Date: 2/27/2019
GAIN Report Number: SA1902

South Africa - Republic of

Post: Pretoria

Growth of U.S. and South African Bilateral Trade in Tree Nuts

Report Categories:
Tree Nuts

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Report Highlights:
South Africa has been a net exporter of tree nuts since 2001. Post estimates that South African tree nut exports will increase by 9 percent to US$390 million in the 2018/19 Marketing Year (MY), and imports are expected to increase by 14 percent to US$90 million in the 2018/19 MY. South African and U.S. bilateral trade in tree nuts has surged from US$6 million in the 1996/97 MY, to an estimated US$110 million in the 2018/19 MY. This has been mainly driven by the growth in demand from consumers adopting healthier lifestyles and food choices, aided by the duty free access that both the United States and South Africa enjoy on tree nut trade. The United States is the largest exporter of tree nuts to South Africa and accounted for 22 percent of total South African tree nut imports in the 2017/18 MY, which is expected to continue in the 2018/19 MY. Almonds, walnuts, and pistachios are the leading tree nut exports from the United States, and additional opportunities exist in the trade or licensing of new varieties and planting materials.

Commodities:
Macadamia **-** 080261, 080262
Pecans – HS Codes unavailable
Almonds – 080211, 080212
Walnuts – 080231, 080232
Cashews - 080131,080132
Pistachios – 080251, 080252
Hazelnuts – 080221, 080222
Chestnuts – 080241,080242

MY – Marketing Year (January to December)
MT – Metric Tons

Table 1: Tree Nuts Conversion Rates

Commodity	HS Codes	Conversion	Notes
Almonds	In-shell: 080211 Shelled: 080212	Multiply by 0.6 No Conversion	Convert to shelled basis No conversion
Pistachios	In-shell: 080251 Shelled: 080252	No Conversion Multiply by 2.0	No conversion Convert to in-shell basis
Walnuts	In-shell: 080231 Shelled: 080232	No Conversion Multiply by 2.34	No conversion Convert to in-shell basis
Macadamia	In-shell: 080261 Shelled: 080262	Multiply by 0.3 No Conversion	Convert to shelled basis No conversion

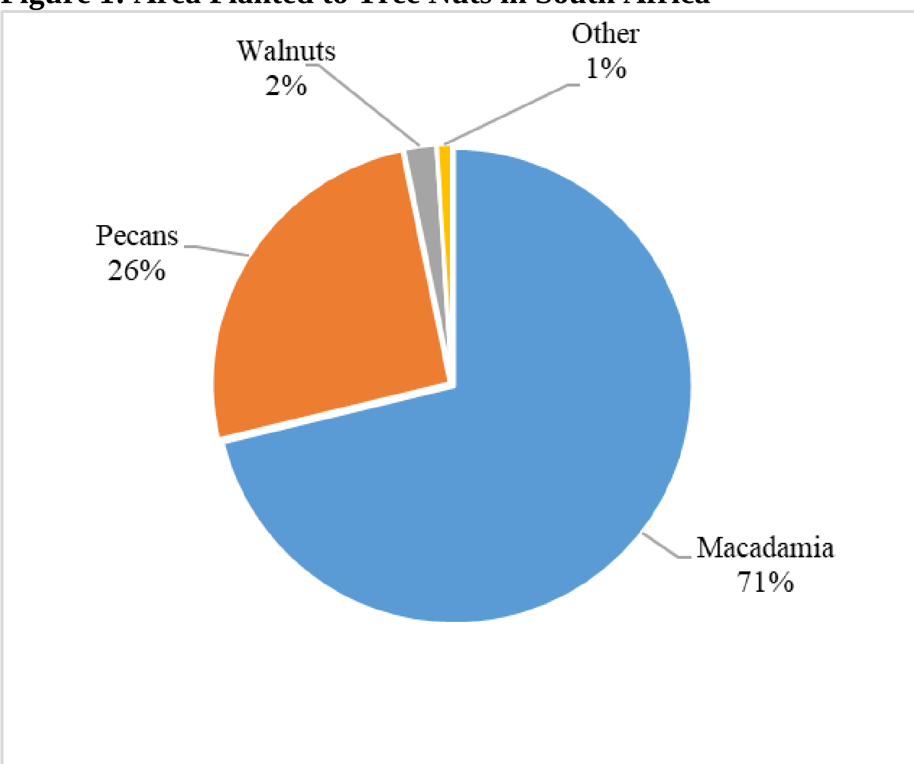
Sources:
South African Macadamia Nut Producers Association - http://samac.org.za/
South African Pecan Nut Producers Association - https://www.sappa.za.org
Industrial Development Corporation - https://www.idc.co.za/
Montagu Dried Fruits and Nuts - https://montagudriedfruitnuts.co.za/
Global Trade Atlas

Background

Post estimates that the area planted to tree nuts in South Africa is 27,400 hectares (HA) in the 2018/19 MY. Macadamia accounted for 71 percent of the total area planted to tree nuts in South Africa, followed by pecans (26 percent) and walnuts (2 percent), as shown in **Figure 1**. The production of other tree nuts such as almonds, cashews, pistachios, hazelnuts and chestnuts is still minimal and accounts for a combined 1 percent of the total area planted to tree nuts. The Mpumalanga, Limpopo, Kwa-Zulu Natal, Northern Cape and Eastern Cape Provinces are the leading tree nut production areas in South Africa. **Table 2** shows the main growing regions for different tree nuts in South Africa.

Similarly to the global trend, the South African tree nut industry has been experiencing tremendous growth in production, trade and consumption over the past decade. The average growth in production and the establishment of new orchards averages at least 10 percent per annum. This growth in production is mainly attributed to the high returns per hectare of tree nuts relative to other crops, and increasing demand from export markets such as the United States, Asia and Europe. Domestic and export market demand is being driven by the improved lifestyles, healthier eating, the global growth of the middle-class population, and the increased use of tree nuts as an ingredient in food manufacturing. In South Africa, tree nuts are widely available in retail shops such as Woolworths, Pick n Pay, Checkers, Spar, and specialty shops such as Montagu.

Figure 1: Area Planted to Tree Nuts in South Africa



Sources: South African Macadamia Nut Producers Association, South African Pecan Nut Producers Association, Industrial Development Corporation, Farmers Weekly

Table 2: South African Tree Nut Production Regions

Tree Nut	Growing Regions

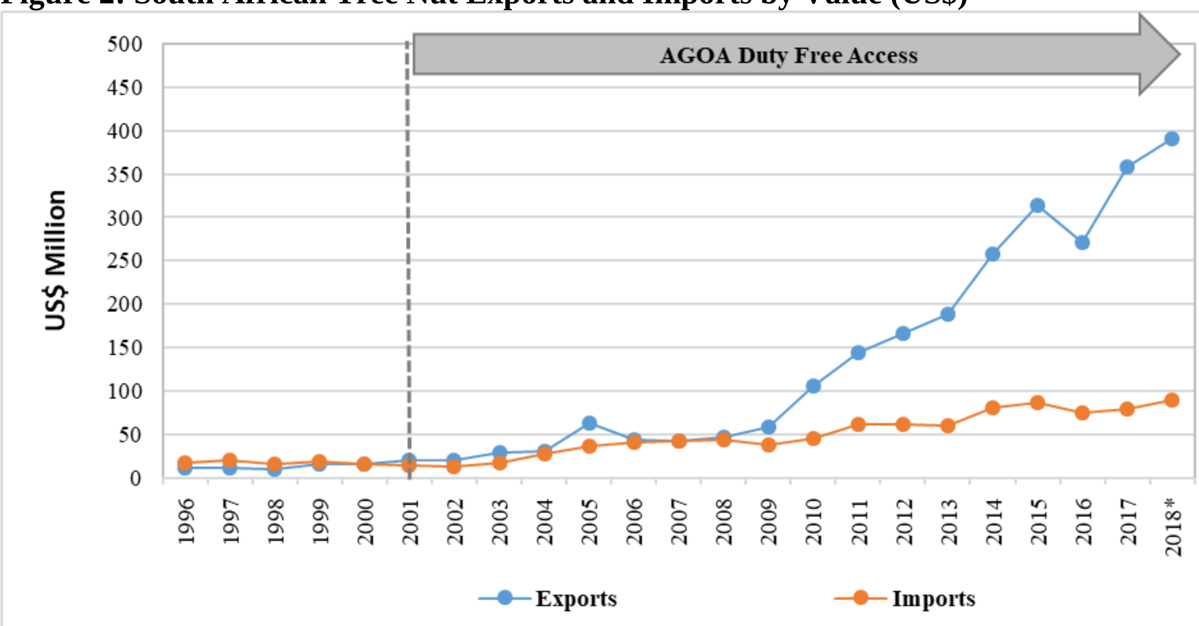
Macadamia	Mpumalanga (54 percent), Limpopo (23 percent), Kwa-Zulu Natal (22 percent), Eastern Cape (less than 1 percent), Western Cape (less than 1 percent).
Pecans	Northern Cape (70 percent), Mpumalanga, Limpopo, Kwa-Zulu Natal, Gauteng, Western Cape, Free State, and North West Province.
Almonds	Western Cape (100 percent).
Pistachios	Northern Cape (100 percent).
Walnuts	Eastern Cape (100 percent).
Hazelnuts	Eastern Cape, Free State, Mpumalanga, Kwa-Zulu Natal.
Cashews	Kwa-Zulu Natal, Mpumalanga, Limpopo.
Chestnuts	Production information not readily available

Sources: South African Macadamia Nut Producers Association, South African Pecan Nut Producers Association, Industrial Development Corporation, Farmers Weekly

South African Trade in Tree Nuts

South Africa has been a net exporter of tree nuts since the 2000/01 MY as shown in **Figure 2**. This is largely attributed to the introduction of the African Growth and Opportunity Act (AGOA) in 2000 which granted duty free access for certain South African exports to the United States, and the significant growth in demand from Asia (Hong Kong, Vietnam, Japan and China) and Europe (Netherlands, Germany and the United Kingdom). Post estimates that South African tree nut exports will continue their growth trend and increase by 9 percent to US$390 million in the 2018/19 MY, from US$359 million in the 2017/18 MY, based on the pace of exports up to November 2018 and the increase in production. Imports are expected to increase by 14 percent to US$90 million in the 2018/19 MY, from US$79 million in the 2017/18 MY. This is based on the pace of imports up to November 2018 and the growing domestic demand for various tree nuts that are currently unavailable or not sufficiently produced locally such as almonds, walnuts, coconuts, cashews, hazelnuts, pistachios, chestnuts, areca and kola nuts. The surge in exports since 2008 is due to the increase in global prices (mainly from 2008 to 2011), and new orchards coming into full production (from 2012 to 2018).

