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South Africa, Republic of

Citrus

Annual

2003

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Report Highlights:

South Africa's MY 2003 citrus production is expected to decrease by about 4% from the last season because of continuing uprooting of matured grapefruit orchards and possibilities of drought in some areas. Exports are expected to have a slight decline (2%), though opportunities are increasing for new markets in Africa and the Middle East. Russia, China, India and the United States are fast becoming South Africa's lucrative citrus markets.

Includes PSD Changes: Yes
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Executive Summary

South Africa's MY 2003 citrus production is expected to decrease by about 4% from the last season because of continuing uprooting of matured grapefruit orchards and possibilities of drought in some areas. Grapefruit production is forecast to decline by about 25% because of a total decrease in the area planted as farmers are gradually producing the alternative crop (cane sugar). Production of lemons is forecast to increase about 30% because of an increase in the area planted (11%). Orange production will remain fairly constant because of the likely impact of drought in the production sites.

South Africa's MY 2003 citrus exports are forecast to decline slightly (2%), though opportunities for new markets are increasing in the rest of Africa and the Middle East. Lemons are forecast at an increase of about 6%. Grapefruit are estimated at about 168,000 MT, 15% decrease from last year because of a low total production. Exports of oranges are expected to reduce by about 10%.

One of South Africa's leading exporting firms for citrus products, LONA, is reported to have taken market share for grapefruit away from California and Florida in Japan.

Production BACKGROUND

In 2002, history was made within the citrus industry when the Outspan Foundation Block (OFB) was transferred from Capespan (Pty) Ltd to the Citrus Growers' Association of Southern Africa. The Foundation Block, established in 1980, was first developed and handled by the former South African Cooperative Citrus exchange before it fell under the management of Outspan International and Capespan. It will now adopt a new name, the Citrus Foundation Block, and supply of consistently superior pathogen-free citrus propagation material to the southern African citrus industry.

The table below indicates South Africa's total area planted to citrus fruit. The total citrus area provided for MY 2003 will become the Post's basis for interpretations of future changes, because it gives a clear guideline on the actual South African total, as distinguished from Swaziland. Swaziland citrus area is also reflected in this report, because of the previous misinformation that included this country into South Africa's total. It is necessary to note that chances are Zimbabwe may have also have been included in the past, because of its proximity, especially around the Limpopo and Mpumalanga areas.

SOUTH AFRICA'S CITRUS PRODUCTION AREA FOR 2003 in Hectares (Ha)					
REGIONS	ORANGES		MANDARINS	GRAPEFRUIT	LEMONS
	NAVELS	VALENCIA			
LIMPOPO	925	9,171	465	871	546
E. CAPE	8,785	6,624	2,590	62	2,728
W. CAPE	3,390	2,293	2,988	0	600
N. CAPE	308	0		0	0
MPUMALANGA	462	4,076	199	2,551	546
*SENWES Co-op	1,233	1,529	199	62	491
KWA-ZULU NATAL	308	764	66	1,804	327
TOTAL	15,411	24,457	6,507	5,350	5,238

Citrus Outlook paper, Citrus Growers Association

SWAZILAND'S CITRUS PRODUCTION AREA FOR 2003 IN HECTARES (Ha)						
	ORANGES		MANDARINS	GRAPEFRUIT	LEMONS	TOTAL
	NAVELS	VALENCIA				
TOTAL AREA	0	1,019	133	871	218	2,241

Citrus Outlook paper, Citrus Growers Association

About 400 Ha, around the Warrington and Vaalharts areas of the Northern Cape, is currently accredited as Citrus Blackspot (CBS) free by APHIS, which indicates a possible future increase in total exports to the U.S. The area has the production potential of about 4,500 MT, mainly for mandarins and navels. To date, no export figures have been recorded from the site.

