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## Swings and roundabouts

### After a tough year, a favourable citrus forecast

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Tags: [south african](#), [citrus industry](#), [department of agriculture](#), [grapefruit production](#)



In less than a year, the South African citrus industry has made a dramatic turnaround—good news for farmers and the economy as a whole. Citrus, especially oranges, which account for 63% of the total hectares under citrus, is South Africa’s most precious crop. In the 2016/17 season, despite the drought, total gross producer value for oranges reached R9.29 billion, 91% of which came from export of R8.47 billion.

However, as recently as October, analysts were asking whether South Africa’s most precious fruit export was slowing down.

The lowest rainfall since 1904 and a sharp fall in dam levels during the 2015/16 production season caused a 21% drop in orange exports. Even more challenging than the drought, though, is disease.

According to Paul Makube, Senior Agricultural Economist at FNB, “Diseases are the real challenge for the industry. South Africa’s main export destination, the European Union where the Citrus Black Spot (CBS) is considered a quarantine pest, has caused consternation between the two trading partners. Another disease is Navel splitting; it has affected the Western Cape so much so that exports there have reportedly dropped by about 17% to 20% [in 2017]. This raised demand for navels from other regions of South Africa particularly at the time when the export market was particularly strong in the EU, the Far East, Russia, and the Middle East.”

Since the European market accounts for some 36% of total orange exports, the negative impact of a decrease in this sector would be severe.

“Producers have started to switch to soft citrus, which in the longer term may eventually lower the status of oranges as the leading fruit in terms of production and being the export leader in terms of fruit in South Africa,” said Makube.

However, the outlook improved as soon as the weather took a turn for the better, resulting in a recovery in orange production and a rebound in export volumes offset by the relatively weaker rand exchange rate.

According to a report by the United States Department of Agriculture (USDA) Foreign Agricultural Service, overall, South Africa will produce more oranges, grapefruit, lemon and limes in the 2017/18 median year, “based on the increase in area planted and normal weather conditions in the main growing regions of Limpopo, Eastern Cape and Mpumalanga”, three provinces which collectively account for which account for some 82% of total orange production. At the same time, “the current drought conditions and low winter rainfall received in the Western Cape is expected to severely restrict the availability of irrigation water”, meaning less production of tangerines, mandarins, lemons, limes and oranges.

Grapefruit production is forecast to increase 400 000 megatonnes (mt), for an 8% in exports to 250 000 mt.

.Normal rainfall, no damage and increased growing area are expected to yield a 2% rise in orange production, with exports forecast to rise by 1% to 1.18 Million mt. Ongoing efforts to address EU market uncertainty owing to Citrus Black Spot have contributed to this favourable situation.

The production of lemons and limes is anticipated to rise by 6% to 420 000 mt, with increased yields in Limpopo and the Eastern Cape somewhat offset by drought-related losses in the Western Cape, where some 10% of South Africa's lemons and limes are grown.

In the Western Cape, the impact of the drought meant that tangerine and mandarin production was expected to drop by 9% to 230 000 mt, with exports declining by 15% to 180 000 mt.

Commenting on the ups and downs of the season in their April newsletter, the Sundays River Citrus Company said, "This highlights the risks and unpredictability of agriculture and emphasizes the need for very careful financial management in the operation of a citrus farming enterprise. Significant costs are incurred in the preparation of a crop, ahead of the realization of the income from that crop and if the results are not up to expectations the business will be placed under financial pressure."

Perhaps the most significant event of the year, however, is what has been widely described as a watershed moment for the South African citrus industry, namely, the publication in June by the USA of a rule amending SA-USA citrus importation regulations.

Whereas before, only CBS-free citrus from the Western and Northern Cape was allowed, the rule published on 11 June in the United States Federal Registry has instituted a process to allow all citrus-growing regions in South Africa to export. , the Animal and Plant Health Inspection Service (APHIS) has now "put its money where its mouth is", as one industry representative puts it. It is not final yet, but there is a process to allow citrus from across South Africa and it is close to certain that the wording of the rule, as it currently stands, will be accepted.

The amendment reads: "This action will allow for the importation of fresh citrus fruit, including citrus hybrids, from the Republic of South Africa while continuing to provide protection against the introduction of plant pests into the United States."

Commenting on the development, Citrus Growers Association (CGA) CEO Justin Chadwick wrote in his newsletter of 15 June, "Publication of the final rule will be widely appreciated by those in the industry who have been (im)patiently waiting for the final rule to be published. All industry players understand the importance of taking advantage of this new opportunity in a responsible manner. There are recent examples where access can be short lived if attention is not given to all access conditions and market requirements. The industry will build on the example shown by growers in the Western and Northern Cape, who have nurtured this market, built strong relationships through disciplined marketing, and paid attention to ensuring quality, phytosanitary, sanitary and market needs are met."

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