



**Comparing trends in Global and Domestic mango
commodity chains**

**MOGAU APHANE
UWC- ECONOMICS
& HSRC-ESD**

Global and local mango commodity chains compared

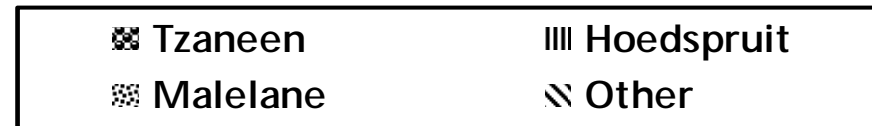
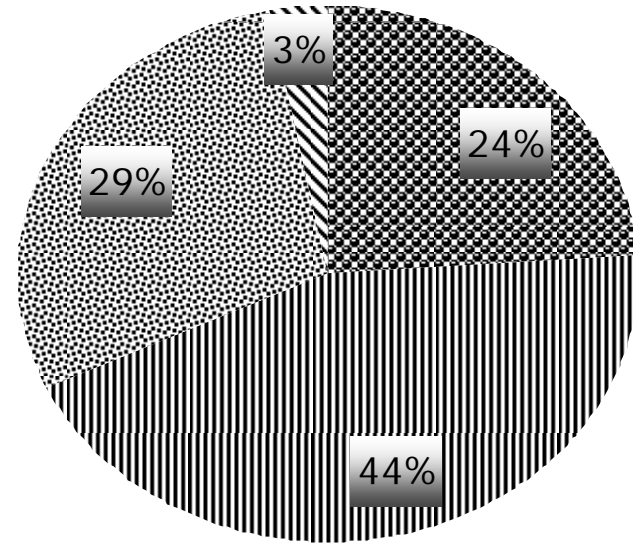
- In South Africa, mango is the third most important subtropical crop after citrus and banana
- But it produces less than 5% of global mango production and in 2008 exported approximately 4% of the production compared.
- Domestic commercial mango farms employ about 3,000 permanent workers
- Globally production is increasing (esp. in Asia) while in SA it is declining.
- What is the future of Mango sector domestically?

Global mango commodity chain

- Mango is a tropical fruit-crop which accounts for nearly half of worldwide production of tropical fruits
- International trade of mangoes is dominated by varieties like Keitt, Kent, Haden and Tommy Atkins driven mainly by European and Western consumers
- World output of tropical fruits stood approx. 83 mt in 2008, with mango's share estimated at almost 40%
- India produces 40% of the global mango output whilst China is second at 12%
- Approx. 3% of the world mango production is traded globally with rapid export growth between 1966 and 2005
- Both developed and developing countries import substantial volumes
- All developing countries account for one third of global mango imports- the near and Far East being responsible for the largest volume of imports of developing countries.

SA main mango producing zones

- Production is mainly concentrated in the north-eastern region (Mpumalanga and Limpopo.)
- The total hectares under mango cultivation in 2008 was approximately 7,600 in 2008.
- Hoedspruit and Tzaneen are major hubs of domestic mango farming: 4,638 ha under cultivation & contribute 68% to total volume of output.
- However, the area under mango cultivation is shrinking (about 25%- from 7,730ha in 2007 to 7,600ha in 2008)...why?



