

# A PROFILE OF THE SOUTH AFRICAN CITRUS MARKET VALUE CHAIN

2011

Directorate Marketing  
Private Bag X 15  
ARCADIA  
0007  
Tel: 012 319 8455/6  
Fax: 012 319 8131  
Email: MorokoloB@daff.gov.za  
[www.daff.gov.za](http://www.daff.gov.za)



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

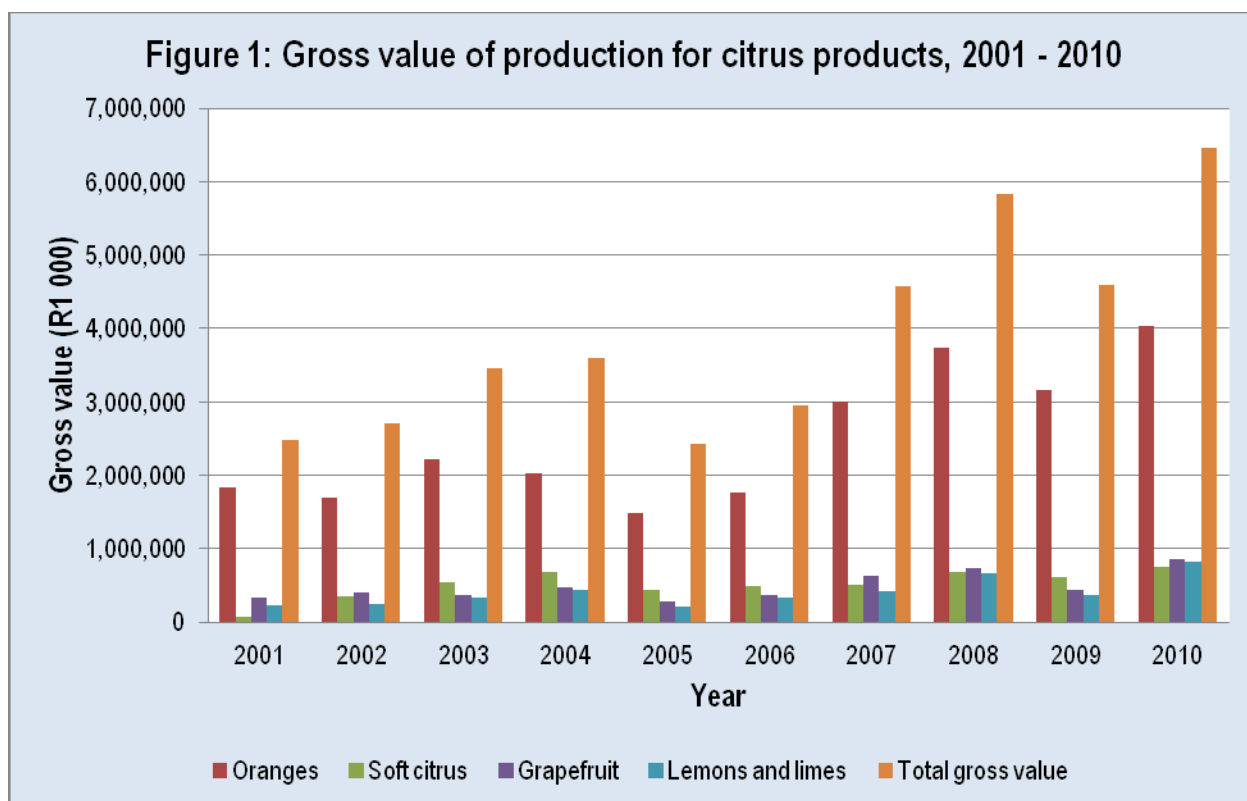
## TABLE OF CONTENTS

<b>1. DESCRIPTION OF THE INDUSTRY .....</b>	<b>4</b>
1.1 Production areas.....	5
1.2 Citrus cultivars .....	10
1.3 Production .....	13
1.4 Employment.....	14
<b>2. MARKET STRUCTURE .....</b>	<b>15</b>
2.1 Orange crop distribution .....	15
2.2 Orange prices .....	16
2.3 Soft citrus crop distribution .....	16
2.4 Soft citrus prices .....	17
2.5 Grapefruit crop distribution .....	18
2.6 Grapefruit prices .....	18
2.7 Lemons and limes crop distribution.....	19
2.8 Lemon and lime prices.....	20
2.9 Exports .....	20
2.9.1 Oranges .....	21
2.9.2 Lemons and limes .....	26
2.9.3 Grapefruits .....	29
2.9.4 Soft citrus .....	34
2.10 Provincial and district export values of South African citrus .....	37
2.11 Share analysis.....	45
2.12 Imports .....	49
2.12.1 Orange.....	49
2.12.2 Grapefruit.....	50
2.12.3 Lemons and limes .....	50
2.12.4 Soft citrus .....	50
2.13 Processing .....	50
2.13.1 Orange.....	51
2.13.2 Lemon .....	52
2.13.3 Lime .....	52
2.13.4 Grapefruit.....	52
<b>3. MARKET INTELIGENCE .....</b>	<b>53</b>
3.1 Competitiveness of South African citrus products .....	53
3.2 South Africa vs. southern hemisphere production.....	69
<b>4. MARKET ACCESS .....</b>	<b>72</b>
4.1 Tariff, quotas and the price entry system.....	73
4.2 Non tariff barriers .....	82
4.2.1 Quality standards .....	82
4.2.2 Biosecurity .....	82
4.2.3 Plant Protection Product (PPP) database .....	82
4.3 European Union (EU) .....	82
4.4 Consumer health and safety requirements .....	83
4.5 Japan .....	84
4.6 United States of America .....	85

<b>5. DISTRIBUTION CHANNELS .....</b>	<b>85</b>
<b>6. LOGISTICS .....</b>	<b>85</b>
6.1 Mode of transport.....	85
6.2 Cold chain management.....	86
6.3 Packaging.....	86
<b>7. MARKET VALUE CHAIN.....</b>	<b>86</b>
7.1 Domestic and export markets.....	88
7.2 Processing industry .....	89
7.3 Global retail chains .....	89
7.4 Final consumer.....	89
<b>8. ORGANIZATIONAL ANALYSIS .....</b>	<b>90</b>
8.1 Producer and associated organizations .....	90
8.2 Strengths, Weaknesses, Opportunities and Threat analysis.....	90
<b>9. EMPOWERMENT ISSUES AND TRANSFORMATION OF THE AGRICULTURE SECTOR .....</b>	<b>92</b>
9.1 Youth in citrus.....	92
9.2 Mentorship .....	92
9.3 Extension.....	92
<b>10. BUSINESS OPPORTUNITIES AND CHALLENGES .....</b>	<b>92</b>
10.1 Business opportunities .....	92
10.2 Challenges.....	93
<b>11. ACKNOWLEDGEMENTS.....</b>	<b>94</b>

## 1. DESCRIPTION OF THE INDUSTRY

In terms of gross value, the citrus industry is the third largest horticultural industry after vegetables and the deciduous fruit industry. During the 2009/10 production season the industry contributed R6.5 billion to total gross value of South African agricultural production. This represented 20% of the total gross value (R32.9 billion) of horticulture during the same period. The industry is also an important foreign exchange earner and comprises of four broad categories, namely: oranges, easy peelers (soft citrus), grapefruit, and lemons and limes. The industry is primarily export-orientated. Gross value of citrus production for the past decade is shown in Figure 1.



Source: Citrus Growers' Association (CGA) and Agricultural Statistics, DAFF

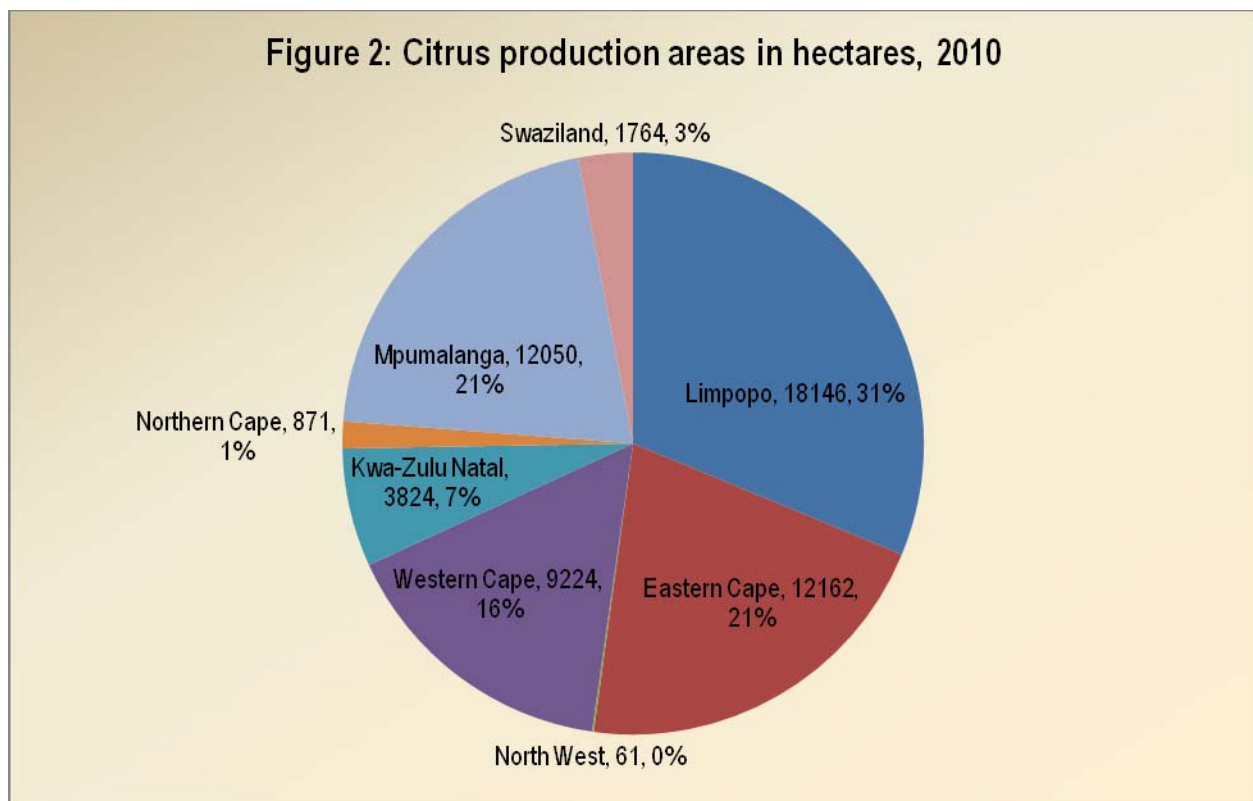
As depicted on Figure 1 on average, the gross value of production (GVP) for citrus has been increasing over the past ten years. The industry experienced four successive good years starting from 2001 to 2004 and again in 2006 until 2008. The increase was mainly due to amongst others increased exports and the weakening of the Rand against the major currencies of South Africa's trading partners. However, there were exceptions in 2005 and 2009 seasons where there were decreases of 33% and 21% respectively. The primary cause of the decreases may have been due to less quantity of citrus exported, owing to floods, which affected the quality and the size of the crop. The biggest contributor to total citrus gross value is oranges, accounting for over R4 billion in 2010. The other three categories of citrus products accounted for less than R1 billion each during the same period. Total gross value of citrus products increased by 41% in 2010 when compared to the previous year (2009).

## 1.1 Production areas

Citrus represents one of South Africa's most important agro-commodities by value and by volume. Production occurs mainly in the Limpopo, Western Cape, Mpumalanga, Eastern Cape, and KwaZulu-Natal provinces (see Figure 2 and Map 1). Within the Southern African Development Community (SADC) region Zimbabwe, Swaziland and Mozambique also produce citrus, although in much smaller volumes. Swaziland had 1 764 ha of land under citrus cultivation in 2010.

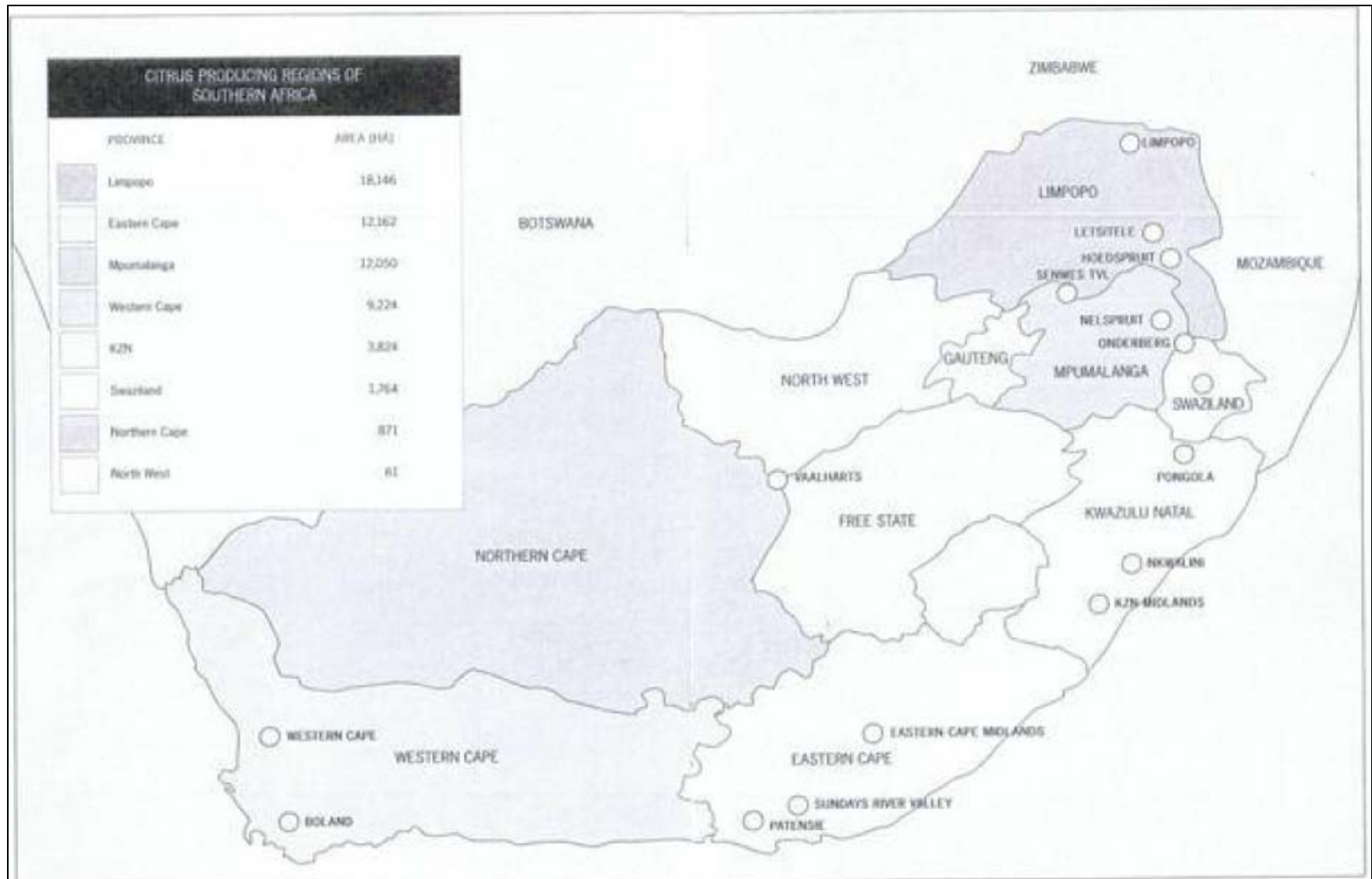
There are important differences between production regions in South Africa based on climate and farm structure. The Western Cape and Eastern Cape are considered 'cooler' citrus growing areas and production is focused on Navel oranges and lemons. The cooler climate allows farmers to respond to consumer demand for easy peelers like clementines and satsumas, and most of the country's easy peelers are produced in these two regions. Farm sizes are also smaller and most citrus in the Western and Eastern Cape is packed by privatized cooperatives in huge facilities that are amongst the largest in the world.

In Mpumalanga, Limpopo and KwaZulu-Natal, the climate is warmer and better suited to the cultivation of grapefruit and Valencia oranges. Farm sizes in these regions are larger and many farmers pack in smaller privately owned facilities. The size in hectares and percentage contributions of the various citrus production regions during 2010 are depicted in Figure 2. It is evident from Figure 2 that most citrus production takes place in the Limpopo province at 31% (18 146 ha). Limpopo is followed by Mpumalanga and the Eastern Cape at 21% each. The fourth largest producer of citrus products in terms of size in 2010 was the Western Cape at 16% (9 224 ha). KwaZulu Natal contributed 7% (3 824 ha) during the same period while the Northern Cape accounted to 1% (871 ha).



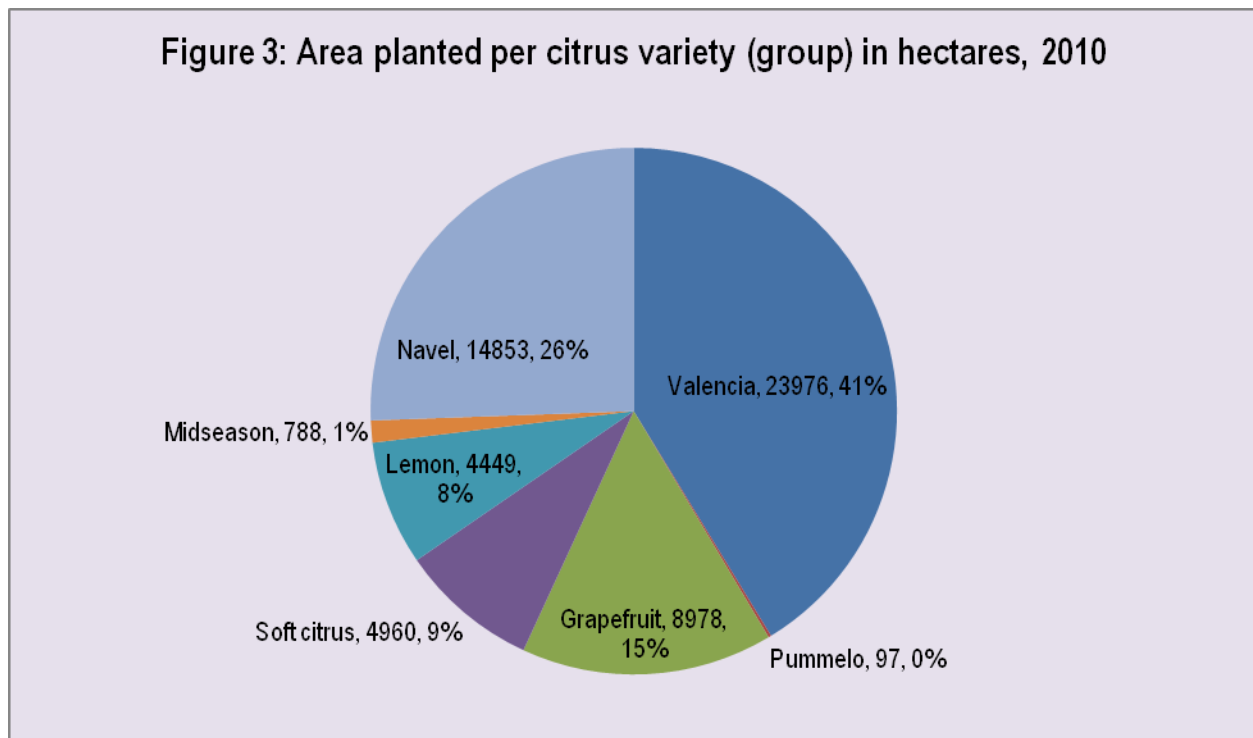
Source: Citrus Growers Association (CGA)

Map 1: Citrus production areas of South Africa



Source: Citrus Growers Association (CGA)

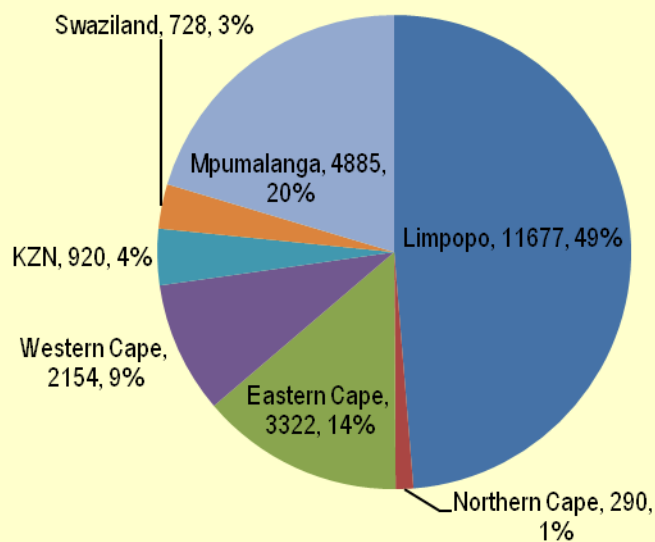
The area planted per citrus variety or group is shown in Figure 3. It can be observed from Figure 3 that the most planted citrus variety in 2010 is Valencia at 41% (23 976 ha). Limpopo province contributed 49 percent of all Valencia oranges in planted in 2010. Another citrus variety planted the most in 2010 is Navel oranges (26% or 14 853 ha). The Eastern Cape Province contributed 33 percent of all Navel oranges planted in 2010. The third largest planted citrus category was grapefruit at 15% (8 878 ha) of total area planted to citrus products in 2010. Soft citrus accounted for 9% (4 960 ha) while lemons and limes accounted for 8% (4 449 ha) during the same period.



Source: Citrus Growers Association (CGA)

The production areas for Valencia oranges are shown in Figure 4. In 2010 most Valencia oranges were planted in the Limpopo province (49%) (11 677 ha). Limpopo is followed by Mpumalanga at 20 percent (4 885 ha) and the Eastern Cape at 14 percent (3 322 ha). The total hectares planted to Valencia oranges in 2010 was 23 976 ha. The 2010 figure was similar to that of 2009. This means that there were no reported new plantings of Valencia oranges during 2010.

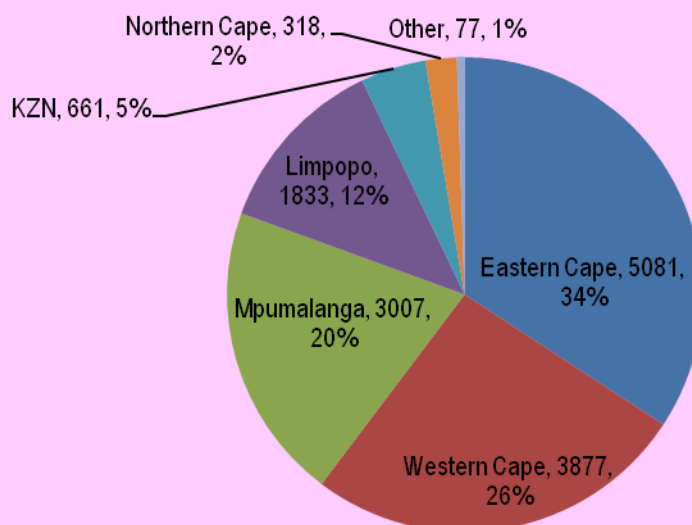
**Figure 4: Production areas of valencias in hectares, 2010**



Source: CGA

Figure 5 presents production areas for navel oranges in 2010. The Eastern Cape province is the leading grower of navel oranges at 34 percent (5 081 ha). Second is the Western Cape province at 26 percent (3 877 ha), followed by Mpumalanga at 20 percent (3 007 ha). The total hectares planted to navel oranges in 2009 was 15 232 ha. The same size of land was under navel cultivation in 2009.

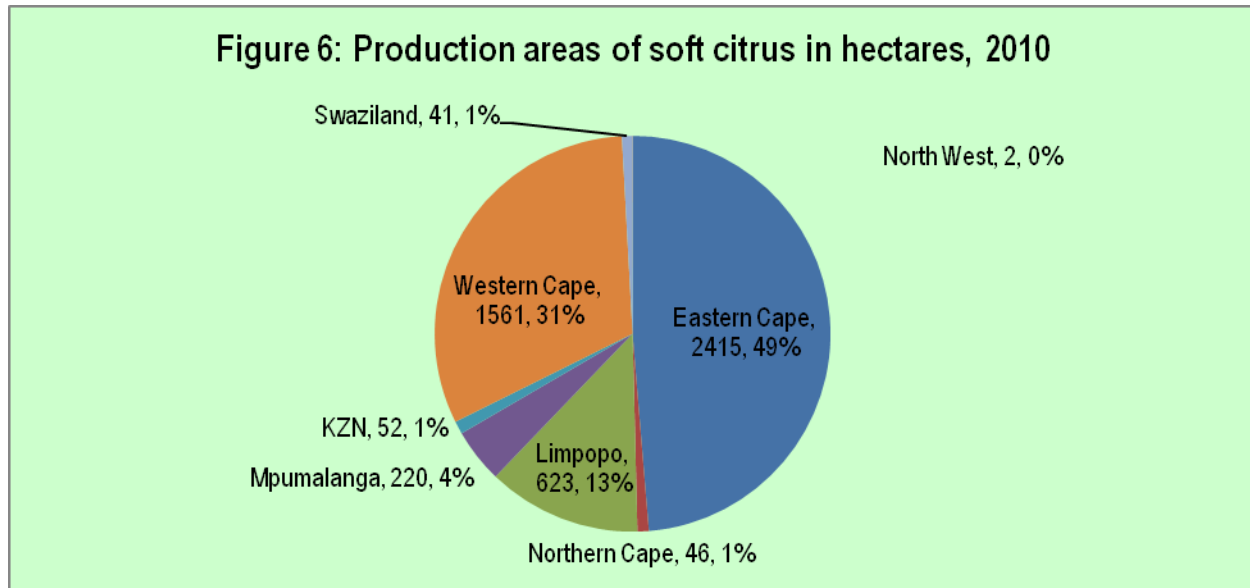
**Figure 5: Production areas of navels in hectares, 2010**



Source: CGA

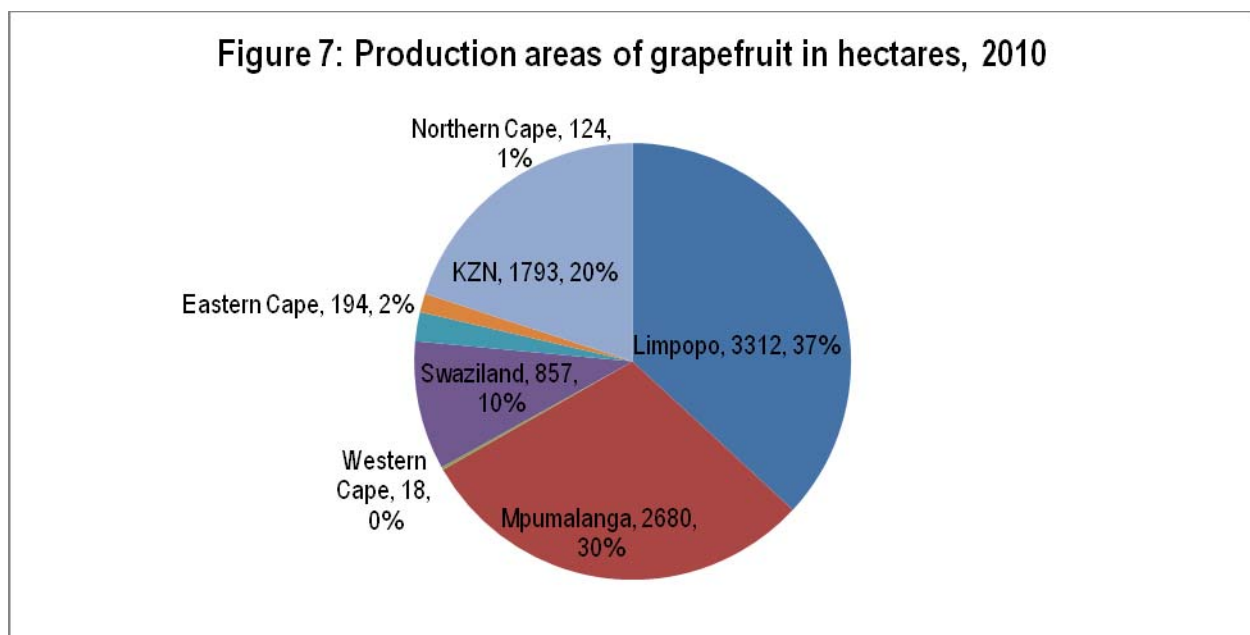


Figure 6 presents production areas for soft citrus in 2010. The Eastern Cape Province is the leading grower of soft citrus at 49 percent (2 415 ha). It is followed by the Western Cape Province at 31 percent (1 561 ha) and Limpopo province at 13 percent (623 ha). The total hectares planted to soft citrus in 2009 was 4 960 ha.



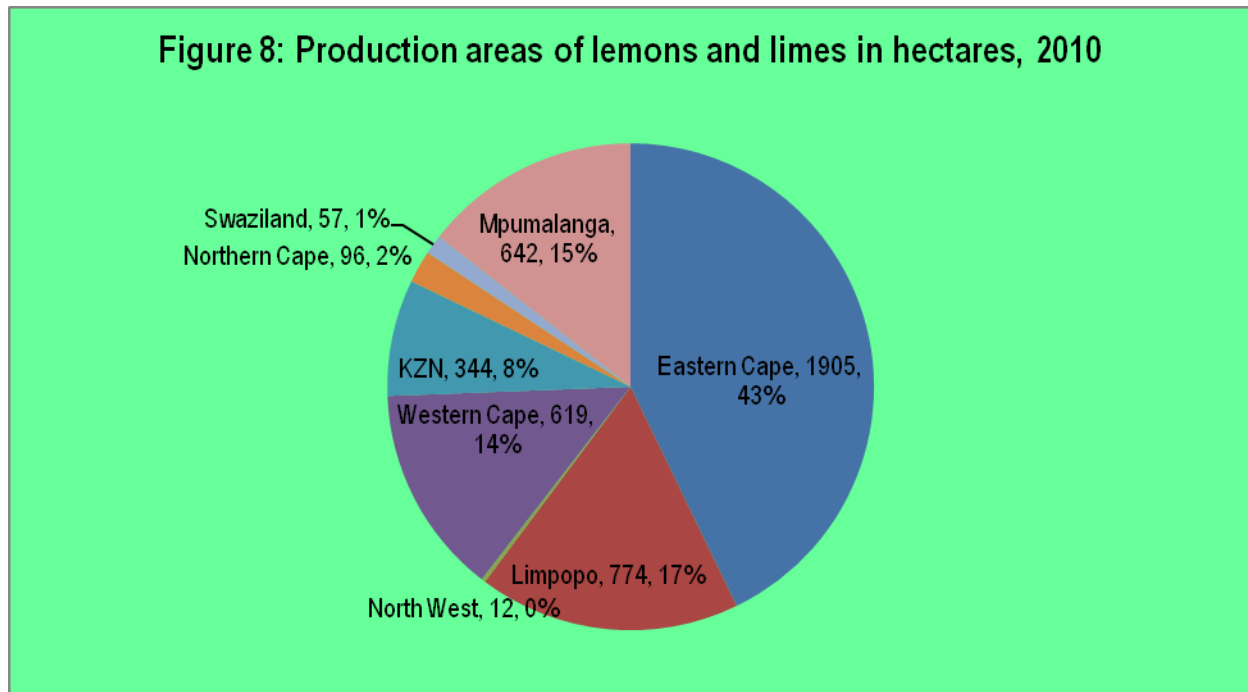
Source: CGA

Figure 7 presents production areas for grapefruit in 2010. The Limpopo province is the leading grower of grapefruit at 37 percent (3 312 ha). It is followed by the Mpumalanga province at 33 percent (2 680 ha) and Kwazulu-Natal province at 30 percent (2 680 ha) and KwaZulu Natal at 20% (1 793 ha). The total hectares planted to grapefruit in 2010 was 8 978 ha.



Source: CGA

Production areas for lemons and limes during 2010 are presented in Figure 8. The Eastern Cape province is the leading grower of lemons and limes at 43 percent (1 905 ha). It is followed by the Limpopo province at 17 percent (774 ha) and Mpumalanga province at 15 percent (642 ha). The Western Cape province is also a significant producer of lemons and limes, accounting for 14% (619 ha) during 2010. The total hectares planted to lemons and limes in South Africa during 2010 was 3 807 ha.

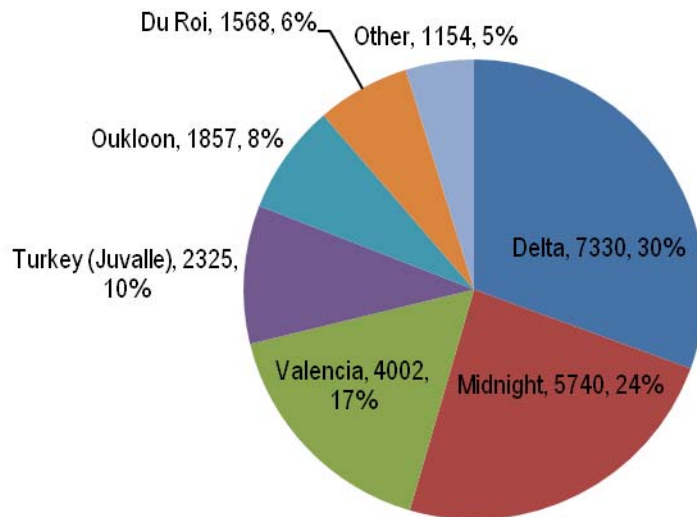


Source: CGA

## 1.2 Citrus cultivars

A number of cultivars or varieties of oranges, soft citrus, grapefruit, and lemons and limes are grown in South Africa. The varieties of Valencia oranges planted in South Africa during 2010 are presented in Figure 9. The cultivars planted mostly in South Africa are Delta (30% or 7 330 ha), Midnight (24% or 5 740 ha), Valencia (17% or 4 002 ha), and Turkey (10% or 2 325 ha). Together, the four cultivars accounted for 81% of total Valencia oranges planted during 2010. The total area planted to Valencia oranges in South Africa during 2010 was 23 976 ha.

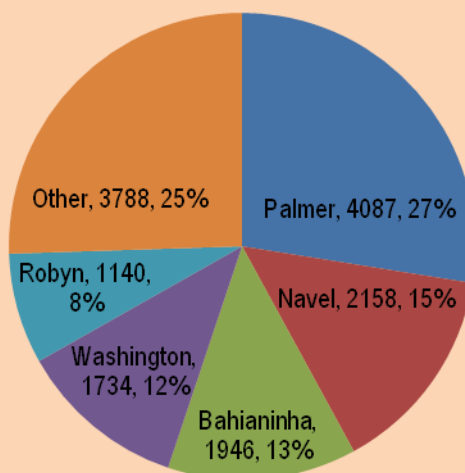
**Figure 9: Valencia (oranges) cultivars planted in 2010 (ha)**



Source: CGA

The cultivars of navel oranges cultivated in South Africa during 2010 are illustrated in Figure 10.

