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South Africa - Republic of

Citrus Semi-annual

MY2014 Citrus Exports Forecast to Increase on Expanded Market Access to the U.S.

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Report Highlights:
The South African 2014 MY (Marketing Year) total citrus exports are forecasted to increase as a result of increases in production and a weak exchange rate. South Africa achieved record orange exports to the United States at 40,576 MT in the 2013 MY. The impact of the stricter EU regulations on South African citrus imports anticipated to start showing in the 2015 MY.

Executive Summary

Post forecasts the 2014 MY South African production of lemons, and soft citrus to increase by eighteen percent and nine percent, to 270,000 MT and 160,000 MT, respectively, on the basis of good growing conditions and increases in area planted. 2014 MY production of oranges is forecasted to increase marginally by three percent to 1,600 million MT and orange juice by three percent to 29,970 MT. The 2014 MY grapefruit production is forecasted to decrease by ten percent to 391,000 MT due to the annual cyclical fluctuations of grapefruit production.

Post forecasts increases in the 2014 MY exports of oranges (two percent), soft citrus (six percent), lemons (15 percent) and orange juice (23 percent) based on the equivalent increases in production and the weak rand exchange rate. Grapefruit exports are forecasted to decrease by seven percent based on the annual cyclical decrease in grapefruit production. Europe remains the largest export market for South African fresh citrus, and accounted for the following in the 2013 MY; grapefruit (46 percent), oranges (40 percent) and soft citrus (66 percent). Other regions such as the Middle East, Asia and Africa are also becoming increasingly significant markets for South African citrus exports. The Middle East accounted for 41 percent of the South African lemon export market in the 2013 MY. The growth in other markets is expected to continue in the coming seasons following the decision by the European Union Commission on May 27, 2014 to impose stricter regulations on South African citrus imports.

South African exports of fresh oranges to the United States under the duty free AGOA reached a record high of 40,576 MT. This is a massive increase, given that exports to the United States were about 290 MT in the 1996 MY and 25,619 MT in the 2007 MY.

Post forecasts the 2014 MY imports of citrus to remain flat based on a static domestic consumption and sufficient domestic production to supply the local market. Imports are mainly to cover for out of season demand usually toward the end of the year.

Key Sources

Name of source	**Website**
Citrus Growers Association (CGA)	www.cga.co.ca
South African Department of Agriculture, Forestry and Fisheries (DAFF)	www.daff.gov.za
National Agricultural Marketing Council (NAMC)	www.namc.co.za
Fresh fruit portal	www.freshfruitportal.com
Global Trade Atlas	http://www.gtis.com/gta/usda/
Perishable Products Export Control Board (PPECB)	www.ppecb.com
Selected Citrus Processors	

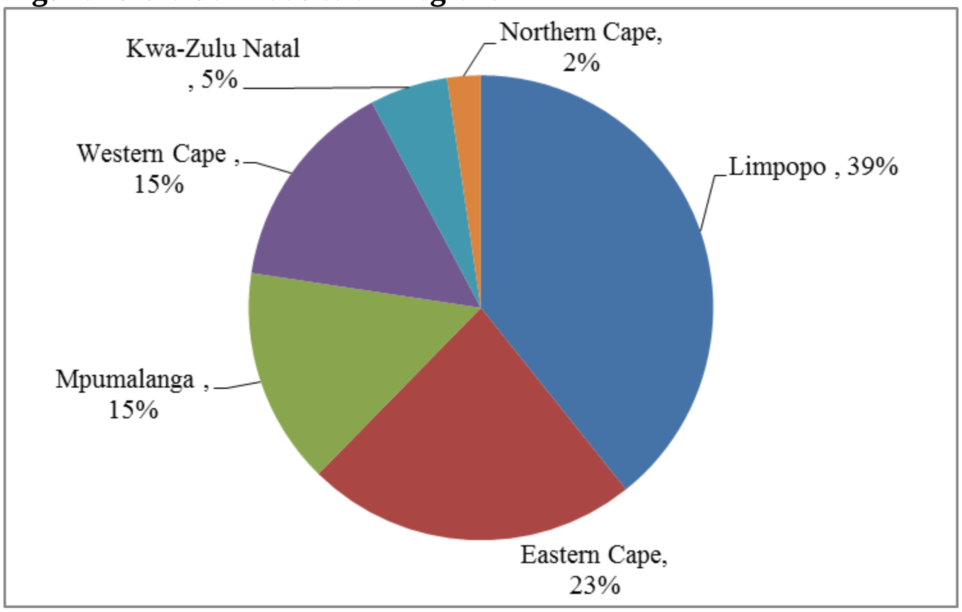
Exchange rate

Rand/US$ Exchange = 10.7

Background of the South African Citrus Industry

In the 2013 MY, approximately 63,060 hectares (Ha) was planted to citrus in South Africa. 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 that Limpopo has the largest area planted, followed by Eastern Cape, Mpumalanga and Western Cape. The Western Cape and Eastern 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.