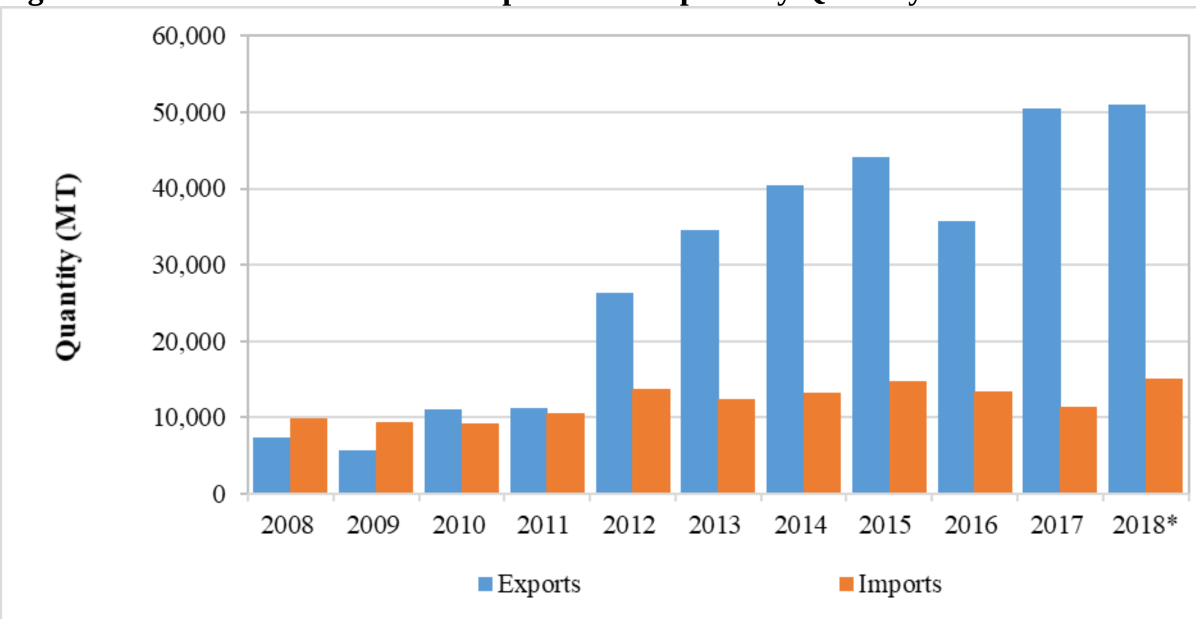
Figure 2: South African Tree Nut Exports and Imports by Value (US$)



*Estimate.
Source: Global Trade Atlas

Figure 3 shows that while South African tree nut exports have increased seven fold from 7,275 MT in the 2008/09 MY, to 51,000 MT in the 2018/19 MY, growth in imports has been modest. South African tree nut imports have only increased from 9,815 MT in the 2008/09 MY, to 15,000 MT in the 2018/19 MY. The growth in tree nut exports is driven by the increased production in response to growing demand from export markets, and the domestic industry being export oriented. The growth in imports is driven by the demand for healthy foods or snacks, and demand from manufactures that use nuts as an ingredient. However, tree nuts in South Africa are mainly consumed by the middle class and affluent population due to their high retail price. Hence growth in domestic demand and imports have been modest, as tree nuts are deemed to be a luxury and unaffordable to the larger less affluent population in South Africa.

Figure 3: South African Tree Nut Exports and Imports by Quantity



*Estimate.
Source: Global Trade Atlas

The United States is the largest exporter of tree nuts to South Africa, and accounted for 22 percent of the total South African tree nut imports in the 2017/18 MY, followed by Vietnam (19 percent), Indonesia (12 percent), Mozambique (11 percent) and Philippines (7 percent). Cashews are the leading tree nut imported by South Africa and accounted for 29 percent of the total imports by value, followed by almonds (24 percent), macadamia (9 percent), walnuts (2 percent), hazelnuts (1 percent) and pistachios (1 percent). Despite the high production of macadamia, South Africa still imports some macadamia from Malawi and Mozambique who have duty free access into the market. There are growing investments in walnut and almond production in South Africa. While this may impact U.S. exports of these nuts to South Africa in the long term if production increases significantly, it also presents an opportunity for United States suppliers of cultivars, varieties and planting materials.

Hong Kong is the leading market for South African tree nut exports, and accounted for 36 percent of the total exports, followed by Vietnam (20 percent) and the United States (15 percent). Macadamia are the largest tree nuts exported by South Africa and accounted for 69 percent of total exports in the 2017/18 MY, followed by pecans (30 percent) and walnuts (0.5 percent).

The following sections provide a detailed analysis of the production, consumption and trade of the various tree nut categories.

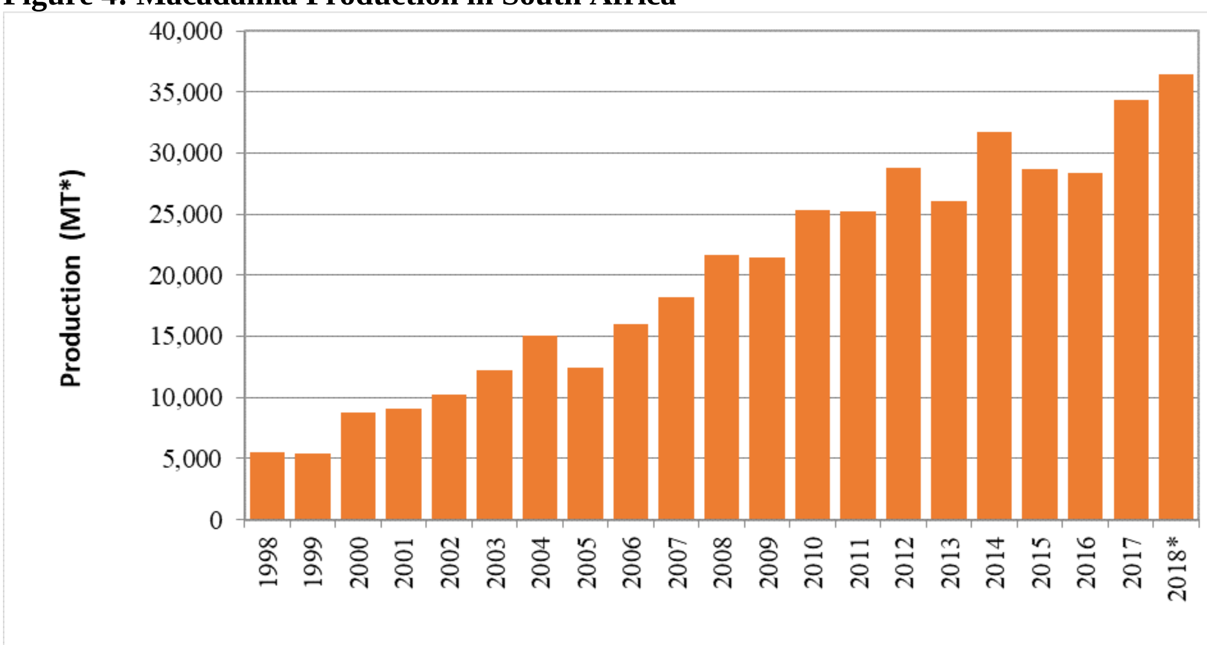
Macadamia - (HS Codes 080261, 080262):

Production

The production of macadamia is estimated to increase by 6 percent to 36,500 MT in the 2018/19 MY, from 34,383 MT in the 2017/18 MY. This is due to the increase in area planted, and new orchards coming into full production. The significant jump in production by 21 percent from 28,424 MT in the 2016/17 MY, to 34,383 MT in the 2017/18 MY, is due to the industry's full recovery from the 2016 drought conditions in the main growing regions of Mpumalanga, Limpopo and Kwa-Zulu Natal. Production figures have been converted to shelled values using a factor of 0.3.

South Africa is the world's largest producer of macadamia, accounting for about 20 percent of the global production. **Figure 4** shows that the production of macadamia has increased exponentially since 1998, mainly due to an increase in new plantings as the industry responds to export market demand and the high returns from macadamia production. Beaumont is the most widely planted cultivar accounting for 48 percent of the total production, followed by the A4 variety (24 percent), 816 variety (16 percent), 814 variety (4 percent), Nelmak 2 variety (3 percent), and 788 variety (2 percent).

Figure 4: Macadamia Production in South Africa



*Production figures have been converted to shelled values using a factor of 0.3.
**Estimate.
Source: Southern African Macadamia Growers Association

Consumption

Less than 10 percent of the macadamia production is consumed domestically. The domestic consumption of macadamia fluctuates between 5 to 10 percent of the total production and ranges between 3,000 MT to 5,000 MT, based on the available quantities remaining after exports and domestic market prices relative to the export markets. Macadamia are mainly used in savory and sweet dishes.

