

Adjustments needed to macadamia production in 2016

Chinese crackdown, South African drought, weak Rand, and land reform are all creating pressure on the industry to act collaboratively

While the South African macadamia nut industry (the world's largest) is poised to double its output in the next five years, some adjustments to the way it operates will be essential to ensure that it achieves its growth targets.

So says Alex Whyte, responsible for sales for Green Farms Nut Company (GFNC), South Africa's oldest and one of the world's biggest processors and marketers of macadamias. He is also the marketing manager of Green and Gold Nuts, the world's leading macadamia nut marketer, with customers in the Americas, Europe, Australia, China, and other countries in the Near and Far East.

"When there are so many significant factors affecting an industry, the only effective way to address them is through collaboration. In spite of being the world's major producer of macadamias, our industry is still relatively small and mostly run by family concerns. What affects a single farmer or processor affects us all.

"Also, most of the players in the value chain aren't big enough to influence the market individually. But, if we acknowledge our common interests and act together to promote them, then each of us benefits."

Surprisingly, the drought exemplifies the advantages of collaborative action. An industry body could enable development of drought resistant cultivars that would stabilise production for individual farmers over the long term.

It could also play a role in fertigation and irrigation initiatives that can mitigate both drought and high rainfall concerns.

"We know that irrigation can enable roughly 30% increase in yield from macadamia trees," Whyte says. "Because their feeder roots are just centimetres below the surface, investment in precision irrigation not only repays itself very quickly but positions the farmer to be sustainable.

"Fertigation boosts that return on investment because it enables you to deliver precise amounts of organic supplementation to the trees rather than sprinkling it on the surrounding soil where it can be blown away or washed away when the rains return. Fertigation therefore increases your yield and enhances the quality of your crop, which results in better prices.

"However, irrigation and fertigation are costly specialist disciplines with which an industry body can help from the perspective of advice and guidance, while farmers can

work together to negotiate on prices for inputs and technology. Bulk buying of equipment, for instance, will reduce costs and help offset the impact of a declining Rand on imports. The South African Macadamia Growers Association does offer some excellent extension services already and hopefully this will continue.”

Also, water allocation and usage is strictly controlled in South Africa, as a water scarce country. Government is far more likely to accede to the requests of a representative body than to those of individual farmers.

From the perspective of expanding the market, a levy applied by an industry body would build a kitty for educating consumers around the world on the taste and health benefits of macadamias. It could also be used to build entirely new markets among ingredient and food manufacturers. Both initiatives would ensure uptake of the increased yields expected in the industry and stabilise prices.

In addition, farmers can reduce their risk by working through established, reputable marketers that automatically protect the industry’s interests by protecting their own.

“In 2015, many farmers lost heavily by selling as much as 50% of their stock direct to China just as the government crack down on corruption in the food industry slashed 30% off nut inshell prices,” Whyte says. “Experienced marketers with credible value chains know how to spread their suppliers’ risk by building loyalty to the product in multiple markets.” Farmers should also choose marketers who have a long-term view in mind- who are building new markets and not just selling to the existing ones.

As with the rest of agriculture, the unresolved issues of land reform are making macadamia farmers and processors anxious.

“Again, collaboration in the industry will give us a coherent voice in the debate and a seat in the decision-making forums,” Whyte says.

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