



The export potential of South African edible nuts: the special case of macadamia nuts to Germany

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Outline

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1. Introduction

- In 2005 the dti expressed a need for a scientific study to identify realistic export opportunities for South Africa.
- A decision support model (DSM) was applied to South African data to identify priority export products and markets.
- The product category SITC 0577 was identified as a product with realistic export opportunities to 36 countries.


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1. SITC 0577: edible nuts

- The product category SITC 0577 corresponds to 15 HS codes at an HS 6 digit level based on COMTRADE conversions of SITC to HS.
- This study will therefore assess the export potential (at a HS 6 digit level) of the following products:
 - Brazil nuts (HS 080121; HS 080122);
 - Cashew nuts (HS 080131; HS 080132);
 - Coconuts (HS 080111; HS 080119);
 - Almonds (HS 080211; HS 080212);
 - Hazelnuts (HS 080221; HS 080222);
 - Walnuts (HS 080231);
 - Chestnuts (HS 080240);
 - Pistachios (HS 080250);
 - Macadamia nuts (HS 080260); and
 - Nuts not elsewhere specified (HS 080290).

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2. Research questions

This study's aims were to address the following questions:

- Which edible nut has the highest export potential and to which market?
- How can the exports of the identified product to the identified market be maximised?


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3. Research method: product identification

- A composite export potential index was compiled to determine which edible nut had the highest export potential.
- The potential index comprised three sub-indices;
 - i) South Africa's current export performance index;
 - ii) The world markets index; and
 - iii) The production index.

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3. Research method: product identification (etc.)

- Each of the variables in the sub-indices were standardised and assigned index scores using the following equation:

$$1 + 4x \frac{\text{Value} - \text{Lowest value}}{\text{Highest value} - \text{Lowest value}}$$



3. Research method: target market identification

- Trade data and market access data were assessed to determine a target market for the identified product.
- Competitor analysis in each potential target market was also conducted.
- Extensive market research on identified target market: market profile.



4. Results: product identification

- Macadamia nuts (HS 080260) were identified as the product with the highest export potential.
- Highest score for South Africa's current export performance index.
- Second best performing product in the world markets.
- South Africa is the third largest producer of macadamia nuts in the world.



4. Results: target market identification

- Germany was chosen as a potential target market for macadamia nuts for the following reasons:
 - Relatively large existing market and positive growth rates;
 - Preferential market access for South African macadamia nuts;
 - Fifth largest economy globally (PPP);
 - No recorded production of macadamia nuts; and
 - Largest market for organic produce in the EU



5. Results: market profile

- A market profile for South African macadamia nuts to Germany investigated the following:
 - Consumption patterns;
 - Standards and regulations;
 - Packaging and labeling requirements;
 - Distribution channels; and
 - Prices.



6. Recommendations

- South Africa can explore the organic macadamia nut market as they fetch prices that are relatively higher than non organic macadamia nuts.
- Producing a high quality export product, conformance to the consumer demands as well as standards and regulations in the German market will maximise exports of SA macadamia nuts.



Discussion forum



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Thank You

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