

A PROFILE OF THE SOUTH AFRICAN GROUNDNUT MARKET VALUE CHAIN

2020



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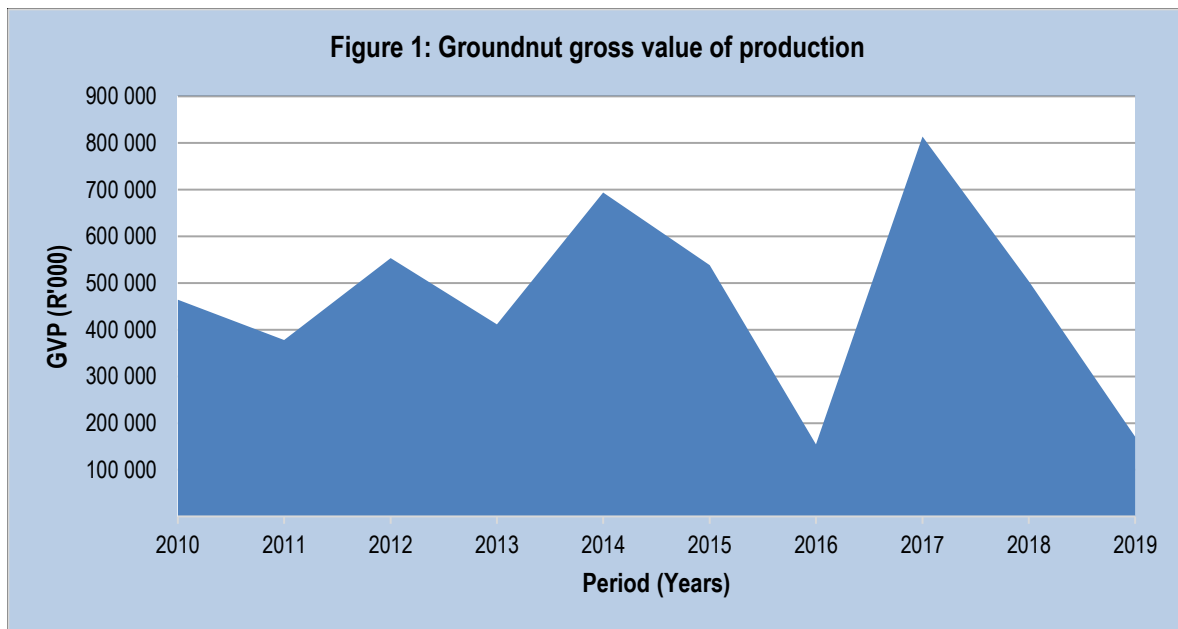
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TABLE OF CONTENTS

1. DESCRIPTION OF THE INDUSTRY	3
1.1. Producing Areas.....	4
3. MARKET STRUCTURE	6
2.1. Domestic Market and Prices.....	6
2.2. Exports.....	8
2.3. Share Analysis	17
2.4. Imports	18
2.5. Processing.....	22
2.6. Market Value Chain	25
3. Market Intelligence.....	26
3.1. Tariffs.....	26
3.2. Performance of the groundnut industry	28
4. ACKNOWLEDGEMENTS.....	33

1. DESCRIPTION OF THE INDUSTRY

Groundnuts contributed approximately 0.8% to the gross value of field crops production in 2017/18. The average annual gross value of groundnuts production for the previous ten years up to 2017/18 season amounts to approximately R481 541 million. Groundnuts can be consumed in an unprocessed state, but they also serve in the economy as raw materials for the manufacturing of various products. These include, but not limited to, the manufacturing of such products as peanuts, peanut butter, sweets and cooking oil. The production of groundnuts is highly affected by the costs of production inputs as well as the demand for groundnuts. The contribution of the groundnut industry to the gross value of agricultural production is summarized in Figure 1 below.



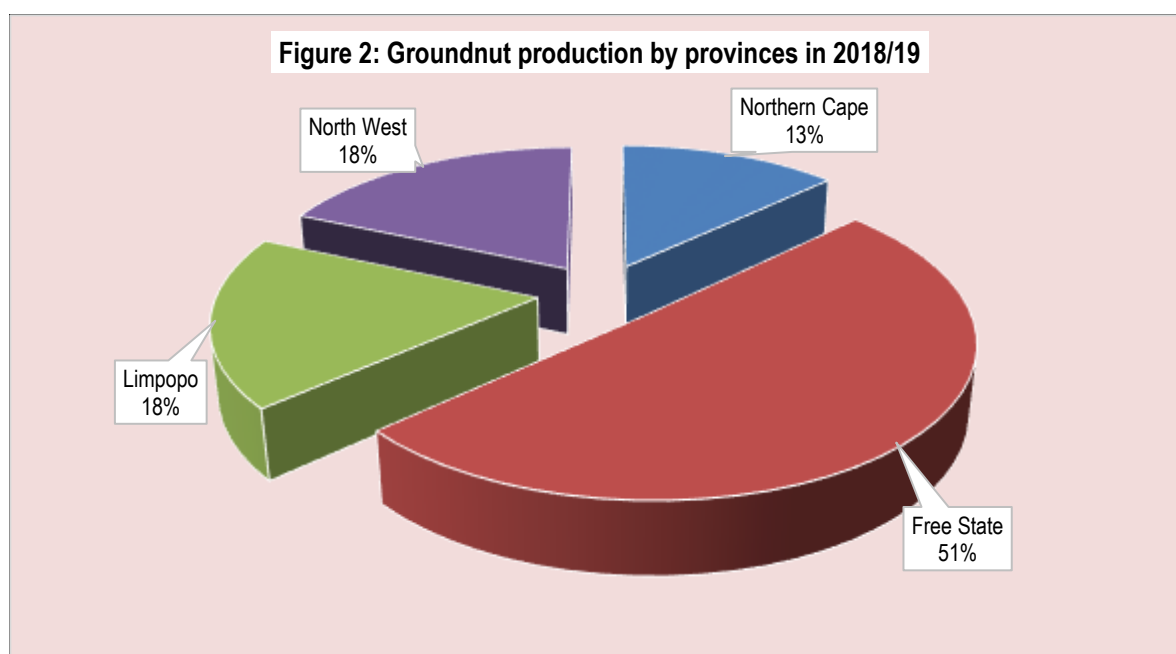
Source: Statistics and Economic Analysis

The gross value of groundnut production, as shown in Figure 1 above, was fairly higher during the opening of the season in 2008/09. This was followed by drastic decline in the gross value of groundnut production between 2009/10 and 2010/11. The contribution of the groundnut industry to the gross value of agricultural production depicted various fluctuations throughout the period under analysis. The gross value of production has reached the highest level during 2016/17 mainly as a result of relatively higher levels of production coupled with higher producer prices at the time. The contribution of the groundnut industry to the GVP further increased somewhat during 2011/12 marketing season and this was followed by a slim decline in 2012/13. Relatively higher gross value of groundnut production was recorded in 2013/14 season. However this was followed by a slight decline in gross value of production during the 2014/15 season. The gross value of groundnut reached the lowest records during the marketing year 2015/16, followed by the highest gross value attained during the marketing year

2016/17. The period under review closed with a declining gross value of groundnut production in 2017/18 marketing season.

1.1. Producing Areas

Figure 2 below illustrates the contribution of each province to the total groundnuts production in South Africa. The figure clearly shows that the groundnuts are produced mainly in three provinces, namely the North West (38 %), Free State (37 %) and Limpopo Province (13 %). Groundnuts are also produced in the Northern Cape Province although the production is lower with 12% of the total production recorded during 2017/18.



Source: Statistics and Economic Analysis

Table 1: Groundnut production by provinces

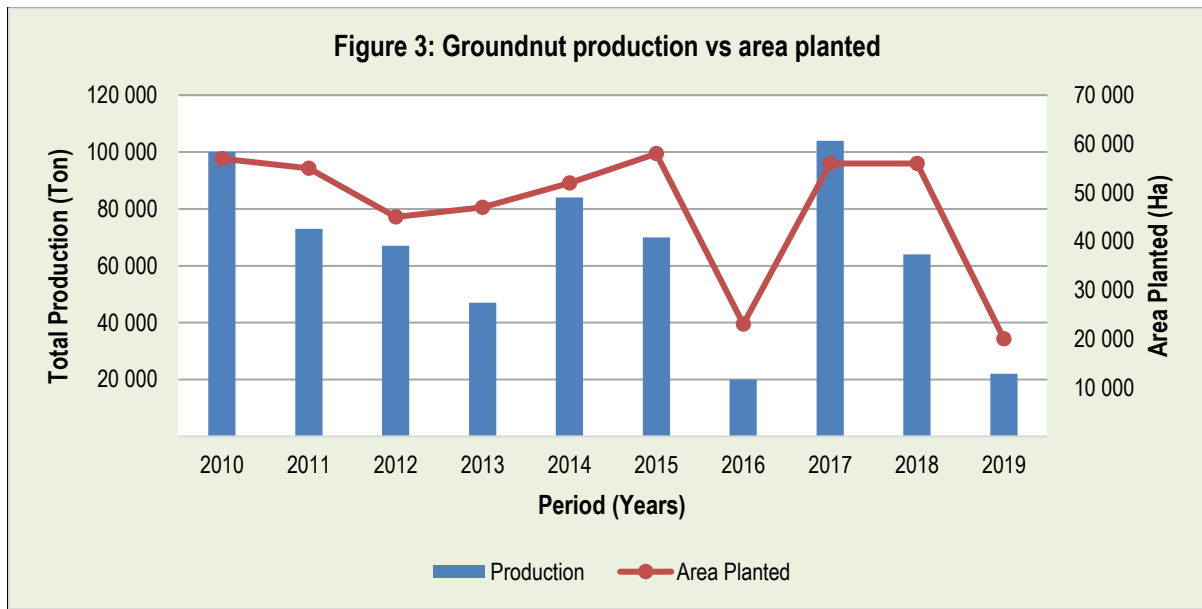
PROVINCE	Production (tons) 2011/12	Production (tons) 2012/13	Production (tons) 2013/14	Production (tons) 2014/15	Production (tons) 2015/16	Production (tons) 2016/17	Production (tons) 2017/18	Production (tons) 2018/19
Northern Cape	16900	14000	18200	22700	10000	14000	7000	7000
Free State	21800	16200	15100	21800	29200	34100	21150	21150
Kwazulu-Natal	150	150	90	100	0	0	0	0

PROVINCE	Production (tons) 2011/12	Production (tons) 2012/13	Production (tons) 2013/14	Production (tons) 2014/15	Production (tons) 2015/16	Production (tons) 2016/17	Production (tons) 2017/18	Production (tons) 2018/19
Limpopo	3350	1500	4110	3250	1440	4800	7350	7350
North West	16800	10000	28500	14450	3320	39150	21500	21500
Gauteng	0	0	0	0	0	0	0	0

Source: Statistics and Economic Analysis

Table 1 indicates that during the past eight years Free State Province has been the major producer of groundnuts even though groundnut production in this province has experienced considerable fluctuations during the period under review. However, during the 2017/18 marketing season North West Province became the greatest producer of groundnut in South Africa with 21 500 tons, followed by the Free State with 21 150 tons. Furthermore the North West Province increased its production significantly during 2013/14 and surpassed both Free State and Northern Cape's production volumes. Notably, groundnut production in all the major producing regions has undergone a drastic decline during 2012/13 season, leading to a slight decline in South Africa's total groundnuts production. Gauteng Province has not recorded any groundnuts production volume from 2010/11 until 2017/18 marketing seasons.

Plantings and production trends of groundnuts from 2008/09 to 2017/18 production seasons are as depicted in Figure 3 below.



Source: Statistics and Economic Analysis

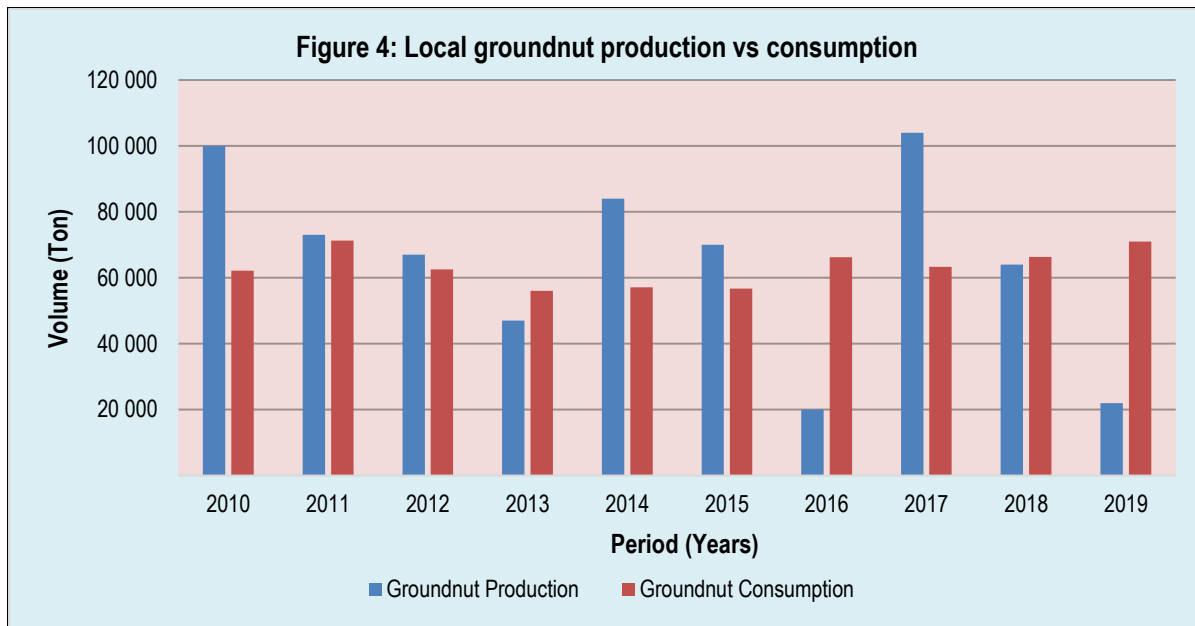
Figure 3 shows clearly that the production volumes for groundnuts were at the highest levels during the opening on the season in 2008/09. This was followed by a slight decrease in groundnuts production volumes to the third highest mark during 2009/10 season. During the period under review both total production and area planted for groundnut fluctuated considerably, although the area planted has in most cases been more than the total production. However, the volumes of groundnut production continued to weaken from the year 2010/11 until 2015/16 marketing seasons, indicating a slight decline in yields. This can be attributed to unfavourable weather conditions that appeared on the other hand, especially during 2015/16 marketing season. The volumes and area planted for groundnut later increased accordingly during the year 2016/17, attaining an increase in production of more than 400% as compared to the previous year. The period under analysis closed with relatively higher area planted to groundnut and lower volumes during 2017/18 season.

