Required Report - public distribution

Date: 12/15/2017

GAIN Report Number:

South Africa - Republic of

Citrus Annual

South Africa Citrus Supply and Demand Report

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Report Highlights:
South Africa`s production of grapefruit, oranges and lemons/limes is forecast to increase in the 2017/18 MY, based on the increase in area planted and normal weather conditions in the main growing regions of Limpopo, Eastern Cape and Mpumalanga. The current drought conditions and low winter rainfall received in the Western Cape is expected to severely restrict the availability of irrigation water in the 2017/18 MY, constraining the production of tangerines/mandarins, lemons/limes and oranges in the Western Cape. Nonetheless, South Africa citrus exports to the United States are expected to continue growing, spurred by the continued market access through the African Growth Opportunity Act (AGOA).

Commodities:

Citrus, Other, Fresh
Grapefruit, Fresh
Oranges, Fresh
Tangerines/Mandarins, Fresh
Lemons, Fresh
Orange Juice

Exchange rate: Rand/US$ Exchange = 14

Executive Summary

South Africa's production of grapefruit is forecast to increase by nine percent to 400,000 MT in the 2017/18 MY. This is due to the increase in area planted and normal weather conditions in the main growing regions of Limpopo and Mpumalanga which account for about eighty-one percent of the grapefruit production in South Africa. This is expected to result in an eight percent increase in grapefruit exports to 250,000 MT in the 2017/18 MY.

The production of oranges in the 2017/18 MY is forecast to increase by two percent to 1.43 Million MT. This is due to normal rainfall, no hail damage and an increase in area planted in the main growing regions of Limpopo, Eastern Cape and Mpumalanga, which account for about eighty-two percent of the total orange production. The export of oranges is forecast to increase by one percent to 1.18 Million MT in the 2017/18 MY, based on the available production and on South Africa`s efforts in addressing uncertainty in the EU market due to the ongoing Citrus Black Spot (CBS) challenges.

The production of tangerines/mandarins is forecast to decrease by nine percent to 230,000 MT in the 2017/18 MY. This is due to the impact of the drought in the Western Cape, partially offset by increases in production in other growing regions such as the Eastern Cape, Limpopo and Mpumalanga. The South African 2017/18 MY exports of tangerines/mandarins is forecast to decrease by fifteen percent to 180,000 MT, based on the lower production.

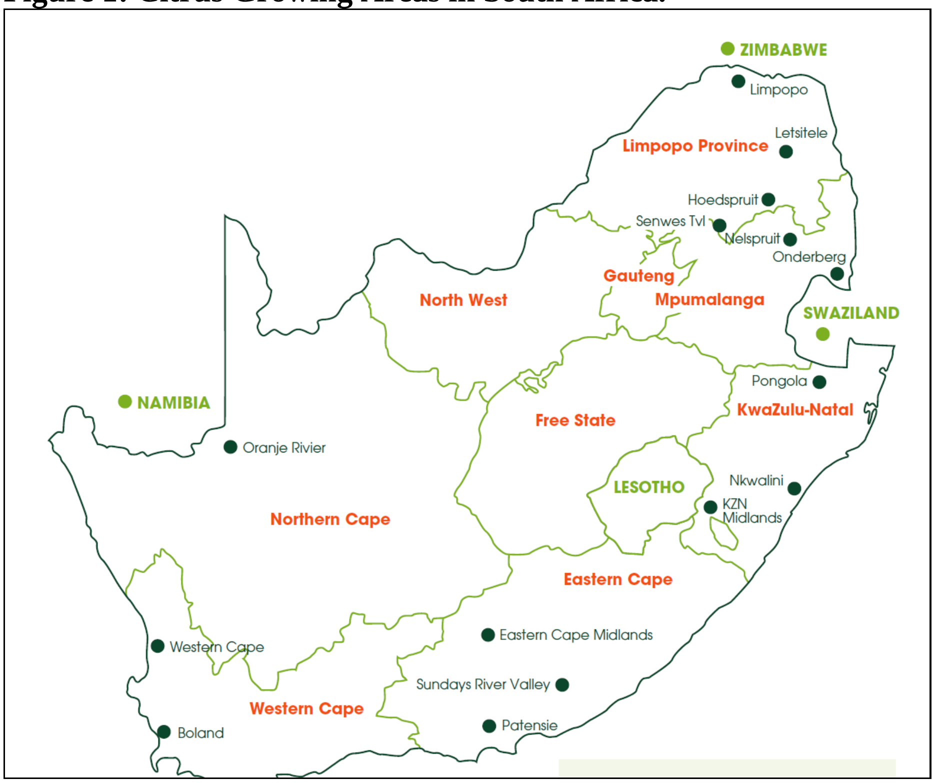
The production of lemons/limes is forecast to increase by six percent to 420,000 MT in the 2017/18 MY. This is due to the normal weather conditions and increase in area planted and yields in the main production areas of Eastern Cape and Limpopo, which account for about eighty percent of the production. These increases are forecast to be partially offset by the losses in the drought stricken growing regions in the Western Cape, which produces about ten percent of the country's total lemons/limes.

The current drought conditions and low winter rainfall received in the Western Cape is expected to severely restrict the availability of irrigation water in the 2017/18 MY. This will likely constrain the production of tangerines/mandarins, lemons/limes and oranges in the Western Cape.

Background

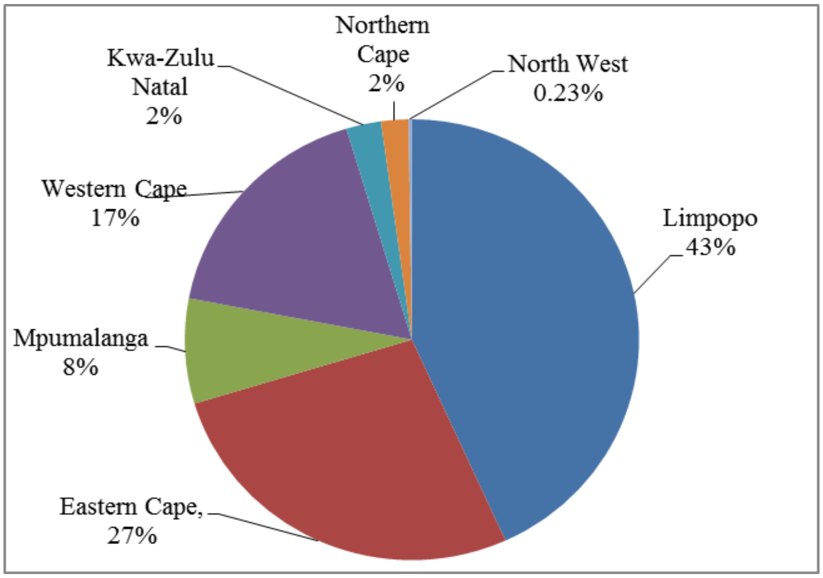
The total area planted to citrus increased by seven percent to 70,055 Hectares (Ha) in the 2015/16 MY, from 65,596 Ha in the 2014/15 MY. This is due to the increase in investment mainly in tangerine/mandarin and lemon orchards, largely driven by the growth in export revenue. The Limpopo, Western Cape, Mpumalanga, Eastern Cape, KwaZulu-Natal and Northern Cape provinces are the main citrus growing regions in South Africa. **Figure 1** below shows the map of the citrus growing areas in South Africa. **Figure 2** shows that Limpopo has the largest area planted, followed by Eastern Cape, Mpumalanga and Western Cape. The Western Cape and Eastern Cape have a cooler climate, which is suited for the production of the navel oranges, lemons and easy peelers such as Clementines and Satsumas. The Mpumalanga, Limpopo and KwaZulu-Natal provinces have a warmer climate which is better suited to the cultivation of grapefruit and Valencia oranges.

