

China's massive macadamia market

The South African macadamia nut industry received positive feedback from Chinese importers and buyers at an information seminar held in Shanghai, China, recently.

The first South African Macadamia Nuts Seminar, held in Shanghai, China, on 22 June, provided an overview of the planting, exporting, and trade of SA macadamia nuts to Chinese importers, distributors, e-commerce executives and the media.

Initiated by SA Subtropical Growers' Association (Subtrop) market development manager Bonnie Buthelezi, the event was presented by Walter Giuricich and Barry Christie, chairperson and operations manager respectively of Southern African Macadamia Growers' Association (SAMAC).

SA MACADAMIA NUT EXPORTERS FACE HIGH TARIFFS ON THE CHINESE MARKET

Yu Zhongwu, president of the Lin'an Nuts and Roaster Association, said in his welcoming address that he had visited South Africa's macadamia plantations and had been amazed at the culture and trade of nuts.

"At present, China's nut market is still primitive, and the price war is fierce, with

low added value. But with a huge consumer market, it's still lucrative. This means that more international cross-border communication and cooperation are needed," he said.

SA MACADAMIA INDUSTRY

South Africa is the world's largest exporter of macadamia nuts and production is developing at a rapid pace, with an increase of 1 500ha per year. Of the slightly more than 500 macadamia nut farmers in South Africa, 470 are SAMAC grower members.

During the past 20 years, SA macadamia nut production

has increased exponentially – from 1 211t in 1991 to 46 000t in 2015. Sales have increased from R32 million to R4 billion, while the number of trees has increased from one million in 1996 to 6,5 million (covering 21 500ha) in 2016.

This did not mean that the production of these nuts was easy, Christie stressed. The



BELOW: SAMAC chairperson Walter Giuricich addressed the problem of trade barriers faced by SA macadamia producers on the export market. PHOTOS: WALTER GIURICICH

industry had experienced a number of challenges recently, the drought being foremost amongst them. This had lowered yields substantially: it was expected that production would decrease 15% this year and the negative impact could last until 2017.

Pest activity also had to be overcome and the problem of theft during production and processing addressed.

Christie stressed, however, that through their growers' commitment to sustainable farming, as well as ongoing research in SAMAC, increasingly effective solutions to these challenges would be found.

OVERCOMING TRADE BARRIERS

Giuricich raised the question of the trade barriers faced by the SA industry. Since the China-Australian Free Trade Agreement came into effect in 2016, an import tax of 14,9% had been levied on Australian macadamia nuts; this compared with 19% for SA nuts. In addition, the Australian tariff would be reduced to zero over five years. This situation required the governments of both countries and those in the industry to work together so that Chinese consumers would be able to enjoy more macadamia nuts from South Africa, he said.

SA macadamia nuts were first introduced to mainland China, Hong Kong, Vietnam, and other Far Eastern countries in 2009, and sales in this region currently amounted to over 20 000t, half of South Africa's production.

Giuricich explained that macadamia nuts were popular because of their smooth texture and fragrant taste, as well as their health benefits; they are rich in phosphorus, calcium,

iron, vitamins B1 and B2, and contain eight amino acids.

CHINESE MARKET

Thanks to the rapid development of the Asian market, exports of these nuts had shown a tenfold increase over the past six years, said Giuricich. However, the US and Canada remained the largest macadamia kernel market, with Europe, the Middle East and Japan following close behind. SA kernel production increased from 22 000t in 2009 to a record high of 26 000t in 2014.

David Matthieu, CEO of Daxue Consulting, said research had shown that new-generation consumers tended to buy healthy, high-protein, safe and high-quality food products and preferred nuts in shells for safety and hygiene reasons, as well as the 'fun' of cracking the shells.

He added that macadamia nuts were also produced in China's Yunnan province and were popular among middle-class consumers. Apart from nut-in-shell, kernels and oil were also produced.

Despite macadamia nuts being popular with some people, the survey found that of 900 consumers surveyed in Beijing, Shanghai, Guangzhou, and Chengdu, half were unfamiliar with macadamia nuts. As Chinese consumers preferred high-quality, well-priced and nutritious food, and buying online was becoming popular, there were potential opportunities to grow the SA macadamia nut market, Matthieu said.

According to Chen Yuxiu, president of the Yunnan Nuts Association, about 66 000ha of macadamia nuts trees were currently being planted in Yunnan.

"Consumers tend to care more about quality and health, and only by selling good quality products can we win this market," she said. "This means that those in the industry need to protect nut quality, as well as



ABOVE: Delegates at the seminar expressed an appreciation for the high quality of South African macadamia nuts.



RIGHT: Yu Zhongwu, president of Lin'an Nuts and Roaster Association, chaired a discussion on the challenges and opportunities faced by SA macadamia nut producers in the Chinese market.

plant, process and sell top quality nuts, to help the industry boom.

During a discussion chaired by Yu Zhongwu on the challenges and opportunities for SA macadamia producers, many buyers said they had considered South Africa as their preferred sourcing destination, due to the high-quality nuts grown here, and expressed a desire to expand cooperation

with local suppliers to further expand the commodity's profile among Chinese consumers.

Christie, however, cautioned against buying directly from farmers, as most did not have adequate processing and food safety measures to ensure a high-quality end-product.

• Phone 015 307 3676/306 6240 or visit www.samac.org.za for a list of reputable exporters and processors.