3. MARKET STRUCTURE

2.1. Domestic Market and Prices

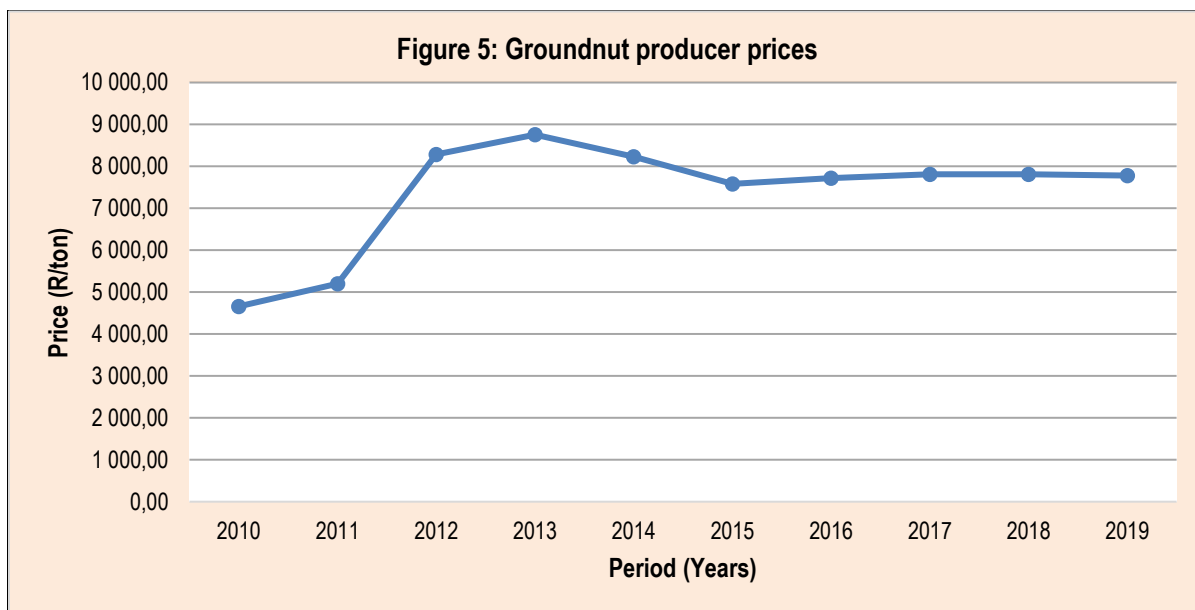
Figure 4 below shows the local production together with consumption of groundnut in South Africa. Generally the production and consumption of groundnut fluctuated considerably throughout the period under analysis. The figure indicates that the period under analysis opened with higher production of groundnuts way above local consumption, suggesting that there was sufficient groundnuts stocks to satisfy the escalating consumption in South Africa in 2008/09. The figure also indicates that between 2008/09 and 2011/12 the production of groundnuts in the local market was slightly above consumption of groundnuts.

In 2014/2015 South Africa's groundnut production amounted to 70 000 tons, which is 17% lower than the previous season. This decrease in production occurred despite an increase in area planted; from 52 000 hectares to 58 000 hectares mainly due to unfavourable weather conditions. Nonetheless, the volume of groundnuts production continued to decline dramatically, reaching the lowest mark in 2015/16. This created a deficit of 46 215 tons required to substantiate local consumption as compared to the market situation in 2014/15 season. The decline in production during the year 2015/16 may be attributed to reduced area planted to groundnut as a result of severe drought conditions experienced during that particular period. In 2016/17 marketing season, a record high production of groundnut was achieved above 100 000 tons, this was the second highest production of groundnut produced in South Africa after the 2008/09 season. However, the period under analysis closed with higher consumption of groundnuts which were slightly above the local production during the 2017/18 marketing season.



Source: Statistics and Economic Analysis

The average producer prices for groundnuts from 2008/09 to 2017/18 season are as indicated in Figure 5 below.

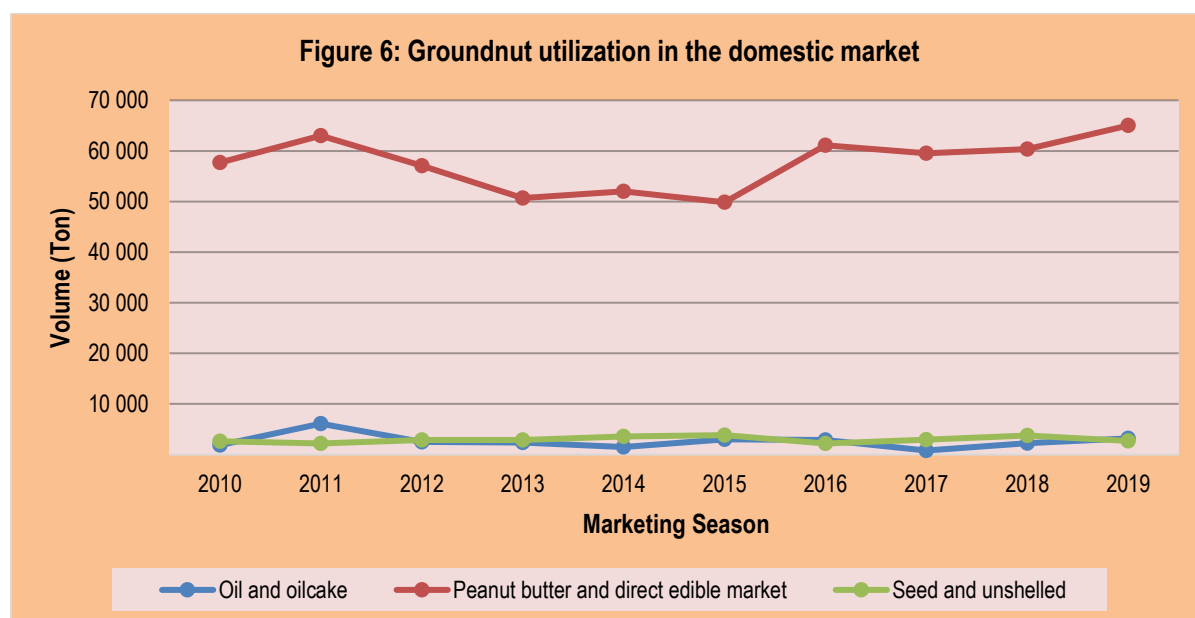


Source: Statistics and Economic Analysis

Figure 5 indicates that producer prices for groundnuts were moderate during the opening season of the period under analysis in 2008/09. In general the figure shows that on average groundnuts producer prices traded below R8 000/ton, meanwhile the domestic consumption of groundnut remained fairly stable throughout the period. This was followed by a slight decreases in groundnuts producer prices in 2009/10 which later followed by a gradual increase in groundnuts producer price from 2010/11 marketing season until the highest price was reached in 2012/13 season. This was mainly driven by

international price movements which are triggered by increase in demand. The figure indicates that the period under analysis closed with slightly higher and stable producer prices above R7 000/ton for the production season 2017/18. The figure shows that from 2010/11 to 2017/18, the domestic prices for groundnut increased by 50% from R5 200/ton to R7 814/ton.

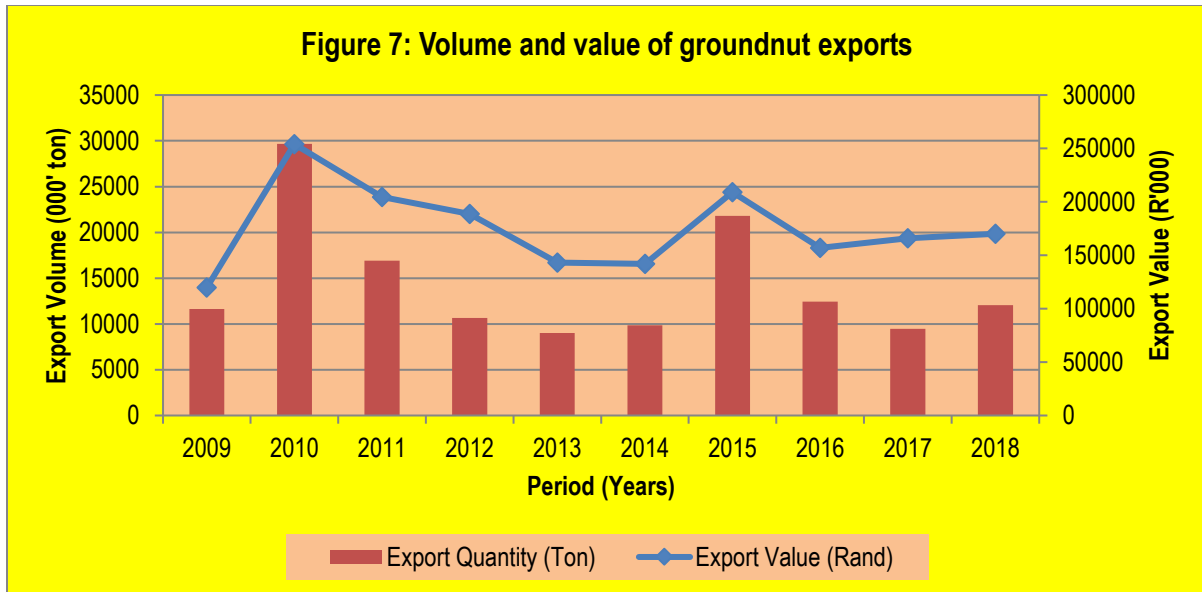
Figure 6 shows the utilization of groundnuts in South Africa from 2008/09 to 2017/18. The figure indicates that locally groundnuts are utilized mainly for manufacturing peanut butter, for sales as raw peanuts to the direct market, for oil and oilcake and for seed. The figure further indicates that groundnut is mainly used for peanut butter and direct market as compared to the use for oil & oilcake and seed. On average 57 517 tons of groundnuts are utilised for the manufacturing of peanut butter and for direct edible market, while 2 431 tons of groundnuts are sold for crushing into oil and oilcake in the domestic market and 3 087 tons are directed to the animal feed and seed markets.



Source: Statistics and Economic Analysis

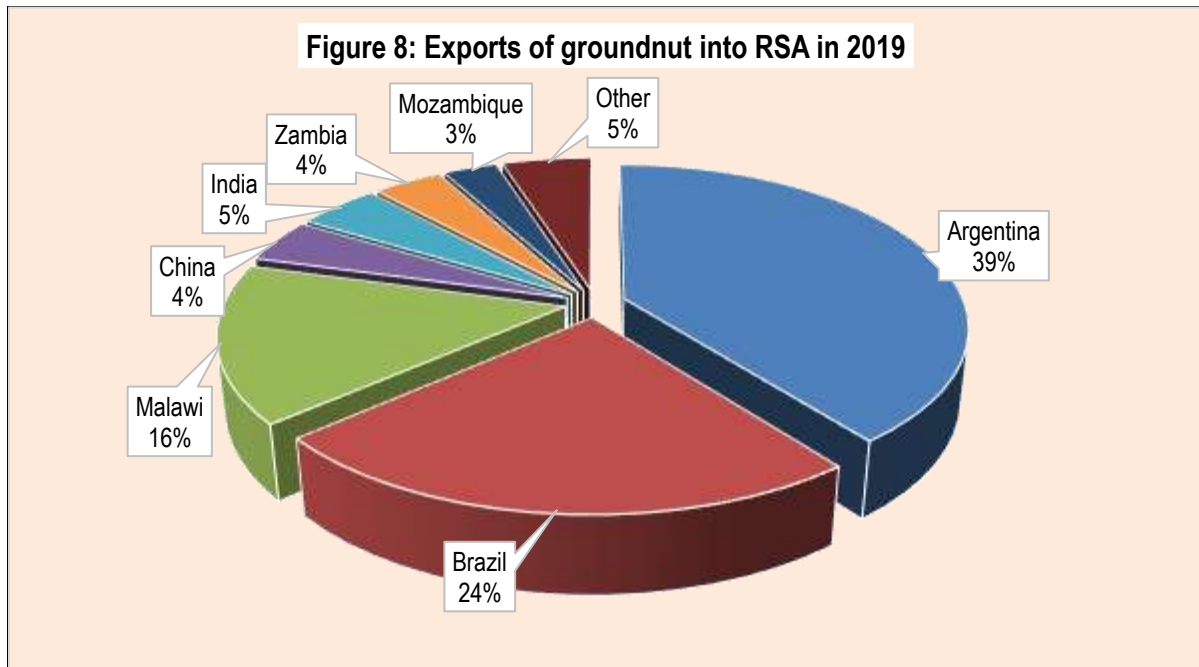
2.2. Exports

The volume and value of groundnuts exports from South Africa to the world are summarized in Figure 7 below. Figure 7 shows volume and value of groundnuts exports from 2009 to 2018. It is clear from the figure that throughout the period under analysis the quantity of groundnuts exports were consistent with the value of groundnuts exports. The period under review opened with somewhat lower volumes and values of groundnuts exports in 2009. On average 14 349 tons were exported at the value of 175.419 million. The figure further indicates that exports of groundnuts fluctuated considerably over the period under analysis. The highest volume of groundnuts exports were recorded in 2010 (29 289 tons) and the lowest was recorded in 2013 (9 023 tons). The period under review closed with an increasing trends for both volume and value of groundnuts exports in 2018.