Figure 1: Citrus Growing Areas in South Africa.



Source: Citrus Growers Association (CGA)

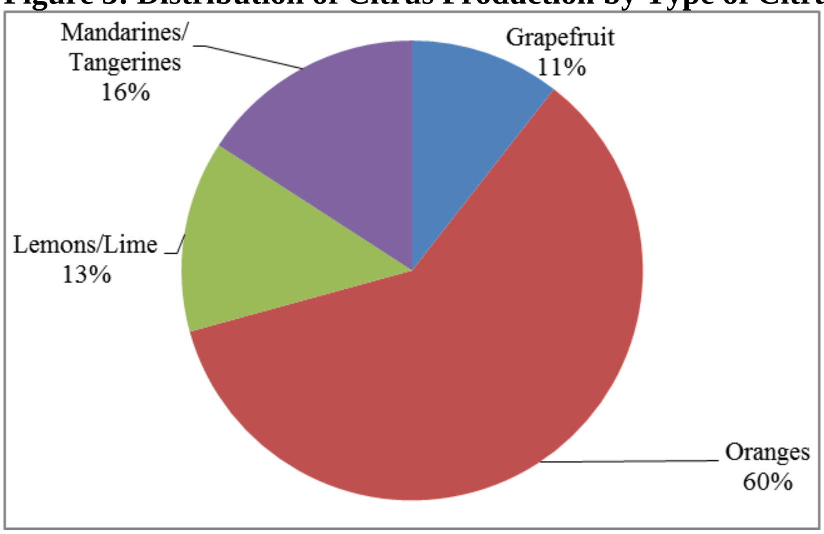
Figure 2: Citrus Production Regions by Area



Source: CGA

Figure 3 shows that oranges are the biggest citrus type produced in South Africa and accounted for 62 percent of the total citrus area planted in the 2015/16 MY.

Figure 3: Distribution of Citrus Production by Type of Citrus



Source: CGA

There are at least 210 commercial citrus varieties being planted in South Africa. **Table 1** shows the most common citrus varieties planted in South Africa. Star Ruby is the most planted grapefruit variety due to its high global demand. Producers prefer Valencia oranges over Navels as Valencia's have a longer shelf life and produce higher yields than Navels. Nardocott is one of the most popular soft citrus cultivars in South Africa. In 2016, the Tango citrus variety which was developed by the University of California Riverside's Citrus Breeding Program, was granted a plant breeders right in South Africa and is expected to provide competition to the Nardocott variety.

Table 1: Citrus Varieties

Citrus	Variety

Grape fruit	Star Ruby, Marsh, Rose, Flame, Nelspruit Ruby (Nelruby), Flamingo
Oranges	**Valencias -** Delta, Midknight, Turkey (Juvalle), Oukloon (Olinda, Late), Du Roi , Benny.
	Navels - Palmer, Bahianinha, Washington, Robyn, Navelina, Lane Late, Newhall, Cambria, Cara Cara, Rustenburg, Autumn Gold
Mandarins/ Tangarines	**Clementine -** Nules, Marisol, SRA, Oroval, Esbal, Clemenpons, Oronules
	Mandarin - Nadorcott (Afourer), Nova, Or (Orri), Minneola, Mor , B17, Tambor , Naartjie, Thoro Temple, Sonet, B24 (African Sunset)
	Satsuma - Miho Wase, Owari, Kuno, Miyagawa Wase, Okitsu Wase, Aoshima.
Lemons/Lime	Eureka, Eureka SL, Lisbon, Limoneira, Genoa

Source: CGA

Table 2: South Africa Harvest Period for Citrus

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

Source: CGA

Table 3 shows the summary of citrus production statistics in South Africa. The balance of the citrus production after satisfying the export and fresh domestic consumption is delivered for processing.

Table 3: Summary of Fresh Citrus Production, Supply and Distribution

Citrus	**2016/2017 MY**			**2017/2018 MY**		
	Production	**Domestic Consumption**	**Exports**	**Production**	**Domestic Consumption**	**Exports**
	MT	**MT**	**MT**	**MT**	**MT**	**MT**
Oranges	1,400,000	72,000	1,170,000	1,430,000	75,000	1,180,000
Grapefruit	366,000	6,000	232,000	400,000	7,000	250,000
Lemons	397,000	17,000	300,000	420,000	18,000	310,000
Soft Citrus	252,000	28,000	211,000	230,000	28,000	180,000
Total	**2,415,000**	**123,000**	**1,913,000**	**2,480,000**	**128,000**	**1,920,000**

Source: CGA, Global Trade Atlas (GTA) and Post forecasts

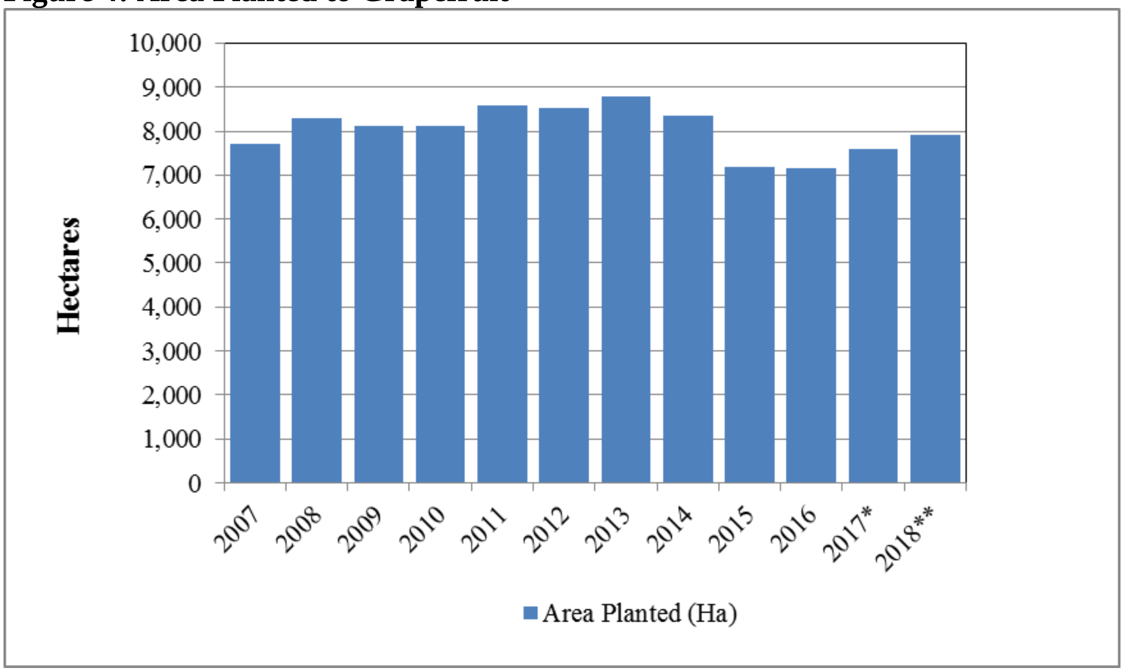
Grapefruit, Fresh

Production

Post forecasts that the production of grapefruit will increase by nine percent to 400,000 MT in the 2017/18 MY, from 366,000 MT in the 2016/17 MY. This is due to the increase in area plated and normal weather conditions in the main growing regions of Limpopo and Mpumalanga. About eighty-one percent of the grapefruit in South Africa is produced in the Limpopo and Mpumalanga regions. The most predominant variety produced is the Star Ruby accounting for at least eighty-four percent of the production, followed by the Marsh variety at thirteen percent.

