

Preliminary findings from the political economy analysis

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ATMA4FS



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Political economy analysis of NTMs that apply to the citrus sector: South African case

▶ Objectives

- ▶ What are the political motives behind NTMs introduced in the citrus sector?
- ▶ Review and analyse the **economic** arguments.

▶ Two competing theories:

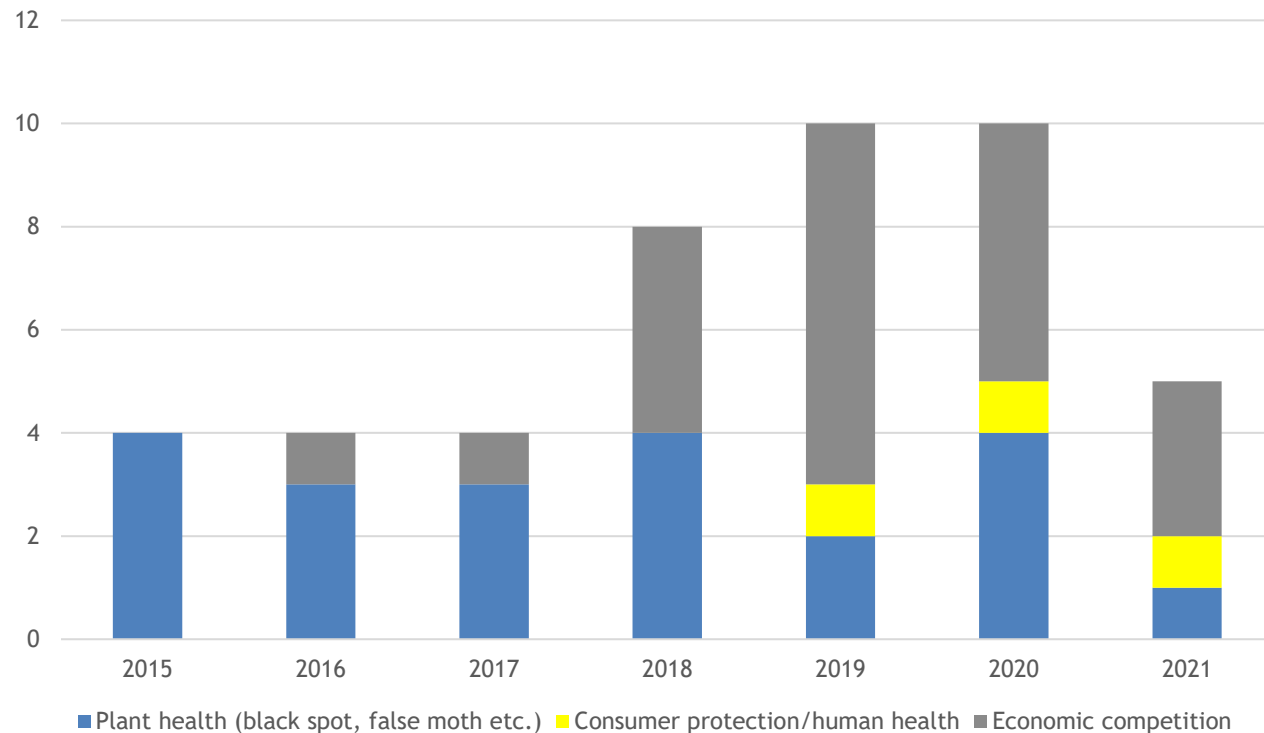
- ▶ Increased phytosanitary and food safety concerns → NTMs are meant to protect European producers and consumers
- ▶ Increased competition from imports → NTMs are meant to protect the producers from import competition

▶ How?

- ▶ Parliamentary questions raised about South African citrus sector in European parliament: Text analysis to detect phytosanitary, food safety and economic concerns.
- ▶ Provide some **preliminary** evidence for the relevance of economic concerns using comparative time analysis of Spanish intra EU exports and South African exports to the EU-27.

