

GROUNDNUT MARKET VALUE CHAIN PROFILE

2011/2012

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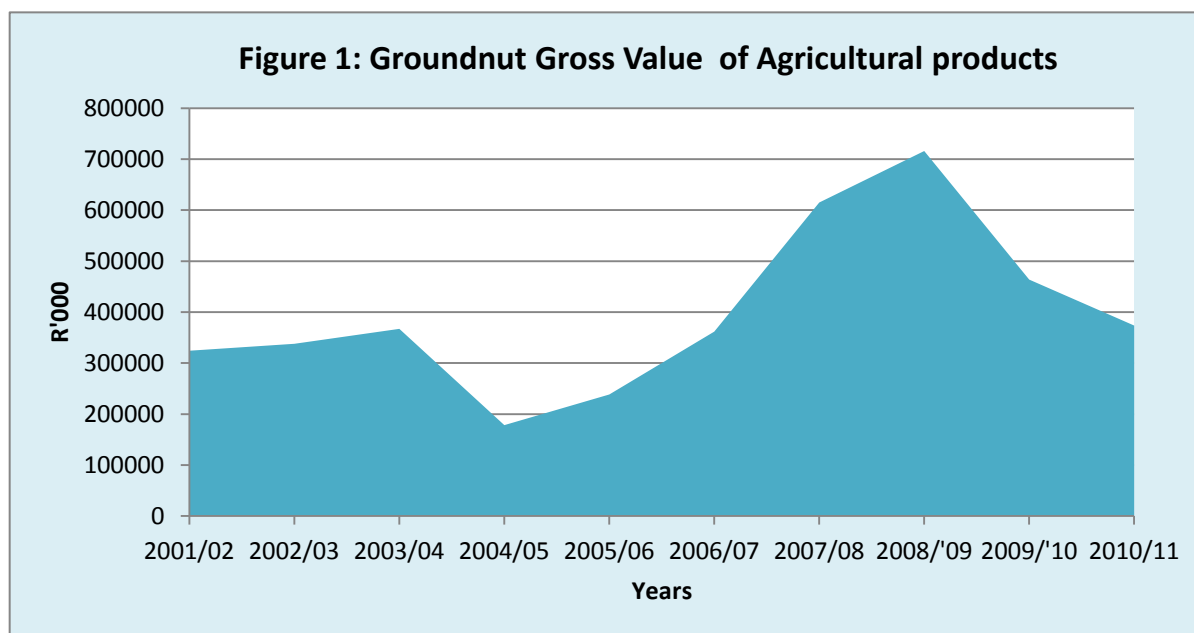
Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

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1. DESCRIPTION OF THE INDUSTRY

Groundnuts contribute approximately 1.1% to the gross value of field crops and the average annual gross value of groundnuts for the previous ten years up to 2010/11 season amounts to approximately R 373 800 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.



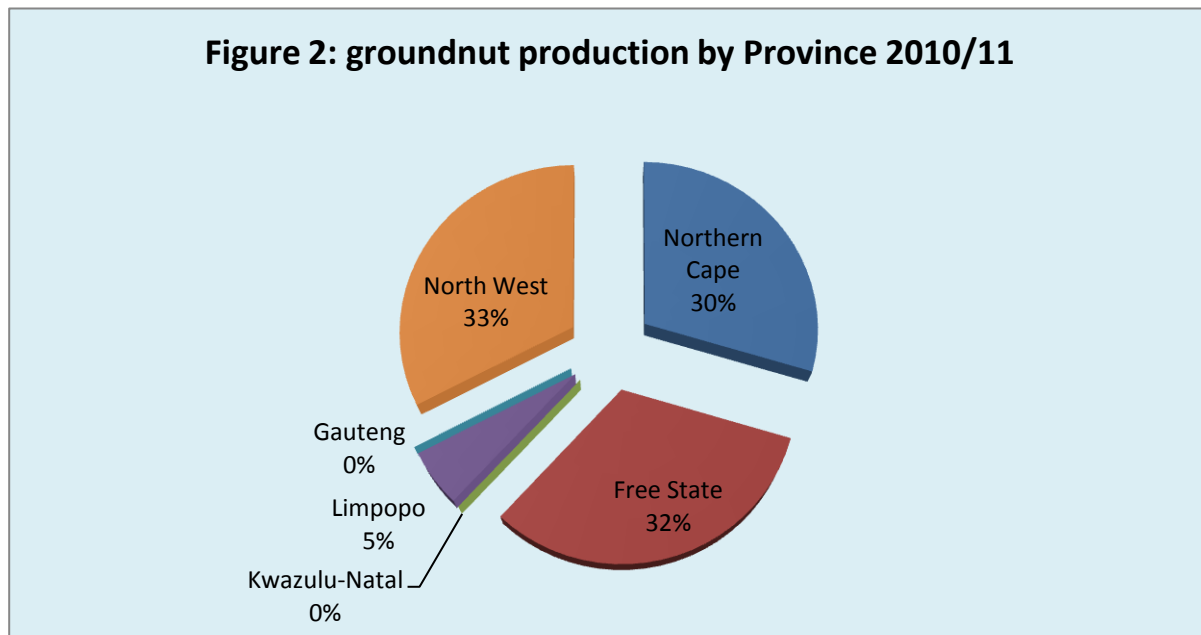
Source: Statistics and Economic Analysis, DAFF

Despite lower groundnut producer prices that were experienced during 2001/02 season, the gross value of groundnut production, as shown in Figure 1, was relatively higher at that time mainly as a result of larger volumes that were harvested during that period. Between 2001/02 and 2010/11, the contribution of the groundnut industry to the gross value of agricultural production was characterized by fluctuations with some consistent increases between 2006/07 and 2008/09 seasons. The gross value of production has reached the highest level during 2008/09 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 declined slightly between 2009/10 and 2010/11 seasons.

1.1. Producing Areas

Groundnuts are produced mainly in the north-western regions of South Africa, namely the North West province (33%), Free state (32%) and Northern Cape (30%). Groundnuts are also produced in Limpopo, KwaZulu-Natal and Gauteng provinces although the production is lower in these provinces.

The contribution of various provinces to South Africa's total groundnuts production is depicted in Figure 2 and Table 1 below.



Source: Statistics and Economic Analysis, DAFF

Table 1: Groundnut production by provinces

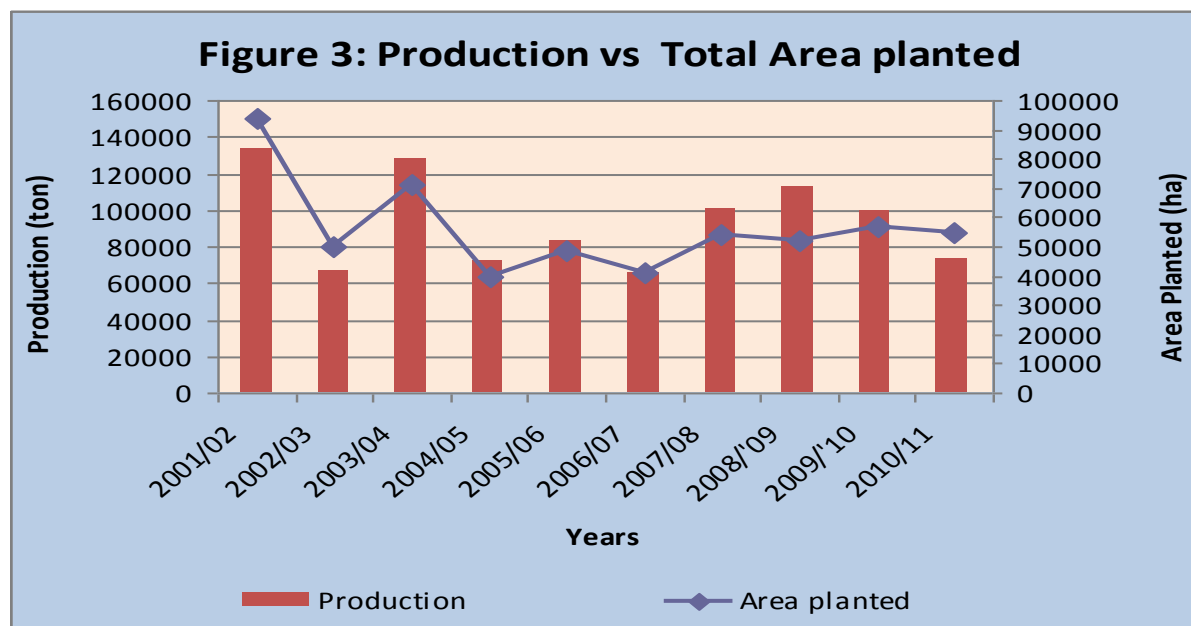
PROVINCE	Production (tons) 2005/06	Production (tons) 2006/07	Production (tons) 2007/08	Production (tons) 2008/09	Production (tons) 2009/10	Production (tons) 2010/11
Northern Cape	26100	21700	21500	31 000	27 120	18 950
Free State	26 000	21 000	35 700	33 690	35 000	20 700
Kwazulu-Natal	0	30	80	0	300	0
Limpopo	2 930	2 200	5 810	6 750	3 520	3 500
North West	18950	13 000	25 650	28 000	22 000	20 900
Gauteng	20	50	60	60	60	0

Source: Statistics and Economic Analysis, DAFF

Table 1 indicates that during the past three years Free State Province has been the major producer of groundnuts even though groundnut production in this province has experienced considerable fluctuations during this period. Northern Cape is the second largest producer of groundnuts after Free State. However North West Province increased its production significantly during 2007/08 and surpassed Northern Cape's production volumes. Notably, groundnut production in all the major producing regions, except in Northern Cape, has undergone a drastic increase during 2007/08 season, leading to a slight increase in South Africa's total groundnuts production. During 2010/11 season groundnuts production from provinces such as Free State and North West increased while production remained low in Gauteng and Kwazulu Natal provinces for the past six seasons.

1.2. Production Trends

Plantings and production of groundnuts from 2001/02 to 2010/11 production seasons were as depicted in Table 2 and Figure 3 below.



Source: Statistics and Economic Analysis, DAFF

Table 2 and Figure 3 make it clear that production volumes for groundnuts were at the highest level during the 2001/2002 season, mainly as a result of larger plantings at the time. The production, as both Table 2 and Figure 3 indicate, started to decrease in 2001/02 season as a result of reduced plantings and this continued until 2002/03 season. In 2003/04 season the production increased following a slight increment in area planted. During the 2004/05 season the production decreased following a decline in area planted for groundnuts and then increased slightly during the 2005/06 season. Despite only slight decrease in the area planted to groundnuts during 2010/11 season, the groundnuts production volumes declined significantly during that time indicating a slight decline in yields.

Table 2: Groundnuts: Area planted and total production

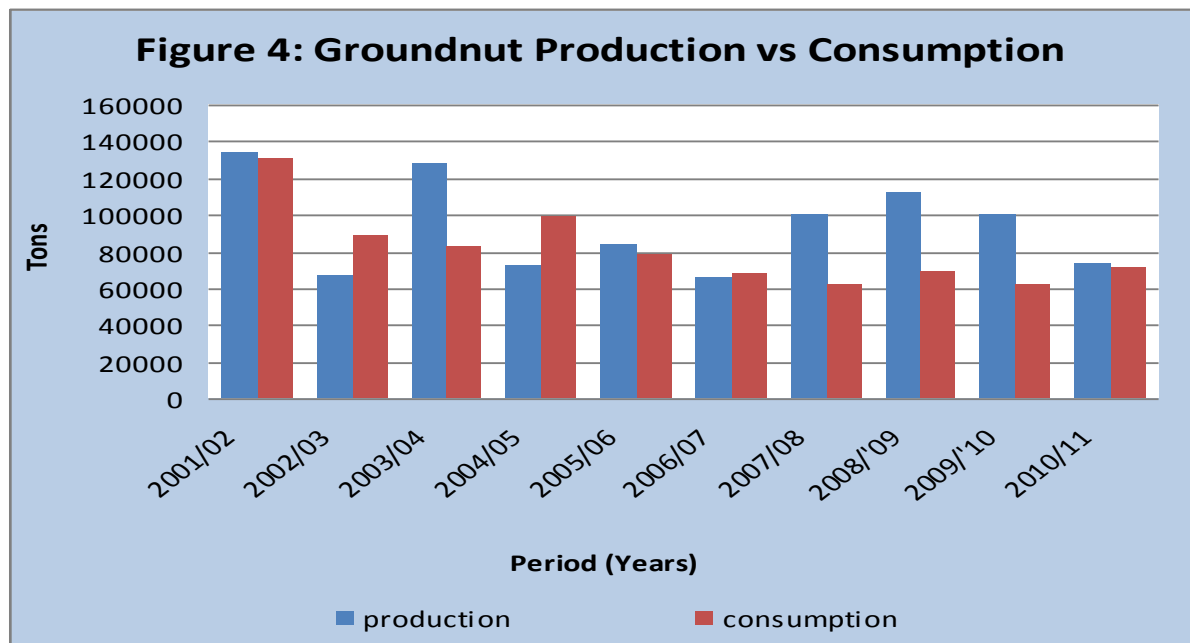
Year	2001 /02	2002 /03	2003 /04	2004 /05	2005 /06	2006 /07	2007 /08	2008 /09	2009 /10	2010 /11
Area planted (1000 ha)	94	50	72	44	49	41	54.20	52	57	55
Total production (1000 tons)	134	67	128	72	84	66	100.50	113	100	73

Source: Statistics and Economic Analysis, DAFF

3. MARKET STRUCTURE

2.1. Domestic Market and Prices

Figure 4 depicts local consumption of groundnuts compared to the total local production to find out if our country is self sufficient in groundnuts or not. The figure indicates that the production of groundnuts is mostly higher than consumption which is an indication that South Africa is self-sufficient in terms of groundnut production and it may not be necessary for us to depend on import except in rare cases where we sometimes experience shortages in groundnuts just like in 2002/03 season where the domestic consumption exceeded local production making it extremely necessary for us to import in order to meet local demand.



Source: Statistics and Economic Analysis, DAFF

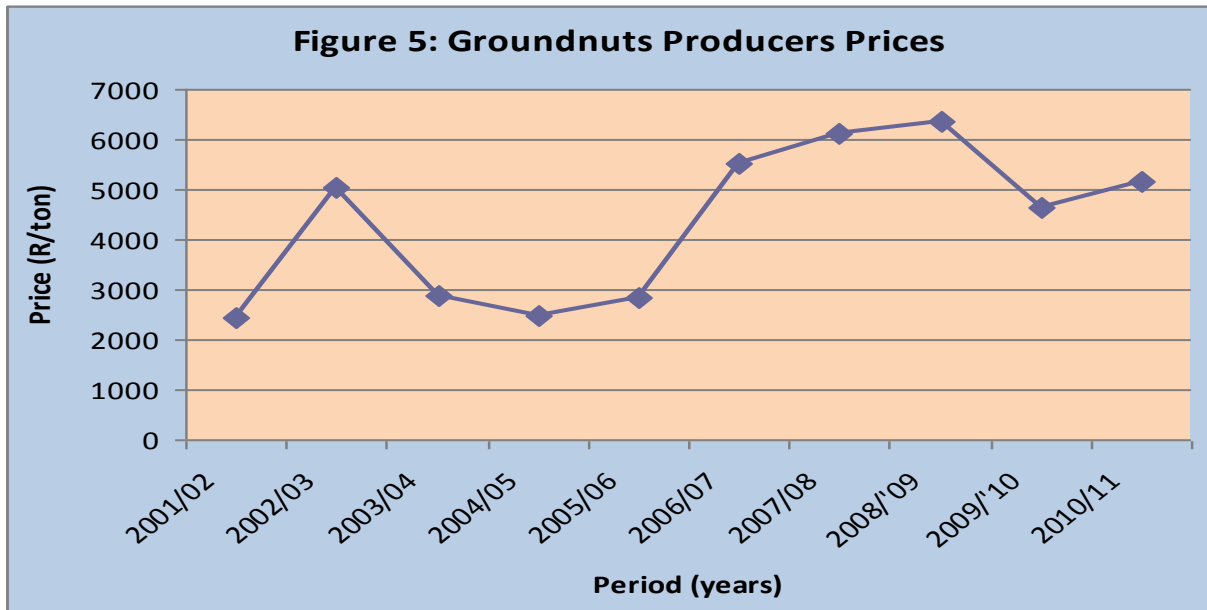
Increased groundnuts plantings in 2007/08 and 2008/09 lead to a situation where groundnuts production volumes increased to an extent of surpassing the local consumption needs. The period under review closed with relatively lower production volumes during the 2010/11 season, but this was still enough to match the domestic consumption volumes.