Figure 4 below illustrates that the area planted to grapefruit is estimated to increase by four percent to 7,900 ha in the 2017/18 MY, from 7,600 ha in the 2016/17 MY. This is due to the industry responding to the increasing global market demand and prices for grapefruit in the past three seasons.

Figure 4: Area Planted to Grapefruit



*Estimate, ** Forecast.
Source: CGA

Consumption

Post forecasts that the grapefruit domestic consumption will increase to 7,000 MT in the 2017/18 MY, from 6,000 MT in the 2016/17 MY. This is due to the increase in production, and the grapefruit health trend that is starting to grow in the domestic market. Grapefruit consumption is still relatively low domestically compared to other types of citrus mainly due to the younger generation that have not acquired the taste for grapefruit.

Processing

Post forecasts that the grapefruit delivered for processing will increase by fourteen percent to 147,000 MT in the 2017/18 MY, from 129,000 MT in the 2016/17 MY, based on the increase in production. Grapefruit is processed to juice, the majority of which is exported to Europe. The left-over pulp following commercial juice extraction is an important source of grapefruit oil which is used as a flavoring in many soft drinks. The inner peel is a source of pectin and citric acid, which are both used by the food industry to preserve fruits, jams, and marmalades. Naringin is also extracted from grapefruit peel, and gives tonic-water its distinctive bitter flavor. Finally, the grapefruit peel oil is used in scented fragrances.

Exports

Post forecasts that grapefruit exports will increase by eight percent to 250,000 MT in the 2017/18 MY, from 232,000 MT in the 2016/17 MY. This is due to the increase in production and strong demand in global markets especially Europe and Asia. The 2016/17 MY exports of grapefruit were slightly revised downward based on the pace of exports up to October 2017, and the decision by South Africa in October 2017 to suspend further exports of grapefruit to Europe in the 2016/17 MY due to risks of Citrus Black Spot (CBS) interceptions.

South Africa is still faced with the challenges of citrus black spot (CBS) in the European Union (EU) market. Industry estimates that it is costing South Africa almost R1 Billion (US$77 Million) to address and comply with the CBS requirements in the EU market. The South African industry is also avoiding problematic ports with higher CBS interceptions especially in Spain. There is also a growing emphasis to increase exports to the Middle East and Africa markets. While volumes are still low, grapefruit exports to the United States have been growing exponentially, from 76 MT in the 2012/13 MY, to 1,802 MT in the 2014/15 MY and 3,737 in the 2015/16 MY. Grapefruit exports to the United States are expected to continue growing based on the continuation of duty free access through the African Growth and Opportunity Act (AGOA). South Africa also has a free trade agreement with Europe providing for duty free access for citrus exports.

Table 4: South African Fresh Grapefruit Exports

South Africa Export Statistics

Commodity: 080540, Grapefruit, Fresh Or Dried						
Year Ending: December						
		Quantity				
Partner Country	**Unit**	**2014**	**2015**	**2016**	**2017***
World	T	217,368	220,956	202,527	230,588
Netherlands	T	49,217	53,416	59,237	63,867
Japan	T	48,222	44,802	31,155	39,505
China	T	14,007	19,971	17,462	20,254
Russia	T	18,008	18,124	15,842	19,186
United Kingdom	T	9,812	11,415	9,966	11,990
Korea South	T	5,928	9,104	9,760	10,635
Italy	T	10,095	11,976	9,365	9,532
Hong Kong	T	4,559	5,011	5,827	7,163
Canada	T	8,803	7,136	5,022	6,658
Portugal	T	2,979	4,367	5,991	6,232
Swaziland	T	15,908	3,576	3,228	4,459
United States	T	1,052	1,803	3,736	4,293
United Arab Emirates	T	4,828	4,625	4,239	3,966
Taiwan	T	3,392	3,257	2,012	3,344
France	T	4,198	5,816	3,183	3,251
Germany	T	1,378	1,819	5,015	2,386
Ukraine	T	1,268	1,123	1,016	1,494
Greece	T	1,116	1,318	1,127	1,326

*Exports up to October 2017.
Source: Global Trade Atlas (GTA)

Imports

South Africa is not a major importer of grapefruit. Imports mainly originate from Swaziland, Spain, Turkey and Israel to fill the small demand gap towards the end of the season. The increase in local production over the past five years has resulted in a steady decline in grapefruit imports.

Table 5: South African Fresh Grapefruit Imports

South Africa Import Statistics

Commodity: 080540, Grapefruit, Fresh Or Dried					
Year Ending: December					
		Quantity			
Partner Country	**Unit**	**2014**	**2015**	**2016**	**2017***
World	T	11,506	7,047	3,808	428
Spain	T	95	424	474	175
Israel	T	116	55	137	163
Swaziland	T	10,898	6,356	2,863	66
Turkey	T	46	167	275	21
Zimbabwe	T	330	0	0	0
China	T	0	21	19	0

*Imports up to October 2017.
Source: GTA

Prices

Table 6 shows the local, export and processed market prices for grapefruit since 2005. Grapefruit prices for the export and local markets have increased over the past five years based on the weakening rand to the US dollar. Processed prices tend to fluctuate based on supply. Export prices continue to provide the highest prices for South African grapefruit which explains` why the industry is export oriented.

Table 6: Grapefruit Prices

	Local Market Average Price Rand/Ton	Export Market Gross Price Rand/Ton	Processed Gross Price Rand/Ton
2005	1,487	925	325
2006	1,493	1,764	386
2007	1,796	2,712	237
2008	2,283	3,658	152
2009	1,839	1,846	240
2010	1,437	4,351	268
2011	2,107	3,723	383
2012	2,275	4,371	377
2013	2,352	5,060	376
2014	3,020	5,247	401
2015	3,866	5,737	310
2016	5,154	7,898	409

Source: Citrus Growers Association (CGA)

Table 7: PSD Grapefruit, Fresh

Grapefruit, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jan 2016		Jan 2017		Jan 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	7161	7161	7600	7600	0	7900
Area Harvested	6445	6445	6900	6900	0	7000

Bearing Trees	6800	6800	7000	7000	0	7100
Non-Bearing Trees	350	350	600	600	0	650
Total No. Of Trees	7150	7150	7600	7600	0	7750
Production	315	315	363	366	0	400
Imports	4	4	4	1	0	4
Total Supply	319	319	367	367	0	404
Exports	203	203	235	232	0	250
Fresh Dom. Consumption	5	5	5	6	0	7
For Processing	111	111	127	129	0	147
Total Distribution	319	319	367	367	0	404
(HECTARES) ,(1000 TREES) ,(1000 MT)						

