RedSun Dried Fruit & Nuts (Pty) Ltd.
Keimoes-Upington N14, 2km, Keimoes, Northern Cape, South Africa
PO Box 767, Keimoes, 8860, South Africa
Tel: +27 (0)54 337 8660
Email: info@redsun.co.za www.redsun.co.za

REDSUN PECAN POST-2025
NEWSLETTER #3 August

Highlights of this report

The South African 2025 pecan crop
The market for the SA pecan crop
The market for pecans generally as seen by Redsun
Shelling of Pecans in South Africa.
Nickel content of Pecans and the EU regulation of 1 July 2025

The South African 2025 pecan crop

The Intake is progressing well. We are about 70% through the intake. The crop size is looking to align with the forecast of 42,000mt NIS. It may even go a bit higher.

2025 crop quality is delivering high kernel yields of minimum 55% sound kernel yield. The majority have NIS size of oversize and jumbo. As pecan trees grow bigger with age, so the volume of fruit produced by each tree increases. The "normal" yield per tree in South Africa at present is in the region of 12kg per tree. These are "young" trees of less than 16 years, and they are planted at a spacing of 100 trees per hectare. That gives a delivery of about 1200 kg of pecan NIS per hectare.

As the pecan trees mature, so their yield per tree increases to 20kg NIS per tree. The effect is smaller NIS and more on a tree. Therefore, smaller in size and slightly lower sound kernel yield. We are talking about a yield of 50%-55%.

The ongoing growth in South Africa (2024 crop 36,000mt NIS) to the 42,000 mt we are anticipating for 2025 is from more young trees coming into production. Therefore, big NIS with high sound kernel yield. Forecasts are optimistic that we will see a crop of 50,000 mt NIS from South Africa by the year 2030.

The market for the SA pecan crop

In line with previous years, China continues to be the dominant buyer of pecan NIS from South Africa. They account for 90-95% of the crop. These pecans are sized, x-rayed to ensure the nut in shell is not carrying defective kernel, and then packed in 25kg polybags for shipment via Durban to China.

When the product gets to the other end, there is a processing /roasting in shell process, with a 60% of the volume being sold in small vacuum packs. Most of these pecans are distributed and marketed by e-commerce.

Most of the pecans sold in Chinese supermarkets are kernel. There is a growing pecan shelling business in China, destined for the domestic Chinese market.

The market for pecans generally as seen by Redsun

The market for halves has strengthened considerably since the crop of 2024. Prices have firmed by more than USD per lb. The reason is uncertain other than an apparent shortage of supply from Mexico and USA. we have heard discussions of kernel being more "brittle" than normal due to water shortage in Mexico. Therefore the overall half yield is lower as a percentage.

There is no question that the production from USA and Mexico, the world leaders in the pecan industry have a smaller crop. However, this does not adequately explain the more than a USD price increase in the price for the halves.

On the other hand, the market for pieces has remained stable, with reference to medium and small pieces. This is compared to the 2024 market. However, the market for large pieces has certainly slowed. We noted with interest that the USDA purchased about 4000mt of large piece recently from the US industry, as part of their feed scheme.

Therefore, we have an unusually wide difference in the price for half and pieces. We are remined that is USA and Mexico, there are relatively small volumes of pieces produced compared to halves (average of 75% are halves). Therefore the pieces are not being produced in large volumes. The south African industry is different, there is a high percentage of pieces for the reasons mentioned. That volume is too small to make any effect.

Shelling of Pecans in South Africa.

The shelling industry for pecans is developing very slowly. There are really two shellers in SA now, in an industry that must develop further. Pecan farmers need the security that there is more than a single NIS market for their pecans. They have invested heavily in the time and effort to bring their crop to where it is today. They need market security.

Both shellers receive strong support from farmers in terms of food safety requirement, ESG matters and access to their farms.

A problem that shellers experience is the size of the NIS and the sound kernel fill. It may sound strange, because both are considered very positive quality attributes for pecans.

1. Size of NIS. The strongest market demand for kernel is "fancy junior mammoth halves". To produce a "junior mammoth " size half, we need a nut in shell size of medium, large or extra large. The majority of the nut in shell is extra large, oversize and jumbo, that produce mammoth halves. There are very few jumbo halves produced.
2. Sound kernel yield means the kernel inside the shell is very big as compared to the outer shell. During processing, the impact of the cracking mechanism, easily reaches the kernel. There is a resultant fracture of the kernel. The kernel then breaks during the subsequent sorting and scanning. The result is fewer halves of 40%-50% halves produced from the kernel.

As time goes by, this situation will improve. The NIS will be smaller and have a kernel yield of 50%. That is our target to give the production of a 70%-80% half ration with the balance pieces. The sizes will also be more in line with the junior mammoth half requirement.

Shelling is a developing industry in South Africa. There are presently around 40 shellers in the macadamia industry with a production of close to 100,000mt of nut in shell. There remains under capacity compared to the volume of macadamia NIS available for cracking. The Chinese NIS market remains an essential outlet for the SA macadamia industry.

Nickel content of Pecans and the EU regulation of 1 July 2025

The European Union have brought in the regulation 2024/1980, effective 1 July 2025, that says no tree nuts with Nickel content higher than 3,5ppm may be imported into EU.

There are 5 exceptions to this regulation as quoted by the EU

Cashews
Walnuts
Brazil nuts
Chestnuts
Pine nuts

These 5 varieties of tree nuts may have a nickel level of maximum10ppm. Nickel is a microelement in the make up of the tree nuts mentioned. Without it, the quality is not achieved.

Our research has shown that SA pecans can have a nickel content of between 2ppm and 6 ppm on average. Nothing has demonstrated that pecans produced in any particular growing region of SA, will carry nickel different to another region of South Africa.

The EU should have included pecans into the list of exceptions that have naturally occurring nickel levels. Application has been made to the EU by the Industry bodies of the pecan producing countries, USA, Mexico and SA for pecans to be included in the list of exceptions. We can see no reason for the application not be granted. It is a question of time that will be necessary to get the application approved. Initial time indications were three months. The summer holidays in Europe have a role to play.

The nickel issue does not only affect South African pecans. It affects pecans from around the world. Without the action of the EU to include pecans with cashews, walnuts etc being permitted to have maximum 10ppm of nickel, Europe will not be able to enjoy pecans.

Pecan trees that don't absorb enough nickel from the soil are prone to a disease called "mouse-ear". That causes abnormal tree growth and development, Agricultural Research Service scientists in Byron, Ga, USA have discovered.

Peter Kuilman
peter@redsun.co.za
+27(0) 83 283 6744