

■ OPINION

JUSTIN CHADWICK: EU citrus import rules imperil citrus farmers' survival

Additional costs and loss of income could amount to more than R500m, while investment in cold storage capacity would cost nearly R1.4bn

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by JUSTIN CHADWICK



Picture: SUPPLIED

Last year was an extremely challenging export season for SA citrus growers, who were hit with myriad challenges all at once. Some of these could be foreseen, such as the decay of public infrastructure, including roads, rail and port operations, and an erratic electricity supply. Others could not, such as the Russian invasion of Ukraine, which resulted in a surge in farming input prices and transport costs, or shipping prices hitting record highs.

Perhaps one of the biggest curve balls to hit growers was the new false coddling moth regulations passed by the EU in the middle of the export season that caused more than R200m in additional costs to the industry so that citrus that had already been shipped could be cleared at borders.

These new regulations require extensive changes to the current applicable phytosanitary (pest control) requirements, with all oranges shipped to the EU now needing to be pre-cooled to below 2°C and

then maintained for 20 days. To comply, growers will have to use extremely costly, specialised and severely short-supplied container equipment, which will be unable to accommodate the huge volumes of fruit exported from SA to the EU. Compounding this problem is the impact of ongoing load-shedding on the citrus value chain.

While the Citrus Growers' Association (CGA) welcomes the decision by national government to exempt ports from power cuts under the national state of disaster, cold stores located outside the port terminals will struggle to precool oranges to below 2°C and maintain this temperature before the containers enter the ports and are shipped to the EU.

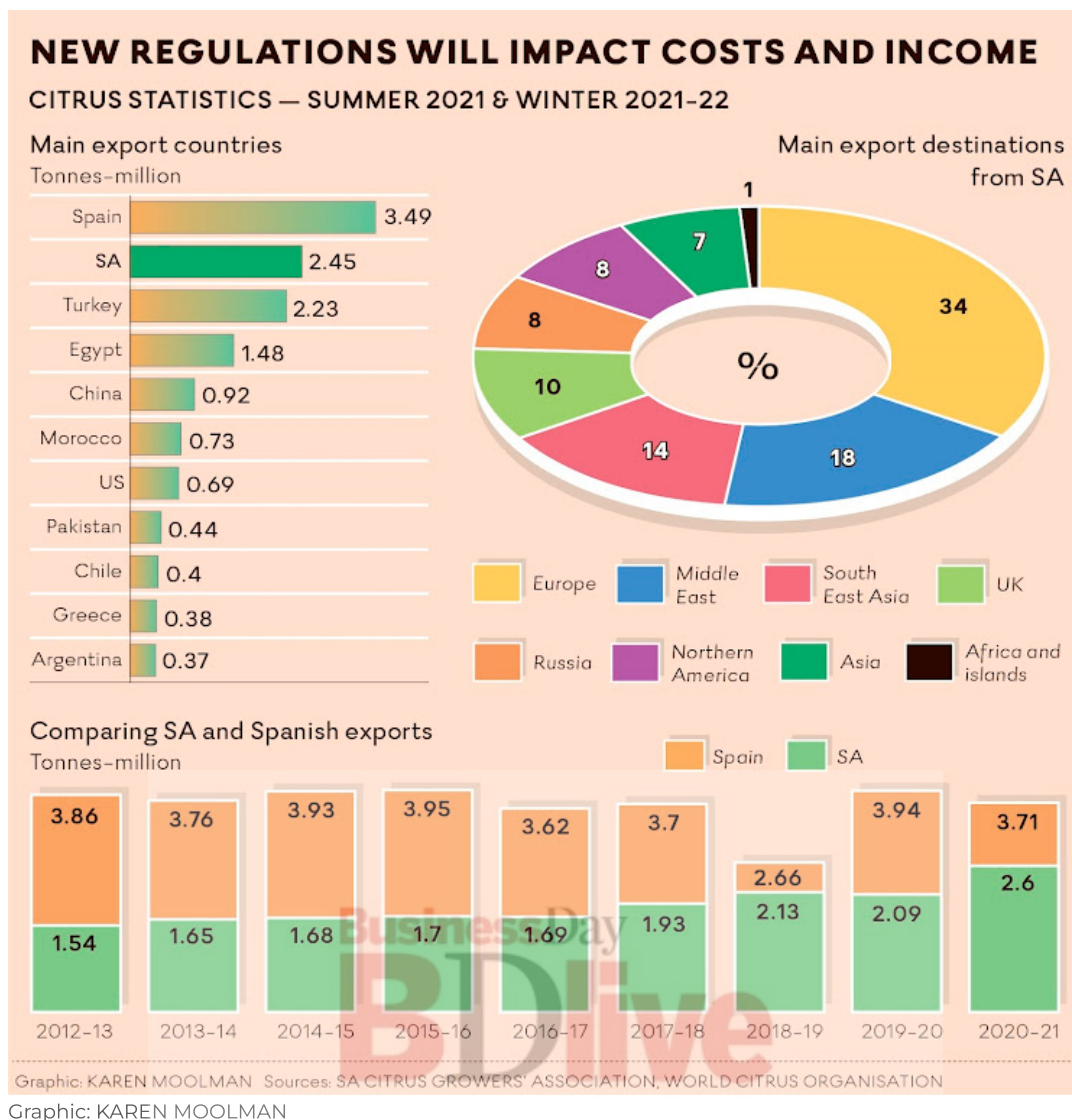
It is estimated in a recent study conducted by the Bureau for Food & Agricultural Policy that should the new regulations be enforced in the 2023 export season, additional costs and loss of income will amount to more than R500m this year alone, while an investment in cold storage technology and capacity of nearly R1.4bn will be required to enable full compliance.

