Hannes de Waal – Sundays River Citrus Company

Peace in Ukraine could have tremendous stimulus effect on South African citrus industry

Rain during February halted harvesting of the early lemon crop in the upper north of South Africa, which has been somewhat frustrating to growers who are, for the first time in years, noting a really early pull for South African lemons from Southeast Asian countries.

The reason is the lower crop emanating from China, although details of China's domestic citrus production remain opaque, notes Hannes de Waal, managing director of the Sundays River Citrus Company and chairperson of the board running the Citrus Growers' Association.

On citrus farms in the Senwes area of Limpopo (Groblersdal/Marble Hall) and down in the Eastern Cape, Easter weekend marks the start of the lemon harvest. In the Sundays River Valley the first lemon set is very light, De Waal remarks. "But," he adds, "there will be sufficient lemons for all markets globally from South Africa."

There is no published official lemon export estimate for South Africa yet. With maturing new orchards there could be growth, perhaps counterweighted by the severe frost in the interior and north of the country in July last year.

Drawing substantial amounts of South Africa's early northern lemons away from Europe stands to benefit everyone: the far north is a high CBS risk area, preferring to avoid the EU. "If they [Senwes and the Eastern Cape] pack hard for Europe, it gives us more space in the Far East and Canada," says a grower in northern Limpopo who never packs lemons for Europe.

True barometer of lemon market: the juice price

"We're keeping a close eye on the price in Russia and the Middle East," De Waal says, "They've been seeing higher prices since the start of the year because China's volumes are lower. And everyone knows Spain's volumes are down as well."

He doesn't expect the market to be oversupplied for long periods. "Price-wise there could be a good year ahead - but there are so many factors that could come in the way. For instance, you just cannot anymore predict with certainty when fruit will arrive. Ever since 2018, we've seen very little regularity in the logistics chain," notes the erstwhile Durban port manager, who took over the operational management of the SRCC in 2013.

Argentina will always send more lemons to Russia and Europe when Spain is short on lemons, as indeed they are. Still, indications are of a stronger market than last year. But the true barometer of a lemon market, he remarks, is the juice price, and that, despite Argentina's dropping lemon acreage, is completely weak.

"Russia is usually a fairly stable market for us. Last year some exporters indicated that they had experienced some liquidity problems. One hopes that's not a recurrent feature because if that's another market we lose, it turns everything upside down."

Price-inelastic lemons very sensitive to oversupply

He is heartened that peace in Ukraine seems to finally be on the agenda, observing that the reconstruction of the country would have a significant stimulus effect on the South African citrus industry.

"I would certainly not advise anyone to plant any more lemons. You can write that down," he declares. "We learned that once the market growth that we experienced in the Middle East was saturated and China started competing aggressively in South East Asia and even Russia, the product showed its characteristic of being completely price inelastic. A small oversupply can create huge price pressure. Even if this is a strong lemon year, I always tell growers: make the most of what you already have, and diversify into other citrus categories or other farming activities."

For more information:
Hannes de Waal
Sundays River Citrus Company
Tel: +27 42 233 0320
Email: srcc@srcc.co.za
https://www.srcc.co.za/ (https://www.srcc.co.za/)
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