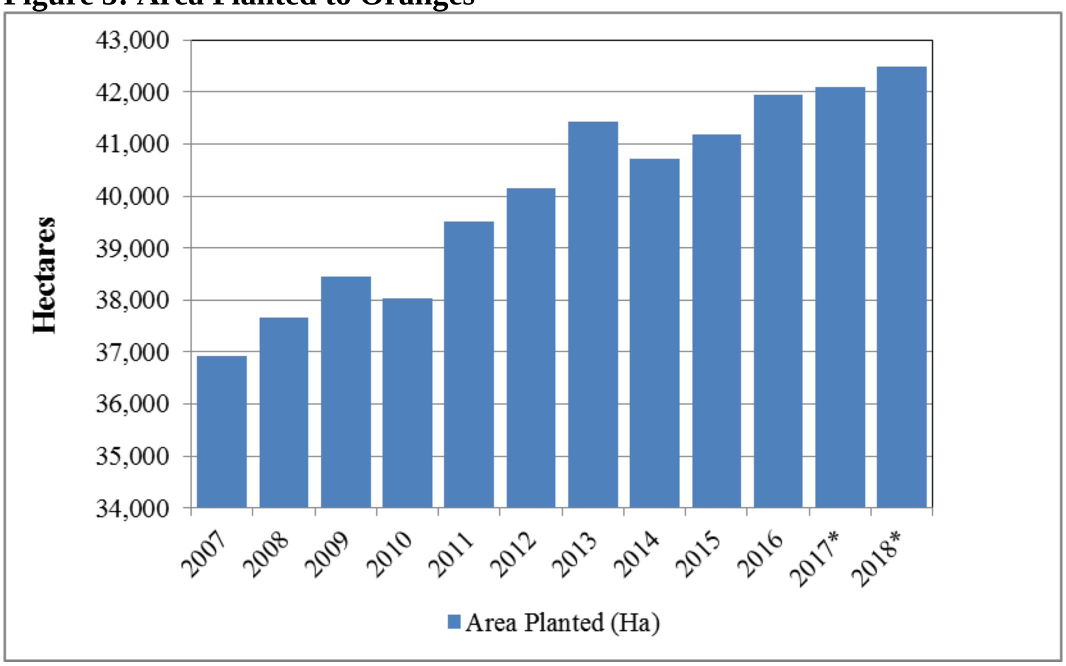
Oranges, Fresh

Production

The production of oranges in the 2017/18 MY is forecast to increase by two percent to 1.43 Million MT, from 1.40 Million MT in the 2016/17 MY. This is due to normal rainfall, no hail damage, and an increase in area planted in the main growing regions of Limpopo, Eastern Cape and Mpumalanga, which account for about eighty-two percent of the total orange production. These increases were partially offset by the drought conditions in the Western Cape, which will severely restrict the availability of irrigation water in the 2017/18 MY. The Western Cape growing region accounts for about fifteen percent of the total orange production.

The area planted with oranges is forecast to grow marginally by about one percent to 42,500 hectares (ha) in the 2017/18 MY, from 42,100 hectares (ha) in the 2016/17 MY, based on the increases in area planted to seedless orange varieties, especially in the Limpopo region. This rise was partially offset by the industry shift from orange production to soft citrus in the Western Cape. **Figure 5** below shows the trend in the area planted to oranges since 2007.

Figure 5: Area Planted to Oranges



*Estimate, ** Forecast.
Source: CGA

Consumption

Post estimates that the 2017/18 MY consumption of oranges will increase by four percent to 75,000 MT, from 72,000 MT in the 2016/17 MY, based on the increase in production. Fresh oranges are the most popular citrus consumed in South Africa.

Exports

The export of oranges is forecast to increase by one percent to 1.18 Million MT in the 2017/18 MY, from 1.17 Million MT in the 2016/17 MY, based on the available production and South Africa`s efforts in addressing the CBS challenges and uncertainty in the EU market. South Africa prioritizes supplying export markets, and thereafter supplying the domestic fresh and processed markets. Europe remains South Africa's largest export market for oranges, accounting for approximately forty percent of the total export market. However, exports to Asia and the Middle East have grown steadily over the years due to the focus being placed by industry in growing these markets. Exports to the United States are expected to continue growing based on the duty free access under the African Growth and Opportunity Act (AGOA). A gradual shift from oranges to soft citrus exports is expected, as South African farmers supplying the United States market have been switching their orchards from oranges to soft citrus in response to market preferences and the higher premium received in the United States market.

Table 8: South African Fresh Orange Exports

South Africa Export Statistics					
Commodity: 080510, Oranges, Fresh					
Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	1,143,815	1,159,630	1,064,089	1,157,952
Netherlands	T	206,526	232,027	221,672	258,244
United Arab Emirates	T	121,056	116,092	99,483	84,420
Saudi Arabia	T	92,866	86,906	93,194	80,946
Russia	T	125,781	89,416	68,333	78,879
China	T	33,871	44,318	48,643	78,291
United Kingdom	T	66,546	67,339	60,205	72,767
Hong Kong	T	34,556	43,383	49,893	68,251
Portugal	T	39,938	54,840	57,824	67,515
Bangladesh	T	40,023	38,861	32,603	43,417
United States	T	39,225	44,721	40,416	39,837
Italy	T	36,430	36,385	33,516	38,065
Canada	T	33,943	37,875	32,507	31,835
Malaysia	T	28,581	28,242	28,936	28,190
Kuwait	T	51,347	47,246	25,943	22,539
Singapore	T	12,293	11,338	9,083	12,272
India	T	4,721	11,128	4,266	11,474
Oman	T	8,186	7,511	5,266	10,832
Germany	T	4,070	3,556	10,796	10,696
Bahrain	T	4,062	4,614	4,810	8,755
Qatar	T	6,963	6,713	4,123	8,448
France	T	18,149	25,613	17,075	6,636

Sweden	T	4,908	7,008	7,046	6,382
Taiwan	T	985	3,781	3,918	5,195
Ukraine	T	13,648	4,928	6,742	4,838
Mozambique	T	6,857	11,328	4,487	4,588
Korea South	T	4,431	5,246	3,628	4,177
Ireland	T	3,697	3,777	4,749	3,676
Indonesia	T	3,318	880	2,980	3,484
Mauritius	T	3,093	2,784	3,583	3,452
Vietnam	T	3,258	3,964	3,029	3,408
Namibia	T	4,643	5,104	3,665	3,209
Zambia	T	8,886	7,356	4,386	3,075
Botswana	T	1,851	3,365	3,007	2,998
Swaziland	T	4,271	4,692	13,688	2,914

*Exports up October 2017.
Source: Global Trade Atlas (GTA)

Imports

The import of oranges is forecast to increase to 10,000 MT in the 2017/18 MY, based on imports from Swaziland that will resume following their recovery from the drought. Oranges are imported into South Africa in November and December to close supply gaps and satisfy year-end demand.

Table 9: South African Fresh Orange Imports

South Africa Import Statistics					
Commodity: 080510, Oranges, Fresh					
Year Ending: December					
		Quantity			
Partner Country	**Unit**	**2014**	**2015**	**2016**	**2017***
World	T	12,390	12,704	1,180	1,880
Spain	T	275	361	531	900
Swaziland	T	8,360	11,891	349	806
Egypt	T	0	139	46	121
Saudi Arabia	T	0	0	0	26
Turkey	T	11	0	26	24
Israel	T	168	0	11	6
Zimbabwe	T	3,450	0	0	0
United Kingdom	T	0	20	0	0

*Imports up to October 2017.
Source: GTA

Prices

Table 10 shows the local, export and processed market prices of oranges. The export market provides the highest prices. As a result, the South African citrus industry is export oriented, followed by the domestic market and the processed markets which offer lower prices.

