

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **South Africa - Republic of**

### **Citrus Semi-annual**

## **Growth for Citrus Fruits Exports Expected this Season**

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**Report Highlights:**

For Marketing Year (MY) 2012/13, South Africa expects growth for all citrus, except for mandarins. Exports are also expected to increase as a result of a favorable exchange rate this year.

### Executive Summary:

Post expects a continued recovery of citrus production for Marketing Year (MY) 2012/13, for the second year in a row, after the hail storms that reduced Navel yields in the Groblersdal and Marble Hall production areas in MY 2010/11. In addition, despite increased competition in global markets, SA citrus production and exports have been increasing as industry adopts varieties that are in demand globally, shifts to improved management practices to improve fruit quality, and a favorable exchange rate.

**Figure 1. Map of Citrus Producing Regions**



Source: CGA

### Harvest Season

The citrus season in SA typically starts in April and ends in September. However, the harvest time and marketing years vary depending on the type of fruit.

### Marketing Year

*There is a one year lag between the SA marketing year and the U.S. marketing year. For example, SA MY 2012/2013 for Grapefruit is equivalent to March 2013 to February 2014. (Please see PSD tables for the relevant marketing years for each commodity.)*

**Table 1. South Africa: Harvest Period for Citrus by Commodity**

Citrus	Harvest Period
Marsh Grapefruit	April to June
Star Ruby Grapefruit	April to September
Lemons	June to September
Navel Oranges	June to July
Tangerines/Mandarins	July to August
Valencia Oranges	July to September

**Export season outlook:**

Despite flooding earlier in the year in the northern provinces, crops were not disrupted. However, reports indicate some damage occurred in areas due to hailstorms of the Western Cape Province. However, the good temperatures during the early cycle of the production season and a favorable exchange rate throughout the rest of 2013 will result in an export season similar to 2012.

Citrus exports to the European Union (EU) are in danger after some shipments were found to have the citrus black spot (CBS) disease. More than five black spot detections by European inspectors this season could mean the end of an export market. The issue was discussed by high level officials from South Africa and the EU in June 2013 in hopes to find a solution to this issue. As of today, exports have not been disrupted.

**SOURCES**

- Citrus Growers' Association (CGA)
- National Agricultural Marketing Council (NAMC)
- Perishable Products Export Control Board (PPECB)
- Global Trade Atlas (GTA)
- Jacobsens Harmonised Customs Tariff
- Euromonitor
- Tshwane Market
- South Africa Department of Agriculture, Forestry and Fisheries (DAFF)

**Table 2. EXCHANGE RATES**

	R- \$ (Dollar)	R- € (Euro)	R- £ (Pound)
June 2012	8.65	11.18	13.87
June 2013	9.96	13.16	15.49

Source: <http://www.exchange-rates.org>

**Commodities:**

Grapefruit, Fresh

**Production:**

Post estimates 2012/2013 South African grapefruit production at 410,000 MT as a result of good rainfalls in the eastern part of the country, new trees coming into production, and higher yields expected due to South Africa's grapefruit production cycle. The grapefruit production in SA exhibits a phenomenon of alternate yields for different years: a low-yield year will be followed by a high-yield year, and 2012 was a low-year yield.

A slight increase in planted area took place compared to the census in 2011 as a result of growing markets in Japan, Russia, and access to the United States. For MY 2012/2013, post estimates areas at 9,900 hectares (ha), with Star Ruby covering most of the plantings as it is the most globally favored variety.

**Consumption:**

Post estimates 2012/2013 domestic consumption of fresh grapefruit to remain flat at 5 MT on stable consumer demand. The industry keeps its focus on the export market as local consumers have not acquired a strong taste for grapefruit. As a result, domestic consumption figures remain around 5,000 MT.

Grapefruit is also processed for juice, the majority of which is exported to the EU. The left over pulp following commercial juice extraction is an important source of grapefruit oil which is used as a flavoring in many soft drinks. The inner peel is a source of pectin and citric acid, which are both used by the food industry to preserve fruits, jams, and marmalades. Naringin is also extracted from grapefruit peel, and gives tonic-water its distinctive bitter flavor. Finally, the grapefruit peel oil is used in scented fragrances.

**Trade:****Imports**

Post estimates 2012/2013 imports at 400 MT as a result of a good domestic crop, which will be able to satisfy domestic demand. Although South Africa is not a major grapefruit importer, imports typically come from Spain and Israel. These countries dominate the market for SA imports and, as a counter season producer, fills the demand gap towards the end of the calendar year.

