

Post forecasts South Africa 2014 MY pears production to marginally increase by 1.5 percent to 398,000MT based on good growing conditions of 2013 MY and as more trees are reaching full bearing potential and the expected increase in area planted by at least 1.4 percent.

Post revised upwards the South Africa 2013 MY total pear production at 391,952MT as reported by industry statistics and based on good growing and weather conditions in 2013 MY. This revision represents an 8.6 percent increase compared to the 2012 MY quantity of 360,854MT. The 2013 MY production at 391,952MT was the highest recorded in South Africa since 2003.

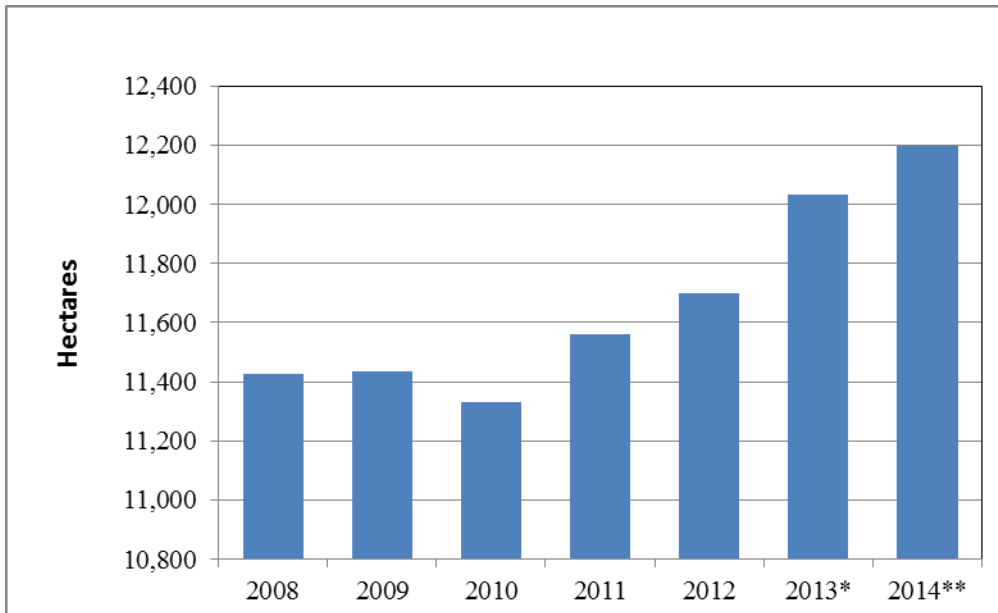
The major growing areas for pears in South Africa are Ceres, Groenland, Wolseley/Tulbagh (all in the Western Cape) and Langkloof East in the Eastern Cape. Like apples, pears grow well in areas that do not have very high temperatures, hence the Western Cape is the heartland of pear production, accounting for at least 79 percent of the total production.

Pears are normally harvested from late December to early January.

