

Could macadamia nuts be the dark horse in SA agriculture?

According to Paul Makube, senior agricultural economist at FNB, the demand for suitable land for macadamia nuts production has increased sharply, with orders almost two years ahead at nurseries for plant supplies. He believes macadamia nuts are, without a doubt, the dark horse in South African agriculture.



Paul Makube, senior agricultural economist at FNB

“The shear growth in this sector makes it a product worth watching, it is more than doubling in organic growth on a year-to-year basis and with that are new jobs and income streams finding their way into the sector,” says Makube.

Areas in SA that produce macadamias

In terms of market share, the area between Hazyview and Barbeton in Mpumalanga is the largest planted area and accounts for 70% of new plantings. This is followed by the area between Levubu and Tzaneen in Limpopo, and the coastal areas of KwaZulu-Natal. In neighbouring countries, macadamia nuts are produced in Swaziland, Malawi and Zimbabwe.

Annual production

It is estimated that 700 farmers are involved in growing macadamia nuts, supplying 10 cracking factories.

“In terms of output, the industry has seen an exponential growth in the last 10 years, growing production from 4,600 tonnes in 2015 to 38,000 tonnes nut in shell (NIS) in 2016,” says Makube.

Export quantities

The industry is largely exported driven with more than 95% of the annual production shipped to international markets. Approximately 50% of the SA harvest is exported as NIS to Asian countries with Hong Kong taking the lion share of 63.3%, followed by Vietnam (32.3%), China (2%) and others (0.3%).

“The remainder is processed to kernel. The USA and Canada are the largest markets for kernel exports while others include Europe, Japan, Southeast Asia and the Middle East, making this a product that is mainly produced for the export,” adds Makube.



Image source: www.pixabay.com

The annual financial incomes

The total value of macadamia exports in 2016 was R2.72bn comprising R1.12bn and R1.60bn of nut in shell and kernel respectively. The weighted average price for macadamia kernel was R22.17/kg and R63.60/kg when converted to an in-shell basis, while that for the NIS is R75.68/kg.

Employment in this sector

Employment in the industry is estimated at 12,500 full-time equivalent workers across the macadamia value chain. This includes seasonal workers for harvesting and processing from February through to August.

“The sector is growing organically at an incredible rate, it should further be noted that the area suitable for growing macadamias is limited in South Africa, hence the high demand and surge in the price of viable land, though macadamia is niche, its proven incredibly profitable for producers in this sector,” concludes Makube.

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