The average producer prices for groundnuts from 2001/02 to 2010/11 season are as indicated in Table 3 and Figure 5 below.

Table 3: Groundnuts: Producer prices

Season	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
	R/Ton									
Producer Prices	2426	5050	2870	2504	2849	58684	6122	6361	4553	5142

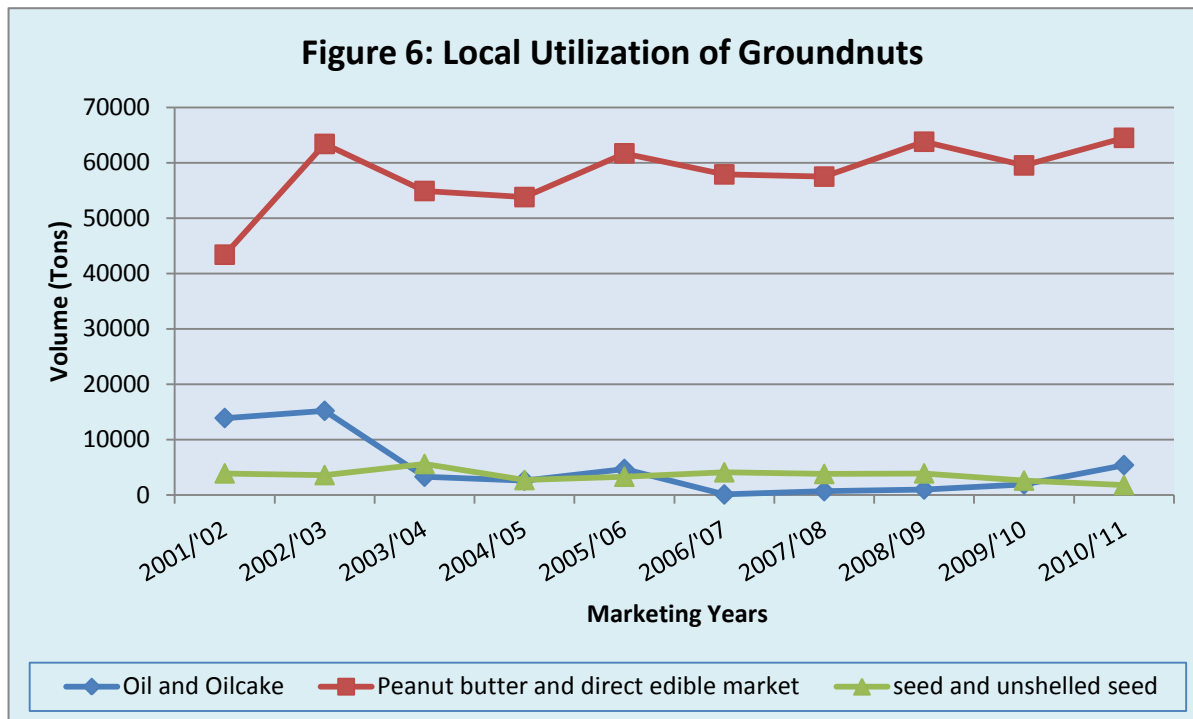
Source: Statistics and Economic Analysis, DAFF



Source: Statistics and Economic Analysis, DAFF

Table 3 and Figure 5 explain that the producer prices of groundnuts increased steadily between 2001/02 and 2002/03 seasons. The producer price for groundnuts went to as high as R5000/ton in 2002/03 season which can be highly ascribed to low levels of production during that season, which resulted in low levels of local supply. Producer prices declined to levels below R3 000/ton between 2003 and 2006 and increased substantially during 2006/07 season, primarily due to the local demand exceeding the domestic production. The price increased further during 2007/08 and 2008/09 seasons to the levels beyond R6 000/ton. The period under analysis closed with a price of about R5 100 for a ton of groundnuts during the year 2011.

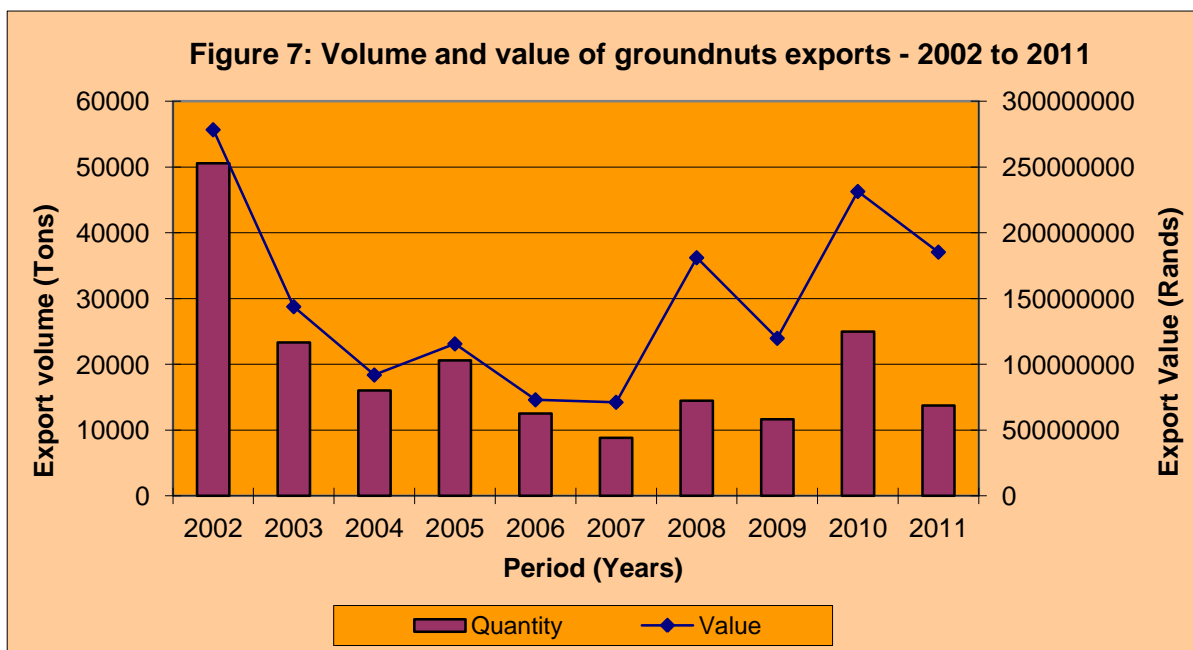
Figure 6 below shows a breakdown of groundnuts utilization in the domestic market from 2001/02 to 2010/11 season. In South Africa groundnuts are traded for three main functions: for peanut butter and direct market, for oil and oilcake and for seed. The figure shows that the greater quantities of groundnuts in the domestic market were sold as edible groundnuts with sales showing an increase in 2002/03 season. More than 60 000 tons of groundnuts were sold as edible groundnuts during the years 2002/03 and 2010/11. On average less than 20 000 tons of groundnuts are sold for crushing into oil and oilcake in the domestic market while less than 10 000 tons are directed to the animal feed and seed markets.



Source: Statistics and Economic Analysis, DAFF

2.2. Exports

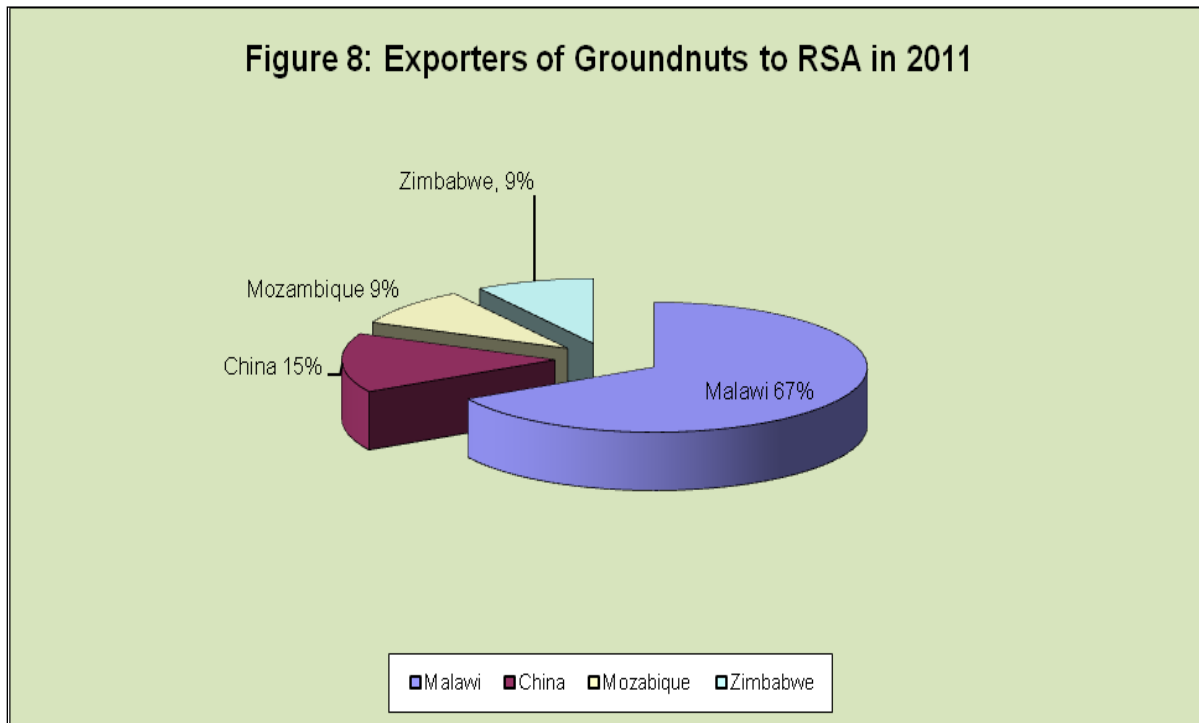
The volume and value of groundnuts exports from South Africa to the world are summarized in Figure 7 below.



Source: Statistics and Economic Analysis (DAFF) and Quantec Easydata

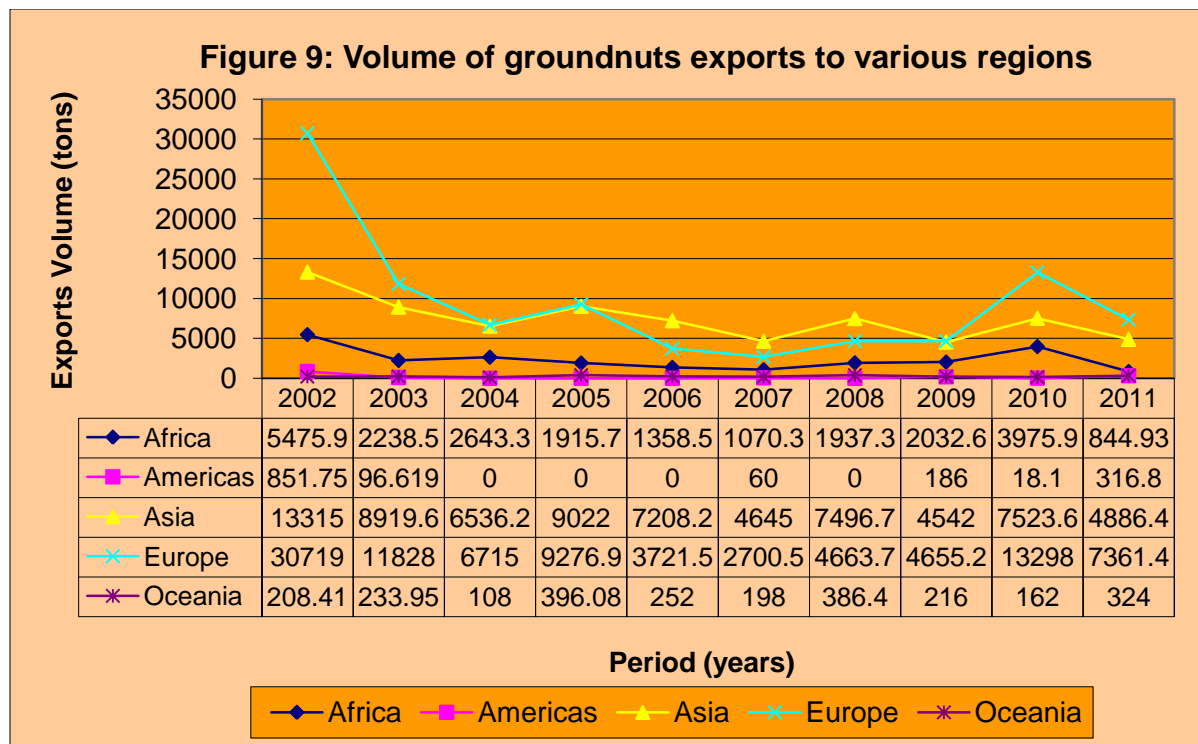
South Africa exports an average of 9 670 tons of groundnuts per annum. This represents about 26% of the groundnuts that are produced by South Africa annually. Figure 7 indicates that the period under analysis opened with relatively higher levels of groundnuts exports during the year 2002. The year 2002 was the best year ever (looking at the period under the examination) in groundnut exportation. More than 50 000 tons were exported during that year and this yielded the export earnings amounting to approximately 255 million Rands. The export values decreased significantly as a result of a drastic decline in export volumes which went down to as low as 16 000 tons between the year 2003 and 2004, and continued to decline substantially until 2007. However, both volume and value of groundnut exports increased slightly during the years 2008 and 2010. The period under analysis closed with higher values of groundnuts exports during the year 2011 while the export volumes remained at lower levels.

South Africa imports its groundnuts from countries such as China, Malawi, Argentina and Japan as shown in Figure 8.