Production Subcategory

PSD Table

Country	South Africa, Republic of						UOM
	Fresh Grapefruit						
Commodity	2001	Revised	2002	Estimate	2003 Forecast	(1000 MT)	
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]
Market Year Begin	01/2002			01/2003		01/2004	
						MM/YYYY	
Area Planted	5700	5700	5800	5350	0	5000 (HECTARES)	
Area Harvested	5500	5500	5600	5100	0	4800 (HECTARES)	
Bearing Trees	2200	2200	2240	2040	0	1920 (1000 TREES)	
Non-Bearing Trees	90	90	90	100	0	80 (1000 TREES)	
TOTAL No. Of Trees	2290	2290	2330	2140	0	2000 (1000 TREES)	
Production	330	380	350	280	0	270 (1000 MT)	
Imports	1	1	1	1	0	1 (1000 MT)	
TOTAL SUPPLY	331	381	351	281	0	271 (1000 MT)	
Exports	197	197	200	170	0	170 (1000 MT)	
Fresh Dom. Consumption	9	6	10	6	0	6 (1000 MT)	
Processing	125	178	141	105	0	95 (1000 MT)	
TOTAL DISTRIBUTION	331	381	351	281	0	271 (1000 MT)	

South Africa's total area planted to grapefruit is estimated to decrease by about 6%. The decline is caused by the continuous up-rooting of the citrus orchards around the Malelane and Mpumalanga area, which are increasingly replaced by the developing sugarcane project. Farmers are also upgrading their varieties from white to pigmented varieties, which are highly demanded in the export markets.

MY 2003 grapefruit production is therefore expected to decline significantly by about 25%.

PSD Table

Country Commodity	South Africa, Republic of						UOM
	Fresh Oranges						
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast	MM/YYYY
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]	
	01/2002		01/2003		01/2004		
Area Planted	39751	39751	38000	39868	0	40000	(HECTARES)
Area Harvested	30000	30000	30100	30100	0	30200	(HECTARES)
Bearing Trees	12900	12900	12940	12940	0	12980	(1000 TREES)
Non-Bearing Trees	4192	4192	3400	3400	0	3360	(1000 TREES)
TOTAL No. Of Trees	17092	17092	16340	16340	0	16340	(1000 TREES)
Production	1243	1263	1270	1266	0	1270	(1000 MT)
Imports	1	1	1	1	0	1	(1000 MT)
TOTAL SUPPLY	1244	1264	1271	1267	0	1271	(1000 MT)
Exports	715	751	720	757	0	760	(1000 MT)
Fresh Dom. Consumption	200	239	200	273	0	280	(1000 MT)
Processing	329	274	351	237	0	231	(1000 MT)
TOTAL DISTRIBUTION	1244	1264	1271	1267	0	1271	(1000 MT)

South Africa's MY 2003 production and exports of oranges are expected to remain fairly the same as last year because of dryness in some areas.

PSD Table

Country Commodity	South Africa, Republic of						UOM
	Juice, Orange						
Market Year Begin	2001	Revised	2002	Estimate	2003	Forecast	MM/YYYY
	USDA Official [	Estimate [DA	Official [	Estimate [DA	Official [	Estimate [New]	
	01/2002		01/2003		01/2004		
Deliv. To Processors	329	274	351	237	0	231	(MT)
Beginning Stocks	4949	4949	4899	4899	4609	4609	(MT)
Production	25700	25700	25500	25500	0	25500	(MT)
Imports	110	110	110	110	0	110	(MT)
TOTAL SUPPLY	30759	30759	30509	30509	4609	30219	(MT)
Exports	12960	12960	13000	13000	0	13100	(MT)
Domestic Consumption	12900	12900	12900	12900	0	13000	(MT)
Ending Stocks	4899	4899	4609	4609	0	4119	(MT)
TOTAL DISTRIBUTION	30759	30759	30509	30509	0	30219	(MT)

Total juice production is forecast to have slight decrease because of less fruit expected to be received by the processing plants (13%) in MY 2003 compared to last year.