SA's 3 phases of mango production (tonnes): 1986/87 to 2007/08

Phase 1: 1995/6 to 2001/02

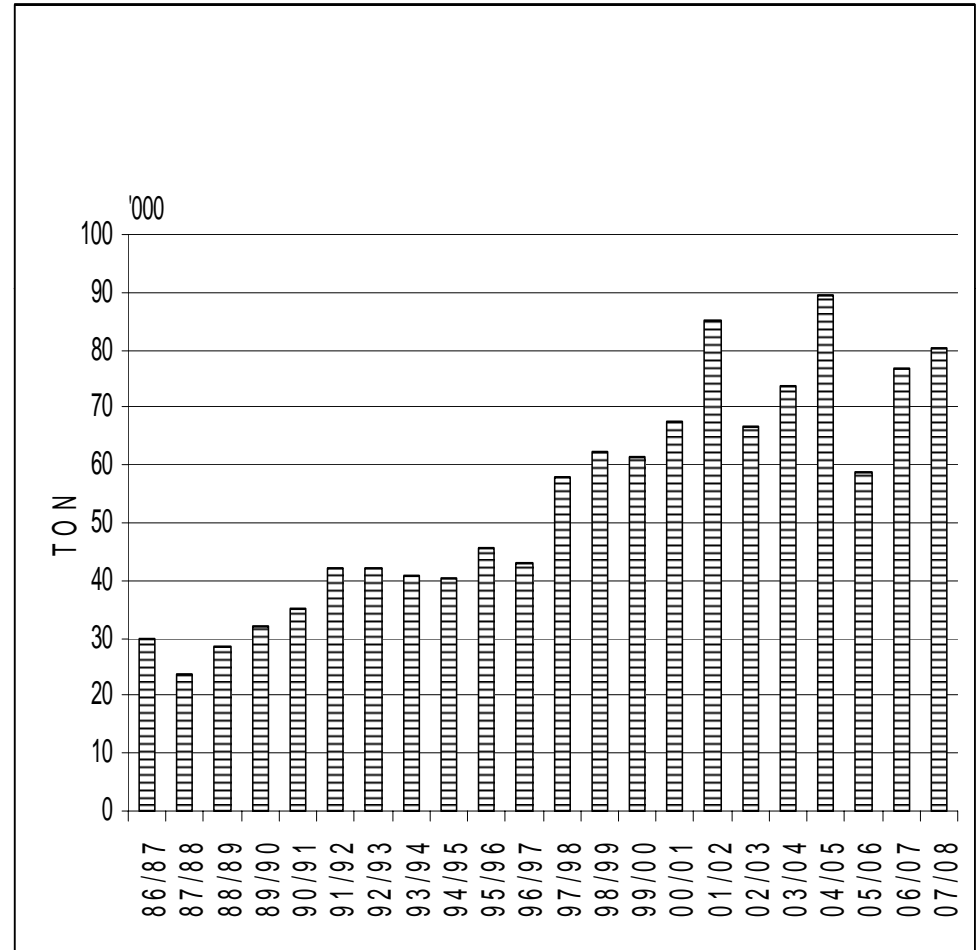
- About 89% growth rate and average annual growth rate of 13%.