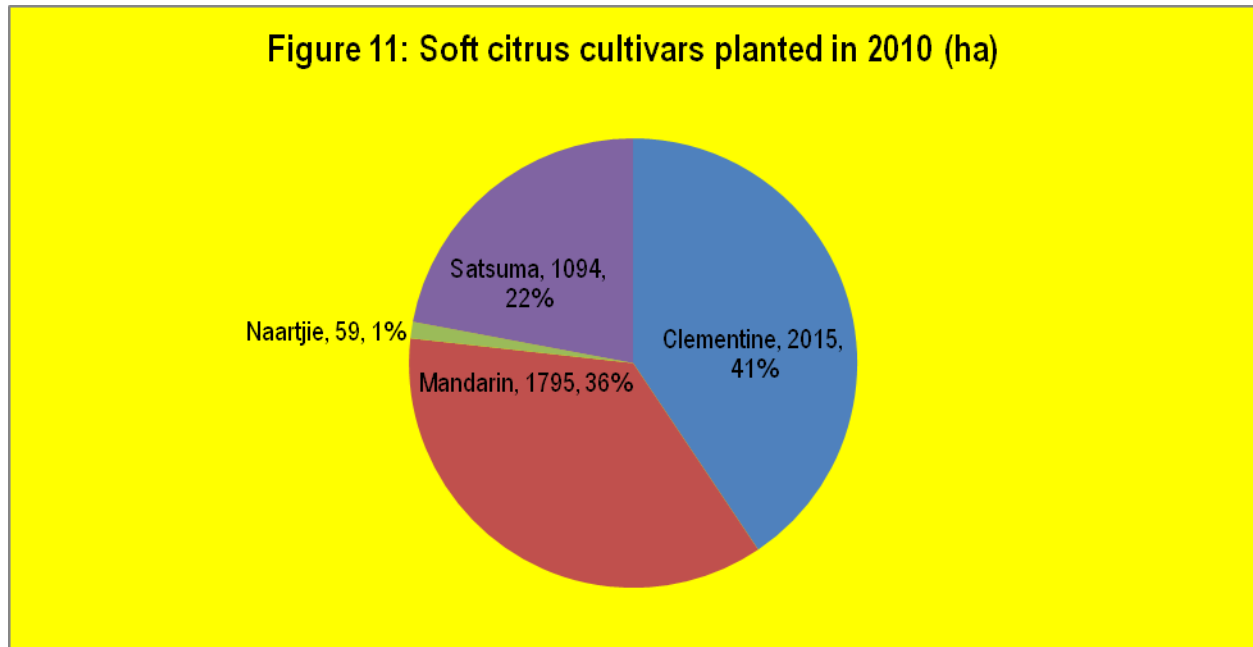
**Figure 10: Navel (oranges) cultivars planted in 2010 (ha)**



Source: CGA

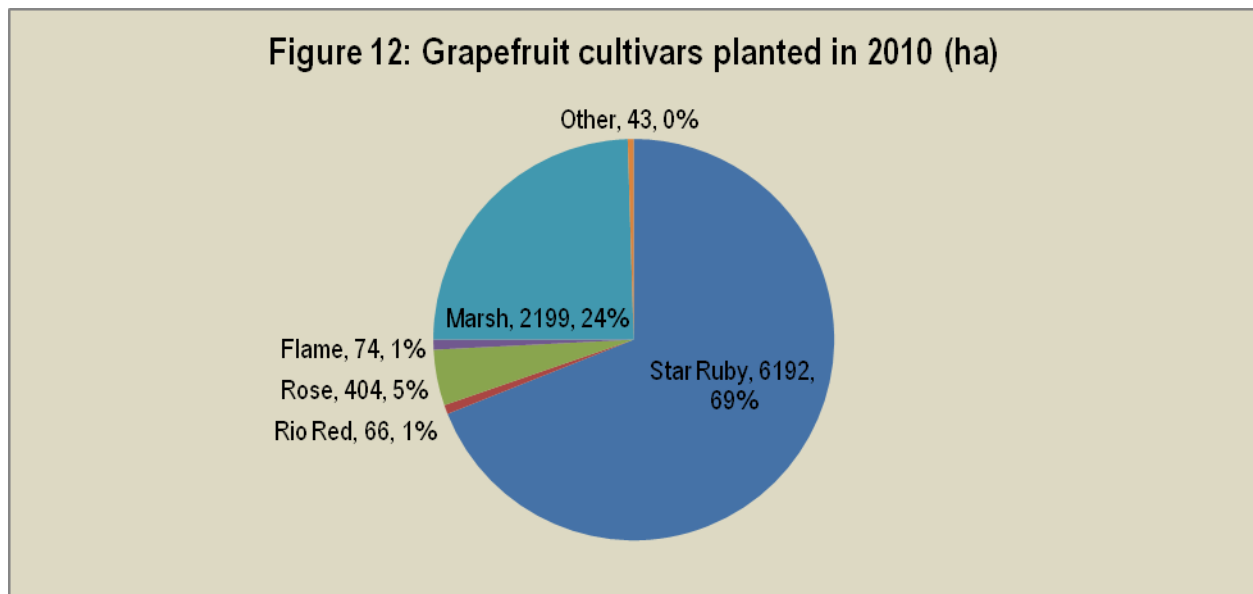
The major cultivar of navel oranges planted in South Africa is Palmer, with 4 087 ha of land planted to it in 2010. This represented 27% of total area planted to navel oranges in 2010. Palmer is followed by Navel at 15% (2 158 ha), Bahianinha at 13% (1 946 ha) and Washington at 12% (1 734 ha). Other cultivars accounted for 25% (3 788 ha) of total area planted to navel oranges in 2010.

Figure 11 presents cultivars of soft citrus planted in South Africa during 2010. The major soft citrus cultivar planted in South Africa is Clementine, representing 41% (2 015 ha) of total soft citrus cultivars planted in 2010. It is followed by Mandarin at 36% (1 795 ha). A total area of 4963 ha was planted to soft citrus in 2010.



Source: CGA

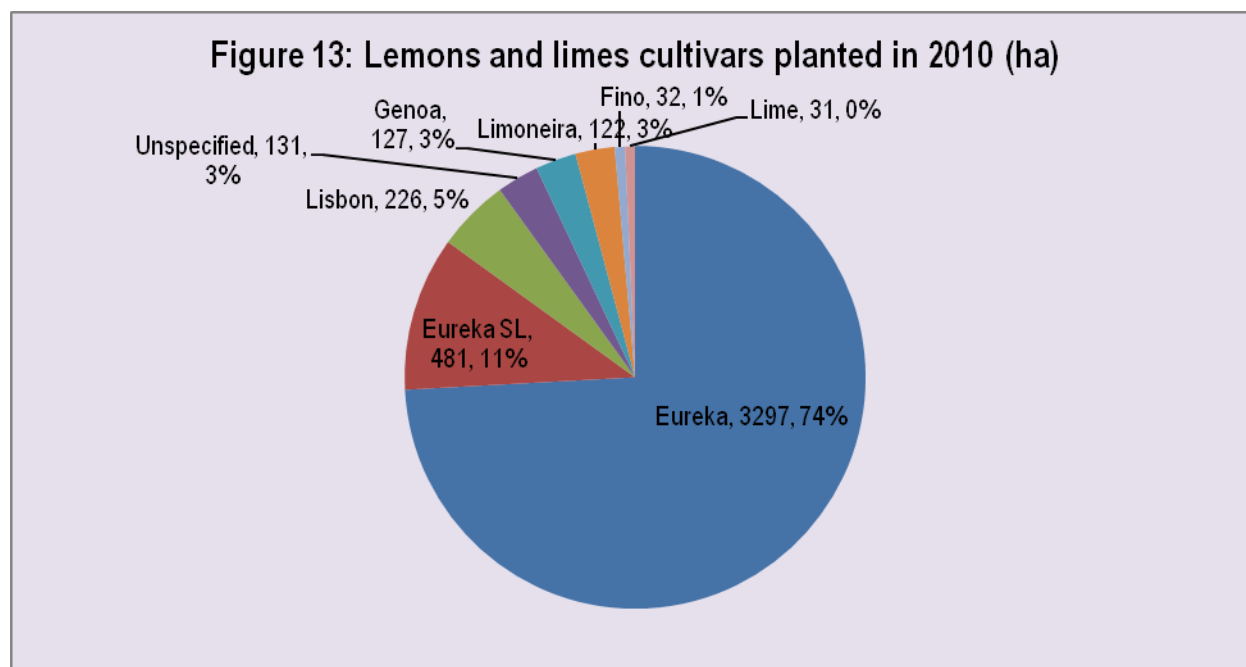
The cultivars of grapefruits cultivated in South Africa during 2010 are presented in Figure 12.



Source: CGA

During 2010, Star Ruby accounted for over two-thirds (69% or 6 192 ha) of the total grapefruit cultivars planted in South Africa. It was followed by Marsh at 24% (2 199 ha). A total area of 8 978 ha was planted to

grapefruits in 2010. The cultivars of lemons and limes planted in South Africa in 2010 are presented in Figure 13.

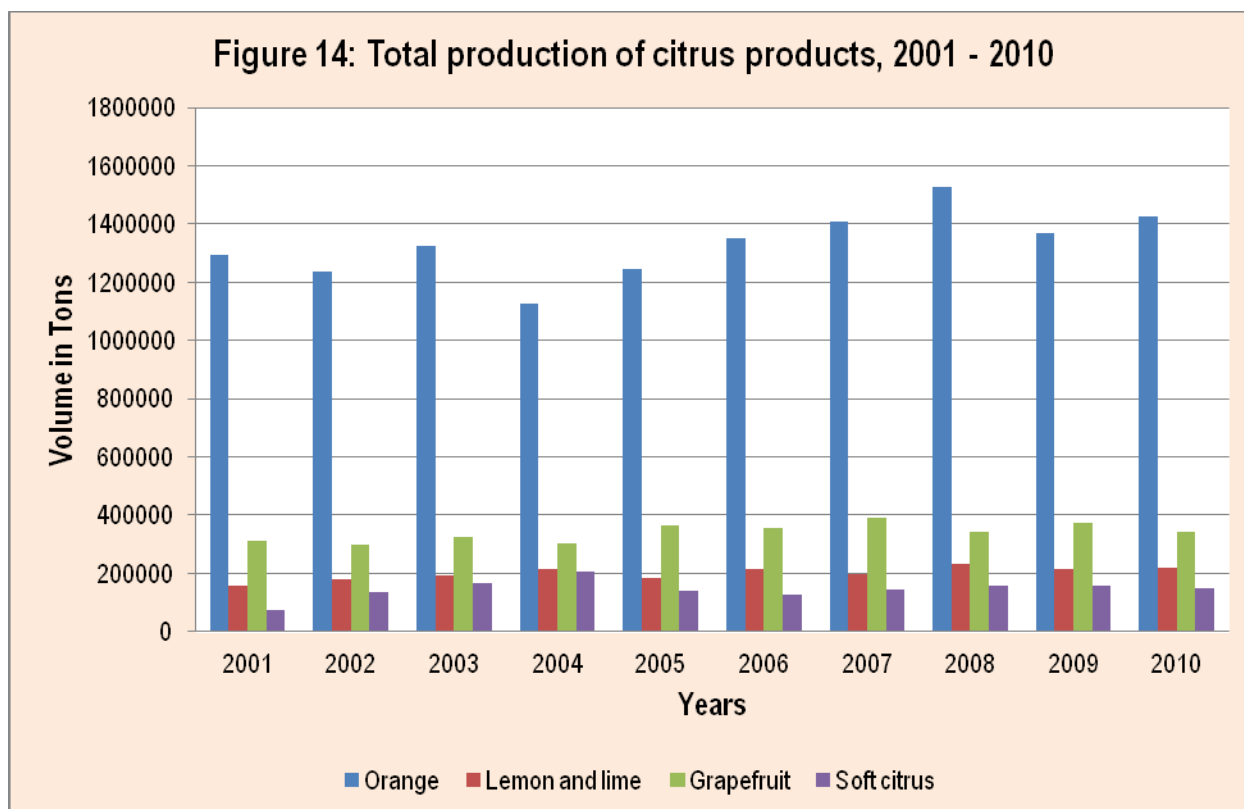


Source: CGA

The most important cultivar of lemons and limes planted in South Africa is Eureka. Figure 13 indicates that Eureka was planted on a total area of 3 297 hectares, representing 74% of the total area planted to lemons and limes in 2010. Eureka was followed by Eureka SL at 11% (481 ha). A total area of 4 449 ha was planted to lemons and limes in 2010.

### 1.3 Production

Citrus production has over the past ten years has been fairly stable (see Figure 14). In 2010 orange contributed 67 percent of total citrus production. It was followed by grapefruit at 16%, lemons and limes at 10% and soft citrus at 7%.



Source: Statistics and Economic Analysis, DAFF

According to Figure 14, orange production has been on the increase since the 2005 production season. The increase has been mainly due to good climatic conditions in leading production areas. Production of oranges however experienced a 10% decline in 2009 when compared with 2008 and increased again to just over 1.4 million tons in 2010. The volume of lemons and limes increased by 2% in 2010 when compared to 2009 while production of grapefruits and soft citrus also declined by 7% and 6% respectively during the same period.

## 1.4 Employment

The citrus industry is labour intensive and it is estimated that it employs more than 100 000 people, with large numbers of workers in the orchards and packing houses. An unspecified number of people are employed throughout the supply chain services such as transport, port handling and allied services. It is estimated that more than a million households depend on the South African citrus industry for their livelihood.

The prescribed minimum wage is used as a baseline for determining basic wages in accordance with the legislation governing conditions of service. Minimum wages for farm workers for the period 1 March 2009 to 1 March 2011 are presented in Table 1. The consumer price index (CPI) is used in the calculation of annual wage adjustments. The sectoral determination stipulates that the wage increase will be determined by utilizing the CPI + 1%. In terms of percentage increase, the 2011 minimum wage is 4.5% higher than the 2010 minimum wage (CPI on 19 January 2011 was 3.5%).

**Table 1: Minimum wages for farm workers in the Republic of South Africa, 2009 - 2011-05-24**

Year Frequency	1/03/2009	1/03/2010	1/03/2011
Hourly	R6.31	R6.74	R7.04
Weekly	R284.23	R303.84	R317.51
Monthly	R1231.70	R1316.69	R1375.94

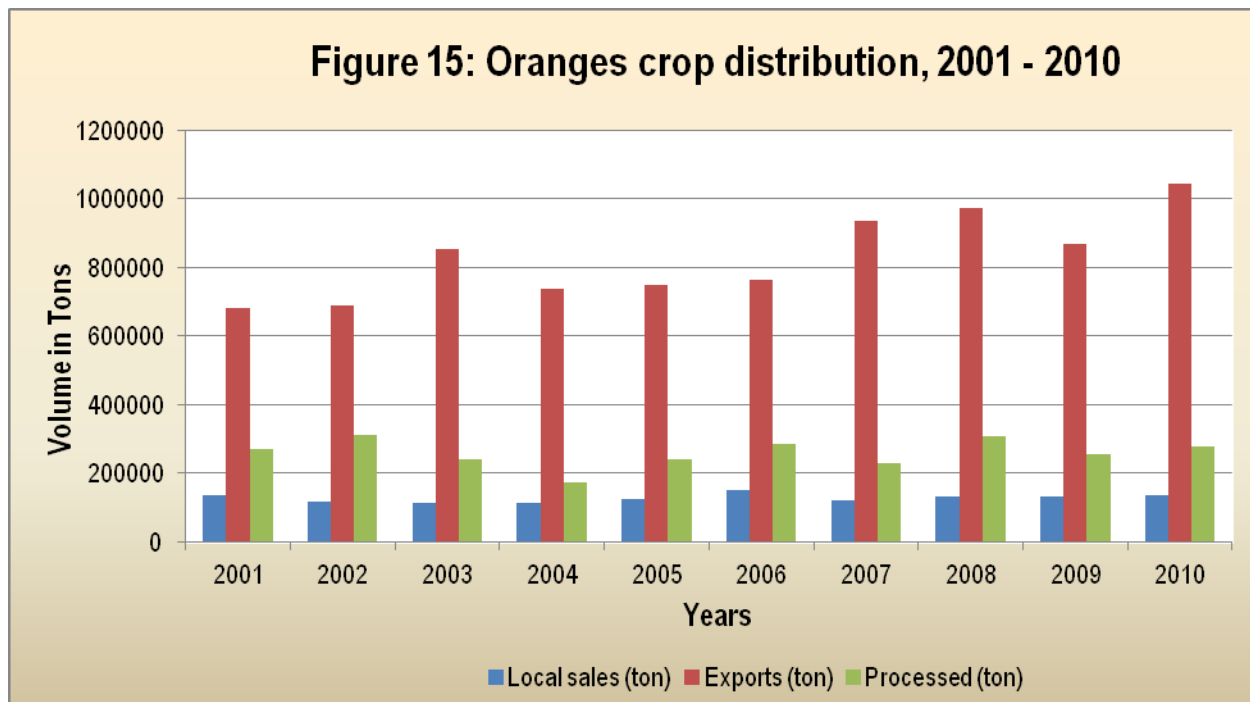
Hortgro, 2010

## 2. MARKET STRUCTURE

Citrus production in South Africa is mainly aimed at the export market. Locally, citrus produce is sold through different marketing channels such as National Fresh Produce Markets (NFPMs), informal markets (street hawkers), and directly to processors for juice making and dried fruit production. The fruits are also sold directly to wholesalers and retailers through signed contracts. The annual crop distribution and prices of the different citrus products are presented below.

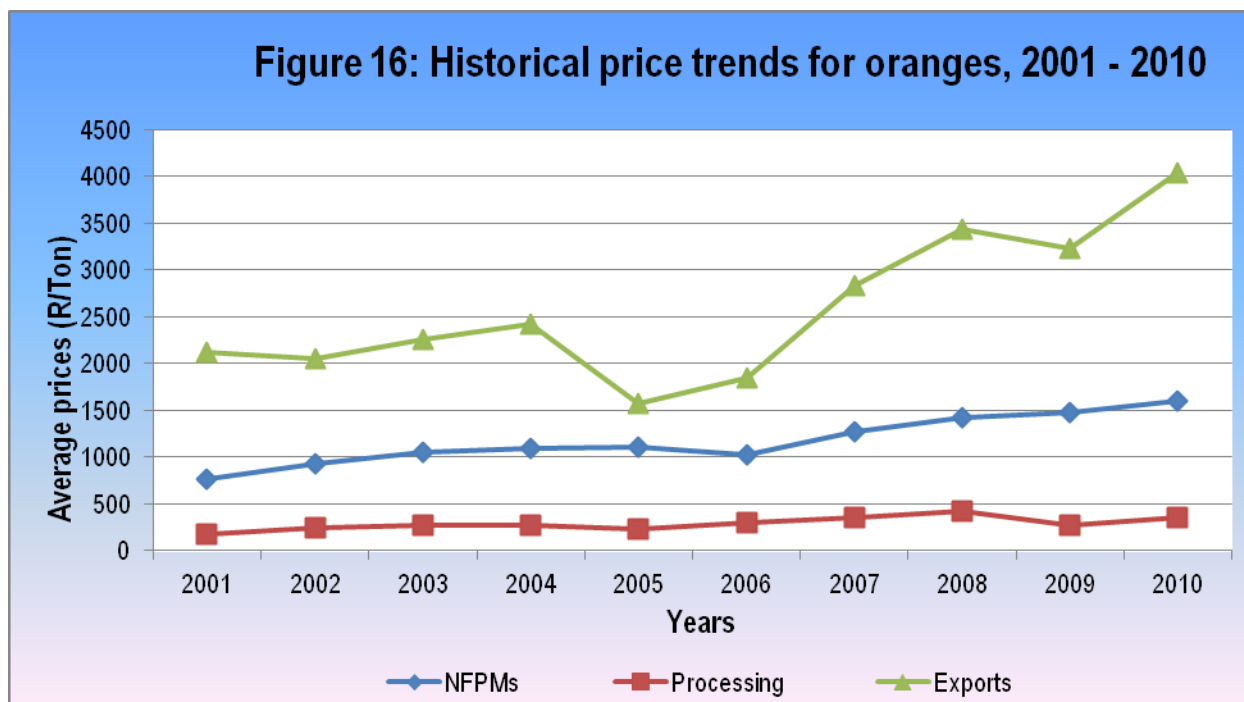
### 2.1 Orange crop distribution

The annual distribution of oranges to the different markets is presented in Figure 15. In 2010, 73% (1 045 254 tons) of all oranges produced (1 428 027 tons) was exported. This indicates the importance of export markets to South Africa's production of oranges. The second most important market for South African oranges is the processing sector. The sector absorbed 19% (279 449 tons) of total orange production in 2010 while the remaining 8% was sold through the local markets.



## 2.2 Orange prices

Figure 16 presents historical price trends of oranges during the past decade. As can be seen in Figure 16 oranges fetch higher returns in the export markets. The average price per ton in the export markets during 2010 was R4 035.00. This was 11 times higher than the average price in the processing sector (R355.00) and two and half times higher than the average price received from the NFPMs. It is worthwhile to note that the average prices realised in all markets increased between 2009 and 2010.



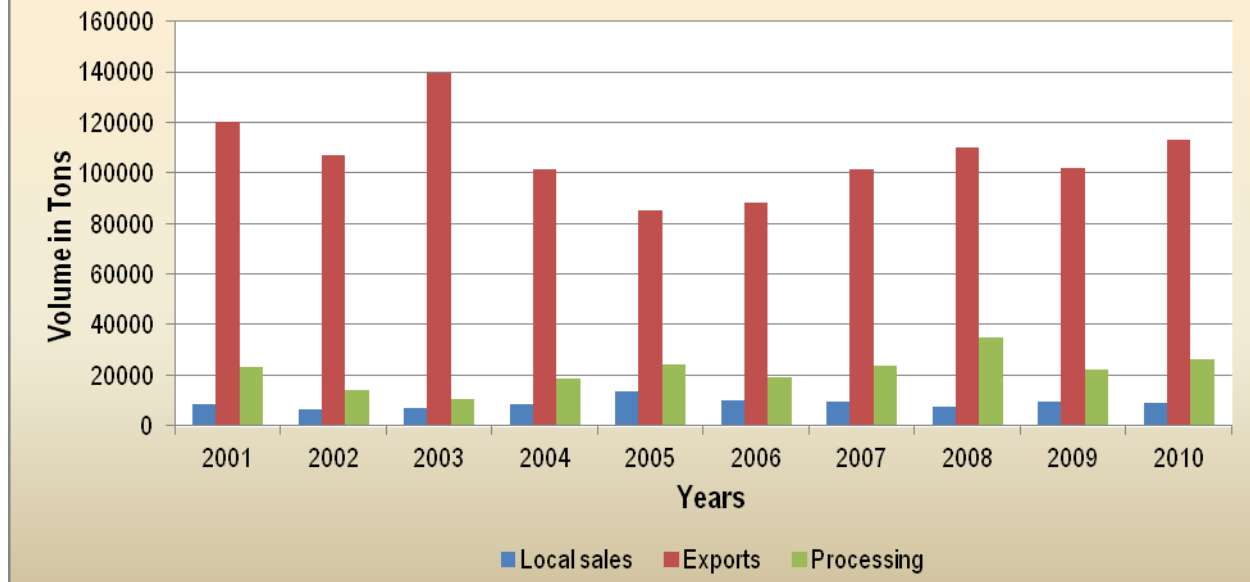
Source: CGA

## 2.3 Soft citrus crop distribution

The annual soft citrus crop distribution for the past ten years is presented in Figure 17. The majority of the South African annual soft citrus crop is absorbed by the export market. Over 113 thousand tons of soft citrus was exported in 2010. This represented 77% of the total production (145 799 tons) of soft citrus in 2010. The processing sector is the second most important market for soft citrus in South Africa, absorbing approximately 18% (26 283 tons) of the total crop in 2010.



**Figure 17: Soft citrus crop distribution, 2001 - 2010**

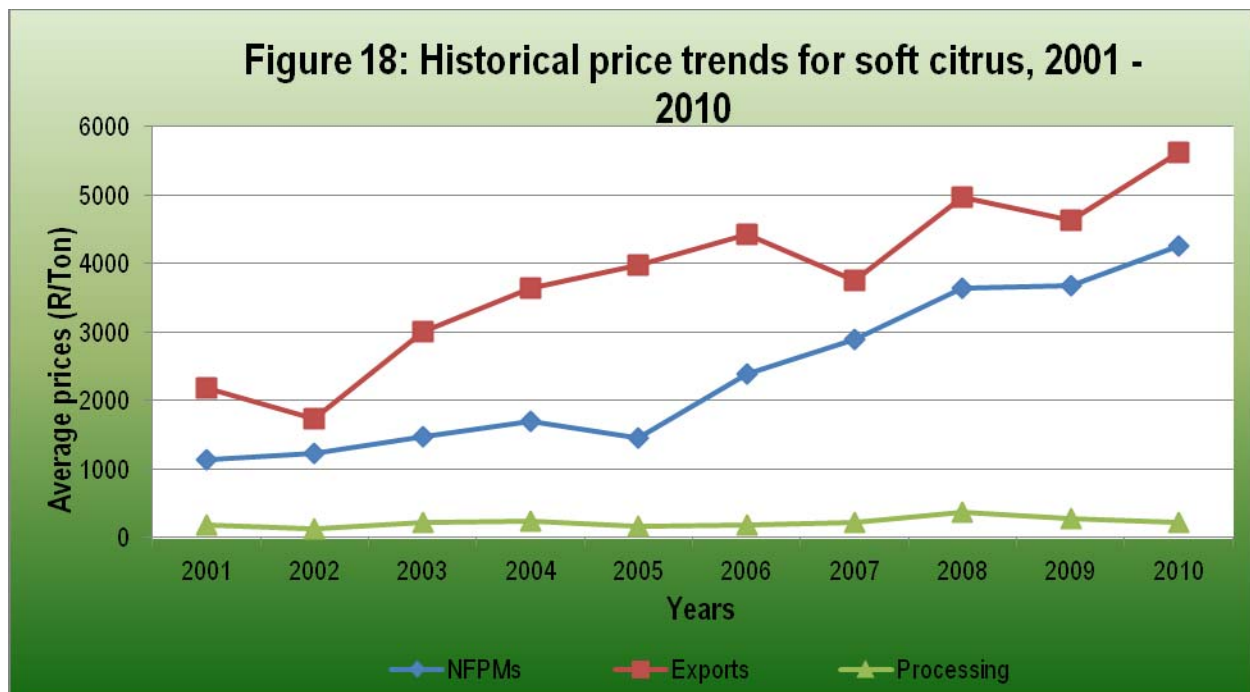


Source: CGA

## 2.4 Soft citrus prices

Historical price trends for soft citrus are presented in Figure 18.

**Figure 18: Historical price trends for soft citrus, 2001 - 2010**

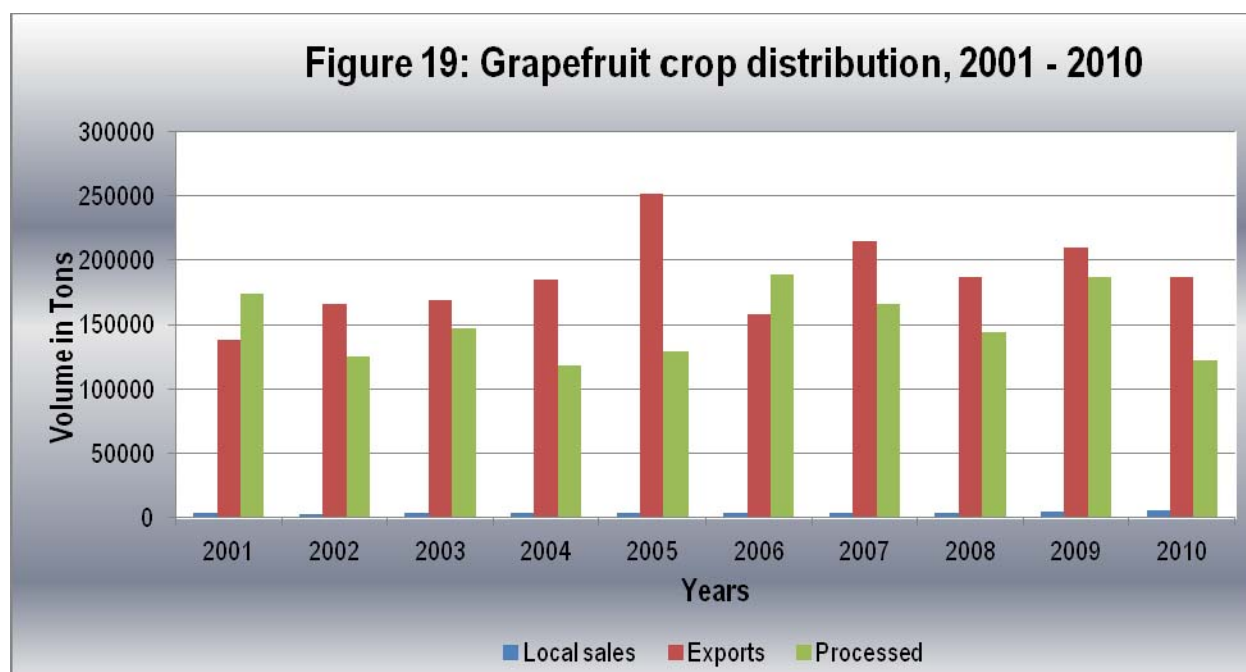


Source: CGA

As in the case of oranges, soft citrus fetch the highest returns in the export markets. The average price received by a South African producer in the export markets in 2010 was R5 618.00 per ton. Soft citrus also fetch higher prices in the local markets. It is important to note that prices of soft citrus both in the export and local markets increased significantly between 2001 and 2010. The exception was the processing sector which recorded no significant growth in prices during the same period.

## 2.5 Grapefruit crop distribution

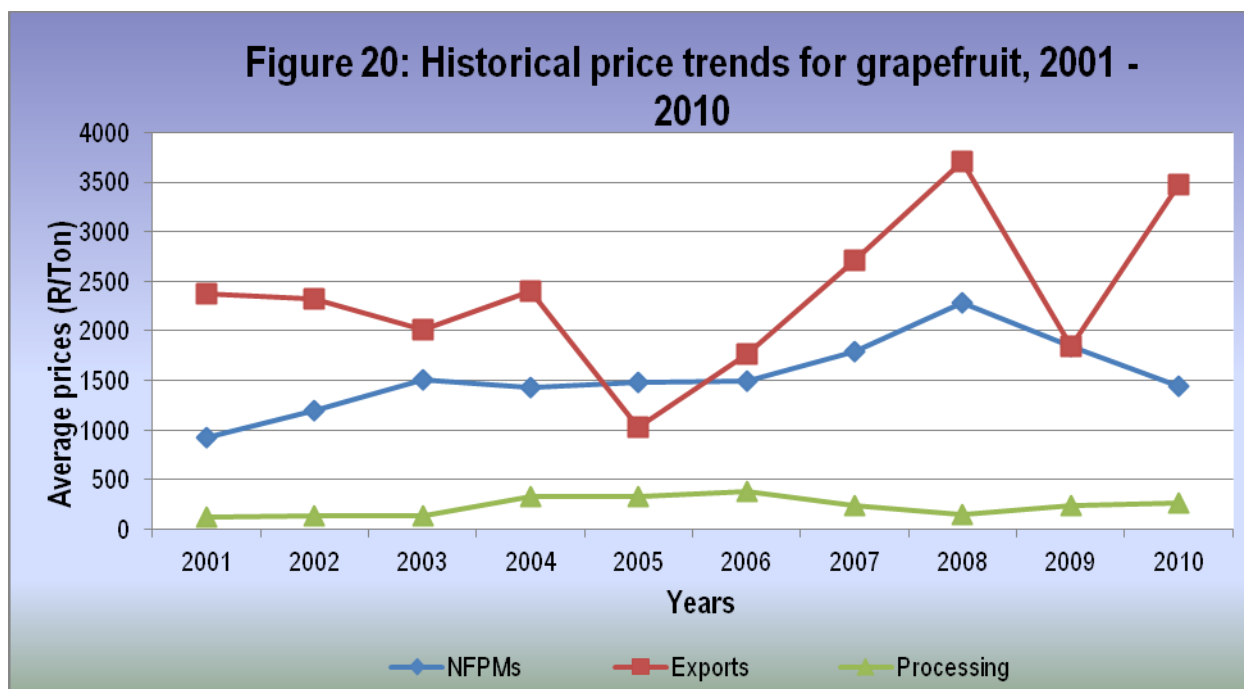
Figure 19 presents the annual distribution of grapefruit in South Africa during the period 2001 to 2010. The leading market for South Africa's grapefruits is the export market. Approximately 55% (187 056 tons) of the total grapefruits produced in South Africa during 2010 was exported. Another important market for grapefruits in South Africa is the processing sector. The sector absorbed 36% (122 565 tons) of the total crop in 2010. Less than 10% of the annual crop is sold through the local markets.



Source: CGA

## 2.6 Grapefruit prices

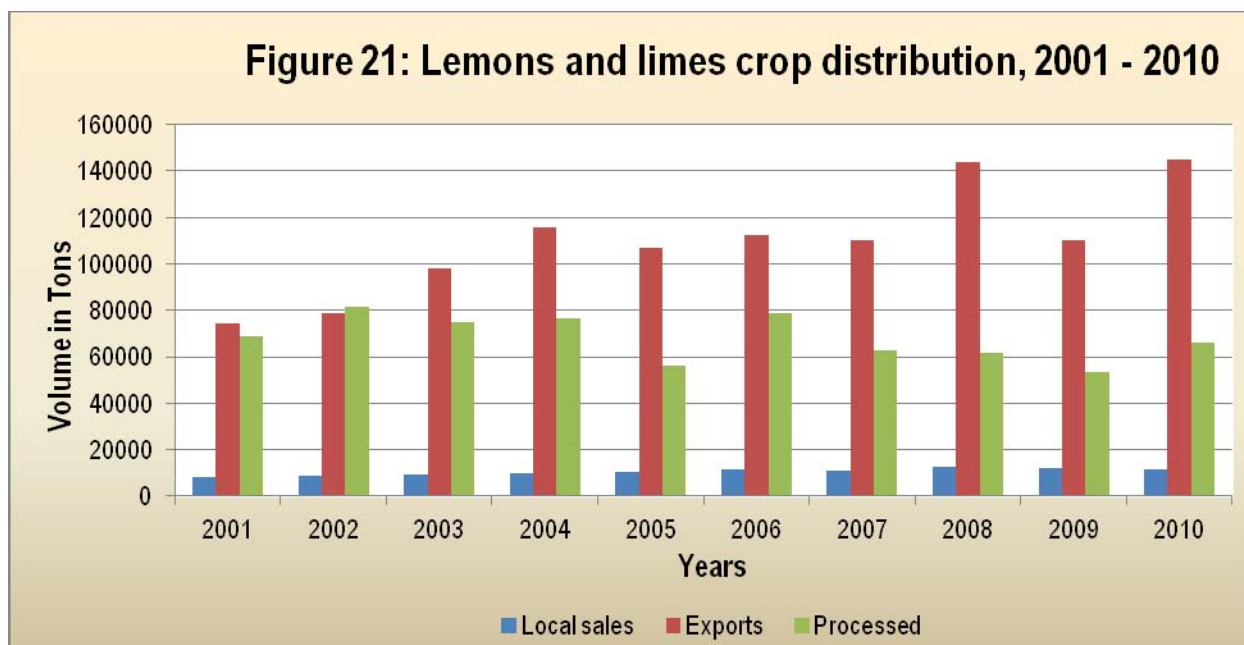
Figure 20 illustrates historical price trends for grapefruits during the past ten years. The net realisation in the export market has been highly volatile during the past decade, reaching a high of R3 707.00 per ton in 2008 and a low of R1 027.00 per ton in 2005. The average price realised in the export market during 2010 was R3 477 per ton while those in the local and processing markets were R1 437.00/ton and R268.00/ton respectively. In 2005, it was more profitable to sell grapefruits in the local markets than in the export market as prices realised in the local markets were higher than those realised in the export markets.



Source: CGA

## 2.7 Lemons and limes crop distribution

The annual distribution of lemons and limes for the period 2001 to 2010 is presented in Figure 21.



