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The Land and Agricultural Development Bank of South Africa
P O Box 375 Pretoria 0001
Block D Eco Glades 2 Office Park, 420 Witch Hazel Avenue Eco Park
CENTURION



Tel: +27 (0)12 686 0500
Fax: +27 (0)12 686 0682
www.landbank.co.za

Registered credit provider: Reg number NCRCP18

Don't give up on banana

RISING input costs and prolonged drought have led to farmers scaling down on banana production while others have opted to relocate production to neighbouring countries where production costs and tropical conditions are conducive to banana production.

Data from the International Trade Centre (ITC) show that in the past 10 years (from 2008 to 2017), South Africa's banana imports increased at a compounded annual growth rate (CAGR) of 17 percent. In 2017, South Africa imported 116929 tons of bananas, up by 19.8 percent from the previous year. The surge in South Africa's banana imports coincided with the decrease in South Africa's banana production.

Some of the major sources of South Africa's banana imports in 2017 included Mozambique, Swaziland, Ecuador and Zimbabwe, among others. Between the 2007/08 to 2016/17 seasons, South Africa's banana production decreased at a CAGR of <1 .5 percent.

'[he decrease in local banana production may be a result of farmers opting for other commodities such as macadamia, particularly in Mpumalanga.

Data from the Southern African Macadamia Growers' Association Indicate that between 2013 and 2017, new macadamia trees plantings have grown at a CAGR of 32 percent, reaching 5 000 hectares in 2017. During this period, the highest growth rate in new plantings was recorded in Mpumalanga, followed by KwaZulu-Natal. Coincidentally, these two provinces are also South Africa's major banana producing regions.

Despite the import competition faced by South African farmers, there are still opportunities in the market. Banana prices have remained strong during the period under review, growing at a CAGR of 8.2 percent. Consumer resistance to higher banana prices has not been witnessed and it is still uncertain whether this will happen. Furthermore, China is currently the major export destination for most of South Africa's macadamia exports. Indications suggest that China is embarking on a huge expansion in new plantings of macadamia trees

Should this materialise, the global market for macadamia is likely to be saturated putting a downward pressure on global macadamia prices. This is likely to make banana production attractive to South African farmers again.

Gilberto Biacumm is an economist currently serving as a reward) analyst at Land Bank. He writes in his personal capacity and the views expressed in this article are his own and do not necessarily represent polity positions of the land Bank.