

CGA working with stakeholders to mitigate the impact of Russia-Ukraine conflict on the citrus industry

Justin Chadwick, CEO of the CGA, shared his thoughts on the Russia-Ukraine conflict, and the impact it could have on the citrus industry.

"The Citrus Growers' Association of Southern Africa (CGA) is working closely with exporters, government and other stakeholders across the citrus value chain to mitigate the impact that the Russian invasion of Ukraine has had on our local citrus growers and exporters. This includes fruit destined for Russia being blocked, delays in fruit getting to the market as well as further increases in input costs for growers and exporters as a result of the conflict.

The Russian market accounts for approximately 7 to 10% of total South African citrus exports annually, with 11.2 million (15kg) cartons of fruit having been exported to Russia in 2021. With no fresh produce having been shipped to the region over the past few weeks by most countries, early shipments of lemons destined for the Russian market have been impacted. Should this situation continue, when the export season officially kicks off in April, other varieties such as grapefruit and soft citrus will also be impacted.

Morocco, Turkey and Egypt all export significant quantities of citrus to Russia. The conflict has impacted the ability of these countries to supply the Russian market, resulting in the diversion of fruit to other markets. The concern is that these markets could suffer from an oversupply and a build-up of stock, which could impact early season South African supplies.

The depreciation in the rouble will make imported fruit more expensive, while payments could be difficult due to restrictions on money flows. This increases the risk of exporting to Russia. Although South African exports to Ukraine are still developing, the conflict will put a hold on exports to that country. Exporters had started to build some momentum in direct exports to Ukraine.

Over the past year, there has been an increase in a number of input costs, including fertilizer prices almost doubling and agrochemical prices increasing on average by 50%. Rising fuel prices and freight costs, which increased by approximately 30-40% in 2021, have also severely squeezed growers' profit margins. The current situation, with a sharp increase in the price of crude oil, will increase shipping costs further.

The major European ports used by the South African fresh produce industry, are heavily congested as all containers need to be scanned. This results in fresh fruit from South Africa, in some cases, remaining in transit for up to 90 days – when it usually takes around 24 days.

With 14% of global fertiliser exports currently being stuck in Russia and the price of oil and gas continuing to climb as a result of the current conflict, we can expect even further increases in fertiliser, fuel and agrochemical prices, which will place a further strain on growers."

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