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South Africa, Republic of

Fresh Deciduous Fruit

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Report Highlights:
South Africa's deciduous fruit 2004/5 harvests started two weeks early. In 2004/5, more consolidation is expected within the deciduous fruit industry, as more farms are released for sale due to bankruptcy. Prices of farms are therefore expected to decrease because of increased supply. Black Economic Empowerment (BEE) transaction process is expected to grow this year, as more businesses are complying with the national requirement of a BEE rule. Market access is another issue of concern this year, with exports to the traditional markets decreasing as a result of opening opportunities to new markets, mainly to the Far East, Northern Africa, China and India. Deciduous fruit prices are expected to decline because of poor quality production resulting from a drought and late rains.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

South African deciduous fruit 2004/5 harvests started two weeks early. In 2004/5, more consolidation is expected within the deciduous fruit industry, as more farms are released for sale. Prices of farms are therefore expected to decrease because of increased supply. Black Economic Empowerment (BEE) transaction process is expected to grow this year, as more businesses are complying with the national requirement of a BEE rule. Market access is another issue of concern this year, with exports to the traditional markets decreasing as a result of opening opportunities to new markets, mainly to the Far East, Northern Africa, China and India. Deciduous fruit prices are expected to decline because of poor quality production resulting from a drought and late rains.

South Africa's grape industry is facing financial hardship and bankruptcy because of bad weather that damaged production and reduced exports. In most international markets, South African table grapes are receiving lower prices in supermarkets because of lower quality.

As a social responsibility, the deciduous fruit industry plans to rectify impacts of the past policy by imparting skills to workers. The industry also expects to relate to the government's need for strong partnership.

South Africa's deciduous fruit competitors in the EU markets are: Chile, Brazil, New Zealand, Australia, and the U.S. The most important competitor during South Africa's peak period is Chile.

Average annual exchange rates:

In 2000: US $1 = R6.94
In 12 September, 2005: US $1 = R6.30

Production

GRAPES

In 2004/5, table grape production is expected to decrease by 13% because of continuous drought, which delayed harvest in some producing areas (like Orange River) by about 14 days, except for Berg River and Hex River areas, which were about two weeks early. Drought severely reduced volume in Hex River and Berg River areas of the Western Cape during the growing period, and was followed by unexpected rain in December (harvesting period) that caused substantial losses.

The country's grape producers that were affected by drought are estimated at about 65%, with many depending entirely on the bank loans and credits from their business partners. In Orange River regions alone, estimations are that one in every five grape farmers are facing serious financial losses, and it is feared the percentage may increase. The situation is causing many farmers to sell their land. Thousands of farm workers lost their jobs in 2004, and the number is expected to increase by the end of this year, as farmers are unable to pay the minimum wage, which is US $ 119.40 a month. (Business Day, 08/16/2005)

Grapes 2005/6

It is still early to predict 2005/6 because of lots of uncertainties. Obvious threats on the export market for table grapes to Europe and the U.K. will be Chile and Brazil. There is a likely chance for the season to start two weeks early because of the continuation of unpredictable weather conditions. The consolidation in the industry in 2004/5 because of bankruptcy, and the BEE implementation, and low table grape prices, is expected to continue in 2005/6.

PEARS

In 2004/5, South Africa's pear production is expected to decrease by 2% from last year because of a drought. Harvest season is expected to end week 39 because of the early harvest. Drought had a severe impact on fruit size and quality for pears.

Area decreased by about 1,500 HA in 2004, with Forelle varieties replacing old orchards.

APPLES

South Africa's area planted to mature apple orchards is expected to decrease 4% in 2004/5 as Granny Smith and Golden Delicious varieties are gradually uprooted and replaced by new cultivars. Apples passed for export decreased from last year. Drought had severe impact in fruit size and quality also for apples.

Apples & Pears 2005/6

The same situation as the table grapes (see above) is expected to continue for pears and apples. In 2005/6, enough rainfall (to fill dams) is expected to follow drought in Western Cape although the water levels will remain low. The Fruit Industry Plan will be the focus of the industry.