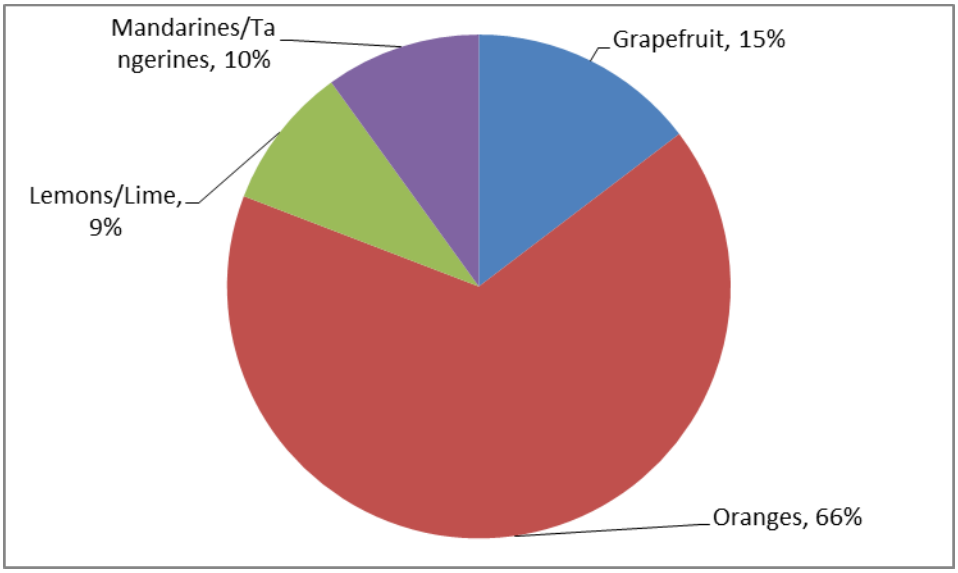
Figure 1: Citrus Production Regions



Source: CGA

Figure 2 shows that Oranges are the biggest citrus type produced in South Africa and accounted for 66 percent of the total citrus area planted in the 2013 MY.

Figure 2: Distribution of Citrus Production



Source: CGA

Table 1: 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

There are approximately 210 commercial varieties being planted in South Africa. **Table 2** 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 more yields than Navels. Nardocott is one of the most popular soft citrus cultivars in South Africa, however, there is growing interest in the Tango cultivar, which is seedless and is still waiting to be granted its Plant Breeders Rights.

Table 2: 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

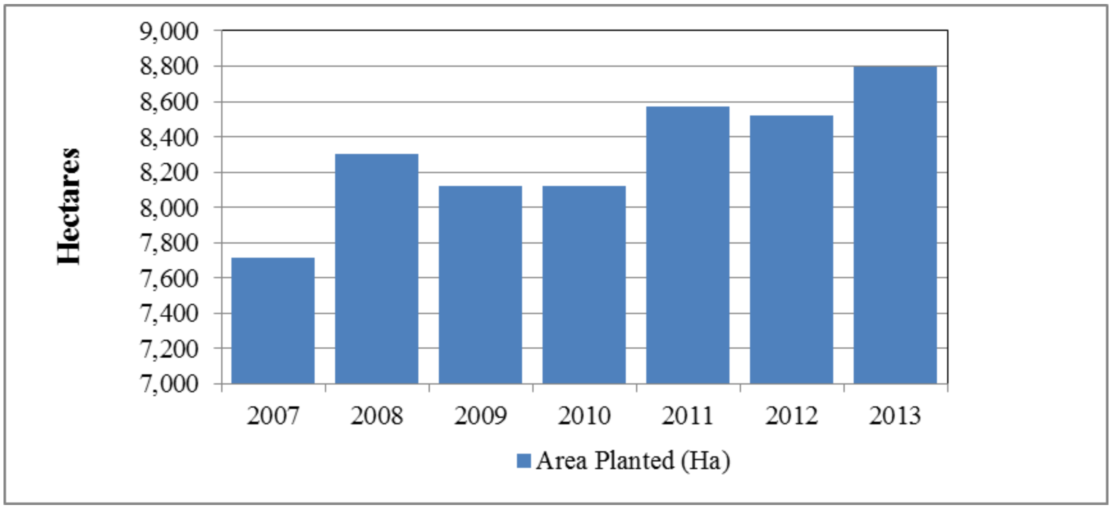
Source: CGA

Commodities
Grapefruit, Fresh

Production
Post forecasts South Africa 2014 MY grapefruit production to decrease by ten percent to 390,000 MT as a result of the annual cyclical fluctuations of grapefruit production where a high production season is usually followed by a low production season and the 2013 MY production was a high production year. Grapefruit producers usually switch production to lemons or vice versa, depending on the expected prices.

Post revised upwards the South Africa 2013 MY grapefruit production at 434,070 MT based on industry data. The 2013 MY grapefruit production at 434,070 MT represents a 42 percent increase in production from the 2012 MY production at 304,595 MT as a result of good rainfalls in the eastern part of the country and an increase in planted area. **Figure 3** below shows that the 2013 MY area planted of 8,796 hectares is the highest since the 2008 MY. **Figure 3** also confirms that a low grapefruit production season is always followed by a higher production season.

Figure 3: Area Planted to Grapefruit



Source: CGA

Consumption

Post forecasts the 2014 MY grapefruit domestic consumption to remain flat at 5,000 MT. Domestic consumption of grapefruit is low due to the negative press and perceptions on the medical effects of grapefruits in South Africa, in addition, there is a lack of awareness of grapefruit and the local market especially the younger generation has not acquired the taste for grapefruit.

Grapefruit is also processed for juice, the majority of which is exported to the 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.

Trade:

Exports

Post forecasts the 2014 MY grapefruit exports to decrease by seven percent to 220,000 MT based on lower domestic production. While South African grapefruit exports enter the European Union (EU) duty free under the bilateral Trade Development Cooperation Agreement (TDCA), the EU introduced stricter rules for the import of South African citrus to protect the EU from citrus black spot. Industry sources have indicated that while the stricter rules have brought certainty to South Africa following the banning of South African exports in November 2013, the industry would be affected by the added costs of complying to these requirements and the capacity of South African regulatory bodies could be constrained. The exact impact of the new requirements are uncertain at this stage and post anticipates that they could start showing in the 2015 MY and beyond.

