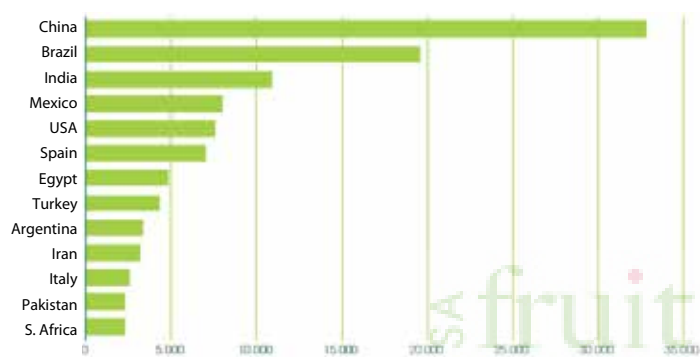


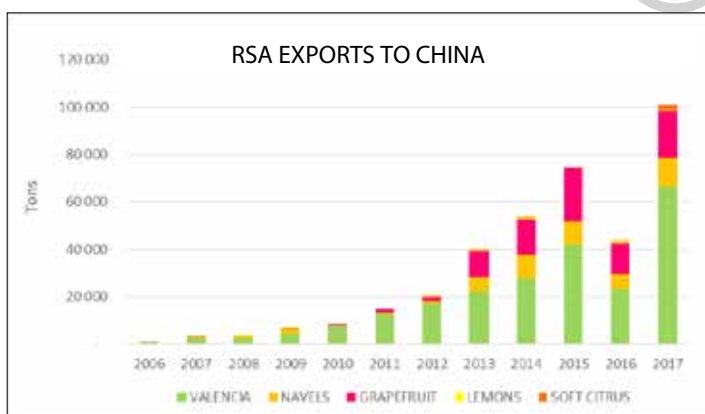
China Citrus

With an area of 9.6 million square kilometres and a population of 1.37 billion people, China is the powerhouse of fresh produce trade in Asia and the biggest producer of citrus in the world.

WORLD FRESH CITRUS PRODUCTION (Thousand tons)



South Africa gained access to China in 2004 and citrus export volumes have shown strong growth in recent years, surpassing 100 000 tons in 2017. Oranges account for about 80% of the export with the Valencia cultivars making up about 65% on their own. Grapefruit is the next biggest category.



The citrus export volume to China has virtually doubled in the last three years and promises to continue its growth in 2018 if the current trend for grapefruit shipments is an indicator. This market's ability to absorb the growth will be tested this year where the challenging conditions of the European markets has seen South African exporters looking to the East for some hope.

According to the USDA Foreign Agricultural Service's GAIN report of December 2017, the Chinese 2017/18 citrus production is expected

to increase as producers had benefited from favourable weather, diminished impact from citrus greening and increased yields in younger orchards in western China. Despite increased production, Chinese orange imports is expected to grow due to robust consumer demand for high-quality and counter-seasonal fruit.

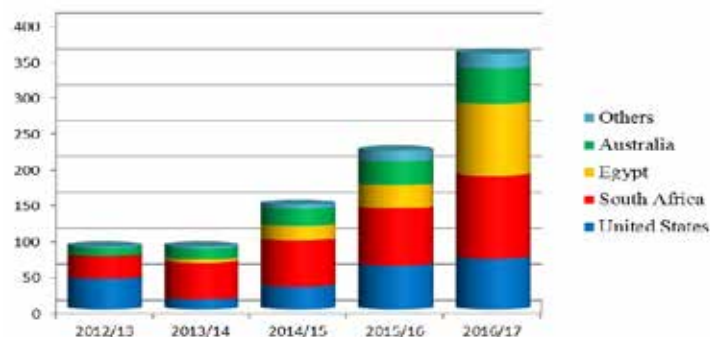
Oranges

With about 800 000 hectares planted to oranges, orange production is forecast by the USDA to increase four percent to 7.3 million metric tons 2017/18 (November-October). Most of the production is consumed domestically; around 7.1 million tons with 570 000 tons used for processing and 60 000 tons exported. Southeast Asia is the largest export market for Chinese oranges.

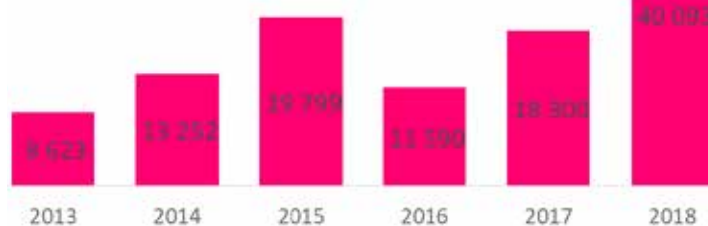
Imports of about 400 000 metric tons add to the local supply including counter-seasonal oranges from Southern Hemisphere countries. South Africa is the top supplier to China with a 32 percent market share, Egypt is second with a 28 percent and the United States in third with a 20 percent market share in 2016/17.

With increasing consumer demand for high-quality fresh oranges, public and private sector investment in the citrus industry is rapidly expanding. Improving logistics, cold storage and distribution infrastructure throughout the country are increasingly helping connect orange suppliers with the vast Chinese population and it is expected that steady growth in consumer demand will continue for several years to come.

TOTAL ORANGE IMPORTS BY SUPPLIER
(Thousand Metric Tons – Marketing year Nov-Oct)



RSA GRAPEFRUIT TONS EXPORTED
TO CHINA TO END WEEK 30



JOHN EDMONDS



Soft Citrus

With about 850 000 hectares planted to soft citrus, production is over 21 million tons. As with oranges, most of the production is consumed domestically (around 20 million tons) with 640 000 tons used for processing and 550 000 tons exported. Southeast Asia is also the largest export market for Chinese soft citrus.

Imports of around 50 000 metric tons add to their local supply with Australia and South Africa the leading suppliers. China exports about 550 000 metric tons mainly to Southeast Asian countries and Russia. The USDA report notes that Chinese citrus industry experts indicate that many producers are shifting from producing export-suitable mandarin varieties to mandarin/tangerine hybrid varieties that are more targeted towards domestic consumers and have a higher domestic market price. Thus exports have shown a downward trend in recent years.

Grapefruit/Pomelos

The 2016/17 Pomelo production was around 4.6 million metric tons. Growing consumption also at around 4.6 million is a product of increased production and continued robust Chinese consumer demand. At the time of publication, expectations were that imports

in 2017/18 would remain at the same level as the previous year at 40 000 metric tons. However, as can be seen by the accompanying graph, grapefruit shipping from South Africa to the end of week 30 had already overtaken this earlier estimate. In 2016/17, South Africa was by far the largest supplier of grapefruit to China with a 67 percent market share.

2017/18 exports are forecast at 200 000 metric tons. Major export destinations for Chinese pomelos include Europe, Russia and Hong Kong.

Lemons

Lemon production is estimated up 15 percent from the previous year to 480 000 metric tons in 2017/18. Lemon planting acreage is expected to further expand over the next two years as consumer demand for fresh lemons is growing rapidly.

Whilst South Africa increasingly looks to the East to absorb her ever increasing export offering, this giant looms large as a favoured destination. At the same time, with her increased investment in technology and infrastructure China could also become more of a factor in terms of competing on the shoulders of the South African season, especially in the Southeast Asian markets.



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