This poses a major threat to the sustainability and profitability of the industry and the 140,000 jobs it sustains, as well as the R30bn in export revenues it brings in annually.

Arbitrary measure

The new regulations also undermine SA's existing rigorous risk management system, which has been highly effective in protecting European production from the threat of pest or disease, including false codling moth. This system ensures that 99.9% of oranges entering the EU are pest free (with only two false codling moth interceptions detected in the more than 400,000 tonnes of oranges shipped to the region in 2022).

The association's position remains that the new regulations are contrary to scientific evidence, making it an arbitrary, unjustified and unnecessarily trade restrictive measure that contravenes international requirements for such phytosanitary trade regulations.



The new regulations have clearly been driven by Spanish citrus producers to block fruit from Southern Africa entering the region. However, statistics released by Freshfel, the European Fresh Product Association representing European fruit and vegetable sectors, reveal that SA does not compete with domestic European production.

In fact, from January to May (the peak production period for Spanish citrus producers) there are no SA oranges in the EU market. Rather, Spain, Italy, Greece and Egypt compete with each other, with small volumes of oranges from Morocco, Tunisia and Turkey also being shipped to the region. SA orange volumes to the EU only rise in July, supplying through to October, the off season for European citrus producers.

While consumers are often faced with many options in the fresh produce aisle, they can only buy what is available on the day. If oranges aren't available due to a gap in supply to the region they will more than likely purchase an alternative fruit, creating the a real risk

that when oranges are available again they might stick with the alternative.

No progress

For this reason one would think the top two suppliers of citrus in the world, namely Spain and SA, which are also clearly not competitors, would work together to ensure consumers are able to choose excellent quality, safe, nutritious and healthy oranges all year round.

The new regulations make no sense. The CGA therefore welcomed the action taken by the department of trade, industry & competition in July last year, when it requested consultation at World Trade Organisation (WTO) level with the EU over the new regulations. However, despite months of consultations between the SA government and its EU counterpart, with the matter even being raised in ministerial and presidential engagements, no progress has been made when it comes to agreeing on a new set of regulations that is agreeable to both parties.

The clock is ticking. Unless the issue is resolved before the 2023 export season kicks off at the beginning of April, SA growers could face losses of hundreds of millions of rand, putting the future of the industry at risk.

The CGA therefore calls on national government to draw a line in the sand by urgently requesting the establishment of a WTO panel to adjudicate on the matter. We believe this is the only way in which the stalemate will be resolved and SA citrus can continue to be exported to the EU.

It would be unconscionable if political agendas were to result in large gaps in the global supply chain, higher prices for European consumers and, most devastatingly, severe job and revenue losses in the local industry.

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