**Table 3. South Africa: Grapefruit Import Statistics**

South Africa Import Statistics				
Commodity: 080540, Grapefruit Including Pomelos, Fresh Or Dried				
Year Ending: December				
Partner country	Unit	Quantity		
		2011	2012	2013*
Spain	MT	138	146	199
Israel	MT	234	270	120
Zimbabwe	MT	210	0	0
Grand total	MT	645	467	319

\*Imports for 2013 are from January to March

Source: GTA

(Note: In the PSD tables, quantities below 1,000 MT will be displayed as zero.)

## Exports

Post estimates 2012/2013 grapefruit exports at 225,000 MT, as a result of expected higher production compared to 2011/2012. Sizing of the fruit is expected to be bigger than last year and color and quality are also expected to be better.

Japan and Europe are the SA's major export markets. Japan imposes a ten percent Most Favored Nation (MFN) duty on SA grapefruit. Russia, which is becoming an important market for South Africa, imposes a five percent or \$27.96 /ton (whichever is the greater), while Canada, Hong Kong, and the UAE apply a zero percent MFN tariff on South African grapefruit imports. South African grapefruit can enter the United States duty free under AGOA.

South African grapefruit enter the European Union duty-free under their bilateral Trade Development Cooperation Agreement (TDCA); however, exports to the EU are in danger after some shipments were found to have CBS disease. Since the issue is still under discussion and exports have not been halted, our numbers do not reflect a closure of the market.

**Table 4. South Africa: Grapefruit Export Statistics**

South Africa Export Statistics				
Commodity: 080540, Grapefruit Including Pomelos, Fresh Or Dried				
Year Ending: December				
Partner country	Unit	Quantity		
		2011	2012	2013*
Japan	MT	55,749	49,788	0
Netherlands	MT	59,794	46,730	148
Russia	MT	23,318	13,853	0
United Kingdom	MT	10,881	10,097	0
Mozambique	MT	11,375	9,351	2
Italy	MT	10,140	9,251	0
Grand Total	MT	217,233	178,255	207

\*Exports for 2013 are from January to March

Source: GTA

## Production, Supply and Demand Data Statistics:

Grapefruit, Fresh South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9,477		9,900		9,900	9,900
Area Harvested	8,571		8,600		9,000	9,000
Bearing Trees	8,571		8,600		9,000	9,000
Non-Bearing Trees	993		1,000		900	900
Total No. Of Trees	9,564	0	9,600	0	9,900	9,900
Production	406		390		410	410
Imports	0		0		0	0
Total Supply	406	0	390	0	410	410
Exports	217		180		220	225
Fresh Dom. Consumption	5		5		5	5
For Processing	184		205		185	180
Total Distribution	406	0	390	0	410	410
HECTARES, 1000 TREES, 1000 MT						

### Commodities:

Oranges, Fresh

### Production:

Post estimates the 2012/2013 South African oranges production (Valencia and Navel) at 1.5 million MT as a result of good weather conditions in the eastern part of the country.

South African oranges are primarily comprised of two varieties; Valencias and the Navels. Producers prefer Valencia oranges over Navels for their growing characteristics that enable higher yields and maintain a longer shelf life than Navels.

The two leading regions for Valencia production are Limpopo and Mpumalanga (although Valencia oranges are also grown in Eastern Cape and Western Cape on a smaller scale). Approximately 49 percent of Valencias are grown in Limpopo, which is characterized by warm to hot climatic conditions needed for Valencia production. The main cultivars for Valencias are Delta and Midnight, and the harvest season extends from July to September.

The three leading regions for Navel production are Eastern Cape, Western Cape, and Mpumalanga. Unlike Valencia oranges, Navels require cool growing conditions as can be found in the provinces above. The main cultivar for Navels is Palmer, and the harvest season extends from June to July.

Planted areas for MY 2012/2013 is about 600 ha as a result of a growing market in Japan and Russia.

### Consumption:

Post estimates 2012/2013 fresh local orange consumption to remain flat at 140,000 MT on static consumer demand. Fresh oranges are popular in South Africa and are widely consumed. Oranges form

part of the national food basket of goods which is monitored quarterly by the South African National Marketing Council (NAMC) to track food price inflation. Oranges destined for the local market are consumed as fresh fruit or processed as orange juice.

**Trade:**

**Imports**

Post estimates 2012/2013 imports at 500 MT based on limited supplies that come in the country around the months of November and December to close supply gaps and satisfy year long demand.