#### Area Planted

#### Figure 4: South Africa Pears Area Planted



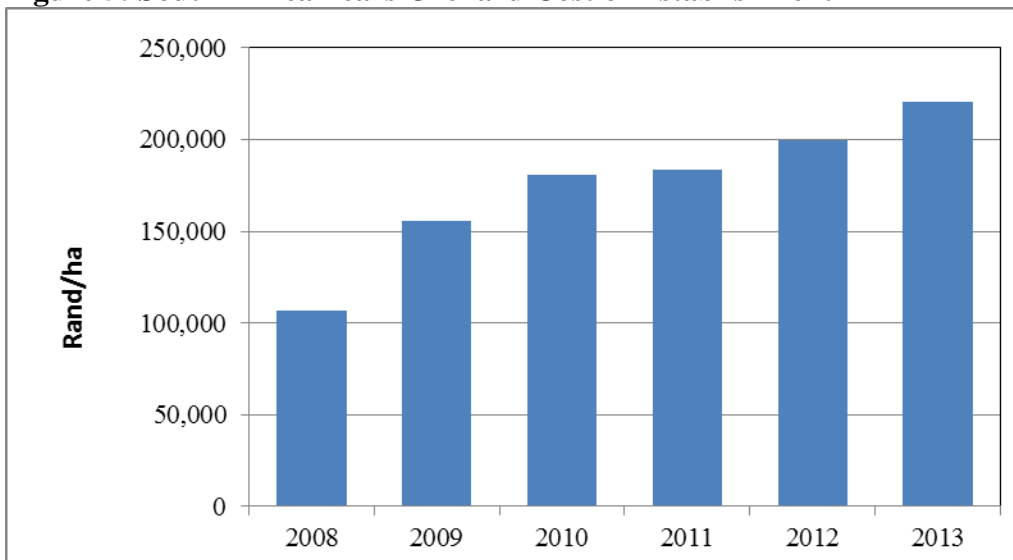


\*Estimate, \*\*Forecast

Source: HORTGRO

Post forecasts 2014 MY area planted to pears at 12,200 ha, a marginal one percent growth due to the rising establishment and production costs which have been above the average inflation rate, and have negatively affected expansion of the area under pears. Post estimates the area planted in 2013 MY to be 12,034 ha, as stated in the HORTGRO 2013 tree census. **Figure 4** shows that the area planted has increased steadily since 2010. Packham's Triumph is the most popular variety planted, followed by Forelle, William Bon Chretien, and Abate Fetel.

**Figure 5: South Africa Pears Orchard Cost of Establishment**



Source: HORTGRO

**Figure 5** shows that the cost of establishing an orchard has been rising, in some cases, above the general price inflation rate. In 2013 MY, the cost of establishing a pears orchard was R220,419/ha (US\$20,963/ha), an increase of 10 percent from the 2012 MY cost of R199,540/ha (US\$18,978/ha), against a general price inflation of 5.7 percent in 2013. The rising establishment costs have been cited as one of the reasons for slow tree replacement. Most pear trees are ageing; about 26 percent are over 25 years old, and 30 percent between 16 – 25 years old. Nonbearing trees between the ages of 0 – 3 years were 14 percent in 2013 MY, which is according to the best practice of maintaining the replacement stock (0 – 3 years) at above 10 percent for sustainable and consistent supply.

Pears production cost have also increased. In 2013 MY, the cost of pear production was R226,612/ha (US\$21,552/ha), an increase of 18 percent from the 2012 MY cost of R191,707/ha (US\$18,233/ha). Key drivers of the increased costs were labor and fuel.

### **Consumption**

Post forecasts 2014 MY domestic consumption of pears to increase by 18 percent to 58,100MT based on pears with blemishes that were damaged by hail in December 2013 and January 2014 being shifted from the export market to the domestic and processed market.

Post revised downwards the 2013 MY domestic consumption at 49,388MT, as reported by industry statistics and is based on a higher than expected crop being exported and less tonnage available to the local market. This revision represents a six percent decrease compared to the 2012 MY quantity of 52,568MT.

Local consumption of pears has been fluctuating on a yearly basis between 45,333MT to 67,379 MT, between the 2003 MY and 2013 MY. Domestic consumption of pears has decreased from the peak of 67,379 MT in 2011 MY to 49,388 in 2013 MY. This decrease is likely based on pears and apples being seen as substitute fruits among consumers, and that pears are priced higher than apples in the local market.

### **Trade**

#### **Exports**

Post forecasts 2014 MY South African pears exports to decrease by ten percent to 182,000MT, based on pears with blemishes that were damaged by hail in November 2013 being shifted from the export market to the domestic and processed market. In addition, difficulties are anticipated in the European market which has a higher residual stock, with a lot of Conference pears from Holland and Belgium.

Post estimates 2013 MY South African pears exports at 202,178MT on good growing and weather conditions, a relatively weak Rand and strong demand in non traditional African and Middle East Markets. The EU, is SA`s traditional market with Netherlands being the biggest individual market followed by the UK.

**Table 5: South African Fresh Pears exports**

South Africa Export Statistics
Commodity: 080820, 080830, Pears, Fresh
<b>Year To Date: January - December</b>

Partner Country	Unit	Quantity		
		2011	2012	2013
World	T	182,076	181,928	202,107
Netherlands	T	60,109	50,520	64,685
United Kingdom	T	20,102	17,785	20,258
United Arab Emirates	T	10,035	15,457	17,665
Russia	T	13,271	16,180	15,486
Germany	T	9,945	7,770	10,794
France	T	5,980	6,575	8,705
Italy	T	4,670	5,241	7,032
Malaysia	T	7,237	8,020	5,714
Portugal	T	3,236	3,816	5,395
Hong Kong	T	5,390	5,137	5,311
Canada	T	4,218	5,532	4,361
Indonesia	T	5,770	4,183	3,741
Singapore	T	4,526	4,196	3,600
Saudi Arabia	T	1,080	3,159	2,812
India	T	3,350	3,822	2,807
Ireland	T	1,647	1,850	2,320
Angola	T	1,818	2,532	2,027
Spain	T	1,298	676	1,954
Oman	T	1,700	2,445	1,628
Mauritius	T	1,581	1,740	1,382
Norway	T	939	619	1,275
Other		14,174	14,672	13,149

