

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 11/2/2009

**GAIN Report Number:**

**South Africa - Republic of**

**CITRUS ANNUAL**

**Enter a Descriptive Report Name**

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**Report Highlights:**

Total citrus production is forecasted to increase to 1,562,600 MT in marketing year 2010/11. It is anticipated that the profile of citrus, in terms of consumption and trade, will also increase with the World Cup coming to South Africa in 2010. The success of a plum campaign in the United Kingdom using the tag line "Beautiful Country, Beautiful Fruit" might also be used by the citrus stakeholders with the objective of raising the profile of South African citrus.

For marketing year 2009, total citrus production is expected to be 1,396,023 MT, slightly lower compared to 2008's total production of 1,417,918 MT. The decreased production is partly influenced by grapefruit production which has fallen by 8.6 percent from 192,597 MT in 2008 to 176,022 MT in 2009. This decrease in production of grapefruit was caused by drought which affected the Limpopo province where grapefruit is mainly grown.

South Africa citrus fruit faced stiff competition from Chile in the U.S. navel market but managed to ship 33,195 pallets, around 1,000 pallets more compared to 2008. Although South African citrus average prices were higher than that of Chile; quality, timing of delivery matching orders of specific sizes, new packaging, and regular shipment gave South Africa a competitive advantage over its new competitor.

### Executive Summary:

For marketing year 2009, estimates have already been prepared by the Citrus Marketing Forum (CMF) and show a slight decrease in citrus production. Total citrus production for 2009 is expected to be 1,396,023 MT, compared to 2008's total production of 1,417,918 MT, mainly due to decreased grapefruit production. Drought, that affected the Limpopo province where grapefruit is mainly grown, contributed to lower grapefruit yields. Grapefruit yield decreased by 8.6 percent compared to last year's production from 192,597 MT to 176,022 MT. In 2008, citrus production increased by 4 percent from the previous year to reach a total of 94,527,867 MT.

### Commodities:

Citrus, Other, Fresh

### Production:

#### Production - MT

| <b>Fruit type</b> | <b>2007</b>    | <b>2008<br/>Actual</b> | <b>2009<br/>Estimates</b> | <b>2010*<br/>Forecast</b> |
|-------------------|----------------|------------------------|---------------------------|---------------------------|
| Grapefruit        | 219,071        | 192,597                | 176,022                   | 190,500                   |
| Soft citrus       | 101,332        | 110,135                | 110,918                   | 120,900                   |
| Lemons            | 110,143        | 143,702                | 140,492                   | 150,500                   |
| Navels            | 280,733        | 323,113                | 324,042                   | 400,500                   |
| Valencia          | 652,845        | 648,370                | 644,549                   | 700,200                   |
| <b>Total</b>      | <b>149,124</b> | <b>1,417,918</b>       | <b>1,396,023</b>          | <b>1,562,600</b>          |

Citrus Grower's Association

\* Posts' forecast

### Citrus Black Spot (CBS)

In July 2009, the U.S. Federal Register announced that the magisterial areas of Northern Cape and Free State met the criteria with respect to free from citrus black spot and were declared as Pest Free Areas. This was a final requirement to include the areas as eligible areas to export to the United States. These magisterial regions are: Boshof; Fauresmith, Jacobsdal, Koffiefontein, and Philippolis in the Free State Province; Christiania and Taung in the North West Province; and Barkly-wes/west, Gordonia, Hay, Herbert, Hopetown, Kenhardt, Kimberely, Namakwaland, and Prieska in the Northern Cape Province. Arrangements are being made for USDA APHIS delegates to visit the Limpopo region in order to assess the pest free place of production application.

The EU Standing Committee on Plant Health finally submitted the CBS Pest Risk Analysis (prepared by South Africa) to the European Food Safety Authority (EFSA) for an opinion. The opinion was released in January 2009 and unfortunately the European expert's conclusion was at odds with South African CBS experts.

### **Ethical Trade (ET)**

Intensified requirement for Ethical Trading presented a new challenge in 2008/09. Early in the year a UK based retailer indicated that their entire SA supplier must be ET audited within a year. This call has triggered Citrus Grower's Association (CGA)'s involvement in ET related matters; rigorous targets had been set for the number of completed ET audits by June 2008.

### **Carbon footprint and Climate Change**

CGA and Citrus Research International are tackling climate change and carbon footprint issues in a combined SA Fruit Industry research project. Through this project useful information is passed to growers on the subject of carbon footprint and climate change. And an online carbon calculator has been created.

