

TARIFFS ON S.A. CITRUS WILL DAMAGE BOTH S.A. AND THE U.S.

Media Statement by the Citrus Growers' Association of Southern Africa (CGA)

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This week the first citrus intended for the US market will be packed by South African growers. On Wednesday the 9th of April the expected additional 30% tariff on South African exports to the US comes into effect. Increased tariffs will hurt South African citrus farms and the rural communities they support. The Citrus Growers' Association of Southern Africa (CGA) is calling on the South African government to prioritise immediate negotiations with the US on tariff reductions or exemptions on citrus. This is urgently needed to avoid job and revenue losses in the citrus industry, South Africa's largest agricultural export industry.

"While South Africa only exports about 5% - 6% of our citrus to the US, many rural communities in the Western and Northern Cape are heavily dependent on US exports. A prime example of this is Citrusdal, where exports to the US form the economic heart of this vibrant town. The severity and immediate nature of the impending tariffs could mean that towns like it now face either increased unemployment or maybe even total economic collapse. There is immense anxiety in our communities," said Gerrit van der Merwe, the Chairperson of the CGA and a citrus grower in the Olifants River Valley. He clarified that in total 35 000 jobs are connected to SA-US citrus exports in one way or another.

The additional 30% tariff will make South African citrus uncompetitive in the US market, especially since only the baseline US tariff of 10% will be levied on South Africa's citrus competitors, who are mostly situated in South America. The 30% tariff will place an additional \$4.25 per carton on SA citrus in the US.

"There are clear and convincing arguments for why our government must act swiftly and decisively to safeguard citrus," said Boitshoko Ntshabele, CEO of the CGA. "Citrus is not produced in a factory. SA citrus growers do not compete with US citrus growers. In fact, quite the opposite. Our high quality produce sustains consumer interest when US local citrus is out of season, eventually benefitting US growers when we hand over at the end of our season," he explained.

"Citrus also plays an important role in the healthy diet of Americans. Tariffs on seasonal fresh produce will most likely increase prices for the American consumer," Ntshabele said further.

"Citrus should be on the White House's exemption list. It is seasonal, and it supports both US health and the US citrus industry, while it helps to keep food inflation down," said Van der Merwe.

The US demand for SA's quality citrus is clearly shown by the increase in exports to the US since 2017. The amount of citrus exported to the US has almost doubled since then, to over 6,5 million cartons. It is also estimated that 20 000 jobs up and down the supply chain in the US are linked to US-SA citrus trade.

Although only citrus from the Western and Northern Cape are exported to the US because of outdated phytosanitary (plant health) rules, extreme urgency is needed to address the situation, because, when the tariffs come into effect, large amounts of the citrus destined for the US will be

redirected to other markets. This could destabilise these markets, with a knock-on effect on the entire Southern African citrus industry.

"The US volumes cannot be easily absorbed elsewhere at such short notice," explained Ntshabele. "Also, we already face very steep tariffs with exports to promising markets like India and China. We appreciate government's announcement that it will intensify efforts to diversify export destinations - targeting Asia, Europe, the Middle East, to name a few - but we need to retain current markets as well, as our citrus production is projected to increase substantially in the next few years," he continued.

Ntshabele highlighted that increases in exports to the US was one of the cornerstones of the CGA's target to create 100 000 additional jobs by 2032. "We are now looking at a potential situation wherein not only will we be facing job losses, but we also lose the potential of serious job growth - a double tragedy. The SA government should urgently work towards a new trade agreement with the US, but such agreements can take years, and we do not currently have the time. The 2025 season has already arrived, and the produce is making its way to the ports," he concluded.

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