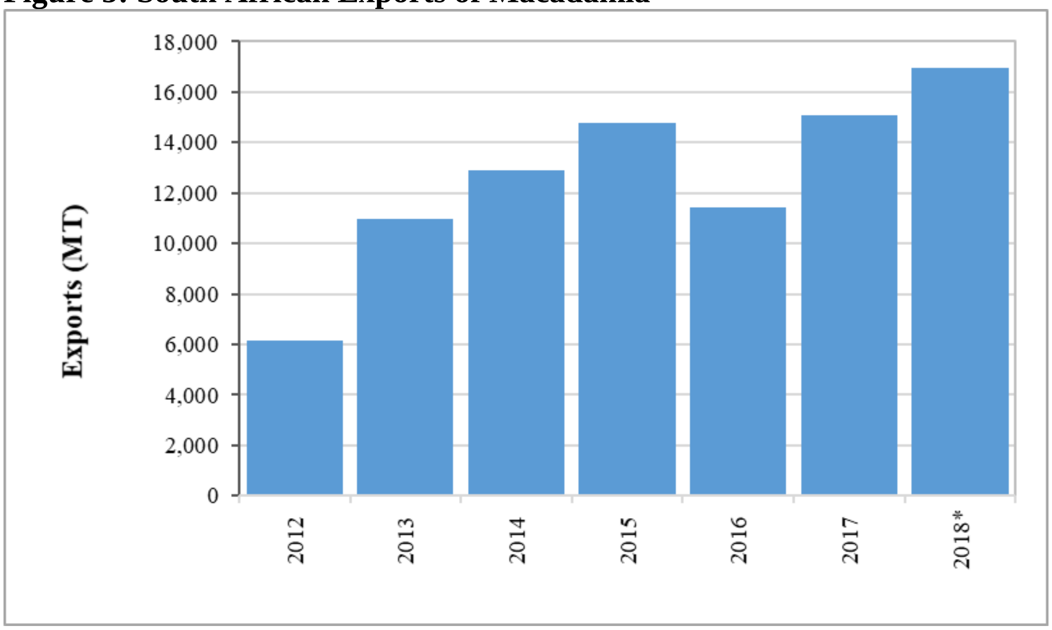
Processing

About 40 to 45 percent of the total macadamia production is processed for other value-added products in South Africa. The main processed products from macadamia include spreads, oils, chocolates, confectionary, and flour. The majority of the processed products are also exported.

Exports

The export of macadamia is estimated to increase by 13 percent to 16,962 MT in the 2018/19 MY, from 15,058 MT in the 2017/18 MY, based on the growth in production, and the pace of exports up to November 2018. The South African macadamia industry is export oriented as this provides the largest revenue. About 40 to 50 percent of the total macadamia production is exported as kernels in South Africa. **Figure 5** shows that macadamia exports have grown rapidly in the last 5 years.

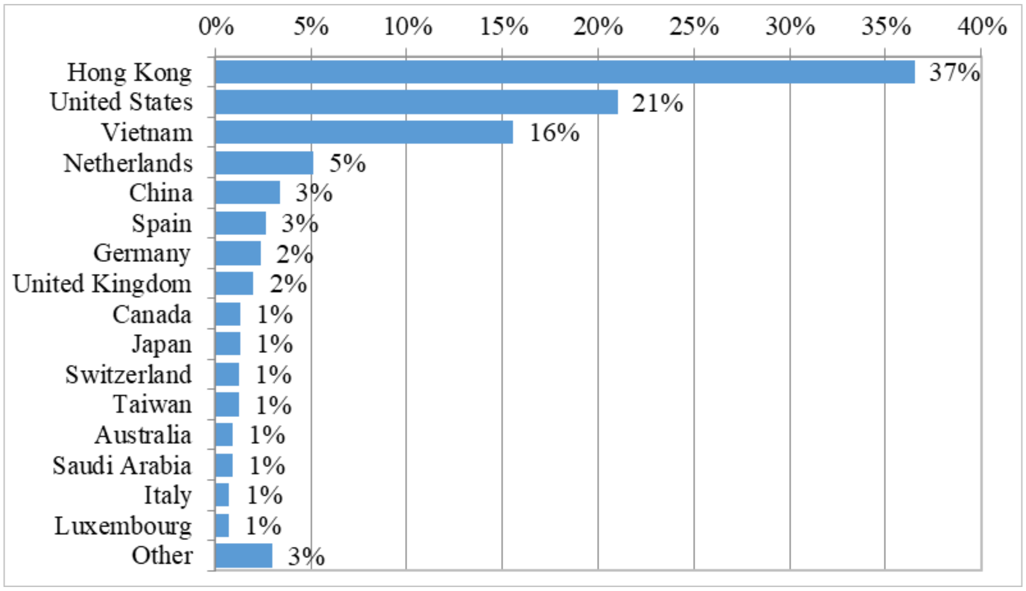
Figure 5: South African Exports of Macadamia



*Estimate. Source: GTA

Hong Kong is the largest export market for South African macadamia exports by value, accounting for 37 percent of the total exports in the 2017/18 MY, followed by the United States (21 percent), Vietnam (16 percent), Netherlands (5 percent) and China (3 percent). **Figure 6** shows the key export markets for South African macadamia.

Figure 6: South African Export Markets for Macadamia

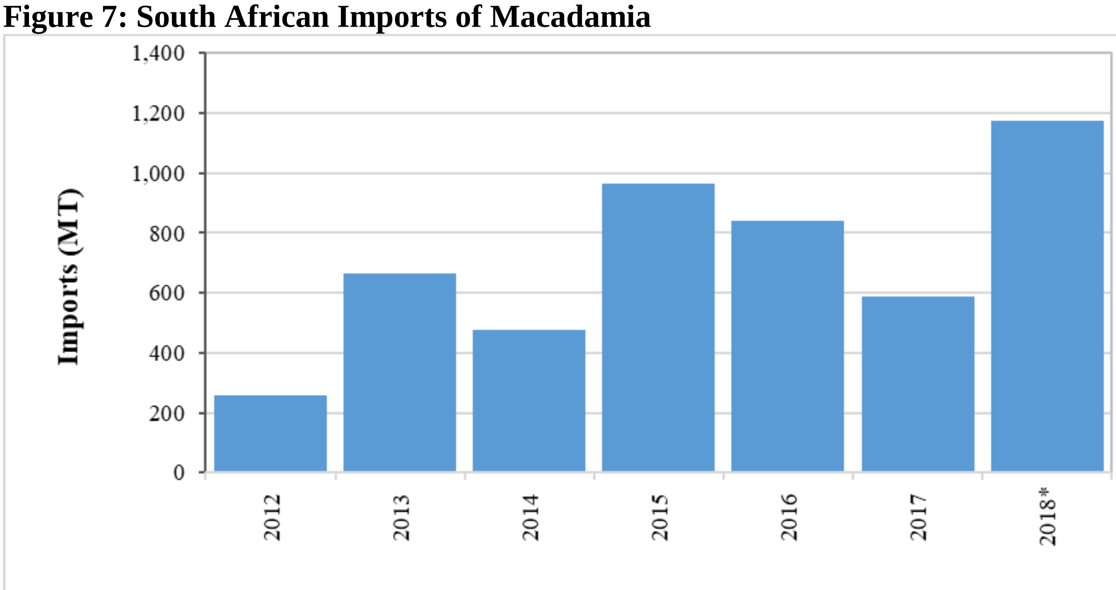


Source: GTA

Imports

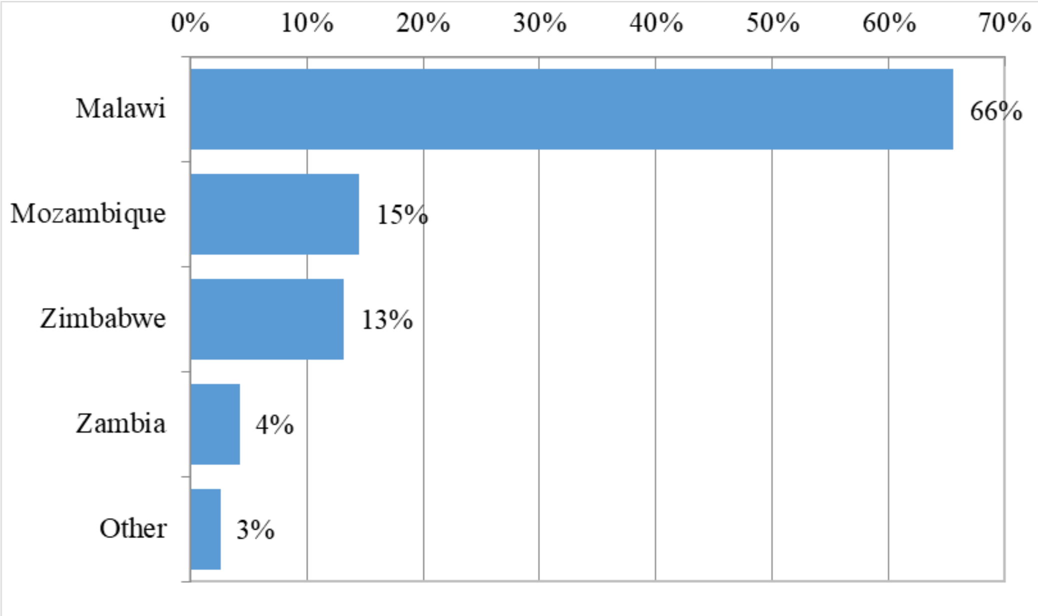
Imports of macadamia into South Africa are minimal and range between 250 MT to 1,000 MT. **Figure 7** shows that imports tend to fluctuate based on the prices and level of supply in South Africa. Malawi is the leading supplier of macadamia into South Africa, accounting for 66 percent of the total imports, followed by Mozambique (15 percent), Zimbabwe (13 percent) and Zambia (4 percent). Notably, Malawi, Mozambique, Zimbabwe and Zambia are part of the Southern African Development Community (SADC) and enjoy duty free access into South Africa.

