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POLICY

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South Africa voluntarily suspends citrus exports to the EU

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Report Highlights:

On September, 8, 2014, South Africa voluntarily suspended citrus exports to the European Union (EU) as a result of the EU measures on Citrus Black Spot (CBS). Post estimates that South African citrus exports to the EU will be 14 percent less in the 2014 MY, and some of this decrease would be taken up by Asia. As a result, post anticipates that the South African 2014 MY citrus exports will be revised downwards by six percent to 1,630 million MT. South Africa has indicated that it will be lodging a formal dispute to the WTO, as the EU measures on CBS are driven by protectionist rather than scientific concerns. Post forecasts that South African citrus exports to the United States could surpass 50,000 MT in the 2014 MY, and exports are anticipated to continue growing in future, especially when the proposed regulation to permit CBS areas to export to the United States is passed.

MY – Marketing Year

Background

On September, 8, 2014, South Africa voluntarily suspended citrus exports to the European Union (EU) as a precaution not to reach the five Citrus Black Spot (CBS) detections that could have resulted in the EU further strengthening the citrus import measures or imposing additional restrictions to South African citrus exports. The current EU Commission import measures against CBS which were imposed in 2014 are found on the following link, http://europa.eu/rapid/press-release_IP-14-614_en.htm. South Africa has indicated that these measures are unscientific and directed at prohibiting South African citrus exports to the EU. The voluntary suspension excluded soft citrus and citrus produced in CBS free areas in the Western Cape and Northern Cape, including the magisterial districts of Hartswater and Warrenton, as well as relevant districts of the Free State and North West.

Impact of the voluntary citrus export suspension

South Africa usually exports citrus to the EU from January to December, however, peak seasonal exports are from the period of March to November. Post contacts have indicated that the impact of suspending citrus exports to the EU in September, 2014 (Week 36), resulted in the export period to the EU effectively being shortened by approximately eight weeks. The Citrus Growers Association (CGA) published on its website that citrus exports to the EU will be 14 percent less in the 2014 MY, and the decreased export volumes to the EU will be taken up by Asia where total volumes are estimated to increase by 29 percent in the 2014 MY. The CGA further forecasts that the South African total citrus exports will decrease by three percent in the 2014 MY when compared to the 2013 MY. Post originally forecasted the 2014 MY South African citrus exports at 1,730 million MT in the GAIN Citrus Semi Annual Report in June 2014 ([Click here for the GAIN report](#)). Post anticipates that the 2014 MY citrus export estimate will be revised downwards by six percent to 1,630 million MT. Table 1 below shows the 2013 MY actual citrus exports, the old post 2014 MY citrus exports and the revised new post 2014 MY citrus exports.

Table 1: South Africa Exports Forecast

	2012/13	2013/14	2013/14
	Actual	Old Post Estimate	New Post Estimate
Oranges	1,149,000	1,170,000	1,100,000
Grapefruit	236,414	220,000	200,000
Lemons	174,473	200,000	180,000
Soft Citrus (Tangerines/Mandarins)	132,568	140,000	150,000
Total	1,692,455	1,730,000	1,630,000

