



Challenges faced in diversifying South African citrus exports

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In the context of tightening EU SPS controls in the citrus sector, the South African Minister of Agriculture announced that the government "will be assisting the citrus industry to deepen market access in the BRICS nations [Brazil, Russia, India, China and South Africa], especially with India and China". In the case of the Chinese market, "the emphasis will be on pursuing alternatives to the present cold sterilisation requirement and [on] market development." In India meanwhile, the main issue is the tariff levied on imported fruit. Trade issues in the citrus sector are to be raised at the forthcoming BRICS agriculture ministers' meeting.

A special working group of fruit industry representatives and government officials has been set up to enhance work on market access issues. This followed claims in the 2012 annual report of the Fresh Produce Exporters' Forum (FPEF) that the South African government was "falling behind" its southern hemisphere competitors in "the extent to which they are successfully negotiating better market access and lower import duties", with calls for the establishment of joint private sector-government negotiating teams to advance market access issues.

The minister stressed that non-traditional markets are not seen as a replacement for the EU market, but rather represent opportunities to broaden citrus trade relations. Opportunities for citrus exports to growing African markets are also being explored. The FPEF has expressed the hope that "the continued growth in the economies of South America and Southern Africa will be able to absorb a greater proportion" of fresh produce.

Meanwhile, press reports indicate that South Africa is facing administrative challenges in exporting citrus to Vietnam, with the authorities apparently questioning whether oranges should be classified as citrus for trade purposes. This has necessitated a resubmission of documentation for import licenses for oranges.

South African grapefruit and orange exports to South Korea, meanwhile, continue to grow (from 117,000 cartons in 2011 to 162,000 cartons in 2012, and a projected 300,000 cartons by the end of August 2013). However, the full potential for citrus exports to South Korea is reportedly held back by the tariffs applied.

According to FPEF, "the Far East and Asia made up 28% of South Africa's citrus exports in 2012" – the second most important region after Europe. The first shipments of citrus to the Thai market were initiated in 2012 after 12 years of SPS negotiations. However, revisions of the Indonesian import requirements introduced in late 2012 are expected to "impact heavily" on citrus exports in 2013.

South African citrus exports 2012 by destination (percentage of total)

	Oranges	Lemons	Grapefruits	Soft citrus
Europe	32	21	42	21
Middle East	19	42	2	5
Far East and Asia	28	12	–	–
Russia	10	13	9	11
North America	4	2	3	12
UK	6	10	7	42
Others	1	–	–	2
Japan	–	–	30	–
Asia and others	–	–	7	–

Source: FPEF, Export Statistics: Citrus <http://www.fpef.co.za/index.php/fruit-information-50/export-statistics/c...>

South Africa remains "the leading exporter of orange and grapefruit in 2012/2013 season with 28% and 27% share of world exports of these products respectively". In total some "68% of South Africa's citrus production is exported", since "international markets are much more profitable than domestic markets".

Figures for the first 23 weeks of the 2013 season show that the "Middle East is the largest destination market for South African oranges, absorbing 32% of total orange exports. The second destination is Northern Europe with 24% shares, followed by Russia with a share of 19%."

Sources

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Editorial comment

A more concerted approach towards diversifying export markets appears to be emerging in South Africa's citrus industry. This includes getting to grips with both tariff and non-tariff issues and support to market development (although government assistance in the latter area is linked to progress in bringing smallholder emergent farmers into export supply chains).

Given the lengthy processes that can be faced in securing SPS approvals and administrative changes, which can inhibit exports, establishing clearer and simpler structures for dealing with non-tariff issues faced on non-traditional markets is considered a priority area for South African trade diplomacy. This could draw on the EU experience of establishing market access working groups to target obstacles to agro-food exports in particular markets.

Export diversification has proved a highly uneven process. Exports of grapefruit to Japan, for example, fell between 40 and 50% in 2010 and 2011 compared to 2009, while orange exports to Middle Eastern markets also fell in 2011 compared to both 2009 and 2010. However, in the first 23 weeks of the 2013 season, orange exports to Middle Eastern markets performed well.

The challenge would appear to be to consolidate gains through formalising market access arrangements where growth is under way, and fast-tracking approval processes where citrus exports to non-traditional markets are still being developed.

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