Figure 7: South African Imports of Macadamia



*Estimate. Source: GTA

Figure 8: South African Import Markets of Macadamia



Source: GTA

Table 3: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
0802.6	**Macadamia:**						
0802.61	In shell	kg	free	free	free	free	free
0802.62	Shelled	kg	free	free	free	free	free
0802.90	Other	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

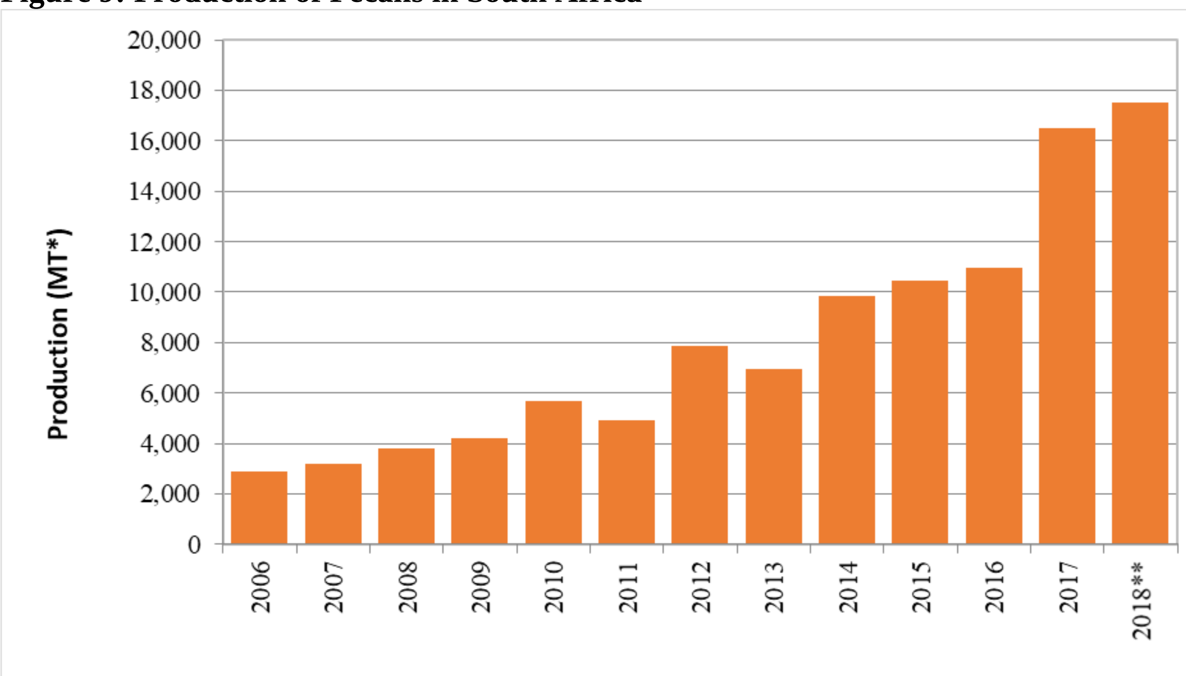
Pecans:

Production

The production of pecans is estimated to increase by 6 percent to 17,500 MT in the 2018/19 MY, from 16,519 MT in the 2017/18 MY. This is due to the increase in area planted, and new orchards coming into full production. The significant jump in production by 51 percent from 10,968 MT in the 2016/17 MY, to 16,519 MT in the 2017/18 MY, is mainly due to the industry's full recovery from the 2016 drought conditions in the main growing regions of Mpumalanga, Limpopo and Kwa-Zulu Natal.

Pecans are the second leading tree nut produced in South Africa and has increased exponentially mainly due to an increase in new plantings as the industry responds to export market demand and the high returns of pecan production. **Figure 9** below shows the historic growth in production of pecans in South Africa since 2006. The main cultivars of pecans grown in South Africa are Wichita, Choctaw, Western and Pawenee.

Figure 9: Production of Pecans in South Africa



* Production figures are in shell values.
** Estimate.
Source: Southern African Pecan Nut Producers Association (SAPPA)

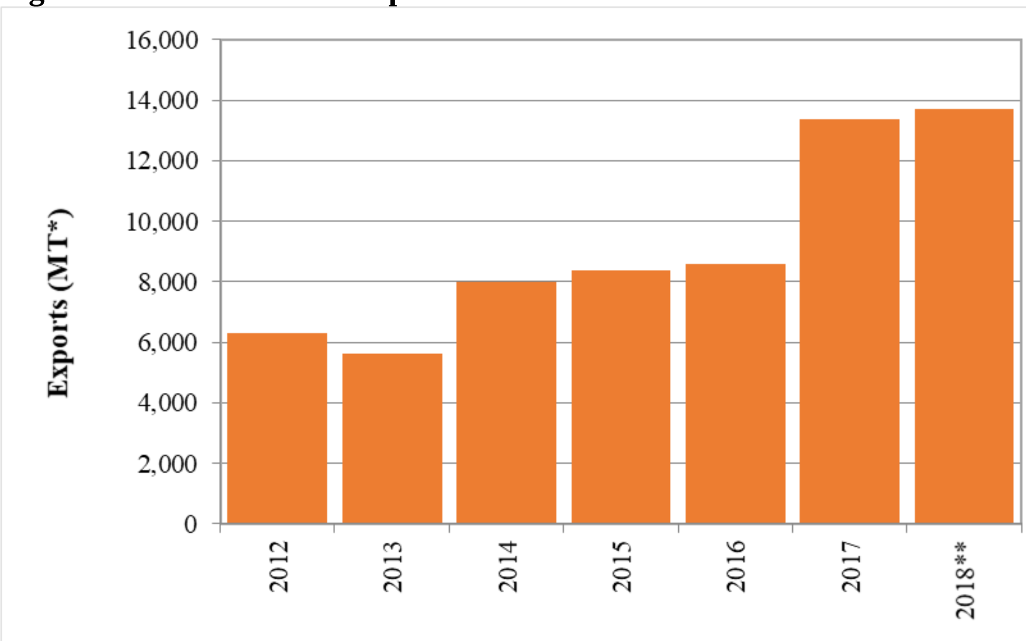
Consumption

The domestic consumption of pecans ranges between 3,000 MT to 4,000 MT, based on the available quantities remaining after exports and domestic market prices relative to the export markets. Pecans are mainly used in salads, baking or consumed as a snack.

Exports

South Africa exports approximately 75 percent of the total pecans production to China. Exports to China are nuts in shell, and demand in this market remains strong. **Figure 10** shows the growth in pecans exports since 2012.

Figure 10: South African Exports of Pecans



*Export figures are in shell values.
**Estimate.
Source: SAPPA

Almonds - (HS Codes 080211, 080212):

Production

The production of almonds is still very small in South Africa, and there are less than fifteen known commercial growers. The annual production of almonds is estimated to range between 150 MT to 300 MT, and the area planted is about 170 HA. The bulk of the production is from one producer located in Montagu, Western Cape. Consolidated production statistics is largely unavailable, and this is expected to improve following the establishment of the Almond Board of South Africa in 2018. The Industrial Development Corporation (IDC) report on the commercial viability of almond production in South Africa is one of the few available information sources on the South African almond industry. The study can be downloaded on the following link, https://www.idc.co.za/images/Almond-Final-Report-OABS-2017-12-01.pdf .

While an estimated thirteen cultivars are registered in South Africa, only two cultivars are being grown; Nonpareil and Independent. The growth in the production of almonds in South Africa is alleged to be constrained by the limited availability of planting material, lack of processing capacity, and insufficient registered chemicals and pesticides. The waiting period for planting material is reported to be at least two years. This may present opportunities for U.S. suppliers of cultivars and planting material.

Consumption

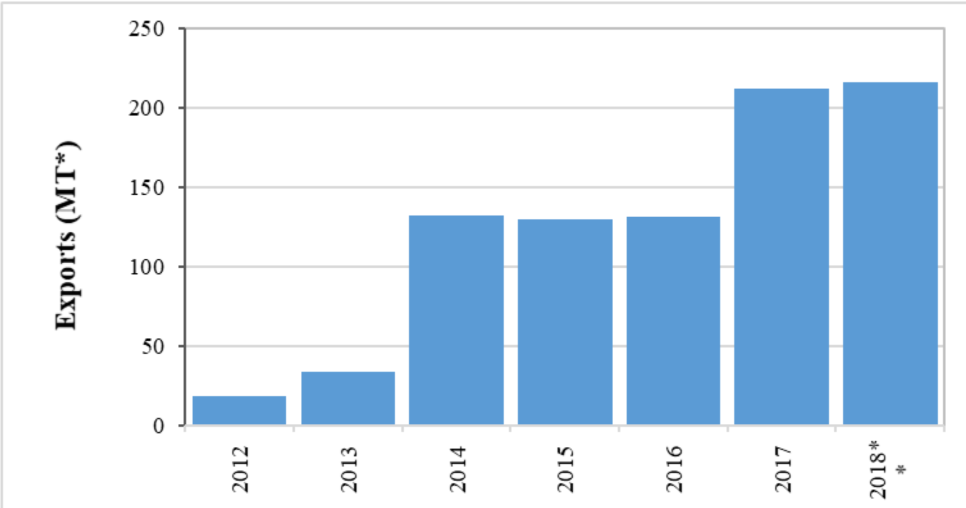
Consumption of almonds has increased more than fivefold in the past two decades to about 3,000 MT in the 2018/19 MY. The growth in almond consumption is largely driven by demand from consumers pursuing healthier eating and lifestyle habits, and the rise in demand for products perceived to be super foods.

Almonds are renowned for their valuable sources of essential nutrients and proteins by proponents of various modern diet trends such as paleo, and banting. Domestic consumption has also been driven by increased demand from manufactures such as Pioneer Foods, Unilever, Vital Health Foods and Tiger Brands. Almonds are also consumed as a snack, garnish to desserts, and as a base ingredient in certain curry dishes.

Exports

While the exports of almonds from South Africa have grown over the past decade, they are still minimal at below 220 MT. Spain is the largest market for South African almond exports and accounted for 26 percent of the total exports in the 2017/18 MY, followed by Namibia (19 percent), Botswana (18 percent), Netherlands (12 percent), Swaziland (8 percent), Zambia (5 percent), Zimbabwe (3 percent), Mozambique (3 percent) and Mauritius (2 percent). The growth in the export of almonds as shown in **Figure 11** may be indication that the South African almond sector and production is growing, which may have negative implications for U.S. imports in the long term if this trend continues.