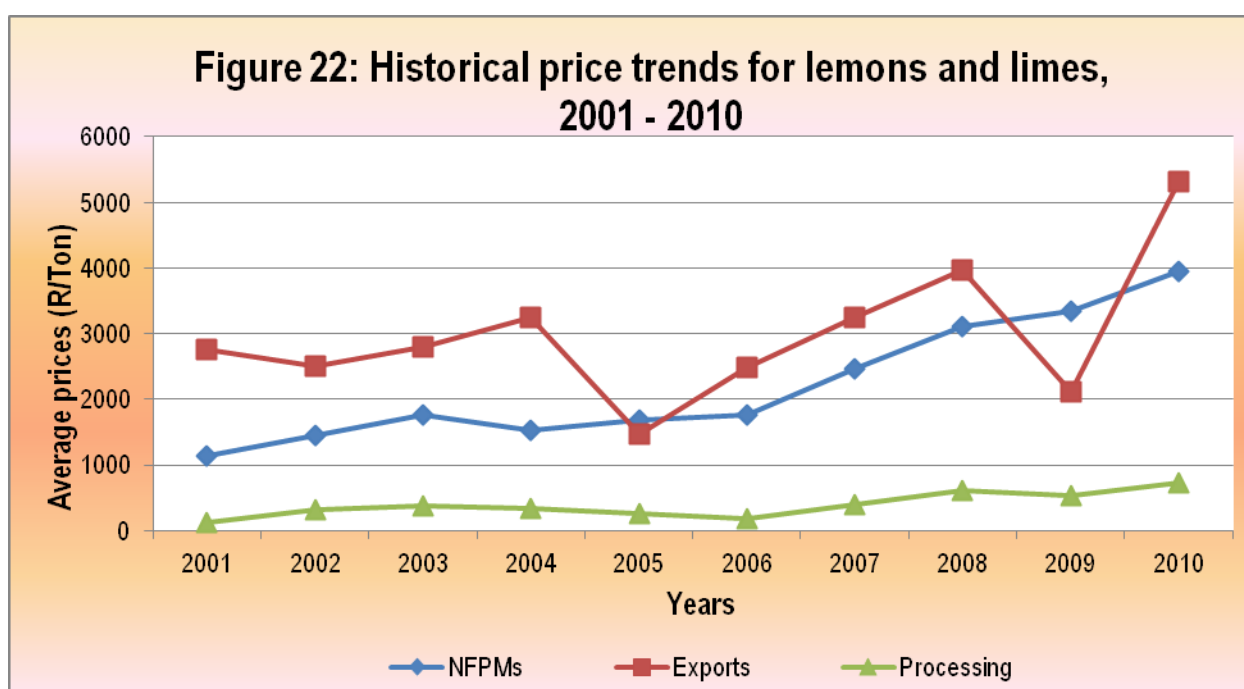
Source: CGA

Over 140 thousand tons of lemons and limes were exported in 2010. This represented two-thirds (66%) of the total production of lemons and limes in 2010. The second most important market for South African

lemons and limes is the processing industry. 30% (66 198 tons) of the total annual crop was sent to the processing industry in 2010 while the remaining 4% was sold in the local markets.

## 2.8 Lemon and lime prices

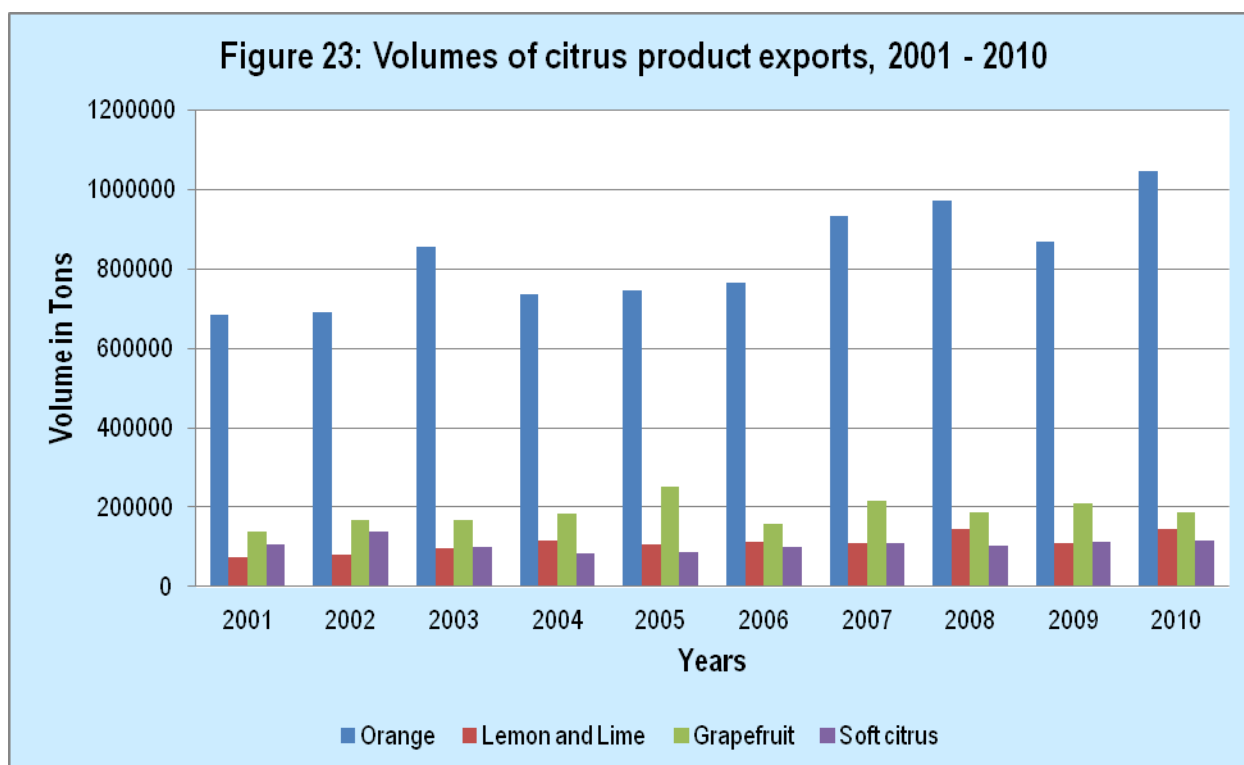
Historical prices of lemons and limes for the past decade are presented in Figure 22. Prices realised in the export markets fluctuated strongly during the last ten years and the biggest fluctuation was experienced between 2009 and 2010 when prices moved from just over R2 000.00 per ton in 2009 to over R5 000.00 per ton in 2010. Prices realised in the local markets increased steadily during the past decade, reaching a high of R3 941.00 per ton in 2010. Prices realised in the processing sector also increased from R116.00/ton in 2001 to R725.00/ton in 2010.



Source: CGA

## 2.9 Exports

As already indicated in the preceding subsections, citrus production in South Africa is mainly aimed at the export market. South Africa exported 1 555 221 tons of citrus products in 2010, yielding an export value of approximately R6.6 billion. Annual citrus produce exports to the world from 2001 to 2010 are depicted in Figure 23.



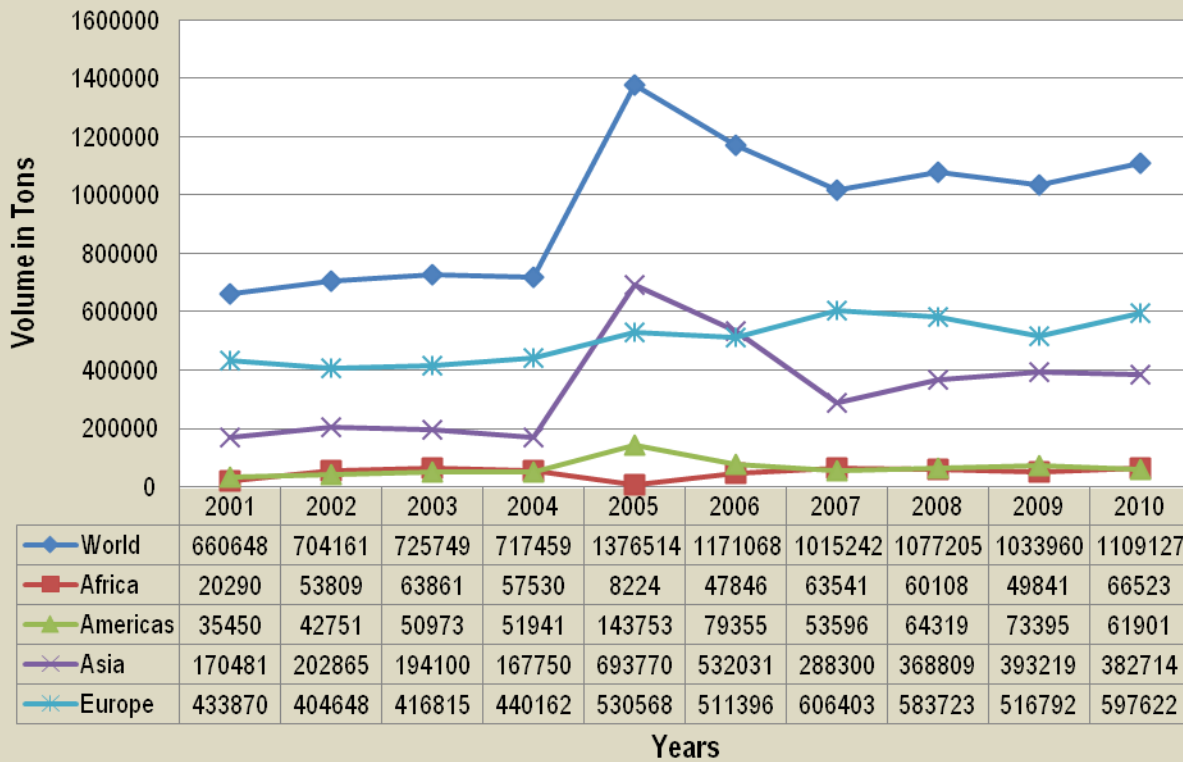
Source: Quantec

According to Figure 23, South African citrus producers had a reasonably good year in 2010 when compared with 2009. The exception was in the case of exports of grapefruits which recorded a decrease in 2010 when compared with 2009. Export volumes of oranges, lemons and limes and soft citrus increased by 20%, 31% and 2% respectively between 2009 and 2010. The increases can be attributed to amongst others, better coordination between the producers and exporters. Furthermore, South Africa has gained a reputation globally as the most reliable supplier of citrus products. Exports of individual citrus products to the different regions and markets are present below.

### 2.9.1 Oranges

Exports of South African oranges to the various regions of the world over the past decade are presented in Figure 24. Oranges totalling 1 109 127 tons and worth R4.4 billion were exported by South Africa in 2010. During the last decade most of South Africa's exports of oranges went to the European and Asian markets. In 2010 exports to Europe accounted for 54% of total South African orange exports while those to Asia accounted for 35%. South African exports of oranges to Europe have been relatively stable over the past decade, remaining over 400 thousand tons annually. Exports to Asia overtook those to Europe in 2005 (693 770 tons to Asia compared with 530 568 tons to Europe) and 2006 (532 031 tons to Asia compared with 511 396 tons to Europe) before retreating again in 2007. Exports to Europe increased again in 2010 after a decline in 2009.

**Figure 24: Volumes of oranges exported to the various regions, 2001 - 2010**

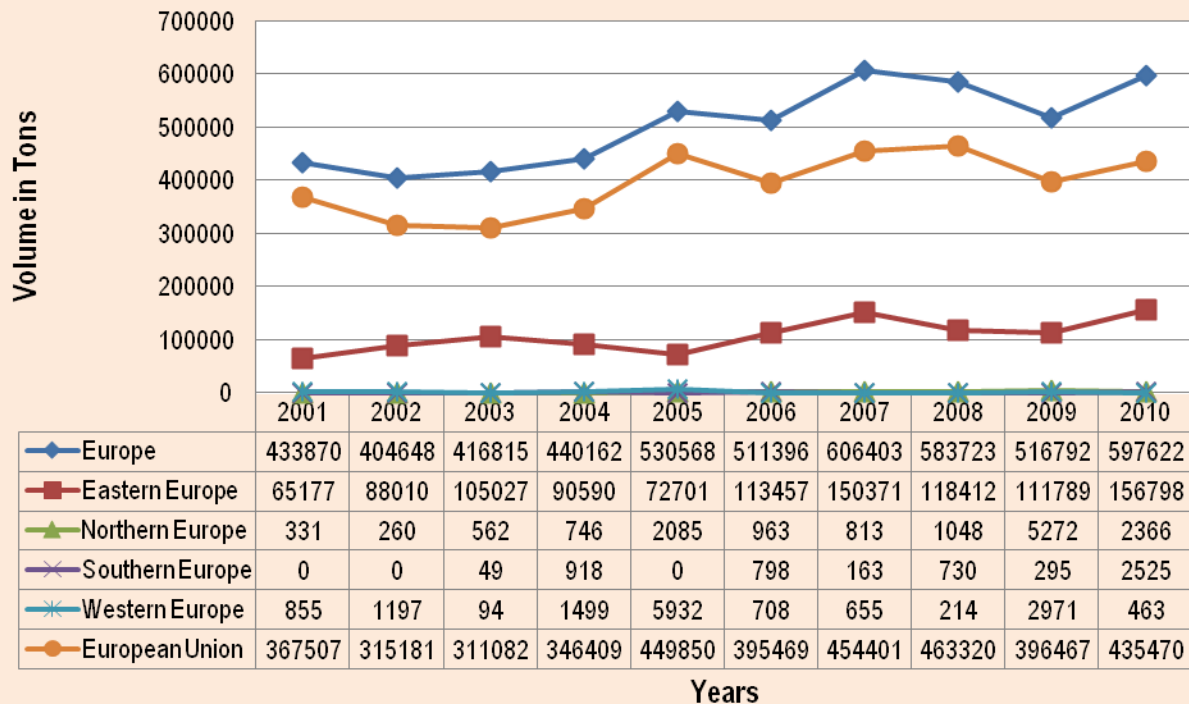


Source: Quantec

Exports of oranges by South Africa to the Americas and Africa have been relatively insignificant, remaining below 100 000 tons during the past decade. Due to their relative importance to exports of South African oranges the European and Asian markets are further analysed below. Volumes of South African orange exports to the various regions of Europe from 2001 to 2010 are presented in Figure 25.

In Europe the bulk of South African exports of oranges go to the European Union. 73% of all South African exports of oranges to Europe in 2010 were absorbed by the European Union. The EU was followed by Eastern Europe at 26% while the remaining 1% went to Northern, Southern and Western Europe. Exports to Europe peaked at 606 403 tons in 2007. The exports of South African oranges to the European Union and Eastern Europe increased by 10% and 40% respectively between 2009 and 2010.

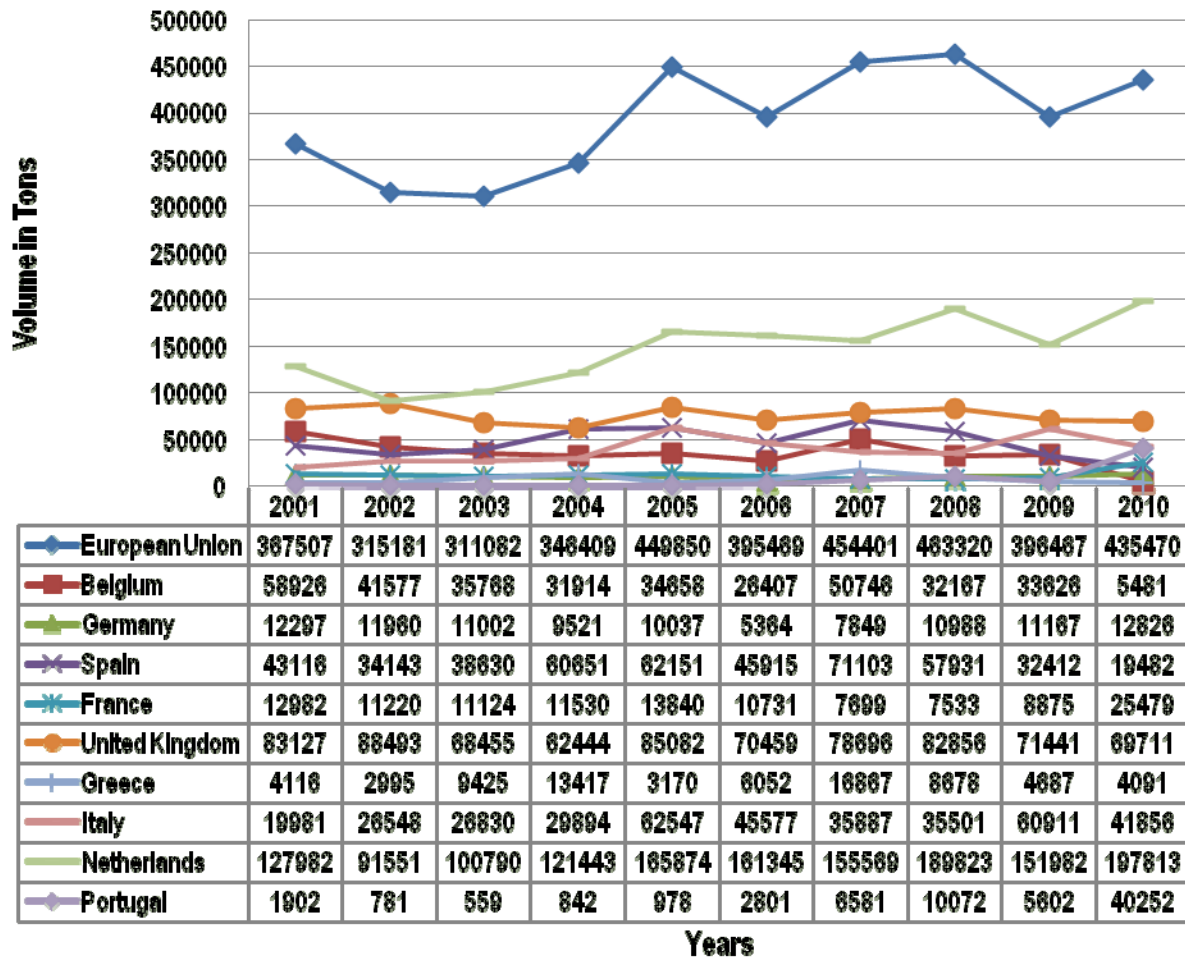
**Figure 25: Volumes of oranges exported to different regions of Europe, 2001 - 2010**



Source: Quantec

Due to its significance to South African exports of oranges the European Union market is further disaggregated in Figure 26. It is important to note that only those countries whose orange imports from South Africa were at least 10 000 tons in at least one year during the period under review are shown in Figure 26. The major importers of South African oranges in the European Union are the Netherlands, the United Kingdom and Italy. In 2010 the three countries accounted for 71% of all South African orange exports to the European Union, with the Netherlands accounting for 45% and the United Kingdom and Italy contributing 16% and 10% respectively. Between 2009 and 2010 exports to the Netherlands increased by 30% while those to Italy and the United Kingdom went down by 31% and 2% respectively.

**Figure 26: Volumes of oranges exported to the various European Union member states, 2001 - 2010**

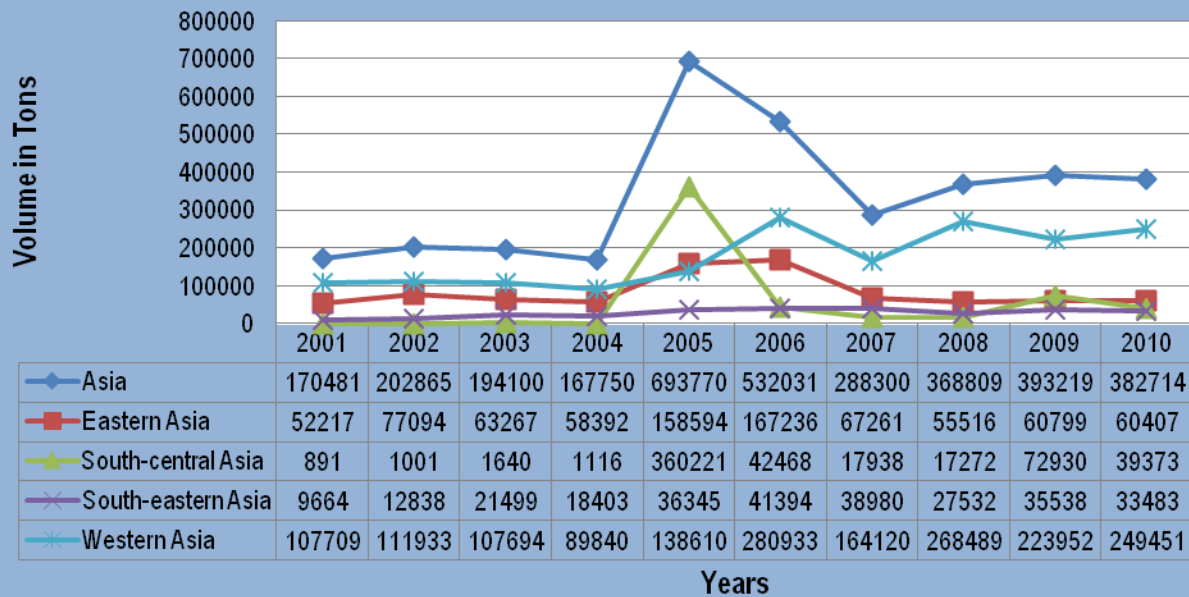


Source: Quantec

Volumes of South African exports of oranges to the different regions of Asia are presented in Figure 27. The most important Asian region in terms of South African exports of oranges is Western Asia. In 2010 exports to Western Asia accounted for 65% of total South African exports of oranges to Asia. Total South African exports of oranges to Asia peaked at 693 770 tons in 2005 and have declined sharply during 2006 and 2007 before picking up again in 2008. There was a 3% decline in total exports to Asia between 2009 and 2010.



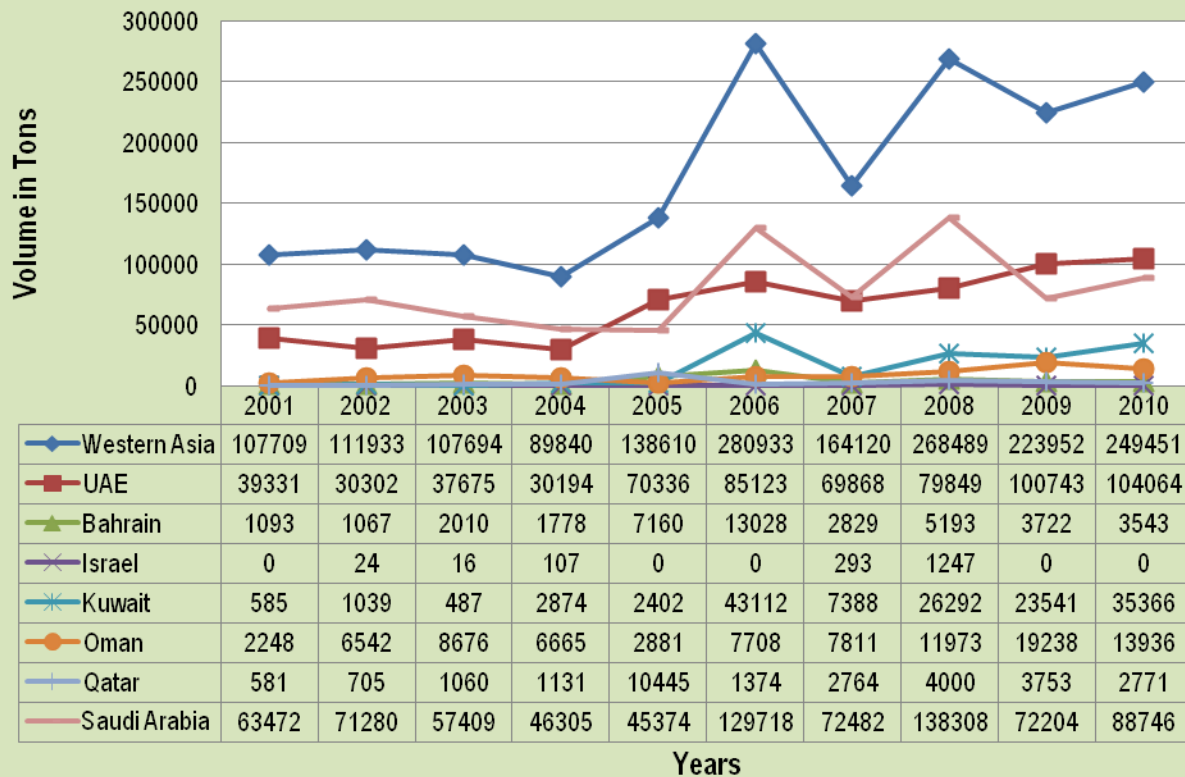
**Figure 27: Volumes of oranges exported to Asian regions, 2001 - 2010**



Source: Quantec

Volumes of South African orange exports to the different countries in Western Asia during the last decade are presented in Figure 28. Please note that only those countries whose orange imports from South Africa were at least 100 tons in at least one year during the period under review are shown in Figure 28. The major importers of South African oranges in Western Asia are the United Arab Emirates and Saudi Arabia. In 2010 the United Arab Emirates imported 104 064 tons of oranges worth over R401 million from South Africa while Saudi Arabia imported 88 746 tons at a value of over R350 million. Between 2009 and 2010 South African exports of oranges to Saudi Arabia increased by 23% while those to the United Arab Emirates increased by 3%.

**Figure 28: Volumes of orange exports to different countries in Western Asia, 2001 - 2010**

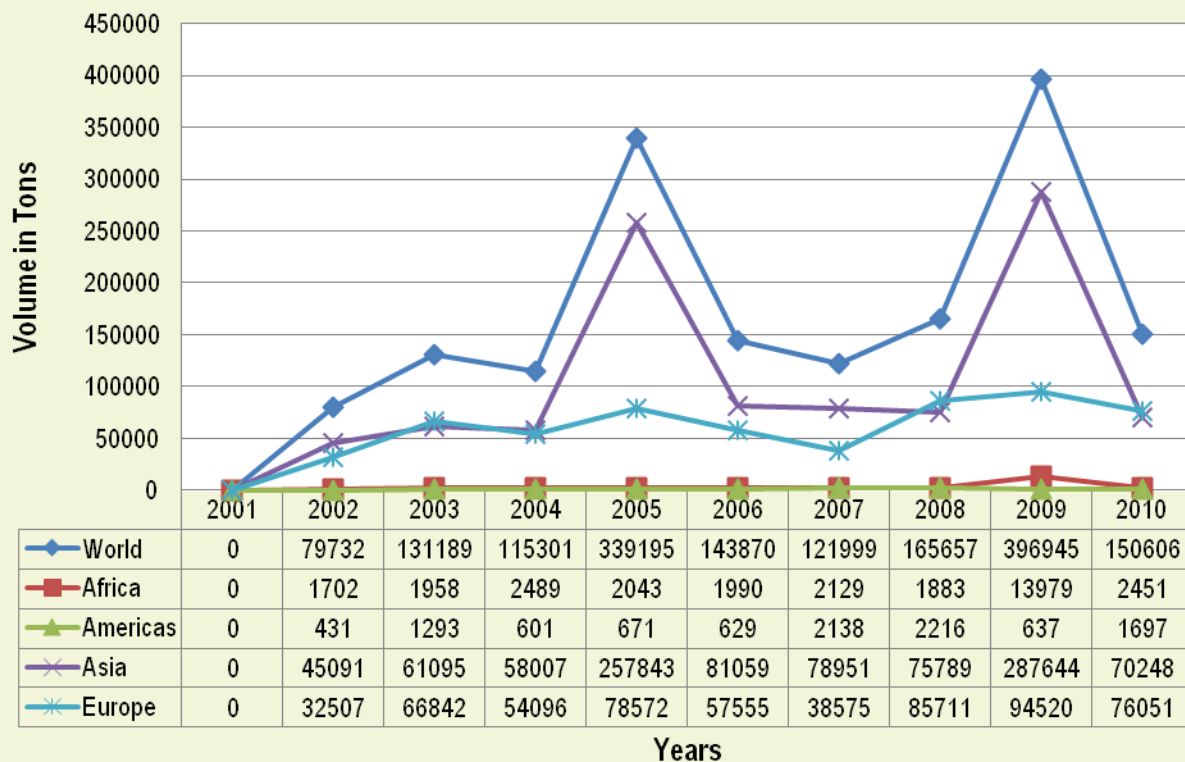


Source: Quantec

### 2.9.2 Lemons and limes

Exports of South African lemons and limes to the various regions of the world over the past decade are presented in Figure 29. Lemons and limes totalling 150 606 tons and worth R801 million were exported by South Africa in 2010. Between 2009 and 2010 the total volume of lemons and limes exported by South Africa declined by 62%. During the last decade most of South Africa's exports of lemons and limes went mainly to the Asian market. In 2010 exports to Asia accounted for 47% of total South African lemons and limes exports while those to Europe accounted for 50%. It can be observed in Figure 29 that total South African exports of lemons and limes are predominantly determined by quantities absorbed by the Asian market. Total South African exports of lemons and limes to the world peaked in 2009 at 396 945 tons while those to Asia peaked at 287 644 tons during the same year.

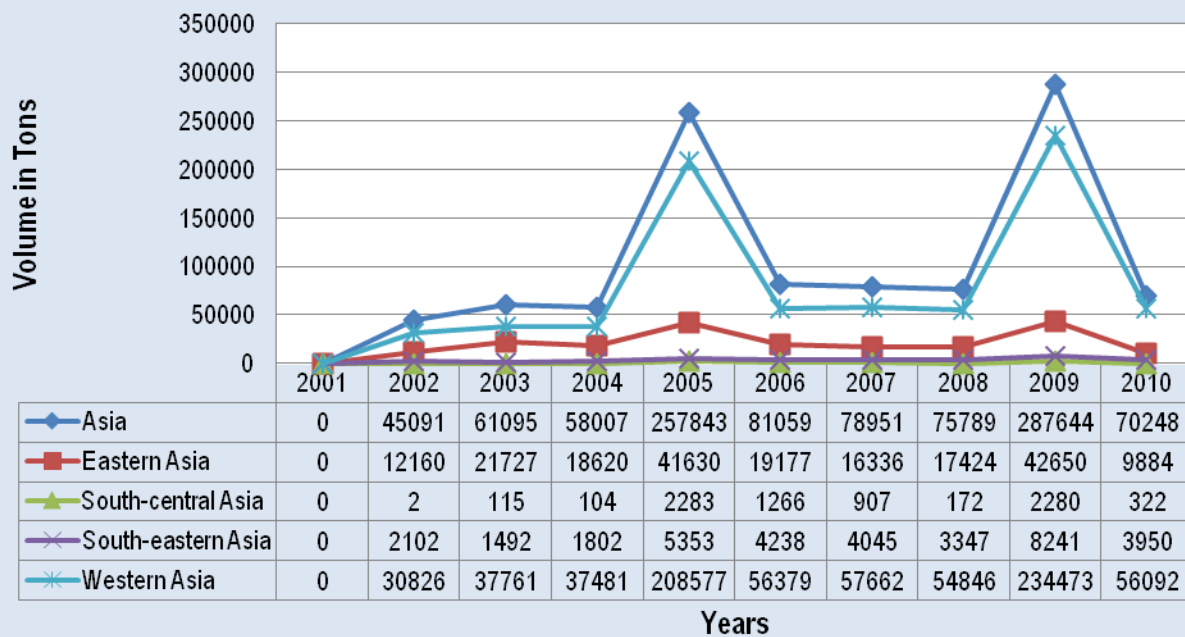
**Figure 29: Volumes of lemons and limes exported to the various regions of the world, 2001 - 2010**



Source: Quantec

Because of its significance to South African exports of lemons and limes the Asian market is discussed further in Figure 30. It is evident that the majority of South African exports of lemons and limes that went to Asia during the last decade were destined for Western Asia. 80% of all South African exports of lemons and limes in 2010 were absorbed by Western Asia. The remainder went to Eastern, South-Eastern and South-Central Asia.

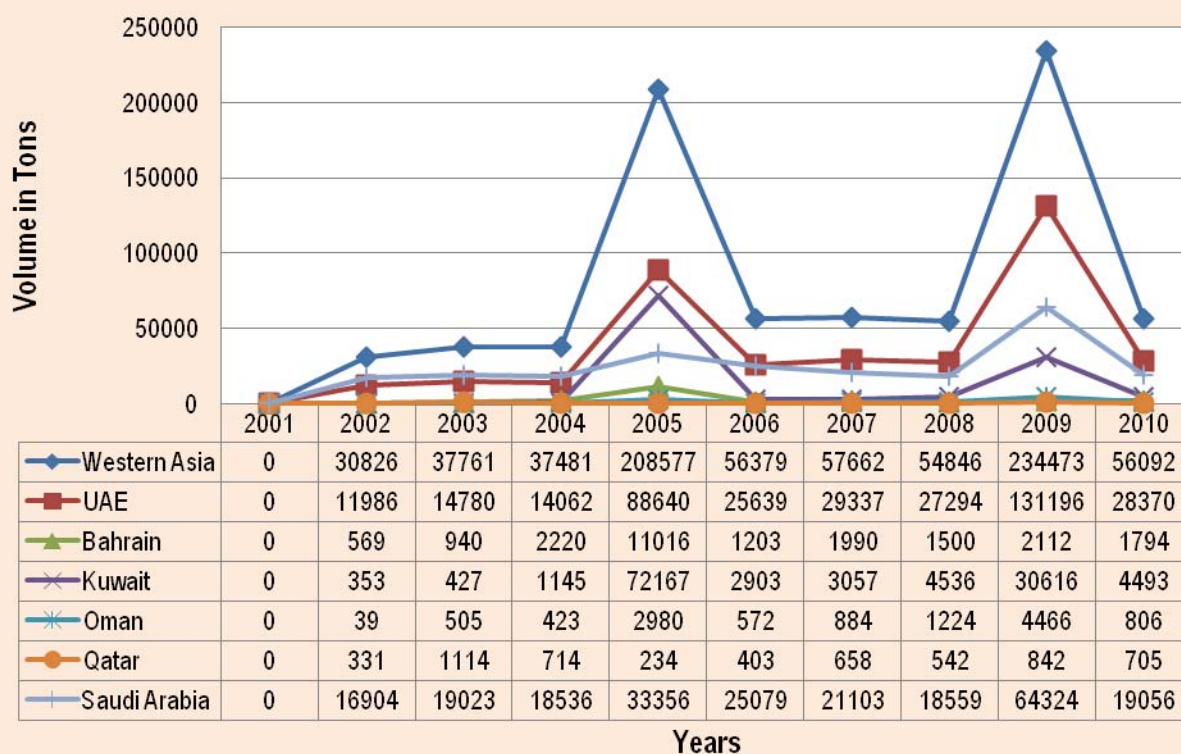
**Figure 30: Volumes of lemons and limes exported to Asian regions, 2001 - 2010**



Source: Quantec

Volumes of South African exports of lemons and limes to the different countries in Western Asia during the last decade are presented in Figure 31. Note that only those countries whose imports of lemons and limes from South Africa were at least 100 tons in at least one year during the period under review are shown in Figure 31. It is evident that the major importers of South African lemons and limes in Western Asia are the United Arab Emirates, Saudi Arabia and Kuwait. In 2010 the three countries accounted for 93% of all South African exports of lemons to Western Asia, with the United Arab Emirates accounting for 51% and Saudi Arabia and Kuwait contributing 34% and 8% respectively. Between 2009 and 2010 South African exports of lemons and limes to the three countries (UAE, Saudi Arabia and Kuwait) declined by 78%, 70% and 85% respectively.