Source: GTA

### Imports

As the second largest pear producer behind Argentina in Southern Hemisphere, South Africa imports small quantities of pears, with China as the leading source of Ya pears (white colored pears). Imports from China began after a 2007 agreement that allowed imports of Chinese pears into the South Africa market. The South Africa and Chinese agreement is available on the South African Department of Agriculture, Fisheries and Forestry on the following website link:

[http://www.nda.agric.za/daDev/sideMenu/plantHealth/docs/protocol\\_pear\\_China.pdf](http://www.nda.agric.za/daDev/sideMenu/plantHealth/docs/protocol_pear_China.pdf) .

**Table 6: South African Fresh Pears imports**

South Africa Import Statistics
--------------------------------

Commodity: 080820, 080830, Pears And Quinces, Fresh			
<b>Year To Date: January - December</b>			
Partner Country	Quantity		
	2011	2012	2013
World	200	245	64
China	200	245	64

Source: GTA

### Tariffs

**Table 7: Tariff Rates, Fresh Pears**

Heading / Subheading	CD	Article Description	Statistical Unit	Rate of Duty			
				General	EU	EFTA	SADC
0808.30	8	Pears, fresh	kg	4 percent	Free	4 percent	Free

Source: SARS – Schedule 1 - Customs and Excise Tariffs

**Table 8: PSD - Pears, Fresh**

Pears, Fresh South Africa	2011/2012	2012/2013	2013/2014
	Market Year Begin: Jan 2012	Market Year Begin: Jan 2013	Market Year Begin: Jan 2014

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	11,800	11,700	12,000	12,034		12,200	(HA)
Area Harvested	10,900	10,581	11,000	10,735		10,900	(HA)
Bearing Trees	10,900	12,941	11,000	13,321		13,500	(1000 TREES)
Non-Bearing Trees	850	1,600	1,000	1,916		1,940	(1000 TREES)
Total Trees	11,750	14,541	12,000	15,237	0	15,400	(1000 TREES)
Commercial Production	367,000	360,854	370,000	391,952		398,000	(MT)
Non-Comm. Production	0		0			0	(MT)
Production	367,000	360,854	370,000	391,952	0	398,000	(MT)
Imports	200	245	200	64		100	(MT)
Total Supply	367,200	361,099	370,200	392,016	0	398,100	(MT)
Fresh Dom. Consumption	69,000	52,568	56,200	49,388		58,100	(MT)
Exports	182,100	182,076	200,000	202,178		182,000	(MT)
For Processing	116,100	126,455	114,000	140,450		158,000	(MT)
Withdrawal From Market	0	0	0	0		0	(MT)
Total Distribution	367,200	361,099	370,200	392,016	0	398,100	(MT)
TS=TD	0	0	0	0	0	0	

### Commodities:

#### Table grapes, Fresh

#### Production

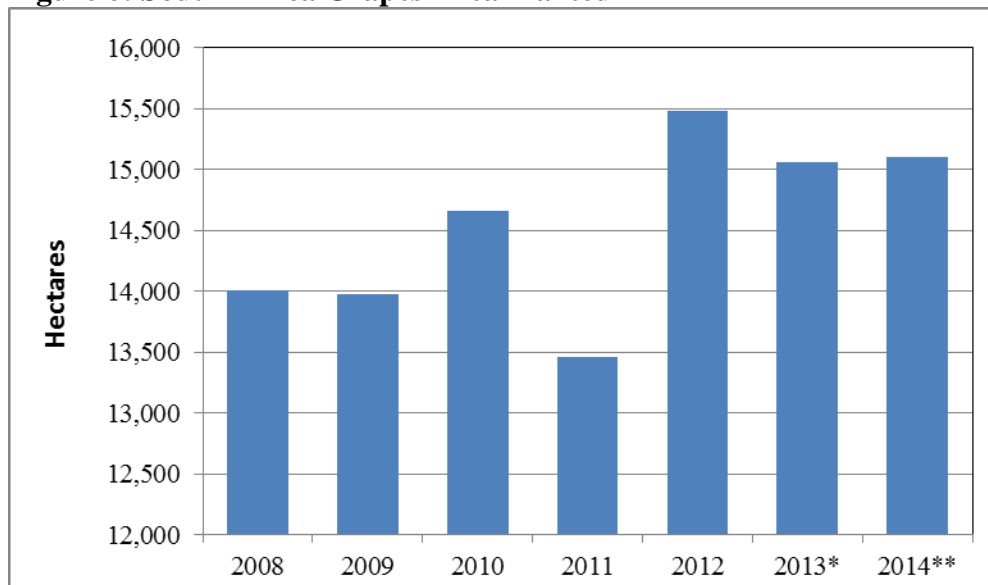
Post forecasts South Africa table grape production to stay flat with only a 0.3 percent increase to 300,000MT for 2014 MY based on the exceptional growing conditions in 2013 MY and the less than one percent marginal increase in area planted.