PSD Table

Country Commodity	South Africa, Republic of Fresh Lemons						UOM
	2001 USDA Official [	Revised Estimate [DA Official [	2002 DA Official [	Estimate Estimate [DA Official [	2003 DA Official [	Forecast Estimate [New]
Market Year Begin	01/2002	01/2002	01/2003	01/2003	01/2004	MM/YYYY	
Area Planted	3552	4700	3600	5238	0	5250 (HECTARES)	
Area Harvested	2542	2820	2600	3000	0	3100 (HECTARES)	
Bearing Trees	1270	1410	1300	1500	0	1550 (1000 TREES)	
Non-Bearing Trees	500	500	500	1000	0	1075 (1000 TREES)	
TOTAL No. Of Trees	1770	1910	1800	2500	0	2625 (1000 TREES)	
Production	163	170	180	189	0	190 (1000 MT)	
Imports	0	0	0	0	0	0 (1000 MT)	
TOTAL SUPPLY	163	170	180	189	0	190 (1000 MT)	
Exports	80	85	90	90	0	90 (1000 MT)	
Fresh Dom. Consumption	10	8	10	17	0	10 (1000 MT)	
Processing	73	77	80	82	0	90 (1000 MT)	
TOTAL DISTRIBUTION	163	170	180	189	0	190 (1000 MT)	

AREA:

South Africa's citrus production area for lemons is estimated to increase by about 11%, because of the sudden increase in demand from the processing sector. Expectations are for a sharp increase in production at a period when new plantings come into bearing, provided that all other factors remains the same.

Consumption

In MY 2003, a 14% increase in local consumption is possible for Oranges. Domestic consumption of grapefruit is forecast to remain stable at last year's levels because of a reduced total production resulting from a decreased area harvested. Forecasts for lemon consumption is double that of last year because of increased production caused by favorable weather conditions.

Consumption Subcategory

No text.

Trade

South Africa's MY 2003 total citrus exports are expected to have a slight decline (2%) because of the decrease in the total production affected by both the threat of drought in growing areas of some commodities, and the uprooting of bearing trees. However, there is a likely significant improvement in the export of lemons (6%).

Export Trade Matrix

Country South Africa, Republic of

Commodity Fresh Grapefruit

Time period

Jan-Dec

 Units:

MT

Exports for:

2001

2002

U.S.

330

 U.S.

173

Others Others

Japan	44,735	Japan	39,202
Netherlands	22,544	Netherlads	34,282
U.K.	14,959	U.K.	26,221
Belgium	14,101	Mozambique	17,436
Mozambique	9,696	Belgium	9,767
Italy	7,618	Italy	8,915
Spain	5,193	Spain	5,068
Germany	4,357	Canada	4,889
Canada	3,112	Germany	4,520
France	1,892	France	4,265
Total for Others	128207		154,565
Others not Listed	6,864		43,102
Grand Total	135401		197840

The country's MY 2003 total exports for grapefruit is forecast at about 168,000 MT.

Japan is expected to take the largest share (44%), followed by the EU (39%). Other destinations for South African grapefruit will be United Kingdom (3%), Russia (2%), Canada (2%), and the Middle East (1%).

Also interesting to note is MY 2003 exports of mandarins are estimated at about 51,000 MT. Most of the product (42%) is destined for the UK, 19% to the U.S., 17% to Northern Europe, Middle East (8%), Far East (1%), Canada (1%), and other markets (6%).

Export Trade Matrix

Country South Africa, Republic of

Commodity Fresh Lemons

Time period

Jan-Dec

 Units:

MT

Exports for:

2001

2002

U.S.

116

 U.S.