Post revised downwards the 2013 MY exports to 236,414 MT based on final GTA data. The 2013 MY exports at 236,414 increased by 36 percent from the 2012 MY export at 173,885 MT. This increase is based on the cyclical increase of grapefruit production.

South Africa grapefruit can enter the United States duty free under the African Growth and Opportunity Act (AGOA). South African 2014 MY exports to the United States are anticipated to be significantly higher than the 2013 MY exports, according to industry statistics, the first citrus exports to the United States in the 2014 MY are double the amount exported at the same period in the 2013 MY. Europe and Japan are South Africa's major export markets. Japan imposes a ten percent Most Favored Nation (MFN) duty on SA grapefruit. Russia which is the third largest market for South Africa's grapefruit export, imposes a five percent or US$27.96/ton (whichever is greater), while Canada, Hong Kong and the UAE apply a zero percent MFN tariff.

Table 3: South African Fresh Grapefruit exports

South Africa Export Statistics			
Commodity: 08054010, Fresh Grapefruit including Pomelos			
Year To Date: January - December			
Partner Country	**Quantity**		
	2011	**2012**	**2013**
World	211,799	173,885	236,414
Netherlands	59,341	46,731	64,897
Japan	55,631	49,789	51,967
Russia	23,201	13,854	25,774
Italy	10,120	9,252	12,508
United Kingdom	10,873	10,097	12,161
China	1,340	1,436	9,591
Canada	5,671	5,128	7,974
United Arab Emirates	3,444	3,692	5,810
Taiwan	3,020	4,573	5,769
France	4,703	2,645	5,259
Hong Kong	5,594	5,006	4,680
Portugal	1,332	2,203	3,464
Mozambique	6,740	5,128	2,950
Germany	3,274	3,082	2,886
Ukraine	1,710	840	2,084
Spain	2,989	1,150	2,048
Greece	1,497	1,365	1,932
Singapore	637	877	1,372
Lithuania	720	502	1,341
Sweden	640	756	1,244
Saudi Arabia	1,426	774	1,136
Other	7,891	5,005	9,563

Source: GTA

Imports

Post forecasts 2014 MY grapefruit imports to remain flat at 450 MT as a result of static domestic consumption. South Africa is not a major importer of grapefruit. Imports originate from Spain and Israel to fill the demand gap towards the end of the calendar year.

Table 4: South African Fresh Grapefruit imports

South Africa Import Statistics				
Commodity: 08054010, Fresh Grapefruit including Pomelos				
Year To Date: January - December				
Partner Country	**Unit**	**Quantity**		
		2011	**2012**	**2013**
World	T	581	467	461
Israel	T	234	270	236
Spain	T	138	146	218
Netherlands	T	0	10	8
Turkey	T	0	41	0
Zimbabwe	T	210	0	0

Source: GTA

Prices

Table 5 shows the local, export and processed market prices for grapefruit since 2004. Grapefruit prices tend to follow the production cycles of grapefruit, in years with high production prices are low, vice versa. Domestic price have grown from R1,434 (US$134) in 2004 MY to R2,352 (US$220) in 2013 MY. As expected, grapefruit processed prices are lower than the domestic and export prices.

Table 5: Grapefruit Prices

Season	**Local Market Average Price Rand/Ton**	**Export Market Gross Price Rand/Ton**	**Processed Gross Price Rand/Ton**
2004	1,434	2,399	325
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	2,668	377
2013	2,352	3,405	374

Source: CGA

Table 6: PSD Grapefruit, Fresh

Grapefruit, Fresh South Africa	**2011/2012**	**2012/2013**	**2013/2014**
	Market Year Begin: Mar 2012	**Market Year Begin: Mar 2013**	**Market Year Begin: Mar 2014**

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	9,900	8,524	9,900	8,796	9,900	8,000	(HECTARES)
Area Harvested	8,600	7,842	9,000	8,532	9,000	7,700	(HECTARES)
Bearing Trees	8,600	7,900	9,000	8,500	9,000	7,500	(1000 TREES)
Non-Bearing Trees	1,000	680	900	300	900	500	(1000 TREES)
Total No. Of Trees	9,600	8,580	9,900	8,800	9,900	8,000	(1000 TREES)
Production	300	305	410	434	375	390	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	300	305	410	435	375	391	(1000 MT)
Exports	180	174	242	236	215	220	(1000 MT)
Fresh Dom. Consumption	5	4	5	6	5	5	(1000 MT)
For Processing	115	127	163	192	155	165	(1000 MT)
Total Distribution	300	305	410	435	375	390	(1000 MT)
TS=TD	0.000	0.000	0.000	0.000	0.000	0.000	