Source: ITC Trade Map

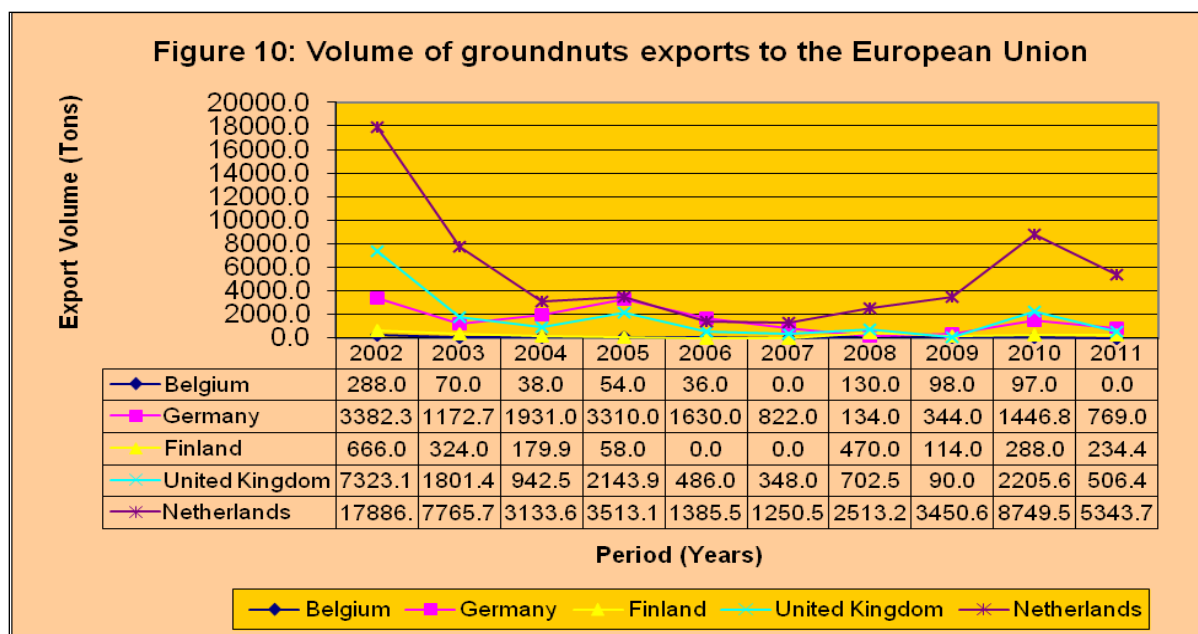
Figure 8 makes it clear that Malawi is the largest exporter of groundnuts to South Africa, having accounted for 67% of South Africa's total groundnut imports (in value terms) during the year 2011. During the same year, China accounted for about 15% of the total groundnuts imported by South Africa followed by Mozambique and Malawi with 9% each. Figure 9 below shows volumes of groundnuts exports to the various regions.



Source: Quantec Easydata

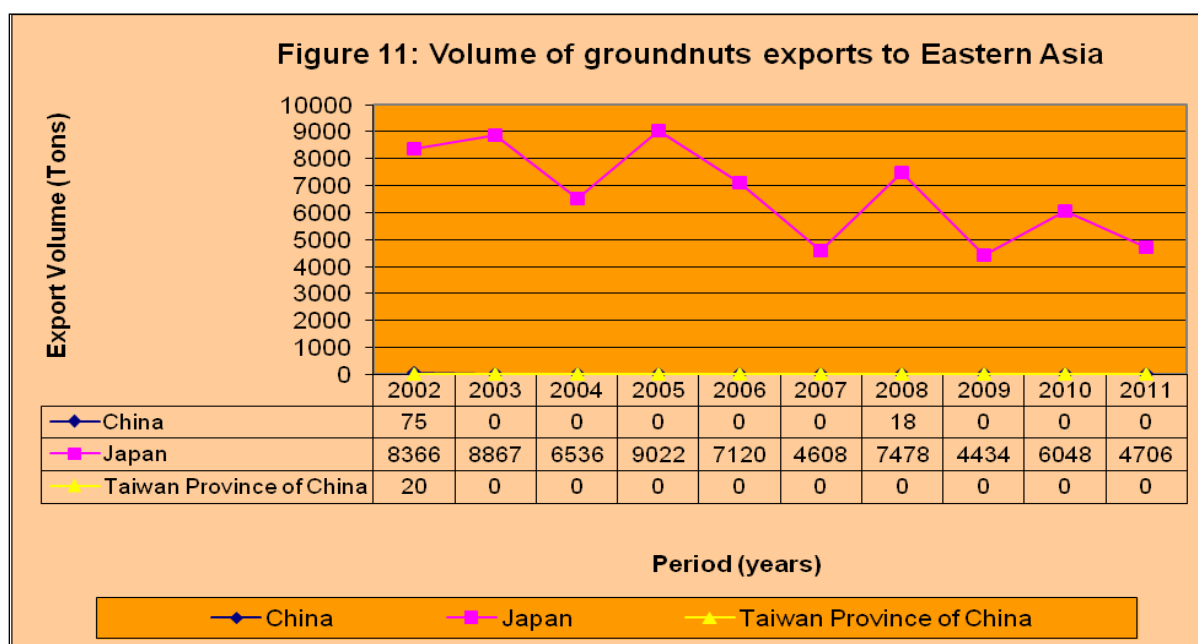
Figure 9 shows that groundnut exports from South Africa are destined for the markets in Europe, Asia, Africa, the Americas and Oceania. The figure indicates that exports to Europe and Asia are more than those destined to neighboring countries to South Africa within the African continent which is not 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 to decline from 2003 until 2007, followed by slight increases between 2008 and 2010. Exports to Asia fluctuated at moderate levels from the year 2002 until some increases were experienced in 2008. The period under review closed with larger volumes of groundnuts exports being destined to Europe followed by Asia.

Volumes of groundnuts exports to the European Union are depicted in Figure 10 below. In the European Union, Netherlands is the main market for South African groundnut exports followed by Germany and the United Kingdom. The exports to United Kingdom remained at lower levels from the year 2002 to 2007 and increased marginally in 2008. Furthermore, it can also be inferred from Figure 10 that the volume of groundnut exports originating from South Africa to the EU has also started to decline as from the 2003 season. This means that the RSA is slowly losing market share for groundnuts in the EU.

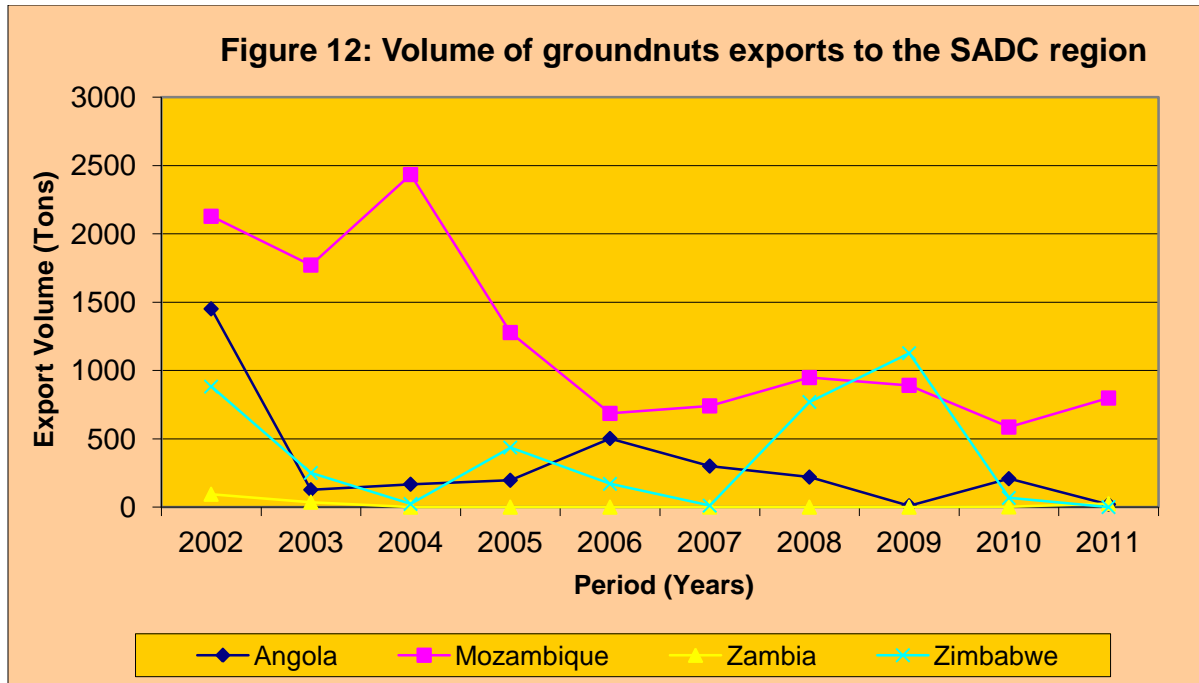


Source: Quantec Easydata

Figure 11 indicates that in Asia, Japan is the main export market for groundnuts emanating from South Africa. Groundnut exports from South Africa to China and Taiwan were minimal over the period under review mainly due to the fact that China has a robust grain and oil seeds production base. However, as mentioned earlier, it is important to note the steep decline in groundnut exports to Eastern Asia that occurred between 2005 and 2007, which was followed by a huge increase in export volumes from South Africa to Japan in 2008. The volume of groundnuts exports to Japan declined dramatically during the year 2009. On the African continent South African groundnut exports are destined mainly to the SADC region.

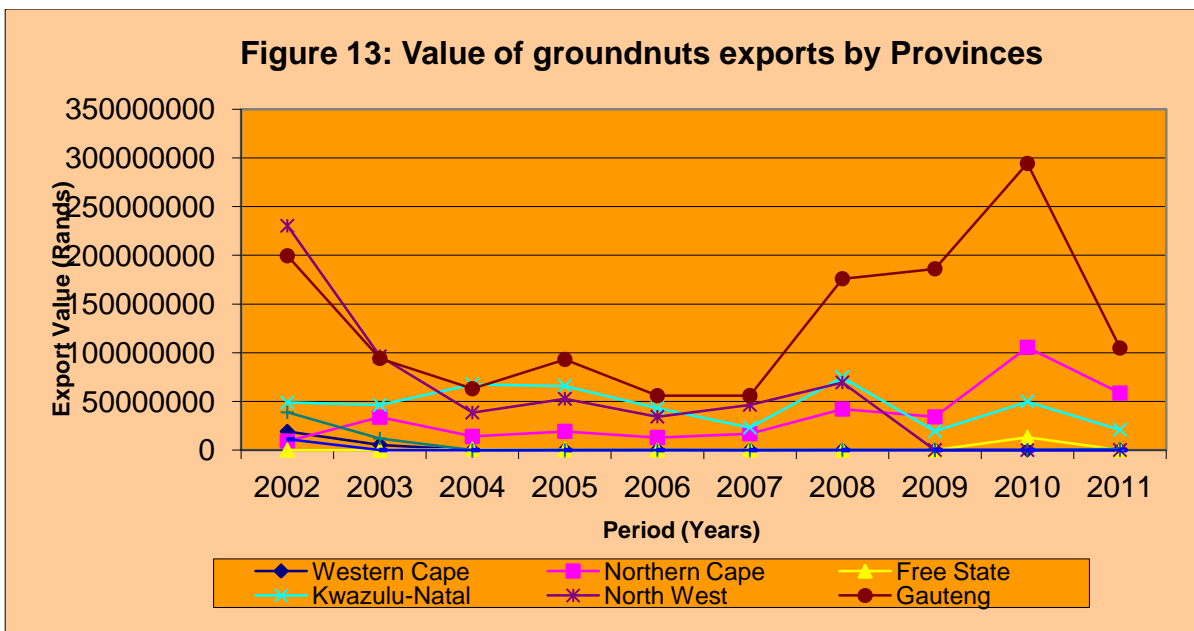


Source: Quantec Easydata



Source: Quantec Easydata

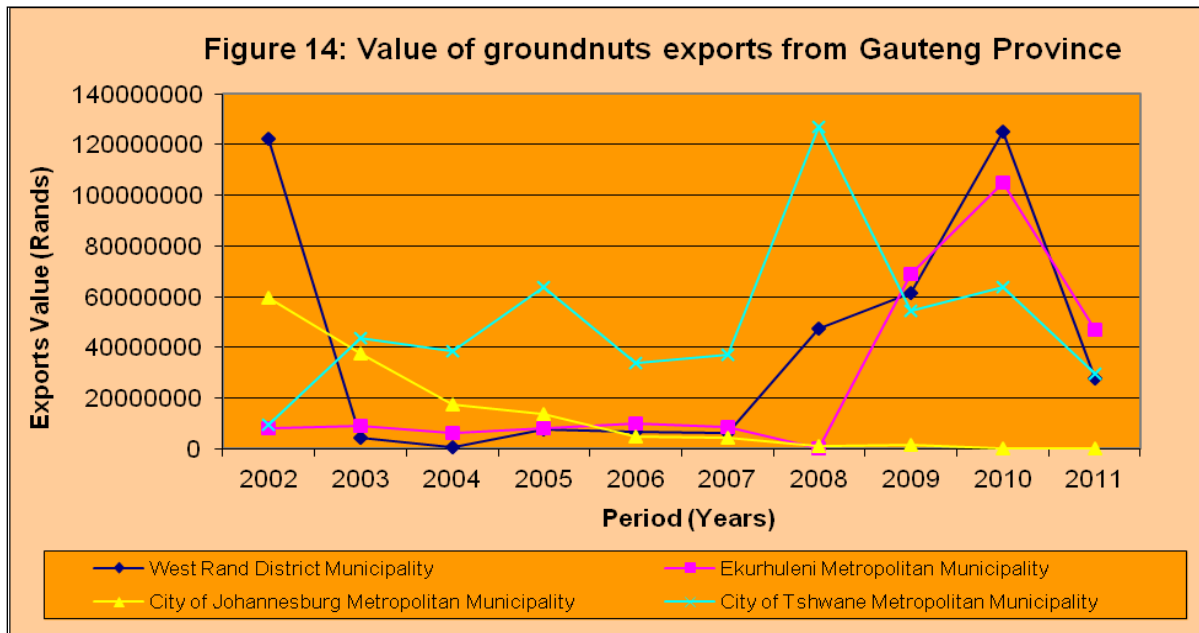
Figure 12 indicates that groundnut exports from South Africa to the SADC region are mainly destined to Mozambique, Angola and Zimbabwe, with minimum volumes going to Zambia and other countries within SADC. The volume of groundnut exports to Zambia has been consistently low during the period under review while those to Zimbabwe have fluctuated tremendously and declined the lower levels in 2007 and again in 2010 and 2011. Generally, groundnuts exports from South Africa to the SADC region have been declining from 2004 until 2011. The value of groundnuts exports from various provinces are depicted in Figure 13 below.



Source: Quantec Easydata

Figure 13 above indicates that groundnuts are mainly exported from Gauteng, North West and KwaZulu-Natal provinces. It is not surprising to witness North West province recording such high export values because it is amongst the largest producers of groundnuts in the country but Gauteng and KwaZulu-Natal provinces' capacity to export is brought about by the availability of suitable infrastructure for exportation in these provinces. Gauteng is exporting much because of favorable agro-logistics, the presence of a large number of exporters in the province and the role of the Randfontein grain market while KwaZulu-Natal's export capability is enhanced by the presence of Durban harbor through which most commodities are shipped. Exports from Limpopo, Free State and Eastern Cape provinces were very low over the period under analysis. Despite Eastern Cape being one of South Africa's main export hubs, groundnuts exports from this Province remained very low mainly because the harbor facilities that are available in Port Elizabeth are mainly used for trading of automotive parts rather than agricultural products.

