

COVID-19 impacts and opportunities in the citrus industry in South Africa

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Key points

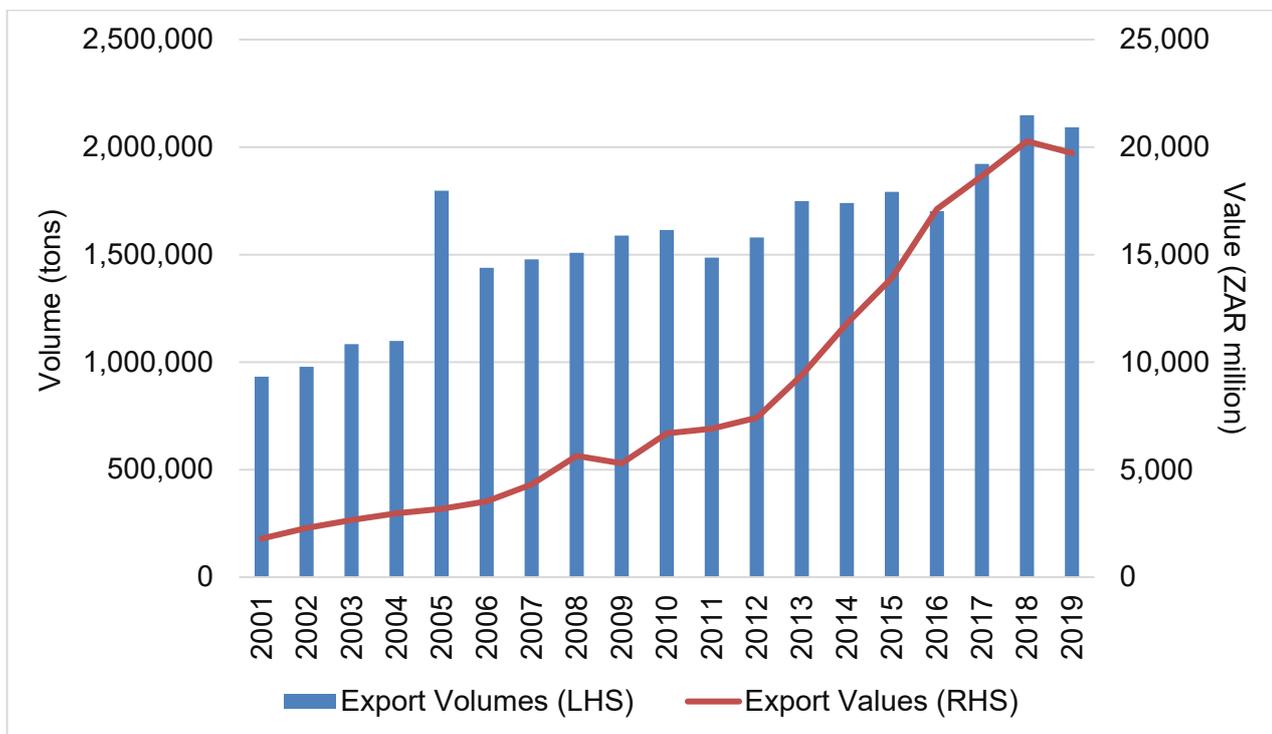
- While COVID-19 has disrupted many industries, the citrus industry has emerged resilient with strong demand in export markets, and the strong growth potential will be supported by access to wider export markets on favourable conditions and investment in ports infrastructure.
- Expanded growth of the citrus industry beyond COVID-19 needs to be based on greater inclusion of small and medium-sized growers in export markets.
- Key measures to support inclusion of small and medium growers into export markets include investments in on-farm infrastructure and investment in compliance with quality and SPS standards including through digitalisation.
- Collective action by the industry with government is unlocking opportunities and needs to be sustained.

COVID-19 impact on food systems and citrus

COVID-19 is leading to widespread questioning of food systems and the ways in which efficiency and competitiveness have been understood. While industries have been massively disrupted, there are some such as citrus which have been resilient. With appropriate interventions, there is growth even under COVID-19 and further strong potential beyond the crisis. The Innovation and Inclusion in Agro-processing Project has set out four key measures to support local capabilities and greater inclusion of small and medium growers in export markets, with creation of substantial new jobs.

