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South Africa, Republic of

Citrus

Annual

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Report Highlights:

South Africa's 2006/7 citrus production is expected to decrease by 5.2 percent from last year to 1.69 metric tons (MT) because of the carry-over effect of the drought in 2006. However, 2007/08 production will increase and return to a normal volume. South African citrus exports are expected to decrease by 9.3 percent to total 1.20 million MT, because of lower total production and the intent of more growers to sell to the local market.

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Table of Contents

Executive Summary	3
History of Citrus in South Africa	3
Production	4
Citrus Research	5
Consumption	5
Trade	6
Policy	6
Research and Development	7
Marketing	7
Environmental Considerations	7
Tables	8
PSD	8
Oranges	8
Orange Juice	8
Lemons	9
Grapefruit	9
Trade Matrices	10
Oranges	10
Lemons	11
Grapefruit	12

Executive Summary

South African 2006/07 citrus fruit production is expected to decrease by 5.2 percent from last year to 1.69 million MT because of the carry-over effect of the drought in 2006. However, 2007/08 production will increase and return to a more average volume.

In 2006/07, South Africa's local consumption for fresh citrus products is expected to increase by 19.5 percent as farmers increase volumes for sale in the local markets to overcome expected lower export prices.

Exports are expected to decrease by 9.3 percent to 1.20 million MT, due to lower total production and increased intent of growers to sell on the local market. Producers are uncertain about the export prices, but speculate about general improved export prices because of Spain's lower total production and late harvest caused by heavy rains. Also, they are challenged by potential lower prices due to the Middle East and Europe's high stock volumes.

In a Citrus Forum meeting held on October 23, 2007, stakeholders raised concerns about future shipping problems and congestion at the harbors due to inadequate infrastructure. Quality standards will be prioritized to prepare for new markets like Russia and China.

Market access issues experienced by South African citrus farmers in 2007 were barriers to trade such as high import tariffs to Iranian, South Korean, and Indian markets, and SPS issues. The South African government received 18 citrus black spot (CBS) disease reports from the EU in October this year.

History of Citrus in South Africa

South Africa's Citrus Growers Association (CGA) celebrates its 10th year in existence this year. This year also mark the local citrus industry's 100 years of exports (1907-2007). Some of the industry highlights were summarized in the South African fruit journal (Oct/Nov 2007) as follows:

Date	Event	Date	Event
1666	First citrus trees (lemons) are picked from gardens of Dutch East India Company in the Cape.	1962	Citrus Exchange, formed in 1927 because of a split between deciduous and citrus industries, expanded to England, and later to European Continent. Outspan becomes the only brand name for the Exchange's South African citrus export
1907	South Africa's first citrus export (oranges - 3,000 cases) is sold in Britain.	1966	The government re-introduced a one-channel citrus marketing.
1908	Citrus exports (oranges) to Britain increased to 14,454 cases.	1994	Control measures for local citrus marketing cease. The Citrus Exchange becomes a company: Outspan International Limited.
1910	The first Citrus Growers Association was formed in Rustenburg and their fruit was packed under the name Koedoe.	1995	The first citrus export to Japan, using in-transit cold sterilization treatment.
1914	Fruit inspection regulation was implemented.	1997	The fruit industry is deregulated. Anyone can register as an export agent. The Citrus Growers Association is formed to manage research and keep register of citrus growers. Voluntary levies apply
1918	Zebediela Citrus Farm is bought by an American millionaire, Isidore Schlesinger, and later became the largest orange	1999	South Africa's fruit export agents increased to reach 160. Fresh Produce Exporters Forum is formed

	farm in the world.		by agents to control competition by local agents overseas resulting in oversupply of markets leading to lower prices.
1922	The fruit producer Co-operative was formed by citrus, pineapple and deciduous fruit growers. Citrus exports reached 247,419 boxes	1999	Justin Chadwick is appointed as CGA's Chief Executive Officer.
1925	Citrus exports reached 1 million cases.	2001	Citrus Growers Association of Southern Africa takes over Outspan Citrus Centre to form Citrus Research International.
1926	The formation of Perishable Products Export Control Board (PPECB) handling shipments, production estimates, and control pre-cooling and refrigerated systems.	2002	CGA takes over the Outspan Foundation Block. Fruit South Africa is formed by the Deciduous Fruit Producers Trust, Fresh Produce Exporters Forum, South African Subtropical Growers Association, and CGA.
1928	South Africa's citrus trees reached 3 million.	2003	CGA appoints a transformation manager. Industry Affairs manager is formed for food safety issues.
1930	Citrus exports reached 1,706,803 boxes.	2004	The China protocol for citrus is signed.
1936	All South African citrus is exported under the name 'Outspan', originally the trademark of citrus produced on the farm –Amanzi Estates owned by Sir Percy Fitzpatrick. However, members could still use their own brands.	2005	Citrus Academy is formed to improve skills development for all industry participants.
1939	The government controlled Citrus Board is formed to control citrus distribution, marketing and prices in South Africa.	2006	Citrus exports reach 1.08 million MT. CGA expanded to appoint Information Manager to handle all industry data.
1955	The citrus Board stopped the controlled measures applied during World war II	2007	CGA turns 10 years. 100 years of exports
1961	Exports of citrus are poor. A quota (pro-rata) was introduced to discourage exports. Juice making started because of increased citrus production and promotions were conducted to increase local demand.		