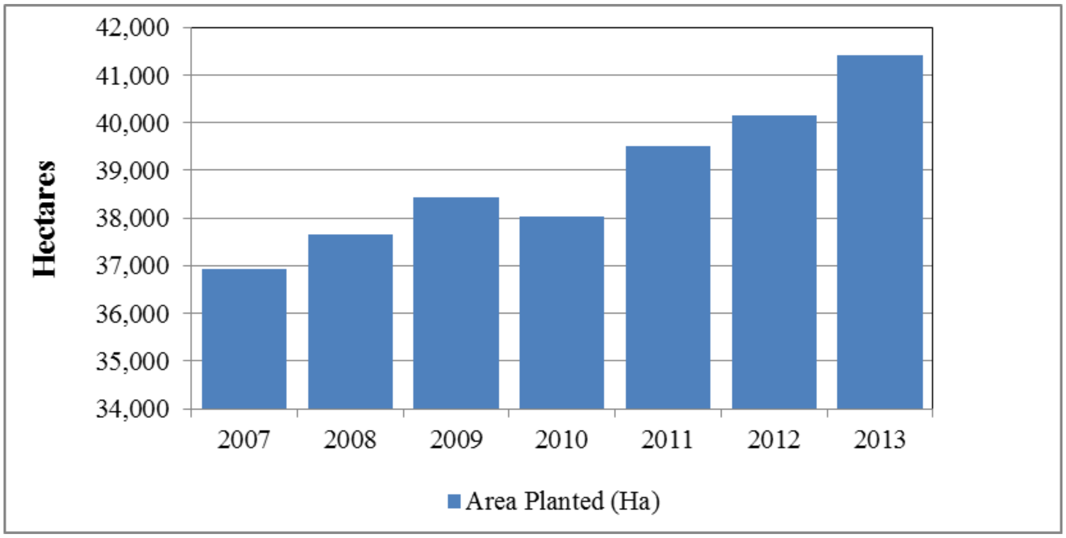
Commodities
Oranges, Fresh

Production

Post forecasts the South Africa 2014 MY oranges production to increase by three percent to 1,600 million MT as a result of good weather conditions and an increase in area planted. The biggest increases in orange production are forecasted to be from the Western Cape, Sundays River, Patensie, Letsitele and Hoedspruit areas, and these increases are expected to be partially offset by orange production decreases in Senwes due to late rains and hail.

Post revised upwards the 2013 MY and 2012 MY orange production to 1,560 million MT and 1,466 million MT, respectively, based on industry data. The area planted of oranges has grown steadily since 2007 MY. **Figure 4** shows that the area planted has grown by at least twelve percent from 36,921 hectares in 2007 MY to 41,426 hectares in 2013 MY.

Figure 4: Area Planted to Oranges



Source: CGA

Consumption

Post forecasts 2014 MY domestic consumption to remain flat at 130,000 MT based on static consumer demand. Fresh oranges are the most popular citrus consumed in South Africa. Post revised downwards the 2013 MY domestic consumption to 127,674 MT and the 2012 MY domestic consumption to 128,636 MT based on industry data.

Trade

Exports

Post forecasts 2014 MY South Africa orange exports to increase by two percent to 1,170 million MT based on increased domestic production, favorable market conditions and a weak Rand exchange rate. The decision by the EU Commission to impose stricter rules on South African citrus imports is anticipated to bring certainty to the market and will not affect the 2014 MY exports. The impact of this decision is anticipated to result in increased compliance costs in the coming seasons and possible shifts to other export markets which are less stringent.

Post revised upwards the 2013 MY and 2012 MY exports to 1,149 million MT and 1,089 million MT, respectively, based on GTA data.

While Europe still remains South Africa's traditional market for orange exports, accounting for forty percent of the export market in 2013 MY, there has been significant export growth to other regions. The Middle East has gained ground as one of the major South African orange export destinations, with a growth of 57 percent from 172,804 MT in 2007 MY to 272,380 in the 2013 MY. Exports to the United States have also significantly grown by 58 percent from 25,619 MT in 2007 MY to 40,576 MT in 2013 MY. The 2013 MY exports to the United States at 40,576 MT under the duty free AGOA, were the highest ever achieved by South Africa to the United States. A long term comparison of the United States export market shows that South African exports to the United States have grown astronomically given that in the 1997 MY, orange exports to the United States were only 290 MT.

Table 7: South African Fresh Orange exports

South Africa Export Statistics

Commodity: 08051010, Oranges. Fresh				
Year To Date: January - December				
Partner Country	**Unit**	**Quantity**		
		2011	**2012**	**2013**
World	T	976,154	1,088,950	1,149,273
Netherlands	T	175,034	201,072	222,439
Russia	T	122,984	120,051	130,902
United Arab Emirates	T	78,658	93,912	106,778
Saudi Arabia	T	89,432	101,267	92,882
United Kingdom	T	66,862	65,762	81,268
Kuwait	T	30,323	32,969	50,604
Portugal	T	29,566	42,821	41,086
United States	T	36,897	37,736	40,576
Italy	T	29,509	31,960	36,663
Canada	T	30,650	34,968	34,929
Bangladesh	T	32,073	30,072	30,573
Mozambique	T	15,543	27,828	26,548
France	T	15,745	22,924	25,757
China	T	12,720	18,446	24,917
Malaysia	T	16,744	23,947	24,603
Hong Kong	T	49,227	35,115	20,197
Spain	T	15,773	23,019	18,559
Oman	T	9,126	12,402	11,158
Singapore	T	8,675	10,045	9,676
Germany	T	9,983	10,713	8,993
Sweden	T	6,678	7,213	8,392
Zambia	T	2,561	4,949	8,315
Ukraine	T	14,773	12,542	8,176
Other	T	76,613	87,219	85,283

Source: GTA

Imports

Post forecasts the South African 2014 MY exports to remain flat at 400 MT. Oranges are imported to South Africa in the months of November and December to close supply gaps and satisfy year-long demand.