Table 10: Oranges Prices

	Local Market Average Price Rand/Ton	Export Market Gross Price Rand/Ton	Processed Gross Price Rand/Ton
2004	1,090	2,425	274
2005	1,111	1,580	229
2006	1,025	1,843	301
2007	1,278	2,832	354
2008	1,430	3,443	419
2009	1,483	3,235	268
2010	1,599	4,043	349
2011	1,762	4,691	529
2012	1,895	4,318	564
2013	2,054	4,975	591
2014	2,230	5,781	618
2015	2,535	6,576	652
2016	3,799	8,570	1,002

Source: CGA

Table 11: PSD Oranges, Fresh

Oranges, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Feb 2016		Feb 2017		Feb 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	41956	41956	42100	42100	0	42500
Area Harvested	34000	34000	35600	35600	0	37000
Bearing Trees	37800	37800	38000	38000	0	38300
Non-Bearing Trees	3900	3900	3900	4000	0	4100
Total No. Of Trees	41700	41700	41900	42000	0	42400
Production	1275	1275	1345	1400	0	1430
Imports	1	1	12	3	0	10
Total Supply	1276	1276	1357	1403	0	1440
Exports	1064	1064	1120	1170	0	1180
Fresh Dom. Consumption	70	70	70	72	0	75
For Processing	142	142	167	161	0	185
Total Distribution	1276	1276	1357	1403	0	1440
(HECTARES) ,(1000 TREES) ,(1000 MT)						

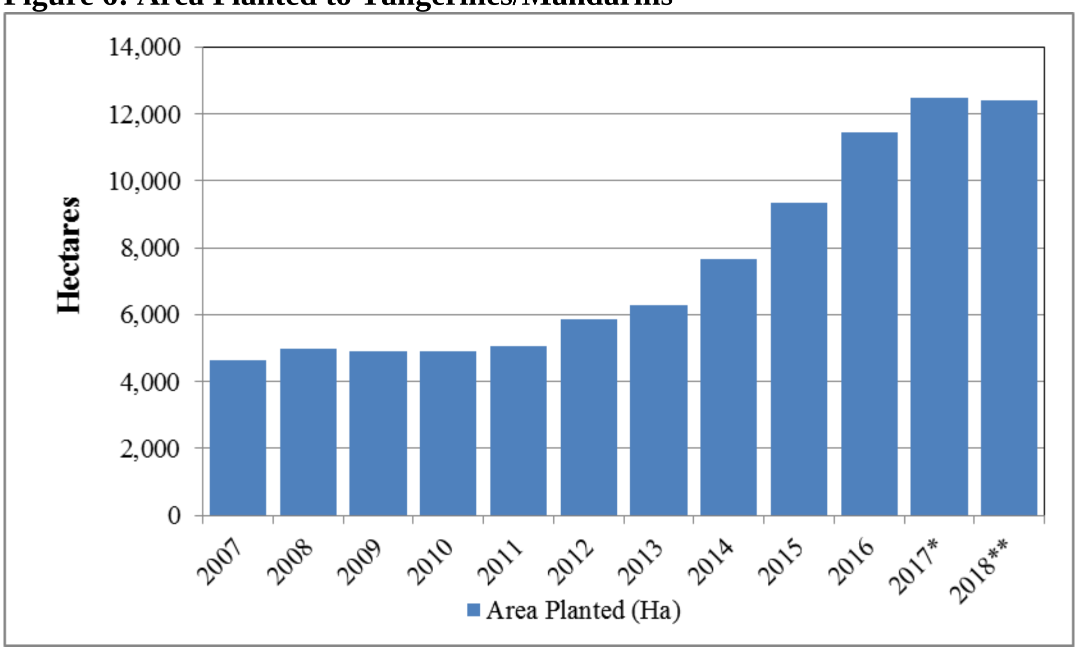
Tangerines/Mandarins, Fresh - Soft Citrus

Production

The production of tangerines/mandarins is forecast to decrease by nine percent to 230,000 MT in the 2017/18 MY, from 252,000 MT in the 2016/17 MY. This is due to the impact of the drought in the Western Cape, partially offset by increases in production in other growing regions such as the Eastern Cape, Limpopo and Mpumalanga. About forty-two percent of tangerines/mandarins are produced in the Western Cape, thirty-one percent in the Eastern Cape and twenty-one percent in Limpopo. The Western Cape is a winter rainfall region and is currently undergoing a severe drought. The below average rainfall received in 2017 and the low dam levels (about thirty percent) in the Western Cape will severely impact the availability of irrigation water in the 2017/18 MY. In the short term, farmers in the Western Cape are expected to prioritize irrigation of higher yielding varieties and orchards, while the remaining orchards would be irrigated just to keep the trees alive. There are also indications that some farmers could cut down some trees to reduce costs. These measures are expected to prolong the recovery of tangerines/mandarins production once normal rainfall and weather patterns returns in the Western Cape.

Figure 6 shows that initially, the area planted with tangerines/mandarins was flat from the 2006/07 MY to the 2010/11 MY. However, there has been a significant increase in area planted since the 2010/11 MY due to growers responding to the increasing global demand for seedless tangerines/mandarins and the increased investment which was driven by high revenue as a result of the weaker rand. The 2017/18 MY area planted to tangerines/mandarins is forecast to reduce by one percent to 12,400 hectares, from 12,500 Ha in the 2016/17 MY, due to the impact of the drought in the Western Cape.

Figure 6: Area Planted to Tangerines/Mandarins



*Estimate, ** Forecast.
Source: CGA

Consumption

The consumption of tangerines/mandarins is forecast to remain flat at 28,000 MT in the 2017/18 MY, due to the available production, slow economic growth and increasing financial pressure faced by domestic consumers.

Exports

The South African 2017/18 MY exports of tangerines/mandarins is forecast to decrease by fifteen percent to 180,000 MT, from 211,000 MT in the 2016/17 MY, based on the decrease in production. This would be partially offset by the growing market opportunities in the United States, Middle East and Asia. Tangerines/mandarins are not impacted by South Africa's CBS challenges in the EU market.

South African tangerines/mandarins enter the United States duty free under the AGOA preferences. EU member states impose a 1.6 percent preferential tariff for all soft citrus originating from South Africa. Russia imposes a five percent or US$41.93/ton (whichever is the greater) general tariff. Canada, Hong Kong, the UAE, and Saudi Arabia impose a zero percent MFN duty.

Table 12: South African Fresh Tangerines/Mandarins Exports

South Africa Export Statistics					
Commodity: Tangerines/mandarins (080520, 080521, 080522, 080529)					
Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	153,265	156,566	189,730	209,668
United Kingdom	T	52,560	61,307	66,152	63,212
Netherlands	T	30,258	32,022	47,300	49,705
Russia	T	11,183	14,467	14,328	20,218
Hong Kong	T	8,215	4,573	9,228	12,309
United States	T	7,443	8,638	10,287	11,180
United Arab Emirates	T	9,854	7,126	6,733	8,038
Canada	T	7,368	6,208	6,729	8,035
Ireland	T	3,799	3,742	5,637	5,044
Portugal	T	852	1,102	2,412	4,347
Bosnia & Herzegovina	T	0	96	969	3,004
China	T	71	421	777	2,257
Saudi Arabia	T	3,231	1,911	2,335	2,170
Bangladesh	T	1,471	247	1,216	2,129
Vietnam	T	1,003	1,036	984	1,952

*Exports up October 2017.
Source: GTA

Imports

Post estimates that the 20217/18 MY imports of tangerines/mandarins will remain flat at 1,000 MT. South African tangerines/mandarins imports are only marginal in order to satisfy out of season demand.