### **Consumption:**

Increasing health awareness by consumers is resulting in growing demand for healthier drink products such as fruit juices. Orange juice is among the most popular 100-percent juice flavors in South Africa; however, higher income groups are increasingly attracted by more exotic flavors such as cranberry and pomegranate.

An increasing number of South Africans are consuming fresh fruit juice as part of the recommended '5 a day' daily intake of fruit and vegetables. Approximately 24 percent of total citrus fruit production was taken in for processing during 2008/09. Citrus fruit for processing showed an increase of 13 percent from 489,904 MT to 556,435 MT in 2008/09.

Reconstituted 100-percent juice was the fastest growing category during 2008 due to longer shelf life than fresh products. Perceptions that reconstituted juice is almost as healthy as 100-percent juice whilst being significantly cheaper also boosted sales. Unit prices continued to increase during 2008 due to the rising costs of raw materials, production, transportation, and the weakening of the Rand. However, many manufacturers tried to minimize increase price by improving the efficiency of their manufacturing and distribution processes.

South Africans also consume fresh citrus fruit and according to Department of Agriculture, Forestry, and Fisheries citrus fruit sales in the major fresh produce markets in South Africa increased by 4 percent from 160,830 MT in 2007/08 to 167,958 MT in 2008/09, comprising about 7 percent of total fruit production. Approximately 36.2 percent of soft citrus; 8.7 percent of oranges and 5.5 percent of lemons were sold in the major fresh produce markets of South Africa.

### **Average prices on major fresh produce markets**

| <b>Fruit type</b> | <b>2006/07</b> | <b>2007/08</b> | <b>2008/09</b> |
|-------------------|----------------|----------------|----------------|
|                   |                | R/Ton          |                |
| Oranges           | 1026           | 1283           | 1431           |
| Grapefruit        | 1499           | 1750           | 2286           |
| Lemons            | 1864           | 2507           | 3316           |
| Soft citrus       | 2133           | 2532           | 3016           |

**Trade:**

South Africa is the 12th largest producer of citrus in the world; contributing 60 percent of the Southern Hemisphere’s citrus and is the world’s second largest exporter. Primary export markets for summer citrus from South Africa are the European Union, Middle East, Russia, the United States, and several other African countries.

South African summer citrus varieties exported to the United States include Clementine, navels, Valencia and lemons. The season for South African Clementine and navels is from the end of May through the middle of October, while South African lemons are available in the United States from the middle of June till the middle of August.

The 2009 season for South African citrus was gloomy in the beginning with most pointers indicating to a difficult navel season. In Europe, Northern Hemisphere fruit was still present in the market in large volumes, while Russia was predicted to halve its volumes due to financial problems in the trade. The mood was further dampened by the Navel Focus Group’s estimate of a similar crop for export as experienced in 2008, which was low at 192,597 MT compared to a big crop of 219,071 in 2007. To top it off South Africa faced stiff competition from Chile as Chile exported navels to the United States for the first time.

In total, South Africa's summer citrus producers shipped 33,195 pallets during 2009, around 1,000 pallets more than last year. Quality, timing in delivery, matching orders of specific sizes, new packaging, and regular shipment gave South Africa a competitive advantage over its new competitor. The number of pallets shipped in the coordinated conventional reefer shipping program increased slightly from last year, and the number of containers also showed a 10-percent increase.

Tariffs continue to be part of an ongoing discussion between South Africa and India with respect to a free trade agreement. Citrus products are included in the list of products requesting tariff relief. On the other side South Africa decided not to accept the final Economic Partnership Agreement (EPA) proposed by the EU. EPAs are set to bring about a big tariff saving gains which will arise from the removal of tariffs, which are very high, and citrus is among the products that could enjoy these benefits.

**Special Export Program**

|       | <b>Cartons presented</b> | <b>Percentage approved</b> |
|-------|--------------------------|----------------------------|
| Korea | 177 380                  | 95                         |
| Japan | 5 830 728                | 95                         |
| USA   | 2 600 669                | 92                         |

**CGA**

**Shipping: Container Versus Conventional**

One of the most dramatic changes in the shipping of citrus is the growth in use of containers as opposed to specialized reefer vessels. In 2000, 86percent of citrus exports from Durban were in specialized reefer vessels (conventional), and only 14 percent in containers. In 2006, 50 percent of citrus exports were in conventional and 50 percent were in containers.