Production

Total 2006/07 citrus fruit production is expected to decrease by 5.2 percent from last year to amount to 1.69 million MT because of the carry-over effect of the drought in 2006. Total production in 2006/07 was divided into areas that resulted in a good yield and other areas at below average to lower volumes.

The citrus industry restructured this year to establish product specific growers groups (for navels, Valencia, lemons, grapefruit, and soft citrus) to handle product specific supply chain issues.

Post forecasts MY 2007/08 orange production at 1.25 million MT, a 4.2 percent increase from 2006/07 due to increased harvested area.

Post forecasts MY 2007/08 lemon production to remain unchanged from 2006/07 at 200,000 MT due to no significant change in area planted.

Post forecasts MY 2007/08 grapefruit production at 300,000 MT, a 3.4 percent increase from 2006/07 due to a less pronounced cyclical production effect. Where as in other years,

grapefruit production demonstrated more pronounced variation in production year-on-year; industry analysts expect the effect to be less significant in MY2007/08.

Post estimates MY 2006/07 production to decrease by 5.5 percent for oranges, and by 11.5 percent for lemons. Grapefruit production will remain the same as last year because of the effect of drought in 2006.

Citrus Research

The United States Department of Agriculture's Agricultural Research Service (USDA-ARS) supported South Africa's Agricultural Research Council and Citrus Research Institute (CRI) to conduct a commercial research trial for a Sterile Insect Technique (SIT) that controls the False Codling Moth (FCM) population. In 2005, the research resulted in 95 percent FCM population control and lower fruit damage by the pest.

Some parts of the South African citrus production area are susceptible to FCM, which prevents the country's citrus access to many lucrative markets like China and the United States. FCM resistance to commonly used insecticides like organophosphates forced the CRI to conduct the research, which started in 2002, and was funded by the Citrus Growers Association of South Africa (CGA) and the SA-EU Pesticide Initiative Program (PIP). The research was also operated in association with the International Atomic Energy Agency (IAEA).

In 2007, South Africa's Citrus Growers' Association established a subsidiary company, River Bioscience, which will commercialize innovations, developments, and discoveries arising from the Citrus Research Institute. The company's current innovations are two anti-insect viral products (Cryptogran and Helicovir) to prevent FCM and bollworm respectively. It also commercialized the sterile insect technique for FCM through its own subsidiary firm, Xsit.

Consumption

South Africa's domestic consumption of citrus is expected to increase by 19.5 percent in 2007, as some farmers intend to increase volumes intended for the local markets to avoid the expected decrease in export prices resulting from a glut in their traditional export markets.

Local consumption will increase by 28 percent for oranges, but will decrease by about 23 percent for grapefruit, and by 4.8 percent for lemons and limes.

Local consumption and processing include annual citrus imports averaging around 10,000 MT per citrus product. In 2006/07, citrus imports are expected to increase by 20 percent to reach about 30,000 MT because of lower total production.

Processed fruit figures from all of our stakeholder sources differ significantly, but post averages are at 330,000 MT for MY 2007. This is an increase of 1.2 percent largely because of increased supply of lemons for processing. Post estimates MY 2007 processed oranges (mainly navels and clementines), and grapefruit, to decrease by 1.3 percent and 5.3 percent respectively, while lemons and limes will increase significantly by 13.9 percent.

A study conducted by the Nutrition Information Centre of the University of Stellenbosch for the Department of Health in 1999 revealed that South African children, mainly 1-9 years old, consume less fruit and vegetables than the recommended levels, at a daily per capita of

about 110 – 205 grams. The frequency of daily consumption is found to be lower for fruit as compared to vegetables. The full study can be accessed at: <http://www.sun.ac.za/nicus/>

Trade

Total citrus exports in MY 2007 decreased by 9.3 percent to 1.20 million MT, due to lower total production and as more growers sold to the local market.