Production Subcategory

South Africa, Republic of Grapes, Table, Fresh							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	19200	19200	19250	19250	0	19000	(HA)
Area Harvested	12200	12200	12500	12500	0	12000	(HA)
Commercial Production	369020	328500	375000	285795	0	300000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	369020	328500	375000	285795	0	300000	(MT)
TOTAL Imports	480	551	0	500	0	500	(MT)
TOTAL SUPPLY	369500	329051	375000	286295	0	300500	(MT)
Domestic Fresh Consump	29856	29927	29000	30000	0	32000	(MT)
Exports, Fresh Only	239500	237244	205970	190000	0	200000	(MT)
For Processing	100144	61880	140030	66295	0	68500	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	369500	329051	375000	286295	0	300500	(MT)

South Africa, Republic of Pears, Fresh							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	14200	14200	14250	12700	0	12000	(HA)
Area Harvested	10150	10150	9996	9000	0	8520	(HA)
Bearing Trees	10570	10570	10420	9360	0	8860	(1000 TREES)
Non-Bearing Trees	5930	5930	5130	5240	0	4980	(1000 TREES)
Total Trees	16500	16500	15550	14600	0	13840	(1000 TREES)
Commercial Production	308000	308000	303380	303000	0	300000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	308000	308000	303380	303000	0	300000	(MT)
TOTAL Imports	1	0	1	1	0	0	(MT)
TOTAL SUPPLY	308001	308000	303381	303001	0	300000	(MT)
Domestic Fresh Consump	46740	45170	47880	46000	0	45000	(MT)
Exports, Fresh Only	166000	139045	158000	130000	0	160000	(MT)
For Processing	93760	122284	96001	125500	0	94000	(MT)
Withdrawal From Market	1501	1501	1500	1501	0	1000	(MT)
TOTAL UTILIZATION	308001	308000	303381	303001	0	300000	(MT)

South Africa, Republic of Apples, Fresh							
	2003	Revised	2004	Estimate	2005	Forecast	
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Area Planted	23720	23720	23240	22000	0	21500	(HA)
Area Harvested	19170	19170	18690	18400	0	18000	(HA)
Bearing Trees	17250	17250	16820	16540	0	16180	(1000 TREES)
Non-Bearing Trees	4100	4100	4090	3880	0	3800	(1000 TREES)
Total Trees	21350	21350	20910	20420	0	19980	(1000 TREES)
Commercial Production	724490	724500	706000	706000	0	700000	(MT)
Non-Comm. Production	0	0	0	0	0	0	(MT)
TOTAL Production	724490	724500	706000	706000	0	700000	(MT)
TOTAL Imports	10	2	0	0	0	0	(MT)
TOTAL SUPPLY	724500	724502	706000	706000	0	700000	(MT)
Domestic Fresh Consump	180155	181004	175000	175000	0	185000	(MT)
Exports, Fresh Only	300000	305664	285000	285000	0	300000	(MT)
For Processing	244345	237834	246000	246000	0	215000	(MT)
Withdrawal From Market	0	0	0	0	0	0	(MT)
TOTAL UTILIZATION	724500	724502	706000	706000	0	700000	(MT)

South Africa, Republic of Apple Juice, Concentrated							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Deliv. To Processors	244345	237834	246000	246000	0	215000	(MT)
Beginning Stocks	0	0	0	0	0	0	(MT)
Production	33680	33680	35000	33800	0	29400	(MT)
Imports	3000	3000	3100	3100	0	3000	(MT)
TOTAL SUPPLY	36680	36680	38100	36900	0	32400	(MT)
Exports	15500	14416	16150	14500	0	14000	(MT)
Domestic Consumption	21180	22264	21950	22400	0	18400	(MT)
Ending Stocks	0	0	0	0	0	0	(MT)
TOTAL DISTRIBUTION	36680	36680	38100	36900	0	32400	(MT)

Consumption

Domestic consumption of deciduous fruit is expected to decrease by 2% in 2004/5 because of low volume of production sent to the fresh markets compared to processing as a result of poor quality.

The South African 2004 cost review study estimated the local cost of apples as follows:

Farm Value
Apples experienced a decreasing trend in prices during the period under review. The average producer price fell from US $ 410/Ton during 2002 to reach US $389/Ton in 2003.