Source: Statistics & Economic Analysis and Quantec Easydata

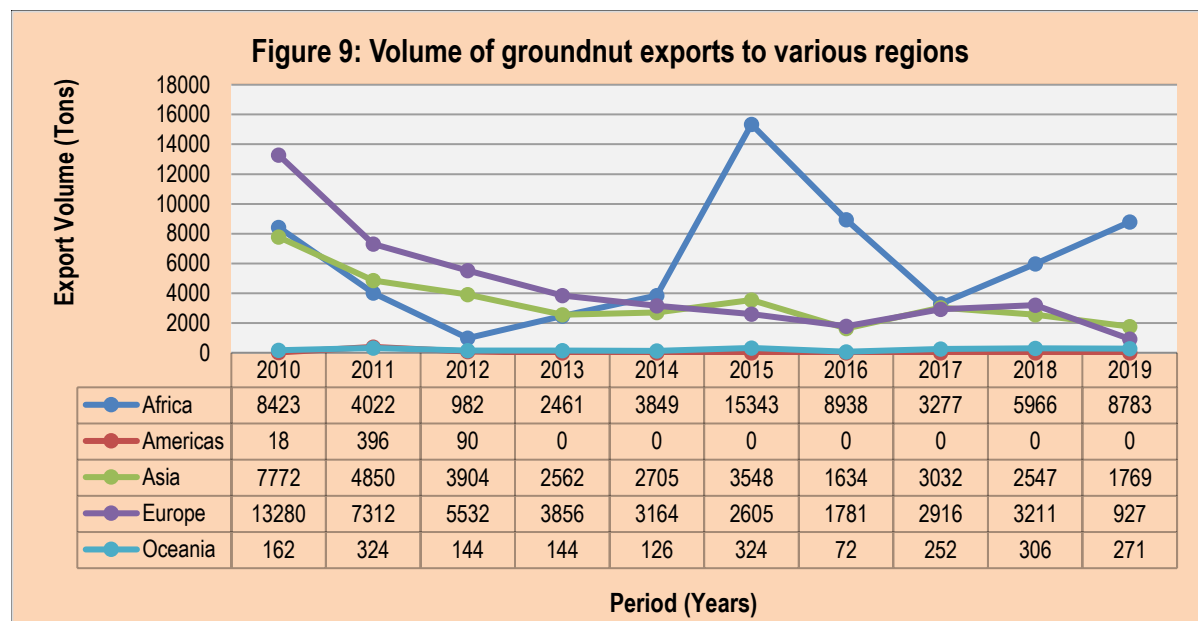
South Africa imports its groundnuts from countries such as Brazil, Argentina, China, Zambia, Malawi, India and Nicaragua as shown in Figure 8.



Source: ITC Trade Map

Figure 8 above shows exporters of groundnuts to the Republic of South Africa during the year 2018. The figure indicates that Brazil became the largest exporter of groundnuts into South African markets followed by Argentina, China and Zambia in 2018. During the same year, India accounted for about 32% of the total groundnuts imported by South Africa followed by Argentina (31 %) and China and

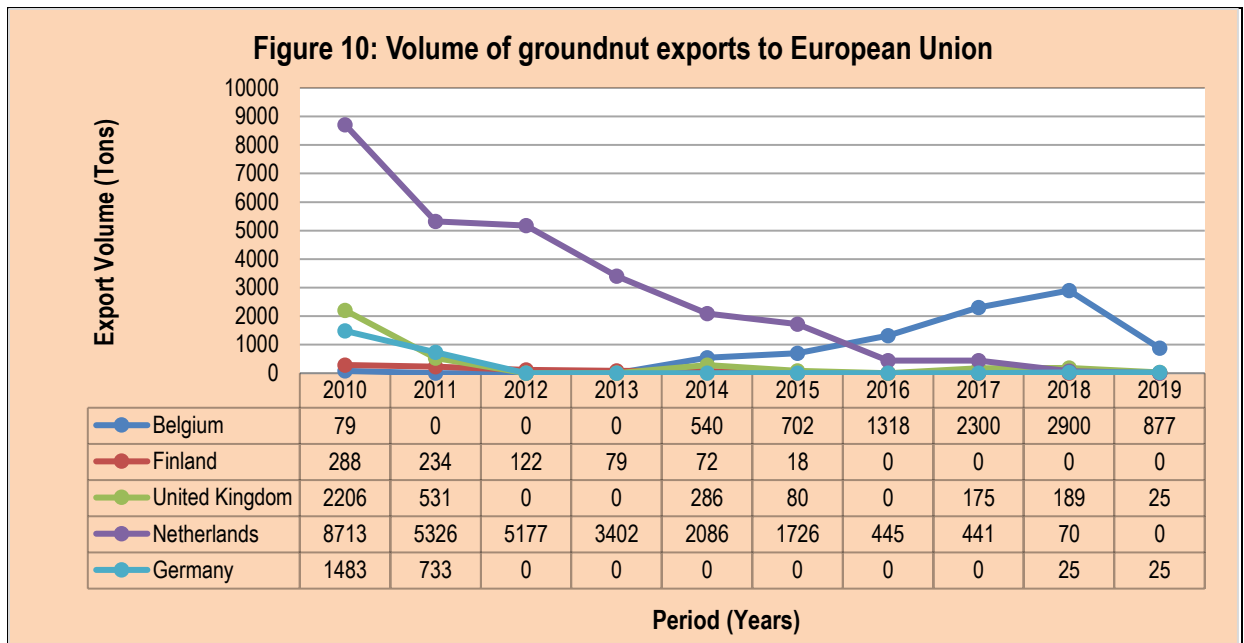
Zambia with 17% and 8% respectively. India and Malawi contributed the least towards South Africa's total groundnut imports in 2018 with 5% and 4% respectively.



Source: Quantec Easy data

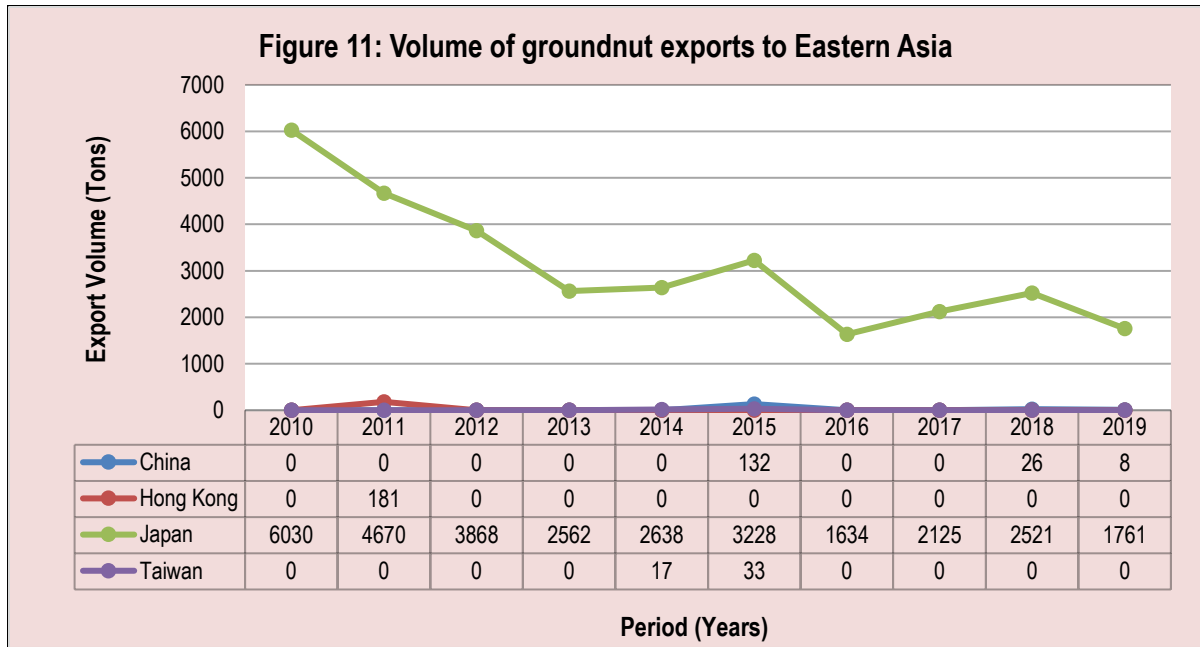
Figure 9 shows the volume of groundnuts exports to various regions in the world. The figure indicates that South Africa export groundnuts mainly to Europe, Africa and Asia. The figure also indicates that on average, volumes of groundnuts exports to the Americas are less than 200 tons per year. As shown in figure 9, groundnuts exports from South Africa are mainly destined for the markets in Europe, Africa and Asia, with very minimal exports going to the Americas and Oceania. The figure indicates that exports to Europe and Asia are more than those destined to neighbouring countries to South Africa within the African continent which is not surprising as most countries in Africa are involved mostly in primary agricultural production than in processing. Generally, the volume of groundnuts exports to Europe started lower during the opening of the season in 2009, followed by a dramatic increases until a peak in exports was reached in 2010. Exports to Asia also started on a lower level in 2009 followed by a slight increases to a peak levels in 2009. However, in 2015 the volumes of South African groundnuts were destined mainly to the African continent having reached the record highs in exports of more than 14 000 tons. The period under review closed with larger volumes of groundnuts exports being destined to Africa followed by Europe and Asia in 2018, which increased by 83% as compared to the previous season.

Figure 10 shows exports of groundnuts to the European Union from 2009 to 2018. The exports of groundnuts to this region showed fluctuating trends throughout the period under analysis. The figure further indicates that the South African groundnuts exports over the period under review were destined mainly to the Netherlands, United Kingdom, Belgium and Finland. Exports of groundnuts to Finland remained minimal throughout the period between 2009 and 2018. The period under analysis closed with decreasing volumes of groundnuts exports from South Africa to the Netherlands, although with an increasing exports to Belgium in 2018.



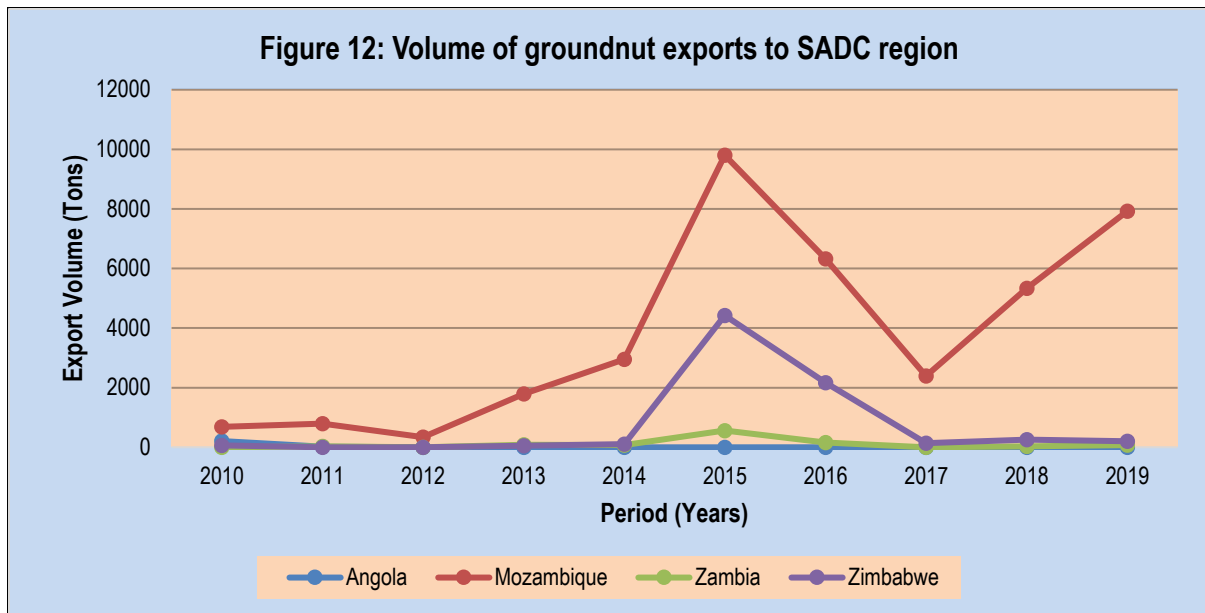
Source: Quantec Easy data

Figure 11 presents exports of groundnuts to Eastern Asia from 2009 to 2018. The figure indicates that in Eastern Asia South Africa exports groundnuts mainly to Japan. The figure further shows that exports of groundnuts to China and Tiwan were very low and erratic during period under review. As represented in Figure 11 below, exports of groundnuts from South Africa to Eastern Asia have generally decreased from the opening of the marketing season in 2009 until the lowest was attained in 2016. Following the greatest amount of groundnut exports to the Eastern Asia in 2010, groundnuts export to Japan begin to decline from the same period until 2016. However, that was followed by a slight increases during the year 2017 until the closer of the season in 2018, mainly because Japan who is the major importer of groundnuts from South Africa in Eastern Asia, substituted imports from South Africa with those from Argentina and Brazil.