Figure 11: South African Exports of Almonds

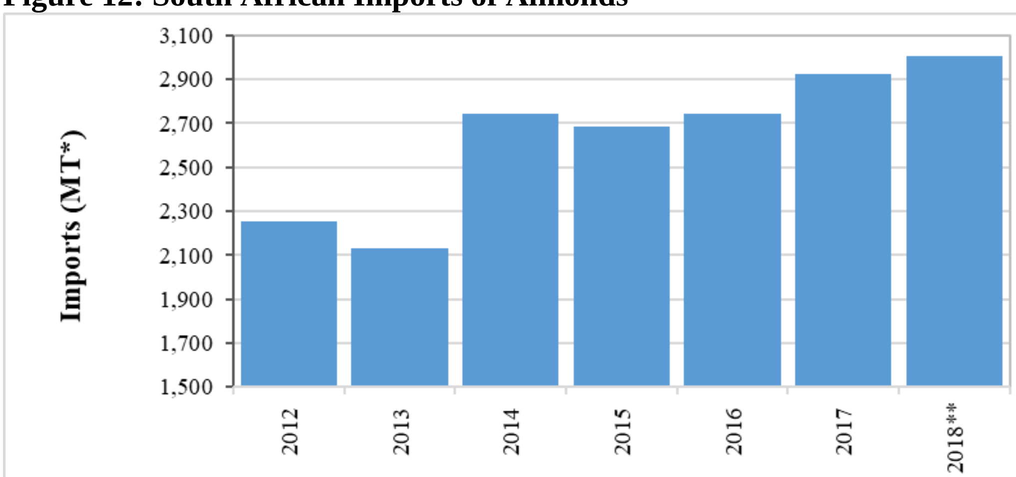


*Production figures have been converted to shelled values using factor of 0.6.
**Estimate. Source: GTA

Imports

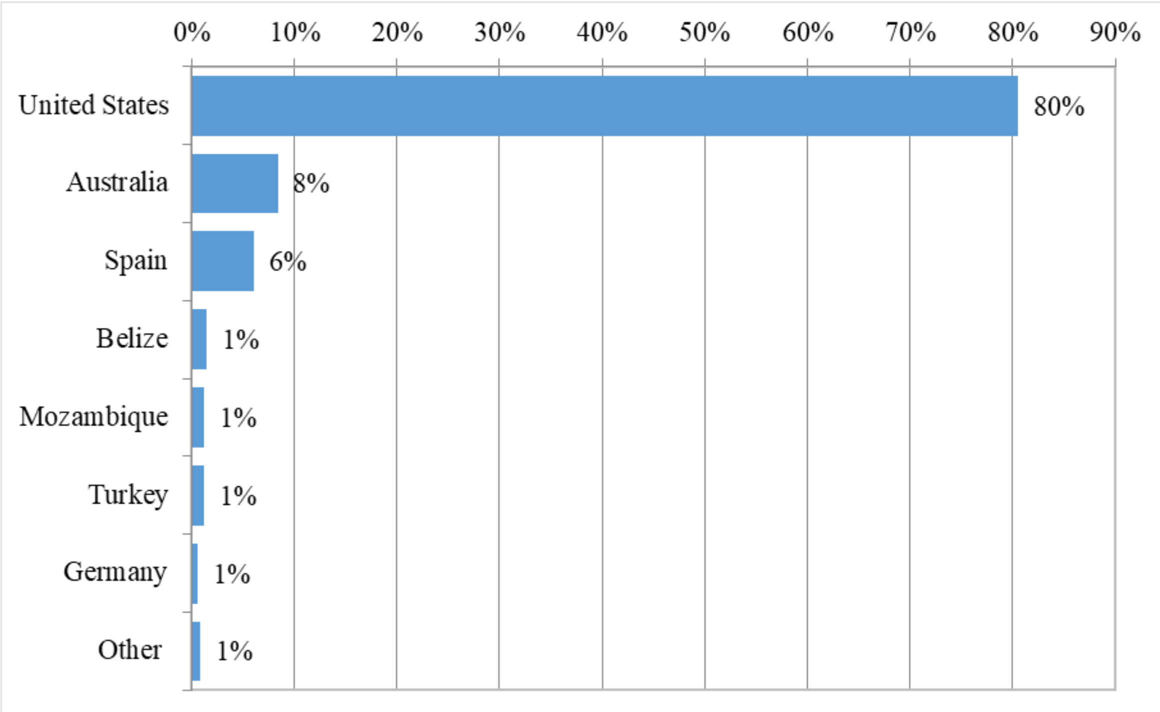
Post estimates that the imports of almonds will increase by 3 percent to 3,005 MT in the 2018/19 MY, from 2,927 MT in the 2017/18 MY. This is due to the fact that South Africa`s growing demand for almonds far exceeds local production. This has created a lucrative opportunity for U.S. exporters of high value shelled almonds. The United States is the largest supplier of almonds into South Africa, and accounted for 80 percent of the total imports in the 2017/18 MY, followed by Australia (8 percent) and Spain (6 percent). **Figure 12** shows the growth in almond imports since the 2012/13 MY, and **Figure 13** shows the key suppliers of almonds into South Africa.

Figure 12: South African Imports of Almonds



*Production figures have been converted to shelled values using a factor of 0.6.
**Estimate.
Source: GTA

Figure 13: South African Import Markets of Almonds



Source: GTA

Table 4: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
0802.1	**Almonds:**						
0802.11	In shell	kg	free	free	free	free	free
0802.12	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

Walnuts - (HS Codes 080231, 080232):

Production

The commercial production of walnuts is still very small in South Africa, and there are less than twenty known commercial growers. The annual production of walnuts is estimated to range between 1,000 MT to 1,300 MT annually, and the area planted is about 600 HA. The bulk of the walnut production in South Africa is from one producer located in Aliwal North, Eastern Cape Province. South Africa does not have a registered walnut growers association and consolidated production statistics is largely unavailable. Walnut production is expected to continue growing in the coming years, in response to growing local demand, higher returns, and increasing investment into this sector.

Consumption

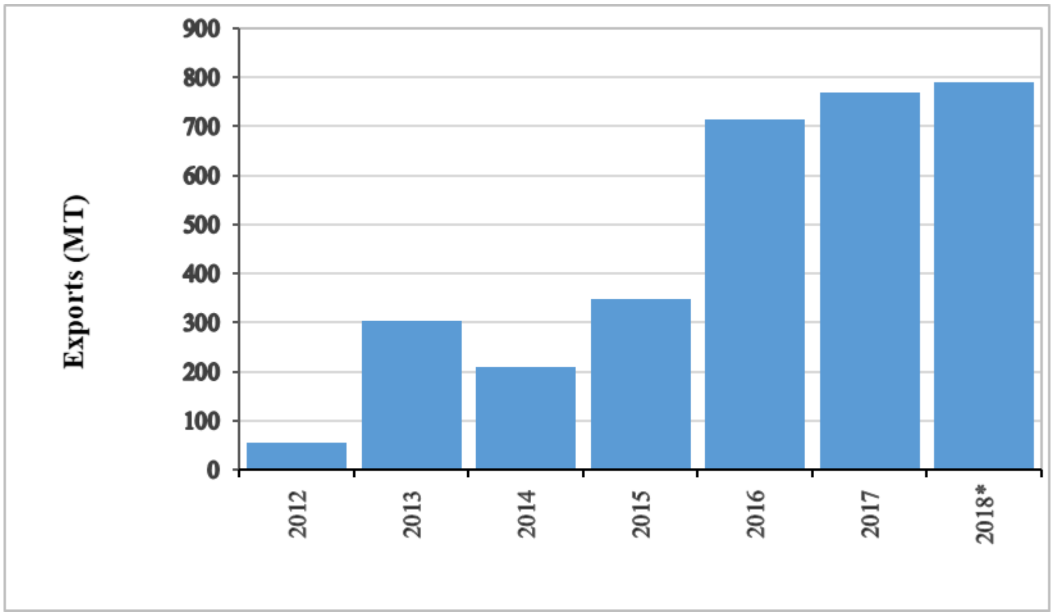
Consolidated consumption data for walnuts is largely unavailable. Post estimates that the consumption of walnuts ranges between 400 MT to 700 MT, based on trade data and available production. Consumption of walnuts is believed to be affected by its similarity to pecan nuts which are much more readily available and some consumers usually substitute walnuts with pecan nuts. The differences between walnuts and pecan nuts are explained by Montagu (South Africa's popular nut and dried fruit retailer) on the following link, https://montagudriedfruitnuts.co.za/difference-walnuts-pecan-nuts/ . Walnuts are mainly used in food preparations, snacks or as an ingredient.

Exports

Post estimates that the export of walnuts will increase by 3 percent to 791 MT in the 2018/19 MY, from 768 MT in the 2017/18 MY. This is due to the increase in area planted and newly planted trees reaching full production in the Eastern Cape. The significant growth in exports is more pronounced from the 2012/13 MY as shown in **Figure 14**, due to an increase in production following massive investments in farms and a processing facility in the Eastern Cape.

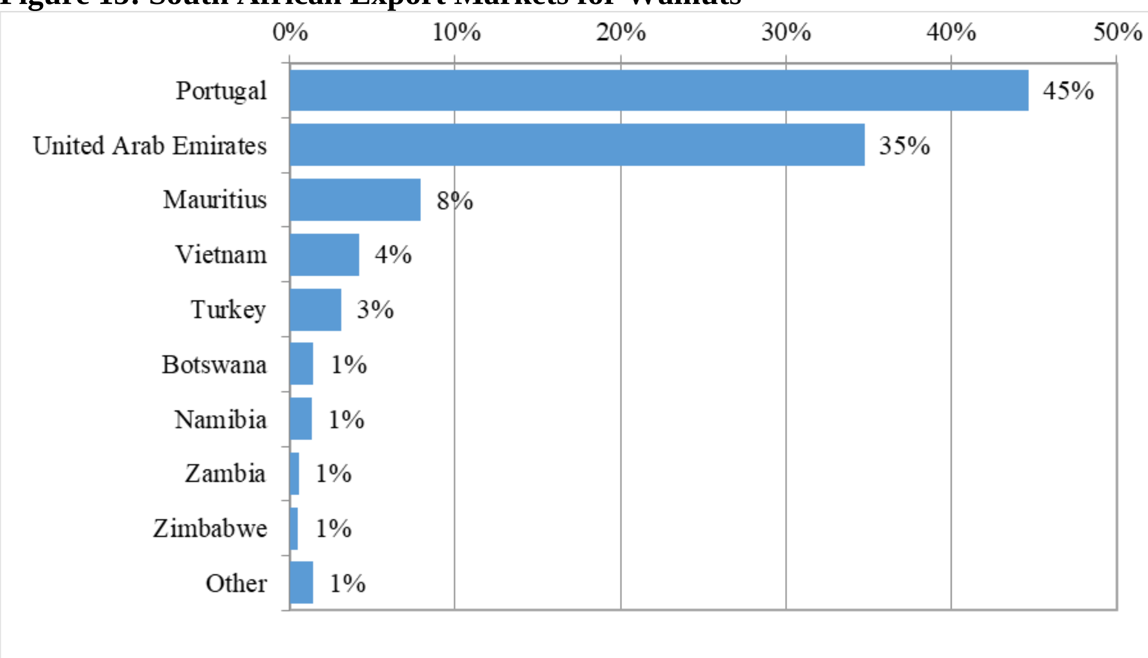
Portugal accounted for 45 percent of the total South African walnuts exports, and is the largest export market due in part to the free trade agreement between South Africa and the European Union. Portugal is followed by United Arab Emirates (35 percent), Mauritius (8 percent), Vietnam (4 percent), and Turkey (3 percent). **Figure 15** shows the key export markets for South African walnuts.