Post revised downwards the South Africa 2013 MY total grape production at 299,164MT as reported by industry statistics. This revision represents a 4.8 percent increase compared to the 2012 MY quantity of 285,810MT based on good growing and weather conditions in 2013 MY. The 2013 MY production at 299,164MT was the highest recorded since 2001 MY.

The major growing areas for grapes are the Berg River and Hex River in the Western Cape Province; and the Olifants River and Orange River in the Northern Cape Province. Grapes are normally harvested from October to May. Harvest starts in week 43 in the Northern Cape Region followed by Orange River region. Hex River valley is the last region for table grapes intakes.

## Area Planted

**Figure 6: South Africa Grapes Area Planted**



\*Estimate, \*\*Forecast

Source: SAGTI

Post forecasts 2014 MY area planted at 15,100 ha, a less than 0.3 percent growth due to the rising vineyard establishment and production costs which in many instances are above the general price inflation rate, and have negatively affected the expansion of the area under grapes. Production costs have increased by at least 8 percent annually since 2010 MY. Post estimates the area planted in 2013 MY to be 15,064 ha as reported by industry, a decrease of 3 percent when compared to the 2012 MY area planted of 15,484 ha based on the impact of flooding and the rising vineyard establishment and production cost. **Figure 6** shows that the 2013 MY and 2014 MY area planted has increased when compared to 2008 MY, but it is still below the peak 2012 MY area planted of 15,484 ha.

The leading varieties of South African Table Grapes are Crimson Seedless, Thomson Seedless, Prime and Flame. The cultivar profile in South Africa has changed in recent years: seeded cultivars are declining on a yearly basis in the last four years (2008 - 2013) as consumers prefer seedless grapes and production of black and red seedless varieties has increased. The popularity of seedless cultivars stems from characteristics such as large berry size (with elongated or oval berry shapes), favorable texture (crunchiness), and good eating qualities.

## Consumption

Post forecasts 2014 MY domestic consumption to significantly increase by 76 percent to 44,000MT based on grapes being shifted from the export market to the domestic market, following a delay of exports due to unseasonal flooding.

Post estimates the 2013 MY domestic consumption to remain flat at 25,000MT, as reported by industry statistics. This revision represents a 3 percent decrease compared to the 2012 MY quantity of 25,864MT as more fruit was exported in 2013 MY resulting in lesser fruit available for the domestic market.

Local consumption of grapes is dependent on the export market. Grapes that cannot be sold on the export market are diverted to the local market. Grapes are considered a luxury fruit, and are mostly consumed by the middle and upper class population.

**Trade  
Exports**

Post forecasts 2014 MY South Africa table grapes 260,000MT, a 7 percent decrease when compared to the 2013 MY, due to the impact of unseasonal flooding which delayed exports.

Post estimates 2013 MY South African grapes exports at 278,489MT based on good growing and weather conditions, relatively weak Rand and strong demand in Europe from Netherlands, UK and Russia.

The EU is the leading historical export market for South African grapes, accounting for 79 percent of the 2013 MY table grapes exports. South Africa benefits from a shorter shipping distance than other Southern Hemisphere competitors, strong demand for seedless varieties, and a free trade agreement with the EU. Exports have also benefitted from a weaker Rand against the Euro.

While South African table grapes enjoy strong sales to Europe, the industry is shifting its marketing focus from the traditional markets to Asia and Middle East markets, which appear to show strong growth potential. The attractiveness of these markets is due to their less stringent non-tariff measures (ethical; sanitary and phytosanitary; technical barriers to trade), when compared to the EU.