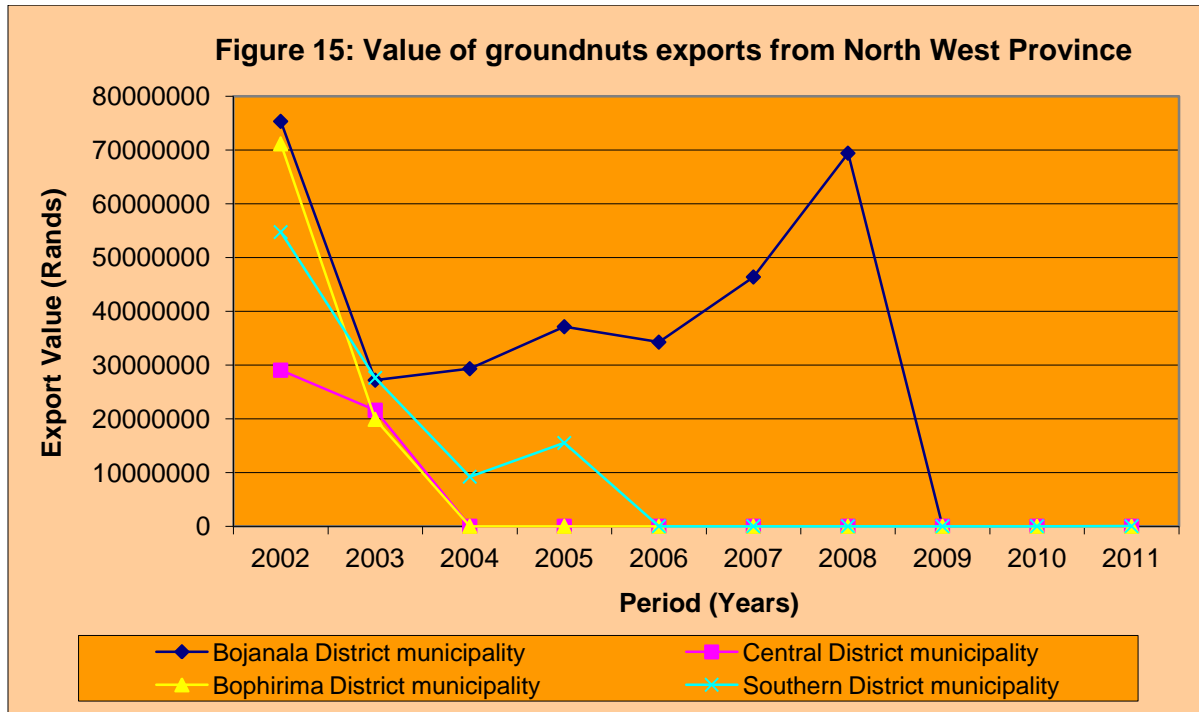
Figure 14 indicates that groundnut exports from the Gauteng province originate mainly from three districts, namely City of Tshwane, City of Johannesburg and Ekurhuleni district Municipality. On average the West Rand District is the one that accounted for the highest export values in 2002 followed by the City of Johannesburg. From 2003 until 2008 the City of Tshwane commanded the greatest share in groundnut exports while export values from the three other districts experienced a decrease to levels below 20 million rand per annum. In 2009, the value of groundnuts exports from City of Tshwane declined to about 20 million rand. The period under review closed with lower values of groundnuts exports from all regions in Gauteng province.



Source: Quantec Easydata

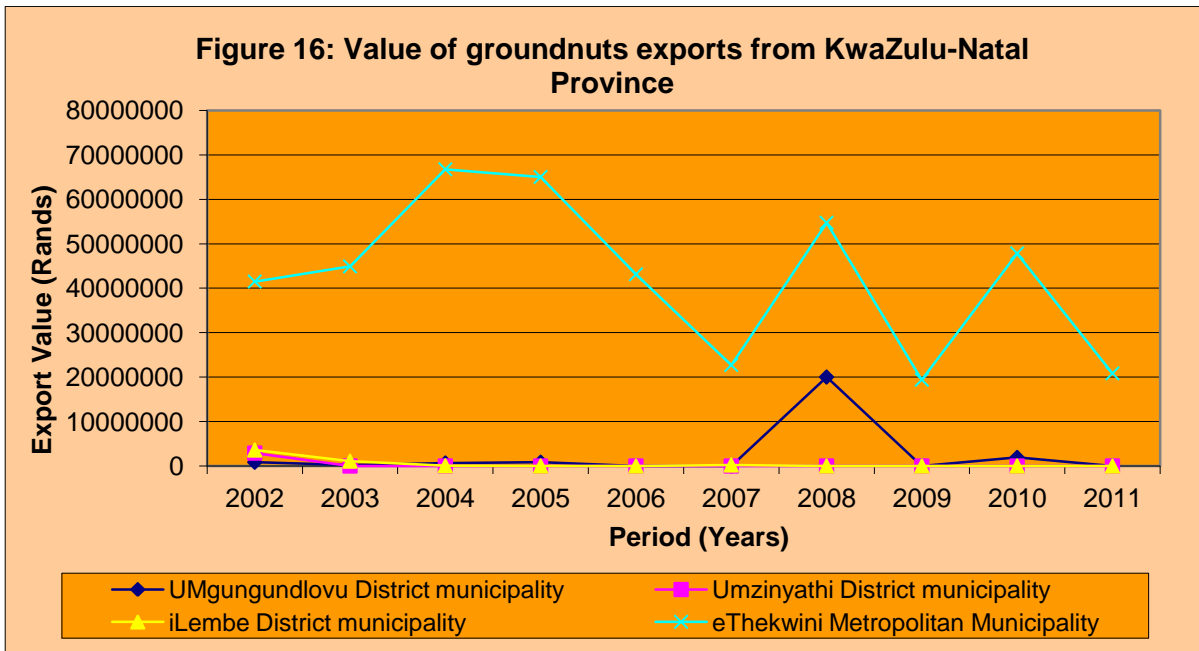
Figure 15 below indicates that in general the values of groundnut exports from the North West province experienced a substantial decrease from the year 2003 until the lowest levels were reached during the year 2004. A general increase in the value of groundnuts exports from North West province was experienced from the year 2004 until 2008, particularly from Bojanala District. Bojanala District was the

only exporter of groundnuts in the North West province between the years 2006 and 2008. There were no exports of groundnuts from North West between the years 2009 and 2011.



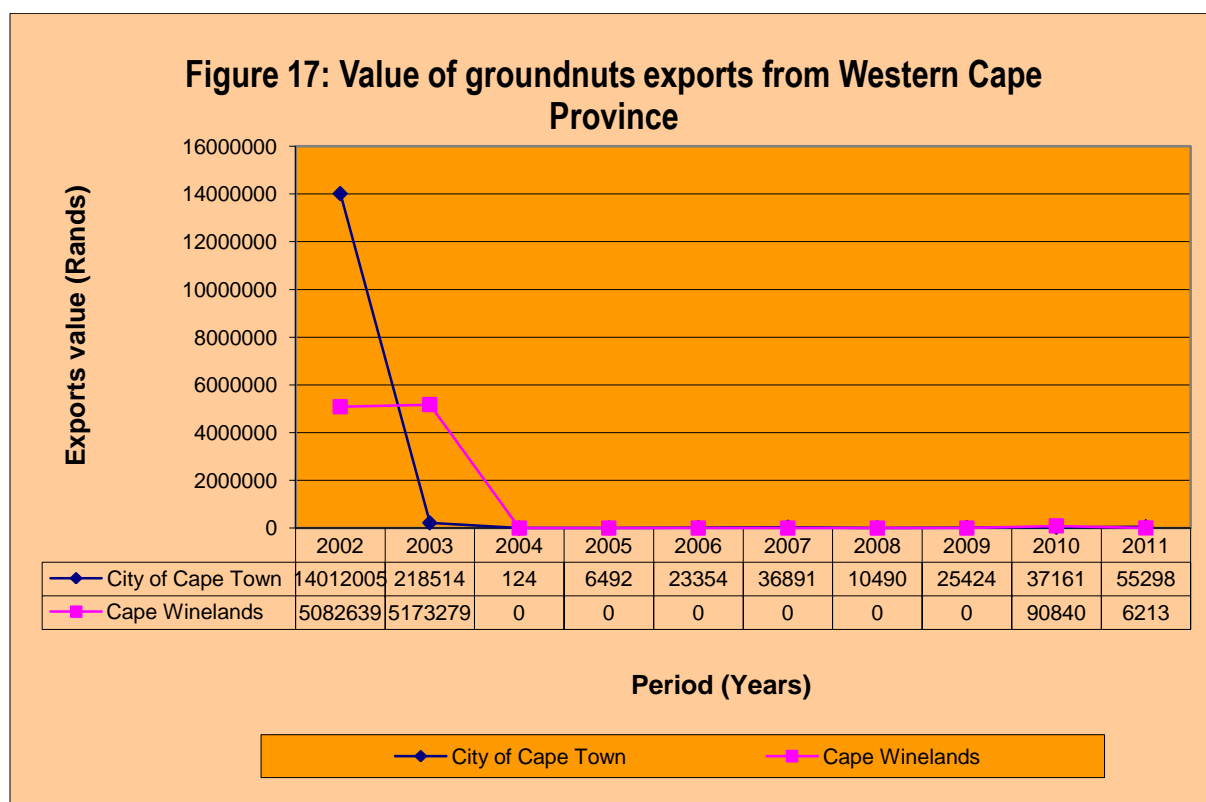
Source: Quantec Easydata

Values of groundnut exports from KwaZulu-Natal province for the period 2002 to 2011 are shown in Figure 16 below.



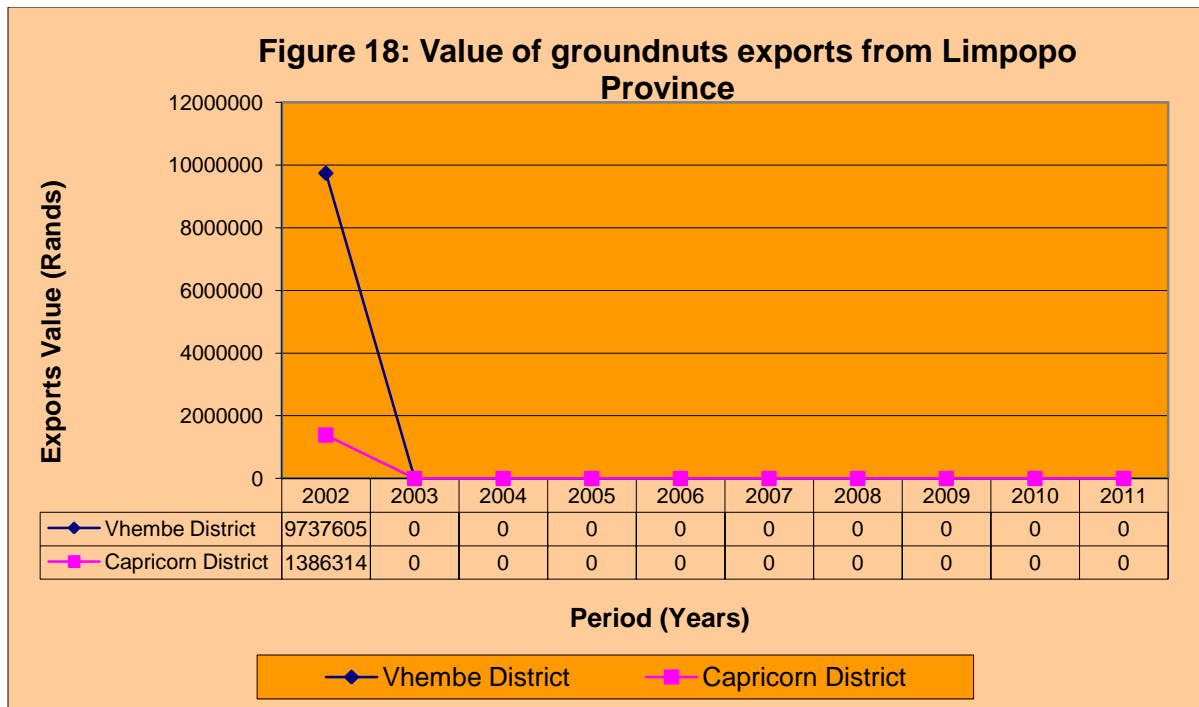
Source: Quantec Easydata

Figure 16 above indicates that in KwaZulu-Natal, eThekweni Metro municipality is the main exporter of groundnuts. This is not surprising because of availability of Durban harbor in the district, which serves as an overpass for the exports of numerous commodities. Of importance to note is that the values of groundnut exports through the eThekweni district has also experienced a considerable decrease between 2005 and 2007 while groundnut export values from the rest of the other districts were close to zero. An increase in export values from aThekwini and Umgungundlovu districts were experienced during the year 2008, basically due to a slight increase that was experienced in production volumes in the country at that time. This was followed by a decline during the year 2009. The value of groundnuts exports from KwaZulu-Natal province increased slightly during the year 2010, particularly those from eThekweni and UMGungundlovu District and this was followed by a decline in the value of groundnuts exports from both districts during the year 2011. Groundnuts exports from the Western Cape province are shown in Figure 17.



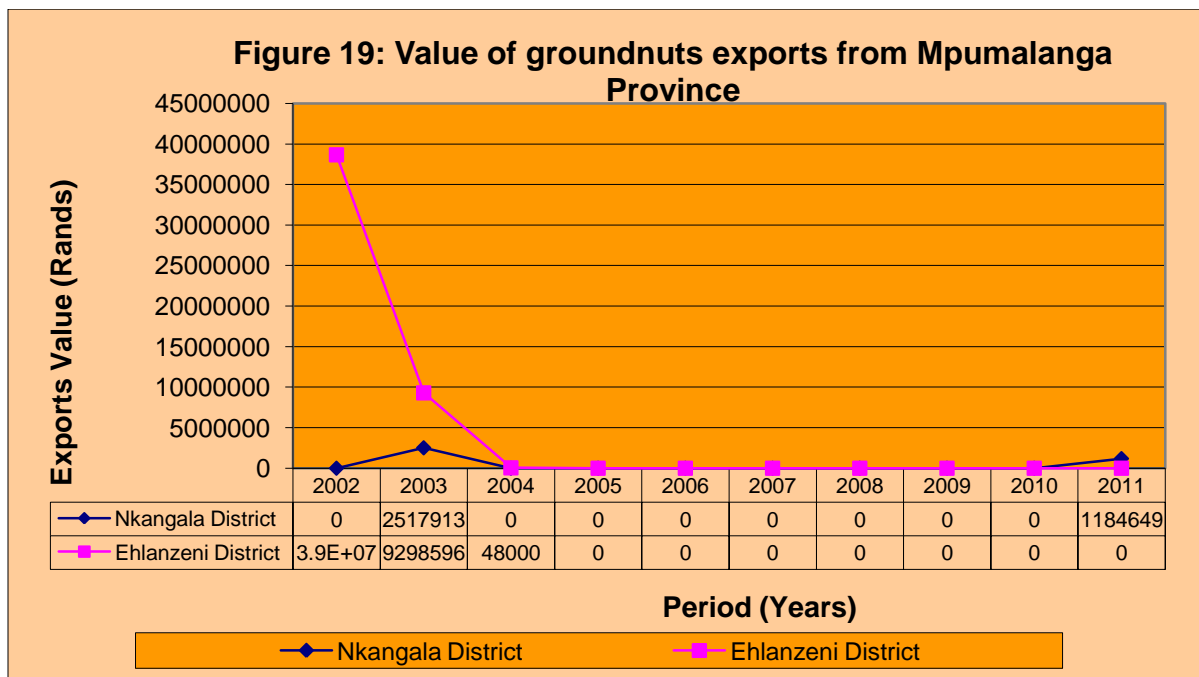
Source: Quantec Easydata

In the Western Cape province, between 2002 and 2003 groundnut exports originated mainly from the Cape Winelands district municipality and the City of Cape Town metropolitan municipality. Groundnut exports from the Cape Winelands municipality fluctuated over time until peak was reached in 2002 and thereafter there were no exports of groundnuts from this district. A similar trend is observed regarding the values of groundnut exports from the City of Cape Town district. Between the years 2004 and 2011 groundnuts export values from all districts of the Western Cape province were at the lowest levels. The contributions of various districts to total Limpopo export value for groundnuts are illustrated in Figure 18.