383

Others Others

Saudi Arabia	13,850	Saudi Arabia	16,968
Belgium	13,341	United Emirates	11,986
United Emirates	10,945	U.K.	9,245
Hong Kong	8,520	Hong Kong	7,766
U.K.	8,020	Belgium	6,216
Italy	3,554	Netherlands	5,079
Germany	2,729	Japan	4,293
Japan	2,509	Italy	4,107
Spain		Germany	1,706
Mozambique	920	Russia	1,580
Total for Others	64,388		68,946
Others not Listed	15,386		15,671
Grand Total	79890		85000

MY 2003's expected increase in lemon production is likely to boost lemon exports.

Russia is fast becoming a major export market for South African lemons. In MY 2003, an estimated 6% of the total lemon production is expected to reach that market. Lemon producers are gaining stable income, especially from exports.

South Africa ranks 7th in world lemon production and 5th in the total world lemon exports.

Export Trade Matrix

Country South Africa, Republic of

Commodity Fresh Oranges

Time period **Jan-Dec** Units: **MT**

Exports for: **2001** **2002**

U.S. **17,080** U.S. **17,152**

Others Others

Netherlands	136,634	Netherlands	96,252
United Kingdom	86,825	U.K.	90,003
Russia	64,449	Russia	85,856
Saudi Arabia	63,497	Saudi Arabia	71,837
Belgium	59,397	Hong Kong	49,615
Spain	43,988	Mozambique	46,512
Hong Kong	42,955	Belgium	41,627
United Emirates	39,331	Spain	34,317
Italy	19,981	United Emirates	30,509
Canada	18,317	Italy	26,610
Total for Others	575,374		573,138
Others not Listed	83,889		124,428
Grand Total	676343		714718

Orange exports have increased over the years. Annually, about 50% of the total production of South African oranges is destined to the EU markets. However, the rate is decreasing since 5-6 years ago, mainly because of other new export market opportunities resulting from free trade. In 2002/03, South Africa's estimation for total exports of oranges is at 645,000 MT. Though South Africa is ranked the 7th largest producer of oranges, it is the 2nd largest world exporter of oranges.

Russia continues to be a growing market for South African citrus fruit, especially in the second half of South Africa's production season. Also, shipment is practical, because of a direct linkage from the South African ports to St Petersburg harbor and import duties have decreased by about 25% resulting from the agreement made by Russia to have South Africa enjoy the harmonized tariffs of a third world country. Annually, up till 1997, South Africa exported about 7.5% of the total citrus exports to Russia. Russia's economic climate caused a decline in imports. That reduced the South African citrus exports to the country tremendously. However South African exports to that market recovered in MY 2002 and reached a total of about 90,000 MT. Expectations are an increase in total citrus exports to Russia to about 110,000 MT for MY 2003.

Trade Subcategory

South Africa's citrus prospects are massive, with annual exports to the U.S. increasing from about 3,000 MT in 1995/6 to an expected 30,000 MT in 2003. Since November 2002 to September 2003, about 27,300 MT of citrus were passed for export to the U.S. through the USDA/NDA program. This is a total of about 1,031 MT of lemons, 19,526 MT of Navels, 2,003 MT of Minneolas, and 4,768 MT of Midnights.

Citrus exports to the United States originate from Bredadorp, Clanwilliam, Caledon, Heidelberg, Hermanus, Ladysmith, Montagu, Paarl, Piketberg, Robertson, Somerset West, Stellenbosch, Swellendam, Strand, Wellington, and Worcester areas of the Western Cape. Malmesbury is still awaiting response for its application to be included in the list. This year, two areas, Hartswater and Warrington in the Northern Cape, were added to the list. The two areas are about 400Ha and exports to the U.S. will likely resume in the next season. Other areas considered for exports to the U.S. and already surveyed to determine presence of CBS are Northern regions of Limpopo Province, Northern Cape, Cookhouse area, Herbertsdale, Knysna and Gillemberg.

Stocks

No stocks for citrus.

Stocks Subcategory

No stocks for citrus.