Figure 14: South African Exports of Walnuts



*Production figures have been converted to in shell values using a factor of 2.3.
**Estimate.
Source: GTA

Figure 15: South African Export Markets for Walnuts



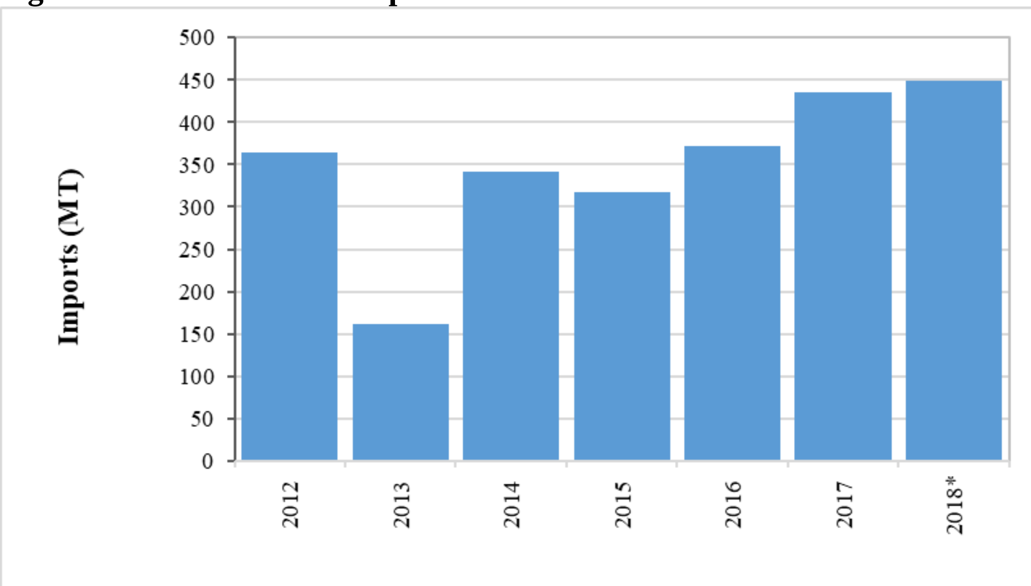
Source: GTA

Imports

Post estimates that walnut imports will increase by 3 percent to 450 MT in the 2018/19 MY, from 435 MT in the 2017/18 MY. This is due to South Africa`s growing demand for walnuts, and the domestic producers being export oriented thereby creating an opportunity for imports. Since 2015, South Africa has become a net exporter of walnuts.

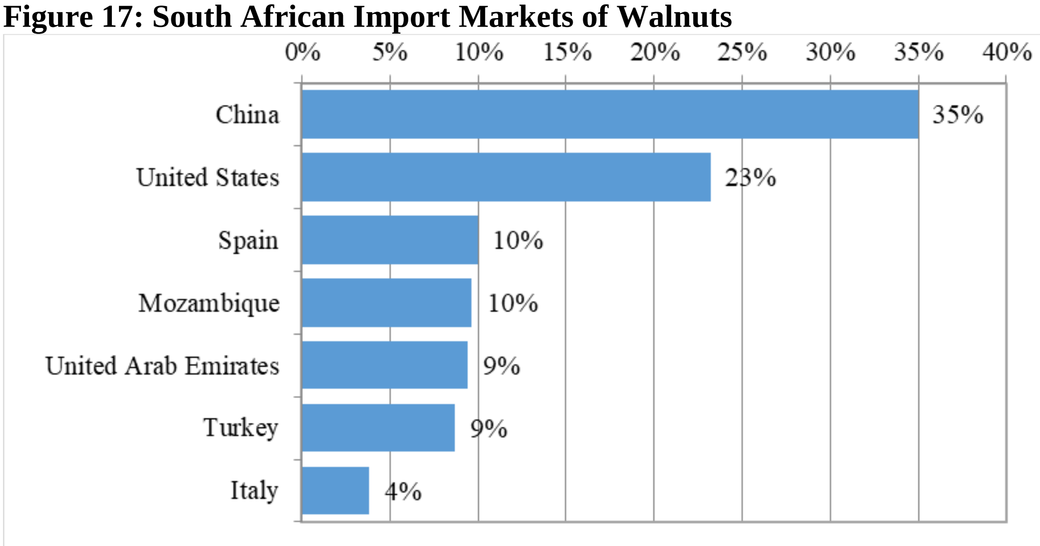
China is the largest supplier of walnuts into South Africa, and accounted for 35 percent of the total imports in the 2017/18 MY, followed by the United States (23 percent), Spain (10 percent), and Mozambique (10 percent). **Figure 16** shows the growth in walnuts imports since the 2012/13MY, and **Figure 17** shows the key suppliers of walnuts into South Africa.

Figure 16: South African Imports of Walnuts



*Production figures have been converted to in shell values using a factor of 2.3.
**Estimate.
Source: GTA

Figure 17: South African Import Markets of Walnuts



Source: GTA

Table 5: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
0802.3	**Walnuts:**						
0802.31	In shell	kg	free	free	free	free	free
0802.32	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

Cashews - (HS Codes 080131, 080132):

Production

South Africa does not have a registered cashews growers association and consolidated production statistics are largely unavailable. Post estimates that the production of cashews ranges between 100 MT and 150 MT, based on the available trade figures and post contacts. It is reported that production is from the Kwa-Zulu Natal, Mpumalanga, and Limpopo Provinces.

Consumption

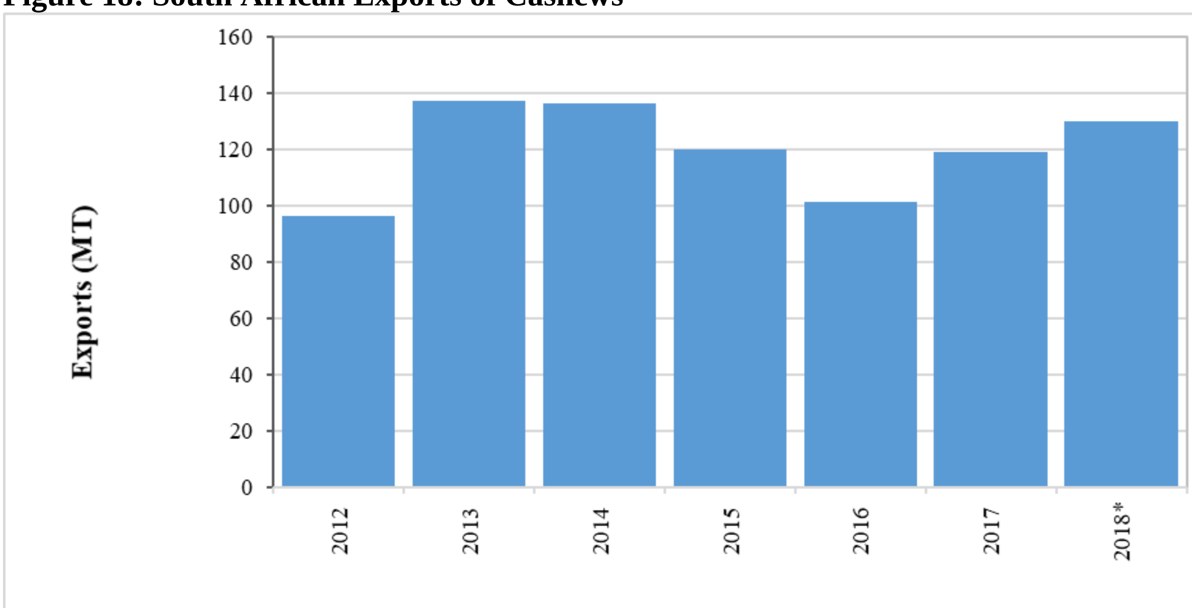
The consumption of cashews ranges between 2,000 MT and 3,000 MT, based on estimated production and trade figures. Cashews are mainly used as an ingredient in foods such as casseroles, salads and confectionary products.

Exports

While the exports of cashews from South Africa are minimal, they have grown from 96 MT in the 2012/13 MY, to 130 MT in the 2018/19 MY. **Figure 18** shows the growth of cashews exports since the 2012/13 MY. The decline in exports between the 2014/15 MY and the 2016/17 MY, is due to the impact of the drought in the main growing regions of Kwa-Zulu Natal and Mpumalanga.

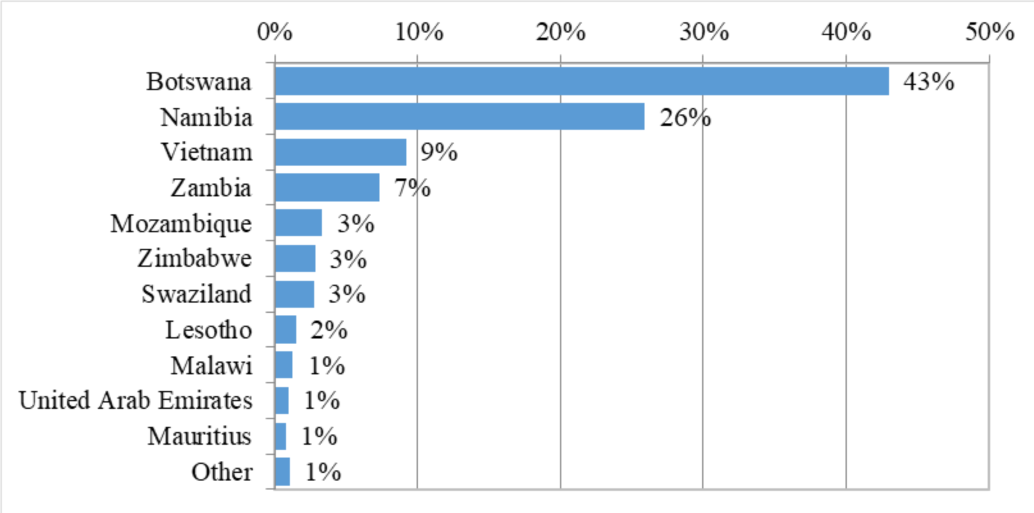
Botswana is the largest market for South African cashews exports accounting for 43 percent of the total exports in the 2017/18 MY, followed by Namibia (26 percent), Vietnam (9 percent) and Zambia (7 percent). **Figure 19** shows the key export markets for South African cashews.

