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Prospects for global citrus markets and developments in South Africa

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In April 2013, the Secretariat of the European Fresh Produce Association (Freshfel) and the Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE) organised a teleconference on production forecasts for fresh citrus fruit in southern hemisphere countries and market conditions in northern hemisphere countries. It revealed:

- a 10% increase in production and exports in Peru;
- a 17.5% contraction in production and exports from Uruguay;
- a 17.35% expansion in production and 6.1% expansion in exports in Argentina;
- a 10.68% increase in production and 2.16% expansion in exports in Australia;
- a 3.62% contraction in production and 1.75% contraction in exports in Chile; and
- a 10.18% increase in production and 3.99% increase in exports from South Africa (including Swaziland and Zimbabwe).

Overall, this will yield a 9.85% increase in production and 2.82% increase in exports of citrus fruit from southern hemisphere producers.

South Africa is projected to account for 61.9% of southern hemisphere citrus exports in 2013, up from 59.2% in 2010. In 2013, South Africa is projected to account for 76% of southern hemisphere orange exports, 30% of mandarin exports, 32% of lemon exports and 97% of grapefruit exports.

Currency movements have been helping the export of South African citrus, despite rising input costs linked to minimum wage increases (+52%), rising energy and other input costs, and increased transportation and shipping charges (Maersk and SAFMARINE have announced a planned increase of “up to 30%” in shipping charges “to keep up with the demand for containerised shipping”). Containerised shipping is making local markets and local processing more attractive.

The new basis for the application of EU Citrus Black Spot regulations could potentially affect the export position of all southern hemisphere citrus exporters. According to the US Department of Agriculture (USDA), this is causing particular concerns in South Africa, with high-level consultations between EU and South African officials having taken place in June 2013. These consultations proved inconclusive.

The Freshfel–SHAFFE teleconference also highlighted how “actions by China to terminate [the issuing of] phytosanitary certificates based on interceptions of Brown Rot could divert significant volumes of export fruit to domestic markets,” with concerns arising over the consequent price effects on the affected markets.

According to USDA, the introduction of new varieties, improved management and enhanced fruit quality are enabling South Africa to maintain its market position in the face of increased competition, particularly for fresh oranges from Egypt, which enjoy freight advantages (due to proximity) to the EU markets. Efforts are therefore taking place to diversify South African export markets: in 2012, Russia, Saudi Arabia and the United Arab Emirates (UAE) together accounted for 315,229 tonnes of South African citrus exports (including some 28.7% of South Africa’s fresh orange exports, over 50% more than exports to the traditional Dutch market).

A similar strategy is apparent in the soft citrus fruit subsector, although in 2012/13 Russian and Middle Eastern markets accounted for only one-seventh of South Africa’s exports to the UK and Dutch markets.

South Africa is also in discussions with the US authorities on the length of time required for cold steri-treatment (to control False Codling Moth). USDA reported that local officials maintain that the current period of 24 days generates product losses of between 6 and 15%, while 22 days of treatment reduces losses to only 3%.

Sources
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Editorial comment
For South Africa, Swaziland and Zimbabwe, the new EC procedures for the implementation of EU Citrus Black Spot controls are a particular concern, with a high priority being accorded to resolving this issue on the basis of the underlying science. It is unclear whether the EU ‘five strikes’ rule applies to exports from individual countries and production zones (the US uses individual production zones in South Africa for sanitary and phytosanitary/SPS control purposes) or to all consignments shipped from South Africa.

If the new rule applies to all consignments shipped from South Africa, this could raise issues linked to the continued handling and marketing of citrus from Zimbabwe and Swaziland, where economic difficulties may be undermining the integrity of SPS control systems. Stricter EU rules could therefore potentially raise challenges for regional cooperation in the marketing of citrus, at a time when economies of scale are central to driving innovation in response to increased competition on the EU market from rising third-country suppliers.

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