

African citrus sales concern RSA

South Africa's citrus industry is concerned about low exports into Africa

South Africa's citrus industry says it is concerned about the low level of exports into Africa and has launched a new strategy to develop sales in countries on the rest of the continent.

"Exports of citrus from South Africa, Swaziland and Zimbabwe into the African continent are extremely low," explains the CGA's Justin Chadwick. "In 2014, 766,000 cartons were exported into Africa, by 2016 this had doubled to 1.5m cartons, but this represents only 1 per cent of total exports."

Chadwick says this is in stark contrast to the apple industry, where 28 per cent of the 2016 crop was destined for Africa. "Although one should not compare oranges with apples it is interesting to see the spectacular growth of South African apples into Africa," he says.

For some years now South African apple growers have been expanding their business in Africa. African sales of apples, together with the South African local market, have for some years now represented well over 50 per cent of the total volume of apples grown in the country. Recently, however, due to the drop in the oil price which is a major source of income and affects consumer spending in major South African apple destinations in Africa, sales have declined somewhat.

For the South African apple industry, Africa now represents second place as an export destination, having been overtaken by the Far East and Asia.

Chadwick notes that there is not much consistency in the small amount of citrus supplied into Africa.

"Whereas in 2014 and 2015 Angola (20 per cent), Gabon (16 per cent), Kenya (27 per cent) and Senegal (20 per cent) were the main importers, in 2016 Mauritius (27 per cent), Reunion (14 per cent), Togo (11 per cent) and Kenya (10 per cent) were the main destinations. In 2016 there was also a greater spread of countries.

"As southern African citrus volumes grow so will the need to explore new export destinations. It makes a lot of sense to divert some of this exploration into ways of expanding citrus exports into Africa," he continues.

Chadwick has some praise for the South African apple industry as far as their endeavours in Africa is concerned. "The apple industry has played a pioneering role and have learnt through trial and error, and hard work, how best to supply these markets. The citrus industry can learn from this and build on these experiences to grow volumes into these markets."

He says the Trade Work Group of the Fruit Industry Value Chain Round Table held a special workshop to discuss the matter and to develop a strategy to expand fruit trade into Africa. Government was well represented at the workshop.

The apple industry listed a number of challenges in growing their footprint in Africa," Chadwick outlines. "Logistics is a hurdle in growing volumes and ensuring good returns. Getting the fruit to and through the ports is both expensive and in many cases inefficient. Poorly developed cold chain infrastructure and intermittent power supply adds to the risks involved.

"By all accounts the situation is improving and the fact that 120,000 tons of apples moves from South Africa to these markets means that it is possible to increase trade," he notes.

Apple exporters also emphasise the need to establish strong networks and partners in these markets. "Shortage of foreign currency and lack of credit guarantees means that shipping the fruit may be the least problem; getting paid can be a big problem," Chadwick says.

He also points out that the South African banking sector is making big inroads into Africa. "There may be opportunities to design services that could reduce this risk," he concludes.

It is reported that the leading destination for South African apples is Nigeria, which imports around 34 per cent of African volumes. This has however decreased of late due to effect of falling oil prices on the country's economy.

Kenya, as the gateway into Eastern Africa, accounted for 15 per cent. This is followed by Senegal on 10 per cent, Togo (9 per cent) and then a number of countries between 4 per cent and 5 per cent, namely Ghana, Cameroon, Angola and Ivory Coast.