Figure 18: South African Exports of Cashews



*Estimate. Source: GTA

Figure 19: South African Export Markets for Cashews



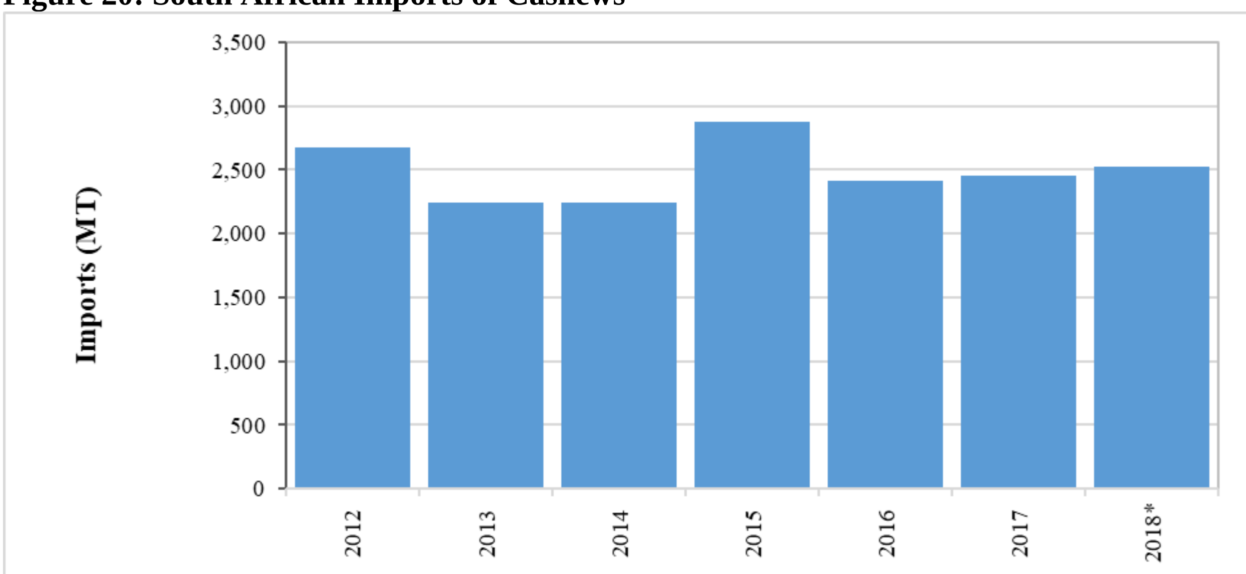
Source: GTA

Imports

South Africa is a net importer of cashews. Post estimates that the import of cashews will increase by 3 percent to 2,520 MT in the 2018/19 MY, from 2,454 MT in the 2017/18 MY. Imports are mainly driven by the inadequate production to satisfy the growing local market demand for cashews.

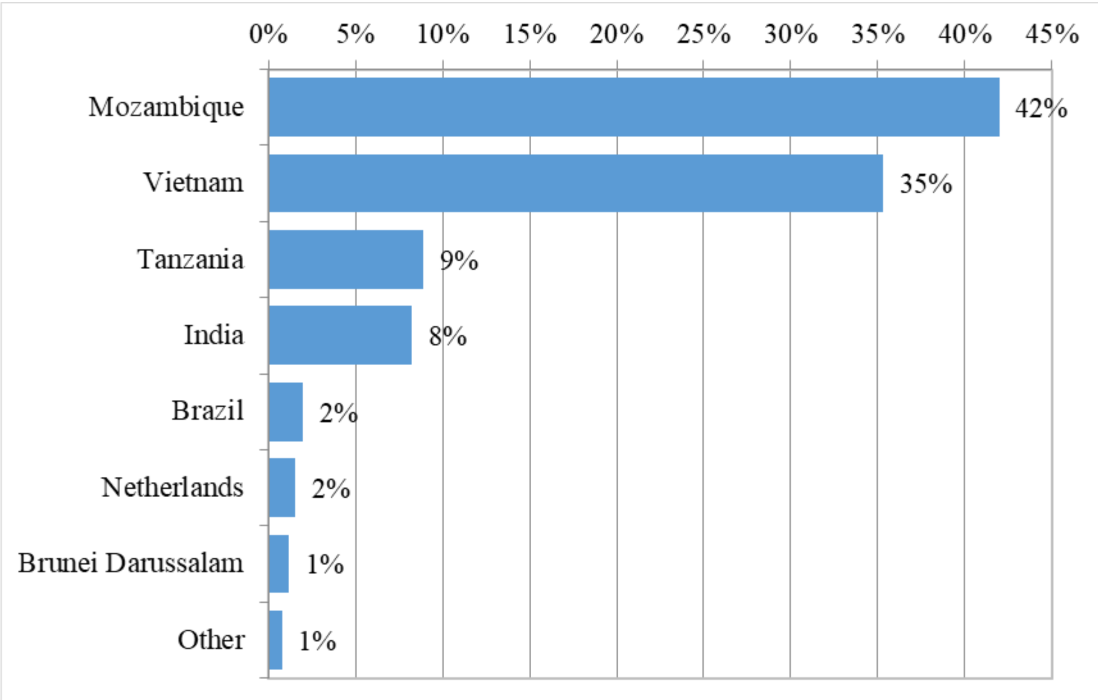
Mozambique is the largest supplier of cashews into South Africa, accounting for 42 percent of the total imports in the 2017 MY, followed by Vietnam (35 percent), Tanzania (9 percent) and India (8 percent). **Figure 20** shows the key suppliers of cashews into South Africa.

Figure 20: South African Imports of Cashews



*Estimate. Source: GTA

Figure 21: Suppliers of Cashews into South Africa



Source: GTA

Table 6: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0801.3	**Cashews:**						
0801.31	In shell	kg	free	free	free	free	free
0801.32	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

Pistachios - (HS Codes 080251, 080252):

Production

Production of pistachios is still very small in South Africa, with only about 10 HA of known commercial area planted and an estimated annual production of between 15 MT to 60 MT. Growers are concentrated in Prieska, in the Northern Cape Province. South Africa does not have a registered pistachios growers association and consolidated production statistics is largely unavailable.

Consumption

The consumption of pistachios is estimated to range between 150 MT and 200 MT, based on trade data and available production. Pistachios are mainly consumed as a snack and ingredient in cooking, baking and processed products.

Trade

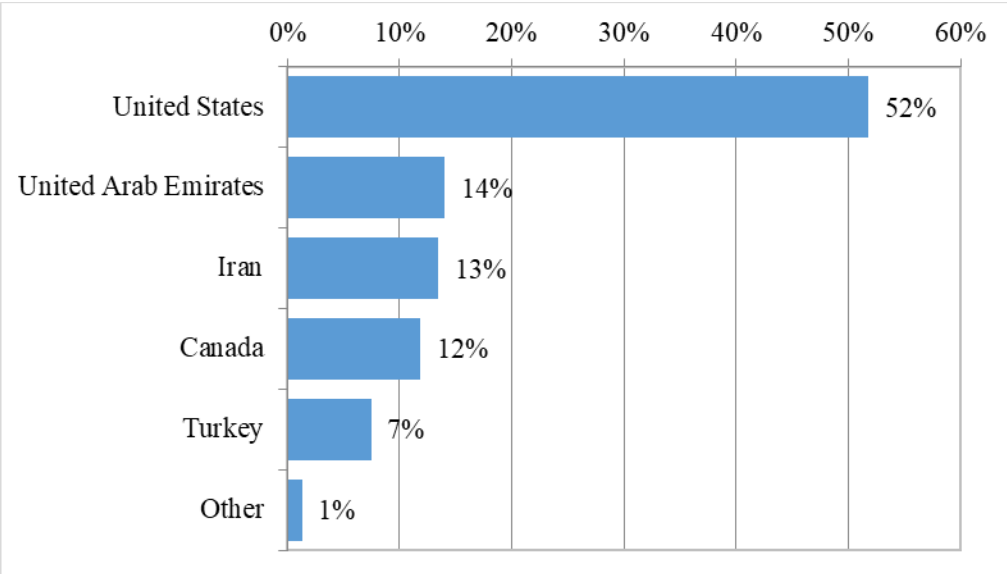
South Africa is a net importer of pistachios due to demand outpacing domestic production. However, the amount of pistachios imported is relatively low, and fluctuates each year since the 2012/13 MY due to unreliable local supply. **Table 7** shows the import and export quantity of pistachios since the 2012/13 MY. The United States is the leading supplier of pistachios to South Africa, and accounted for 52 percent of South African imports in the 2017/18 MY, followed by the United Arab Emirates (14 percent), Iran (13 percent), Canada (12 percent) and Turkey (7 percent), as shown in **Figure 22**.

Table 7: South African Trade in Pistachios

	2012	2013	2014	2015	2016	2017	2018**
Exports (MT*)	9	42	14	15	26	51	36
Imports (MT*)	173	155	264	200	119	94	195

*Shelled tonnages have been adjusted to in shell tonnages using a factor of 2.
**Estimate
Source: GTA

Figure 22: Pistachios Imports by Market



Source: GTA

Table 8: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.5	**Pistachios:**						
0802.51	In shell	kg	free	free	free	free	free
0802.52	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

Hazelnuts - (HS Codes 080221, 080222):

Production

South Africa does not have a registered hazelnuts growers association and consolidated production statistics are largely unavailable. However, according to Post contacts and media reports, the production of hazelnuts is currently below 50 MT annually. Based on one media article (https://getnews.co.za/site/eastern-cape-positions-hazelnut-hub/), the Ferrrero Group has been in the forefront of establishing the hazelnuts industry in South Africa. Ferrrero Group has reportedly established hazelnut production trials and nurseries in Tarkastad and Dordrecht in the Eastern Cape Province, Reitz in the Free State Province, Carolina in the Mpumalanga Province, and Franklin and Underberg in the Kwa-Zulu Natal Province. The Ferrrero Group`s investment in establishing a hazelnut industry in South Africa is driven by their strategy to expand its global network in order to spread its risk in a global market dominated by Turkey (70 percent) and Italy (15 percent). While the total area planted to hazelnuts is currently estimated to be about 600 HA, production figures are still low as the newly established orchards have not reached their peak yields.

