



South Africa seeks to diversify its fruit export markets

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According to press reports, the markets of Africa, Asia, the Middle East and the USA are growing in importance for South African exports of both citrus and deciduous fruit. The EU markets account for 46% of grapefruit exports, 40% of orange exports and 66% of soft citrus exports, but "other regions such as the Middle East, Asia and Africa are also becoming increasingly significant markets for South African citrus exports." Growth in exports to non-EU markets in 2014 is expected to continue, given the stricter application of EU SPS regulations on citrus products.

In the deciduous fruit sector USDA reports that South African industry sources are highlighting how, in the face of their 70% dependence on the EU export market, there is a "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".

The USDA report noted strong demand in non-EU markets for apples in 2013. Apple exports to the seven main sub-Saharan African destinations have shown steady growth since 2011, increasing 35% by 2013. Within this trend in apple exports, Nigeria has emerged as the leading African market, from the least important identified market in 2011, increasing by a factor of 17 over this period. Exports to Kenya and Zambia have also seen steady growth since 2011 (+52% and +35% respectively).

However, it looks as though this process of diversification may be held back in 2014 by the adoption of unilateral trade restrictions, for example the introduction of an "immediate ban of fresh fruits and vegetables by the Zimbabwean government in April 2014".

Changing patterns of South African fresh apple exports (tonnes)

	2011	2012	2013
Nigeria	1,882	7,857	32,317
Angola	16,769	21,929	19,789
Benin	25,891	29,771	14,599
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
Sub-Saharan Africa: Sub-total*	81,875	102,633	110,565
South Africa total exports to the world	335,239	388,728	454,499
Sub-Saharan Africa share (%)	24.4	26.4	24.3
Middle East and Asia: Sub-total*	62,960	71,881	83,011
Middle East and Asia share (%)	18.8	18.5	18.3

* Sub-total of countries cited in South Africa's top 12 export destinations.

Source: Global Trade Atlas, cited in USDA, 'Fresh deciduous fruit semi-annual', Table 1, 14 May 2014 (see below)

Exports of apples to Middle East and Asian markets are also growing (+31.8% between 2011 and 2013).

In contrast to the apple sector, in the pear and grape sectors sub-Saharan African markets are of marginal importance (1.69% and 1% respectively in 2013).

The markets of Russia, the Middle East and the Far East accounted for 29.1% of South African pear exports and 20.5% of South African grape exports in 2013.

It should be noted that in 2012/13 the average export value of apples was 79% higher than the average local price on the South African market, up from 44% in 2010/11. For pears, export prices in 2012/13 were 90% higher than domestic prices. In the grape sector, prices on the EU market are 3.5 times higher than those on the domestic South African market.

Sources

Freshplaza.com, 'US, Middle East, Asia and Africa becoming increasingly significant markets for South African citrus', 2 July 2014

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USDA, 'Fresh deciduous fruit semi-annual: MY 2014 deciduous exports decrease after record MY 201', *GAIN Report*, 14 May 2014

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%...>

Editorial comment

A significant transition is under way in the patterns of South Africa fruit exports in certain products. The most significant development of intra-African fruit exports has been in the apple sector, where one-fifth of South African apple exports now go to sub-Saharan African markets. This has contributed to a decline in the importance of the EU market from 60% of South African apple exports in 2005 to 33% in 2012.

However, it should be noted that exports to sub-Saharan Africa are variable, with strong and sustained growth in some markets (Nigeria, Kenya and Zambia), but with exports to other African destinations showing more volatility. In contrast, exports to Middle Eastern and Asian markets have shown lower but more consistent levels of growth.

In the grape and pear sectors, making the transition away from traditional EU markets is more difficult. Taking domestic South African prices as indicative of prices obtainable on most other African markets, traditional export markets would appear to offer significantly higher returns than African markets (with the possible exception of the Nigerian market).

Similar problems of the relative commercial value of alternative sub-Saharan African markets are also likely to arise in the citrus sector. The issue is not simply one of market diversification, but one related to securing equal or better returns than on traditional markets. Without this, while traditional export market destinations remain open, the fostering of increased intra-regional trade is likely to prove commercially unattractive.

Investment in market development in sub-Saharan African markets is also likely to be limited if unilateral trade measures routinely disrupt trade.

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