In the first 6 months in 2004, average producer price of apples increased to US $397/Ton. Average price for the third quarter of 2004 increased from US $344/Ton in June to total US $378/Ton.

Retail Value
The weighted average monthly retail price of a 1.5 Kg bag of Granny Smith apples, from April to September, was around US $0.95/unit. Before and after this period the price was on average US $ 0.32 to US $ 0.48 higher. Demand and supply forces can be used to explain this. Granny Smith apples had an average value of US $1.14 a packet with standard deviation of US $ 0.25.

Trade

EXPORTS

Total export volume is expected to decrease by 9% in 2005 because of low quality for exports. Reduced quality is expected to decrease prices by about 15% from last year.

In Europe, the slower population growth, cautious consumers, oil price shocks and heavy discounting by retailers caused a decline in sales of South African deciduous fruit.

Table grapes exports are expected to decrease by 20% to reach 190,000 MT in 2005. South Africa tried to export earlier to the EU this year. Chile is a strong competitor for South Africa in EU, especially during South Africa's peak period.

South Africa's grape industry is facing financial hardship and bankruptcy because of bad weather that damaged production and reduced exports. In Britain, South African table grapes are receiving lower prices in supermarkets due to lower quality. In the UK, prices for South African table grapes decreased from about US $ 8.65 a box (4.5 kg) in 2000 to about US $ 3.60 a box (4.5 kg) in February 2005, although it cost about US $ 5.37 to produce one box (4.5 kg). In the international markets, farmers are more price takers from most supermarkets. However, farmers who accessed the other markets, like the Far East and China, indicate that their markets are prepared to pay premium prices for their products. (Business Day, 08/16/2005)

South Africa, Republic of Grapes, Table, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Exports for:	**2003**		**2004**
U.S.	**2,672**	**U.S.**	**2,558**
Others		Others	
Netherlands	72,871	Netherlands	88,278
United Kingdom	37,881	United Kingdom	50,294
Belgium	26,927	Belgium	32,992
Germany	15,332	Germany	16,174
Hong Kong	6,281	Hong Kong	6,429
Canada	5,639	Russia	4,508
France	3,822	France	4,058
U.A.Emirates	2,967	Canada	3,553
Russia	2,721	Malaysia	3,058
Spain	2,561	U.A.Emirates	2,630
Total for Others	177002		211974
Others not Listed	18,619		22,712
Grand Total	**198293**		**237244**

Source: World Trade Atlas

South Africa, Republic of Grapes, Table, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Imports for:	**2003**		**2004**
U.S.	0	U.S.	0
Others		Others	
Spain	311	Spain	359
Egypt	103	Egypt	117
France	47	France	33
Netherlands	15	Italy	21
Greece	2	Israel	18
		Netherlands	3
Total for Others	478		551
Others not Listed	0		0
Grand Total	**478**		**551**

Source: World Trade Atlas

South Africa, Republic of Apples, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Exports for:	**2003**		**2004**
U.S.	**0**	**U.S.**	**0**
Others		Others	
U.K.	117,750	U.K.	106,844
Netherlands	34,301	Netherlands	30,757
Belgium	29,247	Belgium	21,181
Malaysia	13,190	Malaysia	19,967
France	8,928	Germany	11,905
Russia	8,880	France	9,727
Germany	8,357	U.A.Emirates	7,849
Benin	7,995	Russia	6,628
U.A.Emirates	7,938	Canada	6,238
Saudi Arabia	7,109	Singapore	5,808
Total for Others	243695		226904
Others not Listed	82,350		78,760
Grand Total	**326045**		**305664**

Source: World Trade Atlas

South Africa, Republic of Apples, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Imports for:	**2003**		**2004**
U.S.	6.7	U.S.	0
Others		Others	
		Angola	2.4
Total for Others	0		2.4
Others not Listed	0		0
Grand Total	**6.7**		**2.4**