Consumption

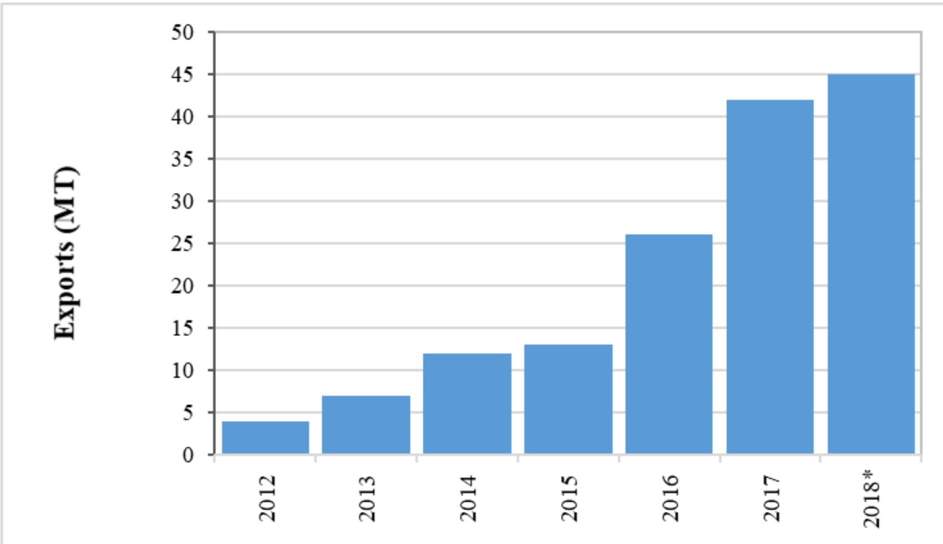
The consumption of hazelnuts is estimated to range between 100 MT and 500 MT, based on trade data and available production. Hazelnuts are generally used as an ingredient in baking and savory dishes.

Exports

While the exports of hazelnuts are below 50 MT annually, they have been growing steadily since the 2012/13 MY as shown in **Figure 23** below. Post estimates that the export of hazelnuts will increase by 7 percent to 45 MT in the 2018/19 MY, from 42 MT in the 2017/18 MY, based on the increase in production as the new orchards come into full production.

Botswana is the leading market for South African hazelnut exports and accounted for 17 percent of the total exports, followed by Taiwan (17 percent), Namibia (16 percent), Japan (15 percent), Lesotho (12 percent), Zimbabwe (7 percent), Zambia (4 percent) and Angola (4 percent).

Figure 23: South African Exports of Hazelnuts

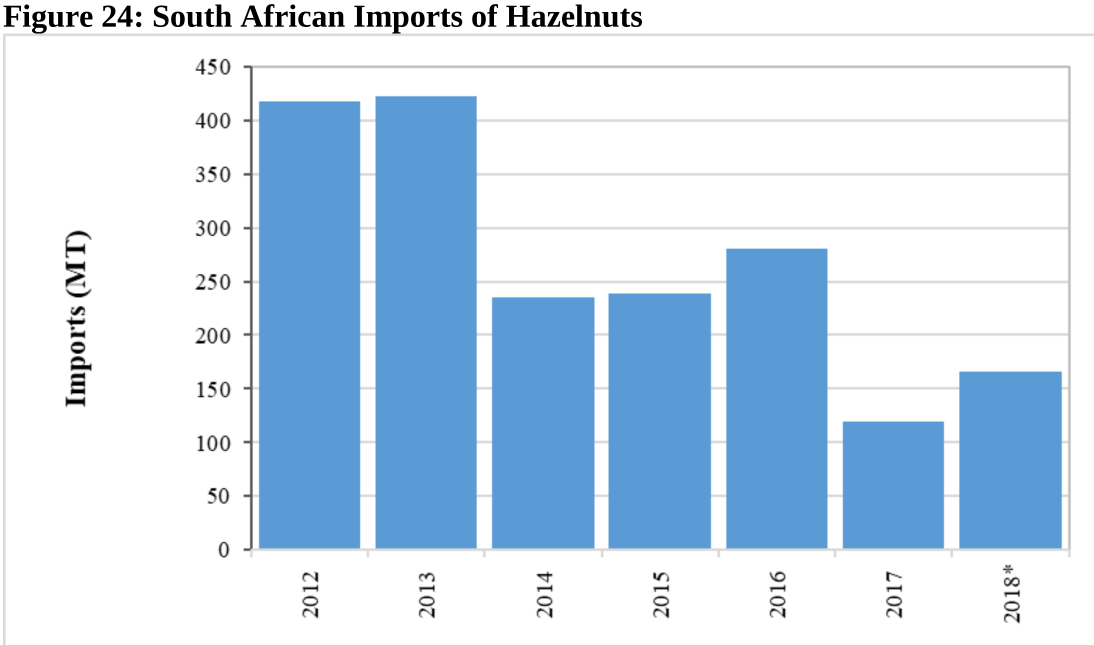


*Estimate
Source: GTA

Imports

South Africa is a net importer of hazelnuts and Turkey is the largest supplier accounting for 82 percent of the total imports, followed by Italy (9 percent) and Spain (9 percent). Imports of hazelnuts seem to be cyclical, and have been on a downward trend since the 2013/14 MY. This could be due to the efforts to establish the industry, and that hazelnuts can generally be stored for a much longer period.

Figure 24: South African Imports of Hazelnuts



*Estimate. Source: GTA

Table 9: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.2	**Hazelnuts or filberts *(Corylus spp.)*:**						
0802.21	In shell	kg	free	free	free	free	free
0802.22	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)

Chestnuts - (HS Codes 080241, 080242):

Production

There is no known production of chestnuts in South Africa, and consolidated production statistics are largely unavailable.

Consumption

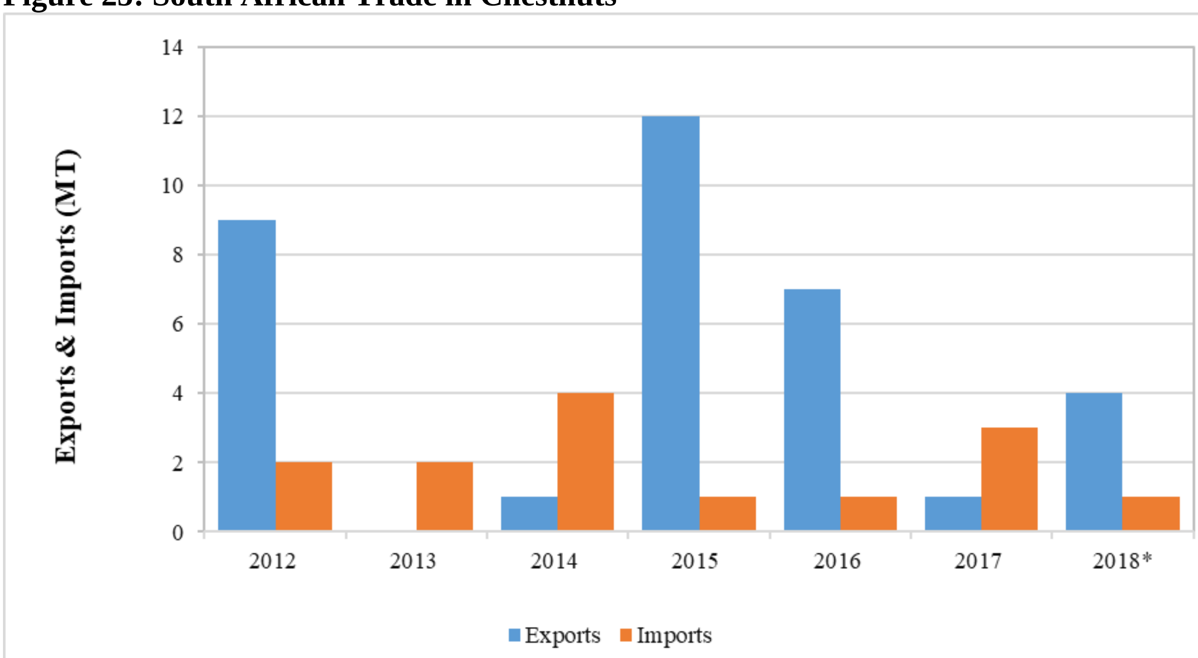
Chestnuts are not a popular tree nut in South Africa, and are not readily available in most retail shops compared to other tree nuts. The consumption of chestnuts is minimal and below 4 MT annually, based on the import figures. It is reported that tinned chestnuts and chestnut puree are more common in retail shops.

Trade

South Africa often alternates between being a net importer and exporter of chestnuts. South African chestnut exports are minimal and fluctuate between 0 to 12 MT annually. Swaziland is the leading market accounting for 49 percent of the total South African exports, followed by Botswana (23 percent), United Arab Emirates (13 percent), Lesotho (8 percent), Malawi (6 percent) and Mozambique (1 percent).

Chestnut imports are also minimal, and range between 1 to 4 MT as shown in **Figure 25** below. China is the leading supplier of chestnuts to South Africa and accounted for 75 percent, followed by Portugal (20 percent) and United Kingdom (5 percent).

Figure 25: South African Trade in Chestnuts



*Estimate
Source: GTA

Table 10: Custom Duties Applicable to Imports into South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	EU	EFTA	SADC	MERCOSUR
0802.4	**Chestnuts:**						
0802.41	In shell	kg	free	free	free	free	free
0802.42	Shelled	kg	free	free	free	free	free

Source: South African Revenue Services (SARS)