Comparing South African and Moroccan citrus

JOHN EDMUNDS

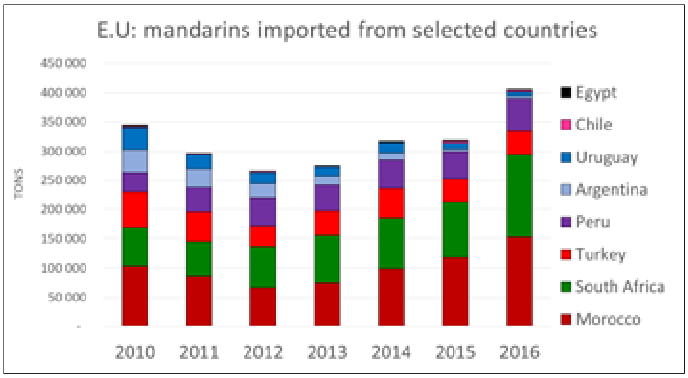
With its 35 million people and an area of 710 850 km^2, Morocco is considerably smaller than SA, which comprises 56.5 million people on 1.2 million km^2.

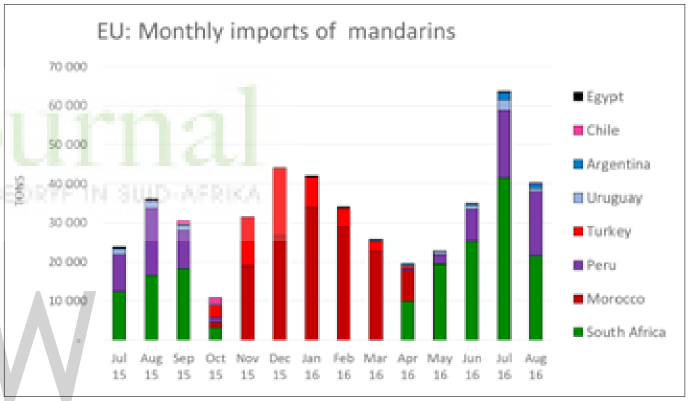
When it comes to citrus production, Morocco produces about 2.6 million tons on about 128 000 hectares, whilst SA produces about 2.5 million tons on about 83 000 hectares. However, this is where the similarity ends. Moroccan soft citrus occupies a more prominent place than oranges whilst lemons come a distant third, and there is no significant grapefruit presence. Another major distinction between the two countries with regard to citrus is that local consumption plays a much larger role in the Moroccan industry than in SA. According to USDA data, around 60 percent of the citrus production in Morocco is consumed locally and only 30 percent is exported, whereas we export most of our citrus production.

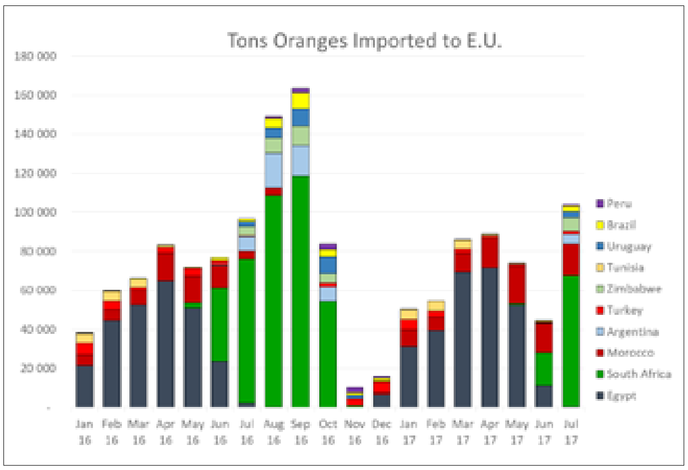
Morocco exports 80 percent of its citrus to Russia and the European Union. The remaining 20 percent is exported to North America and the Middle East. Over the past decade, Morocco's citrus sector grew significantly with the introduction of new varieties. As a result, the citrus supply dedicated for export diversified widely and production and marketing periods became more widespread. Citrus production has been improving since the launch of Morocco's Green Plan in April 2008. The plan improved the efficiency of domestic markets, the socio-economic impacts of investments directed to small farmers, agricultural services, the management of irrigation, and the planning of irrigation projects.

They're also the fourth biggest producer of soft citrus in the world, with over 65 300 hectares planted to mandarin types; four times bigger than SA's 16 234 hectares. Clementines make up 35 percent of the national orchards whilst late mandarins make up 21 percent.