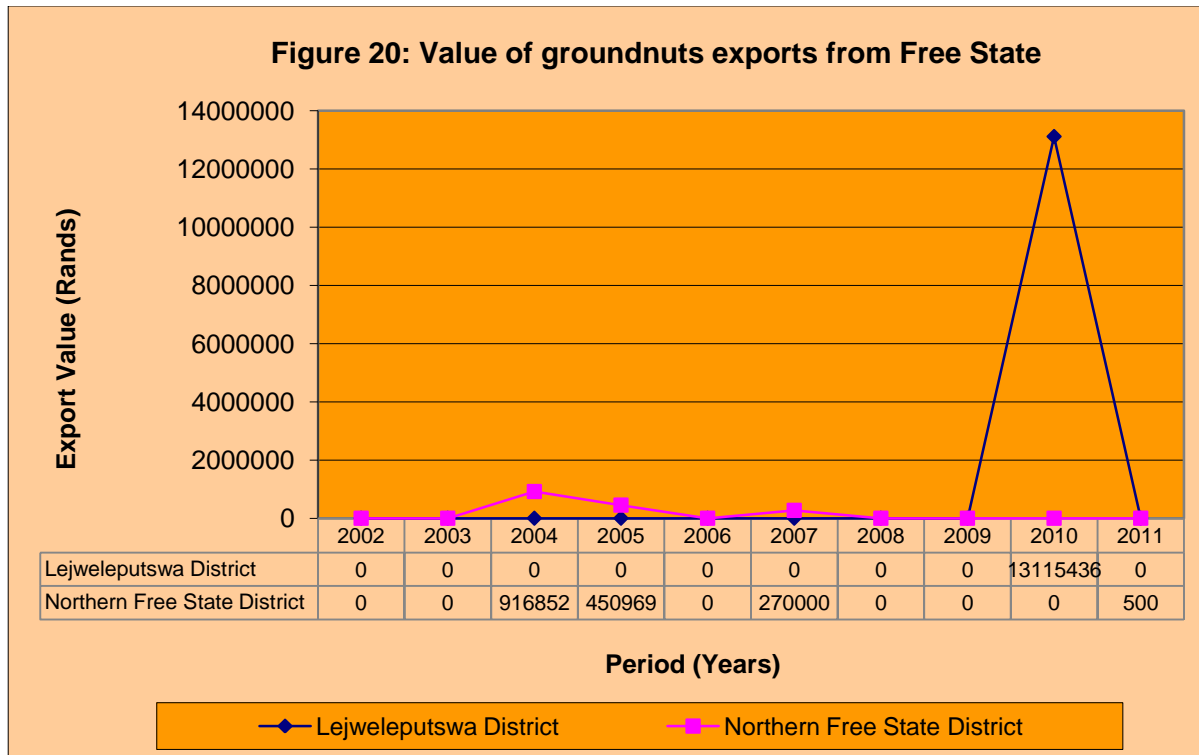
Source: Quantec Easydata

Figure 18 makes it clear that in Limpopo Province Vhembe and Capricorn districts were the only exporter of groundnuts. The figure further shows that for the period under analysis, Limpopo Province exported groundnuts only during the year 2002 after which the Province ceased to participate in the export market for groundnuts. Values of various districts to total Mpumalanga export value for groundnuts are depicted in Figure 19.



Source: Quantec Easydata

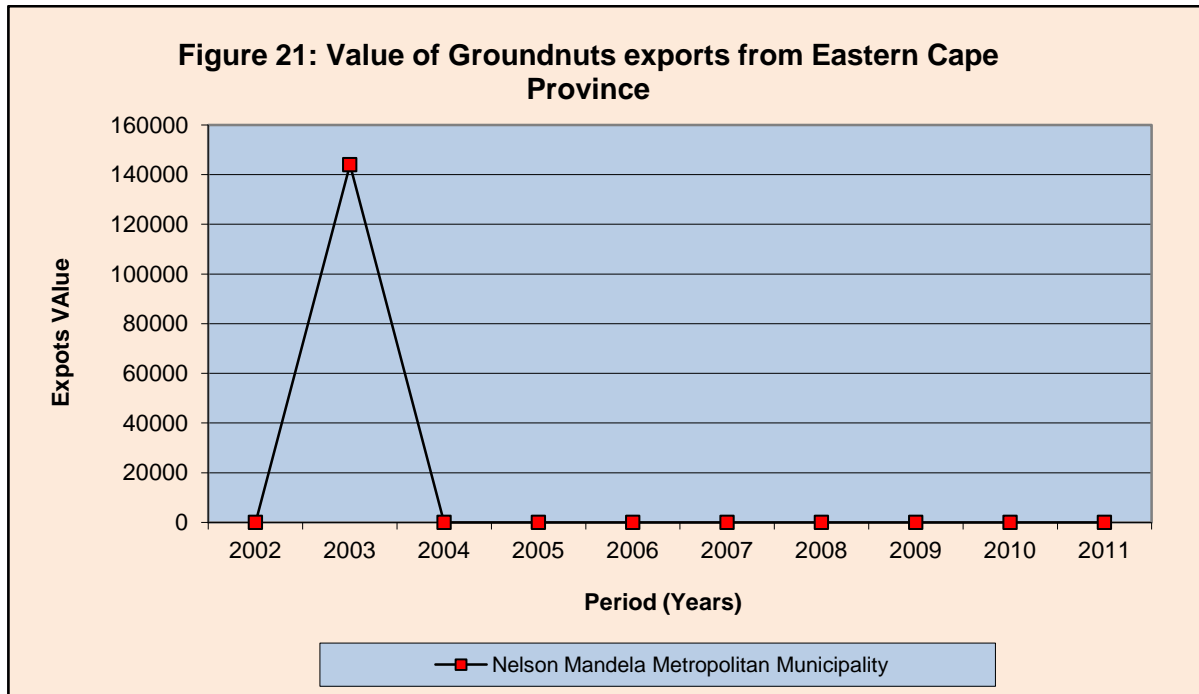
Ehlanzeni and Ngangala are the only districts in Mpumalanga that exported groundnuts during the period under analysis. Groundnut export values from Mpumalanga province declined in 2003 and then disappeared completely from 2004 until 2010. Exports of groundnuts from Mpumalanga re-surfaced again during the year 2011, particularly from Nkangala District. Figure 20 below presents groundnut export values from various districts of Free-state Province.



Source: Quantec Easydata

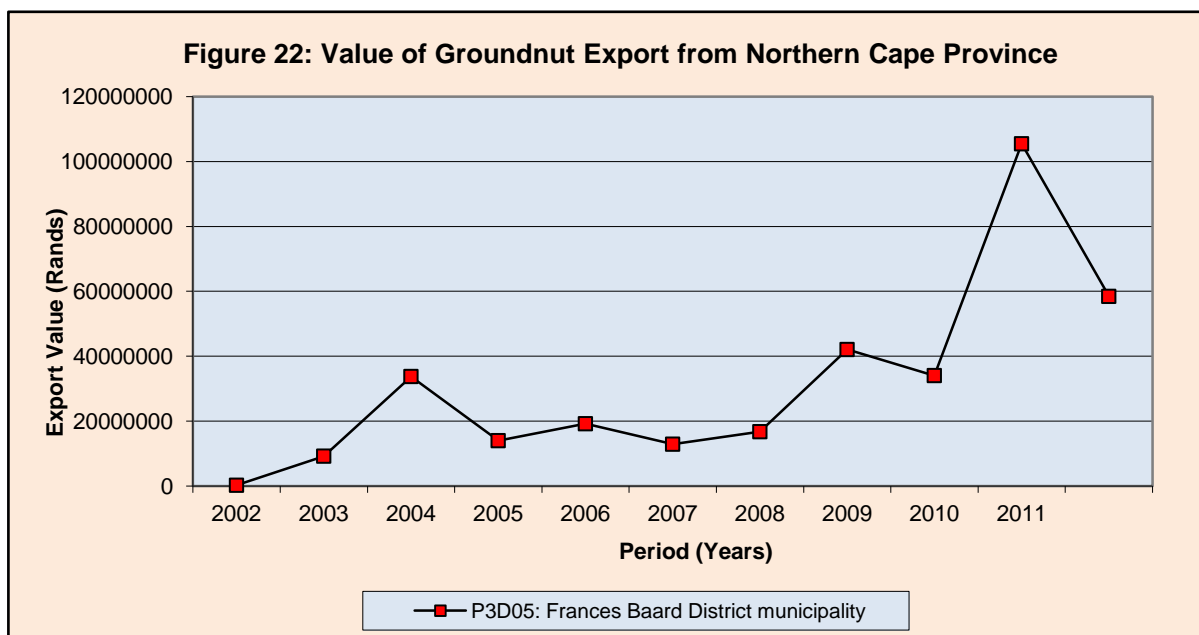
In Free-State province, groundnut exports originate mainly from the Northern Free State District Municipality. Northern Free-State District Municipality only started to export groundnuts in 2005 and 2007, after which groundnuts exports from Free State disappeared until 2009. During the year 2010, Lejweleputswa District Municipality contributed the largest value to the provincial groundnuts exports. At that time the value of exports from Lejweleputswa District amounted to about 13 million rands, which is the highest for the period under analysis. The values of groundnuts exports were very low during the closing year of the period under analysis (year 2011).

As indicated in Figure 21 below, in the Eastern Cape province groundnut exports originate mainly from Nelson Mandela district only. More export values from Nelson Mandela district were recorded in 2003 while there were no groundnut exports between 2004 and 2011. Eastern Cape province is not one of the major producers of groundnuts and it is for this reason, amongst others, that there were no exports of groundnuts from the province for the most part of the period under analysis.



Source: Quantec Easydata

Figure 22 indicates that Frances Baard District Municipality is the only exporter of groundnuts in Northern Cape and that the district it only started exporting groundnuts during the year 2002 with a peak reached in 2010. The exports experienced fluctuations between 2004 and 2007 at levels below 10 million rands per annum. A massive increase in exports from the Northern Cape province was experienced during the year 2010 to the level above 100 million Rands. The value of groundnuts exports from the province declined slightly during the year 2011.



Source: Quantec Easydata

2.3. Share Analysis

The shares of various provinces to the total value of South African exports for groundnuts are presented in Table 3.

Table 3: Share of provincial groundnut exports to total South African groundnuts exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Province										
Western Cape	3.43	1.87	0.00	0.00	0.02	0.03	0.00	0.01	0.03	0.03
Northern Cape	1.65	11.74	7.60	8.30	8.82	11.76	11.61	14.21	22.79	31.55
Free State	0.00	0.00	0.49	0.19	0.00	0.19	0.00	0.00	2.83	0.00
Kwazulu-Natal	8.77	16.07	36.69	28.49	29.50	16.12	0.00	8.09	10.75	11.25
North West	41.36	33.48	20.95	22.76	23.44	32.58	0.00	0.00	0.00	0.01
Gauteng	35.84	32.73	34.23	40.25	38.22	39.33	63.60	77.69	63.59	56.52
Mpumalanga	6.95	4.11	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.64
Limpopo	1.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00

Source: Calculated from Quantec Easydata

Table 3 above indicates that the Gauteng province commands a greater share of groundnuts exports followed by KwaZulu-Natal and North West provinces. This trends indicate that the greatest percentage of groundnut exports are recorded as originating from Gauteng province and partly from KwaZulu-Natal province despite the fact that the largest producers of groundnuts are the Northern Cape, Free State and North West provinces. This implies that most of groundnuts produced in these provinces are transported to Gauteng and KwaZulu-Natal provinces because of the fact that these provinces are well equipped with storage facilities and they are, in addition, well located to serve as exportation points. Northern Cape province's share of groundnuts exports have been increasing since 2002 until 2011. During the year 2002 Northern Cape's contribution to South Africa's total groundnuts exports was 1.65% and this has increased to 31.55% in 2011. This scenario is not surprising since Northern Cape province has recently emerged to be one of the biggest producers of groundnuts, having accounted for 30% of South Africa's total groundnuts production during 2010/11 season. The shares of various districts to the total export value for groundnuts in Gauteng province are presented in Table 4.

Table 4: Share of the district groundnut exports to the total Gauteng groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District										
West Rand	61.28	4.49	1.06	8.03	12.07	10.81	46.46	33.01	42.51	26.56
Ekurhuleni	4.09	9.51	10.10	8.58	18.30	14.96	0.07	36.92	35.65	44.73
City of Johannesburg	29.91	39.77	27.92	14.72	9.08	7.52	0.98	0.84	0.09	0.31
City of Tshwane	4.71	46.22	60.92	68.67	60.55	66.71	52.49	29.23	21.75	28.40

Source: Calculated from Quantec Easydata

Table 4 shows the contribution of various districts to the total Gauteng's groundnuts exports, with West Rand being the leading district in terms of export commanding the greatest shares in total Gauteng groundnut exports, followed by the City of Johannesburg and the City of Tshwane. This table indicates that most of groundnut exports in Gauteng are originating from the West Rand District. During the year 2011, Ekurhuleni commanded the greatest share of Gauteng's total groundnuts exports, 44.73% followed by City of Tshwane and West Rand whose contributions to Gauteng's groundnuts exports were 28.4%% and 26.56% respectively.

Table 5: Share of the district groundnut exports to total KwaZulu-Natal groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010
Districts									
UMgungundlovu	1.73	0.42	0.99	1.23	0.00	0.00	26.77	0.00	3.86
UMzinyathi	5.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
UThungulu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ILembe	7.37	2.38	0.08	0.00	0.00	0.99	0.00	0.00	0.00
EThekwini	84.97	97.20	98.93	98.71	100	99.00	73.23	100	96.14

Source: Calculated from Quantec Easydata

Table 5 shows the contribution of various districts to the total Kwazulu Natal groundnut exports in percentages. This table further explains that EThekwini as the major exporting district in Kwazulu-Natal province commands the greatest shares of the total groundnut exports in KZN followed by UMgungundlovu and UMzinyathi districts, with ILembe and UThungulu showing a very low flow of exports in the districts. EThekwini's contribution to KwaZulu-Natal's total groundnuts exports was above 80% for the most part of the period under review until a decline was experienced in 2008 to 73.23%. During the year 2010, eThekwini Metro Municipality accounted for about 96.14% of groundnuts exports in KZN province followed by UMgungundlovu with 3.86%.

Table 6: Share of the district groundnut exports to the total North West groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Bojanala Platinum	32.72	28.23	76.07	70.55	100	100	100	0.00	0.00	0.00
Ngaka-Modiri Molema	12.61	22.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ruth Mompoti	30.90	20.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kenneth Kaunda	23.77	28.68	23.93	29.45	0.00	0.00	0.00	0.00	0.00	100

Source: Calculated from Quantec Easydata

Table 6 indicates that from the periods 2002 to 2011, groundnut exports in the North West province were mainly originating from Bojanala-Platinum District, Ngaka Modiri-Molema District, Kenneth Kaunda District and Ruth Mompoti District. The table shows that Bojanala District command the greatest share of the total North West groundnut export followed by the Southern District and Central District in that order. During the year 2008, Bojanala District Municipality alone accounted for 100% of

the total North West groundnuts exports, while exports from other districts diminished. There were no exports of groundnuts from North West province during the years 2009 and 2010.

