

■ OPINION

JUSTIN CHADWICK: Having all its fruit in just a few baskets hampers SA's citrus growth

11 APRIL 2022 - 17:08

by JUSTIN CHADWICK



Citrus Farmers in the Addo Area. from left Edward Noketshe, Buyiswa Ndyenga and Thando Mto. Picture: Judy de Vega

SA is the world's second-largest exporter of fresh citrus and has become renowned for the quality of fruit it ships to key markets across the globe. Two-thirds of SA citrus is exported each year and the industry brings in about R30bn in revenue for the country, sustains 120,000 jobs and drives much-needed socioeconomic development in many rural communities.

To continue supplying high-quality fruit to international markets, local growers have invested billions in research and innovation to ensure the optimal functioning of the citrus supply chain. However, despite its stellar performance over the past few years, the industry is not always able to predict or control challenges that emerge, which affect the ability of growers to ship their fruit to markets.

Recent examples of unforeseen challenges include the widespread looting and violence that broke out in KwaZulu-Natal and Gauteng in mid-July 2021, as well as the cyberattack on Transnet at the end of the same month, which made the shipment of fruit impossible for two

weeks. This led to 300,000 pallets of citrus being stranded over a period of four to six weeks.

While growers still managed to ship 161.1-million cartons of citrus in 2021, the backlog in the value chain at the height of the season meant a large portion of the fruit arrived too late in many regions, which had a negative effect on the quality of arriving fruit and resulted in a drop in prices due to an over-supply of some varieties in many markets.

Examples of other variables beyond the industry's control are the Covid-19 pandemic and the exponential increase in input costs, largely as a result of the pandemic. This includes a major rise in freight and fuel prices as well as fertiliser and agrochemical prices, which have put a major squeeze on growers.

A recent new threat, which poses a major risk to the upcoming 2022 export season, is Russia's invasion of Ukraine. In recent years Russia accounted for 7%-10% of SA's citrus exports, but the conflict and international sanctions against Russia mean fruit destined for the country will likely need to be diverted to other markets. With other countries that also export fruit to Russia, such as Morocco, Turkey and Egypt, being in the same situation, there is a real risk of these markets suffering from an oversupply and a build-up of stock, which will have a negative effect on revenue across the local supply chain.

These unpredicted events highlight the importance of the local industry having access to multiple overseas markets to divert fruit to when necessary. This becomes even more crucial in light of the industry's projected growth forecast of an additional 500,000 tonnes of citrus being produced in the next three to five years, which has the potential to bring in billions more in foreign exchange revenue and create thousands of jobs.

In this regard, the opening of the Philippines market in 2021 after 11 years of negotiations was a major achievement. The recent finalisation of a revised lemon protocol between SA and China, which will allow the export of lemons to the Chinese market in 2022, is also a major milestone. The Citrus Growers' Association and the government worked in close collaboration to make this a reality.

However, delays in the finalisation of new agreements and protocols with other countries are having a negative effect on the local industry's ability to respond to unforeseen events affecting access to

key markets. For example, exports to India have been constrained by a requirement that does not allow in-transit cold treatment. While trial shipments of oranges were conducted a few years ago, the necessary clearance for in-transit cold treatment has not been consolidated, despite several attempts to engage with the authorities.

Another critical market is the US. Citrus growers from the Western and Northern Cape exported a record-breaking 88,000 tonnes of fruit to the US in 2021. However, the industry could export an additional 75,000 tonnes of grapefruit and soft citrus within the next three years, creating another 3,750 new jobs within the industry and generating more than R1bn in export revenue. Unfortunately, this growth will only be possible if growers in other provinces are given access to the US market, which requires a long-delayed rule being finalised between the governments, a process that has already dragged on for the past three years.

Another market that offers great potential for market expansion is Japan, which could create more than 750 new jobs and increase our revenue by R205m by 2024. Unfortunately, strict market access conditions have restricted our ability to capitalise on Japan's growing demand for SA citrus.

The industry has also been struggling to gain re-entry into Vietnam, after losing access in 2013 due to an administrative error. Despite ongoing discussions over the past nine years between the SA and Vietnamese governments, there has been no progress on the ratification of a new protocol between our countries.

Finally, onerous phytosanitary regulations are severely hampering local citrus exports to the EU. Future shipments of SA oranges to the region are under severe threat in light of new legislation proposed by the European Commission with regard to the false codling moth, which will require the mandatory cold treatment of all oranges being exported to the EU. The association has raised its concerns over these unwarranted and unfeasible proposals, which could result in major job losses in the industry.

It is clear that our sector has the potential to contribute even more to the SA economy over the next few years. However, to achieve this we need to gain, retain and optimise a number of our key markets over the short term so that the expected growth in citrus production over

the next few years can be absorbed and the industry is also able to withstand and respond to events that are out of its control.

The association remains committed to working with the government, SA embassies and other relevant authorities to remove the blockages that are hampering access to key markets and to play its part in increasing SA agricultural exports over the next few years.

- *Chadwick is CEO of the Citrus Growers' Association of Southern Africa.*