For MY 2008, producers are uncertain about export prices but speculate about general improved export prices because of Spain's lower total production and late harvest caused by heavy rains. However, they are challenged by potential lower prices due to the Middle East and Europe's high stock volumes.

Post forecasts MY 2008 orange exports at 940,000 MT, a 5-percent increase from MY 2007, due to expected improvements to export prices.

Post forecasts MY 2008 lemon exports at 110,000 MT, a 10 percent increase from MY 2007 due to increased production.

Post forecasts MY 2008 grapefruit exports at 210,000 MT, a 5-percent increase from MY 2007 because of expected increased demand from Japan, similar to 2005.

Post estimates MY 2007 orange exports at 900,000 MT, a 10-percent decrease from the previous year. In MY 2006, orange exports totaled 1.007 million MT. Major export destinations were the Netherlands (15.8 percent), Saudi Arabia (9.1 percent), and the U.K. (8.9 percent).

Post estimates MY 2007 lemon exports at 100,000 MT, a 25-percent decrease from the previous year. In MY 2006, lemon exports totaled 133,000 MT. Major export destinations were the United Arab Emirates (18 percent), Saudi Arabia (17 percent), and the U.K. (13 percent).

Post estimates MY 2007 grapefruit exports at 200,000 MT, a 9.3-percent decrease from the previous year. In MY 2006, grapefruit exports totaled 183,000 MT. Major export destinations were Japan (27.7 percent), Netherlands (16.9 percent), and Mozambique (9.7 percent).

Policy

The South African citrus industry indicates that they are challenged by the current regulatory framework, especially the land policy, which is expected to transfer about 30 percent of farm land to the previously disadvantaged black farmers by 2015. The government received a total 79,696 land claims. The implementation of this new strategy already translated in about 71,465 land claims (96 percent) processed in 2006. From the 6,986 outstanding claims outstanding, 86 percent are agricultural land.

A majority of the citrus producing land are under the claims, which constrain farmers from investing on the land. Considering that it takes a fruit tree about 15 to 30 years to mature and produce a crop, producers are wary about investing in new and improved groves on land that may be taken away from them in the future due to these land claims.

South African clementine exports destined for Japan are expected to initiate this year (2007). The citrus industry was provided with market access for clementines by Japan on June 07, 2007.

Research and Development

The Fruit Producer Exporters Forum received a grant totaling R15 million (R5 million a year for three years) from the Department of Science and Technology for research and innovation in the fresh fruit cold-chain management.

The South African citrus industry's operations are funded mainly by members through voluntary levies as set by the Agricultural Product Marketing Act (1996) and controlled under the National Agricultural Marketing Council. However, not all citrus growers are members of the Citrus Grower Association and therefore do not pay the levies.

All citrus exporters pay statutory levies. Payments for export levies were increased to 32 cents per 15 kg a carton, which was implemented from August 25, 2004.

Marketing

The South African citrus industry expects profitable returns because of good quality citrus fruit produced this season, and increased sales, especially in the U.K. retails. The increase in sales is expected to continue until the end of the season, also stimulated by Spain's (South Africa's citrus competitor in the EU) lower total production caused by heavy rains in the Valencia producing area. However, industry's total sales in the EU are also challenged by other competitors, Florida and California, who forecasted significant increases in their orange production.

Environmental Considerations

Food miles and carbon footprints were new concepts emphasized in a fresh fruit and vegetable conference, AllFresh, held in Cape Town in September 2007 that would have a direct impact on the fruit business, including the South African citrus industry. Food miles consider the transportation and/or distance of fresh products from farm to the table, while carbon footprints refer to the improved way of looking at transportation by relating it with carbon emissions. Environmentalists believe emission of carbon increases global warming that would change the geographic distribution of production, including citrus areas; also the distribution of pests and diseases, which would directly affect both growers and importers.

These concepts challenge the farmers to consider the percentage of carbon that was emitted when inputs were produced, or by a tractor spraying the orchards, or an aircraft transporting air-freighted cargo.