**Table 6. South Africa: Orange Import Statistics**

South Africa Import Statistics				
Commodity: 080510, Oranges, Fresh Or Dried				
Year ending: December				
Partner country	Unit	Quantity		
		2011	2012	2013*
Spain	MT	152	273	127
Israel	MT	106	92	174
Netherlands	MT	0	12	17
Grand total	MT	808	378	318

\*Imports for 2013 are from January to March

Source: GTA

(Note: In the PSD tables, quantities below 1,000 MT will be displayed as zero.)

**Exports**

Post estimates 2012/2013 orange exports will be slightly higher at 1.1 million MT, based on an expected good crop and a relatively weaker Rand.

Although the Netherlands has been SA’s traditional market, industry reports show that citrus shipments are increasing to new markets like the Middle East and Russia. These markets are recovering from the global recession, while sluggish demand persists in Europe, the UK, and Japan. Another reason is that Egypt has increased production over the years, and it is exporting good quality oranges to the European market. Egypt has a freight advantage in the European market over South African producers.

Exports to the EU are in danger after some shipments were found to have CBS disease. Since the issue is still under discussion and exports have not been halted, our numbers do not reflect a closure of the market.

**Table 7. South Africa: Orange Export Statistics**

South Africa Exports Statistics		
Commodity : 080510, Oranges, Fresh Or Dried		
Year ending: December		
Partner country	Unit	Quantity

		2011	2012	2013*
Netherlands	MT	175,039	201,185	185
Russia	MT	122,986	120,051	0
Saudi Arabia	MT	89,456	101,266	0
United Arab Emirates	MT	78,659	93,912	0
United Kingdom	MT	66,868	65,985	98
Portugal	MT	29,566	42,821	0
United States	MT	36,897	37,736	0
Grand total		984,243	1,097,299	1,800

\*Exports for 2013 are from January to March

Source: GTA

### Production, Supply and Demand Data Statistics:

Oranges, Fresh South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Feb 2011		Market Year Begin: Feb 2012		Market Year Begin: Feb 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	40,230		41,400		42,000	42,000
Area Harvested	38,316		39,500		39,500	39,500
Bearing Trees	38,316		39,500		39,500	39,500
Non-Bearing Trees	2,512		2,800		2,800	2,800
Total No. Of Trees	40,828	0	42,300	0	42,300	42,300
Production	1,428		1,450		1,500	1,500
Imports	1		0		0	0
Total Supply	1,429	0	1,450	0	1,500	1,500
Exports	942		1,065		1,100	1,100
Fresh Dom. Consumption	139		140		140	140
For Processing	348		245		260	260
Total Distribution	1,429	0	1,450	0	1,500	1,500

HECTARES, 1000 TREES, 1000 MT

### Commodities:

#### Orange Juice

#### Production:

Post estimates 2012/2013 oranges destined for processing to increase slightly to 260,000 MT as a result of a higher production. Producers in SA tend to divert their fresh orange production for the export market, instead of the processing sector, because producers receive a higher premium for fresh fruit in export markets. As a result, the industry's first priority is the export market and whatever remains goes to processing.

Industry statistics for orange juice (200911, 200912, and 200919) are largely unavailable in SA given the highly competitive nature of the industry. SA has approximately 16 fruit juice processors, with three of the largest facilities in Limpopo and Eastern Cape. The production, supply, and distribution data are comprised of information extracted from various sources and represent Post's best effort to estimate statistics for frozen orange juice concentrate. Data were derived from visits to citrus processors



and information from sources primarily focused on ready to drink juices in the domestic market such as Euromonitor.

**Consumption:**

Post estimates 2012/2013 domestic consumption for orange juice to stay at 7,400 MT, as consumers switch to lower-cost beverages due to budgetary pressures. In addition, consumption has return to normal levels after the jump during the World Cup soccer tournament. In the local market, orange juice is used as a blend with other fruit juices and is also sold to local dairy processors for products like drinkable yoghurt. SA oranges have a high acid-to-sugar ratio, which causes juice makers to blend orange juice with other fruits.

**Trade:**

**Imports**

Post estimates 2012/2013 SA imports of frozen juice concentrate at 1,000 MT, 33 percent lower compared to the previous marketing year as a result of higher than expected deliveries of domestic oranges to processors.

**Exports**

Post estimates 2012/2013 exports of frozen orange juice concentrate at the same level as 2011/2012 at 18,000 MT. The main export markets for SA orange juice are Netherlands, and other African markets like Zimbabwe; Mozambique and Angola.

