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## **South Africa, Republic of**

### **Tree Nuts**

### **Annual (Macadamia)**

## **2002**

Approved by:

**Richard Helm**

**U.S. Embassy**

Prepared by:

Patricia Mabiletsa

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#### **Report Highlights:**

**South African macadamia production in CY2002 is expected to increase by 15 percent from the previous year because of an alternating 'on-year' nature of the trees, favorable conditions, expanded area and an increase in the number of bearing trees. The industry expects increased growth in the next 5 years because of the establishment of new production areas in Mpumalanga, and Kwa-Zulu Natal in the south coast. The industry exports about 90% of its total production. This year, dry-in-shell exports of about 10,200 tons are expected.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
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## **Executive Summary**

South Africa's CY 2002 macadamia production is estimated to increase by 15% from last year mainly because of the alternating nature of the tree-bearing that makes this an 'on' year.

CY 2002's total macadamia trees are expected to reach about 2,7 million. South African Macadamia Association (SAMAC), an independent body represents the interest of the industry. It is free from government intervention, and is funded by its own members through voluntary levy of about 25c/tree (excluding VAT) bought at nurseries, and on processed macadamia products.

The tree levy is SAMAC's attempt to create a more fair and balanced system of funding its activities.

## Production

South African Macadamia industry is expected to continue to increase in the medium term. Expansion includes the recent establishment of about 600Ha macadamia orchard in Maclands of the Northern Province by Macadamia Industrial Development Corporation's subsidiary, Sapekoe. New production areas have also been established in Mpumalanga, around White River and Nelspruit; and Kwazulu-Natal in the South Coast.

In 2001, all SA macadamia factories achieved HACCP and ISO 9002 accreditation. The industry is supported by nine processing factories engaged in drying, cracking, sorting, packing and exporting of the nuts. Four of these factories are located in the Northern Province, with three in Levubu and one in Tzaneen, and the rest in Mpumalanga province. Da Gama in Nelspruit has been the only macadamia oil processor in the country. Last year Sapekoe bought Zetpro's shares, the oldest and largest macadamia processing factory in Levubu, which processes about two-thirds of South Africa's macadamia production.

Currently macadamia nuts, whole and half, command higher prices in both the domestic and international markets. Only about 20% of total production is of cheaper rejects; i.e fractured nuts and lower grades, however, they are used for value-adding such as ingredients in baking, nougat making, chocolate coated macadamia nuts, macadamia butter, oil and oil-based soap, skin lotion and salad dressing.

Macadamia oil price in domestic markets, ranges from about R2/kg to R35/kg for below-premium and premium grades.

The Levubu factory, Royal Macadamia has embarked on a macadamia chips project, earmarking a R5 million for an oil processing plant in partnership with Center for Scientific and Industrial Research (CSIR) Bio/Chemtek.

### MACADAMIA PRODUCTION 1997 TO 2001

Year	DIS Tons	Increased DIS Tons	Increase %	Kernel Tons	Increased kernel Tons	Increase %
1997	4914	1404	40	1212	372	44
1998	6265	1275	26	1529	317	26
1999	6505	240	4	1511	18	1
2000 est	9500	2995	46	2375	864	57
2001 est	9700	-200		2325	-50	

Source: SAMAC

Ave Age	6	7	8	9	TOTAL
Year	1997	1998	1999	2000	
WIS kg/tree	2.3	5.4	5.3	11.4	24.4
WIS kg/ha	947	2245	2201	4785	
%change		+137	-2	+117	
Approx gross income R/ha	5232	12404	12160	26437	56234

Source: SAMAC

The table below indicates the estimated tree numbers in thousands by age group as of January 1,2000

#### NUMBER OF TREES('000) BY AGE GROUP IN 2000

Age group in years	Total trees '000	% of total
0 -5	1231	61
6 - 10	436	22
11 - 20	250	12
21 +	106	5
Total	2023	100

Source: SAMAC

## Production

PSD Table						
Country	South Africa, Republic of					
Commodity	Macadamia, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	7500	6000	10000	6750	0	7100
Area Harvested	2900	2900	3800	3000	0	3100
Bearing Trees	990	840	1300	1000	0	1080
Non-Bearing Trees	1260	1560	1800	1700	0	1760
Total Trees	2250	2400	3100	2700	0	2840
Beginning Stocks	430	300	300	300	400	400
Production	9500	9700	12000	11000	0	12000
Imports	0	0	0	0	0	0
<b>TOTAL SUPPLY</b>	9930	10000	12300	11300	400	12400
Exports	9080	9200	11200	10400	0	11400
Domestic Consumption	550	500	700	500	0	600
Ending Stocks	300	300	400	400	0	400
<b>TOTAL DISTRIBUTION</b>	9930	10000	12300	11300	0	12400

The following table shows total South African macadamia production since 1998 on a dry-in- shell basis as well as estimated farm gate prices.

Year	Production, D.I.S.( Tons)	Farm Gate Price (Rand/kg)	Farm Gate Price (AU. \$/kg)
1998	6390	5.63	2.40
1999	6800	6.00	2.00
2000	8000	6.60	2.15
2001	9700	8.50	2.55

est.2002	11000	13.00	2.60
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Source: SAMAC

The long-term upward annual macadamia production trend is continuing. Production increased about 85% between 1987 and 2001 as a result of the estimated 300,000 trees planted in the 1980s which came in full production after 1995.

### Consumption

Domestic sales of about 14% more than last year are expected in CY2002.

### Trade

SAMAC is export oriented with more than 90% of its production sold in international markets annually.

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Macadamia, Inshell Basis		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	6140	U.S.	
Others		Others	
Europe	2100		
Asia	1094		
Total for Others	3194		0
Others not Listed	208		
Grand Total	9542		0

## **Stocks**

In CY 2002, ending stocks of about 400 MT are expected.

## **Policy**

The Macadamia industry is an independent organization which is free from government intervention and is funded by its members' levy that is mainly used for research.

The SA macadamia industry complies with the ISO 9002 grading standards.

## **Marketing**

Macadamia growers deliver their produce after on-farm de-husking, as Nut-in-Shell (N.I.S.) at moisture contents varying from 7 to 20%, to any of the five major processing facilities. One of the processing plants is used as a toll cracking facility where producers deliver N.I.S. to the factory, have them cracked and packed before being shipped to the markets. The nuts are marketed through the South African Dried Fruit Cooperative (SAD) in raw or roasted form.