Tables

PSD

Oranges
PSD Table

Country	South Africa, Republic of						(HECTARES)(1000 TREES)(1000 MT)		UOM	
	Commodity	2005	Revised	Post Estimate New	2006	Estimate	Post Estimate New	2007		Forecast
Market Year Begin	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
		02/2006	02/2006		02/2007	02/2007		02/2008	02/2008	MM/YYYY
Area Planted	40000	40000	40000	40000	40000	40000	0	0	42000	(HECTARES)
Area Harvested	38000	38000	38000	38000	38000	38000	0	0	39000	(HECTARES)
Bearing Trees	16000	16000	16000	16000	16000	16000	0	0	17500	(1000 TREES)
Non-Bearing Trees	2000	2000	2000	2000	2000	2000	0	0	1400	(1000 TREES)
Total No. Of Trees	18000	18000	18000	18000	18000	18000	0	0	18900	(1000 TREES)
Production	1130	1130	1270	1100	1100	1200	0	0	1250	(1000 MT)
Imports	10	10	14	10	10	10	0	0	10	(1000 MT)
Total Supply	1140	1140	1284	1110	1110	1210	0	0	1260	(1000 MT)
Exports, Fresh	725	725	1007	750	750	900	0	0	940	(1000 MT)
Fresh Dom. Consumption	261	261	125	210	110	160	0	0	160	(1000 MT)
For Processing	154	154	152	150	250	150	0	0	160	(1000 MT)
Total Distribution	1140	1140	1284	1110	1110	1210	0	0	1260	(1000 MT)

Orange Juice
PSD Table

Country	South Africa, Republic of			65			(MT)		UOM	
	Commodity	2005	Revised	Post Estimate New	2006	Estimate	Post Estimate New	2007		Forecast
Market Year Begin	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Deliv. To Processors	154000	154000	152000	150000	250000	150000	0	0	160000	(MT)
Beginning Stocks	2842	2842	2842	2779	2779	2370	2679	2679	2170	(MT)
Production	17248	17248	17230	16800	16800	17000	0	0	18200	(MT)
Imports	267	267	290	700	700	700	0	0	700	(MT)
Total Supply	20357	20357	20362	20279	20279	20070	2679	2679	21070	(MT)
Exports	7578	7578	7992	7600	7600	7900	0	0	8400	(MT)
Domestic Consumption	10000	10000	10000	10000	10000	10000	0	0	10000	(MT)
Ending Stocks	2779	2779	2370	2679	2679	2170	0	0	2670	(MT)
Total Distribution	20357	20357	20362	20279	20279	20070	0	0	21070	(MT)

**Lemons
PSD Table**

Country	South Africa, Republic of		Lemons, Fresh			(HECTARES)(1000 TREES)(1000 MT)				UOM
	2005	Revised	Post Estimate New	2006	Estimate	Post Estimate New	2007	Forecast	Post Estimate New	
Commodity	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Planted	4850	4850	4850	4850	4850	4850	0	0	4900	(HECTARES)
Area Harvested	3000	3000	3000	3000	3000	3000	0	0	3100	(HECTARES)
Bearing Trees	2061	2061	2061	2070	2070	2070	0	0	2150	(1000 TREES)
Non-Bearing Trees	1300	1300	1300	1300	1300	1300	0	0	1250	(1000 TREES)
Total No. Of Trees	3361	3361	3361	3370	3370	3370	0	0	3400	(1000 TREES)
Production	200	200	226	200	200	200	0	0	200	(1000 MT)
Imports	0	0	7	0	0	10	0	0	10	(1000 MT)
Total Supply	200	200	233	200	200	210	0	0	210	(1000 MT)
Exports, Fresh Fresh Dom.	100	100	133	110	110	100	0	0	110	(1000 MT)
Consumption	21	21	21	20	20	20	0	0	20	(1000 MT)
For Processing	79	79	79	70	70	90	0	0	80	(1000 MT)
Total Distribution	200	200	233	200	200	210	0	0	210	(1000 MT)

**Grapefruit
PSD Table**

Country	South Africa, Republic of		Grapefruit, Fresh			(HECTARES)(1000 TREES)(1000 MT)				UOM
	2005	Revised	Post Estimate New	2006	Estimate	Post Estimate New	2007	Forecast	Post Estimate New	
Commodity	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008	MM/YYYY
Area Planted	8000	8000	8000	8000	8000	8000	0	0	8100	(HECTARES)
Area Harvested	6500	6500	6900	6600	6600	6980	0	0	7200	(HECTARES)
Bearing Trees	2500	2500	2680	2500	2500	2700	0	0	2800	(1000 TREES)
Non-Bearing Trees	600	600	420	600	600	400	0	0	400	(1000 TREES)
Total No. Of Trees	3100	3100	3100	3100	3100	3100	0	0	3200	(1000 TREES)
Production	280	280	287	290	290	290	0	0	300	(1000 MT)
Imports	2	2	4	0	0	10	0	0	10	(1000 MT)
Total Supply	282	282	291	290	290	300	0	0	310	(1000 MT)
Exports, Fresh Fresh Dom.	144	144	183	200	200	200	0	0	210	(1000 MT)
Consumption	13	13	13	10	10	10	0	0	12	(1000 MT)
For Processing	125	125	95	80	80	90	0	0	8	(1000 MT)
Total Distribution	282	282	291	290	290	300	0	0	310	(1000 MT)