Table 13: South African Fresh Tangerines/Mandarins Imports

South Africa Import Statistics					
Commodity: Tangerines/mandarins (080520, 080521, 080522, 080529)					
Year Ending: December					
		Quantity			
Partner Country	**Unit**	**2014**	**2015**	**2016**	**2017***
World	T	940	849	941	666
Spain	T	557	530	562	348
Israel	T	370	285	308	200
Swaziland	T	0	31	0	0
Thailand	T	3	5	0	0
Turkey	T	0	0	22	46
United Kingdom	T	0	0	21	49
Angola	T	9	0	0	0
Canada	T	0	0	0	22
Germany	T	0	0	25	0

*Imports up to October 2017.
Source: GTA

Prices

Export markets provide the highest prices for South African soft citrus as shown in **Table 14**.

Table 14: Tangerines/Mandarins Prices

	Local Market	Export Market	Processed
	Average Price	Gross Price	Gross Price
	Rand/Ton	Rand/Ton	Rand/Ton

2004	1,705	3,638	251
2005	1,279	3,977	165
2006	2,133	4,423	188
2007	2,543	3,758	214
2008	3,038	4,965	367
2009	3,042	4,635	275
2010	3,805	5,618	214
2011	4,091	5,637	315
2012	3,760	7,133	419
2013	5,159	8,542	334
2014	5,442	10,004	465
2015	5,606	11,392	391
2016	6,785	14,242	532

Source: CGA

Table 15: PSD Tangerines/Mandarins, Fresh

Tangerines/Mandarins, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Feb 2016		Feb 2017		Feb 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	11433	11433	12500	12500	0	12400
Area Harvested	9375	9375	10100	10100	0	9000
Bearing Trees	6000	6000	6400	6400	0	6300
Non-Bearing Trees	2000	2000	2400	2400	0	2700
Total No. Of Trees	8000	8000	8800	8800	0	9000
Production	226	226	250	252	0	230
Imports	1	1	1	1	0	1
Total Supply	227	227	251	253	0	231
Exports	190	190	210	211	0	180
Fresh Dom. Consumption	26	26	28	28	0	28
For Processing	11	11	13	14	0	23
Total Distribution	227	227	251	253	0	231
(HECTARES) ,(1000 TREES) ,(1000 MT)						

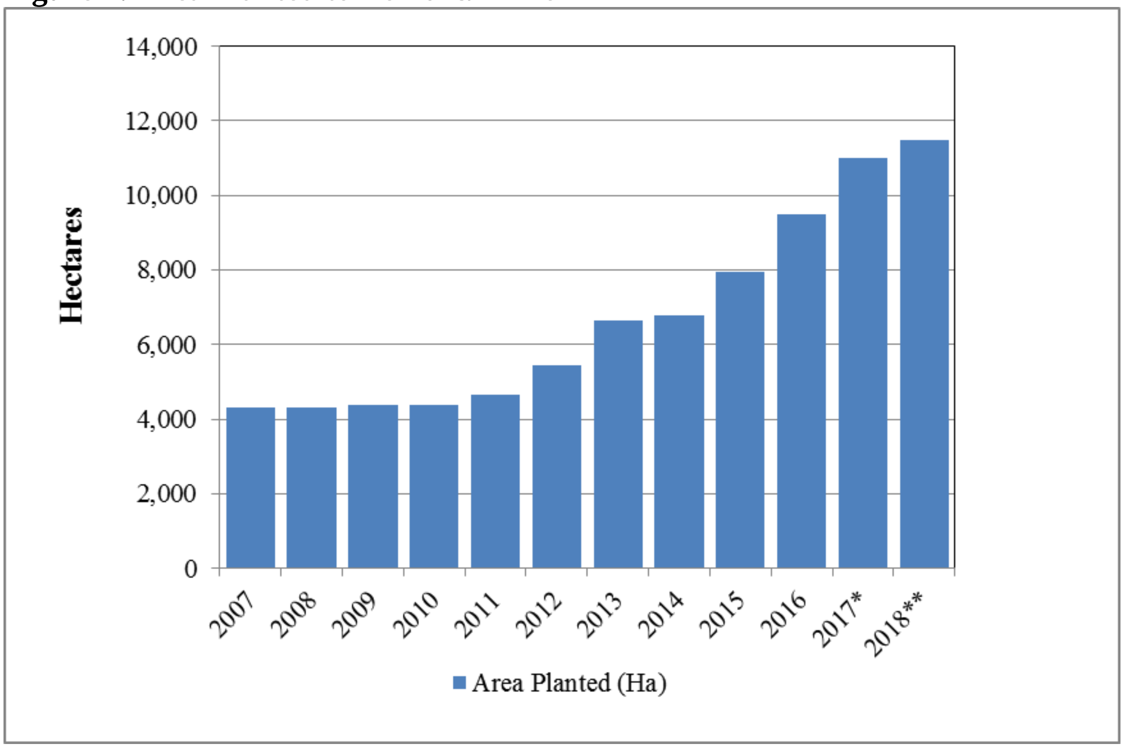
Lemons/ Limes, Fresh

Production

The production of lemons/limes is forecast to increase by six percent to 420,000 MT in the 2017/18 MY, from 397,000 MT in the 2016/17 MY. This is due to the normal weather conditions and increase in area planted and yields in the main production areas of Eastern Cape and Limpopo, which account for about eighty percent of the production. These increases are forecast to be partially offset by the lower production in the drought stricken production areas in the Western Cape, which produces about ten percent of the total lemons/ limes.

Figure 7 shows that the area planted with lemons/limes was initially flat from the 2006/07 MY to the 2009/10 MY. However, the area planted increased gradually from 4,667 hectares in the 2010/11 MY, to 11,500 hectares in the 2017/18 MY, in response to increases in demand and higher prices in the export market.

Figure 7: Area Planted to Lemons/ Lime



*Estimate, ** Forecast.
Source: CGA

Consumption

The domestic consumption of lemons is forecast to increase by six percent to 18,000 MT in the 2017/18 MY, from 17,000 MT in the 2016/17 MY, based on the available production. Lemon juice is used as flavoring for poultry and fish dishes, and a flavor agent in cakes, tarts, biscuits, candies, ice creams and salad dressings. In the beverage industry lemons/limes are used to make lemonade, smoothies and liquors. In the cleaning industry, lemon juice is used as a degreaser and disinfectant, due to its high concentration of citric acid which can inhibit the proliferation of some molds and bacteria.

Exports

The exports of lemons and limes is forecast to increase by three percent to 310,000 MT in the 2017/18 MY, from 300,000 MT in the 2016/17 MY, based on the increase in production. The increase in lemons/limes exports is also due to strong demand and growth in the Asian and Middle East market.