Policy

South Africa's Codex Alimentarius draft document, which will set baseline criteria for production, is expected for release in 2003. The documented Maximum Residue Limit (MRL) information include: the local South Africa registered MRL and export withholding period; and the EU, USA, and Codex MRL's, per fruit type. Export MRL's expected from the National Department of Health and Quality will include new Grading Standard Regulations based on the strictest MRL required in the EU Member States, Canada, and the USA.

Policy Subcategory

The European Union introduced a zero tolerance ban on citrus blackspot (CBS) since 2002. This stops all exports from individual farmers whose farms are in CBS areas. The Western Cape, and now part of the Northern Cape, are the only areas declared CBS free within South Africa. Since 1930, Europe has been South Africa's largest citrus export market. Over this period, CBS has never been an issue between the EU and South Africa.

This year, all South African exports to Europe will be required to meet the Europe's Eurepgap protocol, compliance criteria and implementation guidelines.

South African farmers are also required to adhere to the (U.S.)GAP and Codex.

Marketing

South Africa's citrus industry established a marketing forum that meets weekly to discuss all aspects of marketing. About 85% of growers joined the organization and are working together to optimize sales to the export markets.

The Rand is continuously gaining strength to the US dollar. The citrus industry considers this as a negative impact especially on exports, because the 2003 crop was produced when the exchange rate averaged about R10-R11.30 to the US dollar. But both inputs and transport costs continued to increase despite the strong Rand. Estimations for increases in costs of production are at around 23% for diesel, fertilizers and herbicides, about 14% for rail and by 18% for road transport. The industry is considering a risk management strategy to avoid market glut, ensure quality and improve on revenues.

One of South Africa's leading exporting firms for citrus products, LONA, is reported to have taken market share for grapefruit away from California and Florida in Japan.

The company, established in the late 1990 and of local origin, gets its supply of fruit from Citrusdal, Letsitele, Hoedspruit, Malelane and Komatipoort in the north and north-eastern regions, and from Eastern Cape and Hartswater in the Northern Cape. It had a 25% ownership of a cold storage in Durban Harbour, and is the largest client of the cold storage, budgeted for 975 MT in 2002, it exceeded by 7,000 pallets the same season.

The company handles more than 45,000 MT of citrus over a nine-month marketing season, with an annual turnover of about R350 million. The company plans to increase their marketing season to a full year period (365 days) by sourcing fruit from Brazil, China and Egypt. It sells oranges, lemons, naartjies and nectarines to more than 50 markets. Some of their major export markets includes Japan, Korea, Taiwan (Far East), Saudi Arabia, Dubai, Oman, Bahrain, Kuwait and Abu Dhabi in the Middle East, Europe, Russia and Canada.

The company projects market expansion in China, India, Iran and Iraq.

Since 1997, after the deregulation of the agricultural markets according to the Agricultural Product Marketing Act of 1996, the South African fruit industry experienced a lot of export companies mushrooming within the markets. To date, there is a stiff competition between both the domestic and international companies. Most of these companies either have own farmers, or source their products from contracts with local farmers. Some of the international businesses, ranked the major citrus exporters in South Africa include American companies, Delmonte, Sunkist, Dole, and European, Katope. Expectations are to see China businesses forming joint venture with the South African farmers and exporters from next year.

Marketing Subcategory

Challenges faced by the industry in the export markets are consumer confidence, which include food safety, traceability and Good Agricultural Practices (EUREPGAP) and phytosanitary threats. The industry strategy is to comply with legislative requirements of their exporting countries. The industry is expanding trade to new markets, in India, Russia, and China.

In the domestic markets, the citrus industry has undergone transformation, and split into two organizations, the Citrus South Africa, which has 85% of producers and is funded by voluntary levy mainly supports research and capacity building, and the Citrus Growers Association (CGA), composed of 100% producers and is funded through statutory levy. Other challenges facing the industry are local market product development, value adding, likely drought in some citrus growing areas, infrastructure development especially storage at ports, and costs.