BL BusinessDay

ECONOMY

SA requests two WTO panels for EU citrus issues

Call for world trade body to examine the bloc's phytosanitary measures

26 JUNE 2024 - 18:27

by NOXOLO MAJAVU

Picture: SUPPLIED

SA requested the establishment of two panels at a meeting of the World Trade Organisation (WTO) this week to examine what it says are unscientific and discriminatory measures placed on citrus it exports to the EU.

The citrus industry supports 140,000 jobs at farm level alone. SA is the world's second largest citrus exporter after Spain. According to the Observatory of Economic Complexity, which uses data from dozens of countries — sourced directly from their public customs records — SA exported $1.9bn of citrus fruits in 2022, with citrus being the 14th largest export.

The drawn-out dispute, spanning the past year, involves the agriculture and trade & industry departments as well as the Citrus Growers' Association of Southern Africa. Together, they are challenging what they perceive as discriminatory practices by the EU concerning SA's citrus exports.

They argued that the measures by the EU were not based on scientific principles and were maintained without sufficient scientific evidence. The measures were applied in a manner that was not in accordance with the provisions of the agreement on the application of sanitary and phytosanitary measures, of which the EU is a signatory.

SA also argued that the EU failed to apply the measures in a uniform, impartial and reasonable manner and that they were more trade-restrictive than required to achieve protection. It said there were "reasonably available alternatives which are technically and economically feasible, that would achieve protection in a significantly less trade-restrictive manner".

These steps by the EU were taken to address its regulations on two separate plant health issues — citrus black spot and false codling moth. "The regulations are being challenged by the SA government to protect the livelihoods of tens of thousands of people in the local citrus industry," a government statement released on Wednesday said.

These measures particularly affect emerging citrus growers, worsening the challenges they face due to EU regulations.

SA citrus growers are investing billions of rand annually to meet the requirements of controlled atmosphere storage and forced cold treatment measures, which they argue are unscientific and excessively restrictive. The growers contend that they already hold a "robust, world-class" risk management system that ensures the safety of SA's citrus exports.

In what it called a "progressive escalation" in the WTO dispute resolution mechanism, SA requested the world trade body to establish two panels to look into its case.

The request to establish two panels marks a significant development as SA moves forward with its dispute at the WTO's dispute settlement body.

"SA requested consultations with the EU on the citrus black spot matter, which initiated a process that has ended without any results.

On false codling moth, it initiated consultations with no satisfactory conclusion as well. A panel will now also be formed on the false codling moth matter," said the statement.

An false codling moth is a phytosanitary pest affecting export crops such as citrus, table grapes and stone fruit.

While the EU has not yet accepted SA's request for the two panels, the standard procedure of the dispute settlement body indicates that the panels are likely to be established at its next meeting scheduled for July.

The European bloc is the biggest market for SA citrus, accounting for 36% of total exports last year, according to the Citrus Growers' Association of Southern Africa.

"Last year we exported 36% of all our citrus to the EU. That shows what an important market it is for our growers. It is the very foundation of citrus profitability in SA," said Justin Chadwick, CEO of the association.

"Should the EU continue with the implementation of these measures, or intensify them in any way, the profitability of hundreds of growers will be negatively affected, and the industry will suffer severe revenue and job losses."

Acting director-general of the trade & industry department Malebo Mabitje-Thompson said the EU's measures on citrus black spot and false codling moth were not "justified, proportionate or appropriate".

"It must be understood, however, that the WTO process is not confrontational or aggressive. The goal is scientific truth and fairness. We are making use of the WTO mechanisms available to us to find an amicable solution."

The EU said it regretted SA's decision to pursue panel proceedings in the two cases, but maintained that its pest control measures were entirely justified and that it would succeed in any dispute proceedings.

With Reuters

majavun@businesslive.co.za