Table 7: Share of the district groundnut exports to the total Free State groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Northern Free State	0.00	0.00	100	100	0.00	100	0.00	0.00	0.00	100
Lejweleputswa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100	0.00

Source: Calculated from Quantec Easydata

Table 7 indicates that in the Free State province groundnuts exports are mainly from the Northern Free State District Municipality and that groundnuts exportation in the province is not consistent since there were no exports from 2002 to 2003. The Northern Free State District Municipality commanded the greatest share during the periods 2004 – 2005, and again in 2007. Lejweleputswa district did not export any groundnuts for the period under analysis, except during the year 2010 when the district accounted for 100% of Free State's total groundnuts exports. Table 7 also indicates that there were no exports of groundnuts from the Free State province in 2008 and 2009.

Table 8: Share of the district groundnut exports to the total Mpumalanga groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Ehlanzeni	100	78.69	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nkangala	0.00	21.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100

Source: Calculated from Quantec Easydata

In the Mpumalanga province, the Ehlanzeni District commanded the greatest shares of the total Mpumalanga groundnut exports as shown by Table 8. The Ehlanzeni district is the major exporter of groundnuts in Mpumalanga province. The maximum performance in terms of groundnut exports was shown by the district between the periods of 2001-2004, when it commanded the highest shares, which recently decreased to zero between the years 2005 to 2011. Nkangala District only exported groundnuts during the years 2003 and 2011.

Table 9: Share of the district groundnut exports to the total Limpopo groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Vhembe	87.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capricorn	12.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec Easydata

Table 9 indicates that only two districts in the Limpopo Province contribute to these provinces' export values. In Limpopo only Vhembe and Capricorn districts are the exporters of groundnuts. Vhembe district commanded the greatest shares of the total Limpopo groundnut exports with Capricorn district being the second exporter for the province. However, Limpopo Province only exported groundnuts in 2002 after which there were no groundnut exports from this province until 2011.

Table 10 below demonstrates contribution of various districts to the Northern Cape's total value of groundnut exports. The table shows that in the Northern Cape Province groundnuts exports are mainly from Frances Baard District. The province only started to export groundnuts from 2002 until 2011 through Frances Baard District which shows a very maximum performance in terms of exports commanding 100% shares of the total Northern Cape groundnut exports.

Table 10: Share of the district groundnut exports to total Northern Cape groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Frances Baard	100	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Easydata

Table 11 shows the contribution of the districts to the total value Western Cape's groundnut exports in percentages. The table indicates that in the Western Cape Province, most of the groundnut exports originated from the City of Cape Town and Cape Winelands Districts, with the City of Cape Town being the major exporter, commanding the greatest shares of the total Western Cape's groundnuts exports. Between the years 2004 and 2009, City of Cape Town was the only district that exports groundnuts in the Western Cape Province. Cape Winelands District increased its contribution to Western Cape's groundnuts exports to 70.97% during the year 2010. This has left City of Cape Town contributing only 29.02% to the provincial total in 2010. During the year 2011, City of Cape Town increased its contribution to Western Cape's total value of exports to about 89.90% during the year 2011.

Table 11: Share of the district groundnut exports to total Western Cape groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
City of Cape Town	73.38	4.05	100	100	100	100	100	100	29.02	89.90
Cape Winelands	26.62	95.95	0.00	0.00	0.00	0.00	0.00	0.00	70.97	10.10

Source: Calculated from Quantec Easydata

Table 12 shows the share of the district groundnut exports to the total Eastern Cape groundnut exports in percentages. The table indicates clearly that, all groundnut exports in the Eastern Cape province originated from the Nelson Mandela district although the exports from this province were never consistent from the year 2002 until the year 2011. Between the periods 2004 and 2011 there were no exports of groundnuts that originated from the Eastern Cape province.

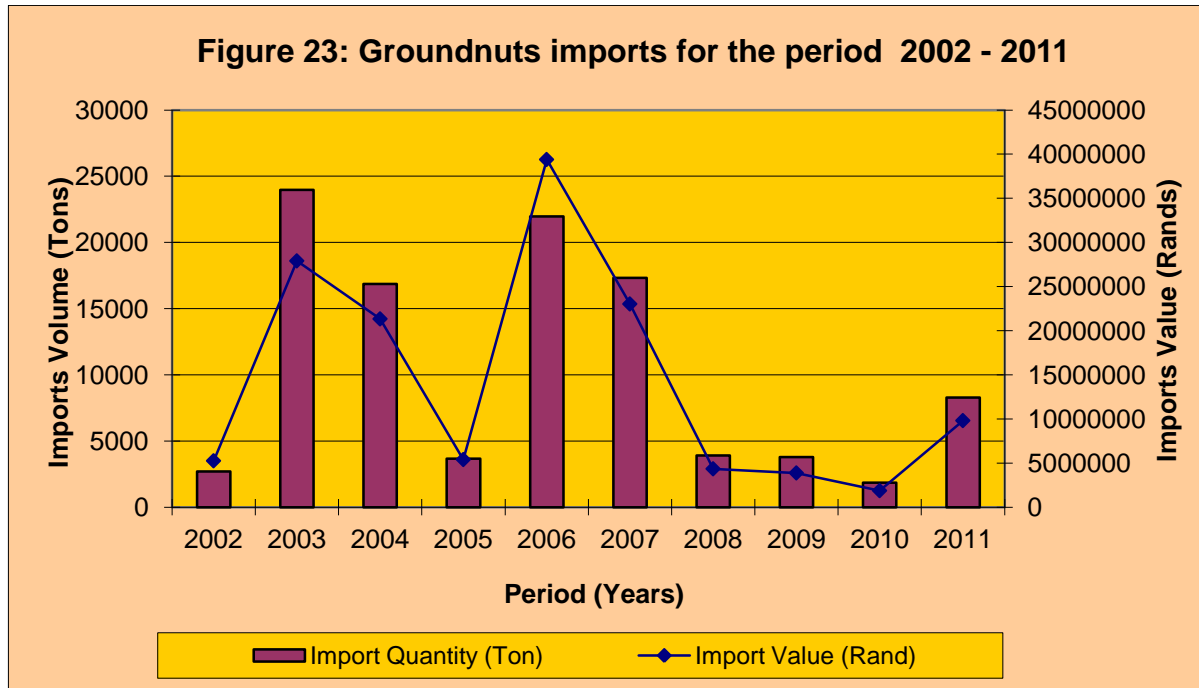
Table 12: Share of the district groundnut exports to the total Eastern Cape groundnut exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Districts										
Nelson Mandela	0.00	100	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec Easydata

2.4. Imports

The quantities of groundnuts imported and import values from 2002 to 2011 pursue the pattern which is shown in Figure 23.

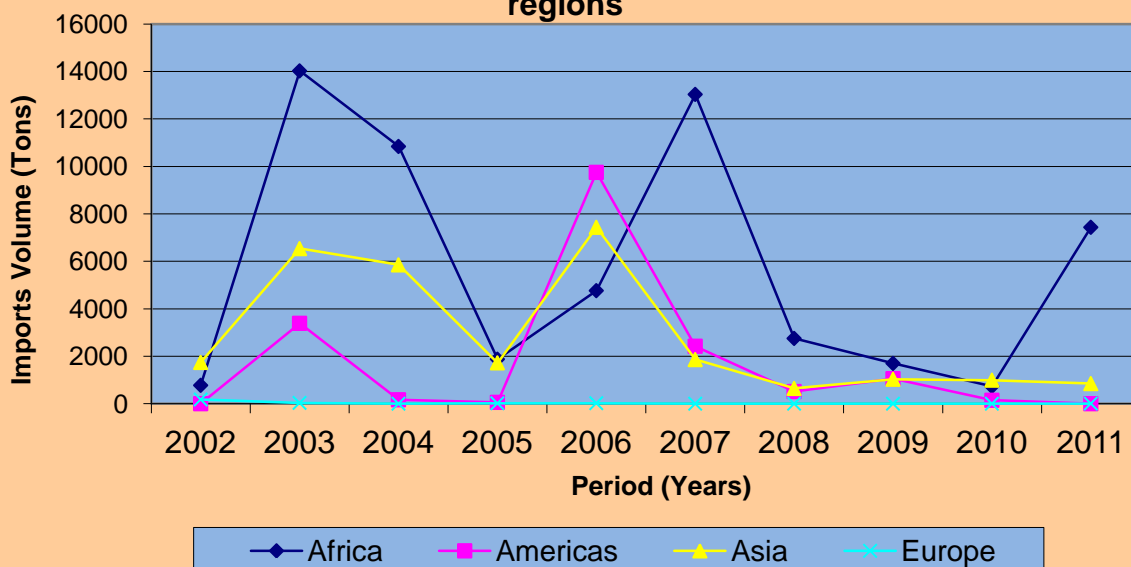


Source: Statistics & Economic Analysis (DAFF); Quantec Easydata

On average South Africa imports approximately 104.31 thousand tons of groundnuts per annum to the value of about 14.2 million rands. Figure 23 indicates that groundnut imports fluctuated considerably from the year 2002 until 2011. This occurred as a result of fluctuations in production volumes which were caused by inconsistent weather conditions over the period. The highest quantities of ground were imported during the years 2003 while the lowest were imported in 2011.

Figure 24 below clearly indicates that South Africa imports groundnuts mainly from Africa, the Americas and Asia. Figure 24 indicates that groundnuts imports from Africa and Asia fluctuated at lower levels between the year 2002 and 2004 and that during the same period there were no groundnuts imports from Europe. South Africa started importing reasonable volumes from the Americas in the year 2005 and the imports from this region increased significantly in 2006 to reach the levels above 250 thousand tons. The volume of imports from Africa remained at the levels below 100 thousand tons throughout the period under analysis with a peak in 2003. The volumes of groundnuts imports from various regions were very low during the year 2010 and this was followed by a slight increase in 2011.

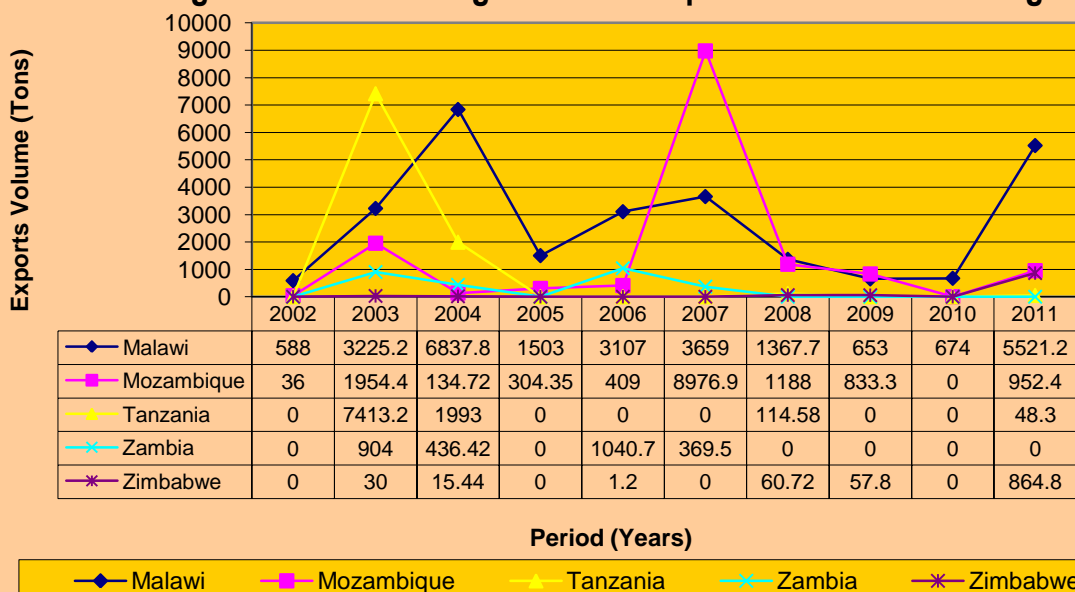
Figure 24: Volume of groundnuts imports from various regions



Source: Quantec Easydata

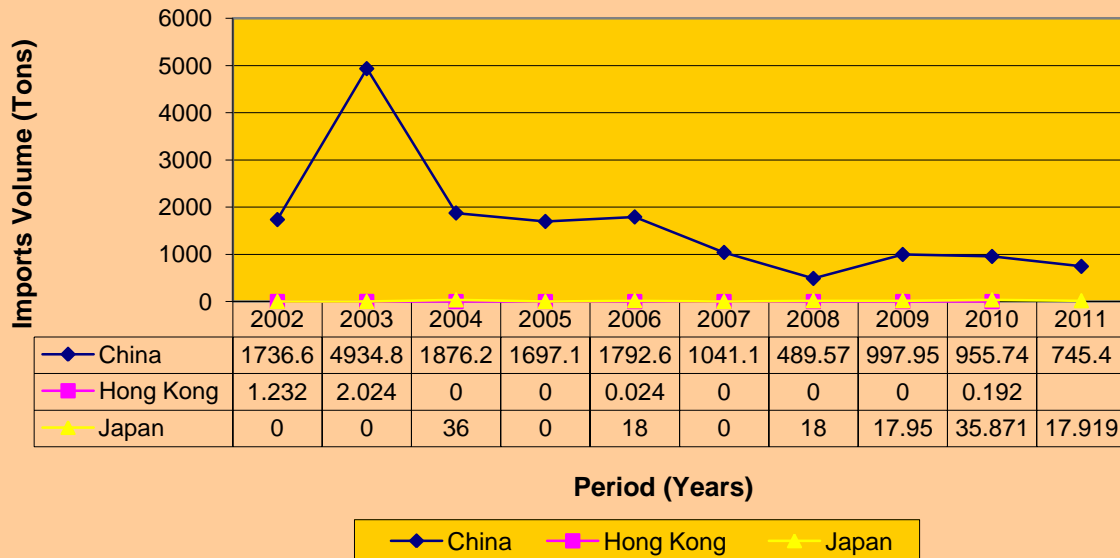
From the SADC region groundnut imports originate mainly from countries such as Malawi, Mozambique, Zimbabwe and Zambia. The volumes of groundnut imports originating from all the SADC countries as in Figure 25 have been below 10 thousand tons between the period 2002 and 2011. The groundnuts imports originating from Malawi increased sharply to a level above 6 thousand tons during the year 2004. Figure 25 further shows that groundnut imports from the SADC region were inconsistent over the period under review with the lowest import volumes originating from Zambia.

Figure 25: Volume of groundnuts imports from the SADC region



Source: Quantec Easydata

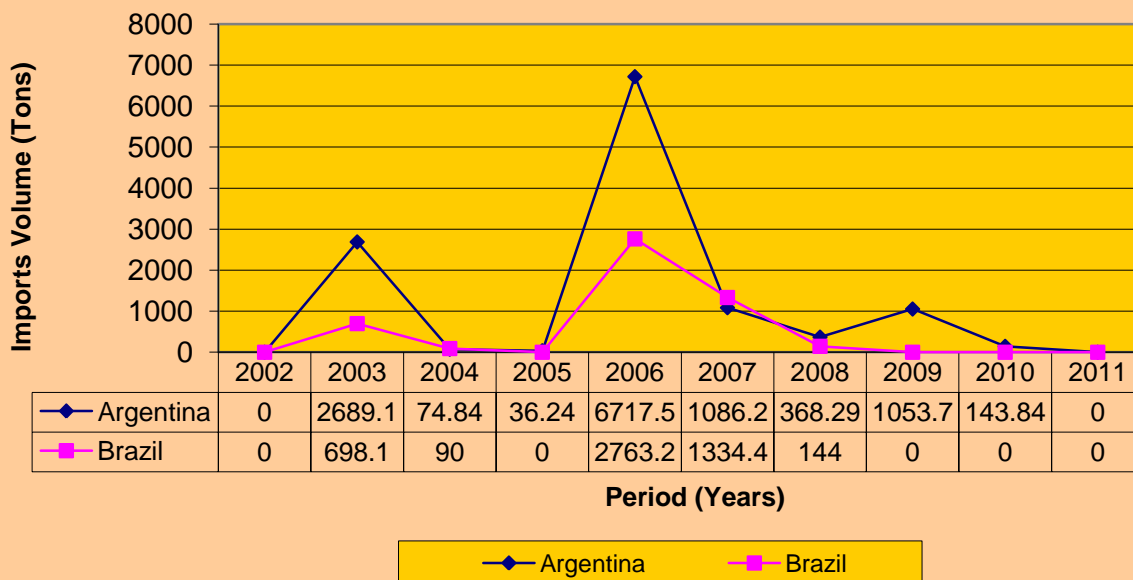
Figure 26: Volume of groundnuts imports from Eastern Asia



Source: Quantec Easydata

In Eastern Asia, groundnut imports originate mainly from China with some fractional intermittent imports recorded from other eastern Asian countries such as Hong Kong, Japan and Taiwan. The volume of groundnut imports from China reached a peak in 2003 and thereafter declined rapidly until the year 2005. The period under review closed with lower imports of groundnuts from Eastern Asia.

