PRESS STATEMENT BY JUSTIN CHADWICK

CEO OF THE CITRUS GROWERS' ASSOCIATION OF SOUTH AFRICA

01 February 2023

CGA CALLS FOR URGENT POLITICAL INTERVENTION TO ENSURE ORANGES CONTINUE TO BE EXPORTED TO THE EU IN 2023

The Citrus Growers Association of South Africa (CGA) has written to Minister of Trade, Industry and Competition, Ebrahim Patel requesting that he urgently calls for the establishment of a World Trade Organisation (WTO) Panel to adjudicate on the new False Coddling Moth (FCM) regime governing the importation of South African oranges to the region. If the issue is not resolved before the 2023 export season kicks off, growers could face hundreds of millions in losses putting the future sustainability of the entire industry at risk.

The CGA's call to Minister Patel follows a stalemate having been reached between the South African government and the European Union (EU) after the DTIC lodged a dispute at the WTO in July last year, with consultations that have taken place since then not making any progress.

The CGA is unmoved in its view that the cold treatment prescribed within the new regulations is contrary to scientific evidence, making it an arbitrary and unnecessarily trade restrictive measure and accordingly contravenes international requirements for such phytosanitary trade regulations. Its untimely introduction has already added over R200 million in additional costs to the citrus industry in 2022, with the expected financial consequences set to spiral even further out of control in 2023.

A recent study conducted by the Bureau for Food and Agricultural Policy (BFAP) estimates that, should EU authorities continue to enforce the new regulation, additional costs and loss of income will amount to more than R500 million in 2023, while an investment in cold storage technology and capacity of nearly R1.4 billion will be required to enable full compliance. This poses a major threat to the future sustainability and profitability of the industry that sustains more than 140 000 jobs and brings in R30 billion in export revenue annually.

While the South African government has presented clear evidence during the consultation process that the country's existing and stringent FCM risk management system already ensures that 99.9% of oranges entering the EU are pest free (with only 2 FCM interceptions detected in the over 350 000 tons of oranges shipped to the region in 2022), there has been no progress when it comes to reaching mutually agreed concessions on the new regulations.

“We understand the matter was also raised during last week’s high-level engagements between senior EU and South African government officials with no positive outcome. It is therefore clear that political intervention at a Ministerial level is required in order to ensure the major threat that the new regulations pose to the upcoming 2023 citrus season is resolved as a matter of priority”, said Justin Chadwick, CEO of the SA Citrus Growers’ Association. “With the export of oranges starting in May, we still have a short window to rescue this serious situation. We have therefore written to Minister Patel with an urgent appeal to call for the establishment of a WTO Panel to adjudicate on the matter”, concluded Chadwick.

The CGA believes that convening a WTO Panel is the only option to put a stop to what is clearly nothing more than a politically motivated move by unions within the Spanish citrus industry to decimate the businesses of thousands of South African growers and the livelihoods they support. The local industry remains committed to continue working with all government and industry stakeholders to address this issue with the urgency it requires and is grateful for support received from the DTIC and DALRRD to date.

ENDS

Note to editors: please accredit all quotes to Justin Chadwick, CEO of the Citrus Growers Association.