

The Avocado Industry in South Africa

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Introduction

Although avocado production in South Africa is still an export-orientated industry which focuses on exporting fresh avocados to the European market, avocado processing mainly avocado puree and oil has started to play a more important role by adding value to large volumes of the avocado production. This sector of the avocado industry has experienced significant growth in the past four years and succeeded in creating a fair value for this fruit for the South African grower. For this reason the South African avocado producer can be much more selective, from an export point of view, thereby ensuring that export shipments from South Africa are based on market demand.

Although \pm 150,000 avocado trees are planted on an annual basis, over the last seven years the South African export volumes have fluctuated between 32,000 tons and 40,000 tons per year. The domestic market and the processing industry have absorbed some of the volume growth in the industry.

The South African Growers Association (SAAGA)

The focus in SAAGA is primarily the following:

- Collect, collate and distribute information concerning the production, exporting and marketing of avocados on an international basis.
- Increase the demand of avocados locally and overseas.
- Coordinate research concerning production, distribution, market development and market access to potential new markets.
- Give technical support to avocado growers.
- To act as liaison, through the Sub-Tropical Association and Fruit SA, with the relevant state bodies and other authorities.

International Avocado Marketing and Promotions Working Group (AMAPWG)

The interaction between representatives from countries supplying the European market played an important role in bringing at least some stability to the European avocado market. Israel, Spain, South Africa, Kenya, Peru, Mexico, Chile, Australia and New Zealand are part of this working group. Although still a free market environment, the

sharing of information such as crop estimates and weekly shipments, allow the role players involved to place and manage sales programs. In spite of this, unnecessary peaks were still created over the past two years. However the availability of information on a more pro-active basis enabled these avocado volumes to be managed more effectively by the market.

The possible impact of recent plantings on future volumes in some of the avocado producing countries resulted in constructive discussions between representatives. Generic market research and market development programs to support existing programs are high on the agenda. The South African avocado industry sees this interaction between avocado producing countries as a very high priority.

The distribution of information is an important function of SAAGA in an effort to balance supply and demand in the European market and thereby sustain prices at acceptable levels.

Market Development Programs

The South African avocado industry invested in a market development program in the United Kingdom through the media and in particular, magazine and newspaper coverage. This program has been maintained since 1995. As part of the strategy South African fruit has been presented as "Summer Avocados: Fresh from the South African Sun." The "Healthy Avocado" as a theme is an important dimension of the strategy. Avocado consumption in the UK doubled over the period 1995 to 1998. Household penetration has increased from 16% in the year 2000 to 18.1% in 2003 and 20.8% in 2004. The Ripe and Ready to eat concept has also had a significant influence on the increased awareness of avocados in the UK. Market research in specific countries within Europe might pave the way to possible similar market development activities in Continental Europe.

A more generic approach is part of the considerations within AMAPWG.

Research and Development

- Research on fruitfly and false codling moth by institutions such as Citrus Research International, the University of KwaZulu Natal and the Agricultural Research Council, during the past number of years created the technical base for possible market access to new markets in the future. This research is a high priority from a phytosanitary point of view.
- Breeding and field testing of new Phytophthora cinnamomi resistance rootstocks resulted in a new generation of rootstocks which might bring a new dimension to rootstock tolerance and productivity.
- Post harvest research with the emphasis on extending the storage life and quality, as well as the testing of new Hass-like selections, will always be important from a South African point of view.

Trends in the South African industry

Cultivars

The trend to plant more Hass in recent years continues. This is the result of a market preference in specific European countries. Intensive research on Pinkerton to address specific post harvest problems resulted in a protocol to ensure good quality on this cultivar within the Northern European markets.

Rootstock

Merensky II (Dusa™) became the most preferred rootstock in the South African industry. Tolerance or resistance to root rot will always be important in South Africa because of the high summer rainfall and warm temperatures in most of the production areas.

Composting

An integrated root rot control procedure will include practices that promote root health. The addition of organic matter to the soil is becoming a more general operational activity on many farming operations.

Growth manipulation

Planting in hedgerows, pruning to maintain tree size, a more mechanized approach in younger generation orchards and where topography permits, is now being practiced by many growers.

Shipping

Although controlled atmosphere (CA) is still the most common post harvest treatment for South African avocado shipments, 1-MCP (Smartfresh™) technology is starting to play a more important role as an alternative. Advanced Fresh Air Management (AFAM plus) might also be a consideration for the future.

Commercial Environment

Avocado exports

Consolidation within the industry with grower driven export companies playing a more important role in avocado exports is a strong trend in the South African industry. More than 75% of the avocado exports from South Africa are handled by 4 companies. This trend has brought more stability to the industry.

Some of these exporters have been active in developing relationships with suppliers of other avocado producing countries to meet customer needs over a longer period.

Currency Fluctuations

Although the South African avocado growers are not under the same pressure as growers of some other commodities, the strong South African Rand has had a negative impact on returns over the last 2 seasons.

Currency issues are likely to have a considerable influence on the European avocado market. The depreciation of the American Dollar over the past 3 years has made

European markets more attractive to Central and South American shippers.

Summary

Despite a very competitive commercial environment, the South African avocado industry recognizes huge opportunities and potential that exists in production processing and marketing.