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Prospects of South Africa's avocado exports

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The South African avocado market faces a threat due to a possible future ban. South Africa is the major producer of avocados in Africa and the 12th global producer of the fruit. Avocados are a subtropical fruit and are grown mostly in Limpopo, Mpumalanga and KwaZulu-Natal.



Globally, consumers have increasingly become health conscious and avocados are considered a superfood with a high content of vitamin E, iron, potassium and niacin.

For these reasons, they are a desirable fruit for fitness gurus and the health conscious. Despite these benefits, restaurants in the United Kingdom (UK) are reportedly ditching avocados on ethical grounds. They claim that the water-intensive fruit is harming farmers and land in regions such as South America where the fruit is commercially grown.

Data from the International Trade Centre (ITC) indicates that in 2017 South Africa exported 43,492 tonnes of avocados to the value of R853m, down by 24.8% compared to 2016, probably reflecting the effects of the 2016/17 season droughts on production. Some of the major importers of South Africa's avocados in 2017 included the Netherlands (68.6%), the UK (21.8%), Spain (4.3%) and Namibia (1.2%), amongst others.

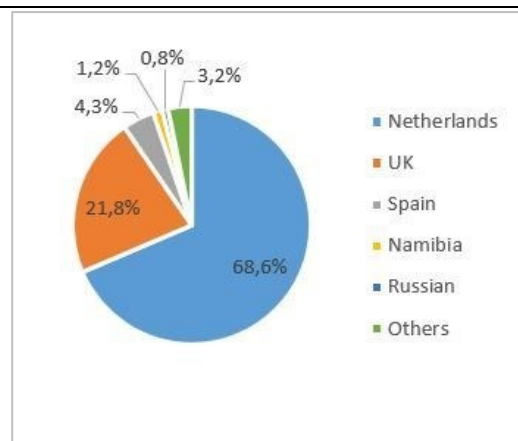


Figure SA's export destinations, 2017

The UK is the second most important market for South Africa's avocado exports. Therefore, a reduction in demand for avocados in the UK would have a negative impact on South Africa's avocado industry. At this stage, it is still unclear how other markets in the European Union (EU) will react to the environmental concerns around avocado production globally.

What are the prospects for South Africa's exports in the event of a demand shock in the EU?

South Africa can potentially take advantage of the BRICS forum to negotiate for market access to China. Reports indicate that China's demand for avocados has been increasing steadily in the last few years fuelled by the rising middle class and changing dietary patterns.

Data from the ITC shows that China's imports increased at a compounded annual growth rate (CAGR) of 17.8% between 2001 and 2017. During the same period, South Africa's avocado exports to China grew at a CAGR of 20%, from 9 tonnes in 2001 to 200 tonnes in 2017. In 2017, China imported 21,343 tonnes of avocados, mostly from Chile, Mexico and Peru. Therefore, China could potentially be a future market for South Africa's avocado exports.

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