Figure 27: Volume of groundnuts imports from South America



Source: Quantec Easydata

Figure 27 indicates that South Africa's groundnut imports originate mainly from Argentina and Brazil. The groundnuts imports from South America were very low from 2002 until 2005. The highest imports of groundnuts from South America were experienced in 2006 from Argentina followed by a huge decline in 2007. The volume of groundnuts imports from Brazil improved marginally between 2006 and 2007 seasons. South Africa imported lower volumes of groundnuts from South America during the year 2010 when less than 1000 tons of groundnuts were imported from both Argentina and Brazil. The figure further shows that there were no imports of groundnuts from South America during the year 2011.

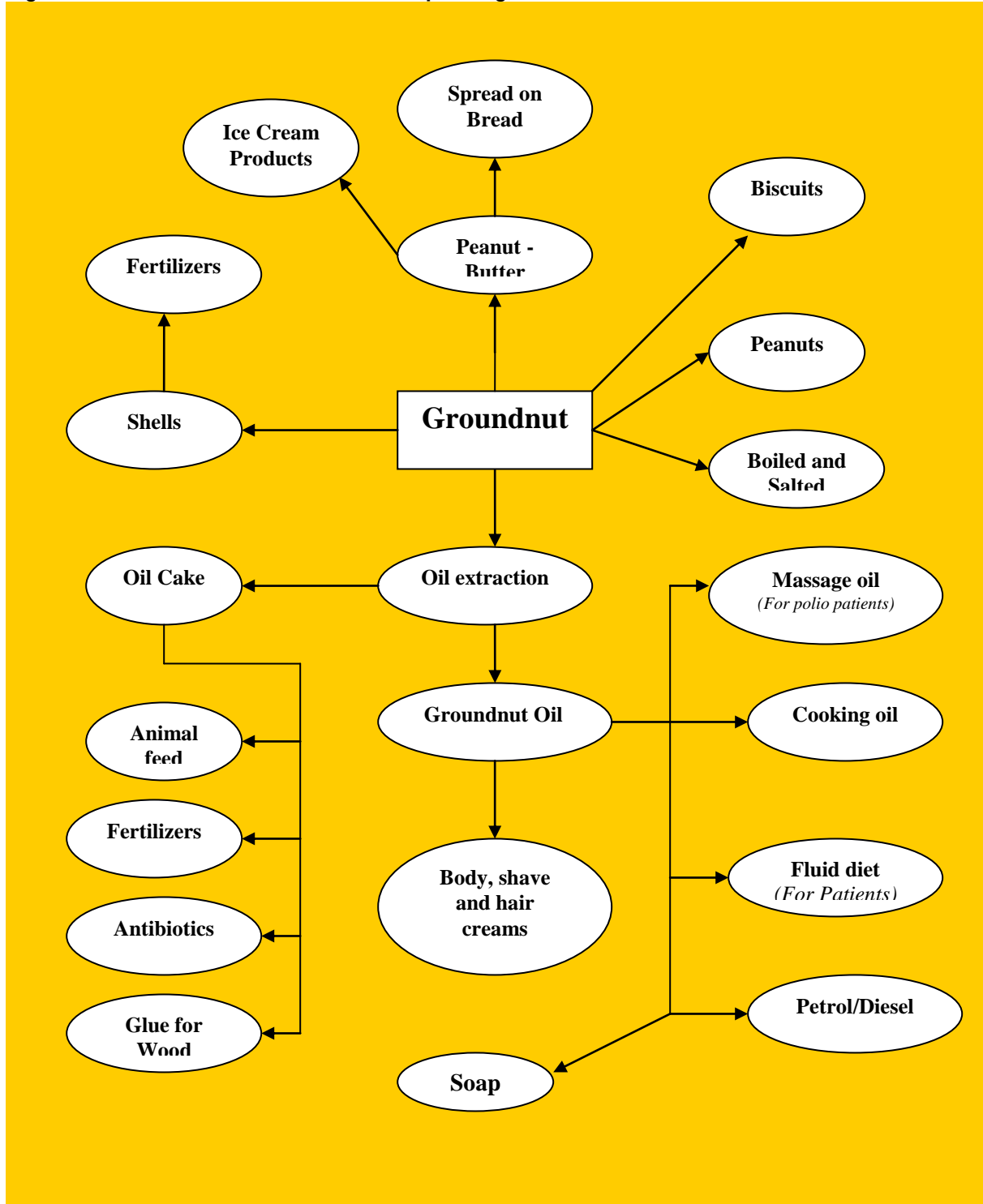
2.5. Processing

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 28)

As indicated in Figure 28, 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 28: Groundnut Value Chain tree explaining its uses

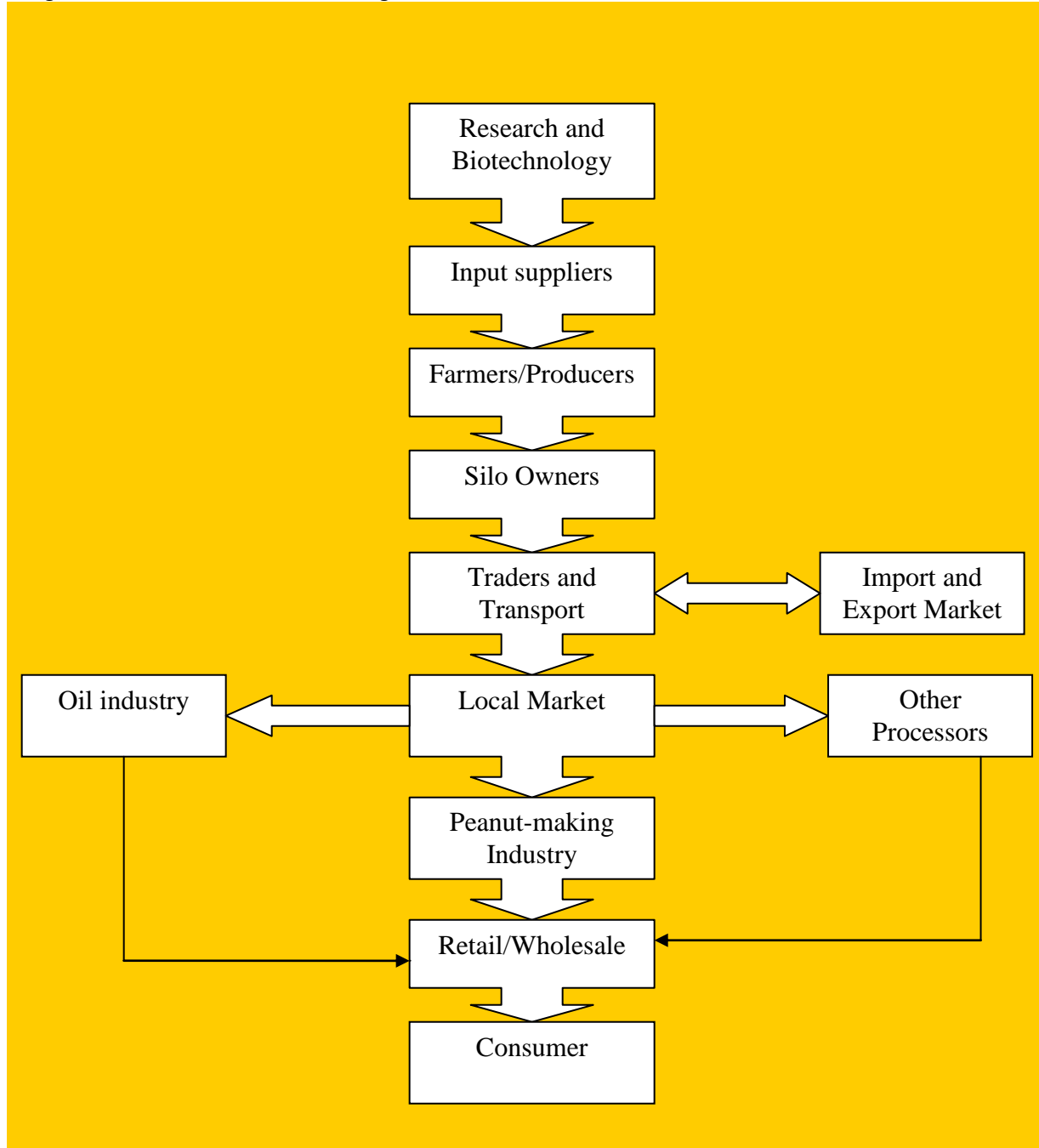


Source: Grain SA and African Groundnut Council

2.6 Market Value Chain

The market value chain for groundnuts is illustrated in Figure 29.

Figure 29: 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

Table 13 indicates the tariffs that are applied by South Africa to the imports of groundnuts from other countries during the year 2012.

Table 13: Tariffs applied by South Africa to imports of groundnuts from other countries

Exporter	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff (estimated)
Argentina	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	MFN duties (Applied)	10.00%	10.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	MFN duties (Applied)	10.00%	10.00%
China	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	MFN duties (Applied)	10.00%	10.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Hong Kong	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	MFN duties (Applied)	10.00%	10.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Japan	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	MFN duties (Applied)	10.00%	10.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Malawi	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	MFN duties (Applied)	10.00%	10.00%
	12021000	Groundnuts in shell, not roasted or otherwise cooked: In shell	Preferential tariff for SADC countries	0.00%	0.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	MFN duties (Applied)	10.00%	10.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked): Shelled, whether or not broken	Preferential tariff for SADC countries	0.00%	0.00%

Source: ITC Market Access Map

Imports of groundnuts from SADC countries can enter South Africa free of duty due to the benefit of the SADC Free Trade Agreement while groundnuts imports from Uganda and other countries outside the

SADC region, such as Argentina, China, Japan and Hong Kong, are restricted by an import duty of 10%.

Table 14 indicates the tariffs that are applied by various countries to the exports of groundnuts originating from South Africa in 2012.

Table 14: Tariffs applied by leading markets to groundnuts originating from South Africa

Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff (estimated)
Angola	1202	Ground-nuts, not roasted	MFN duties (Applied)	5.00%	5.00%
Finland	1202	Ground-nuts, not roasted	MFN duties (Applied)	0.00%	0.00%
Germany	1202	Ground-nuts, not roasted	MFN duties (Applied)	0.00%	0.00%
Indonesia	1202	Ground-nuts, not roasted	MFN duties (Applied)	5.00%	5.00%
Japan	120210010	Ground-nuts, not roasted or otherwise cooked, in shell, used as materials for oil extraction under the supervision of the Customs	MFN duties (Applied)	0.00%	0.00%
	120210099	Ground-nuts, not roasted or otherwise cooked, in shell, excluding those used as materials for oil extraction under the supervision of the Customs, n.e.s.	MFN duties (Applied)	5870.11 \$/Ton	603.79%
	120220010	Ground-nuts, not roasted or otherwise cooked, shelled, used as materials for oil extraction under the supervision of the Customs	MFN duties (Applied)	0.00%	0.00%
	120220099	Ground-nuts, not roasted or otherwise cooked, shelled, excluding those used as materials for oil extraction under the supervision of the Customs, n.e.s.	MFN duties (Applied)	5870.11 \$/Ton	546.81%
Mozambique	12021000	Ground-nuts, not roasted or otherwise cooked, in shell	MFN duties (Applied)	20.00%	20.00%
	12021000	Ground-nuts, not roasted or otherwise cooked, in shell	Preferential tariff for South Africa	0.00%	0.00%
Netherlands	1202101000	Groundnuts in shell for sowing	MFN duties (Applied)	0.00%	0.00%
	1202109000	Groundnuts in shell (excl. roasted or otherwise cooked and for sowing)	MFN duties (Applied)	0.00%	0.00%
	1202200000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked)	MFN duties (Applied)	0.00%	0.00%
Norway	12021010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: In shell For feed purpose	MFN duties (Applied)	627.31 \$/Ton	55.00%
	12021010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: In shell For feed purpose	Preferential tariff for GSP countries	562.92 \$/Ton	49.36%

Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff (estimated)
	12021010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: In shell For feed purpose	Preferential tariff for SACU countries	562.92 \$/Ton	49.36%
	12021090	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: In shell Other	MFN duties (Applied)	0.00%	0.00%
	12022010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: Shelled, whether or not broken For feed purpose	MFN duties (Applied)	627.31 \$/Ton	40.43%
	12022010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: Shelled, whether or not broken For feed purpose	Preferential tariff for GSP countries	562.92 \$/Ton	36.28%
	12022010	Ground-nuts, not roasted or otherwise cooked, whether or not shelled or broken: Shelled, whether or not broken For feed purpose	Preferential tariff for SACU countries	562.92 \$/Ton	36.28%
Sudan	12021000	Groundnuts in shell, not roasted or otherwise cooked	General tariff	25.00%	25.00%
	12022000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked)	General tariff	25.00%	25.00%
United Kingdom	1202101000	Groundnuts in shell for sowing	MFN duties (Applied)	0.00%	0.00%
	1202109000	Groundnuts in shell (excl. roasted or otherwise cooked and for sowing)	MFN duties (Applied)	0.00%	0.00%
	1202200000	Shelled groundnuts, whether or not broken (excl. roasted or otherwise cooked)	MFN duties (Applied)	0.00%	0.00%