**Figure 31: Volumes of lemons and limes exported to different countries in Western Asia, 2001 - 2010**

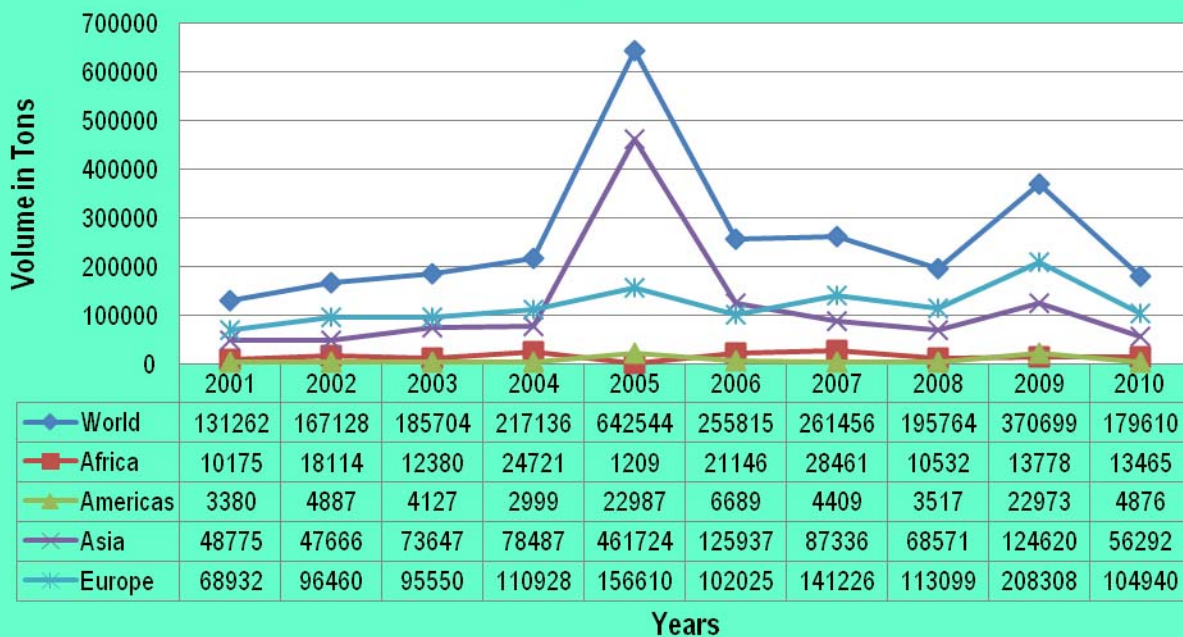


Source: Quantec

### 2.9.3 Grapefruits

Quantities of South African exports of grapefruits to the various regions of the world during the last decade are shown in Figure 32. Grapefruits totalling 179 610 tons and worth R694 million were exported by South African in 2010. Most of South Africa's exports of grapefruits are destined for the European and Asian markets. In 2010 Europe accounted for 58% of total South African exports of grapefruits while those to Asia accounted for 31%. There was a 196% increase in South African grapefruit exports in 2005. The increase was mainly the result of a huge increase in the demand for South African grapefruits in Asia during the same period. Exports to all regions decreased by 52% between 2009 and 2010. Exports to Africa and the Americas have been insignificant. The European and Asian markets will be disaggregated further below.

**Figure 32: Volumes of grapefruit exported to the various regions of the world, 2001 - 2010**

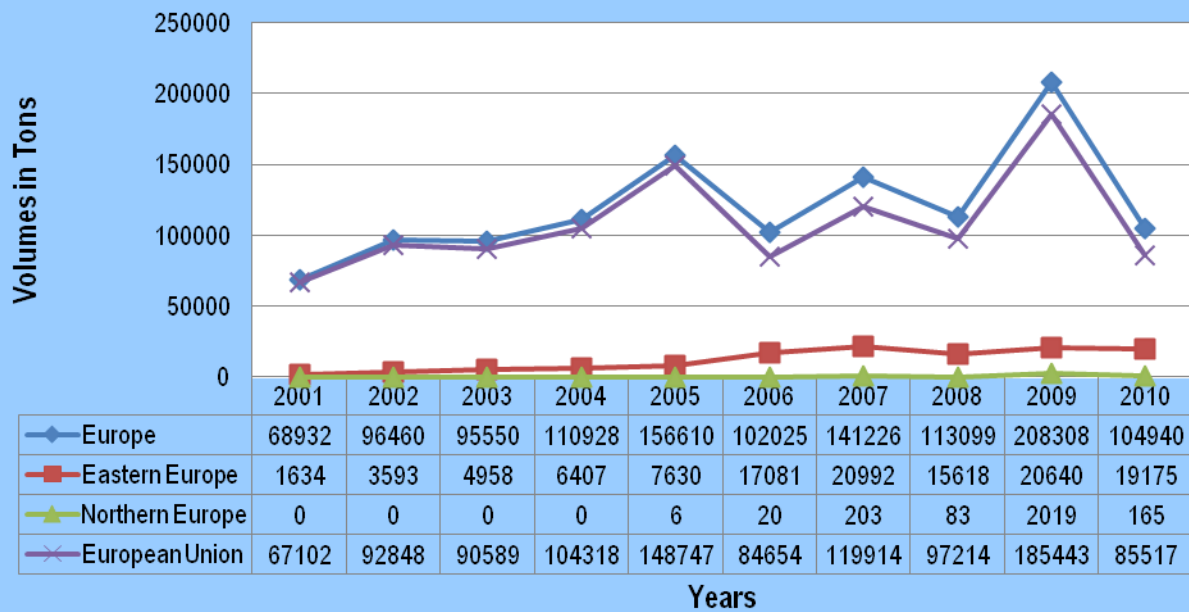


Source: Quantec

Volumes of South African exports of grapefruits to the various regions of Europe from 2001 to 2010 are presented in Figure 33. It is evident that during the last decade the bulk of South African grapefruit exports that went to Europe were destined for the European Union. 81% of all South African exports of grapefruits to Europe in 2010 were absorbed by the European Union, with smaller quantities going to Eastern and Northern Europe. Total South African exports of grapefruits to Europe peaked in 2009 at 208 308 tons. It is interesting to note that volumes of South African exports of grapefruits to Europe more than doubled between 2001 and 2009. South African grapefruit exports to Europe declined by 50% between 2009 and 2010.



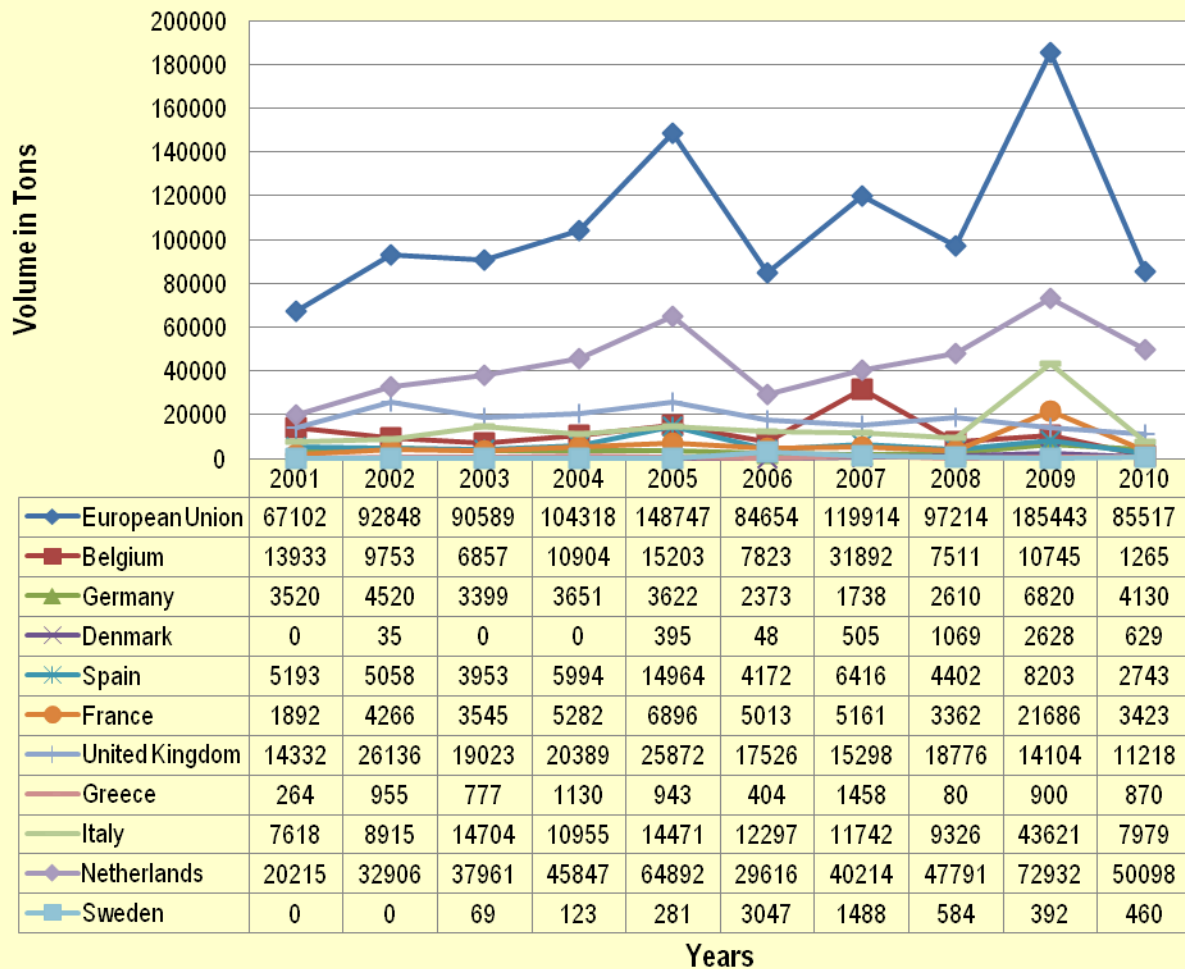
**Figure 33: Volumes of grapefruit exported to different regions of Europe, 2001 - 2010**



Source: Quantec

Due to its significance to South African grapefruit exports the European Union market is further disaggregated in Figure 34. It is important to note that only those countries whose grapefruit imports from South Africa were at least 100 tons in at least one year during the period under review are shown in Figure 34. The major importer of South African grapefruits in the European Union is the Netherlands. In 2010 the Netherlands accounted for 59% of all South African grapefruit exports to the European Union. Other important players in 2010 included the United Kingdom (13%), Italy (9%) and Germany (5%).

**Figure 34: Volumes of grapefruits exported to different European Union member states, 2001 - 2010**

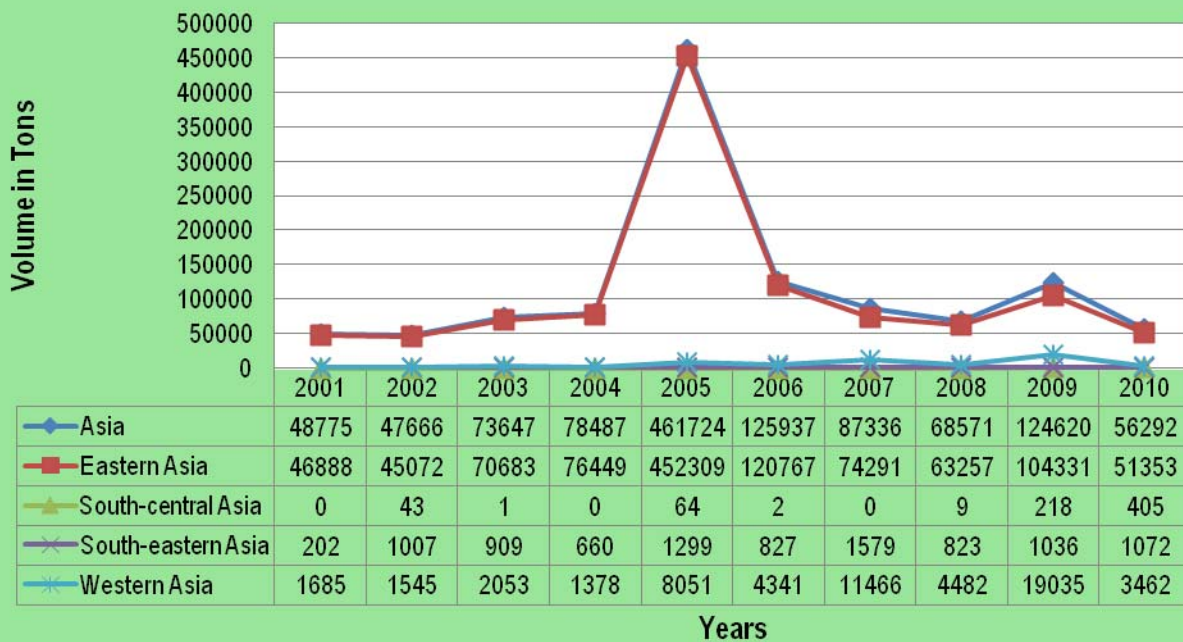


Source: Quantec

Figure 35 presents volumes of South African exports of grapefruits to the different regions of Asia. The major Asian region in terms of South African grapefruit exports is Eastern Asia. The region absorbed 91% of the total South African exports of grapefruits to Asia in 2010. The total South African grapefruit exports to Asia peaked at 461 724 tons in 2005. South African exports of grapefruits to Asia increased by 15% between 2001 and 2010 while those to Eastern Asia increased by 10% during the same period. South African exports of grapefruits declined from 124 620 tons in 2009 to 56 292 tons in 2010, representing a decline of 55%.



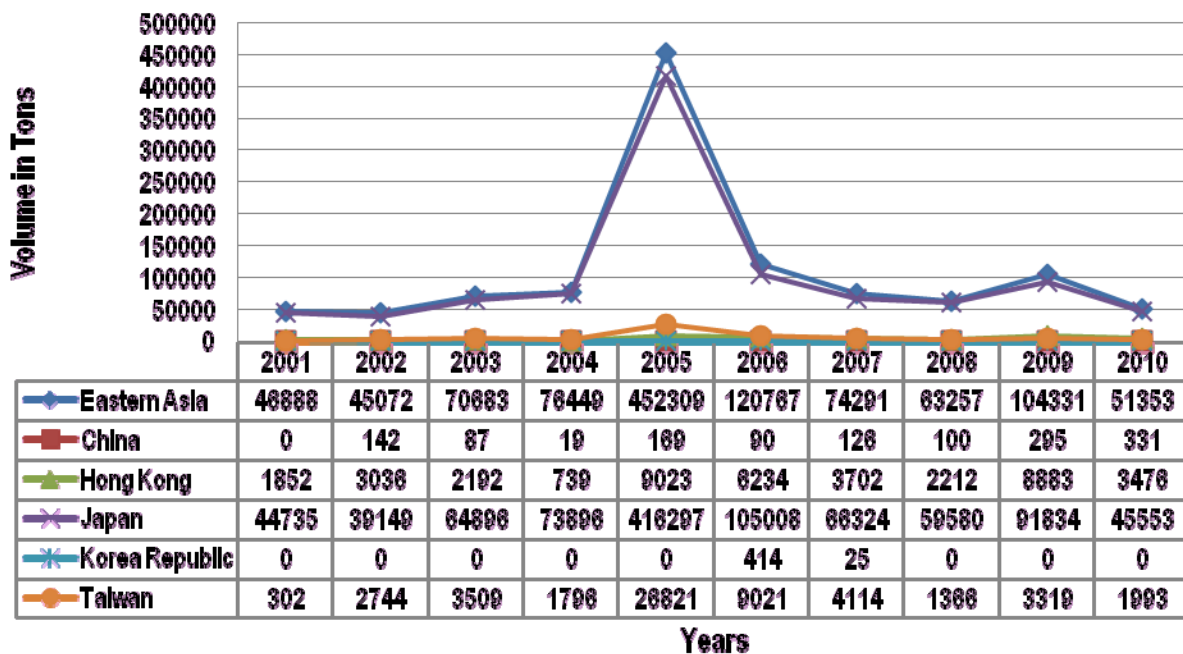
**Figure 35: Volumes of grapefruit exports to Asian regions, 2001 - 2010**



Source: Quantec

Volumes of South African grapefruit exports to the different countries in Eastern Asia during the last decade are presented in Figure 36. Note that only those countries whose grapefruit imports from South Africa were at least 100 tons in at least one year during the period under review are shown in Figure 36. The major importer of South African grapefruit in Eastern Asia is Japan. In 2010 Japan absorbed 89% of the total South African exports of grapefruits to Eastern Asia. South African exports of grapefruits to Japan decreased by 50% between 2009 and 2010.

**Figure 36: Volumes of grapefruit exports to different countries in Eastern Asia, 2001 - 2010**

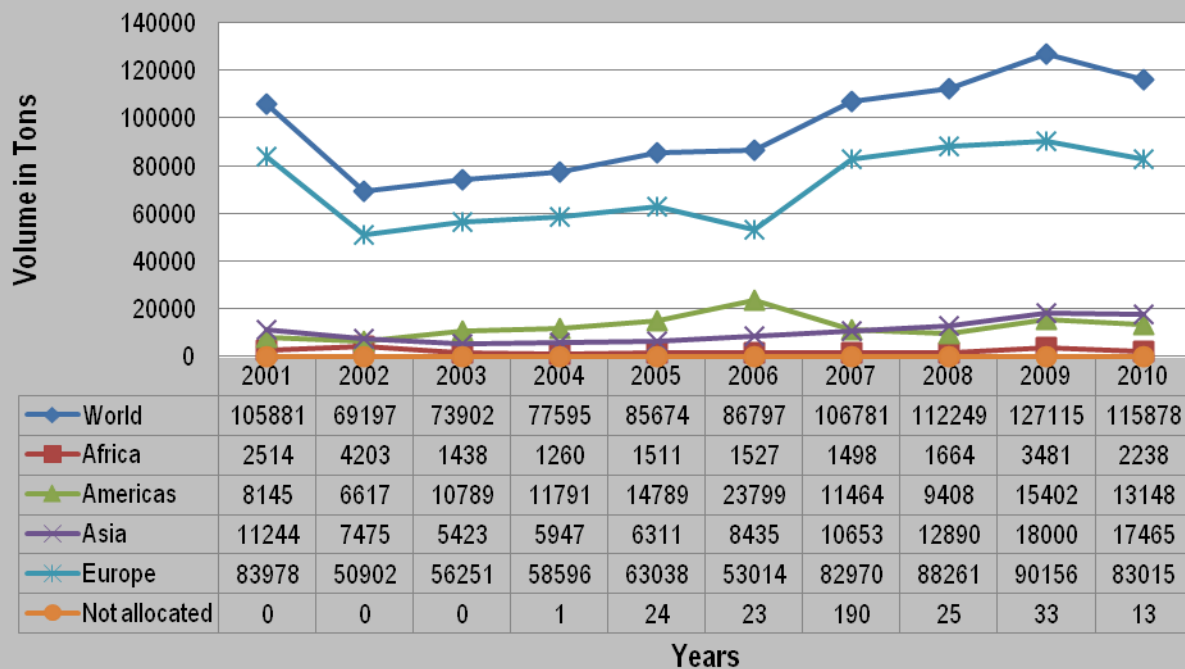


Source: Quantec

#### 2.9.4 Soft citrus

Figure 37 presents volumes of South African exports of soft citrus to the different regions of the world during the last decade. Most of South Africa's exports of soft citrus during the past ten years went to Europe. The continent absorbed 72% of the total South African exports of soft citrus in 2010. South African exports of soft citrus to the world declined by 9% between 2009 and 2010. Exports to Africa, the Americas and Asia have been stable over the last decade, remaining below the 20 000 tons mark.

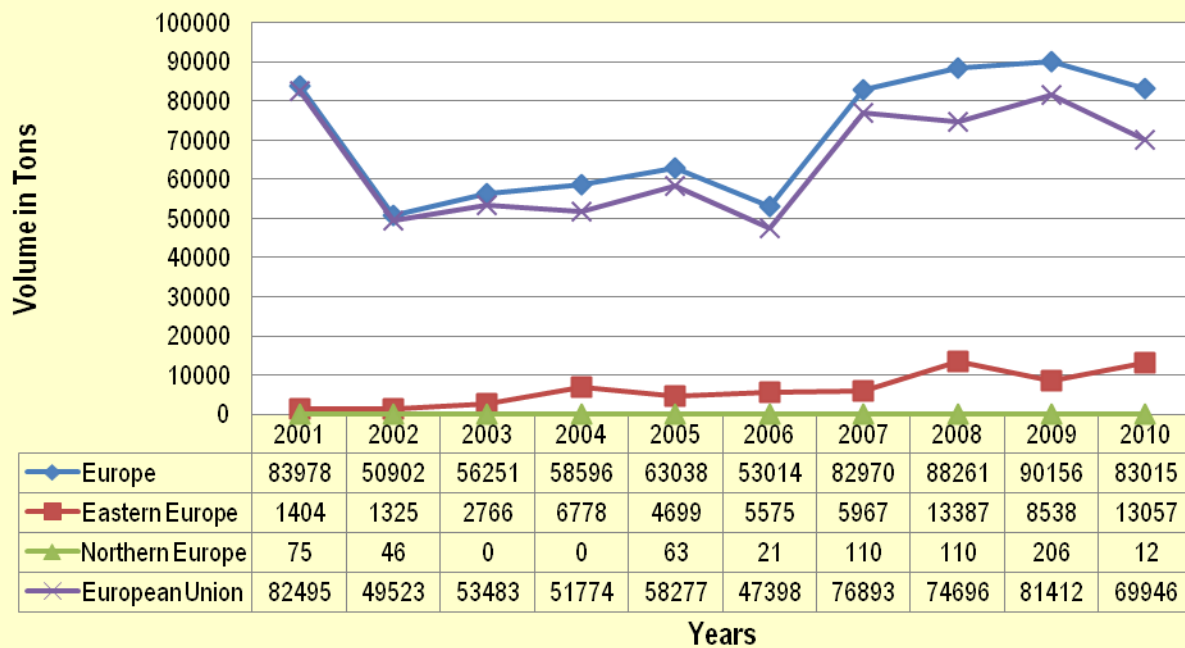
**Figure 37: Volumes of soft citrus exported to various regions of the world, 2001 - 2010**



Source: Quantec

Export volumes for South African soft citrus to the various regions of Europe for the period 2001 to 2010 are presented in Figure 38. It is evident that during the last decade the bulk of South African exports of soft citrus that went to Europe were absorbed by the European Union. The European Union accounted for 84% of the total South African exports of soft citrus in 2010. The remaining 16% went to Eastern Europe. Due to its relative importance to exports of South African soft citrus the European Union market is further disaggregated below. Exports to Europe declined by 8% between 2009 and 2010.

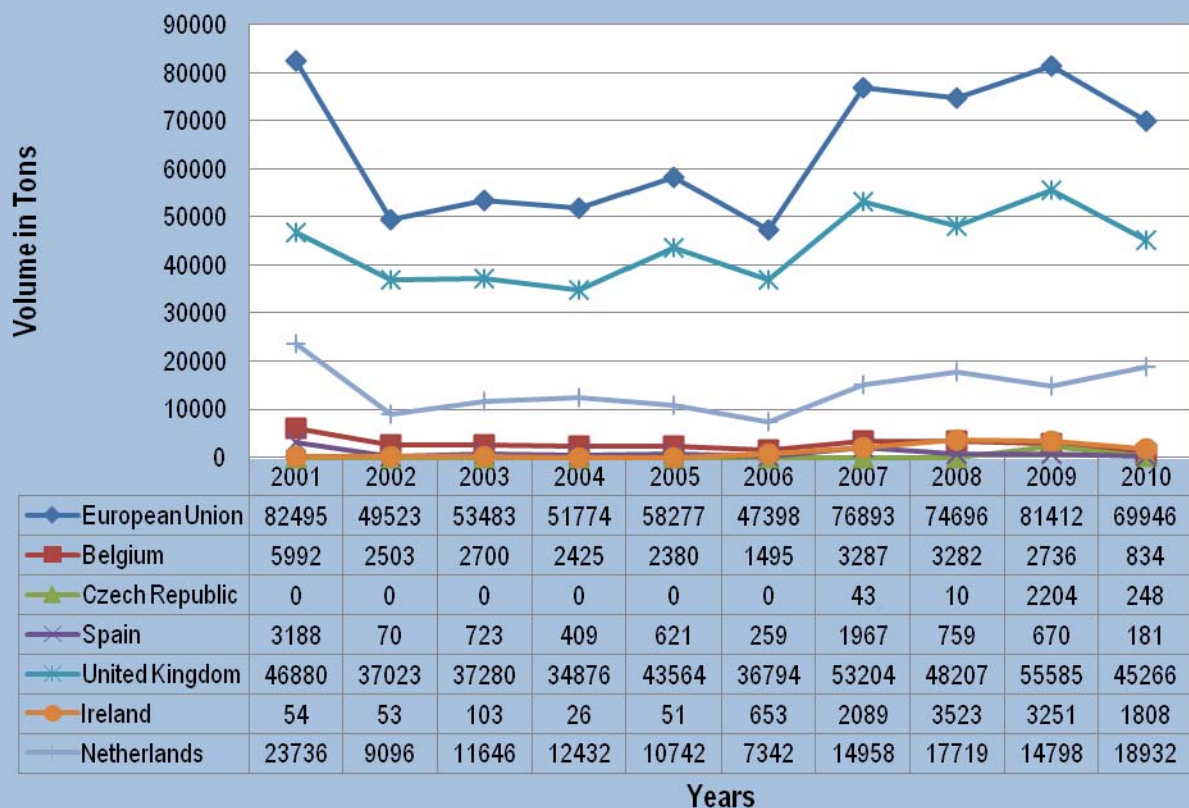
**Figure 38: Volumes of soft citrus exported to different regions of Europe, 2001 - 2010**



Source: Quantec

Volumes of South African exports of soft citrus to the different European Union member states during the last decade are presented in Figure 39. Only those countries whose imports of soft citrus from South Africa were at least 1 000 tons in at least one year during the period under review are shown in Figure 39. The major importers of soft citrus from South Africa are the United Kingdom and the Netherlands. In 2010 the two countries accounted for 92% of the total South African exports of soft citrus to the European Union, with the United Kingdom accounting for 65% and the Netherlands contributing 27%. Between 2009 and 2010 exports to the United Kingdom declined by 19% while those to the Netherlands increased by 28%.

**Figure 39: Volumes of soft citrus exported to different European Union member states, 2001 - 2010**



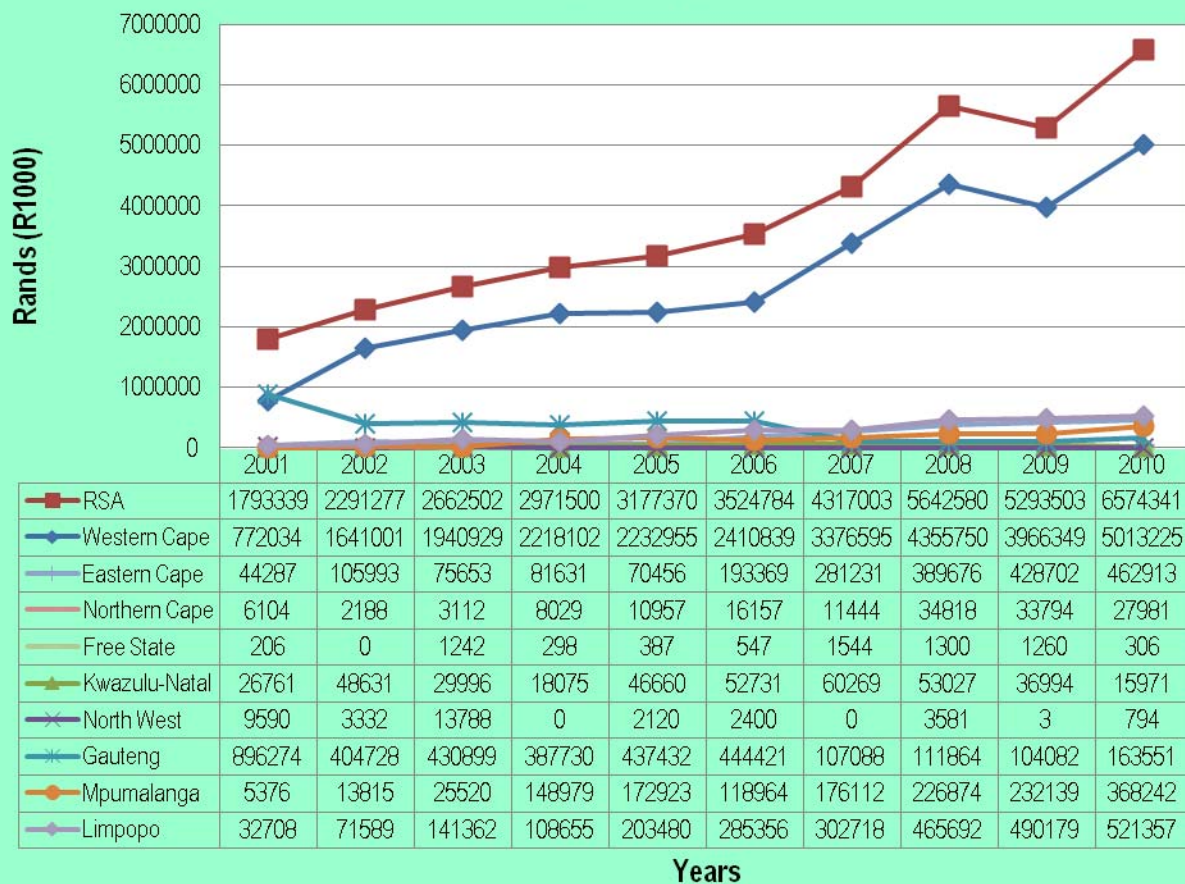
Source: Quantec

## 2.10 Provincial and district export values of South African citrus

A review of provincial level trade data presents an interesting but somewhat misleading view of the source of citrus destined for the export markets. Firstly, the fact that approximately 76% of citrus export value was derived from the Western Cape in 2010 does not mean that the province was the main producer of citrus. It only implies that the majority of registered exporters are based in the Western Cape. Secondly, the province (Western Cape) serves as exit point for citrus exports through the Cape Town harbour. Figure 40 below depicts the value of citrus exports from each province of South Africa during the last ten years.



**Figure 40: Value of citrus exports by provinces, 2001 – 2010**

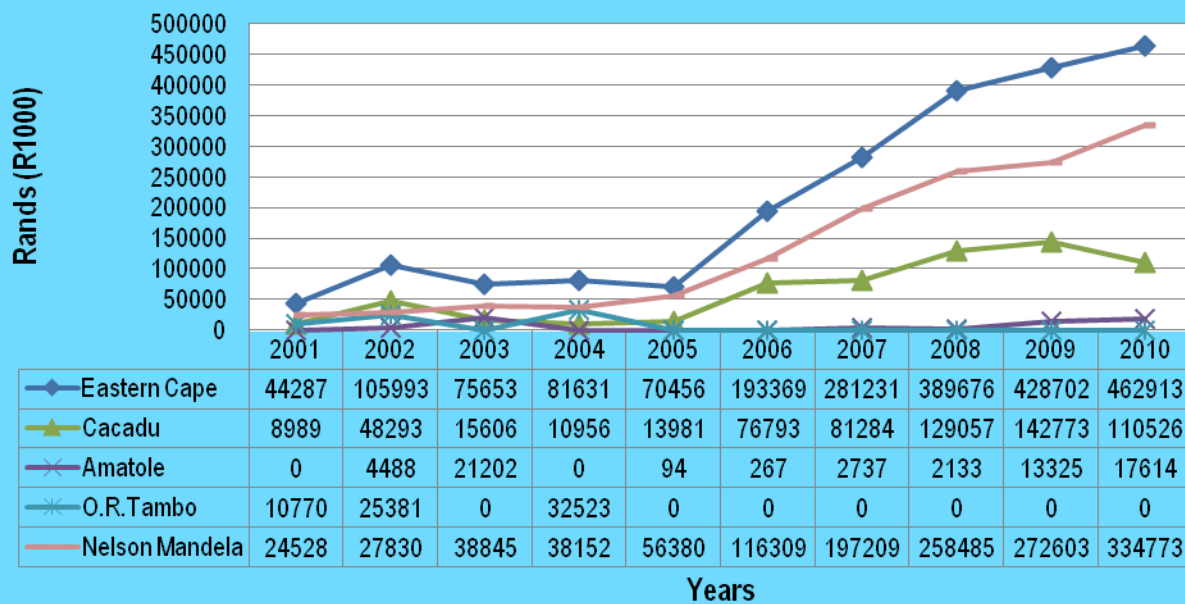


Source: Quantec

Highlights of the citrus exports in Figure 40 were that the two provinces of Western Cape and Gauteng (to a lesser extend) were consistently the top citrus exporting provinces of South Africa over the last decade. Other provinces featured intermittently but usually registered minimal trade. Citrus products worth R6.6 billion were exported by the different provinces of South Africa in 2010. The following figures (Figures 41 - 49) show the value of citrus exports from the various districts in the nine provinces of South Africa. Figure 41 illustrates values of citrus exports by the Eastern Cape Province.

It is clear from Figure 41 that citrus exports from the Eastern Cape are mainly from the Nelson Mandela, Cacadu and Amatole municipalities. High export values for the leading municipalities were recorded in 2003 (for Amatole) and 2009 (for both Nelson Mandela and Cacadu). The use of the Port Elizabeth harbour as an exit point may have played a major role in both Nelson Mandela and Cacadu municipalities being leaders in the export of citrus from the Eastern Cape. A total of R463 million worth of citrus products exports was recorded by the Eastern Cape in 2010.