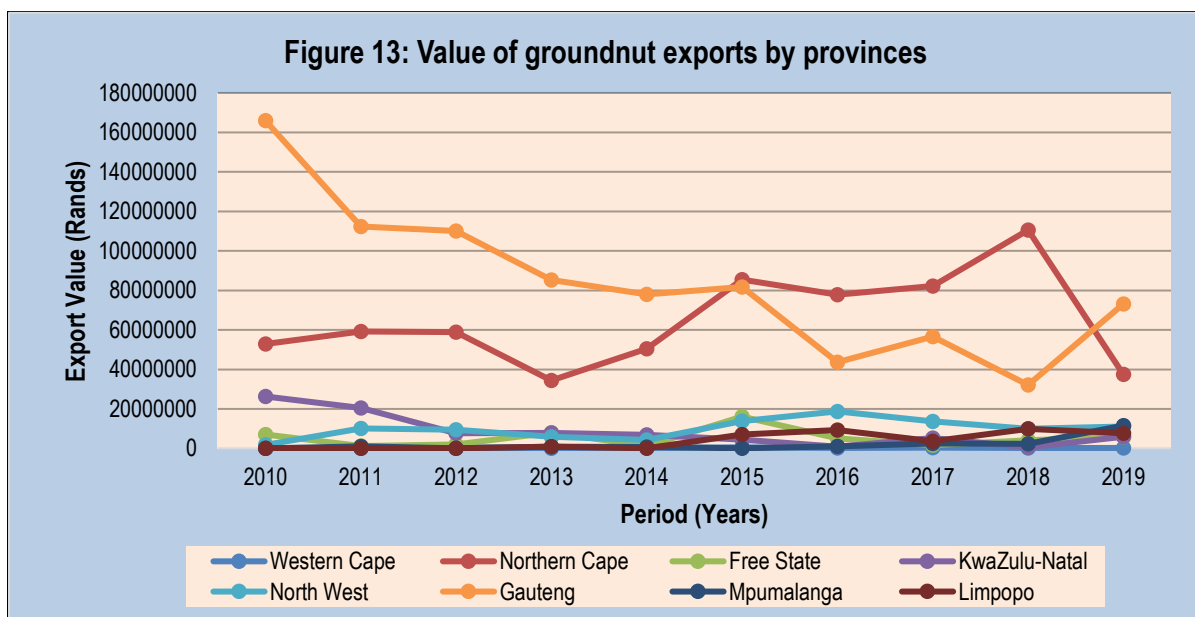
Source: Quantec Easy data

Figure 12 below shows volumes of groundnuts exports to the SADC region from 2009 to 2018. The figure indicates that South Africa exports groundnuts in large quantities to Mozambique and Zimbabwe. The exports of groundnuts to Zambia were very low and erratic during the period under analysis. The figure further indicates that Angola is also an important market for South African groundnuts even though there were very less groundnuts exports destined to that country throughout the period under review. The exports of groundnuts from South Africa to the SADC countries, with the exception of Mozambique, were very low between the years 2011 and 2014. During the year 2015, greatest amount of South African groundnuts export went to Mozambique followed by Zimbabwe. However, in 2016 exports of groundnuts to SADC closed lower, showing a decreasing trends until the marketing year 2017. The volumes of groundnuts exports to the SADC region closed with an increasing trends and destined mainly to Mozambique during the year 2018.



Source: Quantec Easy data

Figure 13 shows exports of groundnuts by province from 2009 to 2018.

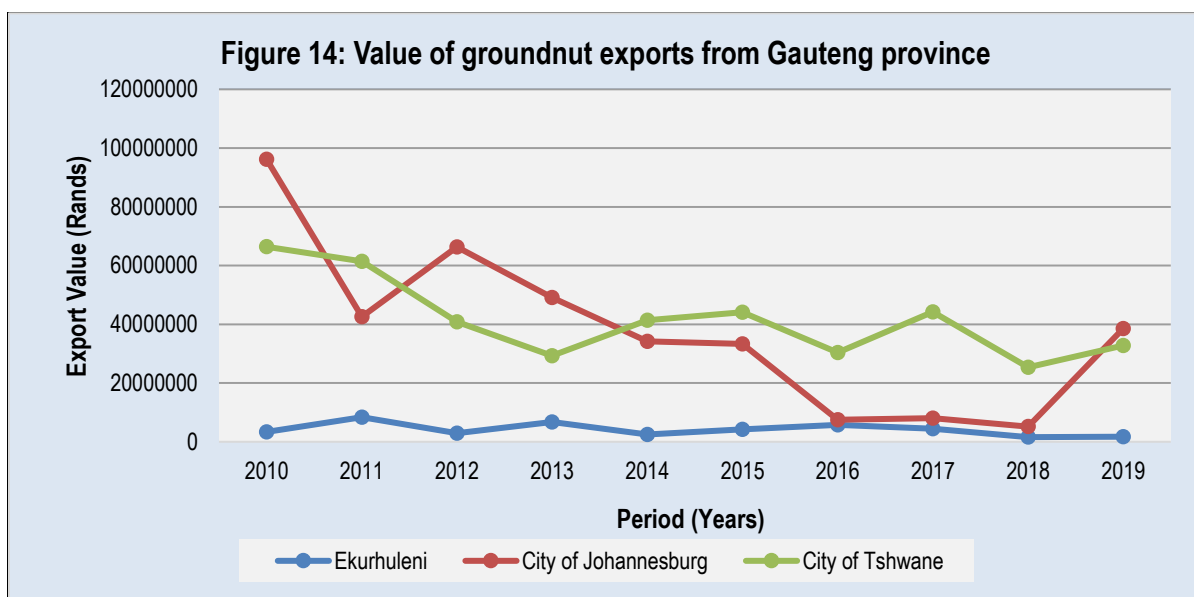


Source: Quantec Easy data

Figure 13 above shows that Gauteng province is the greatest exporter of groundnuts produced in South Africa followed by the Northern Cape and Kwazulu-Natal provinces respectively. The figure further indicates that exports from the largest producers North West and Free State provinces were very low throughout the period under analysis and this mainly influenced by lack of necessary marketing infrastructure in those provinces. It is also clear that the values of exports from different provinces were fluctuating throughout the period under analysis, with those from Mpumalanga and

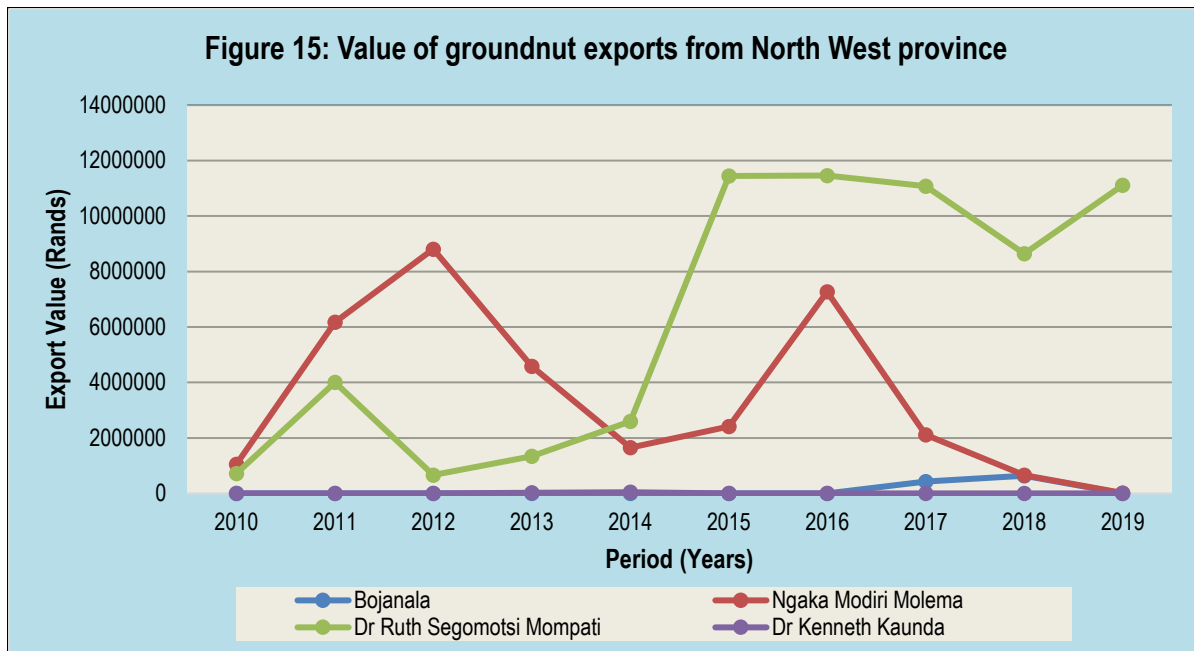
Western Cape being at the lowest. The 2018 marketing period closed with increasing values of groundnuts exports from the Northern Cape, above those from Gauteng and other provinces.

Figure 14 presents the value of groundnuts exports in Gauteng province from 2009 to 2018. The figure shows that in Gauteng province the City of Tshwane and City of Johannesburg are the major exporters of groundnuts as compared to other district. Generally exports of groundnuts from Gauteng province were highly volatile throughout the period under analysis. The figure also indicates that Ekurhuleni district also contributes significantly towards Gauteng province’s total value of groundnuts exports. The contributions of West Rand district towards the total Gauteng province’s groundnuts exports were very low and erratic through the period. The period under analysis closed with City of Tshwane commanding the greatest share of Gauteng’s value of groundnuts exports in 2018, although showing a declining trends.



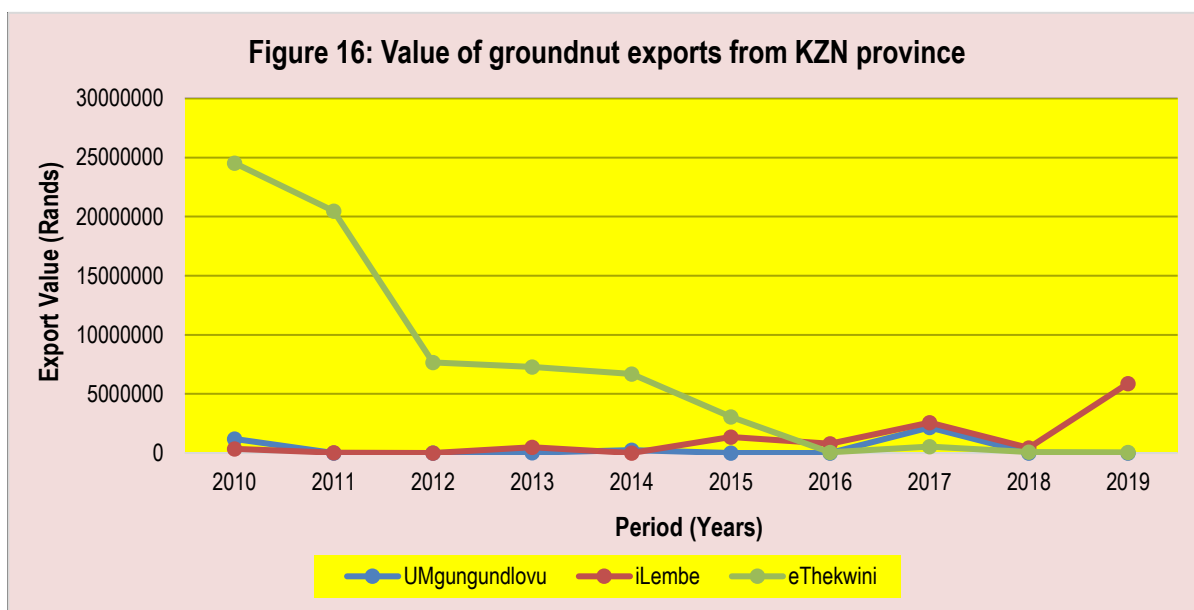
Source: Quantec Easy data

Figure 15 below indicates the value of groundnut exports from North West province during the period 2009 to 2018. The Figure shows very low and erratic trend with regard to exports of groundnuts from various districts in the province. Ngaka Modiri Molema District Municipality was the largest exporter of groundnuts from North West province between 2009 and 2013, followed by Dr Ruth Segomotsi Mompoti District. However, from the year 2014 the exports of groundnuts from Dr Ruth Segomotsi Mompoti District emerged and surpassed those from other regions until the closer of the marketing season in 2018. Exports of groundnuts from Dr Kenneth Kaunda district were very low during the opening of the season in 2009 and remained very low for the rest of the period under analysis.