Table 8: South African Fresh Orange imports

South Africa Import Statistics
Commodity: 08051010, Oranges. Fresh

Year To Date: January - December				
Partner Country	**Unit**	**Quantity**		
		2011	**2012**	**2013**
World	T	736	372	385
Israel	T	107	92	192
Spain	T	152	273	176
Netherlands	T	0	6	17
Pakistan	T	0	0	1
Egypt	T	48	0	0
Zimbabwe	T	429	0	0

Source: GTA

Prices
Table 9 shows the local, export and processed market prices of oranges. The export market provides the highest prices, followed by the domestic market and the processed prices last. Local market prices have increased by 91 percent from R1,090 (US$103) in 2004 MY to R2,077 (US$194) in 2013 MY.

Table 9: Oranges Prices

	Local Market	**Export Market**	**Processed**
	Average Price	**Gross Price**	**Gross Price**
	Rand/Ton	**Rand/Ton**	**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	1,763	4,691	551
2012	1,897	4,443	555
2013	2,077	4,952	589

Source: CGA

Table 10: PSD Oranges, Fresh

Oranges, Fresh South Africa	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Feb 2012		**Market Year Begin: Feb 2013**		**Market Year Begin: Feb 2014**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**

Area Planted	41,400	40,162	42,000	41,426	42,000	42,500	(HECTARES)
Area Harvested	39,500	36,467	39,500	37,573	39,500	39,000	(HECTARES)
Bearing Trees	39,500	36,480	39,500	37,600	39,500	38,000	(1000 TREES)
Non-Bearing Trees	2,800	3,690	2,800	3,860	2,800	3,800	(1000 TREES)
Total No. Of Trees	42,300	40,170	42,300	41,460	42,300	41,800	(1000 TREES)
Production	1,450	1,466	1,400	1,560	1,500	1,600	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	1,450	1,466	1,400	1,560	1,500	1,600	(1000 MT)
Exports	1,065	1,089	1,100	1,149	1,150	1,170	(1000 MT)
Fresh Dom. Consumption	140	129	140	128	190	130	(1000 MT)
For Processing	245	249	160	283	160	300	(1000 MT)
Total Distribution	1,450	1,466	1,400	1,560	1,500	1,600	(1000 MT)
TS=TD	0.000	0.000	0.000	0.000	0.000	0.000	

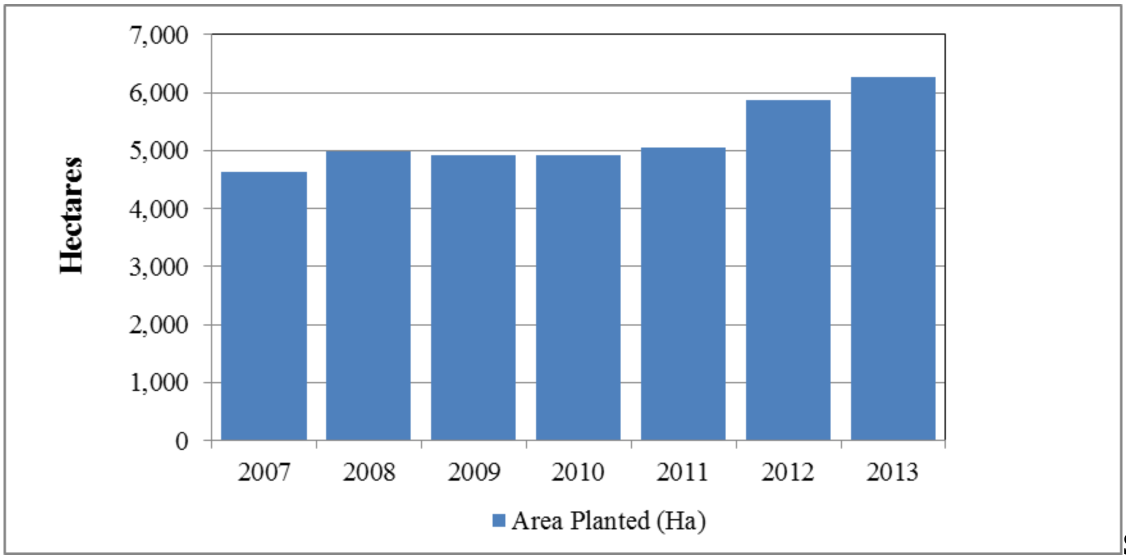
Commodities
Tangerines/Mandarins, Fresh

Production

Post forecasts the South African 2014 MY production to increase by nine percent to 160,000 MT based on good growing conditions and an increase in area planted in the following regions; Senwes, Patensie, Sundays River, Boland, Western Cape, and East Cape Midlands. Post revised downwards the 2013 MY and 2012 MY production to 146,270 MT and 145,837 MT, respectively, based on final industry data.

Figure 5 shows that after following a flat growth in area planted from the 2007 MY to the 2011 MY, the area planted to soft citrus started to increase steadily from 5,044 hectares in 2011 MY to 5,863 hectares in 2012 MY and 6,273 hectares in 2013 MY due to new orchards being planted and growers responding to the increasing global demand for soft citrus.

Figure 5: Area Planted to Tangerines/Mandarins



Source: CGA

Consumption
Post forecasts the 2014 MY domestic consumption to remain flat at 10,400 MT as domestic demand remains flat. Post revised upwards the 2012 MY domestic consumption to 11,209 MT based on industry data.

Exports
Post forecasts the South African soft citrus 2014 MY exports to increase by six percent to 140,000 MT based on growing market opportunities in the Middle East and a favorable exchange rate. Post revised upwards the 2013 MY and 2012 MY exports to 132,568 MT and 121,846 MT, respectively based on GTA data.