**Policy:**





|                        |       |       |       |       |       |       |  |       |              |
|------------------------|-------|-------|-------|-------|-------|-------|--|-------|--------------|
| Area Planted           | 4,400 | 4,400 | 4,408 | 4,500 | 4,400 | 4,500 |  | 5500  | (HECTARES)   |
| Area Harvested         | 4,220 | 4,220 | 4,230 | 4,300 | 4,220 | 4,300 |  | 5300  | (HECTARES)   |
| Bearing Trees          | 2,800 | 2,800 | 4,360 | 4,400 | 2,800 | 4,400 |  | 5,200 | (1000 TREES) |
| Non-Bearing Trees      | 150   | 150   | 66    | 80    | 150   | 80    |  | 90    | (1000 TREES) |
| Total No. Of Trees     | 2,950 | 2,950 | 4,426 | 4,480 | 2,950 | 4,480 |  | 5,290 | (1000 TREES) |
| Production             | 210   | 210   | 144   | 160   | 210   | 160   |  | 180   | (1000 MT)    |
| Imports                | 0     | 0     | 24    | 24    | 0     | 24    |  | 20    | (1000 MT)    |
| Total Supply           | 210   | 210   | 168   | 184   | 210   | 184   |  | 180   | (1000 MT)    |
| Exports                | 120   | 120   | 166   | 170   | 120   | 170   |  | 177   | (1000 MT)    |
| Fresh Dom. Consumption | 10    | 10    | 0     | 10    | 10    | 10    |  | 0     | (1000 MT)    |
| For Processing         | 80    | 80    | 2     | 4     | 80    | 4     |  | 3     | (1000 MT)    |
| Total Distribution     | 210   | 210   | 168   | 184   | 210   | 184   |  | 180   | (1000 MT)    |
| TS=TD                  |       |       | 0     |       |       |       |  |       |              |
| Comments               |       |       |       |       |       |       |  |       |              |
| AGR Number             |       |       |       |       |       |       |  |       |              |
| Comments To Post       |       |       |       |       |       |       |  |       |              |

| Orange Juice<br>South<br>Africa | 2008                        |         |               | 2009                        |         |               | 2010                        |         |          |
|---------------------------------|-----------------------------|---------|---------------|-----------------------------|---------|---------------|-----------------------------|---------|----------|
|                                 | 2008/2009                   |         |               | 2009/2010                   |         |               | 2010/2011                   |         |          |
|                                 | Market Year Begin: Jan 2009 |         |               | Market Year Begin: Jan 2010 |         |               | Market Year Begin: Jan 2011 |         |          |
|                                 | USDA Official Data          |         | Old Post Data | USDA Official Data          |         | Old Post Data | USDA Official Data          |         | Jan Data |
| Deliv. To Processors            | 200,000                     | 307,934 | 200,000       | 229,435                     | 200,000 | 229,435       |                             | 350,900 | (MT)     |
| Beginning Stocks                | 2,500                       | 0       | 2,500         | 1,000                       | 2,500   | 1,000         |                             | 1,000   | (MT)     |
| Production                      | 18,000                      | 25,482  | 18,000        | 26,500                      | 18,000  | 26,500        |                             | 27,900  | (MT)     |
| Imports                         | 900                         | 973     | 900           | 990                         | 900     | 990           |                             | 1,000   | (MT)     |
| Total Supply                    | 21,400                      | 26,455  | 21,400        | 27,490                      | 21,400  | 27,490        |                             | 28,900  | (MT)     |
| Exports                         | 11,000                      | 16,455  | 11,000        | 17,545                      | 11,000  | 17,545        |                             | 17,000  | (MT)     |
| Domestic Consumption            | 9,100                       | 9,000   | 9,100         | 8,945                       | 9,100   | 8,945         |                             | 10,000  | (MT)     |
| Ending Stocks                   | 1,300                       | 1,000   | 1,300         | 1,000                       | 1,300   | 1,000         |                             | 1,000   | (MT)     |
| Total Distribution              | 21,400                      | 26,455  | 21,400        | 27,490                      | 21,400  | 27,490        |                             | 28,900  | (MT)     |
| TS=TD                           |                             |         | 0             |                             |         | 0             |                             | 0       |          |

|          |  |  |  |  |  |  |  |  |  |
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