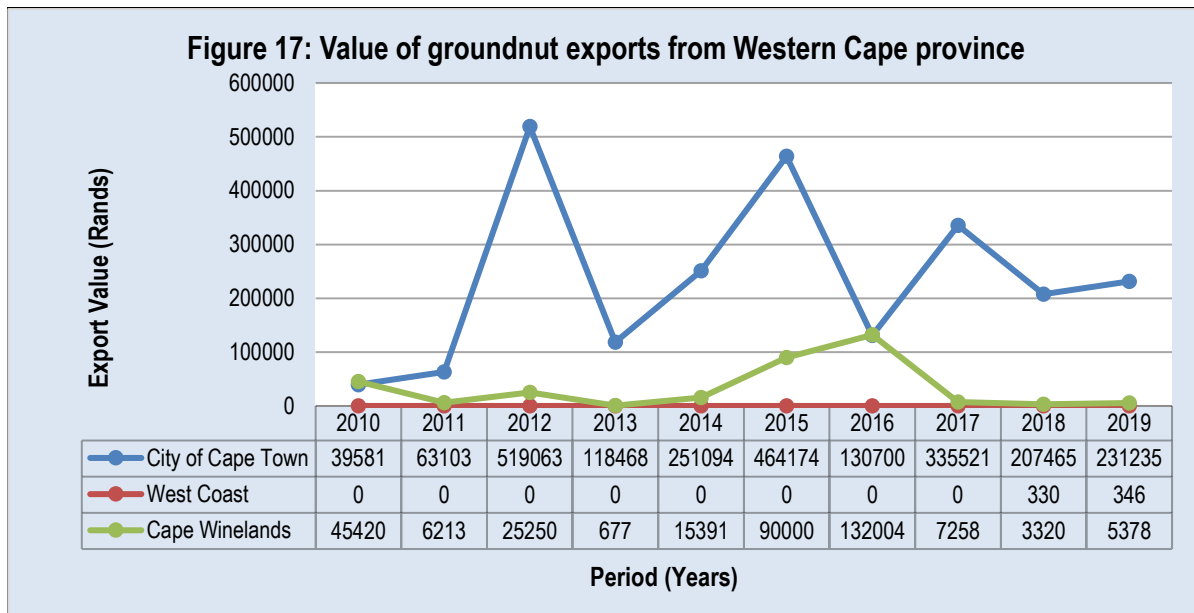


Source: Quantec Easy data

Values of groundnut exports from KwaZulu-Natal Province for the period 2009 to 2018 are shown in Figure 16 below. The figure shows the value of groundnuts exports from Kwazulu-Natal during 2009 to 2018 mainly from three districts municipalities. The figure indicates that the value of groundnuts export during the period of analysis was highly volatile. The figure further shows that eThekwini region commands the greatest value of groundnuts exports from the provinces followed by Umgungundlovu and iLembe regions respectively. The province recorded highest values of groundnuts exports during 2010 and 2011, respectively. However, from the year 2010 values of groundnuts exports from KwaZulu Natal province begin to decline drastically until the lowest exports values were attained in 2018. The period under review closed with decreasing groundnuts exports from KwaZulu-Natal Province in 2018.

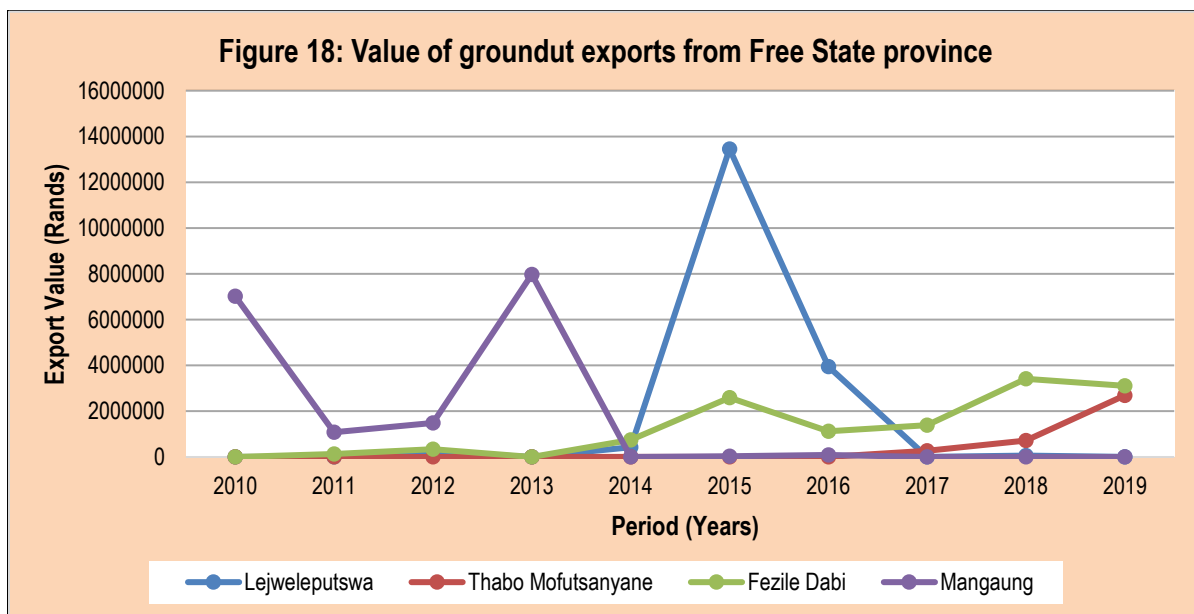


Source: Quantec Easy data



Source: Quantec Easy data

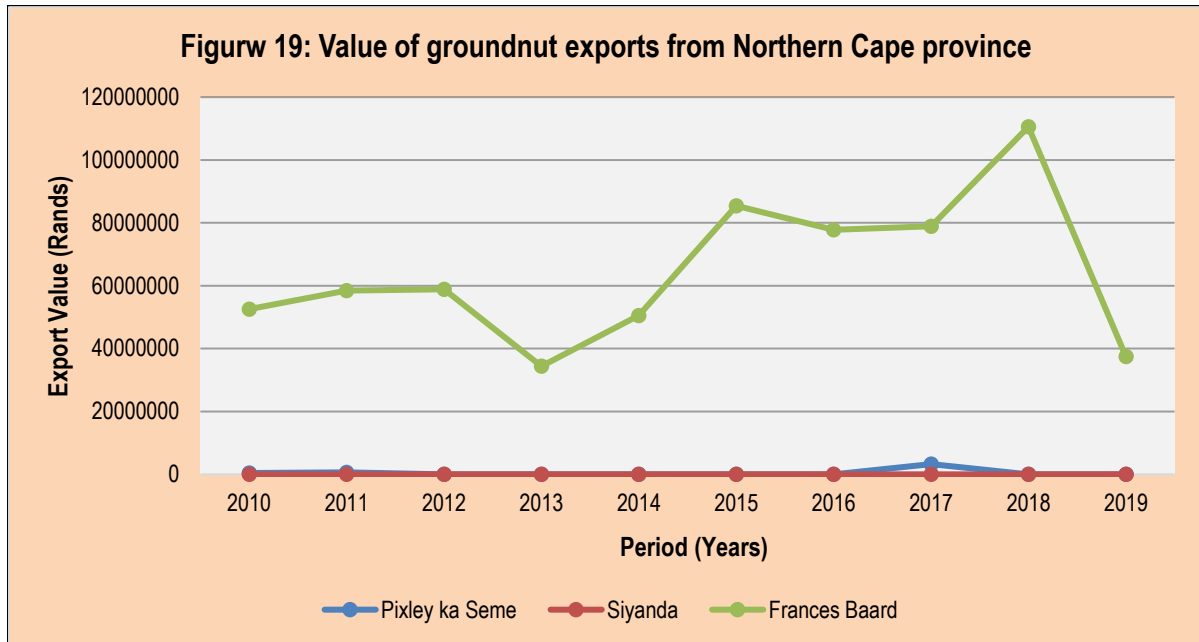
Figure 17 presents value of groundnuts exports from Western Cape during 2009 to 2018. The figure shows that the City of Cape Town was the major exporter of groundnuts in Western Cape for a better part of the period under review. The figure further indicates that Cape Winelands started exporting only from the year 2010, while Eden district exported only in 2012. The period closed with decreasing groundnuts exports from the province in 2018, originating largely from the City of Cape Town.



Source: Quantec Easy data

Figure 18 indicates value of groundnuts exports from the Free State province during 2009 to 2018. The figure shows that generally Free State is not the major exporter of groundnuts. Despite the facts that is

one of the largest producer of groundnuts in South Africa. Exports of groundnuts in Free State originate only from four districts: Lejweleputswa, Thabo Mofutsanyane, Fezile Dabi and Mangaung. From the opening of the marketing season in 2009 until 2013, exports from Free State originated mainly from Mangaung district while Lejweleputswa recorded exports only from the year 2014. The marketing seasons for 2015 and 2016 closed higher with the greatest value of groundnuts exports from Lejweleputswa district, attaining the highest exports values for the entire period in 2015. During the year 2017, groundnuts exports from Free State province originated mainly from Fezile Dabi district which recorded the highest values in exports until the closer of the season in 2018.



Source: Quantec Easy data

Figure 19 indicates values of groundnuts exports from the Northern Cape Province during 2009 to 2018. The figure indicates that out of all the districts in Northern Cape only one district (Frances Baard) exports groundnuts. The figure further shows that Frances Baard recorded the highest values of groundnuts exports during the closing of the marketing season in 2018. The period under review closed with the record high value of groundnuts exports from Northern Cape in 2018, about 29% higher compared to the second highest export values attained during 2015 season.

2.3. Share Analysis

Table 2: Contribution of various provinces to South Africa's total value of groundnuts export (%)

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Province	0.03	0.03	0.03	0.03	0.25	0.14	0.17	0.0	0.1	0.2

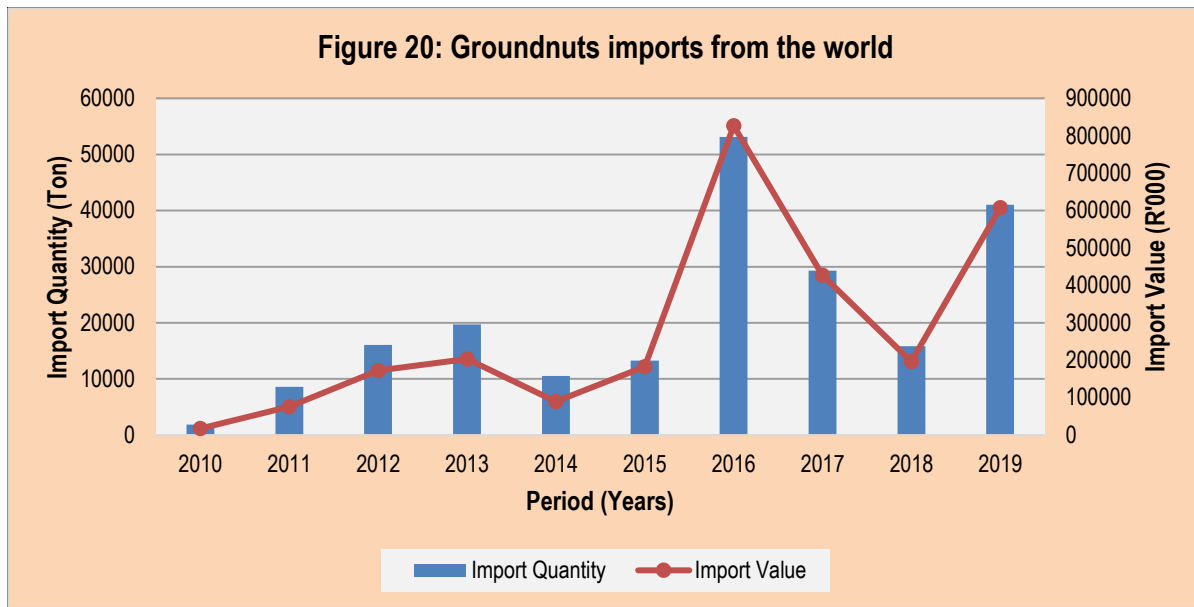
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Province										
Northern Cape	22.79	31.55	32.44	25.11	35.64	40.81	49.61	50.00	65	24.5
Free State	2.83	0.00	0.45	4.70	0.72	7.73	3.28	1.000	2.5	3.8
Kwazulu-Natal	10.75	11.25	4.16	5.50	5.05	2.11	0.54	3.00	0.3	3.9
North West	0.00	0.01	4.23	3.03	2.84	6.63	11.94	8.00	5.9	7.3
Gauteng	63.59	56.52	58.68	61.07	55.50	39.22	27.80	34.00	19	47.8

Source: Calculated from Quantec Easy data

Table 2 confirms the earlier observation that Gauteng province is the largest contributor towards South Africa's total value of groundnuts exports followed by Northern Cape and Kwazulu-Natal provinces. The table further shows that the contributions of groundnuts exports from other provinces to the total Gauteng remained minimal throughout the period under review. Northern Cape Province's share of groundnuts exports have been increasing since 2009 until 2012 followed by a slight decline in 2013 and an increase in 2014 until the closer of the season in 2018. During the year 2009 Northern Cape's contribution to South Africa's total groundnuts exports was 14.21% and this has increased to 50% in 2017. This scenario is not surprising since Northern Cape Province has recently emerged to be one of the biggest producers of groundnuts, having accounted for 35.64% and 40.81% of South Africa's total groundnuts production during 2014 and 2015 season. The Northern Cape remained the largest contributor to the total South African exports of groundnuts in 2018, commanding 65% in share of exports.