South African naartjies enter the US duty free as a result of AGOA preferences. EU member states impose a 1.6 percent preferential tariff for South Africa for all naartjies originating from South Africa. Russia imposes a five percent or US$41.93/ton (whichever is the greater) general tariff. Most Favored Nation (MFN). Canada, Hong Kong, the UAE, and Saudi Arabia impose a zero percent MFN duty.

Table 11: South African Fresh Tangerines/Mandarins exports

South Africa Export Statistics				
Commodity: 08052010, Fresh				
Year To Date: January - December				
Partner Country	**Unit**	**Quantity**		
		2011	**2012**	**2013**
World	T	107,870	121,846	132,568

United Kingdom	T	40,782	48,076	50,125
Netherlands	T	17,878	23,995	30,215
Russia	T	12,614	12,099	12,603
Canada	T	5,182	5,984	6,954
United Arab Emirates	T	5,548	4,909	6,093
Hong Kong	T	6,904	4,626	4,639
United States	T	4,236	7,592	3,555
Saudi Arabia	T	2,319	896	2,319
Ireland	T	1,782	1,901	1,946
Malaysia	T	655	2,066	1,821
Kuwait	T	955	668	1,583
France	T	603	765	1,555
Germany	T	26	428	1,218
Philippines	T	265	909	1,098
Mauritius	T	705	1,003	947
Singapore	T	377	570	653
Finland	T	353	252	450
Senegal	T	411	426	443
Portugal	T	214	160	442
Vietnam	T	134	0	351
Sweden	T	0	34	321
Bangladesh	T	3	0	275
Angola	T	704	822	274
Qatar	T	49	159	245
Other	T	5,171	3,507	2,444

Source: GTA

Imports

Post forecasts 2014 MY soft citrus imports to remain flat at 1,400 MT. South African imports are only marginal in order to satisfy out of season demand.

Table 12: South African Fresh Tangerines/Mandarins imports

South Africa Import Statistics
Commodity: 08052010, Fresh
Year To Date: January - December

Partner Country	Unit	Quantity		
		2011	2012	2013
World	T	846	898	1395
Israel	T	574	547	804
Spain	T	272	351	552
Netherlands	T	0	0	38

Source: GTA

Prices

Table 13: Tangerines/Mandarins Prices

	Local Market Average Price Rand/Ton	Export Market Gross Price Rand/Ton	Processed Gross Price 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	4,366	8,531	413

Source: GTA

Table 14: Table 5: PSD Tangerines/Mandarins, Fresh

Tangerines/Mandarins, Fresh South Africa	2011/2012		2012/2013		2013/2014		
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Planted	5,300	5,863	5,300	6,273	5,400	6,400	(HECTARES)
Area Harvested	4,800	4,456	4,800	4,642	5,000	4,800	(HECTA

							RES)
Bearing Trees	4,800	4,480	4,800	4,650	5,000	4,700	(1000 TREES)
Non-Bearing Trees	800	1,385	800	1,630	800	1,700	(1000 TREES)
Total No. Of Trees	5,600	5,865	5,600	6,280	5,800	6,400	(1000 TREES)
Production	150	146	160	146	160	160	(1000 MT)
Imports	0	1	0	1	0	1	(1000 MT)
Total Supply	150	147	160	148	160	161	(1000 MT)
Exports	115	122	126	133	130	140	(1000 MT)
Fresh Dom. Consumption	10	11	10	10	10	10	(1000 MT)
For Processing	25	14	24	5	20	11	(1000 MT)
Total Distribution	150	147	160	148	160	161	(1000 MT)
TS=TD	0.000	0.000	0.000	0.000	0.000	0.000	

Commodities
Lemons/Limes, Fresh

Production

Post forecasts 2014 MY production to increase by 18 percent to 270,000MT based on good weather conditions and an increase area planted. The main regions forecasted to result in this increase in production are the Sunday River and Senwes due to increased plantings and good growing conditions. Post revised the 2013 MY and 2012 MY production to 229,059 MT and 253,084 MT, respectively, based on published industry data.

Figure 6 shows that after following a flat growth in the area planted from the 2007 MY to 2011 MY, the area planted to lemons started to increase from 4,667 hectares in 2011 MY to 5,457 hectares in the 2012 MY and 5,828 hectares in 2013 MY, and is anticipated to break the 6,000 hectares in 2015 MY.

Figure 6: Area Planted to lemons/lime

Source: CGA

Consumption

Post forecasts the 2014 MY domestic consumption to increase by three percent to 13,000 MT based on increased production and marginal increase in domestic demand. Post revised upwards the 2013 MY and 2012 MY domestic consumption to 12,621 MT and 11,292 MT, respectively, based on industry data.

Lemon juice is used as flavorings for grilled or fried poultry and fish dishes, and a flavor agent in cakes, tarts, biscuits, candies, ice creams and salad dressings. In the drink industry lemons/lime 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.

Trade:

Exports

Post forecasts the 2014 MY lemon exports to increase by 15 percent to 200,000 MT based on increased domestic production, a favorable exchange rate and growth in export markets such as Russia and Middle East. Post revised downwards the 2013 MY and 2012 MY exports to 174,473 MT and 165,500 MT, respectively, based on final GTA data. The Middle East continues to be the major market for South African exports and accounted for 41% of the South African 2013 MY lemon exports.