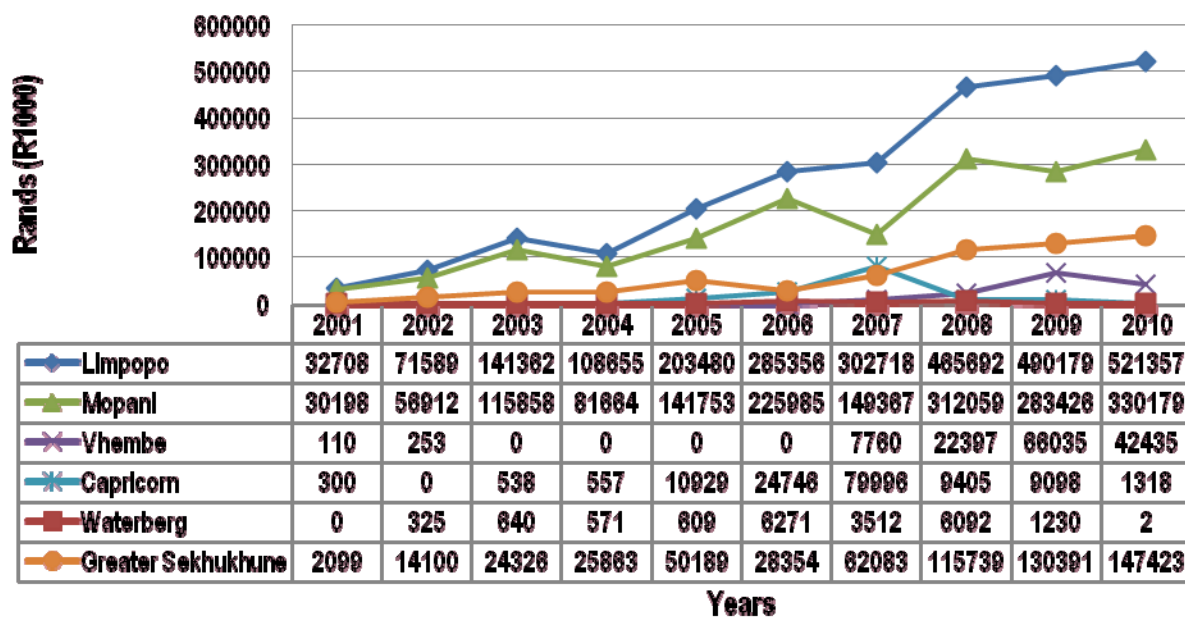
**Figure 41: Value of citrus exports by the Eastern Cape province, 2001 – 2010**



Source: Quantec

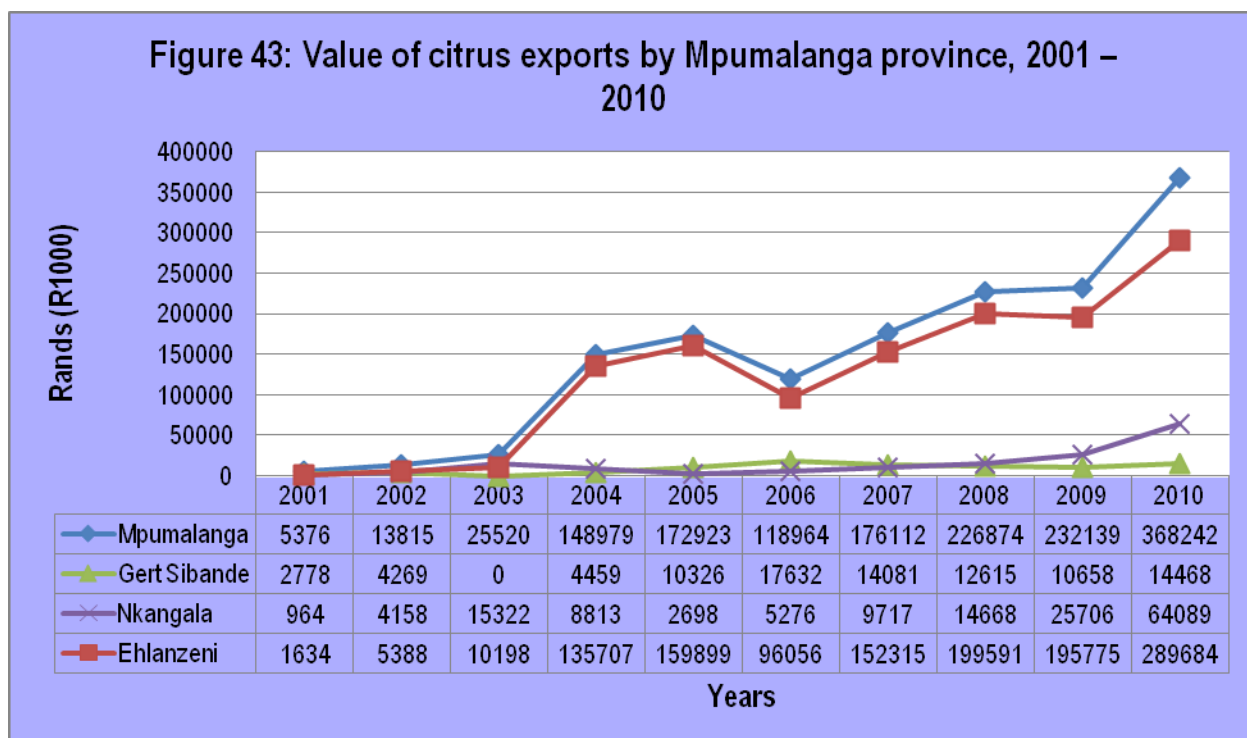
Values of citrus exports by the Limpopo province are shown in Figure 42.

**Figure 42: Value of citrus exports by Limpopo province, 2001 – 2010**



Source: Quantec

The major citrus exporting region in the Limpopo province is Mopani. The region recorded R330 million worth of citrus products exports in 2010. Other important exporting regions are the Greater Sekhukhune and Capricorn municipalities. High export values of the leading municipalities were recorded in 2010 (for Vhembe and Greater Sekhukhune) and 2007 (for Capricorn). Values of citrus exports from the Mpumalanga province are depicted in Figure 43.

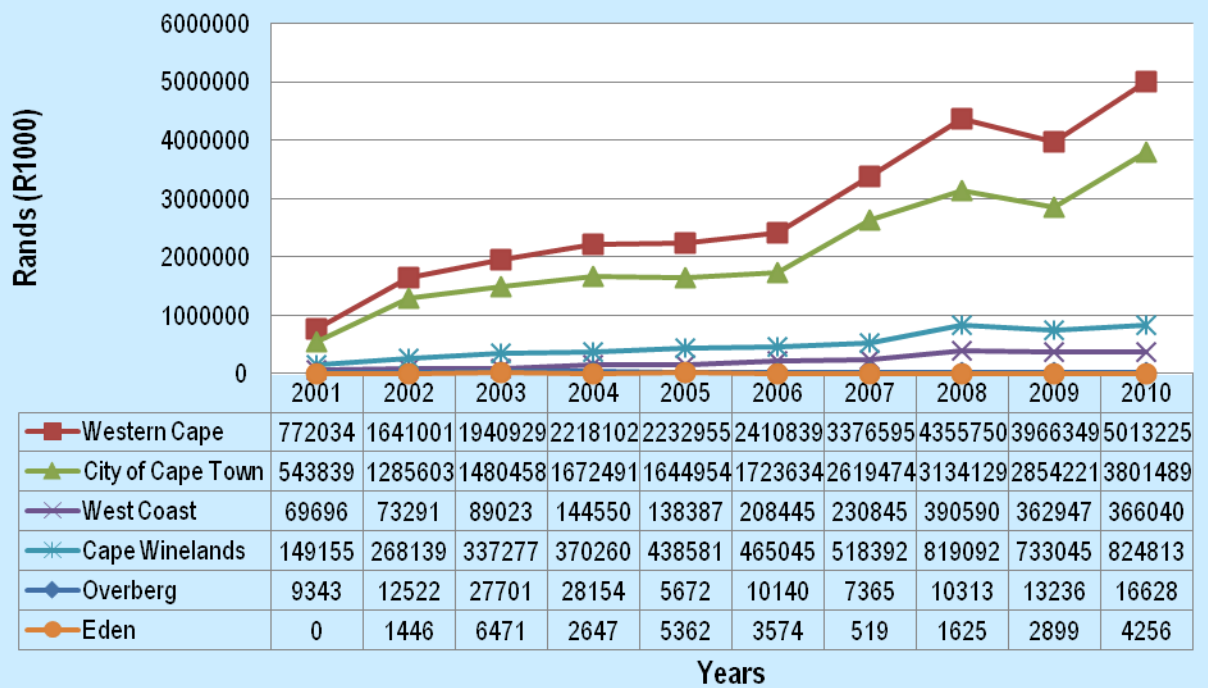


Source: Quantec

Citrus exports from Mpumalanga are mainly from Ehlanzeni and to a lesser extent Nkangala and Gert Sibande municipalities. High export values for the leading municipalities were recorded in 2010 (for Ehlanzeni), 2010 (for Nkangala) and 2006 (for Gert Sibande). A total value of R368 million worth of citrus products exports was recorded by Mpumalanga in 2010. Values of citrus exports from the Western Cape are illustrated in Figure 44.



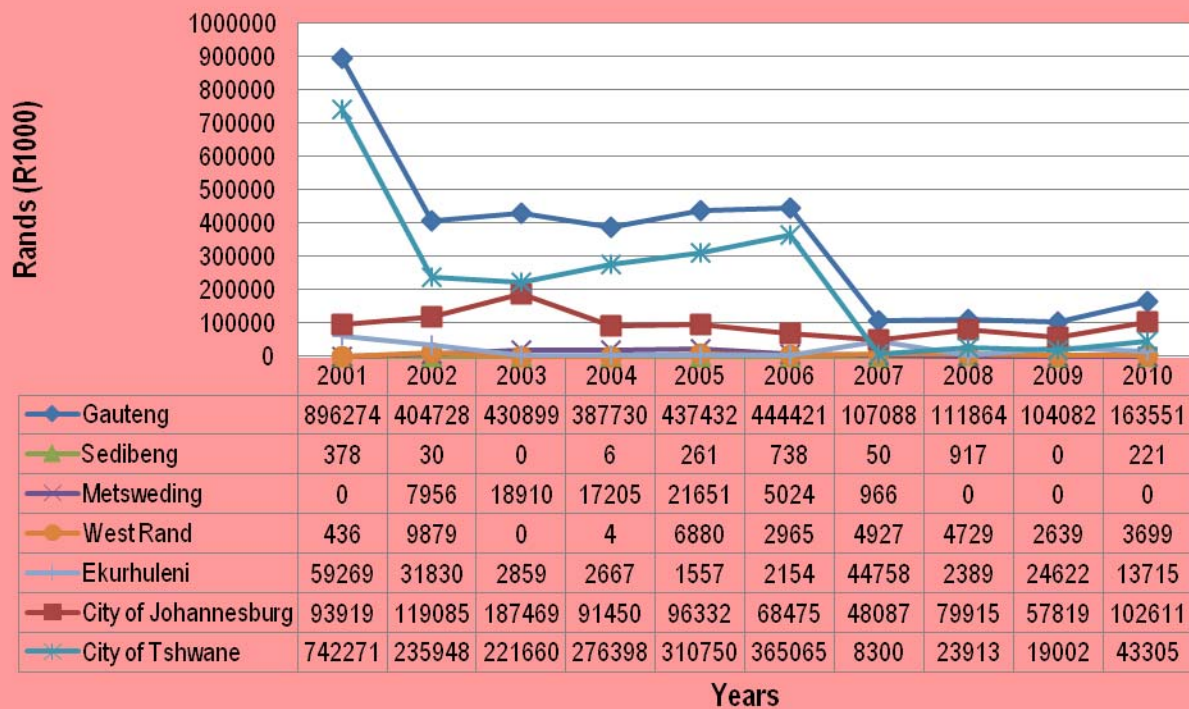
**Figure 44: Value of citrus exports by the Western Cape province, 2001 – 2010**



Source: Quantec

The major citrus exporting region in the Western Cape is the City of Cape Town. The city recorded citrus exports worth R3.8 billion in 2010. Other leading municipalities are the Cape Winelands and West Coast which recorded citrus exports worth R825 million and R366 million respectively during 2010. The use of the Cape Town harbour as an exit point may have played a major role in the City of Cape Town being a leader in the export of citrus from the Western Cape. Citrus export values from the Gauteng province are presented in Figure 45.

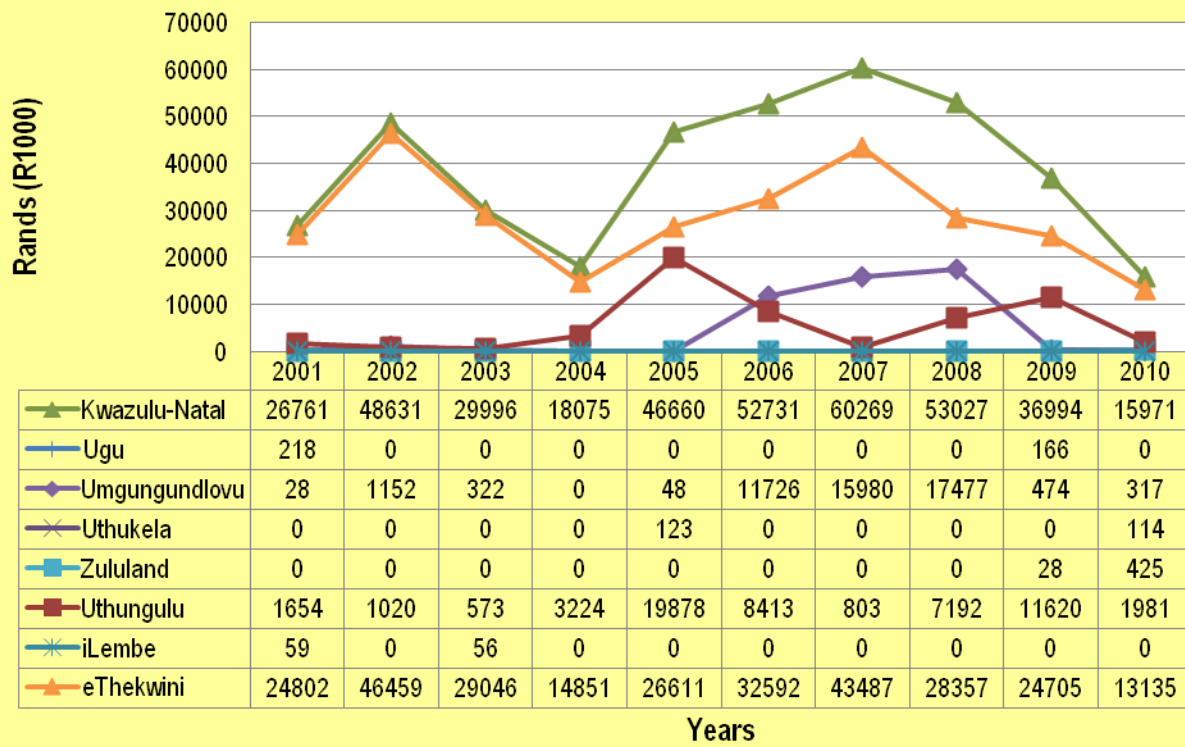
**Figure 45: Value of citrus exports by Gauteng province, 2001 – 2010**



Source: Quantec

The total value of citrus products exports from Gauteng declined from R896 million in 2001 to R163 million in 2010, a decline of 82% in ten years. The major citrus products exporting regions in Gauteng are the Cities of Tshwane and Johannesburg. The City of Tshwane (as well as Gauteng province) has gradually lost its share from the high values in 2001. The primary reason for that decline may be the consolidation by the Western Cape and the City of Johannesburg as the main exporters of citrus in South Africa. The Ekurhuleni municipality has also established itself as a major exporter of citrus produces in Gauteng over the past ten years. Values of citrus exports from Kwa-Zulu Natal are presented in Figure 46.

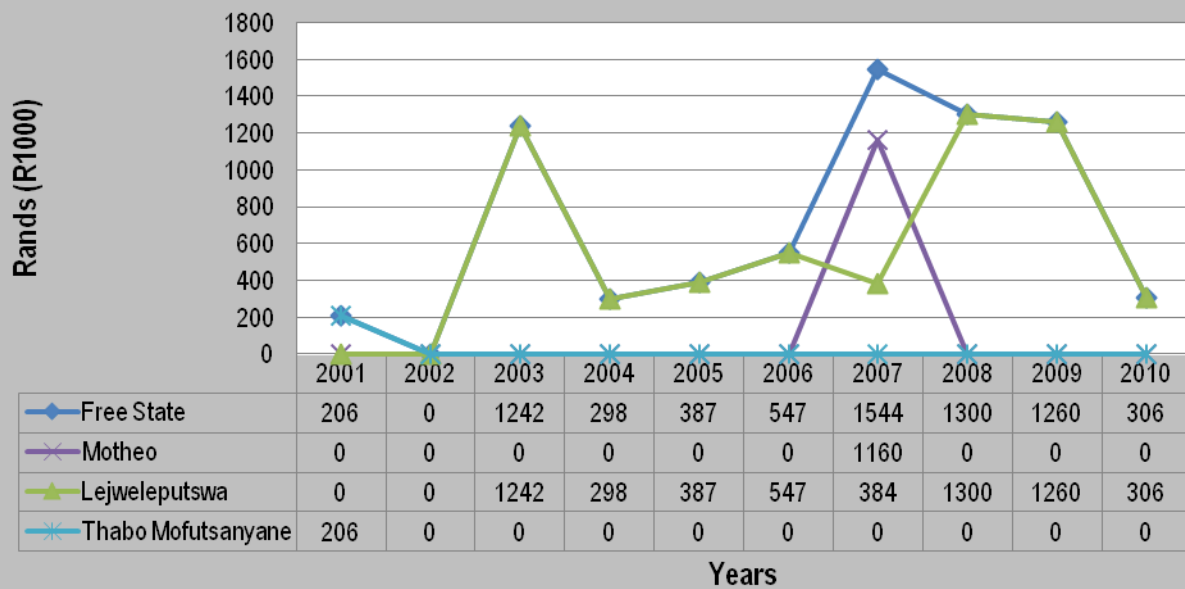
**Figure 46: Value of citrus exports by the Kwa-Zulu Natal province,  
2001 – 2010**



Source: Quantec

The major exporter of citrus products in KwaZulu Natal is eThekweni municipality. The municipality recorded exports of citrus products worth R13 million in 2010. Other important contributors towards the total value of citrus products exports in KwaZulu Natal are Uthungulu and Umgungundlovu. Generally, there were some fluctuations on the citrus export values for Ethekeeni municipality over the past decade. The use of the Durban harbour as an exit point may have played a major role in Ethekeeni municipality being a leader in the export of citrus from KwaZulu Natal. Values of citrus exports from the Free State province are shown in Figure 47.

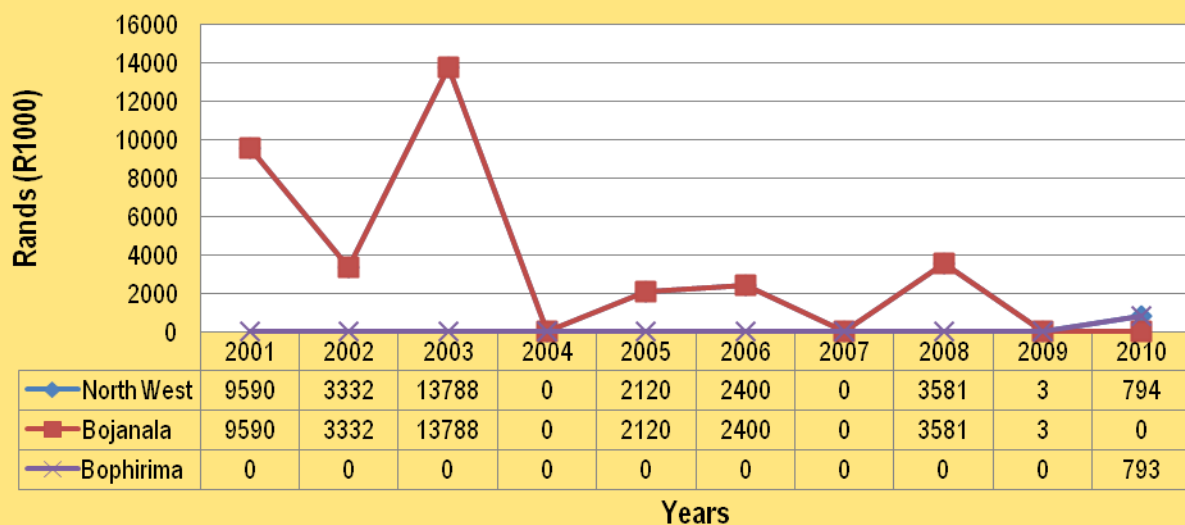
**Figure 47: Value of citrus exports by Free State province, 2001 – 2010**



Source: Quantec

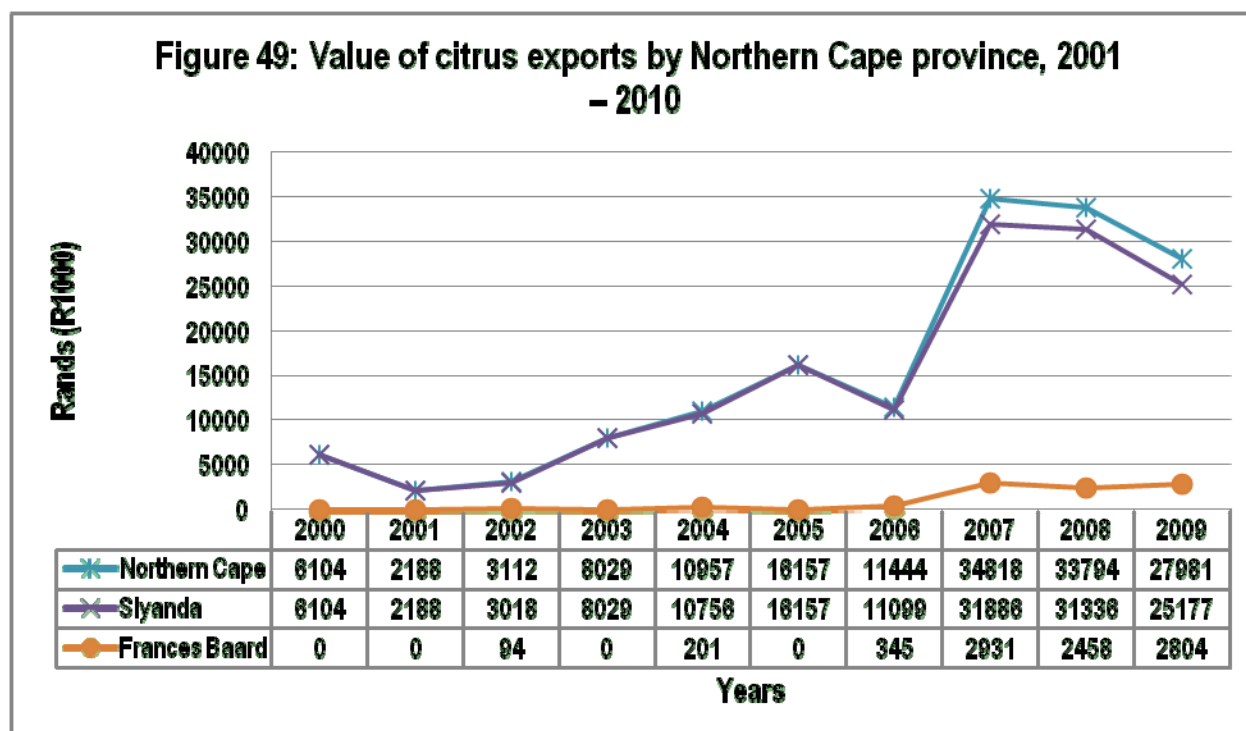
It is clear from Figure 47 that citrus exports from the Free State are mainly from Lejweleputswa municipality. High export value for the leading municipality was recorded in 2008 when the municipality exported citrus products worth R1.3 million. Values of citrus exports from the North West province are shown in Figure 48.

**Figure 48: Value of citrus exports by North West province, 2001 – 2010**



Source: Quantec

The major exporter of citrus products in the North West province is Bojanala district. Exports of citrus products worth R793 thousand were recorded by the municipality in 2010. There were some fluctuations on the citrus export values for Bojanala Platinum during the past decade. Values of citrus exports from the Northern Cape province are shown in Figure 49.



Source: Quantec

It is clear from Figure 49 that citrus exports from the Northern Cape are mainly from Siyanda municipality and the Francis Baard (to a lesser extent). High export values for both municipalities were recorded in 2007. Citrus products exports worth R30 million were recorded in the Northern Cape in 2010.

## 2.11 Share analysis

Table 2 is an illustration of provincial shares towards national citrus exports. It shows that Western Cape together with Gauteng Province (to a lesser extent) have commanded the greatest share of citrus exports for the past ten years. The two provinces accounted for 78.8% of the total value of citrus products exports in 2010. This is in spite of the fact that Limpopo, Eastern Cape and Mpumalanga provinces are the leading producers of citrus products. Limpopo and Mpumalanga provinces accounted for 7.9% and 5.6% respectively while Kwazulu Natal accounted for 7.0%. As explained earlier, this means that the leading export provinces (Western Cape and Gauteng) derive their advantage from the fact that the registered exporters are based in their provinces and they also have exit points for citrus exports.

The above scenario raises concerns about the availability of marketing infrastructure and agro-logistics in the other major citrus producing provinces of South Africa like Limpopo, Eastern Cape and Mpumalanga

because Gauteng is not a major citrus producing region and yet the sizeable share of South African citrus exports are exported through this province.

**Table 2: Share of Provincial citrus exports to the total RSA citrus exports (%), 2001 – 2010**

Years Province	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>RSA</b>	100	100	100	100	100	100	100	100	100	100.0
<b>Western Cape</b>	43.0	71.6	72.9	74.6	70.3	68.4	78.2	77.2	74.9	76.3
<b>Eastern Cape</b>	2.5	4.6	2.8	2.7	2.2	5.5	6.5	6.9	8.1	7.0
<b>Northern Cape</b>	0.3	0.1	0.1	0.3	0.3	0.5	0.3	0.6	0.6	0.4
<b>Free State</b>	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Kwazulu-Natal</b>	1.5	2.1	1.1	0.6	1.5	1.5	1.4	0.9	0.7	0.2
<b>North West</b>	0.5	0.1	0.5	-	0.1	0.1	-	0.1	0.0	0.0
<b>Gauteng</b>	50.0	17.7	16.2	13.0	13.8	12.6	2.5	2.0	2.0	2.5
<b>Mpumalanga</b>	0.3	0.6	1.0	5.0	5.4	3.4	4.1	4.0	4.4	5.6
<b>Limpopo</b>	1.8	3.1	5.3	3.7	6.4	8.1	7.0	8.3	9.3	7.9

Source: Calculated from Quantec Easydata

Tables 3 to 11 show shares of the various districts' citrus exports to the various provincial citrus exports.

**Table 3: Share of districts' citrus exports to total Eastern Cape provincial citrus exports (%), 2001 – 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Eastern Cape</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Cacadu</b>	20.3	45.6	20.6	13.4	19.8	39.7	28.9	33.1	33.3	23.9
<b>Amatole</b>	0.0	4.2	28.0	0.0	0.1	0.1	1.0	0.5	3.1	3.8
<b>O.R.Tambo</b>	24.3	23.9	0.0	39.8	0.0	0.0	0.0	0.0	0.0	0.0
<b>Nelson Mandela</b>	55.4	26.3	51.3	46.7	80.0	60.1	70.1	66.3	63.6	72.3

Source: Calculated from Quantec

Table 3 presents the shares of district citrus exports to the total Eastern Cape provincial citrus exports for the years 2001 to 2010. The leading citrus export district in the Eastern Cape is Nelson Mandela. The district contributed over two-thirds (72.3%) to total Eastern Cape citrus exports in 2010. It was followed by the Cacadu district with 23.9% in 2010.

**Table 4: Share of districts' citrus exports to total Mpumalanga provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Mpumalanga</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gert Sibande	51.7	30.9	0.0	3.0	6.0	14.8	7.9	5.6	4.6	3.9
Nkangala	17.9	30.1	60.0	5.9	1.6	4.4	5.4	6.5	11.1	17.4
Ehlanzeni	30.4	39.0	40.0	91.1	92.5	80.7	86.7	88.0	84.3	78.7

Source: Calculated from Quantec

The shares of district citrus exports to the Mpumalanga provincial citrus exports are presented in Table 4. The leading contributor to provincial citrus exports in 2010 was the Ehlanzeni district (78.7%). It was followed by Nkangala at 17.4% and Gert Sibande at 3.9%.

**Table 5: Share of districts' citrus exports to total Limpopo provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Limpopo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Mopani	92.3	79.5	82.0	75.2	69.7	79.2	48.9	67.0	57.8	63.3
Vhembe	0.3	0.4	0.0	0.0	0.0	0.0	2.6	4.8	13.5	8.1
Capricorn	0.9	0.0	0.4	0.5	5.4	8.7	26.7	2.0	1.9	0.3
Waterberg	0.0	0.5	0.5	0.5	0.3	2.2	1.2	1.3	0.3	0.0
Greater Sekhukhune	6.4	19.7	17.2	23.8	24.7	9.9	20.7	24.9	26.6	28.3

Source: Calculated from Quantec

In the Limpopo province, the contributions of the various districts to total provincial citrus exports are distributed between two main districts (see Table 5). In 2010 the leading district was Mopani with 63.3% share. It was followed by Greater Sekhukhune and Vhembe at 28.3% and 8.1%, respectively.

**Table 6: Share of districts' citrus exports to total Free State provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Free State	100.0	0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Motheo	0.0	0	0.0	0.0	0.0	0.0	75.1	0.0	0.0	0.0
Lejweleputswa	0.0	0	100.0	100.0	100.0	100.0	24.9	100.0	100.0	100.0
Thabo Mofutsanyane	100.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Calculated from Quantec

In 2010 all exports of citrus recorded in the Free State province were from the Lejweleputswa district (see Table 6).

**Table 7: Share of districts' citrus exports to total Northern Cape provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Northern Cape	100.0	0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Siyanda	100.0	100.0	97.0	100.0	98.2	100.0	97.0	91.6	92.7	90.0
Frances Baard	0.0	0.0	3.0	0.0	1.8	0.0	3.0	8.4	7.3	10.0

Source: Calculated from Quantec

In the Northern Cape the majority of citrus exports recorded in 2010 were from the Siyanda district (90.0%). The remaining 10.0% were from the Francis Baard district (see Table 7).

**Table 8: Share of districts' citrus exports to total North West provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
North West	100.0	100.0	100.0	0	100.0	100.0	0	100.0	100.0	100.0
Bojanala	100.0	100.0	100.0	0	100.0	100.0	0	100.0	100.0	0.0
Bophirima	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0

Source: Calculated from Quantec

All recorded exports of citrus in the North West province in 2010 were from the Bophirima district (see Table 8).

**Table 9: Share of districts' citrus exports to total Kwa-Zulu Natal provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Kwazulu-Natal	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ugu	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
Umgungundlovu	0.1	2.4	1.1	0.0	0.1	22.2	26.5	33.0	1.3	2.0
Uthukela	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.7
Zululand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.7
Uthungulu	6.2	2.1	1.9	17.8	42.6	16.0	1.3	13.6	31.4	12.4
iLembe	0.2	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
eThekwini	92.7	95.5	96.8	82.2	57.0	61.8	72.2	53.5	66.8	82.2

Source: Calculated from Quantec

The shares of district citrus exports to the Kwa-Zulu Natal provincial citrus exports are presented in Table 9. In 2010, the majority of citrus exports in Kwa-Zulu Natal were from the eThekwini district (82.2%). eThekwini was followed by Uthungulu district at 12.4%.

**Table 10: Share of districts' citrus exports to total Gauteng provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
----------------	------	------	------	------	------	------	------	------	------	------



Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gauteng	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sedibeng	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.8	0.0	0.1
Metsweding	0.0	2.0	4.4	4.4	4.9	1.1	0.9	0.0	0.0	0.0
West Rand	0.0	2.4	0.0	0.0	1.6	0.7	4.6	4.2	2.5	2.3
Ekurhuleni	6.6	7.9	0.7	0.7	0.4	0.5	41.8	2.1	23.7	8.4
City of Johannesburg	10.5	29.4	43.5	23.6	22.0	15.4	44.9	71.4	55.6	62.7
City of Tshwane	82.8	58.3	51.4	71.3	71.0	82.1	7.8	21.4	18.3	26.5

Source: Calculated from Quantec

In the Gauteng province the contributions of the various districts to total provincial citrus exports are distributed between three main districts (see Table 10). In 2010 the leading district was the City of Johannesburg with 62.7% share. It was followed by the City of Tshwane and Ekurhuleni at 26.5% and 8.4%, respectively.

**Table 11: Share of districts' citrus exports to total Western Cape provincial citrus exports (%), 2001 - 2010**

Years District	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Western Cape	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
City of Cape Town	70.4	78.3	76.3	75.4	73.7	71.5	77.6	72.0	72.0	75.8
West Coast	9.0	4.5	4.6	6.5	6.2	8.6	6.8	9.0	9.2	7.3
Cape Winelands	19.3	16.3	17.4	16.7	19.6	19.3	15.4	18.8	18.5	16.5
Overberg	1.2	0.8	1.4	1.3	0.3	0.4	0.2	0.2	0.3	0.3
Eden	0.0	0.1	0.3	0.1	0.2	0.1	0.0	0.0	0.1	0.1

Source: Calculated from Quantec

The shares of district citrus exports to the total Western Cape provincial citrus exports are presented in Table 11. The leading citrus export districts in the Western Cape in 2010 were the City of Cape Town (75.8%) and the Cape Winelands (16.5%).

## 2.12 Imports

South Africa is a net exporter of all citrus products. As will be illustrated in the subsections that follow, South Africa annually imports relatively little citrus products from the rest of the world.

### 2.12.1 Orange

During 2010 South Africa imported a total volume of 1 255 tons of oranges worth US\$256 thousands. Of the total tonnages imported in 2010, 81% (1 022 tons) came from Zimbabwe, 15% (187 tons) from Israel

while the remaining 3% (42 tons) came from Turkey. South Africa's imports of oranges in 2010 represented 0.01% of world orange imports and its ranking in the world was number 126.

### **2.12.2 Grapefruit**

A total volume of 570 tons with a value of US\$341 thousands was imported by South Africa in 2010. Israel contributed 71% (409 tons) to total South African grapefruit imports in 2010. Another major source of South Africa's grapefruit imports in 2010 was Zimbabwe. The country accounted for 21% (121 tons) to total South African imports of grapefruits. Turkey and Spain also exported 20 tons and 19 tons respectively to South Africa in 2010. During 2010 South Africa's imports of grapefruits represented 0.04% of world grapefruit imports and its ranking in the world was number 59.

### **2.12.3 Lemons and limes**

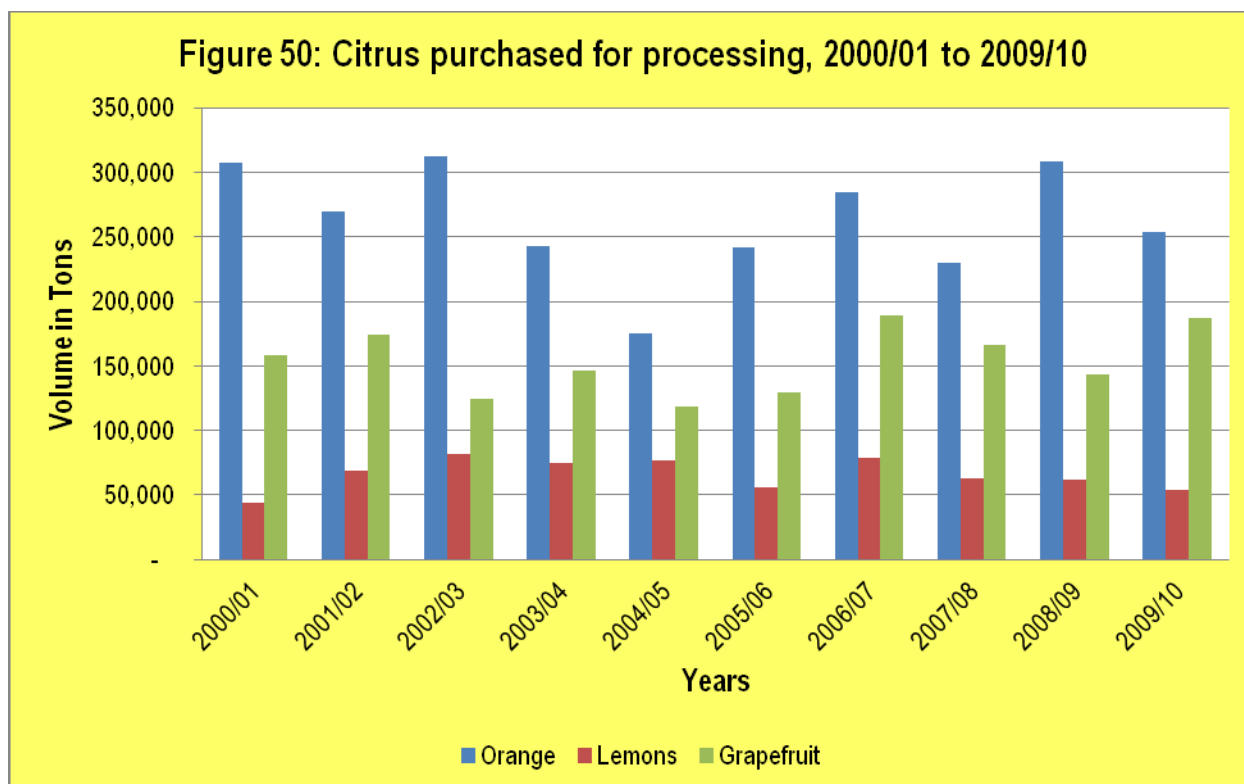
South Africa imported a total volume of 54 tons of lemons and limes worth US\$46 thousands in 2010. Of the total imported volume, 22 tons came from El Salvador, 20 tons came from Egypt, 8 tons came from Zimbabwe while the remaining 4 tons came from Israel. In 2010, South Africa's imports of lemons and limes represented 0.00% of world imports and its ranking in the world was 113.