Demand for citrus in international markets has actually boomed under COVID-19. This has led to price increases with, for example, European prices for South African oranges in May 2020 being 7% - 15% higher than a year earlier in Euro terms, or around 40% higher in Rand [terms](#). The volume of citrus exports from South Africa has also continued to grow amidst the crisis, more than doubling in the first four months of 2020 compared to the previous year, and accelerating on the long term growth trend, illustrated in figure 1.

Figure 1: South Africa's citrus exports, 2001-2019



Source: Quantec, South Africa

Exporting, innovation and inclusion

The citrus industry contributes approximately ZAR 20 billion in exports in 2019 from just ZAR 6.7 billion in [2010](#). The growth in exports has been coupled with a corresponding increase in direct jobs in citrus farming from 56 902 jobs in 2009 to 125 000 in 2019, with many more in related [activities](#). Globally, South Africa is the second-largest exporter of citrus fruit after Spain accounting for 10% of global exports in [2019](#). As such, the citrus industry represents a success story of labour-intensive and high-value agriculture-led growth. This success requires research, innovation and technological developments in what can be termed the ‘industrialisation of freshness’.¹

Based on CCRED’s estimates, if South Africa pursues wider export markets and supports the growing participation in exporting of small and medium-sized growers then the fruit industry could create an additional 100 000 jobs by [2023](#). Changes in demand linked to COVID-19, likely to be sustained, make this opportunity even more important. It requires standing on the two legs of innovation and inclusion.

The main exporters are large farming groups. This partly reflects the investments required to meet the demands and standards of export markets, with the costs of compliance being the responsibility of the exporter. For example, growers pay for audits by third-party certification bodies to demonstrate proof of compliance, including with specific quality [standards](#).

The challenge is to include smaller farmers in the systems of exporting through collective actions. There have been steps to do this - with 51 of the 123 small and medium-sized citrus growers registered with the Citrus Growers’ Association Grower Development Company being involved in export markets.

Through the dedicated research and technical services division of the Citrus Growers’ Association, the industry has developed the technical and science expertise to comply with the requirements for exporting. These include registration and inspection of orchards and packhouses to ensure traceability, application of Good Agricultural Practices (GAPs), conformity with product quality and labelling, and procedures for compliance with phytosanitary requirements to reduce the risk of quarantine pests and [diseases](#). The CGA invests approximately 80% of its total annual budget to conducting cutting-edge research and developing solutions for pests and disease control to meet SPS [standards](#). For example, in 2018, the South African industry was able to provide the technical evidence to prove to the European Union that there was not a risk of the False Codling Moth infecting [exports](#). Also, being competitive in export markets requires innovation through growing new and improved varieties.

The SME growers farm 7 320 hectares out of a total of 70 056 hectares under citrus production in the country.² The majority sell to hawkers, municipal markets or sell in bakkies alongside main transport routes. These markets are important and will continue to be met, however, the opportunity for growth in value is in the export market.

Effects of COVID-19 – challenges and opportunities

COVID-19 has imposed various new challenges at the farm level and in local and international supply chains.

At the farm level, the citrus industry has been able to continue with normal operations since lockdown as an essential service. This has been subject to the necessary sanitary requirements and adhering to social distancing rules. Farms have had to incur substantial additional costs including providing personal protective

¹ Cramer, C. and Sender, J., 2019. ‘Oranges are not only fruit: The industrialization of freshness and the quality of growth’. In A. Noman, R. Kanbur, J. Stiglitz (eds) *The Quality of Growth in Africa.*, Columbia University Press.

