

Russian invasion causes RSA citrus issues

Citrus Growers Association says it is doing everything it can to assist local growers

South Africa's Citrus Growers' Association (CGA) has said it is working closely with exporters, government, and other stakeholders across the value chain to mitigate the impact that the Russian invasion of Ukraine is having on local businesses.

"This includes fruit destined for Russia being blocked, delays in fruit getting to the market, as well as further increases in input costs for growers and exporters because of the conflict," the CGA explained.

When it comes to the Russian market, the country accounts for approximately 7-10 per cent of total South African citrus exports annually, with 11.2m (15kg) cartons of fruit sent to Russia in 2021.

With no fresh produce having been shipped to the region over the past few weeks by most countries, early shipments of lemons destined for the Russian market have been impacted.

"Should this situation continue, when the export season officially kicks off in April, other categories such as grapefruit and soft citrus will also be impacted," the CGA stated.

"Morocco, Turkey and Egypt all export significant quantities of citrus to Russia. The conflict has impacted the ability of these countries to supply the Russian market, resulting in the diversion of fruit to other markets."

The concern is that these markets could suffer from an oversupply and a build-up of stock, which could affect early season South African supplies.

In addition, the depreciation in the rouble will make imported fruit more expensive, while processing of payments could be difficult due to restrictions on money flows.

"This increases the risk of exporting to Russia," the association continued. "Although South African exports to Ukraine are still developing, the conflict will put a hold on exports to that country. Exporters had started to build some momentum in direct exports to Ukraine in recent years."

The turn of events had highlighted the importance of access to multiple markets to divert fruit when necessary, the CGA said.

"The CGA calls on the South African government to redouble their negotiations with trading partners to optimise present market access conditions, to retain access where this is threatened and to gain access to new markets."

Over the past year, there have been a major increase in a number of input costs, including fertiliser prices almost doubling and agrochemical prices increasing on average by 50 per cent.

"Rising fuel prices and freight costs, which increased by approximately 30-40 per cent in 2021, have also severely squeezed growers' profit margins. The current situation, with a sharp increase in the price of crude oil, will increase shipping costs further."

The CGA painted a bleak picture of the situation across the major European ports used by the South African fresh produce industry.

"They are heavily congested as all containers need to be scanned. This results in fresh fruit from South Africa, in some cases, remaining in transit for up to 90 days – when it usually takes around 24 days."

With 14 per cent of global fertiliser exports currently being stuck in Russia and the price of oil and gas continuing to climb because of the current conflict, further increases in the cost of fertiliser, fuel and agrochemical prices can be expected, which will place a further strain on growers.

"The CGA remains committed to working with government, exporters, and other stakeholders across the value chain to help mitigate these threats and the impact of the Russia-Ukraine conflict on the upcoming citrus season," the association added.

"It will take our collective effort to help ensure the continued profitability and sustainability of our local citrus industry, which sustains more than 120,000 jobs and generates R30bn in export revenue for the country, particularly following a tough 2021 season."

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