

■ OPINION

JUSTIN CHADWICK: Brics summit a chance to promote SA's citrus exports

Increased access to Brics markets will boost the citrus sector's contribution to job creation and exports

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Picture: PIXABAY

Ten years ago, in response to the tightening of EU restrictions with regard to citrus black spot, the Citrus Growers' Association of Southern Africa (CGA) and the government met to discuss how the local industry could broaden and strengthen trade relations with Brics nations to expand market access, and in this way increase the sector's contribution to job creation and export revenue in the country.

There was agreement that India and China, in particular, offered major potential as export destinations due to these countries accounting for 36% of the world population. Blockages preventing the entry of SA citrus into these markets were identified and the government committed to entering negotiations to resolve these.

The Brics summit in Sandton at the end of August provides a good opportunity to reflect on what progress has been made over the past ten years to expand market access to these countries.

Undoubtedly one of the biggest wins since 2013 was the signing of a revised lemon protocol between SA and China in 2021. The revised protocol took six years to finalise and exempts lemons from current regulatory requirements for false codling moth in light of the varietal not being a host for the pest.

With local lemon production expected to grow by 175,000 tonnes by 2024, the finalisation of the revised protocol means China has become a critical new market for this growth, securing an additional R325m in new export revenue and 800 new jobs in the industry.

Historically, Argentina and Chile have dominated southern hemisphere lemon exports to China. However, with the revised protocol in place, SA is expected to surpass both countries, exporting 25,000 tonnes of lemons to China by 2024. This also builds on the phenomenal growth in exports to China in recent years, with citrus shipments reaching 477,974 tonnes last year.

Citrus exports to Russia have grown, too. Since 2018, exports have risen roughly 20%, with about 10-million (15kg) cartons shipped to the country in 2018, and just more than 12-million cartons in 2022.

While the Russian invasion of Ukraine has had a slight affect on volumes of citrus being shipped to the region, of far bigger significance has been the hike in input costs for growers as a result of the conflict. Fertiliser prices almost doubled over the past year and agrochemical prices increased on average by 50%. Fuel and freight costs were also affected, putting an additional strain on growers' profit margins.

Unfortunately, where there hasn't been much movement in expanding access to the Indian market. India is not only attractive due to the size of its population, but also that its citrus yields are relatively small compared with SA's levels — and their crops are counter-seasonal. This means the citrus seasons do not overlap. If India imported SA citrus it could potentially benefit their local growers, as ensuring the availability of citrus all year round would increase consumption and popularity among Indian consumers.

The biggest stumbling block identified ten years ago by the local industry was the 35% tariff imposed on SA fruit entering India. This rate made it extremely difficult for growers to sell citrus at a competitive price in the Indian market.

In addition, citrus exports to India have continued to be constrained by a requirement that does not allow in-transit cold treatment of fruit. Trial shipments of oranges were conducted in 2018, however, the necessary clearance for in-transit cold treatment has not been finalised five years later, despite numerous engagements between the relevant authorities.

It is clear that the largely untapped Indian market offers major potential for the local citrus industry, and so the CGA hopes that this issue is prioritised during discussions between the SA and Indian governments at the Brics summit and related engagements.

This is particularly important within the context of the local industry's projected growth in exports over the decade by up to 260-million (15kg) cartons of citrus a year by 2032, which would see the sector sustaining 230,000 jobs and generating R60bn in annual export revenue.

However, critical to achieving this growth is optimising, expanding and retaining key markets across the globe. The CGA remains committed to working with the SA government, its embassies, various government authorities and our industry counterparts to ensure continued market expansion.

Our Brics partners offer so much potential for our local citrus industry, particularly within the context of increasing protectionist phytosanitary measures imposed by the EU, which pose a major threat to the sustainability and profitability of grower operations and the jobs they sustain.

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