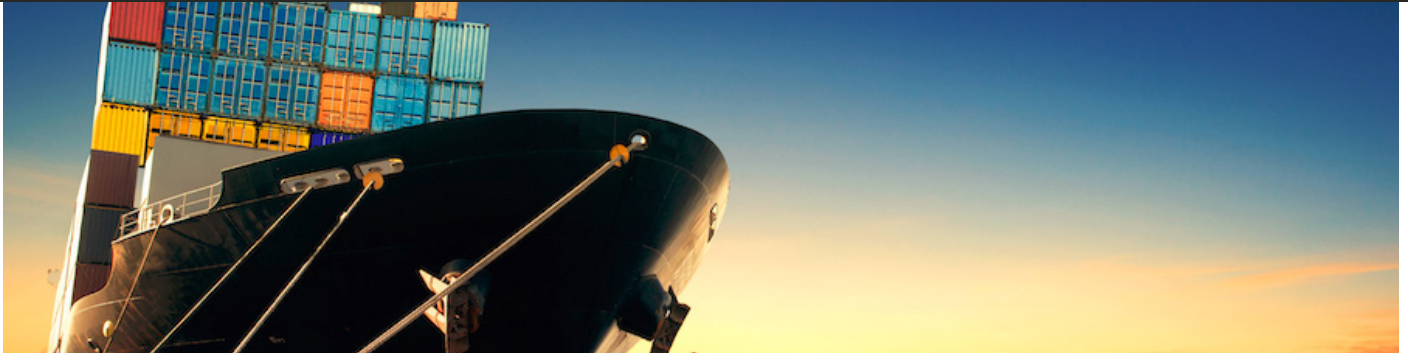


## What farmers need to know about the local paprika market opportunities

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South Africa is a major producer and exporter of agricultural products due to favourable weather conditions. However, agricultural exports contribute more than 30% to the total gross value of agricultural sector. Paprika fruit is one of the products that South Africa produces at a smaller scale, despite the increasing demand for fresh or dried paprika in the local market. In South Africa, paprika fruit is categorised as dried, crushed or ground fruits of the genus *Capsicum*, and its extracts are widely consumed as natural foodstuffs used as a vegetable, spice or oleoresin. High-grade paprika is also produced in Spain, Morocco, the United States, South Africa, and Israel. Globally, paprika production and consumption reaches between 500 000 tons and 1 000 000 tons per annum, and there is huge global market for paprika due to high demand. The main producers and exporters of paprika are India, China, Peru, Spain, Mexico and Pakistan, in that order. On the other hand, the European Union and the United State of America are the main importers of paprika. This article is driven by International Tariff Administration Commission (ITAC) reports which indicate that local markets frequently request the importation of paprika due to low production. Thus, the main aim of this article is to inform South African farmers about the market opportunities that might exist in the country. Papriex is a known manufactured and trades in natural ingredient used in the food, clour, cosmetics and oil, processed from paprika.

The production of paprika on the African continent centres on countries such as South Africa, Zimbabwe, Malawi, Zambia and Mozambique. South Africa is one of the African countries that produce smaller amounts of paprika. In South Africa, the production of paprika has been stable exclusively from the small scale and the industry has largely developed independently. In the past, paprika produced in South Africa dominated the market for a while as a good raw material, but

has not made much progress in recent years. Most farmers are struggling to produce the required amount of paprika due to the need for large start-up capital and the fact that production varies from region to region.

In South Africa, paprika products comprise mainly of oleoresin (oil) and powder (spice). Paprika shows a great potential to increase growth in South Africa's agricultural sector and satisfy the local demand. This local consumption of paprika has been increasing while the production has remained stable in the SACU region and South Africa. The paprika produced in South Africa is mainly processed into spice and oleoresins for export to Europe, the US, Mexico, the Far East and Middle East. However, Malawi is one of the few countries that exports most of its paprika to South Africa for further processing into powder and oleoresin, which is re-exported to Europe, and particularly to Spain. As a result, paprika remains a giant in South African spice and oleoresin production and, uniquely for the region. Paprika is a fairly new commercial crop in most parts of Africa.

### Concluding remarks

In an effort to decrease South Africa's dependence on imports, it is worth employing a strategy of 'import substitution' to increase self-sufficiency in processing paprika powder and oleoresin. However, this can only be achieved through improving or increasing the area of land under paprika cultivation. Reliance on imports affects the agricultural trade balance. Therefore, it is important to invest in paprika production for further production and exports of paprika extractions in the country. The import substitution of paprika for extraction requires transforming export-processing zones into better integrated industrial development parks, with much stronger backward and forward linkages with the rest of the economy.