### **2.12.4 Soft citrus**

During 2010 South Africa imported a total volume of 751 tons of soft citrus valued at US\$909 thousands. 73% (548 tons) came from Israel while Spain and Turkey contributed 24% (181 tons) and 3% (22 tons) respectively. South Africa's imports of soft citrus represented 0.02% of world soft citrus imports and its ranking in the world was number 77.

## **2.13 Processing**

The volumes of citrus available for processing in South Africa fluctuate yearly, depending on the crop size and the percentages of exportable fruit. In 2009/10, the processing industries absorbed approximately 23% (494 781 tons) of all citrus production (2 134 988 tons). That represents direct purchases from growers and quantities of citrus purchased from the NFPMs. It must be noted that the most citrus fruit processed is orange, which is converted into juice and can be presented in different forms such as frozen, concentrate and freshly-squeezed orange juice. The quantities of citrus purchased for processing are presented in Figure 50.



Source: Statistics and Economic Analysis, DAFF

It is clear from Figure 50 that oranges constitute the majority of citrus purchased for processing. In terms of the total citrus purchased for processing in 2009/10, oranges constituted 51%, followed by grapefruit and lemons and limes at 38% and 11% respectively.

### 2.13.1 Orange

Oranges are commonly peeled and eaten fresh, or squeezed for juice. It has a thick bitter rind that is usually discarded, but can be processed into animal feed by removing water, using pressure and heat. It is also used in certain recipes as flavouring or a garnish. The outer most layer of the rind is grated or thinly veneered with a tool called a zester, to produce orange zest, popular in cooking because it has a flavour similar to the fleshy inner part of the orange. The white part of the rind called the pericarp with the pith, is a source of pectin and has nearly the same amount of vitamin C as the flesh. Products made from the orange include:

- Orange juice,
- Sweet orange oil, a by-product of the juice industry is produced by pressing the peel.
- Orange blossom. The petals of orange blossoms can be made into delicately citrus scented version of rosewater. Orange blossom water is a common part of the Middle Eastern cuisine. Fallen blossoms can be dried and be used to make tea.
- Orange blossom honey or citrus honey is produced by putting beehives in the citrus groves during bloom, which also pollinates seeded citrus varieties. Orange blossom honey is highly priced, and tastes much like orange.

- Marmalade. All parts of the orange are used to make marmalade: the pith and the pips are separated and typically placed in a muslin bag where they are boiled in the juice (and sliced peel) to extract their pectin, aiding the setting process.
- Orange peel is used by gardeners as a slug repellent.

### 2.13.2 Lemon

Slices of lemon are served as a garnish on fish or meat or with iced or hot tea, to be squeezed for the flavourful juice. Lemon soup is made by adding slices of lemon to dry bread roll that has been sautéed in shortening until soft and then sieved. Sugar and a cup of wine are added and the mixture brought to a boil, and then served.

Lemon juice, fresh, canned, concentrated and frozen, or dehydrated and powdered, is primarily used for lemonade, in carbonated beverages, or other drinks. It is also used for making pies and tarts, as a flavouring for cakes, cookies, cake icings, puddings, sherbet, confectionery, preserves and pharmaceutical products. A few drops of lemon juice, added to cream before whipping, gives stability to the whipped cream.

Lemon peel can be candied at home and is preserved in brine and supplied to manufacturers of confectionery and baked goods. It is the source of lemon oil, pectin and citric acid. Lemon oil, often with terpenes and sesquiterpenes removed, is added to frozen or otherwise processed lemon juice to enrich the flavour. It is much employed as a flavouring for hard candies.

### 2.13.3 Lime

Lime fruit particularly their juices are used in beverages, such as limeade (akin to lemonade). Alcoholic beverages prepared with lime include cocktails such as gin and tonic, margarita and Cuba libre, as well as many drinks that may be garnished with thin slice of the fruit or corkscrew strip of the peel (twist).

### 2.13.4 Grapefruit

Grapefruit is customarily a breakfast fruit, chilled, cut in half, the sections loosened from the peel and each other by a special curved knife, and the pulp spooned from the "half-shell". Some consumers sweeten it with white or brown sugar, or a bit of honey. Some add cinnamon, nutmeg or cloves. As an appetizer before dinner, grapefruit halves may be similarly sweetened, lightly broiled, and served hot, often topped with a maraschino cherry. The sections are commonly used in fruit cups or fruit salads, in gelatines or puddings and tarts. They are commercially canned in syrup. In countries like Australia, grapefruit is commercially processed as marmalade. It may also be made into jelly. The juice is marketed as a beverage fresh, canned, or dehydrated as powder, or concentrated and frozen. It can be made into excellent vinegar or carefully fermented as wine.

Grapefruit peel is candied and is an important source of pectin for the preservation of other fruits. The peel oil, expressed or distilled, is commonly employed in soft-drink flavouring, after the removal of 50% of the

monoterpenes. The main ingredient in the outer peel oil is nookatone. Extracted nookatone, added to grapefruit juice powder, enhances the flavour of the reconstituted juice. Naringin, extracted from the inner peel (albedo), is used as a bitter in "tonic" beverages, bitter chocolate, ice cream and ices. It is chemically converted into a sweetener about 1,500 times sweeter than sugar. After the extraction of naringin, the albedo can be reprocessed to recover pectin.

Grapefruit seed oil is dark and exceedingly bitter but, bleached and refined, it is pale-yellow, bland, much like olive oil in flavor, and can be used similarly. Because it is an unsaturated fat, its production has greatly increased since 1960.

### **3. MARKET INTELLIGENCE**

#### **3.1 Competitiveness of South African citrus products**

Competitiveness is described as an industry's capacity to create superior value for its customers and improved profits for the stakeholders in the value chain. The driving force in sustaining a competitive position is productivity that is output efficiency in relation to specific inputs with regard to human, capital and natural resources.

In 2010 South African orange exports represented 13.34% of world exports and its ranking on the world exports was number 2. South African lemon and lime exports represented 5.59% of world exports and its ranking on the world exports was number 7. South African grapefruit exports represented 10.96% of world exports and its ranking on the world exports was number 4. South African naartjie exports represented 2.40% of world exports and its ranking on the world exports was number 8.

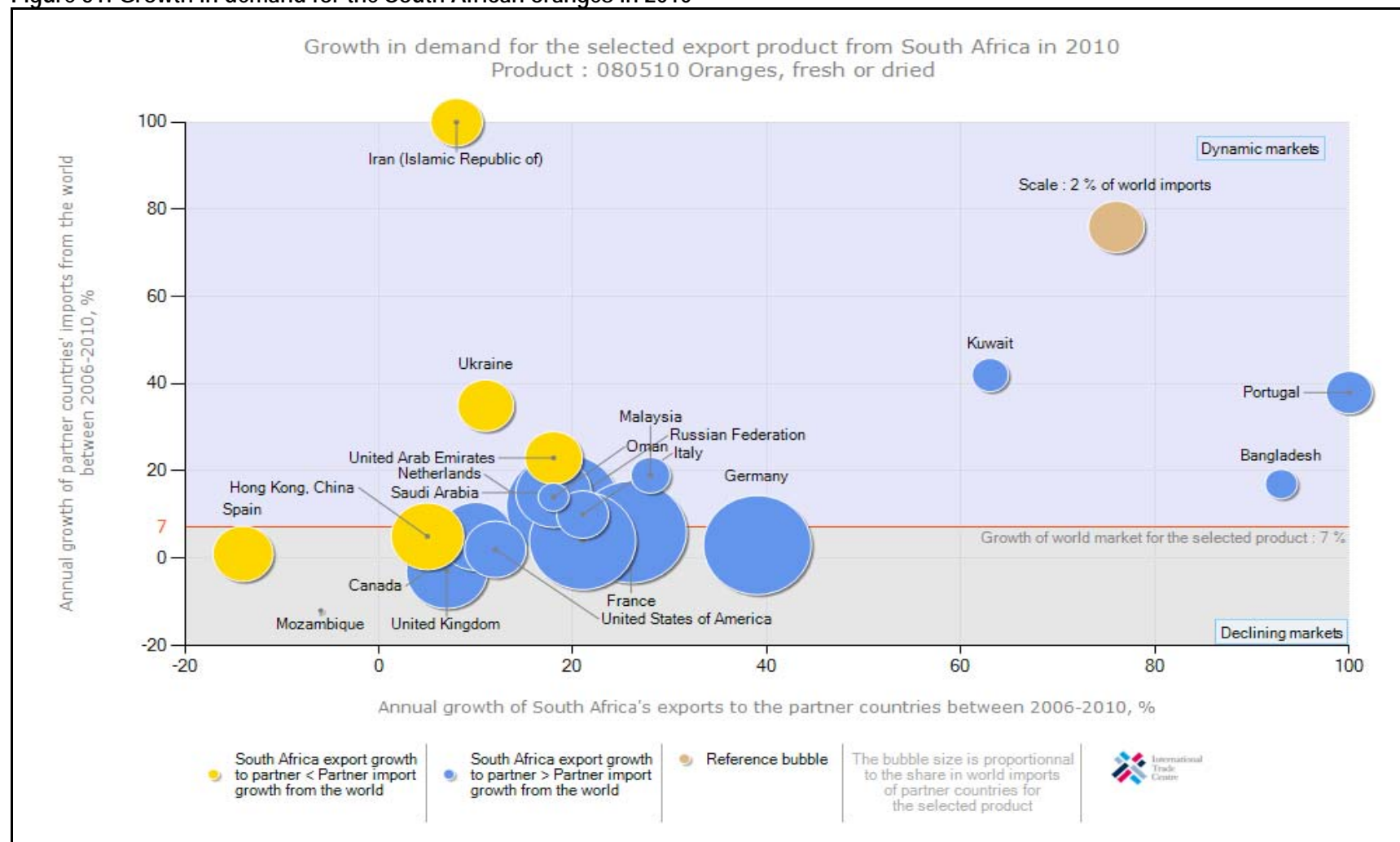
As depicted on Figure 51 below, South African orange exports are growing faster than the world imports in Portugal, Bangladesh, Kuwait, Malaysia, and Oman markets. South Africa's performance in those markets can be regarded as gains in dynamic markets.

South African orange exports are growing while the world imports are declining in the United Kingdom, Canada, United States of America, Mozambique, Germany, and France markets. South Africa's performance in those markets can be regarded as gains in declining markets and should be viewed as achievement in adversity.

South African orange exports have declined faster than world imports in Spain and Hong Kong markets. South Africa's performance in those markets can be regarded as losses in declining markets.

South African orange exports are declining while the world imports are growing in Iran, Ukraine and the United Arab Emirates markets. South Africa's performance in those markets can be regarded as losses in dynamic markets and should be viewed as an underachievement.

Figure 51: Growth in demand for the South African oranges in 2010



Source: TradeMap, ITC

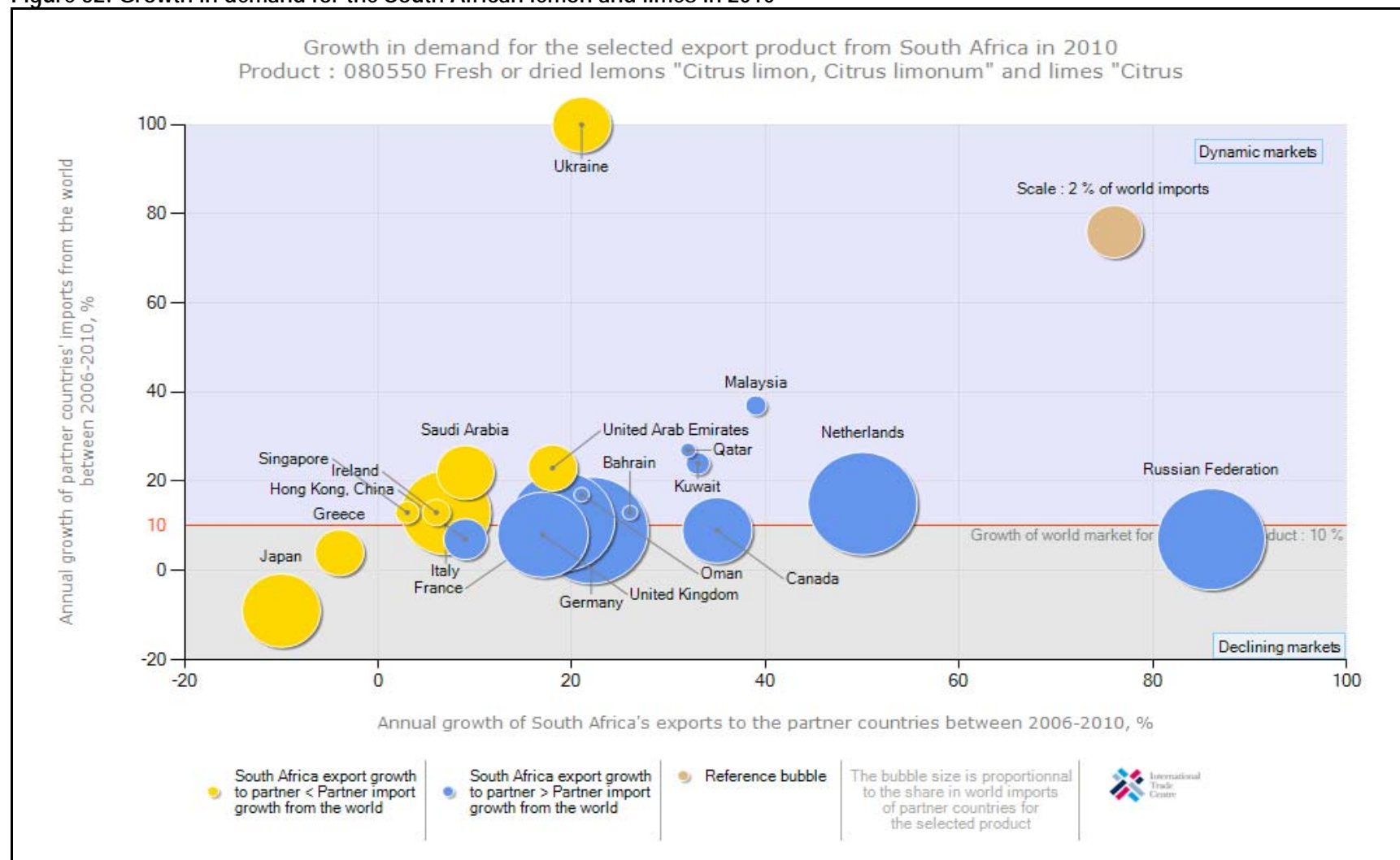
As depicted on Figure 52 below, South African lemon and lime exports are growing faster than the world imports in Malaysia, Kuwait and Qatar markets. South Africa's performance in those markets can be regarded as gains in dynamic markets.

South African lemon and lime exports are growing while the world imports are declining in Hong Kong, United Kingdom, Canada, and Russia markets. South Africa's performance in those markets can be regarded as gains in declining markets and should be viewed as achievement in adversity.

South African lemon and lime exports have declined faster than world imports in Japan, Greece and Italy markets. These can be regarded as losses in declining markets. South Africa's performance into those markets can be regarded as loss in declining markets.

South African lemon and lime exports are declining while the world imports are growing in the Ukraine, Saudi Arabia, Ireland, and Singapore markets. These markets are dynamic and South African performance should be regarded as an underachievement.

Figure 52: Growth in demand for the South African lemon and limes in 2010



Source: TradeMap, ITC



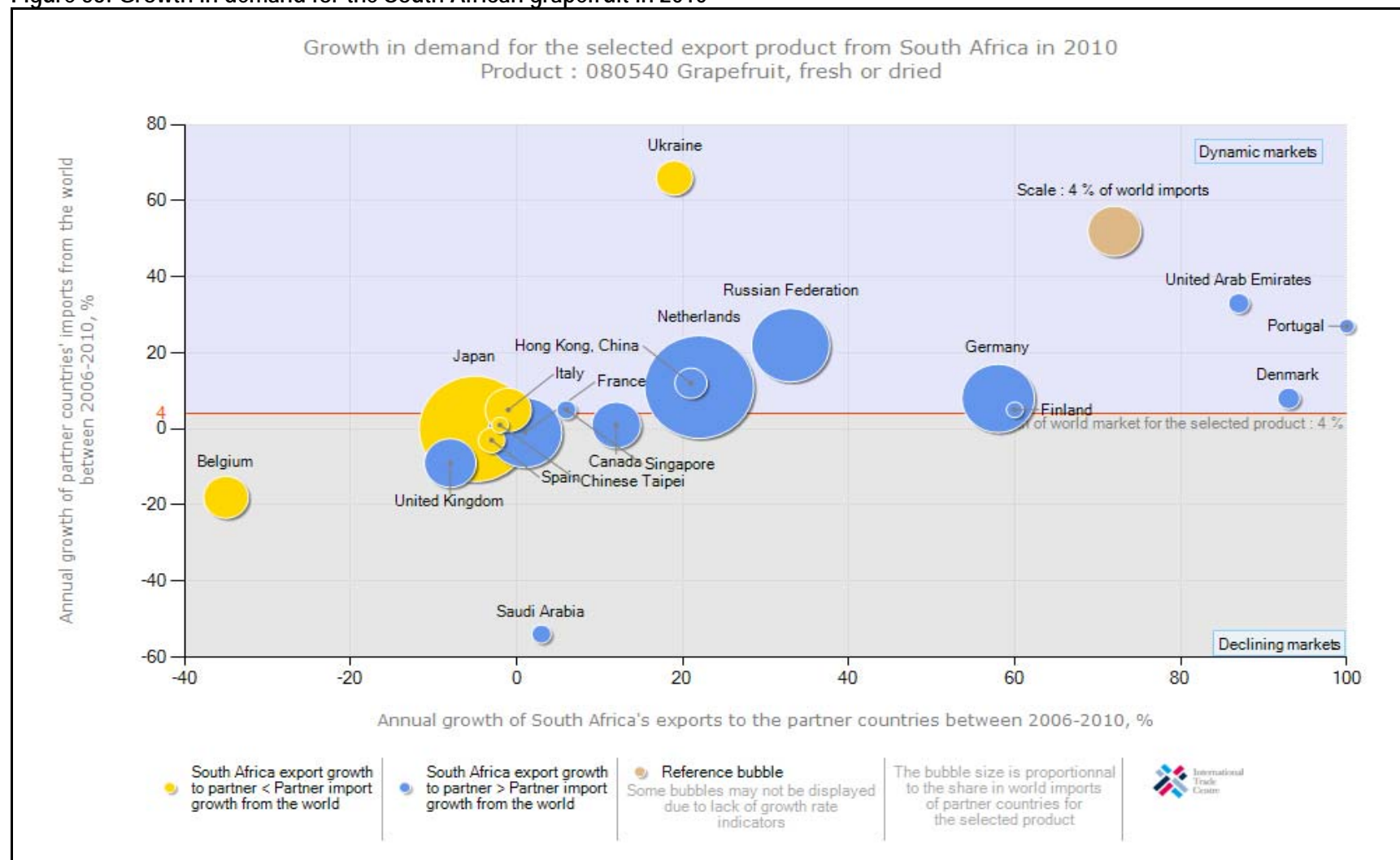
As depicted in Figure 53 below, South African grapefruit exports are growing faster than the world imports in Portugal, Denmark, United Arab Emirates, Russia, and Hong Kong markets. South Africa's performance in those markets can be regarded as gains in dynamic markets.

South African grapefruit exports are growing while the world imports are declining in Saudi Arabia, France, United Kingdom and Canada markets. South Africa's performance in those markets can be regarded as gains in declining markets and should be viewed as achievement in adversity.

South African grapefruit exports have declined faster than world imports in Belgium, Japan, Spain, and Chinese Taipei markets. South Africa's performance into those markets can be regarded as losses in declining markets.

South Africa's grapefruit exports have declined faster than world imports in the Ukrainian market. This market is dynamic and South Africa's performance in this market should be regarded as an underachievement.

Figure 53: Growth in demand for the South African grapefruit in 2010



Source: TradeMap, ITC

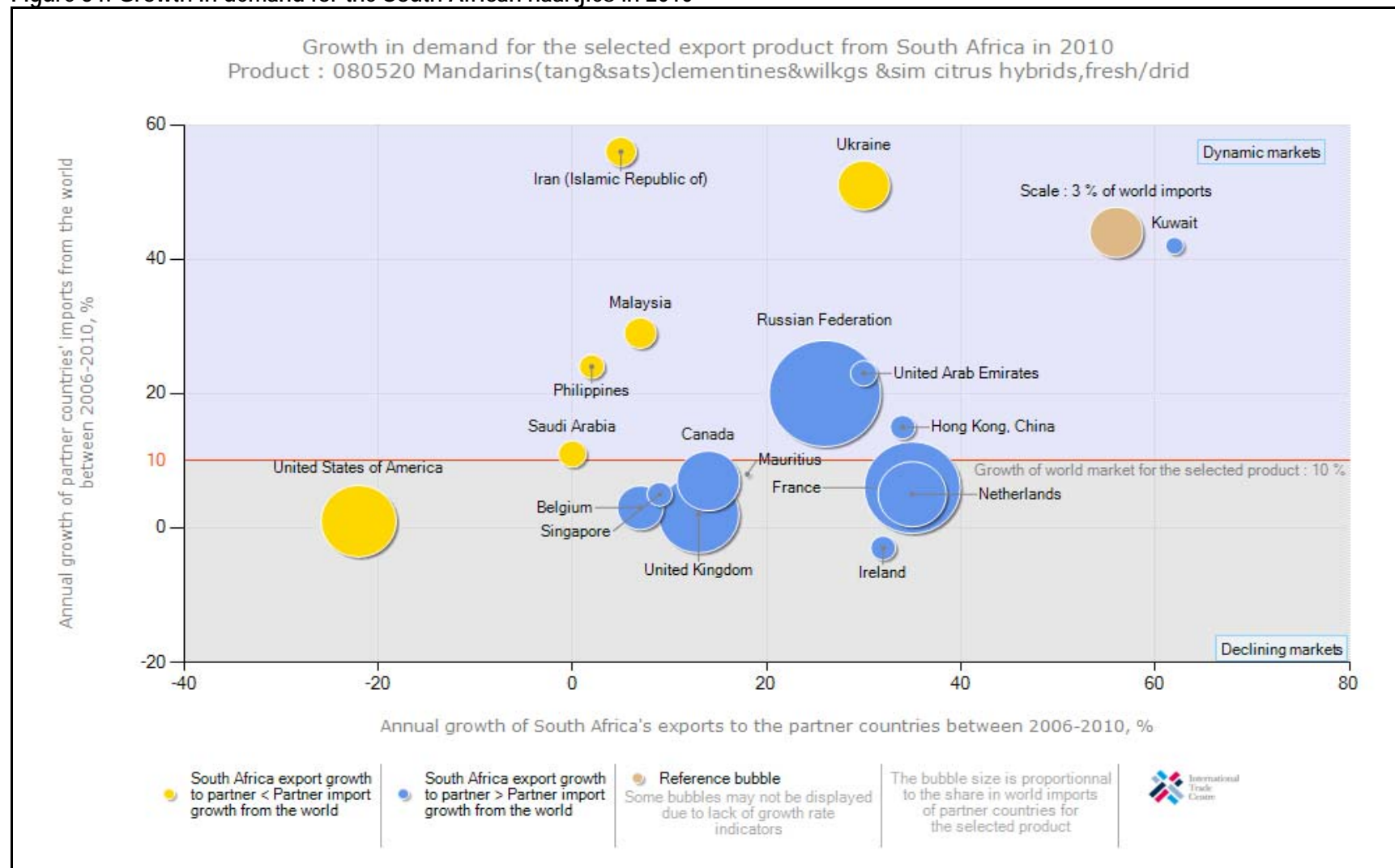
As depicted on Figure 54 below, South African naartjie exports are growing faster than the world imports in Kuwait, United Arab Emirates, Russia and Hong Kong markets. South Africa's performance in those markets can be regarded as gains in dynamic markets.

South African naartjie exports are growing while the world imports are declining in the Netherlands, France, Ireland, Mauritius, United Kingdom, Canada, Singapore, and Belgium markets. South Africa's performance in those markets can be regarded as gains in declining markets and should be viewed as achievement in adversity.

South African naartjie exports have declined faster than world imports in the United States of America and Saudi Arabia markets. Those can be regarded as loss in declining markets and South Africa's performance into those markets can be regarded as loss in declining markets.

South African naartjie exports are declining while the world imports are growing in the Philippines, Malaysia, Iran and Ukraine markets. These markets are dynamic and South African performance should be regarded as an underachievement.

Figure 54: Growth in demand for the South African naartjies in 2010



Source: TradeMap, ITC

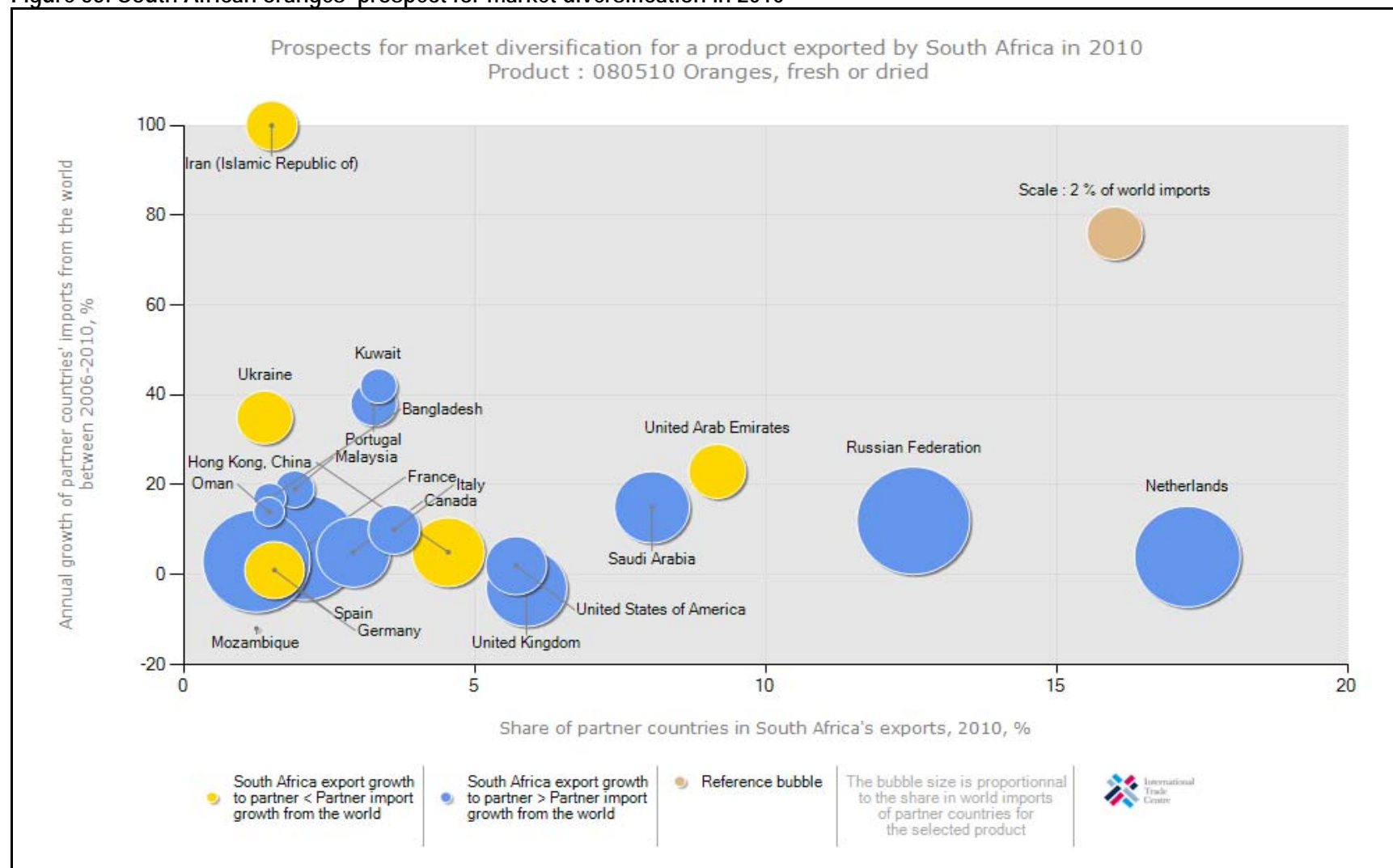
Figure 55 below illustrates prospects for market diversification by South African exporters of oranges in 2010. Netherlands, Russia, United Arab Emirates, and Saudi Arabia hold a bigger market share of South African orange exports.

In terms of market size, Russia was the largest orange importer in 2010 with just over \$436 million (498 799 tons) worth of orange imports, or roughly 9.2% of the world orange market. Second was France with just over \$ 423 million (454 477 tons) worth of orange imports, or roughly 8.9% market share followed by Germany with just over \$396 million (504 657 tons) worth of orange imports, or roughly 8.4% market share.

Whilst three countries dominate world orange imports, it is interesting to note that countries like Iran, together with Kuwait and Portugal have experienced higher annual growth rates in terms of orange imports from 2006 – 2010. In terms of growth in value, Iran experienced an annual growth rate of 137%. Second was Kuwait with 42% annual growth rate followed by Portugal at 38%. It is important to note that growth by all these mentioned countries has been from a relatively low base. These countries represent possible lucrative markets for South African orange producers.

It is also important to note that orange imports from the world to countries such as the Mozambique and the United Kingdom have declined from 2006 – 2010 and as a result those countries have recorded a negative growth rate in orange imports.

Figure 55: South African oranges' prospect for market diversification in 2010



Source: TradeMap, ITC

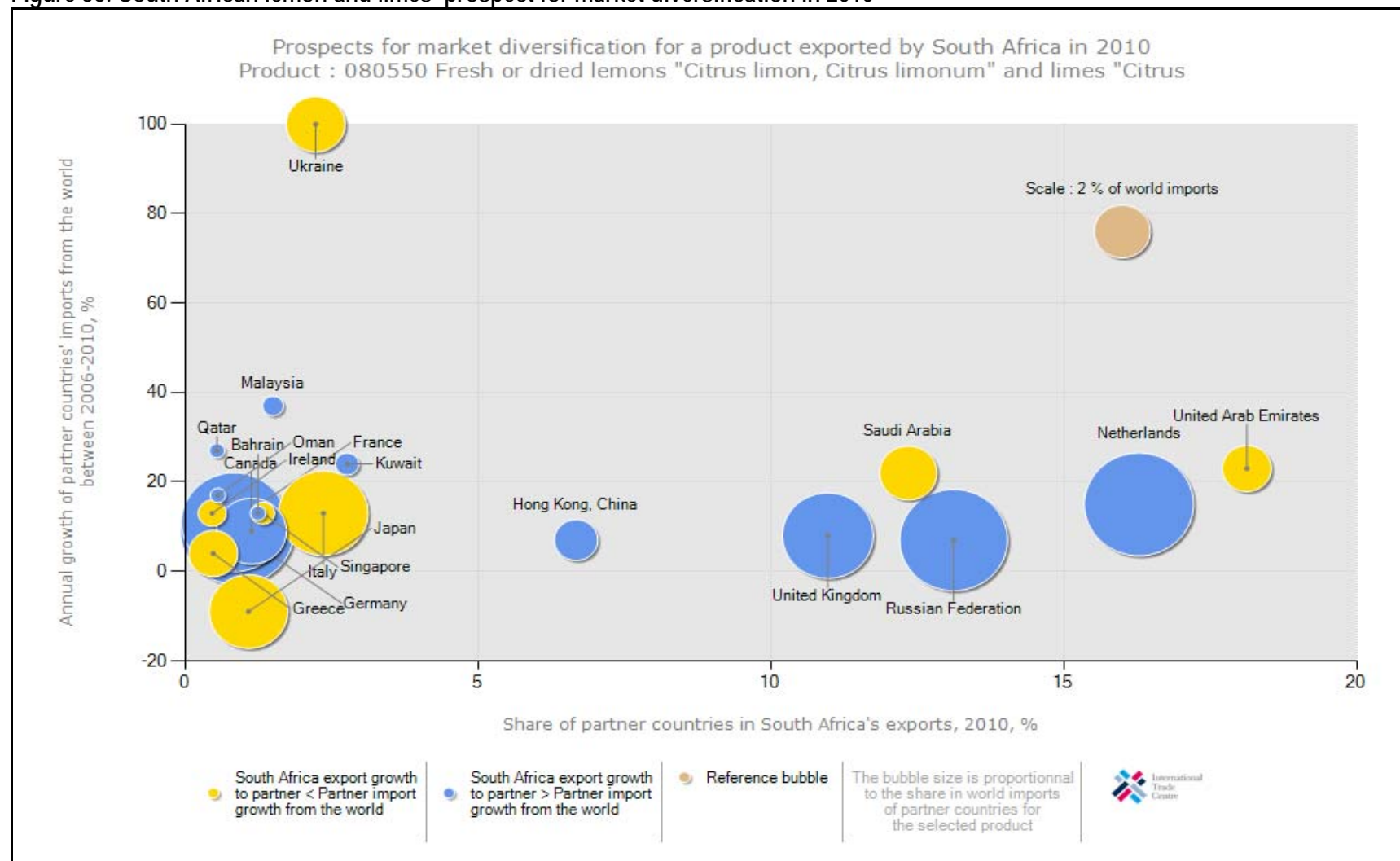
Figure 56 below illustrates prospects for market diversification by South African exporters of lemon and limes in 2010. The United Arab Emirates, Netherlands, Russia, Saudi Arabia, and United Kingdom hold a bigger market share of South African lemon and lime exports.

In terms of market size, USA was the largest lemon and lime importer in 2010 with just over \$235 million (399 482 tons) worth of lemon and lime imports, or roughly 10.8% of the world lemon and lime market. Second was Germany with just over \$187 million (137 570 tons) worth of lemon and lime imports, or roughly 8.6% market share followed by the Netherlands with just over \$176 million worth of lemon and lime imports, or roughly 8.1% market share.

Whilst three countries dominate world lemon and lime imports, it is interesting to note that countries like Ukraine, together with Malaysia and UAE have experienced higher annual growth rate in terms of lemon and lime imports from 2006 – 2010. Ukraine experienced an annual growth rate of 588%. Second was Malaysia with 37% annual growth rate followed by UAE at 23 percent. It is important to note that growth by all these mentioned countries has been off a relatively low base. These countries represent possible lucrative markets for South African lemon and lime producers.

It is also important to note from Figure 56 that lemon and lime imports from the world to countries such as Japan have declined from 2006 – 2010 and as a result those countries have recorded a negative growth rate in lemon and lime imports.