Table 15: South African Fresh Lemons/Limes exports

South Africa Export Statistics
Commodity: 08055010, Fresh

Year To Date: January - December				
Partner Country	Unit	Quantity		
		2011	2012	2013
World	T	164,160	165,500	174,473
United Arab Emirates	T	24,798	33,826	35,191
Russia	T	27,186	19,171	29,310
Saudi Arabia	T	20,652	18,828	20,987
Netherlands	T	19,193	19,675	15,994
United Kingdom	T	14,304	16,222	10,444
Hong Kong	T	9,754	11,087	9,784
Kuwait	T	7,501	8,586	8,522
Canada	T	2,518	2,620	6,654
Germany	T	1,347	1,379	5,350
Malaysia	T	3,258	3,324	4,076
Ukraine	T	3,628	2,895	4,048
Singapore	T	2,463	2,369	3,419
Italy	T	7,837	4,241	2,566
Bahrain	T	2,609	2,525	2,421
Azerbaijan	T	251	1,540	2,027
Qatar	T	1,476	2,095	1,621
Oman	T	820	1,914	1,554
Jordan	T	103	354	1,002
Angola	T	1,014	1,444	950
Other	T	13,451	11,403	8,554

Source: GTA

Imports

Post forecasts the 2014 MY imports to be flat at 320 MT as a result of sufficient domestic production and relatively low domestic demand.

Table 16: South African Fresh Lemons/Limes imports

South Africa Import Statistics
Commodity: 08055010, Fresh
Year To Date: January - December

Partner Country	Unit	Quantity		
		2011	2012	2013
World	T	106	94	320
Spain	T	0	47	163
Brazil	T	0	1	135
El Salvador	T	79	46	22
Egypt	T	2	0	0
Zimbabwe	T	25	0	0

Source: GTA

Prices

Table 17: Lemons/Limes Prices

	Local Market Average Price Rand/Ton	Export Market Gross Price Rand/Ton	Processed Gross Price Rand/Ton
2004	1,525	3,240	338
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

Source: CGA

Table 18: Table 5: PSD Lemons/Limes, Fresh

Lemons/Limes, Fresh South Africa	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Planted	4,900	4,667	4,900	5,457	5,000	5,900	(HECTARES)
Area Harvested	4,200	3,640	4,200	3,984	4,300	4,400	(HECTARES)
Bearing Trees	4,200	3,650	4,200	4,000	4,300	4,300	(1000 TREES)
Non-Bearing Trees	600	1,040	600	1,455	700	1,600	(1000 TREES)
Total No. Of Trees	4,800	4,690	4,800	5,455	5,000	5,900	(1000 TREES)
Production	260	253	245	229	265	270	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	260	253	245	229	265	270	(1000 MT)
Exports	165	166	175	174	170	200	(1000 MT)
Fresh Dom. Consumption	11	11	11	13	12	13	(1000 MT)
For Processing	84	76	59	42	83	57	(1000 MT)
Total Distribution	260	253	245	229	265	270	(1000 MT)
TS=TD	0.000	0.000	0.000	0.000	0.000	0.000	

Commodities
Orange Juice

Production
Post forecasts the 2014 MY orange juice production to increase by six percent to 31,000 MT based on the equivalent increase of fresh orange domestic production delivered for processing to 300,000 MT in the 2014 MY.

Post revised upwards the 2013 MY and 2012 MY orange juice production to 29,152 MT and 25,590 MT respectively, based on the revision of the respective fresh orange domestic production delivered for processing as per industry data.

Producers in South Africa prefer to export their fresh orange production as export prices are much higher than domestic and processed market prices as reflected in **Table 9**.

Industry statistics for orange juice (200911, 200912 and 200919) are largely unavailable in South Africa. The production, consumption and stock data are comprised of information extracted from various sources, and represent Post`s best effort of the South African orange juice supply and distribution statistics.

Consumption

Post forecasts the 2014 MY domestic consumption of orange juice to remain flat at 7,400 MT based on static domestic demand. The increasing food costs and inflation pressures faced by consumers have restricted growth in the domestic consumption of fruit juices especially the 100% fruit juice. There appears to be a shift within the market with increasing demand of concentrates compared to the 100% fruit juices.

Trade:

Export

Post forecasts the 2014 MY orange juice exports to increase by 23 percent to 27,000 MT based on increased production and the weakening rand exchange rate.

Post revised upwards the 2013 MY orange juice exports to 21,989 MT based on final GTA data. Netherlands is the biggest market for South African orange juice exports, followed by Mozambique, Zambia and Zimbabwe. Middle East countries such as Israel and the United Arab Emirates have also shown modest growth.

Table 19: South African Orange Juice exports

South Africa Export Statistics				
Commodity: 200911, 200912, 200919				
Year To Date: January - December				
Partner Country	**Unit**	**Quantity**		
		2011	**2012**	**2013**

World	T	17,891	21,989	28,553
Netherlands	T	3,913	6,524	11,999
Mozambique	T	1,540	2,041	3,101
Zambia	T	1,535	1,547	1,368
Israel	T	200	315	1,305
Zimbabwe	T	1,663	3,107	1,228
Congo	T	124	404	1,014
Spain	T	0	0	888
Angola	T	797	1,012	722
Korea South	T	784	910	462
Ghana	T	452	518	418
Gabon	T	610	863	406
Mauritius	T	409	332	380
United Arab Emirates	T	182	222	331
Philippines	T	168	171	305
Japan	T	310	325	294
Madagascar	T	125	182	282
Germany	T	0	0	275
Nigeria	T	390	206	260
Reunion	T	253	237	245
Tanzania	T	170	210	244
Pakistan	T	0	3	238
France	T	0	20	207
China	T	46	82	202
Other	T	4,220	2,758	2,379

Source: GTA

Imports

Post forecasts the 2014 MY import of orange juice to remain flat at 1,400 MT. South Africa only imports a small quantity of orange juice, an implication of low demand and sufficient domestic production to supply the market. Although Zimbabwe was the largest exporter to South Africa in 2013 MY, it also imported an equivalent amount of orange juice from South Africa in 2013 MY.