Source: World Trade Atlas

South Africa, Republic of Pears & Quinces, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Exports for:	**2003**		**2004**
U.S.	**584**	**U.S.**	**972**
Others		Others	
Netherlands	32,616	Netherlands	36,045
U.K.	23,496	U.K.	25,641
Belgium	19,624	Belgium	22,616
France	7,052	Russia	7,406
Russia	5,795	France	7,289
Germany	5,647	Germany	7,225
Malaysia	3,453	Malaysia	4,291
Canada	2,987	Canada	3,745
Singapore	2,915	Italy	3,450
Hong Kong	2,770	Hong Kong	2,946
Total for Others	106355		120654
Others not Listed	11,390		17,419
Grand Total	**118329**		**139045**

Source: World Trade Atlas

South Africa, Republic of Pears, Fresh			
Time Period	**Jan-Dec**	**Units:**	**MT**
Imports for:	**2003**		**2004**
U.S.	0	U.S.	0
Others		Others	
Taiwan	1		
Total for Others	1		0
Others not Listed	0		0
Grand Total	**1**		**0**

Source: World Trade Atlas

Policy

It is reported that December 2006 is set as a new target for completion of the US-Southern African Customs Union (FTA), with meetings to be held every six weeks starting from this month. After the meeting between President Bush and President Mbeki, the negotiators reached a new agreement to proceed while trying to avoid the causes of previous failures (08/29/05, Business Day)

South Africa still benefits, especially for fresh deciduous fruit, from the Africa Growth and Opportunity Act (AGOA), which allows duty-free entry for most of its exports to the U.S. The U.S. extended AGOA's expiry date from 2008 to 2015.

The deciduous fruit industry, like other agricultural sectors, is required to comply with the current legislation, the Broad-Based Black Economic (BEE) Act, initiated in January 06, 2004. The BEE Act promulgated from the main aims of the Reconstruction and Development Program (RDP) of 1994 that focuses on removal of racial barriers from ownership and control of businesses. The scorecard for the BEE Act is subdivided into three categories, namely: direct empowerment that ensures ownership and control by black people, the development of human resources, and indirect empowerment.

A draft of the agricultural BEE charter was released in July 26, 2004. However, not all stakeholders agreed to the charter, which led to the establishment of the steering committee that will develop a code of conduct and a charter for the sector.

The deciduous fruit industry is ahead of other sectors as it has developed its own fruit plan since last year.

Policy Subcategory

Information on restrictions on the use of plant protection products for local markets can be accessed at the deciduous fruit industry website. Http://www.deciduous.co.za

Restrictions are included in tables per fruit type, lists chemical active ingredients confirmed to be used in the deciduous fruit industry alphabetically, with relevant trade names included for convenience but not implying endorsement of specific trade names listed only.

Values for maximum residue limits (MRL's) for each active ingredient are expressed as parts per million (PPM), with local and export withholding periods expressed as number of days or as otherwise indicated.

Fruit imports require a permit, which is supplied by the National Department of Agriculture and is valid for one year at a cost of about US $8.96. The permit and other import information, like import regulations and standards, Pest Risk Assessment, Standards for food safety and food hygiene, and specific phytosanitary issues per fruit per area, can be accessed at the National Department of Agriculture's National Plant Protection Organization. The website is Http://www.nda.agric.za

Marketing
There is a need for more emphasis on promoting South Africa's deciduous fruit trade in Africa.

Marketing Subcategory

RETAIL PRICES: WOOLWORTHS -WOOLIES

COMMODITY	PRICES
APPLES	
Starkling	US $ 1.58/1.5 Kg
Golden Delicious	Us $ 1.58/1.5 Kg
Granny Smith	US $ 1.34/1.5 Kg
Pink Lady	US $ 1.58/1 Kg
Top Red	US $ 1.90/1.5 Kg
PEARS	
Forelles	US $ 1.34/1 Kg
TABLE GRAPES	
Its an off season for local tablegrapes	

Prices as at 07/Sept/2005

FRESH PRODUCE MARKET PRICES: JOHANNESBURG (07/Sept/2005)

	Total Value sold US $	**Total Quantity sold MT**	**Total Kg sold US $**	**Qty available MT**
PEARS				
	18,939.00	4,614	53,476	10,078
MTD	145,066.00	29,343	326,034	
GRAPES				
	1,56100	71	472	720
MTD	18,335.00	868	5,297	
APPLES	100,149.00	15,543	198,407	46,096
MTD		91,038	1,180,043	

Source: JFPM