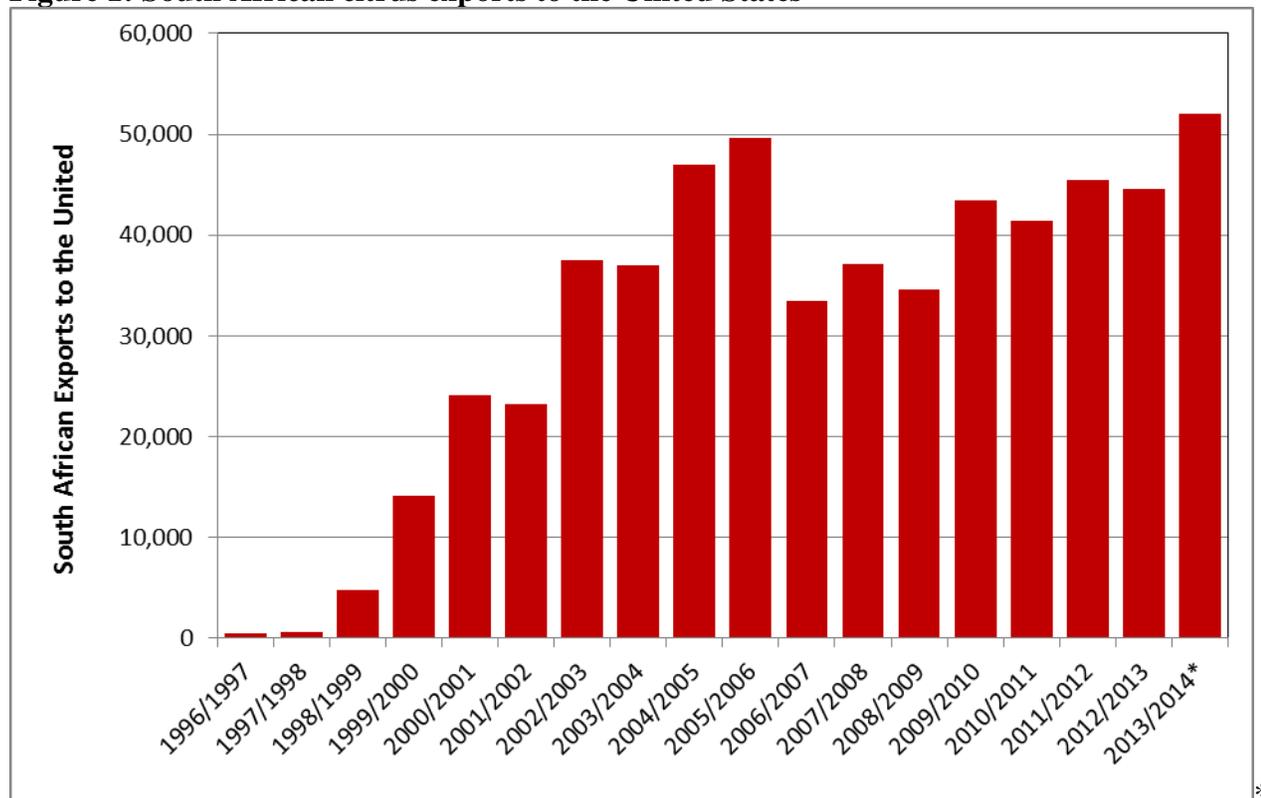
South African citrus exports to the United States

Currently, South African can only export citrus to the United States duty free from official CBS free areas. The CBS free areas are found in the Western Cape and Northern Cape regions, including the magisterial districts of Hartswater and Warrenton, as well as relevant districts of the Free State and North West. On August, 28, 2014, the United States Animal and Plant Health Inspection Service (APHIS), issued a notice proposing to amend the fruits and vegetables regulations to allow the importation of several varieties of fresh citrus fruit, as well as *Citrus* hybrids, into the United States from areas in the Republic of South Africa where citrus black spot has been known to occur. This proposal

can be found on the following link; <http://www.regulations.gov/#!documentDetail;D=APHIS-2014-0015-0001>. The deadline for submitting comments was October, 27, 2014. Post has held meetings with some farmers from the Limpopo province who farm in CBS areas, and who have shown keen interest in accessing the United States market, and have already started preparing and positioning their farm businesses to export to the United States once the above regulation is passed.

Figure 1 below shows that South African citrus exports to the United States have grown significantly from 507 MT in the 1997 MY to 44,524 MT in the 2013 MY. Post forecasts that South African citrus exports to the United States could surpass 50,000 MT in the 2014 MY, and are anticipated to continue growing in the coming years. Currently, CBS areas not exporting citrus to the United States account for approximately 80 percent of the South African citrus plated area. If the above amendment to the regulation is passed and CBS areas are permitted to export to the United States, the potential growth of South African citrus exports to the United States will be significant.

Figure 1: South African citrus exports to the United States



Estimate

Industry response

Post contacts indicated that industry has been continuously engaging the EU to address the CBS issue. One of the industry proposals is that the EU should not impose a blanket import restrictions to the entire EU, but should impose stricter regulations for imports into citrus growing areas of the EU such as Spain and Italy. The South African government and key industry stakeholders have been quoted in the media

stating that the EU measures on CBS were driven by protectionist rather than plant health concerns, and directed at prohibiting South African citrus exports to the EU. The South African Minister of Trade and Industry has indicated through the media that South Africa will be lodging a formal dispute to the World Trade Organization (WTO) against the EU.

Post contacts indicated that the industry is cognizant that WTO processes usually take too long to be finalized, and it is expected that some of the citrus exports would be diverted to other markets such as Asia, and possibly the United States once CBS areas are permissible to export to the United States. Post contacts also indicated that while Russia seemed a potential market, this was not the case in the 2014 MY as the impact of Russia banning EU imports resulted in depressed fruit prices, and in addition, Russia did not have the capacity to uptake South Africa's additional citrus exports. However, other sources have indicated that, if the EU continues to impose stricter restrictions, some South Africa citrus would inevitably be exported to Russia at depressed prices. Post will continue to monitor and provide feedback on future developments in the GAIN Citrus Annual Report in December, 2014.

Other Related Links

Internet / GAIN Link	Title
Download	2014 South Africa GAIN Citrus semi-annual Report