



Trends in the global citrus trade

10 June 2013

Data compiled by Freshfel and Shappe reported on the website *Fresh Fruit Portal* suggest that total southern hemisphere citrus production is projected to increase by 9.85% in 2013, with strong production growth in Peru (+10%) and Australia (10.68%). Total citrus exports for the region are projected to increase by 2.8% in 2013 to 2,587,935 tonnes, up from 2,517,071 tonnes in 2012.

Citrus exports from Peru are projected to increase by 10% to 92,004 tonnes, from Argentina by 6.31% to 433,000 tonnes, and from Australia by 2.16% to 176,500 tonnes.

Production in Chile, by contrast, is expected to fall by 3.62% and exports by 1.75% as a result of water scarcity. Uruguay, similarly, is expected to see a 17.5% decline in exports to 119,775 tonnes, following a decline in production of between 15 and 20%.

South Africa continues to dominate the global citrus export trade, with an increase of 4% projected for 2013, taking total South African citrus exports to 1,602,304 tonnes, some 61.9% of southern hemisphere exports. South African exports have been affected by increased input costs for shipping, transport, energy and labour, although a weakening rand has eased the impact of increases in domestic costs.

Other articles on *Fresh Fruit Portal* report that a number of market uncertainties overhang the South African citrus sector. These include:

- "the pending threat of a 'five strikes and you're out' scenario for South African citrus in the EU", linked to detections of Citrus Black Spot (CBS) during import inspections;
- the introduction of Chinese import restrictions on Californian citrus, which is likely to intensify competition on the US market from domestic US producers in the high-end component served by South African exporters;
- the emergence of China as "the world's number one citrus producer" and "sixth largest" citrus exporter overall.

The reports note that South African citrus exporters are increasingly interested in the Russian market, but face competition from existing suppliers Ecuador, China, Argentina and Chile. Far Eastern and Middle Eastern markets are also of growing interest.

Sources

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Freshfruitportal.com, 'Markets remain uncertain for South African citrus exports', 24 April 2013

<http://www.freshfruitportal.com/2013/04/24/markets-remain-uncertain-for-...>

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Editorial comment

While the granting of improved access to the EU market for Peruvian citrus exports may well be encouraging citrus exports to the EU, South Africa's dominant position as a citrus exporter, linked to its dynamic marketing system, means that there is likely to be little immediate threat from increased competition from Peru (either in terms of volume or price, given the different market components served).

Of much greater concern is the potential threat from the new EU 'five strikes' rule for CBS detections whereby the EU would only allow a maximum of five CBS import interceptions in a season (see *Agritrade* articles ' [Tightening of Citrus Black Spot controls could pose challenges](#) ', 28 April 2013, and ' [South Africa looking for "parallel dispute resolution process" in EU cit...](#) ', 18 May 2013). Already there have been reports that EU citrus traders are moving away from southern hemisphere suppliers, with some traders even reportedly moving into trading alternative products that carry lower risk of interception. This would appear to heighten the importance of market diversification for South African exporters.

Increased competition from domestic suppliers on the US market, linked to Chinese import restrictions on Californian citrus exports, is a matter of short-term concern, while in the longer term growth in Chinese citrus exports could pose a competitive challenge on the Far Eastern markets that are currently being targeted by South African citrus exporters.

Overall, however, given the marketing infrastructure in place, South Africa is likely to be better placed to respond to these challenges than citrus exporters in neighbouring Swaziland and Zimbabwe, where eventually producers may simply decide to exit the overseas export trade.

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