**Production, Supply and Demand Data Statistics:**

Orange Juice South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: Apr 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	348,000	348,000	245,000	245,000	260,000	260,000
Beginning Stocks	7,106	7,106	1,898	1,898	1,848	1,848
Production	31,320	31,320	23,850	23,850	25,000	25,000
Imports	1,263	1,263	1,500	1,500	1,000	1,000
Total Supply	39,689	39,689	27,248	27,248	27,848	27,848
Exports	17,891	17,891	18,000	18,000	18,000	18,000
Domestic Consumption	19,900	19,900	7,400	7,400	7,400	7,400
Ending Stocks	1,898	1,898	1,848	1,848	2,448	2,448
Total Distribution	39,689	39,689	27,248	27,248	27,848	27,848
MT						

**Commodities:**

Tangerines/Mandarins, Fresh

**Production:**

Post estimates 2012/2013 SA soft citrus production to increase slightly to 160,000 MT, on good weather conditions in the Eastern Cape and younger orchards starting to mature. Soft citrus grows best in the cool climatic conditions of the Eastern Cape and Western Cape regions. The SA soft citrus varieties are Clementines, Mandarins, Naartjie, and Satsuma, with Mandarins being the most popular cultivars. Satsuma in particular is doing really well with consumers in the United Kingdom.

Post estimates planted area for soft citrus in 2012/2013 at 5,400 ha on growing consumer demand in the United States and the United Kingdom. Of the citrus types, soft citrus is attractive to producers as it has very good margins as consumers prefer its easy peeling and seedless characteristics.

**Consumption:**

Post estimates local consumption of soft citrus at 10,000 MT in 2012/2013, as domestic demand remains flat. The small size of soft citrus along with its easy-peeling nature and seedless characteristics make soft citrus a desirable snack for all consumers.

**Trade:**

**Imports**

Post estimates 2012/2013 soft citrus imports at 950 MT, as South African can meet most of its domestic demand. Imports from Israel and Spain enter the market to provide year-round supplies during the holiday season.

**Table 10. South Africa: Soft Citrus Import Statistics**

South Africa Import Statistics				
Commodity: 080520, Mandarins (Tang & Sats) Clementines & Wil- Kings & Sim Citrus Hybrids, Fresh/Dried				
Year Ending: December				
Partner country	Unit	Quantity		
		2011	2012	2013*
Israel	MT	574	547	594
Spain	MT	272	352	298
Grand Total	MT	846	899	897

\*Imports for 2013 are from January to March

Source: GTA

(Note: In the PSD tables, quantities below 1,000 MT will be displayed as zero.)

**Exports**

Post estimates 2012/2013 soft citrus exports at 120,000 MT, slightly higher than the previous year as a result of a bigger crop. The United Kingdom remains the leading importer of soft citrus from South African, but exporters are focusing on the Middle East and Russia as growing markets for South African soft citrus.

EU member states impose a 1.6 percent preferential tariff for South Africa for all naartjies originating from South Africa. Russia imposes a five percent or \$41.93 /ton (whichever is the greater) general tariff Most Favored Nation (MFN), while Canada, Hong Kong, the UAE, and Saudi Arabia impose a zero percent MFN duty. South African naartjies enter the U.S. duty-free as a result of AGOA preferences.

**Table 11. South Africa: Soft Citrus Export Statistics**

South Africa Exports Statistics				
Commodity: 080520, Mandarins (Tang & Sats) Clementines & Wil- Kings & Sim Citrus Hybrids, Fresh/Dried				
Year Ending: December				
Partner	Unit	Quantity		
		2011	2012	2013*
United Kingdom	MT	40,801	48,180	342
Netherlands	MT	17,878	24,003	1,035
Russia	MT	12,613	12,098	102
United States	MT	4,236	7,591	0
Canada	MT	5,181	5,990	0
Grand Total		107,945	122,058	1,580

\*Exports for 2013 are from January to March

Source: GTA

### Production, Supply and Demand Data Statistics:

Tangerines/Mandarins, Fresh South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Feb 2010		Market Year Begin: Feb 2011		Market Year Begin: Feb 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200		5,300		5,300	5,300
Area Harvested	4,609		4,800		4,800	4,800
Bearing Trees	4,609		4,800		4,800	4,800
Non-Bearing Trees	591		800		800	800
Total No. Of Trees	5,200	0	5,600	0	5,600	5,600
Production	140		155		160	160
Imports	0		0		0	0
Total Supply	140	0	155	0	160	160
Exports	104		115		115	120
Fresh Dom. Consumption	10		10		10	10
For Processing	26		30		35	30
Total Distribution	140	0	155	0	160	160

HECTARES, 1000 TREES, 1000 MT

### Commodities:

Lemons, Fresh

### Production:

Post revised its estimates for 2012/2013 lemon production to 260,000 MT as a result of some damages from hailstorms in the Western Cape Province. According to the industry, returns for producers are very attractive, which is creating an incentive to produce more. In addition, competition from Argentina will be less this upcoming year as a result of lower production due to major weather issues.