According to the USDA Foreign Agricultural Service's December 2018 GAIN report, Morocco's soft citrus production for 2018/19 is expected to reach 1.35 million tons, an increase of 14 percent over last year. Expected domestic consumption at 765 000 tons in 2018/19 exceeds exports, which are expected to reach 585 000 tons. Russia and the European Union are the main export destinations, although exports to the United States increased by 30% due to regained market access. As can be seen in the chart alongside using data from COMTRADE data (excluding intra EU trade), Morocco historically exports similar volumes of soft citrus to the EU as SA does. However, the subsequent chart shows that the overlap only occurs at the extremities of each country's seasons, namely April and October.







In the Russian market, SA's soft citrus exports of around 26 000 tons pales in comparison with Morocco's 205 000 tons. Similarly, the North American markets import over 123 000 tons of mandarin types from Morocco whilst SA supplies just under 23 000 tons.

When it comes to oranges the comparison is a little closer with Morocco's 58 750 hectares producing about CONTINUED ON PAGE 30

Maersk Lines centralising rail transport of citrus for export from Johannesburg

The production estimate for the northern regions suggests that approximately 100 million (15 kg equivalent) cartons could be packed and shipped for export by the 2022 season. This volume is up from 72.4 million in 2017 and 83.5 million in 2018.

There are a number of notable problems that are likely to arise, given the significant increase in volume that is most likely to be shipped from the Durban port:

1. DEMAND ON ROAD TRANSPORT: Calculations show that there will likely be an increased demand for up to 400 road truck trips per week to transport the additional volume. This equates to roughly 8 000 road truck trips per annum. The demand for road transport is set to outstrip supply significantly.

2. DURBAN COLD STORAGE CAPACITY: Currently, the Durban port has a collective 55 000 pallets cold storage capacity. By 2022, the peak season capacity requirement is likely to reach 72,000 cold storage pallet spaces. This gives a deficit of some 17 000 cold storage pallet spaces required, and it's unlikely that there will be sufficient capacity to meet the forecast.

3. DURBAN PORT OPERATIONS: Peak season presents various challenges, one of them being that an additional volume of containers is expected to exacerbate the current operational challenges in the port.

The only viable alternative is to increase the railing of citrus exports in containers from the inland regions. In fact, the CGA has identified that at least 10 000 reefer containers of citrus will need to be moved to the ports by 2022 to offset the vast increase in road transport demands. Not to mention the cold storage demands anticipated for 2022. The main rail sites that are presently railing containers are from Tzaneen and Bela-Bela in Limpopo. There are, however, challenges associated with increasing the volume of containers railed from these sites, such as limited ground space to store empty and full containers, limited supply of electricity and reefer plug points, and a shortage of reefer train sets. When considering these challenges the only viable alternative that could be considered is railing reefer containers without power

CGA Region	2012	2013
Boland	3,840,756	3,806,072
E. Cape Midlands	1,786,820	1,860,220
Hoedspruit	8,052,939	9,252,818
Letsitele	15,240,763	16,638,614
Limpopo River	5,702,523	6,477,433
Nelspruit	5,115,969	5,927,044
Nkwaleni	1,076,055	1,213,489
Onderberg	5,270,715	5,442,625
Orange River	773,134	806,874
Patensie	6,889,134	6,489,732
Pongola	415,641	441,959
S.R. Valley	18,758,893	19,195,515
Senwes	12,795,021	16,737,724
S-KZN	572,843	626,650
Swaziland	1,484,000	1,454,000
Vaalharts	104,349	258,177
W. Cape	12,867,918	12,626,847
Zimbabwe	2,035,000	2,376,280
Grand Total	102,782,473	111,632,073
Northern Region	57,761,469	66,588,636
EC Region	27,539,196	27,803,644
WC & NC Region	17,481,808	17,239,793

Comparing South African and Moroccan citrus CONTINUED FROM PAGE 29 1.2 million tons, compared to SA's 44 700 hectares producing about 1.5 million tons. According to the USDA report, Moroccan orange production for 2018/19 is forecast at a record 1.2 million tons, up 18 percent the previous year due to favourable weather and increased area. Consumption of fresh oranges at 950 000 tons exceeds orange exports, which are expected to reach 190 000 tons. Exports are 42 percent up due to supply. Exports to the United States increased by 230% due to regained market access. Morocco is the third most significant non-European supplier of fresh oranges to the EU, trailing a distance behind SA and Egypt. As can be seen on the graph on page 29, there is some overlap of supply in and around the month of June.

Lemon/lime production is expected to reach 45 000 tons in Morocco this season, 25 percent up on the previous season. Again, fresh domestic consumption at 28 000 tons exceeds exports (up 88% on last season) and is expected to reach 17000 tons, which is a fraction of SA's total lemon exports of a little under 290 000 tons.

Whilst the two countries do not currently compete head to head to any great extent, the main potential for competition exists for soft citrus around April, and for oranges around the month of June in certain markets. The residual stocks of Moroccan, Turkish and Egyptian stock are likely to increasingly affect SA fortunes in the early parts of these respective export seasons.