² Citrus Growers’ Association Grower Development Company Presentation, 2019

equipment and hand sanitisers. With the industry at the peak of the picking and packing season and employing large numbers of seasonal workers, interviewees also pointed to much higher costs of transporting farm workers because trucks and buses have to transport a few workers at a time. To meet these costs, some farms have built on-site temporary villages.³

There is still a major risk of COVID-19 meaning workers fall ill, in which case the farms would have to close down operations for at least two weeks and also isolate. Farms have responded by putting in place various measures including adjusting ways of working, testing and screening workers, and taking advantage of their rural locations. The existing sanitary structures in the fresh fruit business for food safety have helped growers and packhouses to quickly adjust to the COVID-19 requirements. Farms are also using clinics on site to test and screen employees and instructing workers with flu symptoms not to come to work, reducing the risk of spreading the virus.⁴

In the supply chain, COVID-19 has disrupted the smooth flow of exports including shortages of containers at the ports, delays at the ports and port traffic congestion from the build-up of heavy trucks waiting to access the ports.⁵

The industry association, the Citrus Growers' Association, has been instrumental in helping the industry successfully navigate these challenges, providing guidelines to assist growers and packhouses in setting up protocols and procedures for ensuring safe workplaces, discussing with shipping lines and monitoring the situation with empty containers to ensure availability, and developing a rail plan with Transnet Freight Rail to alleviate port traffic congestion.⁶

How to support growth of the citrus industry and widen participation?

As the world comes out of COVID-19, there will be an increased emphasis on health which means sustained stronger demand for citrus products. Land under citrus production increased by 6% between 2018 and 2019. The trend is expected to continue based on investments in new plantings of soft citrus, lemons, and new varieties of oranges maturing into full [production](#).

Efforts to grow the citrus industry leveraging on post-COVID-19 demand need to also focus on widening participation of small and medium-sized growers and processors in export markets. The state and collective action through industry associations are critical for this to be achieved, not least in the current COVID-19 period.

The government, in collaboration with the industry, has played a central role in addressing a range of COVID-19 related challenges especially at the ports including staff shortages, labour protests and bottlenecks caused by backup of non-essential containers that could not be moved or unpacked due to lockdown restrictions. Transnet and the National Joint Command Centre increased staff capacity at all ports and amended the Disaster Management Act regulations to allow for the movement of both essential and non-essential cargo at [ports](#). The Department of Agriculture, Land Reform and Rural Development has continued to provide inspection services critical to ensure smooth flow of exports. As part of addressing the challenges of aging and worn out infrastructure at the ports, Transnet procured new equipment for the Port Elizabeth and Durban ports, an initiative which needs to be sustained beyond [COVID-19](#).

From the industry side, the CGA has set up a ZAR307 million Economic Transformation Programme for black citrus growers to fund: orchard establishment, expansion and rehabilitation; on-farm infrastructure

³ Interviews with farms, April-May 2020

⁴ Interviews with citrus farms, April-May 2020

⁵ Interview with the Citrus Growers' Association, 08 June 2020

⁶ Interview with the Citrus Growers' Association, 08 June 2020



development; and, skills development. The targeted interventions to address existing challenges facing growers will ensure that small-scale growers are successful beyond the COVID-19 crisis.

In addition, the pooling of funds across public and private organisations – the Jobs Fund (ZAR118 million), the Land Bank (ZAR116 million), the Department of Agriculture, Land Reform and Rural Development (ZAR34 million), the Agriculture Sector Education Training Authority (ZAR12 million) and the Citrus Growers' Association ([ZAR24 million](#)) - is symbolic of the much needed collaboration between government and industry in advancing inclusion of smallholder growers and creation of jobs in the industry.

The IIAP project points to the key steps necessary for a 'land reform for wealth creation' agenda for small and medium-sized citrus growers through building on current successes and initiatives:

- Investment in on-farm infrastructure including orchards, packhouses, water and irrigation systems
- Compliance with quality and SPS standards in export markets through providing production support to growers in the form of information, extension services, and access to chemicals and pesticides
- Access to wider export markets on favourable conditions through promotion of South African fruit and capacitating DALRRD in the Plant Health, Food Safety, Quality Assurance and International Trade departments to enable effective and efficient negotiating and concluding of Free or Preferential Trade Agreements in prioritised markets
- Investment in ports infrastructure and integrated digital systems to assist with planning and avoiding product overload at the main ports

