

Boitshoko Ntshabele, 11 April 2025

"No rational argument will have a rational effect on a man who does not want to adopt a rational attitude" Karl Popper

US MARKET ACCESS AND TRUMP TARIFFS

This week the first citrus intended for the US market was packed by South African growers. On Wednesday, April 9th, a 30% tariff on South African exports to the US was expected to take effect. The Trump administration last week announced what was widely dubbed 'Liberation day' – a series of tariffs targeting almost all US trade partners, starting with a baseline tariff of 10%, with higher percentages for many, depending on the trade balance between each country and the US. These tariffs can hurt South African citrus farms and the rural communities that depend on them. The Citrus Growers' Association of Southern Africa (CGA) has called on the South African government to prioritise immediate negotiations with the US for tariff reductions or exemptions on citrus exports.

A 30% tariff will render South African citrus uncompetitive in the US market, especially since only the baseline US tariff of 10% would be levied on South Africa's citrus competitors, Peru and Chile, who are situated in South America. For South African citrus, the 30% tariff would add an additional \$4.25 per carton in the US market. Gerrit van der Merwe, the Chairperson of the CGA and a citrus grower in the Olifants River Valley, noted that while South Africa only exports about 5% to 6% of our citrus to the US, many rural communities in the Western and Northern Cape are heavily dependent on US exports. A prime example is Citrusdal, where US exports form the economic heart of the vibrant town. The tariffs could mean that towns like it can face either increased unemployment or maybe even total economic collapse. A total of 35,000 jobs are connected to SA-US citrus exports in one way or another.

The CGA met with the South African government and implored them to act urgently, as SA citrus growers do not compete with US citrus growers. Our high-quality citrus sustains consumer interest when US local citrus is out of season, eventually benefitting US growers when we hand over at the end of our season. US demand for SA's quality citrus is clearly shown by the increase in exports to the US since 2017. The amount of citrus exported to the US has almost doubled since then, to 6,5 million cartons. It is also estimated that 20,000 jobs up and down the supply chain in the US are linked to US-SA citrus trade.

Although only citrus from the Western and Northern Cape are exported to the US because of outdated phytosanitary (plant health) rules, extreme urgency is needed to address the situation.

We have all learned on Wednesday, the 9th of April, that the Trump administration has given a 90-day reprieve, with the 10% baseline tariff in effect. This should incentivise all role-players. South Africa must expedite negotiations with the US to conclude a lasting solution, ensuring continuity of trade with the US, which will assist in giving certainty to citrus growers.

CITRUS MARKETING FORUM (CMF)

The second Citrus Marketing Forum (CMF) meeting of 2025 will take place on Thursday, 24 April at 10:00 AM using the Zoom platform. Please contact Portia at portia@cga.co.za to get the link to the meeting, should you wish to attend.

CITRUS SUSTAINABILITY FORUM (CSF)

The next Citrus Sustainability Forum is scheduled for Friday, 9 May 2025, from 09:00 - 10:30. To ensure the invitation appears in your calendar, please register for the event by following this link, <https://us02web.zoom.us/meeting/register/70AoOpXMRg-pHlsj-bVFFA> or contact Paula at pb@cga.co.za.