Table 16: South African Fresh Lemons/Limes Exports

South Africa Export Statistics					
Commodity: 080550, Lemons And Limes, Fresh Or Dried					
Year Ending: December					
Partner Country	**Unit**	**Quantity**			
		2014	**2015**	**2016**	**2017***
World	T	219,617	246,291	237,129	298,513
United Arab Emirates	T	40,183	48,773	49,116	52,497
Netherlands	T	22,311	23,582	34,205	33,986
Saudi Arabia	T	19,807	25,812	28,952	31,925
Russia	T	30,679	31,435	18,019	30,548
Hong Kong	T	31,077	20,474	15,397	26,039
United Kingdom	T	12,585	16,174	20,428	22,702
Kuwait	T	7,337	12,465	14,540	18,909
Canada	T	9,523	10,636	9,224	12,454
Italy	T	5,589	5,168	8,656	10,455
Malaysia	T	6,575	7,006	6,857	8,382
Vietnam	T	1,535	4,000	2,944	6,209
Portugal	T	829	1,572	3,308	5,880
Singapore	T	3,964	7,699	3,826	4,053
Bahrain	T	2,026	2,920	2,993	3,463
Qatar	T	2,098	3,218	1,768	3,449
Iraq	T	0	0	0	2,599
Oman	T	576	548	608	2,345
France	T	540	690	771	2,183
Germany	T	5,776	7,310	2,975	2,104
Greece	T	1,146	1,206	1,135	1,639

*Exports up to October 2017.
Source: GTA

Imports

Post estimates that the 2017/18 MY imports of lemons/limes will remain flat as a result of the sufficient domestic production available to meet local demand.

Table 17: South African Fresh Lemons/Limes Imports

South Africa Import Statistics					
Commodity: 080550, Lemons And Limes, Fresh Or Dried					
Year Ending: December					
Partner Country	Unit	Quantity			
		2014	2015	2016	2017*
World	T	676	422	495	257
Swaziland	T	24	34	24	137
United Kingdom	T	0	0	0	34
Hong Kong	T	0	0	0	30
Brazil	T	162	138	151	29
Spain	T	399	206	155	24

*Imports up to October 2017.
Source: GTA

Prices

Export markets provide the highest prices for South African lemons/limes as shown in **Table 18**.

Table 18: Lemons/Limes Prices

	Local Market	Export Market	Processed
	Average Price	Gross Price	Gross Price
	Rand/Ton	Rand/Ton	Rand/Ton
2005	1,692	1,476	258
2006	1,753	2,478	178
2007	2,460	3,238	396
2008	3,105	3,961	611
2009	3,346	2,120	542
2010	3,940	5,329	731
2011	3,489	5,426	982
2012	4,291	5,426	720
2013	5,668	6,994	596
2014	6,838	11,058	1,288
2015	7,463	12,279	1,378
2016	8,294	16,478	1,842

Source: CGA

Table 19: PSD Lemons/Limes, Fresh

Lemons/Limes, Fresh	2015/2016	2016/2017	2017/2018
Market Begin Year	Jan 2016	Jan 2017	Jan 2018

South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9485	9485	10000	11000	0	11500
Area Harvested	7967	7967	8300	8900	0	9200
Bearing Trees	5700	5700	6000	6200	0	6300
Non-Bearing Trees	2000	2000	2050	2000	0	2100
Total No. Of Trees	7700	7700	8050	8200	0	8400
Production	308	308	355	397	0	420
Imports	1	1	1	1	0	1
Total Supply	309	309	356	398	0	421
Exports	237	237	270	300	0	310
Fresh Dom. Consumption	16	16	17	17	0	18
For Processing	56	56	69	81	0	93
Total Distribution	309	309	356	398	0	421
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Orange Juice

Production

The production of orange juice is forecast to increase by eighteen percent to 26,000 MT in the 2017/18 MY, from 22,000 MT in the 2016/17 MY. This is due to the increase in the quantity of fresh oranges delivered for processing and the higher juice extraction achieved as a result of the better quality of oranges.

Industry coordinated statistics for orange juice are largely unavailable in South Africa. The production, consumption and stock levels represent Posts` forecast of the South African orange juice supply and distribution statistics is based on information extracted from various sources, contacts and calculations of extractions from fresh oranges delivered for processing.

Consumption

The domestic consumption of orange juice is forecast to increase by three percent to 6,400 MT in the 2017/18 MY, from 6,200 MT in the 2016/17 MY, based on the increase in production and supply availability. The relatively high food price inflation has resulted in restricted growth in the domestic consumption of fresh fruit juices especially the one hundred percent fruit juice, and the shift in demand to orange juice concentrates.

Export

Post forecast that the 2017/18 MY exports of orange juice will increase by about six percent to 25,500 MT, from 24,000 MT in the 2016/17 MY, based on the available supply and increase in production. The 2016/17 MY exports of orange juice were revised upwards to 24,000 MT, based on the higher than expected year to date exports up to October 2017. Post adjusted the orange juice export data to the equivalent of 65 Degrees Brix based on the respective conversion factors shown on the export tables below.

Producers in South Africa prefer to export fresh oranges rather than to sell to processors as export prices are eight times higher than prices achieved from processors. Netherlands, Botswana, Mozambique, Mauritius, Zambia and Zimbabwe are the biggest markets for South African orange juice exports.

Table 20: South African Orange Juice Exports – HS200919

South Africa Export Statistics					
Commodity: 200919, Orange Juice, Other Than Frozen, Whether Or Not Sweetened					
Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	30,500	37,516	30,666	19,395
Botswana	T	5,633	7,065	7,227	5,466
Namibia	T	1,939	3,210	4,937	3,728
Swaziland	T	2,554	3,229	3,463	2,452
Zimbabwe	T	3,408	3,516	1,920	1,924
Zambia	T	1,312	1,370	1,014	983
Lesotho	T	1,812	2,512	1,893	922
Mozambique	T	1,974	2,893	1,316	719
Ethiopia	T	68	1,061	789	522
Netherlands	T	7,815	7,450	3,556	318
Malawi	T	62	91	290	244
Angola	T	272	177	84	186
Italy	T	330	507	533	171
Congo Dem. Rep.	T	17	77	181	124

*Exports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 1.02).

Table 21: South African Orange Juice Exports – HS200911

South Africa Export Statistics					
Commodity: 200911, Orange Juice, Frozen, Whether Or Not Sweetened					
Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	7,176	6,242	3,766	2,577
Netherlands	T	4,646	4,669	2,361	2,150
Botswana	T	382	373	553	166
Hong Kong	T	0	0	0	78
United Kingdom	T	0	31	60	70
Spain	T	580	89	68	29
Mozambique	T	56	224	47	23
Namibia	T	21	11	22	21
Mauritius	T	63	38	0	16

*Exports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 1.00).

Table 22: South African Orange Juice Exports – HS200912

South Africa Export Statistics

Commodity: 200912, Orange Juice, Not Frozen, Of A Brix Value Not Exceeding 20					
Year Ending: December					
Partner Country	Unit	Quantity			
		2014	2015	2016	2017*
World	T	1,336	1,662	310	420
Philippines	T	55	55	8	51
Mozambique	T	366	214	85	45
Botswana	T	27	4	43	26
Mauritius	T	60	760	20	25
United Arab Emirates	T	61	57	9	24
Taiwan	T	10	0	16	23
Angola	T	65	19	5	20
Madagascar	T	42	36	9	16
Congo	T	114	141	0	15
Ghana	T	18	18	1	13
Ethiopia	T	2	4	9	12
Tanzania	T	40	28	3	11
Reunion	T	38	28	1	10

*Exports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 0.18).

Imports

The imports of orange juice is forecast to increase significantly to 5,000 MT in the 2017/18 MY, from 2,700 MT in the 2016/17 MY, based on the anticipated low orange juice supply in South Africa following the previous two seasons' low orange production. Zimbabwe, Brazil and Spain are the main suppliers of orange juice to South Africa. Post also adjusted the orange juice import data to the equivalent of 65 Degrees Brix based on the respective conversion factors shown on the import tables below.