2.4. Imports

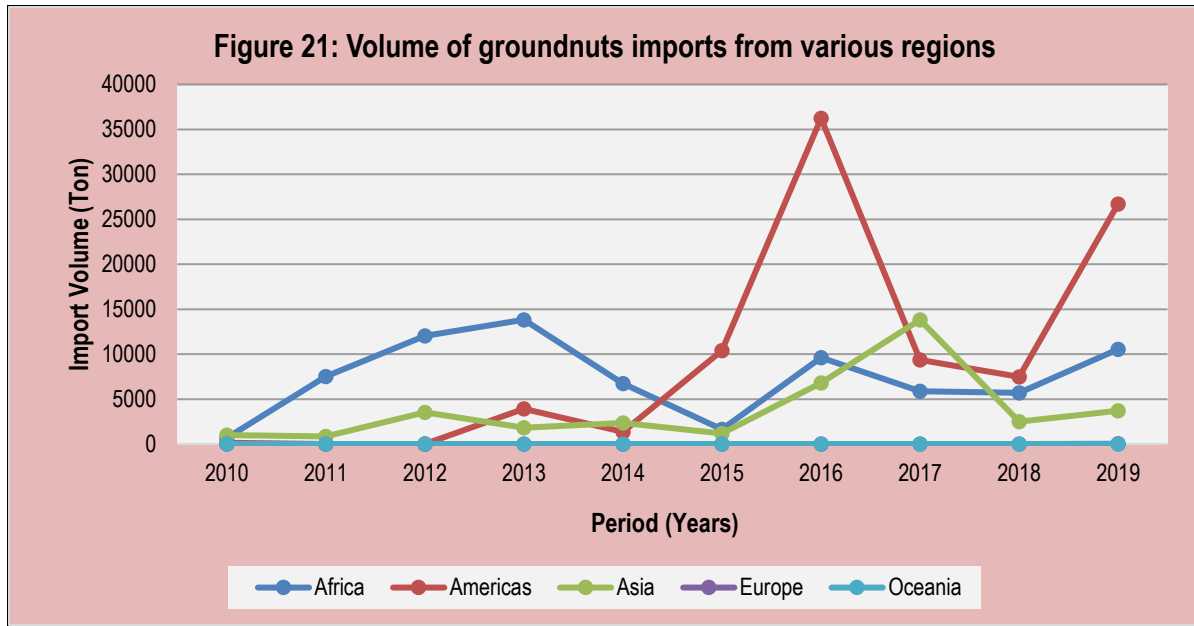
The quantities and values of groundnuts imports from 2009 to 2018 pursue the pattern which is shown in Figure 20 below.



Source: Statistics & Economic Analysis; Quantec Easydata

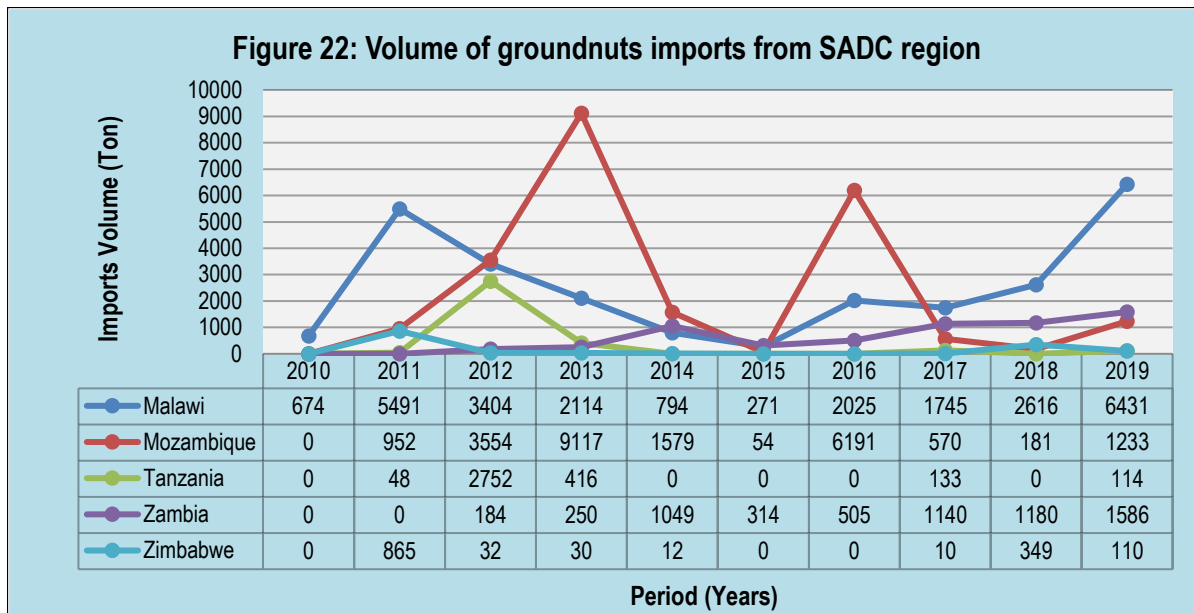
On average, South Africa imports approximately 17 207 tons of groundnuts per annum to the value of about R222 million. Figure 20 above shows that groundnut imports fluctuated considerably from the year 2009 until 2018. This occurred as a result of fluctuations in production volumes which were caused by inconsistent weather conditions over the period. The period under review opened with lower imports of groundnuts in both value and quantity terms in 2009. However, the greatest decline in both imports quantity and value of groundnuts were experienced during the year 2010 where the lowest records in imports were attained. The highest quantities of groundnuts were imported during the year 2016, in quantity and value respectively. The period under review closed with declining trends in both value and quantity of groundnuts imports during the marketing year 2018.

South Africa imports groundnuts from the following regions: Europe, Asia, the Americas and Africa particularly from the SADC region. Figure 21 below indicates that over the past ten years South Africa has been importing groundnuts consistently from Africa, the Americas and Asia. Groundnuts imports from Europe have been low and erratic throughout the period under analysis. The major groundnuts import market for South Africa is Africa followed by Asia and the Americas. On average, South Africa imports about 6 515 tons of groundnuts annually from Africa while imports from Americas and Asia are about 6 993 tons and 3 482 tons per annum, respectively.

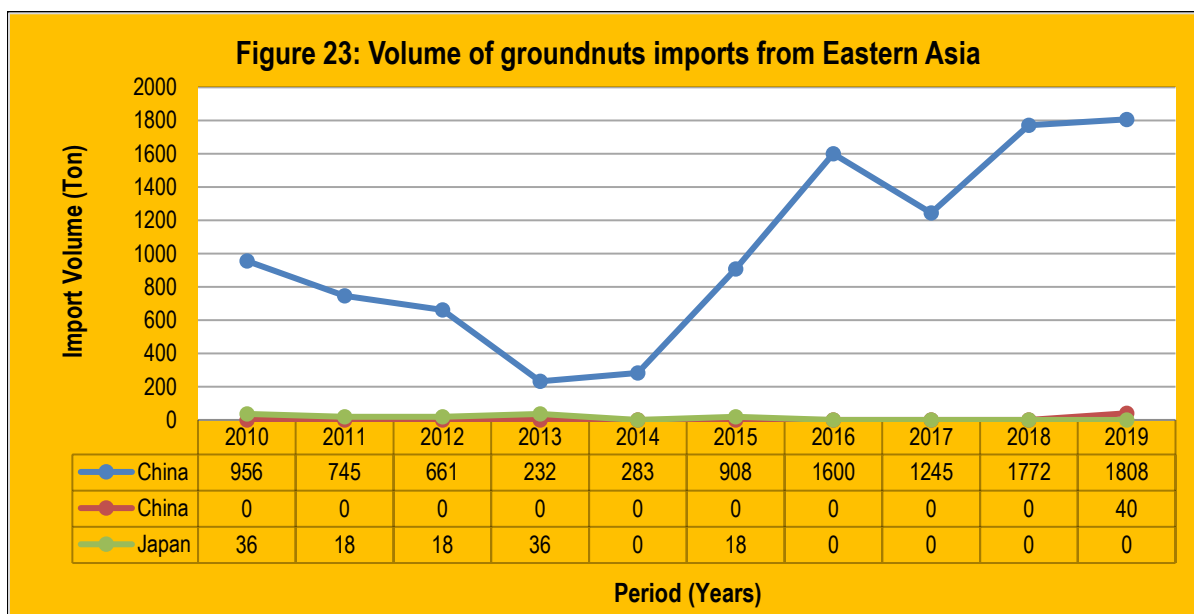


Source: Quantec Easy Data

Figure 22 below shows that, on the African Continent, South Africa imports groundnuts from the following Countries in the SADC region: Malawi, Mozambique, Zambia, Tanzania and Zimbabwe. The figure indicates that over the past ten years South Africa has been importing groundnuts consistently from Malawi and Mozambique. It is also evident from the figure that groundnuts imports from the SADC region fluctuated considerably over the period under review with the lowest import volumes originating from Zambia, Zimbabwe and Tanzania. The greatest amount of imports originating from the SADC region and mainly from Mozambique were recorded during the year 2013, as compared to other areas within the SADC region. South Africa's volume of groundnuts imports from Mozambique declined significantly during the year 2018, with groundnuts imports from Malawi surpassing those from Mozambique and the rest.

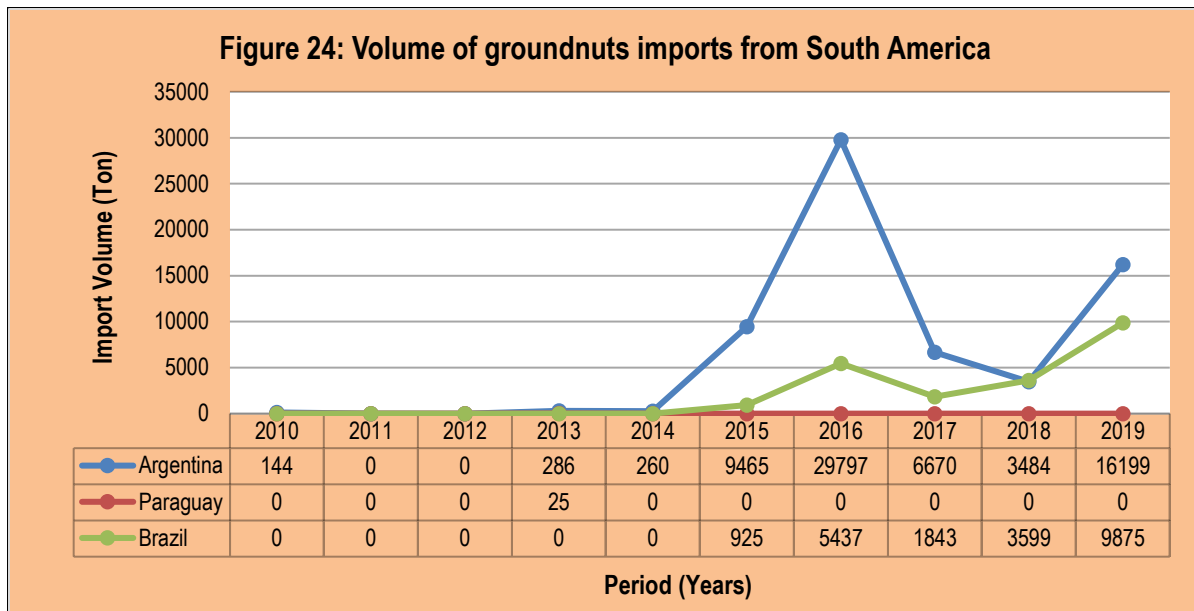


Source: Quantec Easy Data



Source: Quantec Easy Data

In Eastern Asia, South Africa's groundnut imports originate mainly from China with some fractional intermittent imports originating from other Eastern Asian countries such as Japan. Figure 23 above shows that volume of groundnut imports from China begin at higher levels during the opening of the season in 2009 before it decreased to lower levels in the year 2013. The period under review closed with imports being 41% higher in 2018 as compared to the imports levels attained in 2017 season originating mainly from China.



Source: Quantec Easy Data

Figure 24 shows that South Africa's groundnut imports from South America originate mainly from Argentina and Brazil. The groundnuts imports volumes from South America started the season lower in 2009. This was followed by a huge decline in imports of groundnuts from South America between the years 2010 and 2014. The volume of groundnuts imports from Brazil were marginally lower throughout the period, between 2009 and 2018 seasons. The figure further indicates that there were no imports of groundnuts recorded from Brazil between 2009 and 2014. South Africa imported lower volumes of groundnuts from South America during the year 2010 when less than 1000 tons of groundnuts were imported from Argentina. It is also clear from the figure that there were no imports of groundnuts from Brazil during the year 2014, while those from Argentina were also lower. The highest imports volumes above 25 000 tons from Argentina were recorded during the year 2016. However, the period under review closed with a drastic decline in volumes of groundnuts imports from Argentina during the 2018 marketing season, with groundnuts imports from Brazil surpassing those from other regions.