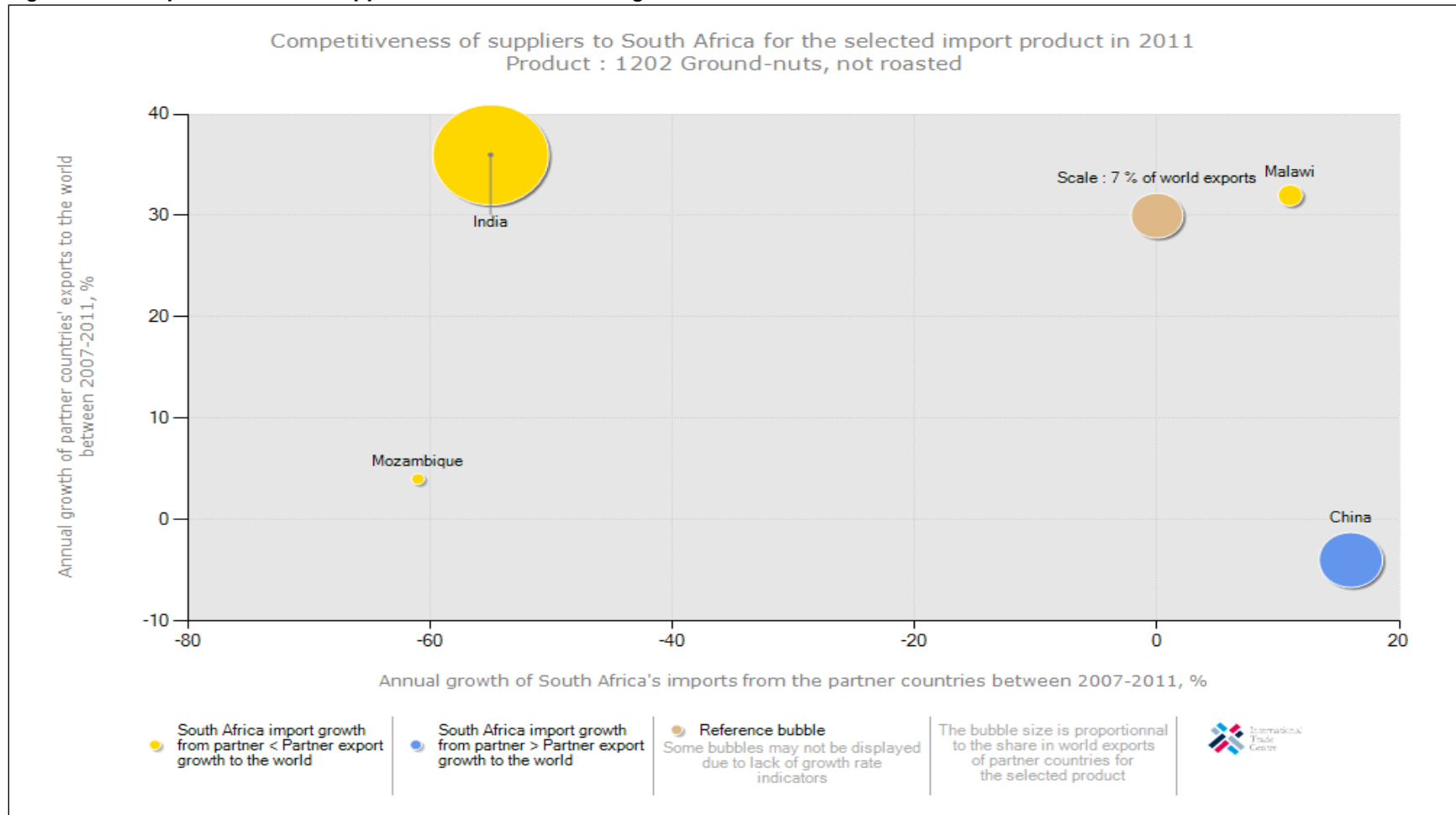
Source: ITC Market Access Map

Table 14 above shows that South Africa does not face any tariff barriers when exporting groundnuts to countries such as Finland, Germany, Netherlands, Mozambique and United Kingdom. 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 due to the existence of SADC Free Trade Agreement. Norway, Sudan and Japan's groundnuts industries are heavily protected by higher tariffs that are charged by these countries. Japan applies 603.79% *Ad Valorem* on imports of groundnuts originating from other countries while Norway applies tariffs ranging between 0% and 55.00 on imports of groundnuts originating from South Africa%. There is a preferential tariff of 36.28% in Norway on groundnuts imports originating from SACU countries.

3.2. *Performance of the groundnut industry*

Figure 30 illustrates the competitiveness of suppliers to South Africa for groundnuts imported in 2011.

Figure 30: Competitiveness of suppliers to South Africa for groundnuts in 2011



Source: ITC Trade Map

Figure 30 and Table 15 indicate that imports of groundnuts from China to South Africa increased significantly between the years 2007 and 2011. Groundnuts imports from China increased by about 16% in value between the years 2007 and 2011 while exports of the same product from China to the world declined by 4%. Groundnuts imports from Malawi increased by 11% in value while those from Mozambique and India declined by 61% and 55% respectively.

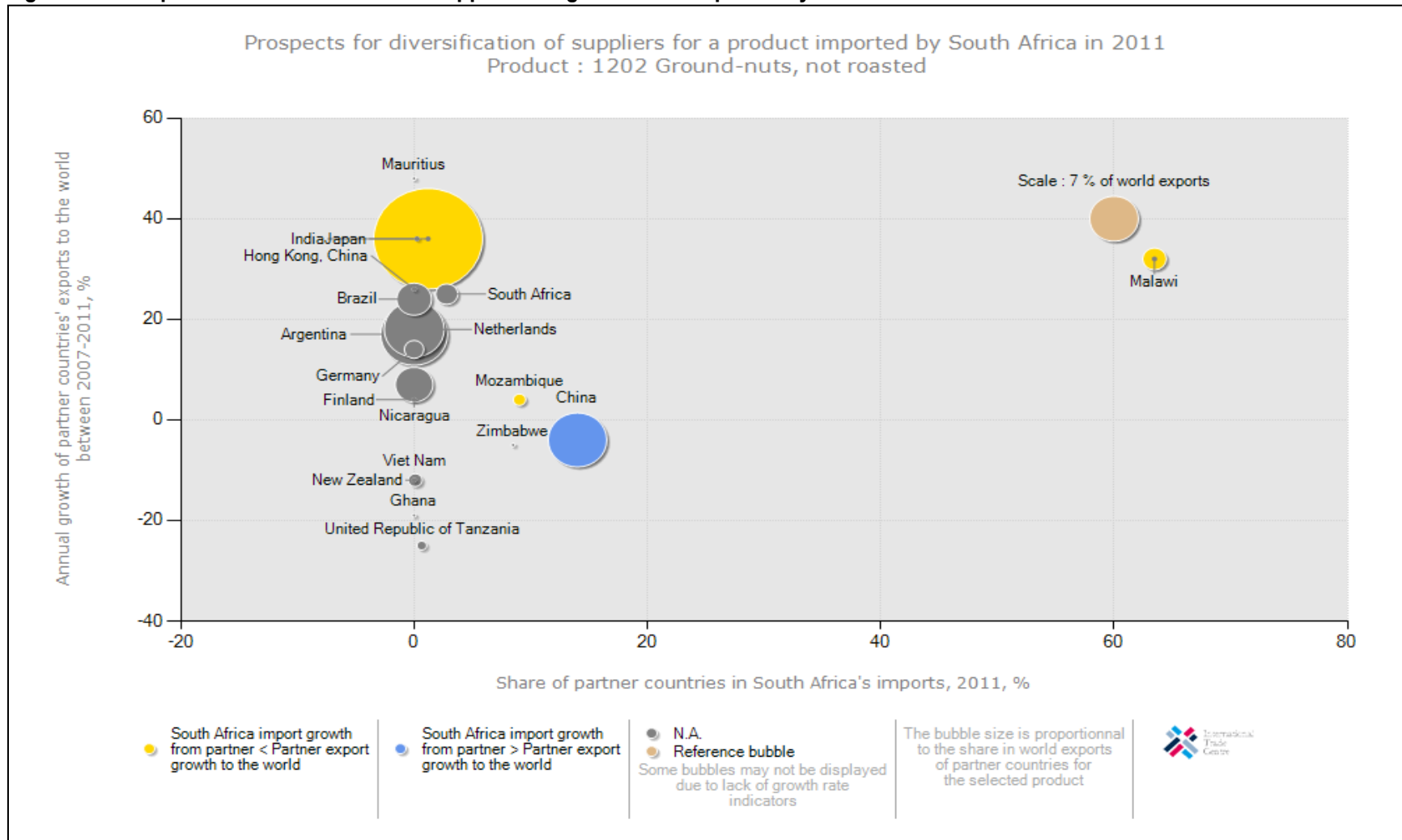
Table 15: List of supplying markets for the groundnut imported by South Africa in 2011

Exporters	Imported value in 2011 (thousand US\$)	Share in South Africa's imports (%)	Imported quantity (tons)	Unit value (US\$/unit)	Imported growth in value between 2007 and 2011 (% p.a.)	Imported growth in quantity between 2007 and 2011 (% p.a.)	Imported growth in value between 2010 and 2011 (% p.a.)
World	10 152	100	8 280	1 226	-4	-20	329
Malawi	6 443	63.5	5 521	1 167	11	1	10 080
China	1 442	14	745	1 909	16	0	-10
Mozambique	917	9	952	963	-61	-43	-
Zimbabwe	862	8.5	865	997	-	-	-
South Africa	284	2.8	46	6 174	-	-	255
India	122	1.2	77	1 584	-55	-44	-
Tanzania	25	0.7	48	1 396	-	-	-
Japan	25	0.2	18	1 389	-	7	-49

Source: ITC Trade Map

Table 15 and Figure 31 show that Malawi is the biggest supplier of groundnuts imported by South Africa in 2011. It is clear from the figure and the table that Malawi accounted for about 63.5% of the total groundnuts imported by South Africa during the year 2011. The other major exporters of groundnuts to South Africa are China and Mozambique which account for 14% and 9% of South Africa's total groundnuts imports respectively. It is also notable that South Africa is reflected as one of the major suppliers of groundnuts to itself and this is a reflection of re-importation of groundnuts by South Africa.

Figure 31: Prospects for diversification of suppliers for groundnuts imported by South Africa in 2011



Source: ITC Trade Map

Table 16: List of Importing markets for the groundnut exported by South Africa in 2011

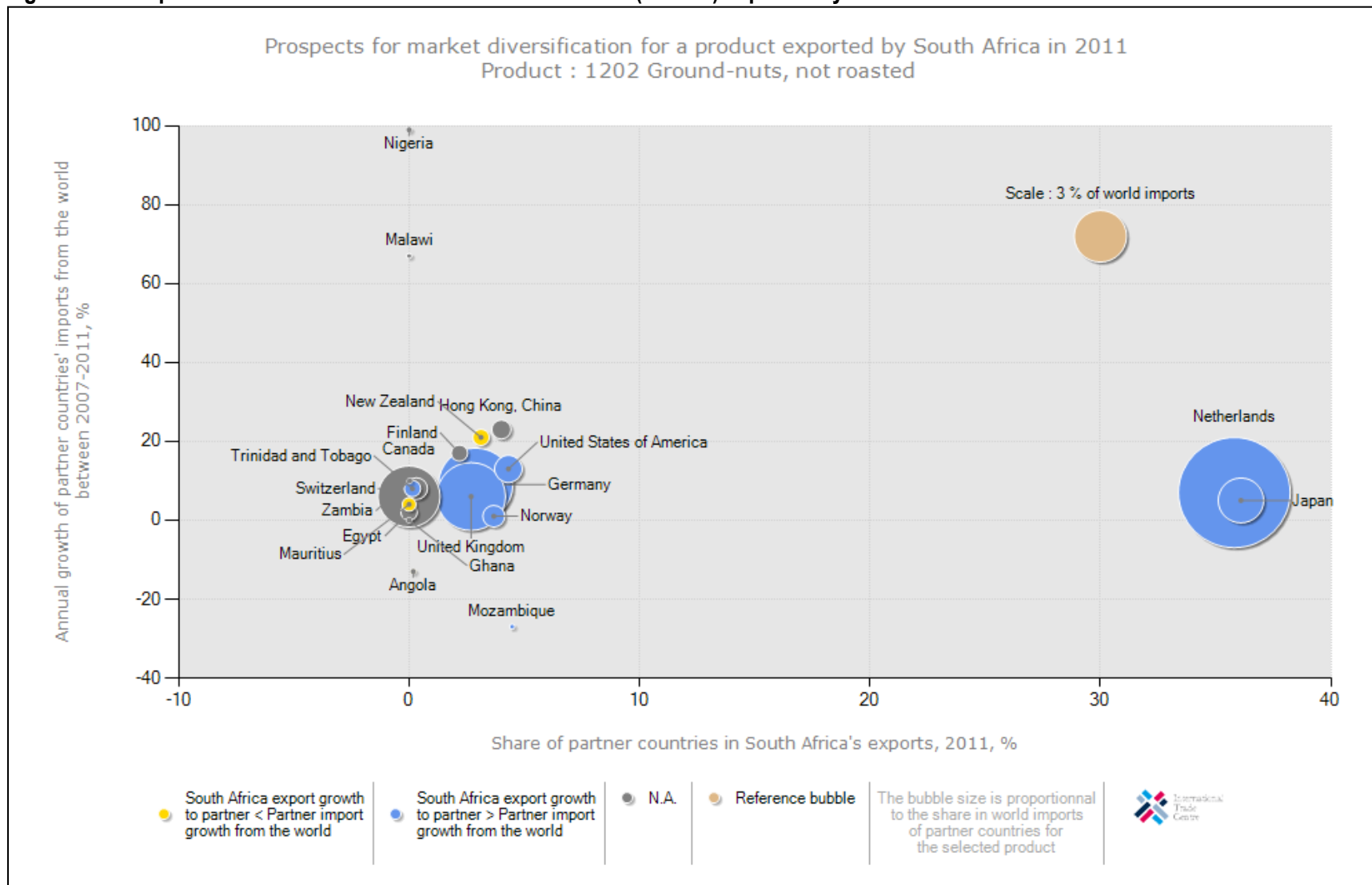
Importers	Exported value in 2011 (thousand US\$)	Share in South Africa's exports (%)	Exported quantity (tons)	Unit value (US\$/ton)	Exported growth in value between 2007 and 2011 (% p.a.)	Exported growth in quantity between 2007 and 2011 (% p.a.)	Exported growth in value between 2010 and 2011 (% p.a.)
World	25,543	100	13 800	1 851	25	16	-20
Japan	9,221	36.1	4 742	1 945	6	-2	11
Netherlands	9,148	35.8	5 326	1 718	66	51	-22
Mozambique	1,143	4.5	798	1 432	12	-2	55
USA	1,102	4.3	378	2 915	193	109	4 138
Hong Kong	1,024	4	181	5 657	-	-	-
Norway	940	3.7	448	2 098	20	7	51
New Zealand	798	3.1	324	2 463	9	-2	470
Germany	738	2.9	733	1 007	12	24	-42
United Kingdom	688	2.7	531	1 296	24	22	-70
Finland	559	2.2	234	2 389	-	-11	45

Source: ITC Trade Map

It is clear from Table 16 and Figure 32 that the major export destinations for ground-nut originating from South Africa are Japan, Netherlands, Mozambique, USA and Hong Kong with the greatest volumes being exported to Japan and Netherlands. In 2011, Japan alone absorbed 36.1% of South Africa's total groundnut exports followed Netherlands and Mozambique with 35.8% and 4.5% respectively. South Africa's value of groundnuts exports to the world increased by 25% in value terms between the years 2007 and 2011. The figure and the table further show that, between the years 2010-2011 the value of the South African groundnut exports to the world declined by 20% while those towards Mozambique increased by 55% over the same period.

Figure 32 further shows that South Africa's groundnuts exports to countries such as Netherlands, Japan, United Kingdom, USA, Germany and Norway have grown faster than these countries' imports from the rest of the world. The growth rate of South Africa's groundnut exports to countries such as New Zealand and Mauritius is less 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 ground-nut export base, the prospective markets exist in countries such as Canada, Egypt and Nigeria.

Figure 32: Prospects for market diversification for Groundnuts (120210) exported by South Africa in 2011



Source: ITC Trade Map

4. ACKNOWLEDGEMENTS

The following organizations are acknowledged:

Statistics and Economic Analysis: Department of Agriculture, Forestry and Fisheries

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ITC Trade Map

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

ITC Market Access Map

www.macmap.org

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