

Drought hits RSA citrus output

The water shortage and strengthening rand will present challenges for exporters this season

The drought in the Western Cape and parts of the Eastern Cape will limit the availability of South Africa's citrus export volume this year.

This is the view of Justin Chadwick, CEO of the Citrus Growers Association, who said that even though the first crop estimates will not be available until March, he is anticipating a problematic campaign.

Along the Berg River in the Cape most growers have already used their allocation from water schemes and the authorities recently announced that no more water will be made available for agriculture.

The situation is particularly challenging in the Olifants River where the biggest citrus producing area is located around Citrusdal and Clanwilliam.

Chadwick noted that new plantings of lemons and soft citrus would continue to reach fruit bearing age, and this would no doubt boost the harvest.

"But," he added, "the increase in export volumes will be influenced by the drought."

He claimed that the implementation of the new FCM Management System (FMS) would result in new challenges and disruption to normal procedures. "Growers and supply chain partners will need to ensure that the FMS works," he told *Fruitnet*.

Growers will also have to contend with a much stronger South African currency. The rand has reached levels last seen many years ago, and experts forecast that it could strengthen to below R10.50 to the US dollar, prompting fears that the exchange rate boom may be over.

"The rand has strengthened and pundits foresee that it will strengthen further," said Chadwick.

"Those who rely on the Rand's weakness to ensure profitability will need to rethink. A leading grower/exporter calculated that a 10 per cent strengthening of the rand would result in a 35 per cent decrease in farm gate prices."

Chadwick noted that progress in market access initiatives, particularly success in widening access to the US market, and changed protocol conditions for China are essential for the future sustainability of the industry.

He also warned that as the African National Congress settled under its new leadership, growers could expect to see more policy certainty which would not necessarily benefit the agriculture industry.