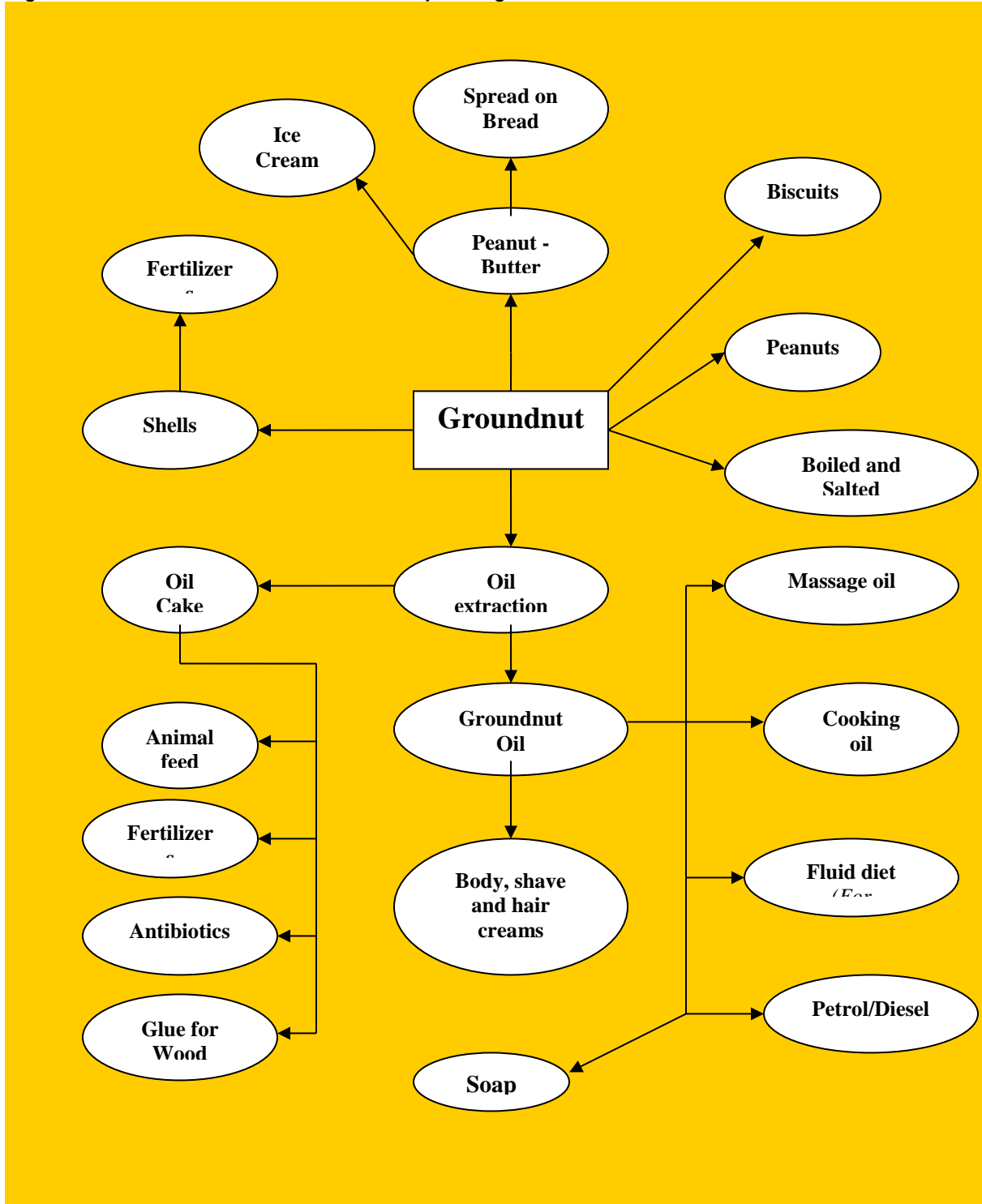
2.5. Processing

Groundnuts are a high value crop that can be marketed with little processing but are extremely versatile and can be used in a wide range of products. The oil made from them can be used for cooking and they can be used to make peanut butter. In South Africa processing facilities mainly belong to various companies that produce a wide range of products. These include companies that produce peanuts, sweets, peanut-butter and cooking oil just to mention few

Oil contains high amounts of energy and fat-soluble vitamins (A, D, E, and K) and essential fatty acids. The oil content of the kernels is between 45% and 55%. The peanuts are prepared for the oil extraction process by being shelled and cleaned. Oil production requires some type of press with which to extract the oil from the groundnuts and filtering equipment. The alternative uses of groundnuts are detailed in the following diagram (Figure 25)

As indicated in Figure 25, groundnuts can be used in various ways at different levels within the industry. They can be boiled or roasted for immediate consumption or used as raw material of various products in the industry. Oil extracted from the groundnut can be used as raw material for manufacturing of soap; massage oil for polio patients; body, shaving and hair creams; and fluid diet which is used to physically strengthen patients and to sharpen their appetites before and after operations. The oil cake which is by-product of oil extraction process is used to make glue for wood; animal feed; fertilizers and antibiotics.

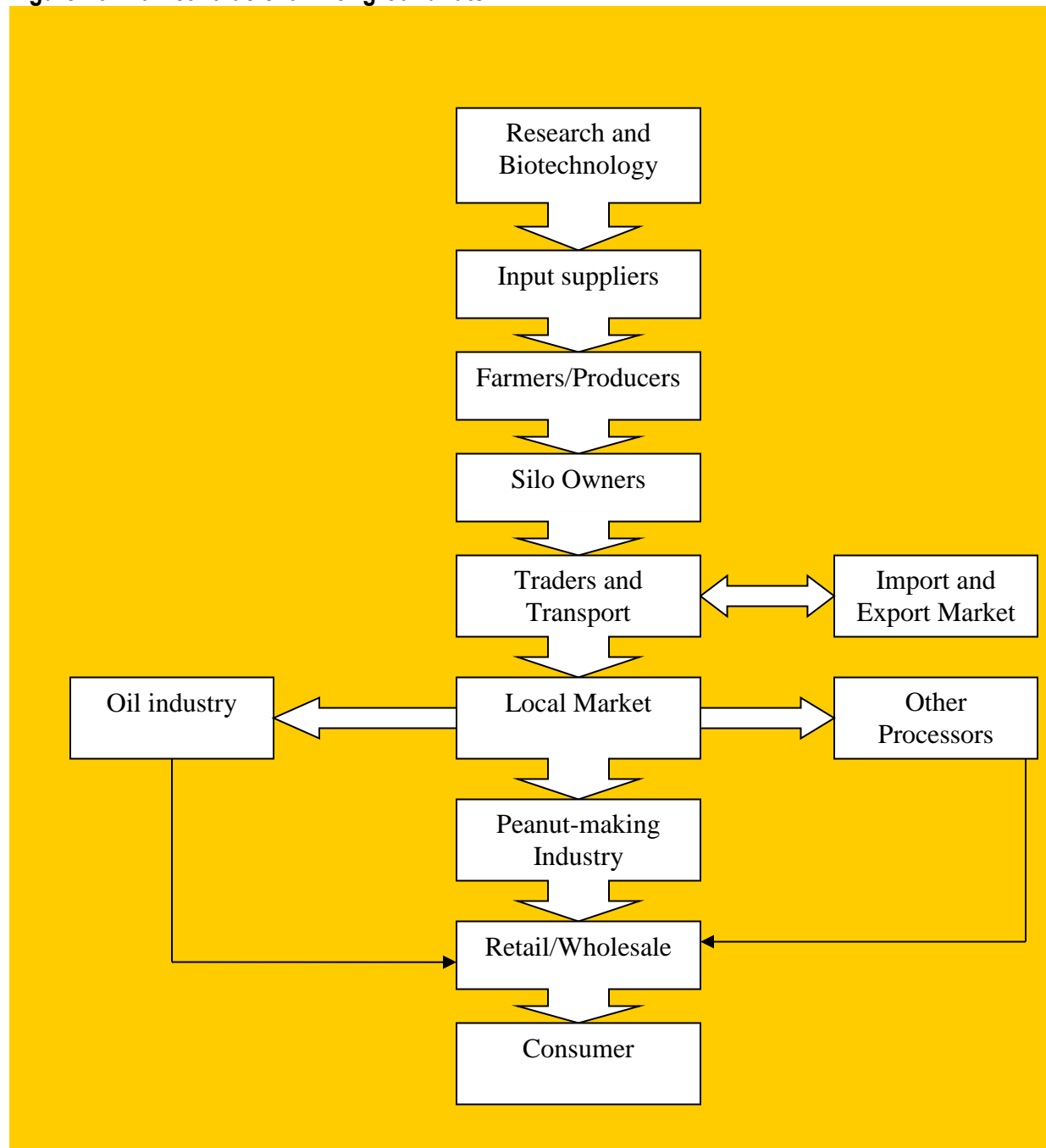
Figure 25: Groundnut Value Chain tree explaining its uses



Source: Grain SA and African Groundnut Council

2.6 Market Value Chain

Figure 26: Market value chain for groundnuts



Farmers produce groundnuts and, after harvesting and drying, they grade the groundnut pods at a prescribed moisture level in the kernels. After grading, the pods are packed in gunny bags. The packed groundnuts are then sold to either the local market (processors) or foreign market, or they may be stored for on-farm processing and future sales. The processed groundnut products are sold in an acceptable form to the consumers.

3. Market Intelligence

3.1 Tariffs

The following Table 6 indicates the tariffs that are applied by South Africa to the imports of groundnuts from other countries during the year 2018. South Africa generally applies an import duty of 10.00% *Ad valorem* on imports of groundnuts. However, imports of groundnuts from member-countries of the following regional structures may enter South Africa free of duty: SACU, European Union and SADC. This is due to free trade agreements that exist between South Africa and abovementioned regional structures.

Table 6: Tariffs applied by South Africa to groundnut imports

Selected Product description	Tariff regime description	Applied Tariff	Total ad valorem equivalent tariff (estimated)
Groundnuts, not roasted or otherwise cooked: 120230	MFN duties (Applied)	10.00%	10.00%
	Intra SACU rate	0.00%	0.00%
	Preferential tariff for European Union Countries	0.00%	0.00%
	Preferential tariff for SADC countries	0.00%	0.00%

Source: ITC Market Access Map

The following Table 7 indicates the tariffs that are applied by various countries to the exports of groundnuts originating from South Africa in 2019:

Table 7: Tariffs applied to South African groundnut exports

Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff
Belgium	1202	Ground-nuts, not roasted	MFN duties (Applied)	0.00%	0.00%
Japan	12023000	Ground-nuts, not roasted	MFN duties (Applied)	10.00%	10.00%
	12024100	Ground-nuts, not roasted (in shell)	MFN duties (Applied)	10.00%	10.00%

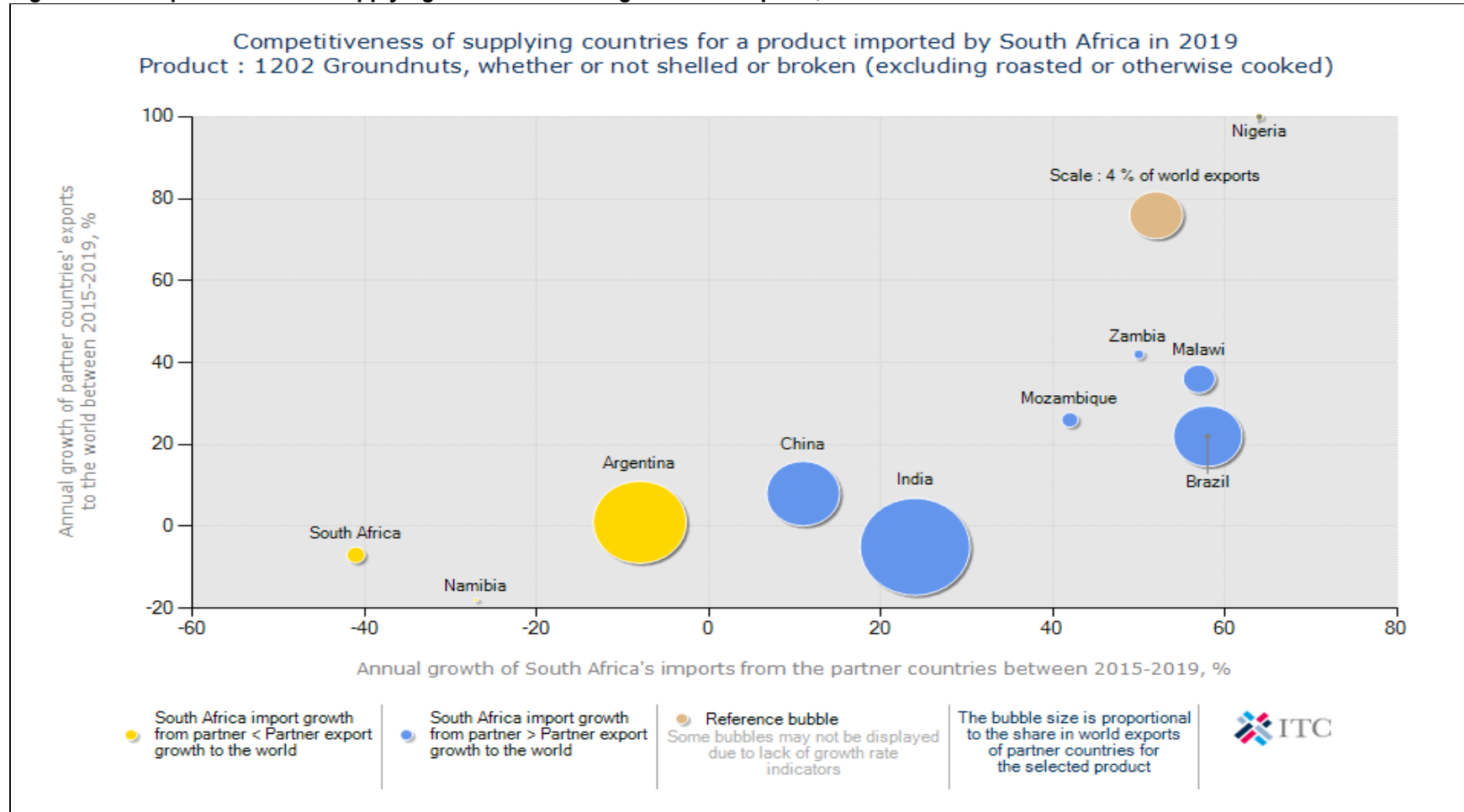
Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff
Mozambique	12024100	Ground-nuts, not roasted	MFN duties (Applied)	20.00%	20.00%
			Preferential tariff for SADC	0.00%	0.00%
Netherlands	12024100	Ground-nuts, not roasted	MFN duties (Applied)	0.00%	0.00%
			Preferential tariff for South Africa	0.00%	0.00%
New Zealand	12024100	Ground-nuts, not roasted	MFN duties (Applied)	0.00%	0.00%

Source: ITC Market Access Map

Table 7 above indicates that South Africa does not face any tariff barriers when exporting groundnuts to countries such as Netherlands, Belgium, Mozambique and Zambia. This is mainly due to the fact that some of these countries do not charge any tariffs on imports of groundnuts originating from other countries. South Africa enjoys a preferential tariff of 0% *ad valorem* when exporting groundnuts to Mozambique and Zambia due to the existence of SADC Free Trade Agreement. Japan's groundnuts industries are heavily protected by higher import duties that are charged by these countries on imports of groundnuts from elsewhere. Japan applies an import duty of 10% *Ad Valorem* on imports of groundnuts originating from other countries and on imports of groundnuts originating from South Africa.