Table 23: South African Orange Juice Imports – HS200919

South Africa Import Statistics
Commodity: 200919, Orange Juice, Other Than Frozen, Whether Or Not Sweetened

Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	179	1,313	1,043	1,641
Zimbabwe	T	18	706	692	698
Brazil	T	0	0	232	439
Spain	T	0	0	0	408
Pakistan	T	0	28	5	20
Botswana	T	0	0	4	19

*Imports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 1.02).

Table 24: South African Orange Juice Imports – HS200911

South Africa Import Statistics					
Commodity: 200911, Orange Juice, Frozen, Whether Or Not Sweetened					
Year Ending: December					
		Quantity			
Partner Country	Unit	2014	2015	2016	2017*
World	T	0	1	51	514
Argentina	T	0	0	0	422
Brazil	T	0	0	51	73
Israel	T	0	0	0	19

*Imports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 1.00).

Table 25: South African Orange Juice Imports – HS200912

South Africa Export Statistics					
Commodity: 200912, Orange Juice, Not Frozen, Of A Brix Value Not Exceeding 20					
Year Ending: December					
Partner Country	Unit	Quantity			
		2014	2015	2016	2017*
World	T	0	0	5	11
Other Countries	T	0	0	0	11
Zimbabwe	T	0	0	5	0

*Imports up to October 2017.
Source: GTA and Post adjustments to 65 Degrees Brix (Conversion Factor 0.18).

Table 26: PSD Orange Juice

Orange Juice	2015/2016		2016/2017		2017/2018	
Market Begin Year	Apr 2016		Apr 2017		Apr 2018	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	142000	142000	167000	161000	0	185000

Beginning Stocks	29003	29003	8679	8679	0	3179
Production	19317	19317	22717	22000	0	26000
Imports	1101	1101	4000	2700	0	5000
Total Supply	49421	49421	35396	33379	0	34179
Exports	34742	34742	22000	24000	0	25500
Domestic Consumption	6000	6000	6200	6200	0	6400
Ending Stocks	8679	8679	7196	3179	0	2279
Total Distribution	49421	49421	35396	33379	0	34179
(MT)						

Policy Issues:

United States Cold-sterilization Protocol

The Western Cape Province is the major growing region which exports to the United States under the cold treatment schedule to address False Codling Moth (FCM). The United States Animal Plant Health Inspection Service (APHIS) has reduced the cold treatment schedule from 24 to 22 days, which has been hugely beneficial to South Africa in preventing losses estimated to be between six and fifteen percent due to cold damage and reduction in shipping costs. Exports to the United States are through the ports of Newark, Philadelphia, Houston and New Orleans.

South African Citrus Exports from Citrus Black Spot (CBS) Areas to the United States

Currently, South Africa can only export citrus to the United States from official CBS free areas. The CBS free areas are found in the Western Cape and Northern Cape regions, including the magisterial districts of Hartswater and Warrenton, as well as relevant districts of the Free State and North West. On August, 28, 2014, the United States APHIS, issued a notice proposing to amend the fruits and vegetables regulations to allow the importation of several varieties of fresh citrus fruit, as well as *Citrus* hybrids, into the United States from areas in the Republic of South Africa where citrus black spot has been known to occur. This proposal can be found on the following link; http://www.regulations.gov/#!documentDetail;D=APHIS-2014-0015-0001. The deadline for submitting comments closed on October, 27, 2014. The final regulation is still to be finalized.

Citrus Black Spot Challenges in the European Union Market

As reported in the June 2015 GAIN report, (Click here to read the report.) South Africa still faces challenges in the European Union (EU) Market as a result of the stringent CBS requirements. In October 2017, South Africa voluntarily suspended citrus exports to the EU, as a precaution and risk mitigation measure to prevent the banning of citrus exports to the EU. The citrus industry has in the past suspended citrus exports to the EU to avoid any further detections of CBS which could threaten market access. While South Africa has put in place measures to comply with the EU requirements, the industry still believes that the EU measures are intentional trade barriers as other countries such as Argentina and Uruguay have higher CBS interceptions than South Africa. Industry contacts have complained that the costs to comply with the current EU requirements are too high and there are capacity constraints especially from government. In the interim, it is reported that South Africa has also been addressing this challenge by avoiding problematic ports with high interceptions and also by not exporting directly to Spain. Industry estimates that the cost of complying with the EU CBS requirements is around R1 Billion (US$77 Million) and may not be sustainable in the long run.

Custom Duties

Table 27 indicates the applicable custom duties when exporting citrus to South Africa

Table 27: Custom Duties Applicable to Exports to South Africa

HS Code	Article description	Unit	Rate of Duty				
			General	**EU**	**EFTA**	**SADC**	**MERCOSUR**
08.05	**Citrus fruit, fresh or dried:**						
0805.10	**Oranges**						
0805.10.10	Fresh	kg	4%	free	4%	free	4%
0805.10.90	Other	kg	4%	free	4%	free	4%
0805.2	**Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids:**						
0805.21	**Mandarins (including tangerines and satsumas)**						
0805.21.10	Fresh	kg	4%	free	4%	free	4%
0805.21.90	Other	kg	4%	free	4%	free	4%
0805.22	**Clementines:**						
0805.22.10	Fresh	kg	4%	free	4%	free	4%
0805.22.90	Other	kg	4%	free	4%	free	4%
0805.29	**Other:**						
0805.29.10	Fresh	kg	4%	free	4%	free	4%
0805.29.90	Other	kg	4%	free	4%	free	4%
0805.40	**Grapefruit, including pomelos:**						
0805.40.10	Fresh	kg	4%	free	4%	free	4%
0805.40.90	Other	kg	4%	free	4%	free	4%
0805.50	**Lemons (CitrusLimon, Citrus Limonium) and limes (Citrus aurantifolia, Citrus latifolia):**						
0805.50.10	Fresh	kg	4%	free	4%	free	4%
0805.50.90	Other	kg	4%	free	4%	free	4%
0805.90	**Other:**						
0805.90.10	Fresh	kg	4%	free	4%	free	4%
0805.90.90	Other	kg	4%	free	4%	free	4%
2009.1	**Orange juice**						
2009.11	Frozen	kg	25%	free	25%	free	25%
2009.12	Not frozen, of Brix value not exceeding 20	kg	25%	free	25%	free	25%
2009.19	Other	kg	25%	free	25%	free	25%

Source: South African Revenue Services (SARS)

South African Import Regulation

The following links provide useful resources and regulations pertaining to importing fruit into South Africa:

Procedures to be followed when Exporting Fresh Citrus to South Africa.
http://www.nda.agric.za/doaDev/sideMenu/plantHealth/docs/importProcedure.pdf.

Maximum Residue Limits
http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/South%20African%20Citrus%20MRLs%20 2013.pdf

Agriculture Product Standards Act No 119 of 1990
http://www.nda.agric.za/doaDev/sideMenu/Food%20Import%20&%20Export%20Standard/docs/Agric %20Product%20Standards%20Act%20No%20119%20%20of%201990.pdf

Agricultural Pests Amendment Act, 9 of 1992
http://www.nda.agric.za/doaDev/sideMenu/APIS/doc/Agricultural%20Pests%20Act.pdf

Foodstuffs, Cosmetics and Disinfectants Act 54 of 1972
http://www.nda.agric.za/vetweb/Legislation/Other%20acts/Act%20- %20Foodstuffs,%20Cosmetics%20and%20Disinfectants%20Act-54%20of%201972.pdf