Figure 56: South African lemon and limes' prospect for market diversification in 2010



Source: TradeMap, ITC



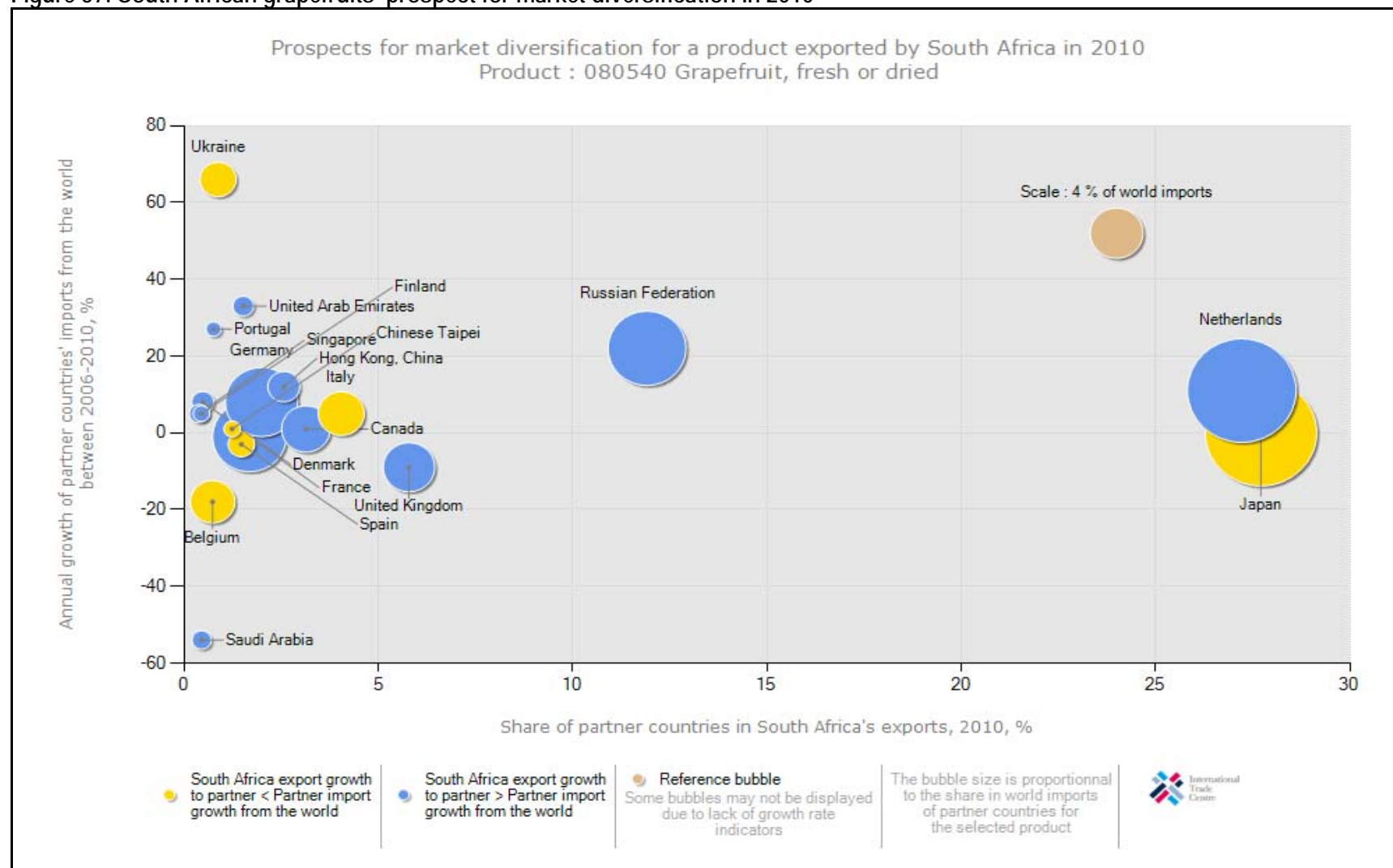
Figure 57 below illustrates prospects for market diversification by South African exporters of grapefruit in 2010. Japan, Netherlands and Russia hold a bigger market share of South African grapefruit exports.

In terms of market size, Japan was the largest grapefruit importer in 2010 with just over \$186 million (174 771 tons) worth of grapefruit imports, or roughly 19.4% of the world grapefruit market. Second was Netherlands with just over \$174 million (176 193 tons) worth of grapefruit imports, or roughly 18.1% market share followed by Russia with just over \$87 million (113 280 tons) worth of grapefruit imports, or roughly 9.0% market share.

Whilst three countries dominate world grapefruit imports, it is interesting to note that countries like Ukraine, together with UAE and Portugal have experienced higher annual growth rate in terms of grapefruit imports from 2006 – 2010. Ukraine experienced an annual growth rate of 66%. Second was UAE with 33% annual growth rate followed by Portugal at 27 percent. It is important to note that growth by all these mentioned countries has been from a relatively low base. These countries represent possible lucrative markets for South African grapefruit producers.

It is also important to note that grapefruit imports from the world to countries such as the Saudi Arabia, Belgium, United Kingdom, and Spain have declined from 2006 – 2010 and as a result those countries have recorded a negative growth rate in grapefruit imports.

Figure 57: South African grapefruits' prospect for market diversification in 2010



Source: TradeMap, ITC

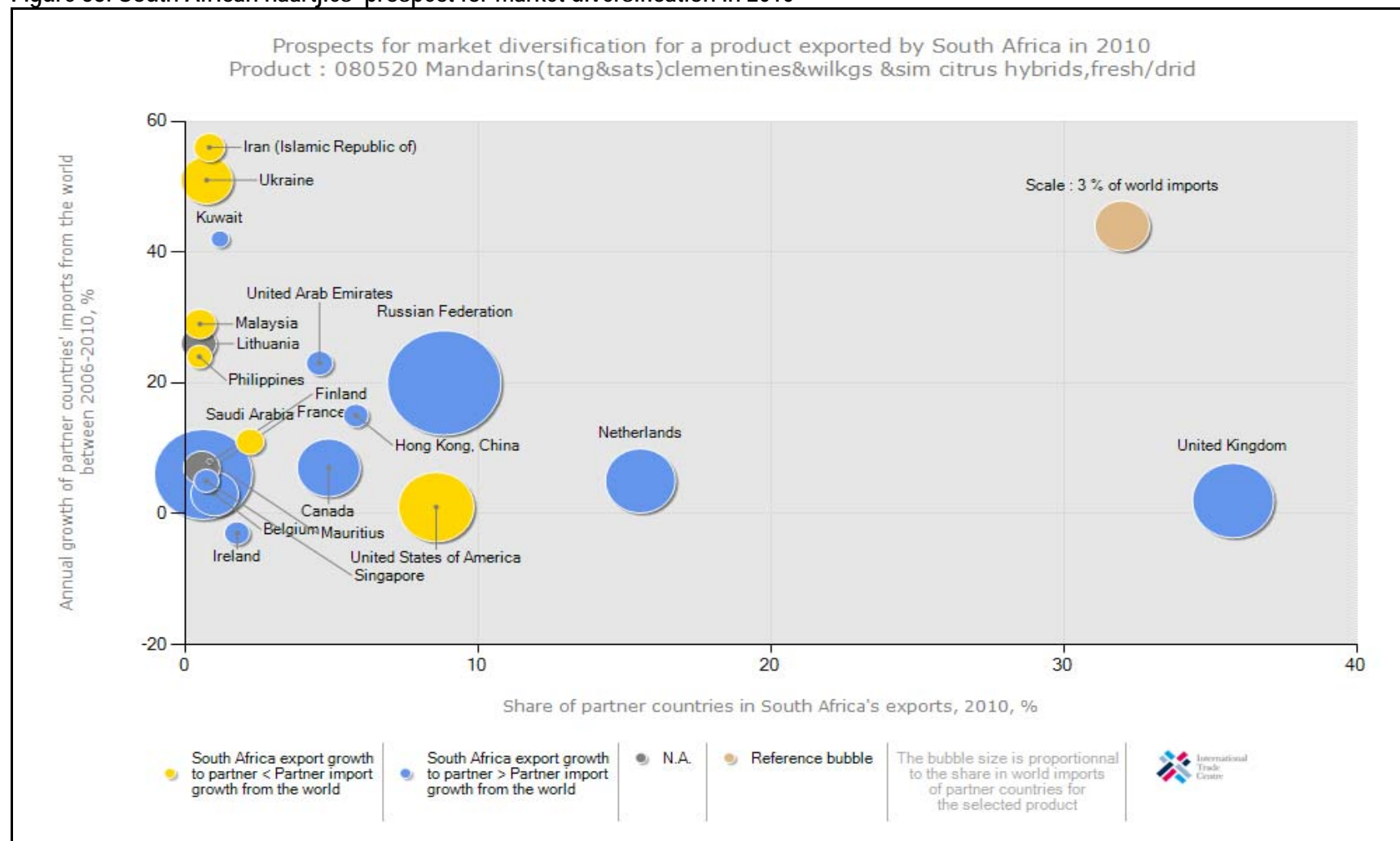
Figure 58 below illustrates prospects for market diversification by South African exporters of naartjies in 2010. The UK, Netherlands, Russia, and USA hold a bigger market share of South African naartjie exports.

In terms of market size, Russia was the largest naartjie importer in 2010 with just over \$583 million (660 444 tons) worth of naartjie imports, or roughly 14.6% of the world naartjie market. Second was France with just over \$428 million (346 815 tons) worth of naartjie imports, or roughly 10.7% market share followed by Germany with just over \$392 million worth of naartjie imports, or roughly 9.8% market share.

Whilst three countries dominate world lemon and lime imports, it is interesting to note that countries like Iran, together with Ukraine and Kuwait have experienced higher annual growth rate in terms of naartjie imports from 2006 – 2010. Iran experienced an annual growth rate of 56%. Second was Ukraine with 51% annual growth rate followed by Kuwait at 42 percent. It is important to note that growth by all these mentioned countries has been from a relatively low base. These countries represent possible lucrative markets for South African naartjie producers.

It is also important to note that naartjie imports from the world to countries such as Ireland have declined from 2006 – 2010 and as a result those countries have recorded a negative growth rate in naartjie imports.

Figure 58: South African naartjies' prospect for market diversification in 2010

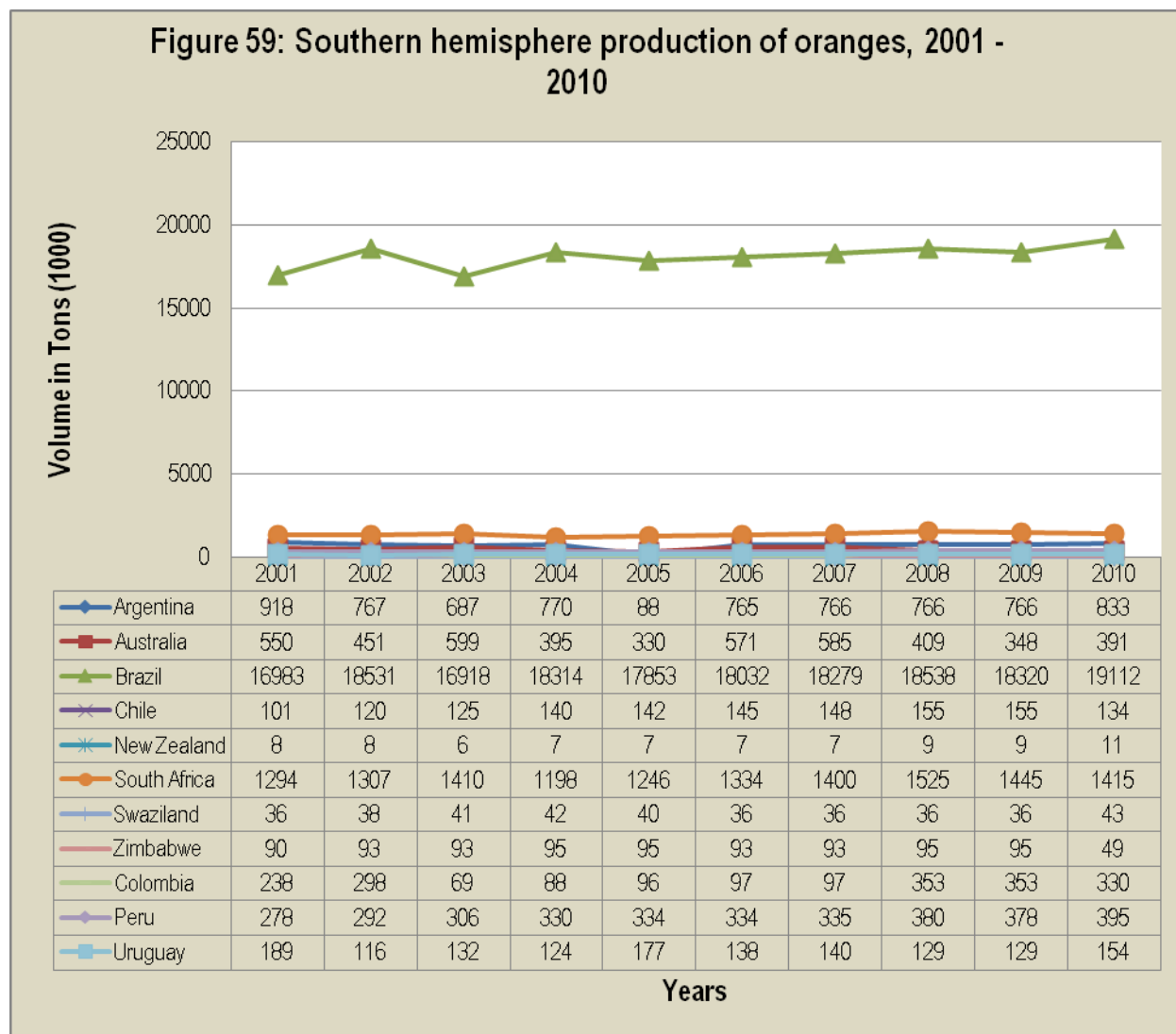


Source: TradeMap, ITC

Figures 59 to 62 below illustrate southern hemisphere production of oranges, lemons and limes, grapefruit and naartjies.

### 3.2 South Africa vs. southern hemisphere production

Figure 59 presents southern hemisphere production of oranges for the years 2001 to 2010.

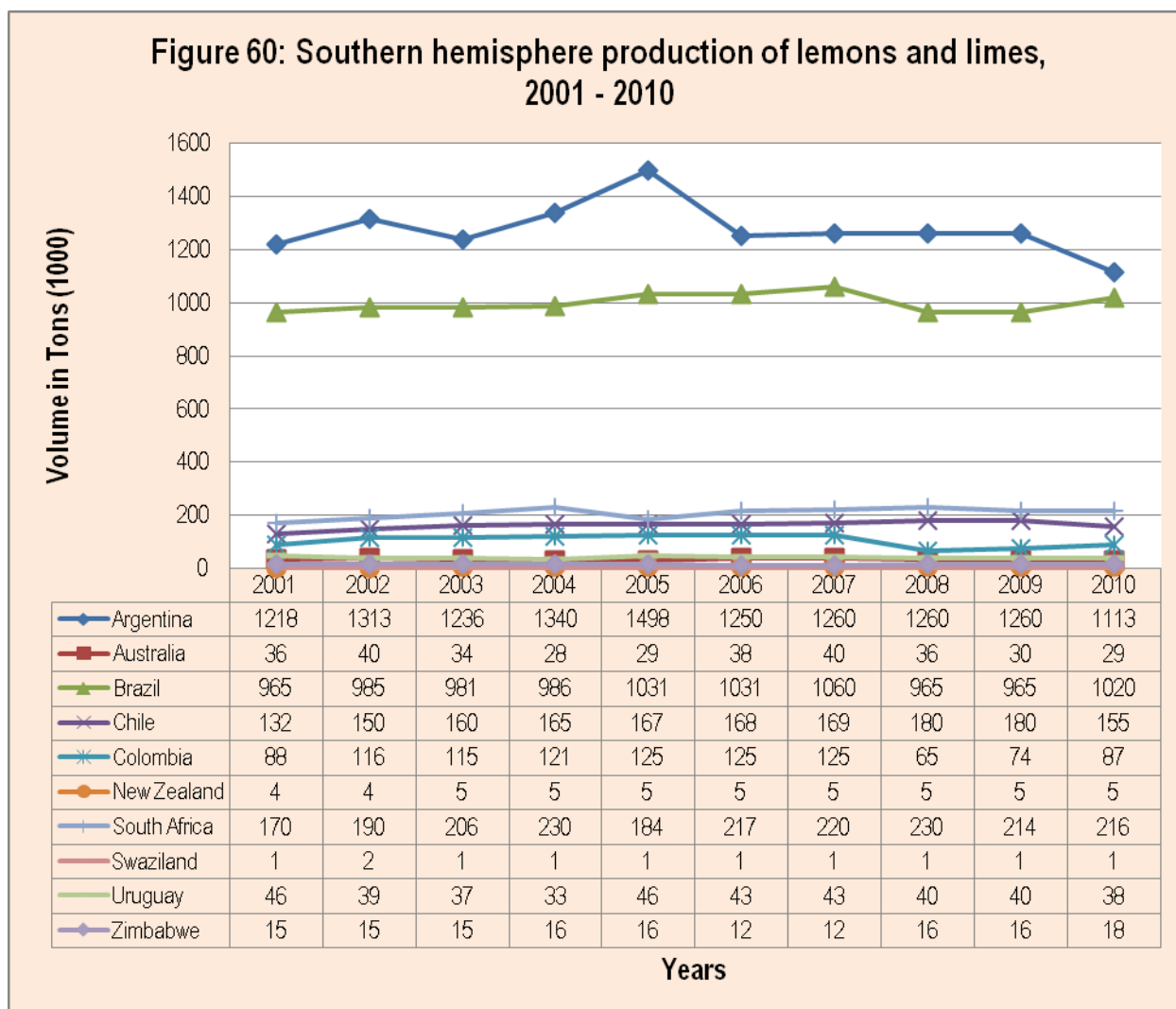


Source: FAOSTAT

It can be seen from Figure 59 that South Africa was the second largest producer of oranges (6.2% in 2010) in the southern hemisphere after Brazil (83.6%). Majority of these countries are vying for the lucrative North American and European markets.

The fact that a country can produce a large output does not necessarily mean it will be a big net exporter as this depends on the size of the domestic market and whether excess produce is harvested. In the case of

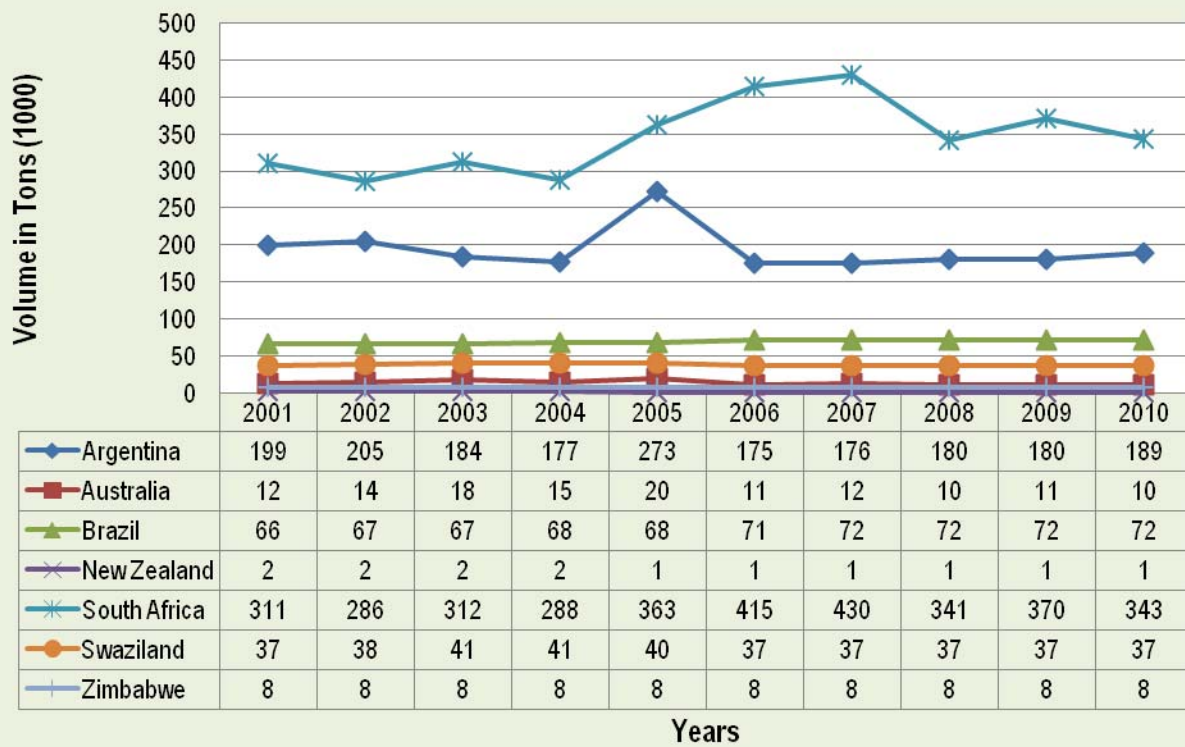
Brazil, the largest producer of oranges in the southern hemisphere, their domestic market is so large that the country exports relatively little. Brazil exported 37 819 tons of oranges in 2010. This represented 0.2% of its total productions. Volumes for southern hemisphere production of lemons and limes for the years 2001 to 2010 are presented in Figure 60.



Source: FAOSTAT

It can be observed from Figure 60 that South Africa was the third largest producer of lemon and limes (8.1% in 2010) in the southern hemisphere after Argentina (41.5%) and Brazil (38.0%). As already highlighted above, the fact that a country can produce a large output does not necessarily mean it will be a big net exporter as this depends on the size of the domestic market and whether excess produce is harvested. In the case of Brazil, the second largest producer of lemon and limes in the southern hemisphere in 2010, their domestic market is so large that the country exports relatively little. Brazil exported 63 027 tons of lemons and limes in 2010 and its share in world exports was 2.6%. Volumes for southern hemisphere production of grapefruit for the years 2001 to 2010 are presented in Figure 61.

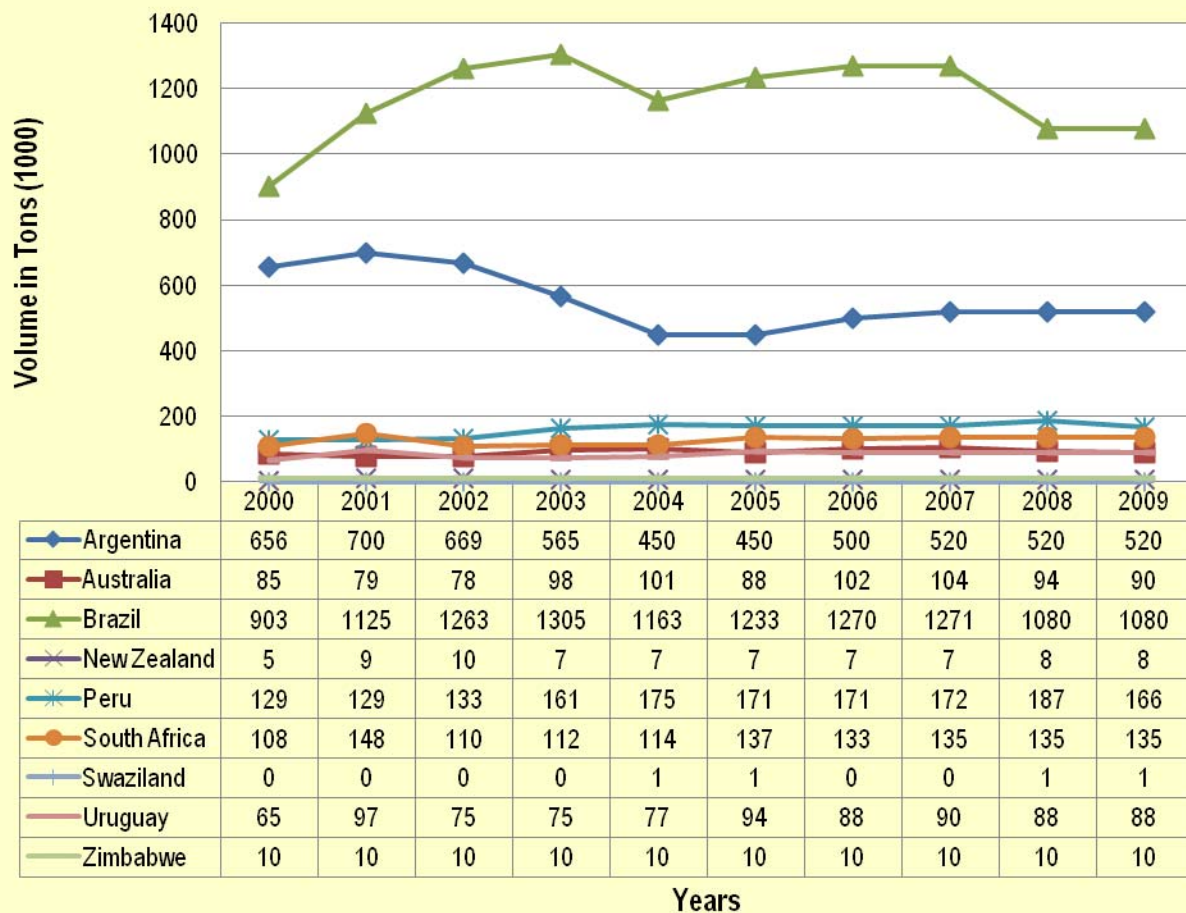
**Figure 61: Southern hemisphere production of grapefruit, 2001 - 2010**



Source: FAOSTAT

It is clear from Figure 61 that South Africa was the largest producer of grapefruit (52.0% in 2010) in the southern hemisphere. Argentina was the second largest producer with 28.6% followed by Brazil with 10.9%. In the case of Brazil, the third largest producer of grapefruit in the southern hemisphere, their domestic market is so large that the country exports relatively little. Brazil contributed 0% (627 tons in 2010) to the total southern hemisphere's grapefruit exports in 2010. Volumes of southern hemisphere production of naartjies for the years 2001 to 2010 are presented in Figure 62.

**Figure 62: Southern hemisphere production of naartjies, 2001 - 2010**



Source: FAOSTAT

It can be seen from Figure 62 that South Africa was the fourth largest producer of naartjies (6.7% in 2010) in the southern hemisphere after Brazil (52.4%), Argentina (19.8%) and Peru (10.3%). The fact that a country can produce a large output does not necessarily mean it will be a big net exporter as this depends on the size of the domestic market and whether excess produce is harvested. In the case of Brazil, the largest producer of naartjies in the southern hemisphere, their domestic market is so large that the country exports relatively little. Brazil exported 1 976 tons of naartjies in 2010 and its share in world exports was 0.0%.

#### 4. MARKET ACCESS

Barriers to trade can be divided into tariff barriers (including quotas, ad valorem tariffs, specific tariffs and entry price systems) and non tariff barriers (sanitary and phyto-sanitary measures, labels, etc). The main markets for fruit (including citrus products) employ various measures, both tariff and non tariff to protect the domestic industries. Whilst many of the non tariff measures can be justified under the auspices of issues such as health and standards, the tariff measures are increasingly under the scrutiny of the World Trade



Organization (WTO), and as such are gradually being phased out. Nevertheless, exporters need to be aware of all the barriers that they may encounter when trying to get their produce onto foreign shelves.

#### 4.1 Tariff, quotas and the price entry system

Tariffs are either designed to earn government revenue from products being imported or to raise the price of imports so as to render local produce more competitive and protect domestic industries.

Quotas can be used to protect domestic industries from excessive imports originating from areas with some form of competitive advantage (which can therefore produce lower cost produce). Tariffs and quotas are often combined, allowing the imports to enter at a certain tariff rate up to a specified quantity. Thereafter, imports from that particular region will attract higher tariffs, or will not be allowed at all. This phenomenon is referred to as tariff rate quotas (TRQs).

The entry price system, which is used in many northern hemisphere markets, makes use of multiple tariff rates during different periods when domestic producers are trying to sell their produce, and lower the tariffs during their off-season. Alternatively, the tariff rate can be a function of a market price – if the produce enters at a price which is too low (and therefore likely to be too competitive), it qualifies for a higher tariff schedule.

Whilst tariff mechanisms can be prohibitive and result in restricted market access, it is often non-tariff barriers that restrict countries like South Africa from successfully entering large and developed markets. Non-tariff barriers may include product standards, sanitary and phyto-sanitary standards (SPS), food health and safety issues, food labelling and packaging, product certification procedures, quality assurance and other standards and grades.

Table 12 presents tariffs applied by the top-ten export markets for oranges originating from South Africa during 2010. It is important to note that tariffs applied by members of the European Union are presented in Table 12 as European Union tariffs. They are therefore not reported individually. During 2010, the Netherlands, United Kingdom, Italy, and Portugal were part of the top ten markets for South African exports of oranges.

**Table 12: Tariffs applied by top-ten markets to oranges (080510) from South Africa during 2010**

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
European Union	0805102011	Fresh sweet oranges : Navels, Navelines, Navelates, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlins Of high quality	Preferential tariff for South Africa	0.00%	0.00%
	0805102019	Fresh sweet oranges : Navels, Navelines, Navelates, Salustianas, Vernas, Valencia lates, Maltese, Shamoutis, Ovalis, Trovita and Hamlins Other	Preferential tariff for South Africa	0.00%	0.00%
	0805102092	Fresh sweet oranges : Other :	Preferential tariff	0.00%	0.00%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
		Sanguines and semi-sanguines Of high quality	for South Africa		
	0805102094	Fresh sweet oranges : Other Other Sanguines and semi-sanguines Other	Preferential tariff for South Africa	0.00%	0.00%
	0805102096	Fresh sweet oranges : Other : Of high quality	Preferential tariff for South Africa	0.00%	0.00%
	0805102098	Fresh sweet oranges : Other Other Sanguines and semi-sanguines Other	Preferential tariff for South Africa	0.00%	0.00%
	0805108010	Fresh or dried oranges (excl. fresh sweet oranges) : Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805108090	Fresh or dried oranges (excl. fresh sweet oranges) : Other	Preferential tariff for South Africa	0.00%	0.00%
Russia	0805102000	Fresh or dried oranges: sweet oranges, fresh	General tariff(MFN)	5.00% or 24.41 \$/Ton whichever is the greater	5.00%
	0805108000	Fresh or dried oranges: other	General tariff(MFN)	5.00% or 24.41 \$/Ton whichever is the greater	5.00%
UAE	08051000	Citrus fruit, fresh or dried: Oranges	MFN duties (Applied)	0.00%	0.00%
Saudi Arabia	08051000	Citrus fruit, fresh or dried: Oranges	General tariff	0.00%	0.00%
United States of America	08051000	Oranges, fresh or dried	Preferential tariff for AGOA countries	0.00%	0.00%
Hong Kong	08051000	Citrus fruit, fresh or dried: Oranges	MFN duties (Applied)	0.00%	0.00%
Kuwait	08051000	Citrus fruit, fresh or dried: Oranges	MFN duties (Applied)	0.00%	0.00%
Canada	08051000	Fresh or dried oranges	MFN duties (Applied)	0.00%	0.00%
Malaysia	08051000A	Fresh or dried oranges: Fresh	MFN duties (Applied)	0.00%	0.00%
	08051000B	Fresh or dried oranges: Dried	MFN duties (Applied)	5.00%	5.00%
Iran	08051000	Fresh or dried oranges	General tariff	45.00%	45.00%

Source: Market Access Map, ITC

It can be observed from Table 12 that South African oranges enter European Union member states (Netherlands, UK, Italy and Belgium) through a preferential tariff for South Africa. The tariffs are the result of the Trade, Development and Cooperation Agreement (TDCA) between the European Union and South Africa. Similarly, South African oranges gain access into the USA through both the African Growth and Opportunities Act (AGOA) and the General System of Preferences (GSP). South African oranges face the highest tariff (45%) in Iran. The Russian Federation also imposes a 5% duty of imports of oranges originating from South Africa.

Table 13 presents tariffs applied by the top-ten export markets to lemons and limes originating from South Africa during 2010. The tariffs applied by the European Union member states are also presented as EU tariffs and not individually. EU member states that featured in the top-ten markets for South African lemons and limes during 2010 are the Netherlands, United Kingdom and Italy. Other countries that featured in the list are the United Arab Emirates, Russia, Saudi Arabia, Hong Kong, Kuwait, Malaysia, Singapore, and Bahrain.

**Table 13: Tariffs applied by top-ten markets to lemons and limes (080550) from South Africa during 2010**

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
United Arab Emirates	08055010	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Fresh	MFN duties (Applied)	0.00%	0.00%
	08055020	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Dried	MFN duties (Applied)	0.00%	0.00%
European Union	080550101001	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 55.8 EUR/100 kg	MFN duties (Applied)	6.40%	6.40%
	080550101002	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 54.7 EUR/100 kg	MFN duties (Applied)	6.40% + 13.43 \$/Ton	8.13%
	080550101003	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 53.6 EUR/100 kg	MFN duties (Applied)	6.40% + 26.86 \$/Ton	9.86%
	080550101004	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 52.5 EUR/100 kg	MFN duties (Applied)	6.40% + 40.28 \$/Ton	11.58%
	080550101005	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 51.3 EUR/100 kg	MFN duties (Applied)	6.40% + 54.93 \$/Ton	13.47%
	080550101006	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 50.2 EUR/100 kg	MFN duties (Applied)	6.40% + 68.36 \$/Ton	15.20%
	080550101007	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 49.1 EUR/100 kg	MFN duties (Applied)	6.40% + 81.79 \$/Ton	16.92%
	080550101008	Fresh or dried lemons `Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 48 EUR/100 kg	MFN duties (Applied)	6.40% + 95.22 \$/Ton	18.65%
	080550101009	Fresh or dried lemons `Citrus limon,	MFN duties	6.40% +	20.38%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
		Citrus limonum` : Fresh. If the declared price is higher than or equal to 46.9 EUR/100 kg	(Applied)	108.64 \$/Ton	
	080550101010	Fresh or dried lemons` Citrus limon, Citrus limonum` : Fresh. If the declared price is higher than or equal to 0 EUR/100 kg	MFN duties (Applied)	6.40% + 312.50 \$/Ton	46.61%
	080550109001	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 55.8 EUR/100 kg	MFN duties (Applied)	6.40%	6.40%
	080550109002	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 54.7 EUR/100 kg	MFN duties (Applied)	6.40% + 13.43 \$/Ton	8.13%
	080550109003	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 53.6 EUR/100 kg	MFN duties (Applied)	6.40% + 26.86 \$/Ton	9.86%
	080550109004	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 52.5 EUR/100 kg	MFN duties (Applied)	6.40% + 40.28 \$/Ton	11.58%
	080550109005	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 51.3 EUR/100 kg	MFN duties (Applied)	6.40% + 54.93 \$/Ton	13.47%
	080550109006	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 50.2 EUR/100 kg	MFN duties (Applied)	6.40% + 68.36 \$/Ton	15.20%
	080550109007	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 49.1 EUR/100 kg	MFN duties (Applied)	6.40% + 81.79 \$/Ton	16.92%
	080550109008	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 48 EUR/100 kg	MFN duties (Applied)	6.40% + 95.22 \$/Ton	18.65%
	080550109009	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 46.9 EUR/100 kg	MFN duties (Applied)	6.40% + 108.64 \$/Ton	20.38%
	080550109010	Fresh or dried lemons` Citrus limon, Citrus limonum` : Other. If the declared price is higher than or equal to 0 EUR/100 kg	MFN duties (Applied)	6.40% + 312.50 \$/Ton	46.61%
	0805509011	Fresh or dried limes` Citrus aurantifolia, Citrus latifolia` : Fresh Limes (Citrus latifolia)	Preferential tariff for South Africa	0.00%	0.00%
	0805509019	Fresh or dried limes` Citrus	Preferential	0.00%	0.00%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
		aurantifolia, Citrus latifolia` : Fresh Other	tariff for South Africa		
	0805509091	Fresh or dried limes `Citrus aurantifolia, Citrus latifolia` : Other : Limes (Citrus latifolia)	Preferential tariff for South Africa	0.00%	0.00%
	0805509099	Fresh or dried limes `Citrus aurantifolia, Citrus latifolia` : Other Other	Preferential tariff for South Africa	0.00%	0.00%
Russia	0805501000	Fresh or dried lemons Citrus limon, Citrus limonum` and limes `Citrus aurantifolia, Citrus latifolia`` : lemons (Citrus limon, Citrus limonum)	General tariff(MFN)	5.00% or 42.72 \$/Ton whichever is the greater	7.71%
	0805509000	Fresh or dried lemons Citrus limon, Citrus limonum` and limes `Citrus aurantifolia, Citrus latifolia`` : limes (Citrus aurantifolia, Citrus latifolia)	General tariff(MFN)	5.00% or 42.72 \$/Ton whichever is the greater	6.61%
Saudi Arabia	08055010	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Fresh	General tariff	0.00%	0.00%
	08055020	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Dried	General tariff	0.00%	0.00%
Hong Kong	08055000	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia)	MFN duties (Applied)	0.00%	0.00%
Kuwait	08055010	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Fresh	MFN duties (Applied)	0.00%	0.00%
	08055020	Citrus fruit, fresh or dried: Lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia): Dried	MFN duties (Applied)	0.00%	0.00%
Malaysia	08055000	Fresh or dried lemons `Citrus limon, Citrus limonum` and limes `Citrus aurantifolia, Citrus latifolia`	MFN duties (Applied)	5.00%	5.00%
Singapore	08055000	LEMONS & LIMES FRESH OR DRIED (TNE)	MFN duties (Applied)	0.00%	0.00%
Bahrain	08055010	Fresh or dried lemons Citrus limon, Citrus limonum` and limes `Citrus aurantifolia, Citrus latifolia` : fresh lemons	MFN duties (Applied)	0.00%	0.00%
	08055020	Fresh or dried lemons Citrus limon, Citrus limonum` and limes `Citrus aurantifolia, Citrus latifolia` : dried lemons	MFN duties (Applied)	0.00%	0.00%

Source: Market Access Map, ITC

Table 13 indicates that South African lemons do not have preferential access into the European markets. This is an indication that lemons did not form part of the list of products whose tariffs were to be reduced when the TDCA came into effect. They may have been on the list that the European Union member states classified as sensitive products and therefore did not form part of the negotiations. Limes however enter the European Union through preferential tariffs for South Africa. South African lemons and limes face 0% duties in Saudi Arabia, Hong Kong, Kuwait, Singapore, and Bahrain markets. Russia imposes import duties of 7.71% and 6.61% on lemons and limes respectively while lemons and limes entering Malaysia faces a 5% MFN duty.