Table 20: South African Orange Juice imports

South Africa Import Statistics		
Commodity: 200911, 200912, 200919		
Year To Date: January - December		
Partner Country	**Unit**	**Quantity**

		2011	2012	2013
World	T	909	763	1,355
Zimbabwe	T	118	21	1,050
Other Countries NES	T	0	0	94
United Kingdom	T	0	7	53
Yemen	T	0	0	41
Korea South	T	0	0	34
Portugal	T	16	25	30
United Arab Emirates	T	33	38	20
Cyprus	T	13	14	10
Brazil	T	432	82	0
Spain	T	176	308	0
Japan	T	0	151	0
Other	T	121	115	17

Source: GTA

Table 21: Table 5: PSD Orange Juice, Fresh

Orange Juice South Africa	**2011/2012**		**2012/2013**		**2013/2014**	
	Market Year Begin: Apr 2012		**Market Year Begin: Apr 2013**		**Market Year Begin: Apr 2014**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**

Deliv. To Processors	245,000	248,845	160,000	283,485	160,000	300,000	(MT)
Beginning Stocks	1,898	1,898	1,848	3,460	1,448	3,986	(MT)
Production	23,850	25,590	20,000	29,152	20,000	31,000	(MT)
Imports	1,500	1,263	1,000	763	1,500	1,400	(MT)
Total Supply	27,248	28,751	22,848	33,375	22,948	36,386	(MT)
Exports	18,000	17,891	14,000	21,989	14,000	27,000	(MT)
Domestic Consumption	7,400	7,400	7,400	7,400	7,400	7,400	(MT)
Ending Stocks	1,848	3,460	1,448	3,986	1,548	1,986	(MT)
Total Distribution	27,248	28,751	22,848	33,375	22,948	36,386	(MT)
TS=TD	0	0	0	0	0	0	

Policy Issues:

United States cold-sterilization protocol

South African exports to the United States are duty free under the AGOA. The Western Cape Province is the major region which exports to the United States under the cold treatment schedule of 24 days to reduce False Codling Moth. Following discussions by the United State`s Animal Plant Health Inspection Service (APHIS), and the South Africa`s Department of Agriculture, Forestry and Fisheries (DAFF), APHIS granted a pilot program to reduce the cold treatment schedule to 22 days which will be hugely beneficial to South Africa in preventing losses estimated to be between six and fifteen percent due to cold damage. Exports under the pilot program will be destined to the ports of Newark and Philadelphia, and if the program is successful South Africa will also have access to Houston and New Orleans in 2015 and beyond.

Tightening of the European Market

South African citrus exports enter the European Union (EU) duty free under the bilateral Trade Development Cooperation Agreement (TDCA). However, on May 27, 2014, the EU Commission introduced stricter regulations for the import of South African citrus as a follow up to the restrictions applied to the South African citrus imports for the 2012/2013 season. The press release on the new rules is on the following link: http://europa.eu/rapid/press-release_IP-14-614_en.htm. The key changes to the regulations are that the new measures would include (i) recording pre and post-harvest chemical treatments, and (ii) mandatory registration of packing houses, as well as on-site official inspections at citrus orchards, (iii) South African authorities will also need to take a sample of at least 600 of each type of citrus fruit per 30 metric tons (MT), (iv) all fruit showing symptoms will be tested, and (v) no distinction between citrus fruits for fresh consumption and citrus fruits for processing will be made. The EU Commission also indicated that in the event that recurring interceptions of citrus fruit contaminated with citrus black spot are detected in the coming months, these measures will be further strengthened and additional restrictions may be imposed. Post will be closely monitoring the impact and developments of these new regulations.

South African import regulation
The following **Table 22** shows the applicable custom duties when exporting citrus to South Africa

Table 22: Custom duties applicable to exports to South Africa

HS Code	Article description	Unit	Rate of Duty			
			General	**EU**	**EFTA**	**SADC**
08.05	**Citrus fruit, fresh or dried:**					
0805.10.10	Fresh	kg	4%	free	4%	free
0805.10.90	Other	kg	4%	free	4%	free
0805.20	**Mandarins (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids:**					
0805.20.10	Fresh	kg	4%	free	4%	free
0805.20.90	Other	kg	4%	free	4%	free
0805.40	**Grapefruit, including pomelos:**					
0805.40.10	Fresh	kg	4%	free	4%	free
0805.40.90	Other	kg	4%	free	4%	free
0805.50	**Lemons (CitrusLimon, Citrus Limonium) and limes (Citrus aurantifolia, Citrus latifolia):**					
0805.50.10	Fresh	kg	4%	free	4%	free
0805.50.90	Other	kg	4%	free	4%	free
2009.1	**Orange juice**					
2009.11	Frozen	kg	25%	free	25%	free
2009.12	Not frozen, of Brix value not exceeding 20	kg	25%	free	25%	free
2009.19	Other	kg	25%	free	25%	free

Source: South African Revenue Services (SARS)

The following link provides the procedures to be followed when exporting fresh citrus to South Africa. http://www.nda.agric.za/doaDev/sideMenu/plantHealth/docs/importProcedure.pdf.

The following regulations are also applicable for export of fresh citrus to South Africa:

Maximum Residue Limits
http://www.nda.agric.za/doaDev/sideMenu/foodSafety/doc/South%20African%20Citrus%20MRLs%202013.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