**Table 9: South African Fresh Table Grapes exports**

South Africa Export Statistics			
Commodity: 080610, Grapes, Fresh			
Year To Date: January - December			
Partner Country	Quantity		
	2011	2012	2013

World	248,494	264,079	278,489
Netherlands	115,098	119,409	130,135
United Kingdom	48,111	47,447	57,570
Russia	7,570	10,211	13,594
United Arab Emirates	6,920	10,717	9,007
China	167	567	8,426
Malaysia	7,224	7,981	7,700
Hong Kong	15,906	19,545	7,260
Germany	10,436	8,303	7,083
Norway	3,538	4,749	4,287
Singapore	4,698	4,520	4,240
Saudi Arabia	3,287	4,543	3,535
Vietnam	505	677	1,759
Zimbabwe	554	1,299	1,753
Canada	1,189	886	1,726
Taiwan	1,504	1,859	1,514
France	1,744	1,504	1,505
Spain	1,132	666	1,154
Angola	670	1,114	1,016
Other	18,241	18,082	15,225

**Source: GTA**

### **Imports**

South Africa is a net exporter of table grapes, and imports are mainly to make up for out of season demand, with Egypt and Spain being the major suppliers and a small quantity being imported from Israel.

**Table 10: South African Fresh Table Grapes imports**

South Africa Import Statistics			
Commodity: 080610, Grapes, Fresh			
Year To Date: January - December			
Partner Country	Quantity		
	2011	2012	2013



World	2,949	4,114	4,325
Spain	1,688	2,749	2,576
Egypt	982	1,187	1,630
Israel	279	178	119

Source: GTA

### Tariffs

**Table 11: Tariff Rates, Fresh Table Grapes**

Heading / Subheading	CD	Article Description	Statistical Unit	Rate of Duty			
				General	EU	EFTA	SADC
0808.30	8	Grapes, fresh	kg	4 percent	Free	4 percent	Free

Source: SARS – Schedule 1 - Customs and Excise Tariffs

**Table 12: PSD; Table Grapes, Fresh**

Grapes, Fresh South Africa	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	15,500	15,484	16,000	15,064		15,100	(HA)
Area Harvested	14,000	13,650	14,500	13,114		13,200	(HA)
Total Trees	0	29,646	0	25,854	0	25,900	(1000 TREES)
Commercial Production	271,000	285,810	300,000	299,164		300,000	(MT)
Non-Comm. Production	0		0			0	(MT)
Production	271,000	285,810	300,000	299,164	0	300,000	(MT)
Imports	4,100	4,133	5,000	4,325		4,000	(MT)
Total Supply	275,100	289,943	305,000	303,489	0	304,000	(MT)
Fresh Dom. Consumption	11,000	25,864	25,000	25,000		44,000	(MT)
Exports	264,100	264,079	280,000	278,489		260,000	(MT)
For Processing	0		0			0	(MT)
Withdrawal From Market	0	0	0	0		0	(MT)
Total Distribution	275,100	289,943	305,000	303,489	0	304,000	(MT)
TS=TD	0	0	0	0	0	0	

### Policy

#### Regulations relating to Sanitary/Phytosanitary Standards (SPS)

South Africa is a signatory of the WTO SPS Agreement and International Plant Protection Convention (IPPC), and is obliged to apply harmonized standards in respect of Sanitary and Phytosanitary Standards. South Africa is in the process of aligning the Agricultural Pests Act which currently governs its Sanitary/Phytosanitary Standards to the principles of the WTO SPS Agreement and IPPC.

#### Regulations relating to labelling

Labelling of deciduous fresh fruits is subject to the regulations relating to standards, grading, packing and marking reported on **Table 13** below.

### Additional private requirements

Exporters should be aware that there is no law in South Africa governing an importer from requesting additional certifications over and above the legislation and regulations indicated in this section.

