South Africa contemplates high orange juice prices

By Fred Meintjes | 3 December 2024

Finding answers to juicing questions could set citrus growers up for extremely profitable futures

The past year has been an unusual one for the South African citrus sector, with events in the juice industry shifting market forces.

In South Africa, citrus growers are now closing their operations and moving to the coast for their summer holidays, and a million-dollar question will be on their minds: what will happen to juice prices in the short, medium and long term?

The juice market has had a huge impact on the citrus world this year. South Africa is no different and significant volumes have been diverted to the juice sector, reducing fruit available for fresh sales.

Brazil is the dominant player in the orange juice world, accounting for over 70 per cent of the world's trade and producing some 20mn tonnes of juicing oranges per annum.

The production of oranges in Brazil has been on a downward trajectory for a few years, which has resulted in dwindling orange juice stocks.

Stock levels are almost non-existent, dropping from 785,000 tonnes of 66 brix equivalent in 2013 to 84,000 tonnes in 2023.

When experts announced that orange production in Brazil was to fall by approximately a quarter, the impact was felt around the world.

“Processing plants globally ramped up production – in South Africa working around the clock with three shifts operating to maximise output,” said the Citrus Growers Association's (CGA) Justin Chadwick. ”Prices for oranges destined for the processing plants increased six-fold.”

South Africa's citrus industry is now trying to make sense of it all. For the first time in years, 2024 has seen growth trajectory in fresh citrus exports from South Africa disrupted.

[illegible] said developments in the juice sector have been the major factor driving this disruption, although climatic conditions have also had an impact.

In trying to find an answer to the million-dollar question, the CGA board invited experts to a strategic planning session.

“The person who knows the answer for certain could make a fortune trading on orange juice futures,” said Chadwick.

Economists attending the session argued both for continued elevated orange juice prices, and also the case for an easing of prices.

“The CGA will continue to research this dynamic and will keep the industry informed of the findings,” Chadwick added.

The association’s long-term vision predicts an increase in exports from this season’s volume, in the mid-160mn cartons, to around 250mn cartons in the next decade.