Strategic Markets for South Africa's citrus exports

South Africa's citrus industry has received much media and policy attention due to recent concerns of increased Citrus Black Spot (CBS) interceptions on the country's European Union-bound shipments, leading to fears of a possible ban on SA citrus exports. The reasons for the growing concern are clear. South Africa's well established citrus industry is the largest single agricultural export subsector, generating an average export revenue in the excess of R6.2 billion rand per annum. According to BFAP (2012), the citrus industry employs a total of 85,200 people – consisting of 10,200 permanent and 75,000 seasonal labour. In 2012, South Africa was the number one exporter of fresh oranges and grapefruit in the world, and is one of the top five global exporters of soft citrus (mandarins, clementine's and citrus hybrids) and lemons.

Europe is the largest export market for South Africa's citrus, generating an average of 45% of South Africa's total citrus export revenue, with Asia and the Middle East consisting of 37%, and North American markets accounting for 8%. The EU is obviously a very important market, and an export ban on South Africa will inevitably have devastating impacts on the sector. With this in mind, the thought of the country's strategic market alternatives would be one that cannot be entirely ignored. The question then is: What are South Africa's key alternative "strategic" markets among its leading 50 export destinations. In other words, among the leading markets that demand South Africa's citrus exports, which countries can be prioritised for export promotion (and diversification) in order to further broaden South Africa's market base. Such "strategic" markets, in this case, are defined as countries in which South Africa's citrus exports revenues are growing both in terms of value and share.

Out of South Africa's 50 major citrus export destinations, 44 countries are considered 'strategic' markets. From these 44 strategic markets, 26 are "high export potential markets". Among the 26 high export potential markets, an identified 11 countries (outside the EU) represent the most attractive markets that possess opportunities for greater export expansion. These 11 countries (shown on the map below) can be prioritised for an export promotion strategy; 4 are in Asia, and 2 are in Eastern Europe; while 3 are from Middle East and 2 from North America. The EU accounts for 33% of South Africa's export revenue among the identified "strategic" markets. This stresses the significance of the EU market to South Africa's exports, and indicates the need to preserve this market in the future.

Table 1. Strategic Markets and their relative share to SA's export revenue

Key	Continent	Countries	Share Composition
	North America	USA and Canada	8%
	Middle East	United Arab Emirates, Saudi Arabia and Iran	15%
	Asia	China, Japan, Singapore, Malaysia	8%
	EU	-	33%
	Eastern Europe	Ukraine and Russia	11%

Curiously, a lot of other markets such as Africa and Far East countries are absent from the list. This is not to mean that such markets are not important. Rather, the list provided here essentially gives markets that are likely to yield relatively higher gains to trade. The key message then is that more aggressive trade policy efforts should be directed towards these 'high export potential markets'. Trade facilitation efforts and bilateral agreements with such countries could be considered as an option to 'lock-in' the benefits of unexploited export potential in these key strategic citrus export markets. Important to note is the fact that global citrus markets are delicately balanced, and as such, market diversification can be viewed as a long term strategy.

Figure 1: A map showing South Africa's Strategic Markets