Post estimates planted area for lemons in 2012/2013 at 4,900 ha. Lemons are favored by producers as they have higher margins in export markets.

**Consumption:**

Post estimates 2012/2013 local domestic consumption of lemons at 11,000 MT on stable domestic demand. Lemons are used as flavorings for grilled or fried poultry and fish dishes. Lemon juice can also be used in the drink, cleaning and pharmaceutical industries. In the food industry, lemon juice is used as a flavor agent, in cakes, tarts, biscuits, candies, ice creams and salad dressing sauces. In the drink industry, it is used to make lemonade, smoothies, juices and liquors. In the cleaning industry, lemon juice has been used as a degreaser and disinfectant, due to its high concentration of citric acid, which can inhibit the proliferation of some molds and bacteria.

**Trade:**

**Imports**

Post estimates 2012/2013 imports of fresh lemons at 100 MT, as a result of SA’s lower crop compared to last year.

**Table 13. South Africa: Lemon Import Statistics**

South Africa Import Statistics				
Commodity: 080550, Lemons (Citrus Limon/Limonum) & Limes (Citrus Aurantifolia/Latifolia), Fr/Dried				
Year ending: December				
Partner	Unit	Quantity		
		2011	2012	2013*
Spain	MT	0	47	21
El Salvador	MT	79	46	2
Zimbabwe	MT	154	0	0
Grand Total	MT	235	94	71**

\*Imports for 2013 are from January to March

\*\*49 MT imported from Brazil in the first three months of 2013

Source: GTA

(Note: In the PSD tables, quantities below 1,000 MT will be displayed as zero.)

**Exports**

Post estimates 2012/2013 lemon exports at 160,000 MT as a result of lower exportable supplies. The Middle East is a major importer of SA lemons, as Middle Eastern populations make extensive use of lemons for culinary use and cultural occasions.

**Table 14. South Africa: Lemon Export Statistics**

South Africa Exports Statistics				
Commodity: 080550, Lemons (Citrus Limon/Limonum) & Limes (Citrus Aurantifolia/Latifolia), Fr/Dried				
Year Ending: December				
Partner country	Unit	Quantity		
		2011	2012	2013*

United Arab Emirates	MT	25,009	33,825	1,200
Netherlands	MT	19,193	19,674	123
Russia	MT	27,186	19,171	1,700
Saudi Arabia	MT	20,652	18,828	719
United Kingdom	MT	14,316	16,221	66
Hong Kong	MT	10,431	11,086	106
Grand Total	MT	165,223	165,827	5,000

\*Exports for 2013 are from January to March

Source: GTA

### Production, Supply and Demand Data Statistics:

Lemons/Limes, Fresh South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,726		4,900		4,900	4,900
Area Harvested	4,183		4,200		4,200	4,200
Bearing Trees	4,183		4,200		4,200	4,200
Non-Bearing Trees	543		600		600	600
Total No. Of Trees	4,726	0	4,800	0	4,800	4,800
Production	257		260		270	260
Imports	0		0		0	0
Total Supply	257	0	260	0	270	260
Exports	162		160		175	160
Fresh Dom. Consumption	13		11		11	11
For Processing	82		89		84	89
Total Distribution	257	0	260	0	270	260

HECTARES, 1000 TREES, 1000 MT

### Policy Issues:

#### Possible trade disruption to the European Union

Citrus exports to the EU are in danger after some shipments were found to have the CBS disease. More than five black spot detections by European inspectors this season could mean the end of an export market. The issue was discussed by high level officials from South Africa and the EU in June 2013 in hopes to find a solution to this issue. As of today, exports have not been disrupted. FAS/Pretoria will follow this situation closely.

#### United States cold-steri protocol

The cold-steri protocol for SA citrus destined for the United States still requires 24 days to control False Codling Moth, a serious threat to the U.S. industry. Local officials maintain that the provision of 24 days has resulted in losses between six and 15 percent of a shipment due to cold damage, whereas 22 days cold storage treatment results in losses of only three percent.

#### Labor strikes

In the last few months, South African has experienced several labor strikes in various economic sectors demanding higher wages. The situation did not affect the citrus industry, since the strikes began after

the packing season was over last year. However, the strikes resulted in an increase of the minimum wage to R155/day.