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INDUSTRY

Worst South Africa drought to cut citrus export volumes in 2016

Tshepiso Mokhema, Bloomberg

South Africa's worst drought in a century will reduce the citrus harvest this year and result in smaller-sized oranges which are harder to sell, according to an industry body.

Production of navel oranges and soft citrus fruits from Western Cape province is forecast to record a "slight reduction," Justin Chadwick, chief executive officer of the Citrus Growers' Association, said in an interview in Johannesburg on Thursday.

"We anticipate a reduction in our export volumes because of the drought conditions and extreme heat," Chadwick said. "The big concern now is we have small amounts of small fruit and a lot of markets don't like small fruit. They like big fruit."

South Africa is the world's largest citrus shipper after Spain and the industry employs an estimated 100,000 people. Exports account for 80% of the industry's R9.4 billion ($611 million) in annual revenue. The nation last year suffered its lowest rainfall since records began in 1904, cutting output of crops such as grains, wine grapes and peanuts.

The country exported 1.77 million metric tons of citrus fruits last year. Chadwick didn't give a specific forecast of sales or production for this year.

South Africa has applied to the US Department of Agriculture to allow the sale of citrus products from all regions, not just the Northern and Western Cape provinces currently, according to Chadwick. The process has been pending for the past 10 months, said Chadwick.

"We have an application in for access for the rest of South Africa," he said. "Because of the impasse of AGOA, that application has stalled," referring to the African Growth and Opportunity Act, an American program to help African exporters.

South Africa has been under pressure to reach an agreement with the US to open its market to American meat in order to retain tariff-free access under AGOA.

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