3.2. Performance of the groundnut industry

Figure 27: Competitiveness of supplying countries for SA groundnut imports, 2019



Source: ITC Trade Map

Figure 27 and Table 8 indicate that imports of groundnuts from Brazil and Zambia increased significantly between the years 2017 and 2018. Groundnuts imports from Brazil increased by about 75% in value between the years 2017 and 2018 while those from Zambia increased by 29% in value.

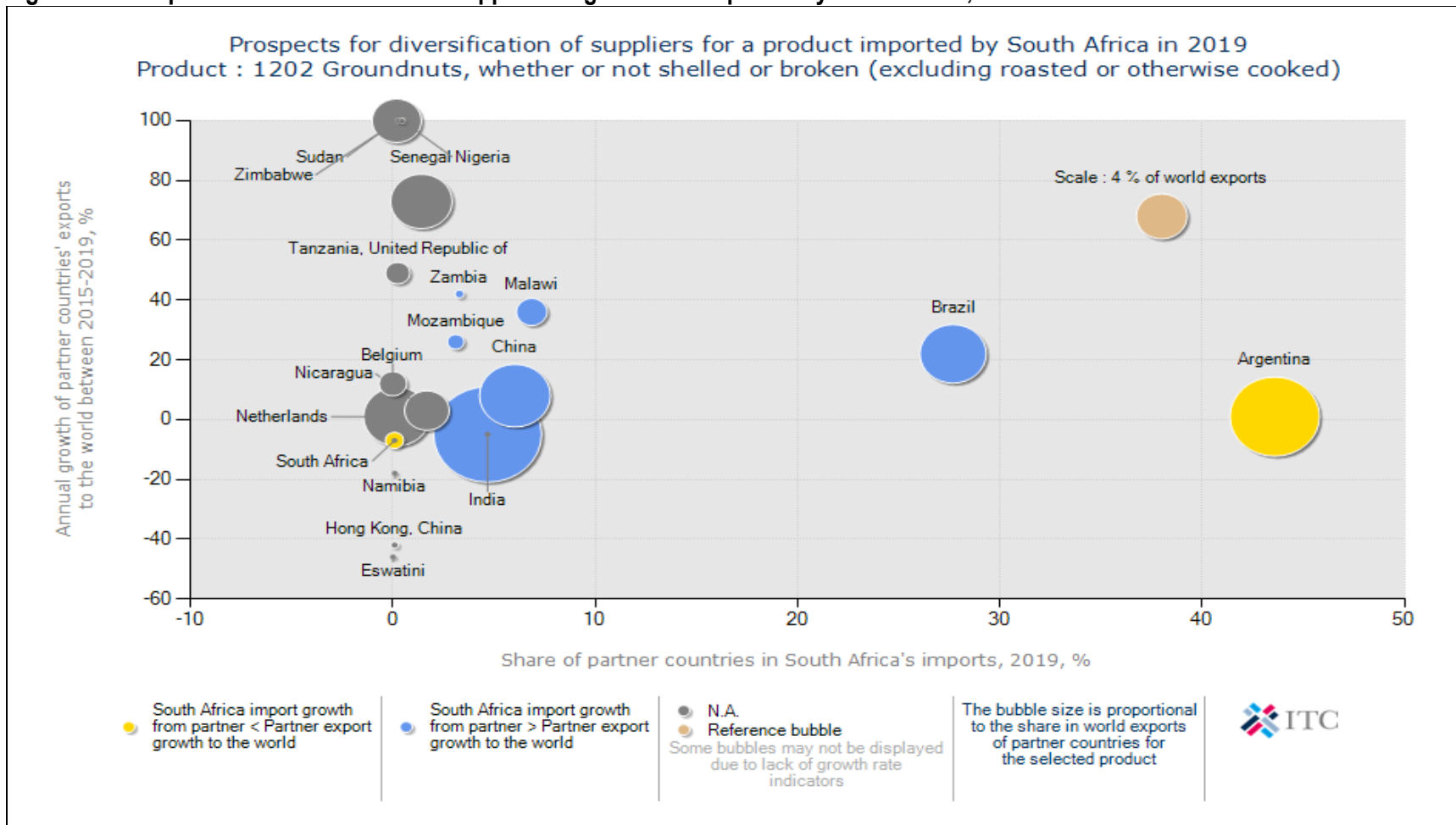
Table 8: List of supplying markets for the groundnut imported by South Africa in 2019

Exporters	Trade Indicators						
	Imported value 2019 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2019	Unit value (USD/unit)	Imported growth in value between 2015-2019 (% p.a.)	Imported growth in quantity between 2015-2019 (% p.a.)	Imported growth in value between 2018-2019 (% p.a.)
World	42071	100	40977	1027	9	11	183
Argentina	18337	43.6	16173	1134	-8	-10	326
Brazil	11650	27.7	9875	1180	58	54	161
Malawi	2889	6.9	6421	450	57	93	330
China	2541	6	1770	1436	11	18	11
India	1972	4.7	1884	1047	24	23	207
Zambia	1386	3.3	1586	874	50	50	30
Mozambique	1309	3.1	1233	1062	42	31	1496
Nicaragua	709	1.7	625	1134		94	41

Source: ITC Trade Map

Table 8 and Figure 28 also show that Brazil is the biggest supplier of groundnuts imported by South Africa in 2018. It is clear from the figure and the table that Brazil accounted for about 29.5% of the total groundnuts imported by South Africa during the year 2018. The other major exporters of groundnuts to South Africa are Argentina, China, Zambia and Malawi which account for 28.6%, 15.8% and 7.4% of South Africa's total groundnuts imports respectively. South Africa also imports groundnuts from other countries such India, USA and Nicaragua.

Figure 28: Prospects for diversification of suppliers of groundnut imported by South Africa, 2019



Source: ITC Trade Map

Table 9: List of Importing markets for the groundnut exported by South Africa in 2019

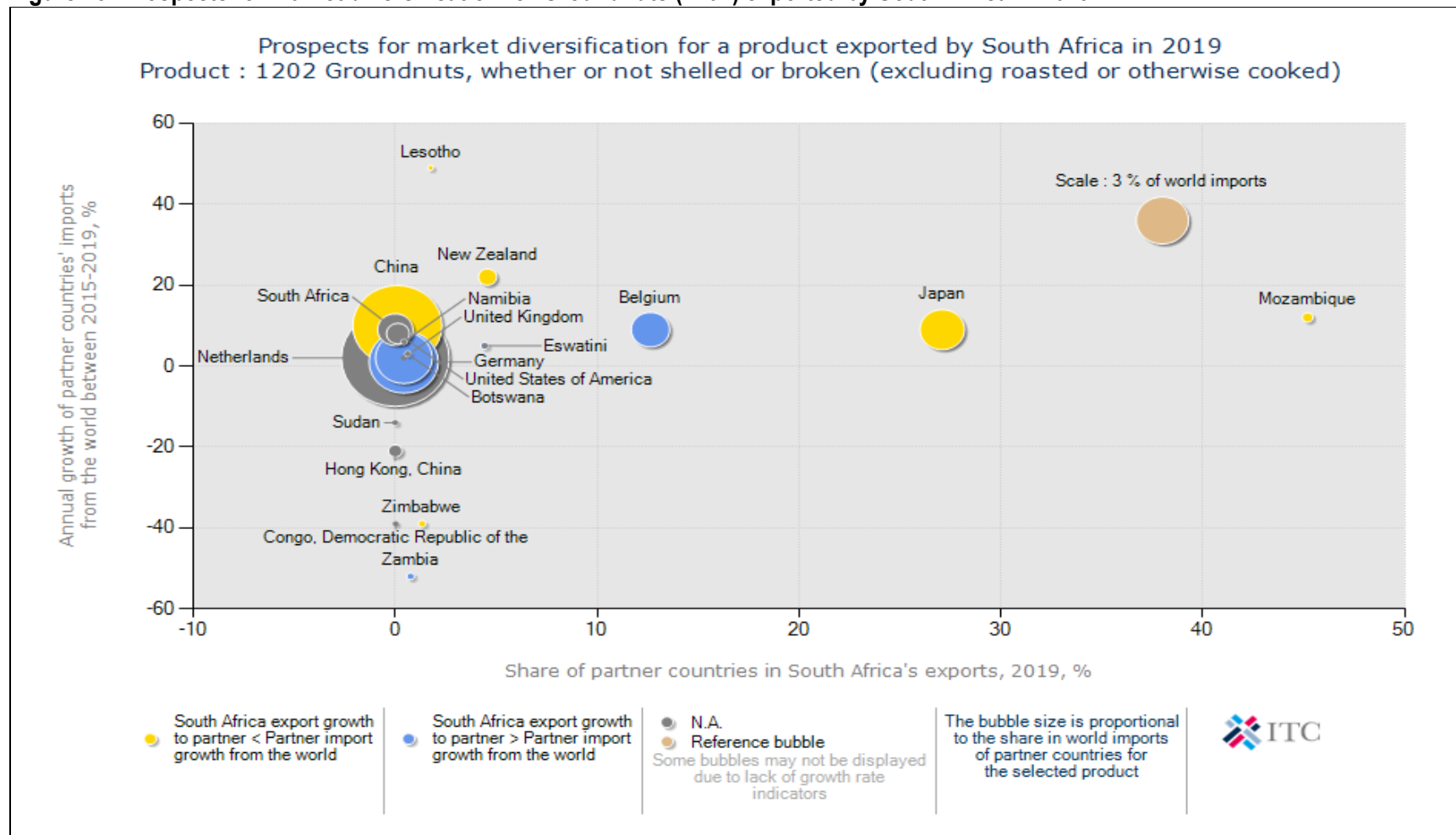
Importers	Trade Indicators						
	Exported value 2018 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2019	Unit value (USD/unit)	Exported growth in value between 2015-2019 (% p.a.)	Exported growth in quantity between 2015-2019 (% p.a.)	Exported growth in value between 2018-2019 (% p.a.)
World	10496	100	11700	897	-7	-12	-19
Mozambique	4744	45.2	7925	599	3	-6	90
Japan	2844	27.1	1706	1667	-8	-8	-30
Belgium	1327	12.6	877	1513	13	13	-71
New Zealand	480	4.6	271	1771	10	12	-15
Eswatini	465	4.4	399	1165	9	8	253
Lesotho	184	1.8	126	1460	24	35	232
Zimbabwe	140	1.3	200	700	-49	-56	-37

Source: ITC Trade Map

It is clear from Table 9 and Figure 29 that the main export destinations for groundnuts originating from South Africa in 2018 are, Belgium, Japan, Mozambique, Netherlands, New Zealand, Namibia, and Zimbabwe, with the greatest volumes being exported to Belgium and Japan. In 2018, Belgium alone absorbed 35.2% of South Africa's total groundnut exports followed Japan and Mozambique with 31% and 19.5% respectively. South Africa's value of groundnuts exports to the world remained at 0% between the years 2014 and 2018. The figure and the table further show that, between the years 2017 and 2018 the value of the South African groundnut exports to the world only increased by 1% while those towards Belgium increased by 30% over the same period.

Figure 29 further shows that South Africa's groundnuts exports to countries such as Botswana, Mozambique, Japan, Netherlands, New Zealand, Zimbabwe, Norway, Egypt and United Kingdom have grown at a slow pace compared to these countries' imports growth from the rest of the world. The growth rate of South Africa's groundnut exports to countries such as Belgium and Zambia is more than the growth in these countries' imports from the rest of the world. The figure further shows that if South Africa wishes to expand its groundnut export base, the prospective markets exist in countries such as Germany, Lesotho and Eswatini.

Figure 29: Prospects for market diversification for Groundnuts (1202) exported by South Africa in 2019



Source: ITC Trade Map

4. ACKNOWLEDGEMENTS

The following organizations are acknowledged:

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ITC Trade Map

Website: <http://www.trademap.org>

ITC Market Access Map

www.macmap.org

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