Phase 2: 2002/03 to 2004/05

- About 32% growth rate and average annual growth rate of 5%

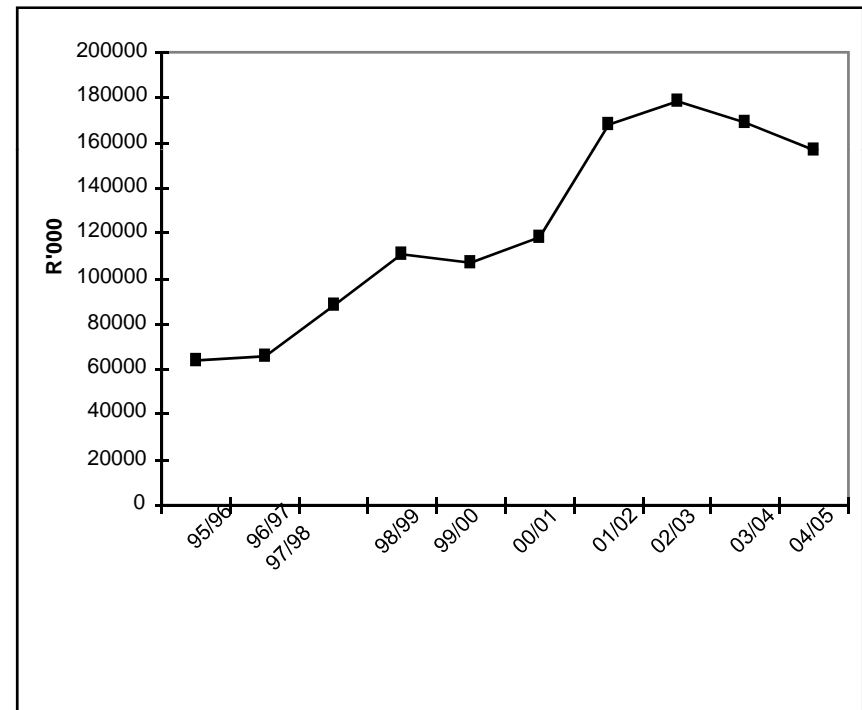
Phase 3: 2005/06 to 2007/08

- About 36% growth rate and average annual growth rate of 5%



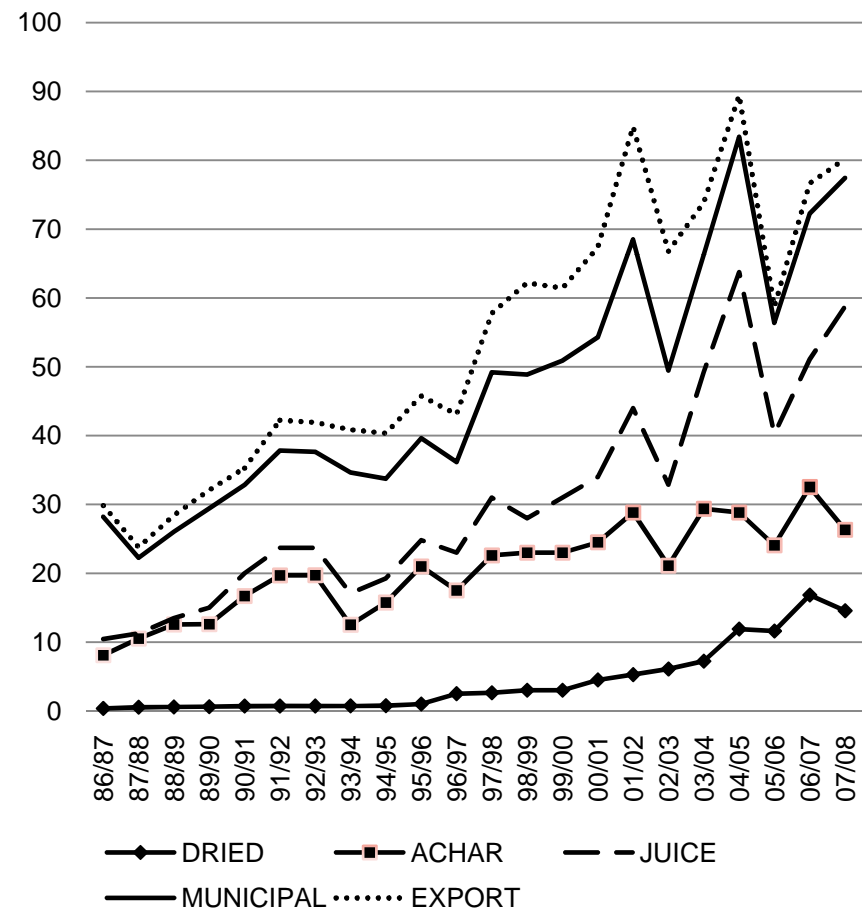
Gross value of mango production (R'000), 1995/06 to 2005/06

- Gross Value of Production (GVP) in nominal ZAR shows a rising trend until 2001/02.
- In the 2002/3 season, the GVP for mango declined due to drought in major producing areas.
- Mango production is sensitive to pests and fruit flies- reducing volume and quality of marketable surpluses



SA Mango markets- a snapshot, 1986/78- 2007/08

- National fresh produce markets (e.g. JHB)
 - Local markets such as informal traders or hawkers.
 - Supermarkets and other retailers.
 - Agro-processing firms (e.g. Mango atcher, Dried fruit and fruit juice).
- In 2008, about 23% of mango was sold at the national and local markets including supermarkets
 - About 4% of mango was exported.
 - Overwhelming 73% was processed into various products e.g. atcher, juice and dried fruit



Agro-processing of mango: atchar, dried fruit & juice

- Between 1998/99 and 2003/04 seasons, mango producers sold large proportion of mango to atchar processors (annual average of about 22000 tons)-atchar market was dominant followed by juice processors.
- However, between 2004/05 and 2007/08 seasons, larger proportion of mango was sold to juice processors (annual average of 25 000 tons) making it the dominant market followed by dried mango.
- **Why this shift from early to late season agro-processing markets?**
- Signal of improvement in production technology?
- Consumer preferences?

Two phases of South African mango exports, 1998-2008

- Phase 1: Increase in mango exports- 1998/99 to 2002/03 (by approx. 30%)
- Why?- Favorable currency and international prices of mango.
- Phase 2: Decline in mango exports -2003/04 to 2007/08 (by approx. 66%)
- Why ?-Producers sell mainly to supermarkets as it involves less risk.
- Decline in international price of mango which result in lower revenue gains.
- Also stronger rand had negative impact on mango export.

Summary & key insights

- India, China, Indonesia and Thailand are global leaders in mango production however globally traded cultivars are developed in the USA.
- Small portion of mangoes are traded globally (only about 3%), with US and EU as main importers of mango.
- Domestic mango production is concentrated in the northern-eastern South Africa (Limpopo and Mpumalanga)- accounting for more than 64% of total cultivation.
- Production has been fluctuating downwards- **Why?**
- *Adverse environmental conditions and sensitivity to pests (flies) etc.*
- *Decline in area under cultivation?*

Summary & key insights

- Agro-processing is the single largest markets for mango, but a switch from early to late season commodity.
- *Highest revenues possible from mango juice and dried fruits, typically harvested in late season*
- *Are supermarkets substitutes for export markets-especially for the fresh mango?*
- *Available information suggests that selling in the international markets is not favourable due to higher risk involved-the alternative high-value markets for farmers is therefore supermarkets.*