**Table 13 List of key legislations and regulations**

Policy	Link
Agriculture Product Standards Act No 119 of 1990	<a href="http://www.nda.agric.za/daDev/sideMenu/Food%20Import%20&amp;%20Export%20Standard/docs/Agric%20Product%20Standards%20Act%20No%20119%20of%201990.pdf">http://www.nda.agric.za/daDev/sideMenu/Food%20Import%20&amp;%20Export%20Standard/docs/Agric%20Product%20Standards%20Act%20No%20119%20of%201990.pdf</a>
Agricultural Pests, Act, 36 of 1983	<b>Agricultural Pests Amendment Act, 9 of 1992</b> <a href="http://www.nda.agric.za/daDev/sideMenu/APIS/doc/Agricultural%20Pests%20Act.pdf">http://www.nda.agric.za/daDev/sideMenu/APIS/doc/Agricultural%20Pests%20Act.pdf</a>
Foodstuffs, cosmetics and disinfectants Act 54 of 1972	<a href="http://www.nda.agric.za/vetweb/Legislation/Other%20acts/Act%20-%20Foodstuffs,%20Cosmetics%20and%20Disinfectants%20Act-54%20of%201972.pdf">http://www.nda.agric.za/vetweb/Legislation/Other%20acts/Act%20-%20Foodstuffs,%20Cosmetics%20and%20Disinfectants%20Act-54%20of%201972.pdf</a>
Procedures for exporting to South Africa	<a href="http://www.nda.agric.za/daDev/sideMenu/plantHealth/docs/importProcedure.pdf">http://www.nda.agric.za/daDev/sideMenu/plantHealth/docs/importProcedure.pdf</a> .
Maximum Residue Limits	<a href="http://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Food-Safety-Quality-Assurance/Maximum-Residue-Limits">http://www.daff.gov.za/daffweb3/Branches/Agricultural-Production-Health-Food-Safety/Food-Safety-Quality-Assurance/Maximum-Residue-Limits</a>
Regulations relating to standards, grading, packing and marking	<p><b>Apples</b> <a href="http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/Apples_regulations.pdf">http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/Apples_regulations.pdf</a></p> <p><b>Pears</b> <a href="http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/Pears_regulations.pdf">http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/Pears_regulations.pdf</a></p> <p><b>Grapes</b> <a href="http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/gg35395%20nn422%20APS%20table%20grapes.pdf">http://www.nda.agric.za/daDev/sideMenu/foodSafety/doc/localImportRegulations/gg35395%20nn422%20APS%20table%20grapes.pdf</a></p>

## Prices

**Table 14** below shows that the price of pears has always been higher than the price of apples in the local market, which is contrary to export prices. The apple and pear prices in **Table 14** are the average prices (Rand/Ton) earned in the respective markets. Local market and processed prices of apples and pears are expected to drop in 2014, following an expected increase in supply of the damaged fruit diverted from the export to the local market and for processing.

The key driving forces of the increases in apple and pear export prices is the depreciation in the value of the rand exchange rate and increasing world demand.

**Table 14: Price of Apples and Pears**

Season	APLES			PEARS		
	Local Market	Export Market	Processed Market	Local Market	Export Market	Processed Market
	(R/Ton)	(R/Ton)	(R/Ton)	(R/Ton)	(R/Ton)	(R/Ton)
2003/2004	2,109	3,794	336	1,977	4,059	495
2004/2005	2,310	3,638	341	2,128	3,861	491
2005/2006	2,580	3,791	373	2,304	3,786	573
2006/2007	2,799	4,363	447	2,664	4,680	715
2007/2008	3,618	5,419	1,071	3,222	5,704	973
2008/2009	3,568	5,834	786	3,452	6,336	1,035
2009/2010	3,656	5,881	534	3,454	6,144	810
2010/2011	4,326	6,210	737	3,856	6,612	896
2011/2012	4,470	6,531	1,146	4,191	6,803	1,115
2012/2013	4,845	8,658	1,137	4,650	8,835	1,316

Source: HORTGRO

**Table 15** shows the prices of grapes in key markets achieved in the 2012 MY. The prices below reaffirm the strategy for South Africa to be export oriented, as the export prices are at least four times the domestic prices. The quality of fruit exported is also of higher quality than the fruit supplied to the local market.

**Table 15: Price of Grapes, 2012 MY**

Price Point	RAND PER MT MARKET COMPARISON				
	UK	EU	FAR	MIDDLE	DOMESTIC

			<b>EAST</b>	<b>EAST</b>	
FOT Selling Price	R119.72	R117.05	R114.53	R105.37	R0.00
CIF Selling Price	R107.93	R105.65	R103.10	R94.58	R0.00
FOB Selling Price	R96.05	R93.80	R94.33	R82.85	R25.00
Net Amount Payable to Grower	R69.51	R67.73	R68.42	R57.76	R19.07

**Source: SAGTI**