Table 14 presents tariffs applied by the top-ten export markets to grapefruit originating from South Africa during 2010. The Netherlands, United Kingdom, Italy, Germany, and France featured in the top-ten markets for South African grapefruits in 2010. These countries are members of the European Union and their tariffs will be presented collectively as European Union tariffs. Other countries that featured in the list are Japan, Russia, Canada, Hong Kong, Mozambique, United Arab Emirates, Chinese Taipei, and Saudi Arabia.

**Table 14: Tariffs applied by top-ten markets to grapefruit (080540) from South Africa during 2010**

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
Japan	0805400001	Grapefruit, including pomelos, fresh or dried, if imported during the period from 1st June to 30th November	MFN duties (Applied)	10.00%	10.00%
	0805400002	Grapefruit, including pomelos, fresh or dried, if imported during the period from 1st December to 31st May	MFN duties (Applied)	10.00%	10.00%
European Union	0805400011	Fresh or dried grapefruit : Fresh White	Preferential tariff for South Africa	0.00%	0.00%
	0805400019	Fresh or dried grapefruit : Pink	Preferential tariff for South Africa	0.00%	0.00%
	0805400090	Fresh or dried grapefruit : Other	Preferential tariff for South Africa	0.00%	0.00%
Russia	0805400000	Fresh or dried grapefruit	General tariff(MFN)	5.00% or 24.41 \$/Ton whichever is the greater	5.00%
Canada	08054000	Fresh or dried grapefruit	MFN duties (Applied)	0.00%	0.00%
Hong Kong	08054000	Citrus fruit, fresh or dried: Grapefruit, including pomelos	MFN duties (Applied)	0.00%	0.00%
Mozambique	08054000	Toranzas e pomelos, frescas ou secas	Preferential tariff for South Africa	15.00%	15.00%
United Arab Emirates	08054000	Citrus fruit, fresh or dried: Grapefruit, including pomelos	MFN duties (Applied)	0.00%	0.00%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
Chinese Taipei	08054020	Pomelos, fresh or dried	General tariff	184.00%	184.00%
	08054091	Other grapefruit, fresh or dried (Imported from 1st January to 30th September each year)	General tariff	15.00%	15.00%
	08054092	Other grapefruit, fresh or dried (Imported from 1st October to 31st December each year)	General tariff	30.00%	30.00%
Saudi Arabia	08054000	Citrus fruit, fresh or dried: Grapefruit, including pomelos	General tariff	0.00%	0.00%

Source: Market Access Map, ITC

South African grapefruits enter European Union member states markets duty-free through a preferential tariff for South Africa while Japan imposes a 10% MFN duty on grapefruit originating from South Africa. Russia imposes a 5% or 24.41 \$/ton (whichever is the greater) while Canada, Hong Kong, UAE, and Saudi Arabia apply a 0% MFN tariff on South African grapefruit exports. Mozambique imposes a 15% preferential tariff on South African grapefruits exports while the Chinese Taipei imposes duties ranging from 15% to as high as 184% to grapefruits originating from South Africa.

Table 15 presents tariffs applied by the top-ten export markets to naartjies originating from South Africa during 2010. Tariffs for European Union member states are presented together as EU tariffs and not individually. During 2010, EU members that featured in the top ten markets for South African naartjies were the United Kingdom, Netherlands and Ireland. Other countries that featured in the list are Russia, United States of America, Hong Kong, Canada, United Arab Emirates, Saudi Arabia, Kuwait, Mauritius, and Iran.

**Table 15: Tariffs applied by top-ten markets to naartjies (080520) from South Africa during 2010**

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
European Union	0805201005	Fresh or dried clementines : Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805201099	Fresh or dried clementines : Other	Preferential tariff for South Africa	0.00%	0.00%
	0805203005	Fresh or dried monreales and satsumas : Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805203099	Fresh or dried monreales and satsumas : Other	Preferential tariff for South Africa	0.00%	0.00%
	0805205007	Fresh or dried mandarins and wilkings : Mandarins Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805205029	Fresh or dried mandarins and wilkings : Other	Preferential tariff for South Africa	0.00%	0.00%
	0805205037	Fresh or dried mandarins and wilkings : Wilkings Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805205089	Fresh or dried mandarins and wilkings : Other	Preferential tariff for South Africa	0.00%	0.00%
	0805207005	Fresh or dried tangerines : Fresh	Preferential tariff for South Africa	0.00%	0.00%
	0805207099	Fresh or dried tangerines : Other	Preferential tariff	0.00%	0.00%

COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
			for South Africa		
	0805209005	Fresh or dried tangelos, ortaniques, malaquinas and similar citrus hybrids (excl. clementines, monreales, satsumas, mandarins, wilkings and tangerines) : Fresh Citrus hybrids known as `minneolas`	Preferential tariff for South Africa	0.00%	0.00%
	0805209009	Fresh or dried tangelos, ortaniques, malaquinas and similar citrus hybrids (excl. clementines, monreales, satsumas, mandarins, wilkings and tangerines) : Fresh Other	Preferential tariff for South Africa	0.00%	0.00%
	0805209091	Fresh or dried tangelos, ortaniques, malaquinas and similar citrus hybrids (excl. clementines, monreales, satsumas, mandarins, wilkings and tangerines) : Other : Citrus hybrids known as `minneolas`	Preferential tariff for South Africa	0.00%	0.00%
	0805209099	Fresh or dried tangelos, ortaniques, malaquinas and similar citrus hybrids (excl. clementines, monreales, satsumas, mandarins, wilkings and tangerines) : Other Other	Preferential tariff for South Africa	0.00%	0.00%
Russia	0805201000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids: clementines	General tariff(MFN)	5.00% or 36.62 \$/Ton whichever is the greater	5.23%
	0805201000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids: clementines	Preferential tariff for GSP countries	3.75% or 27.47 \$/Ton whichever is the greater	3.92%
	0805203000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids: monreales and satsumas	General tariff(MFN)	5.00% or 36.62 \$/Ton whichever is the greater	6.71%
	0805203000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids: monreales and satsumas	Preferential tariff for GSP countries	3.75% or 27.47 \$/Ton whichever is the greater	5.03%
	0805205000	Fresh or dried mandarins incl. tangerines and satsumas,	General tariff(MFN)	5.00% or 36.62	6.85%



COUNTRY	HS CODE	PRODUCT DESCRIPTION	TRADE REGIME	APPLIED TARIFFS	TOTAL AD VALOREM EQUIVALENT TARIFF
		clementines, wilkings and similar citrus hybrids: mandarins and wilkings		\$/Ton whichever is the greater	
USA	08052000	Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids, fresh or dried	Preferential tariff for AGOA countries	0.00%	0.00%
Hong Kong	08052010	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids: Mandarins	MFN duties (Applied)	0.00%	0.00%
	08052090	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids: Other	MFN duties (Applied)	0.00%	0.00%
Canada	08052000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids	MFN duties (Applied)	0.00%	0.00%
UAE	08052000	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	MFN duties (Applied)	0.00%	0.00%
Saudi Arabia	08052000	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	General tariff	0.00%	0.00%
Kuwait	08052000	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	MFN duties (Applied)	0.00%	0.00%
Mauritius	08052000	Citrus fruit, fresh or dried: Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids	MFN duties (Applied)	0.00%	0.00%
Iran	08052000	Fresh or dried mandarins incl. tangerines and satsumas, clementines, wilkings and similar citrus hybrids	General tariff	45.00%	45.00%

Source: Market Access Map, ITC

European Union member states impose a 0.0% preferential tariff for South Africa for all naartjies originating from South Africa. Russia imposes general tariffs (MFN) ranging from 3.92% to 6.71% while Canada, Hong Kong, the UAE, Saudi Arabia, Kuwait, and Mauritius impose a 0.0% MFN duty. South African naartjies enter the USA market duty-free as a result of the AGOA. Iran imposes the highest import duty on naartjies originating from South Africa at 45%.

In reality, the tariffs are likely to be far lower for South Africa when considering the preferential agreements, but at the same time, most tariff structures are particularly complex, with quotas, seasonal tariffs and specific tariffs (an amount per unit rather than a percentage of value) all contributing to many different tariff lines and often higher duties payable than one might have anticipated initially. One must also bear in mind that most tariffs are designated to protect domestic industries, and as such are likely to discriminate against those attempting to compete with the domestic producers of that country.

## **4.2 Non tariff barriers**

### **4.2.1 Quality standards**

The procedure for setting standards was followed again in 2009 and the different variety focus groups (VFGs) once again assisted the DAFF by making recommendations on the different quality standards.

### **4.2.2 Biosecurity**

South Africa continued to monitor the movement of *Bactrocera Invadens* (BI) to the North. Traps have been set up along all northern borders and are being continuously monitored. To date no BI have been found. A focussed BI steering committee has been established consisting of government and fruit industry representatives. The stockpile of chemicals has been renewed and is available for eradication purposes should BI be found.

### **4.2.3 Plant Protection Product (PPP) database**

Being able to comply with PPP Maximum Residue Levels (MRLs) remains the cornerstone to official and private food safety standards. CGA's PPP database was created to become a web-based tool to store, manage and share the mounting volume of technical and commercial data relating to PPPs and MRLs used on export citrus in southern Africa. Further developments to the system in 2008/9 included: The ability to record reasons for MRL changes; functionality to track the "history" of an active and MRLs over time; making the system more user-friendly. In the near future the PPP database will go "live" for use by producers, agrochemical supply companies and general users, whereas to date it has been for internal CGA/CRI use only.

## **4.3 European Union (EU)**

The interceptions of South African fruit with Citrus Black Spot (CBS) in Europe declined considerably in 2009, dropping by 75%. During 2009 a delegation from the Food and Veterinary Office (FVO) of the EU visited South Africa as a follow up to the European Food Safety Authorities (EFSA) report. The FVO delegation found that the South African citrus industry is largely compliant with all requirements.

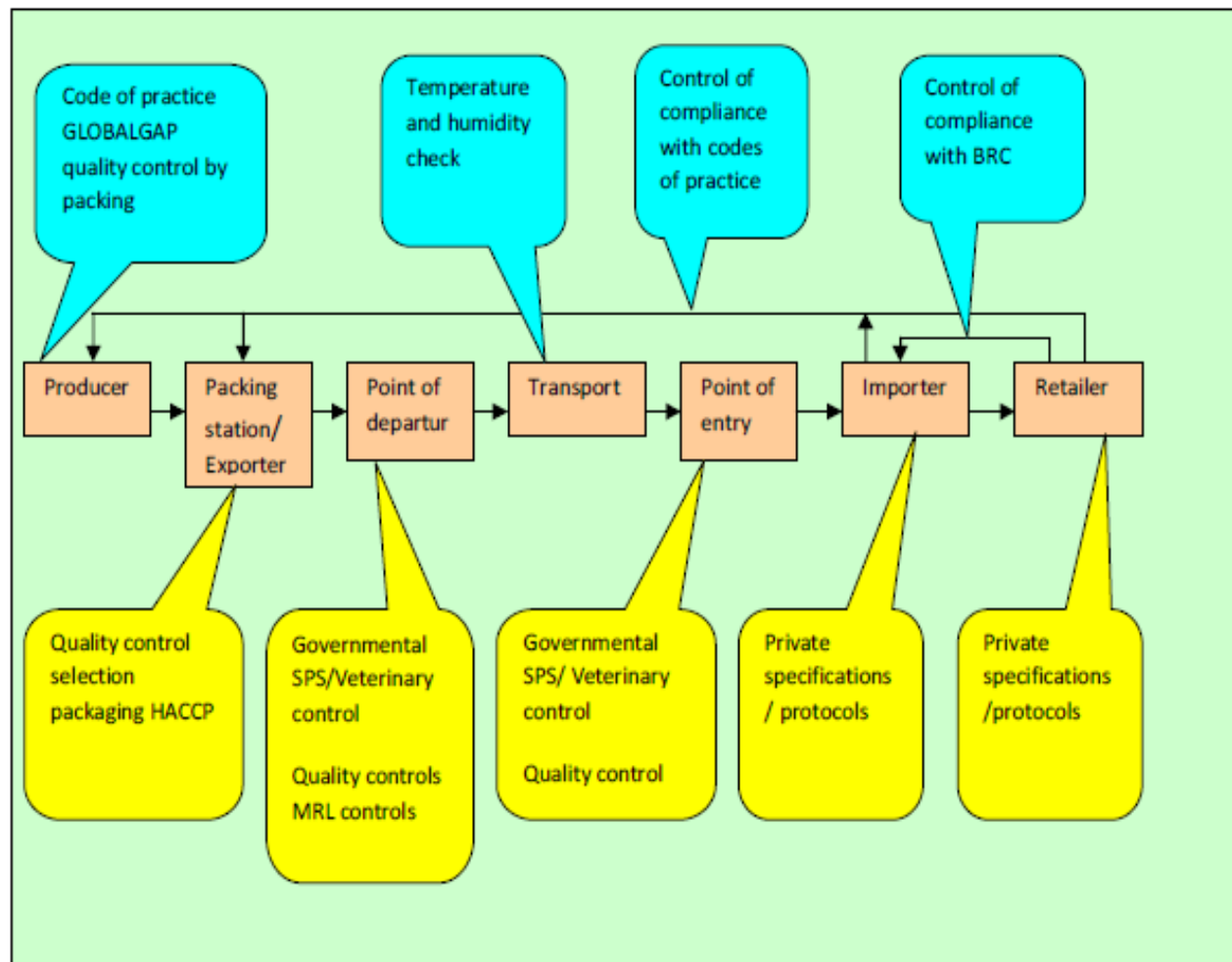
Landmark Europe continues to represent the CGA in Brussels and continues to assist the CGA in monitoring the CBS issue, keeping the CGA abreast of developments, and keeping EU officials informed of developments from a South African point of view.

#### **4.4 Consumer health and safety requirements**

Increasing consumer conscience about health and safety issues has prompted a number of safety initiatives in Europe, such as GLOBALPGAP (formerly EUREPGAP) on good agricultural practices (GAP) by the main European retailers, the international management system of HACCP, which is independently certified and required by legislation for European producers as well as food imported into Europe (EC 852/2004), and the ISO 9000 management standards system (for producers and working methods) which is certified by the International Standards Organization (ISO).

The development of public and private standards involves interventions at multiple points along the value chain. An illustration of the multiple points and multiple standards that are applied for fresh fruit and vegetables and for fish is shown in Figure 63. There are controls by different agents carried out in different ways at different points along the value chain in response to the requirements of private sector companies, coalitions of private-sector standards setters and public agencies. Standards in agribusiness value chains operate, by definition, at multiple points. They are created, adopted, applied and verified by different actors (enterprises and institutions) at different points in the value chain.

Figure 63: Food safety and quality control in the fruit and vegetable supply chains



Source: UNIDO

#### 4.5 Japan

The Grapefruit Focus Group (GFG) decided to continue with co-ordination of shipments of grapefruit into Japan. Coordinators were employed in both South Africa and Japan. Shipments were monitored and adjusted to ensure rateable delivery to Japan and to keep stocks at acceptable levels (three weeks of sales). This initiative was deemed a success.

Growers considered the recommendations with regard to promotions in Japan. It was agreed that any promotions would need to be accompanied by good quality fruit and co-ordinated shipping. The promotion of South African grapefruits in Japan is currently under. The initiative is funded through statutory levies paid by producers who export grapefruits to Japan.

## 4.6 United States of America

During February 2010 the USA finalised the rule-making process for the inclusion of 16 new magisterial districts to export to the USA. This means that these magisterial districts situated in the Northern Cape, Free State and North West can export to the USA from 2010. Given the fact that the magisterial districts are suitable for grapefruit production, this could mean that the full basket of citrus will now be offered from South Africa to the USA.

## 5. DISTRIBUTION CHANNELS

There are roughly three distinct sales channels for exporting fruits. One can sell directly to an importer with or without the assistance of an agent. One can supply fruits combined, which will then contract out importers/marketers and try to take advantage of economies of scale and increased bargaining power. At the same time combined fruits might also supply large retail chains. One can also be a member of a private or cooperative export organization which will find agents or importers and market the produce collectively. Similar to combined fruits, an export organization can either supply wholesale market or retail chains, depending on particular circumstances. Export organizations will wash, sort and package the produce.

They will also market the goods under their own name or on behalf of the member, which includes taking care of labelling, bar-coding, etc. Most of the time, export organizations will enter into a collective agreements with freight forwarders, negotiating better prices and services (more regular transport, lower peak season prices, etc). Some countries have institutions that handle all the produce (membership compulsory) and sell only to a restricted number of selected importers.

Agents will establish contacts between producers/export organizations and buyers in the importing country, and will usually take between 2% and 3% commission. In contrast, an importer will buy and sell his/her own capacity, assuming the full risk (unless on consignment). They will also be responsible for clearing the produce through customs, packaging and assuring label/quality compliance and distribution of the produce. Their margins lie between 5% and 10%. The contract importers of fruit combines market and distribute the produce of the combines, clear it through customs and in some cases treat and package it.

Only few exporters have long term contracts with wholesale grocers who deliver directly to retail shops, but with the increasing importance of standards (EUREGAP, etc) and the year round availability of fruit, the planning of long term contractual relationship is expected to increase.

## 6. LOGISTICS

### 6.1 Mode of transport

The transport of fruits falls into two categories namely ocean cargo and air cargo. Ocean cargo takes much longer to reach the desired location but costing considerably less. The choice of transportation method

depends, for most parts on the fragility of the produce and how long it can remain relatively fresh. With the advent of technology and container improvements, the feasibility, cost and attractiveness of sea transport have improved considerably. With the increased exports by South Africa, the number and the regularity of maritime routes have increased. These economies of scale could benefit South Africa if more producers were to become exporters and take advantage of the various ports which have special capabilities in handling fruit produce (Durban new fruit terminal).

## **6.2 Cold chain management**

Cold chain management is crucial when handling perishable products, from the initial packing houses to the refrigerated container trucks that transport the produce to the shipping terminals, through to the storage facilities at these terminals, onto actual shipping vessels and containers, and finally on to the importers and distributors that must clear the produce and transport it to the markets/retail outlets. For every 10 Degree Celsius increase above the recommended temperature, the rate of respiration and ripening of produce can increase twice or even thrice. Related to this are increasing important traceability standards which require an efficient controlled supply chain and internationally accepted business standards.

## **6.3 Packaging**

Packaging can also play an important role in ensuring safe and efficient transport of a product and conforming to handling requirements, uniformity recyclable material specifications, phytosanitary requirements, proper storage needs and even attractiveness for marketing purposes.

The business panel of any carton (including printed carton labels) should comply with the requirements as established by the EU or any other regulations that are specified by a target market. Producers are advised to present their designs to the Perishable Products Export Control Board (PPECB) before they can order any cartons from a manufacturer. The following is normally required:

- Class I or II
- Fruit type
- Carton depth
- Country of Origin: "Produce of South Africa"
- Complete address of exporter or producer
- Name of variety
- Content of carton: "14 x punnets or bags"
- PUC or PHC code: Registered producer – or Pack House Code with DAFF
- Date code
- Food safety accreditation number: Global Gap, Nature's Choice registration number, etc

## **7. MARKET VALUE CHAIN**

This analysis of the citrus marketing value chain is simplified because numerous interconnections were omitted and the size, levels of control and importance of each of the links and flows could not possibly be shown in a single diagram. In the citrus value chain, harvested fruit may go to the fresh fruit market, in

order to be consumed fresh, or squeezed freshly at home to be consumed as juice, or it may enter the processing industry, in order to obtain juice (mainly in the form of Frozen Concentrated Orange Juice (FCOJ) for ease of transport in international trade) and other by-products. There is an increasing competition in this sector, with restructuring and changes in the marketing chain, in a context of globalization. The market is increasingly consumer driven.

The following discussion will focus on the main segments of the citrus value chain namely: domestic and export markets, processing industry, global retail chains and consumers. The citrus value chain is presented in Figure 64.

Figure 64: The citrus value chain



Source: UNCTAD Secretariat

## 7.1 Domestic and export markets

Locally, citrus fruit sold for the fresh market is taken to pack houses where it is graded and packed. It is then transported for distribution to retailers such as grocery stores. Culled fruit not meeting grade for fresh market is transported to processing plants for juice extraction. Bulk juice is moved to concentrate plants for evaporation and freezing into frozen concentrate or to canning plants for retail packaging. Retail packaged citrus juice may be sold to retailers for sale to consumers under a nationally advertised brand or private grocery chain label. As citrus products change form and move through market channels, value is added



from labour, capital and management.

The industry is linked to input supply businesses that provide fertilizers, chemicals, orchard care services, packaging materials, transportation, etc. Labour for citrus production and processing is provided by labourers in farms and from surrounding towns. The export market is more important for the fresh citrus fruits from South Africa than for juice.

## **7.2 Processing industry**

There are two kinds of juice processors: bulk processors who produce most of the world's orange juice and marketing processors who sell the packaged juice under their own brand name and often purchase additional juice from bulk processors. The beverage industry buys the juice concentrate in order to add the water and transform, bottle and market it. These bottlers have undergone a process of mergers and acquisitions (e.g. Coca Cola with Minute Maid and Pepsi Cola with Tropicana)

## **7.3 Global retail chains**

Global retail chains are playing an increasing role in the distribution of produce in South Africa and other developed countries (particularly in the EU and USA). This tendency is also developing in Latin America and Asia. Increasing concentration and consolidation in retail chains, as well as their global expansion has improved their position and augmented their buying power in the market. It allows them to influence the marketing chain in order to better control it. They impose more stringent requirements when determining conditions of production and distribution. Supermarkets demand higher quantities, better qualities and lower prices.

This downstream shift of power in the produce marketing chain is leading to increased vertical coordination mainly through supply chain management practices. Supermarkets tend to build long-term relationships with preferred suppliers in order to guarantee continuous supply at the required levels of quality. The NFPMs' importance has declined dramatically as long-term relationships between retailers and growers have developed. Following suit, some citrus fruits growers and citrus processing companies are reacting, shifting from their production orientation to a more market oriented approach, improving supply chain management, in order to better meet consumers' demands. The new marketing and trade practices of retail chains also include slotting allowances and fees, in order to place the product on supermarket shelves, special packaging and other marketing and trade promotion services.

## **7.4 Final consumer**

Consumer preferences are changing and they are demanding more healthy and natural products (they are becoming increasingly aware of the health and nutritive benefits of eating more fresh fruit and fruit juices). Consumers are also more interested in dietary issues, in consuming more food low in fat and sugar, and this favours fruit consumption. Food safety has also become a very significant issue, particularly after the food scares in Europe. Consumers demand higher quality of the food they consume and they are interested in the taste, appearance or shape of the fruit. They want to be informed about the food they are consuming

through appropriate labelling and tracking and traceability schemes. They are also interested in innovation, showing an increasing taste for variety and demanding the continuing presence of new products. At the same time, new lifestyles have led to increased preferences for quick and easy to prepare food. Convenience has become an important factor in produce demand. This favors particularly the consumption of juice and easy to peel fruit, such as clementines. In addition, consumers are also ever more concerned about production conditions, both environmental and social, demanding more organic and fair-trade products.

## **8. ORGANIZATIONAL ANALYSIS**

### **8.1 Producer and associated organizations**

The main association responsible for the citrus industry in South Africa is the Citrus Growers Association of Southern Africa (CGA). Its objectives are as follows:

- Providing the industry with access to global markets,
- Optimizing cost effective production of quality fruit,
- Continual commitment to research, development and communication with all stakeholders,
- Caring for the environment and the community within which the citrus farmers operate.

The CGA was established by citrus growers in the wake of deregulation. Growers were concerned that certain functions previously carried out by the Citrus Board could be discontinued or downsized. With the demise of a single channel marketing system there are often questions about “who represents the citrus grower?” The CGA believes that it is their role to fill this void. Growers’ interests are furthered through representation to citrus industry stakeholders – including government, exporters, research institutions and suppliers to the citrus industry. The CGA represents the interests of the producers of export citrus. In total 1 400 growers throughout Southern Africa (including Zimbabwe and Swaziland) are members of the Association.

### **8.2 Strengths, Weaknesses, Opportunities and Threat analysis**

Some of the strengths, weaknesses, threats and opportunities of the citrus production sector in South Africa are presented in Figure 65.

**Figure 65: Strengths, weaknesses, threats and opportunities for the South African citrus industry**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• The industry's export operations and leading players are well established.</li> <li>• An efficient export infrastructure exists and market access has been improved.</li> <li>• The South African citrus industry is known for excellent overall quality for fruit (strong reputation in major international markets).</li> <li>• Sound communication mechanisms to majority of industrial participants.</li> <li>• High level of investment in current technology within pack houses and cold chain facilities.</li> <li>• Industry has all traceability systems in place, as required by accreditation protocols.</li> </ul>	<ul style="list-style-type: none"> <li>• Production is largely dependent on climatic conditions which can only be partially manipulated by man through irrigation.</li> <li>• Deteriorating research infrastructure and capacity may limit new technology development in the future.</li> <li>• Saturation of traditional export markets.</li> <li>• Reliance on the UK and EU as main export market.</li> <li>• Relatively high input and capital costs.</li> <li>• Volatile fruit prices</li> <li>• An element of fragmentation in the industry.</li> <li>• Lengthy supply chain beyond the pack house.</li> <li>• Lack of industry control on efficiency and productivity in supply chain beyond farm gate and pack house door.</li> <li>• Poor skills and knowledge of the new entrants.</li> <li>• Delays due to degradation of the supporting infrastructure within the supply chain (handling facilities at ports, roads and energy supply).</li> <li>• Commercial and other barriers still exist for new entrants (particularly small scale farmers)</li> </ul>
Threats	Opportunities
<ul style="list-style-type: none"> <li>• Increased competition from the Southern Hemisphere counterparts like Chile, Brazil, and Argentina.</li> <li>• Oversupply of fruit into established export markets.</li> <li>• Availability and cost of irrigation water.</li> <li>• Impact of climate change especially in the Western Cape.</li> <li>• Inflation rate with regard to cost of labour and farming and also packing prerequisites.</li> <li>• Currency variability.</li> <li>• Increased protectionism by the EU and other established markets.</li> <li>• Citrus fruit diseases.</li> </ul>	<ul style="list-style-type: none"> <li>• Market access initiatives to the Middle East, Asia (India, Indonesia) and China.</li> <li>• Increasing demand due to the consumers demand for healthy diets.</li> <li>• Potential for increased local market consumption.</li> <li>• Increased urbanization.</li> <li>• Harmonization of the institutional environment.</li> </ul>

## **9. EMPOWERMENT ISSUES AND TRANSFORMATION OF THE AGRICULTURE SECTOR**

### **9.1 Youth in citrus**

The CGA has in the past few years published two publications under the transformation portfolio, namely 'Our Citrus Transforms' and 'Women in Citrus'. Following the publication of those publications, the CGA has published 'Youth in Citrus' which highlight the importance of the youth in the citrus sector. The publication also aims to motivate the youth to be involved in agriculture in general and in the citrus industry in particular.

### **9.2 Mentorship**

The DAFF has joined with CGA in an initiative aimed at transferring skills from established citrus growers to new entrants in the industry. The DAFF has provided funding, while CGA has identified mentors and mentees, established agreements with these parties, and monitored progress on these farms. Dr Richard Bates was contracted by CGA to administer and monitor progress. Starting from 2010, the mentorship programme will be funded by provinces from the CASP fund.

The CGA has established a manual that guides mentorship activities. This manual provides detail on the roles and responsibilities of all those involved in the mentorship programme. Detailed reports on the different mentorship initiatives are available from CGA.

### **9.3 Extension**

CGA has two extension personnel (seconded to CRI) dedicated to assist emerging growers from the north (Mpumalanga, Limpopo and Kwazulu Natal) and south region (Eastern Cape, Western Cape and Kwazulu Natal). The CGA has requested the provincial departments of agriculture and rural development to provide government extension personnel who will be trained as citrus specialists to provide support to growers. The CGA has already signed a memorandum of understanding (MoU) with the Limpopo department and is now in the process of signing other MoUs with the Eastern Cape and KZN provinces.

## **10. BUSINESS OPPORTUNITIES AND CHALLENGES**

### **10.1 Business opportunities**

The formation of associations focusing on targeted markets, sharing logistics and coordinating marketing plans are becoming a norm. There is a greater maturity and an understanding for the need to coordinate without sacrificing enterprise.

Prospects for growth and development in Southern African citrus industry depends on the availability of water and meeting the markets needs. The industry is export – driven, and the local market cannot sustain large volumes of the fruit as a result the challenge on South African farmers to acquire new markets with attractive prices to cover the cost of inputs.

Export volumes have doubled over the past 30 years, from some 38 million cartons before deregulation to more than 70 million cartons in 2007. This was mainly due to more exporters discovering and developing new markets. It means that citrus export volumes are distributed to a wider array of markets and as a result producers are less vulnerable to market collapses.

The end of pooling system whereby all fruit would come through a single channel was good for growers. Regardless of quality, all growers would get an average price at the end of the day under the old system. Its abolishment has meant that growers are now properly compensated for good quality and costs are more transparent.

As far as citrus exporting is concerned, members find it difficult to compete price- wise on the normally over supplied world markets against countries like Brazil and USA in terms of processed citrus (apart from acid content, which is low sugar/ acid ratios). SA valencia concentrates often necessitate local processors to trade at 5-10 % below the world prices, while the unit price is high.

## 10.2 Challenges

**The rising costs of production:** With added requirements of food safety and traceability adding to the cost of administration burden, many smaller farming units are becoming unsustainable.

**Legislative requirements** such as labour, water and environmental laws and skills development requirements are becoming cumbersome and making the business of citrus farming less profitable.

**Global harmonization of standards:** without global harmonization of in food safety and good agricultural practice standards then the additional costs and administration will take their toll on grower returns and profitability. Retailers and other supply chain role players must work together to make harmonized standards a reality – inspected once, accepted everywhere must be a reality. Otherwise it will only be certification agencies that will prosper.

**Global warming:** According to producers global warming is affecting western seaboard of the southern hemisphere countries, and the rising of the transport cost – which accounts for 30 – 40% of the price of getting a piece of fruit to the market. It is clear that the industry has some hurdles to overcome.

**Emerging sector:** Despite all the support that was received through partnerships created, the environment under which emerging farmers operate continues to demand improvement on the following:

- Use of title deeds as a form of collateral.
- Capacity and capability of trust and Community Property Associations (CPA) to engage on commercial ventures.
- Accessibility to support programs from the government and other role-players.

- Credit policies of various financial institutions.

## 11. ACKNOWLEDGEMENTS

### THE FOLLOWING INSTITUTIONS ARE ACKNOWLEDGED

#### 11.1 National Agricultural Marketing Council

Private Bag X 935  
Pretoria  
0001  
Tel (012) 341 1115  
Fax (012) 341 1811  
Web: [www.namc.co.za](http://www.namc.co.za)

#### 11.2 Citrus Growers Association of Southern Africa

P.O Box 461  
Hillcrest  
3650  
Tel (031) 765 2514  
Fax: (031) 765 8029  
[www.cga.co.za](http://www.cga.co.za)

#### 11.3 Quantec

[www.quantec.co.za](http://www.quantec.co.za)

#### 11.4 S. A Citrus Processor Association

P.O Box 4417  
Tzaneen  
0850  
082 410 5252  
Email [jsheppard@telkomsa.net](mailto:jsheppard@telkomsa.net)

#### 11.5 National Department of Agriculture, Forestry and Fisheries

Directorate: Statistics and Economic Analysis  
Private X246  
Pretoria  
0001  
Tel (012) 319 84 54  
Fax (012) 319 8031  
[www.daff.gov.za](http://www.daff.gov.za)

#### 11.6 Trade and Industry Policy Strategies (TIPS)

P.O. Box 11214  
Hatfield  
0028

Tel (012) 322 7181  
Fax (012) 431 7910  
[www.tips.co.za](http://www.tips.co.za)

**11.7 United Nations Conference on Trade and Development (UNCTAD)**  
[www.unctad.org](http://www.unctad.org)

**11.8 International Trade Centre (ITC)**  
[www.trademap.org](http://www.trademap.org); [www.macmap.org](http://www.macmap.org)

**THE CITRUS PROCESSORS ARE AS FOLLOWS:**

**11.9 LG Juices (Pty) Ltd**  
P. O. Box 8  
Cotrus Dal  
7340  
Tel (022) 921 3544  
Fax (022) 921 3814

**11.10 Granor-Passi (Pty) Ltd**  
P.O Box 584  
Polokwane  
0700  
Tel (015) 298 6000  
Fax (015) 298 8479

**11.11 Valor Citrus Processors (Pty) Ltd**  
P.O Box 2071  
North End  
Port Elizabeth  
6056  
Tel (041) 486 2146  
Fax (041) 486 4112

**11.12 Magalisberg Citrus Co-operative Ltd**  
Private Bag X 5094  
Brits  
0250  
Tel (012) 256 6703  
Fax (012) 256 6769

**11.13 Riverside Processors**  
P.O Box 286  
Malelane  
1320  
Tel (013) 790 3015  
Fax (013) 790 0072

**11.14 Onderberg Verwerkings Koporasie**

P.O Box 543  
Malelane  
1320  
Tel (013) 790 1146  
Fax (013) 790 1148

**11.15 Letaba Citrus Processors (Pty) Ltd**

Private Bag X 4019  
Tzaneen  
0850  
Tel (015) 304 4000  
Fax (015) 304 4230

**11.16 Ceres Fruit Juices**

PO Box 337  
Bedfordview  
2008  
Tel: 011 622 0001/5  
Fax: 011 622 0012  
[www.ceres.co.za](http://www.ceres.co.za)

**11.17 Marble Hall Citrus Processors**

838 Agaat Street  
Marble Hall  
Mpumalanga  
0472  
Tel: 013 2611 308

**Disclaimer:** This document and its contents have been compiled by the Department of Agriculture, Forestry and Fisheries for the purpose of detailing citrus industry. Anyone who uses this information does so at his/her own risk. The views expressed in this document are those of the Department of Agriculture, Forestry and Fisheries with regard to citrus industry, unless otherwise stated. The Department of Agriculture, Forestry and Fisheries therefore, accepts no liability that can be incurred resulting from the use of this information.