Trade Matrices

Oranges

Export Trade Matrix

Country	South Africa, Republic of			
Commodity	Oranges, Fresh			
Time Period	Jan-Dec	Units:	MT	
Exports for:	2005		2006	
U.S.	29,796	U.S.	33,771	
Others		Others		
Netherlands	164,795	Netherlands	158,869	
Hong Kong	89,637	Saudi Arabia	92,011	
U.K.	85,165	U.K.	89,420	
Canada	65,746	Russia	87,286	
Spain	60,378	Hong Kong	75,305	
Russia	58,979	U.A.Emirates	64,351	
Italy	47,984	Spain	42,980	
Saudi Arabia	45,085	Kuwait	42,642	
U.A.Emirates	41,377	Canada	36,622	
Belgium	34,846	Mozambique	24,507	
Total for Others	693992		713993	
Others not Listed	188,163		259,153	
Grand Total	911951		1006917	

WTA

Import Trade Matrix

Country	South Africa, Republic of			
Commodity	Oranges, Fresh			
Time Period	Jan-Dec	Units:	MT	
Imports for:	2005		2006	
U.S.	0	U.S.	0	
Others		Others		
Zimbabwe	7,820	Zimbabwe	13,563	
Israel	140	Israel	379	
Spain	88	Spain	308	
		Turkey	28	
Total for Others	8048		14278	
Others not Listed	0		0	
Grand Total	8048		14278	

WTA

Lemons

Export Trade Matrix: Lemons

Country South Africa, Republic
of

Commodity Lemons, Fresh

Time Period Units:
 Exports for: **2006**
 U.S. U.S.
 Others Others

U.A.Emirates	70,295	U.A.Emirates	24,154
Kuwait	34,365	Saudi Arabia	22,779
Saudi Arabia	24,219	U.K	17,876
Netherlands	19,914	HongKong	10,607
U.K.	15,798	Netherlands	8,041
HongKong	12,491	Italy	7,059
Bahrain	11,163	Japan	6,290
Japan	9,209	Belgium	4,996
Italy	6,533	Russia	4,256
Belgium	5,074	Kuwait	2,483
Total for Others	209061		108541
Others not Listed	<input type="text" value="30,194"/>		<input type="text" value="24,790"/>
Grand Total	239255		133331

WTA

Import Trade Matrix

Country South Africa, Republic
of

Commodity Lemons, Fresh

Time Period Units:
 Imports for: **2006**
 U.S. U.S.
 Others Others

		Israel	<input type="text" value="7"/>
Total for Others	0		7
Others not Listed	<input type="text" value="0"/>		<input type="text" value="0"/>
Grand Total	0		7

WTA

Grapefruit

Export Trade MatrixSouth Africa, Republic
of**Country****Commodity** Grapefruit, Fresh

Time Period Units:
 Exports for: **2006**
 U.S. U.S.
 Others Others

Japan	64,670*	Japan	50,797*
Netherlands	48,142	Netherlands	31,114
U.K.	20,869	Mozambique	17,718
Taiwan	17,661	U.K.	16,132
Canada	17,473	Russia	9,735
Belgium	13,648	Italy	9,507
Spain	12,101	Taiwan	8,045
Italy	10,927	Belgium	7,778
Hong Kong	8,835	Canada	6,012
Russia	6,214	Hong Kong	5,639
Total for Others	220,540		162,477
Others not Listed	<input type="text" value="21,024"/>		<input type="text" value="20,599"/>
Grand Total	241,564		183,076

WTA; * = updated by FAS

Import Trade MatrixSouth Africa, Republic
of**Country****Commodity** Grapefruit, Fresh

Time Period Units:
 Imports for: **2006**
 U.S. U.S.
 Others Others

Zimbabwe	1,720	Zimbabwe	3,272
Israel	363	Israel	293
Spain	49	Spain	183
		Turkey	128
Total for Others	2132		3876
Others not Listed	<input type="text" value="0"/>		<input type="text" value="0"/>
Grand Total	2132		3876

WTA