Discussions in the European Parliament

We analysed the no. of times that citrus fruits in relation to trade with South Africa were raised by MEPs in the European Parliament (2015 - 2021)



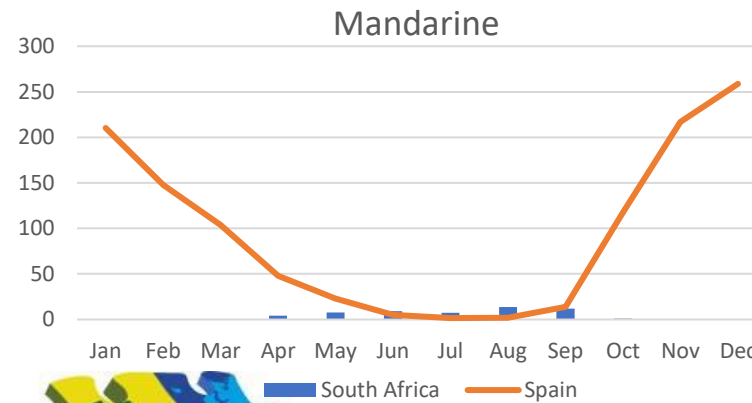
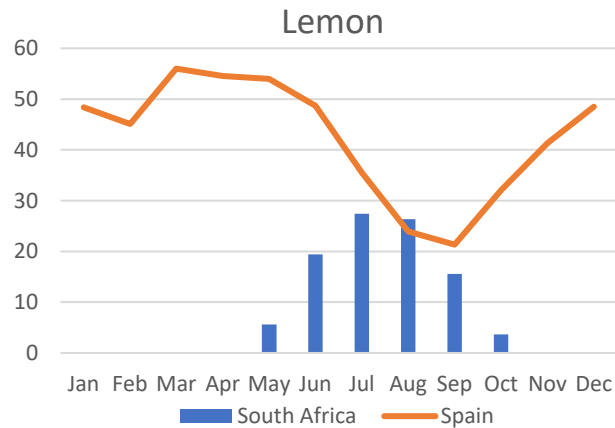
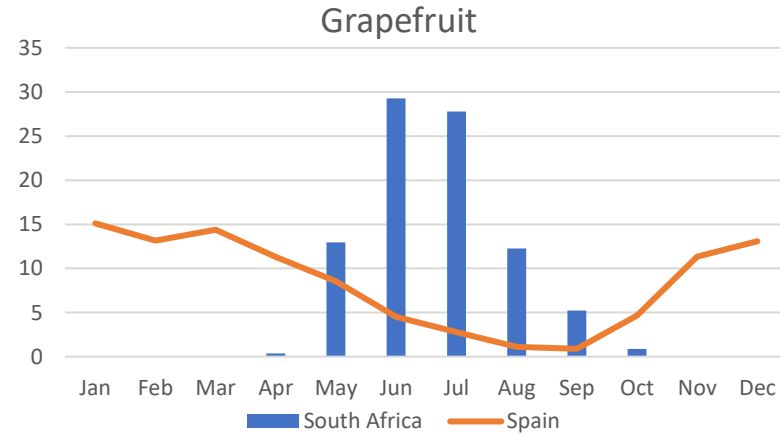
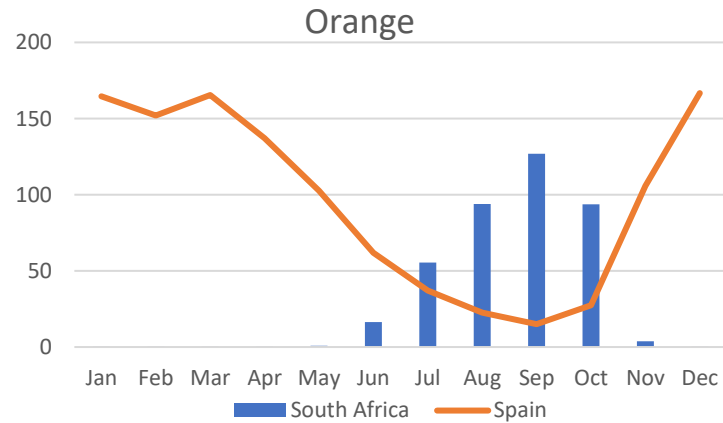
News Headlines

We scanned the Spanish news papers from 2018 to 2021 to understand the politics behind the discussions:

- ▶ 29-Dec-18 The bitter Spanish orange campaign Farmers' organisations blame EU-South Africa trade deal for **falling prices**.
- ▶ 21-Apr-19: The South African Electoral Orange: **Citrus imports to the EU shake the campaign** although parties and farmers' organizations point to more causes to explain the disastrous fruit season in Valencia
- ▶ 28-Apr-21: The Unió de Llauradors will once again **call for the closure of the EU to Argentine citrus fruits with pest**: The European Commission will allow from May 1 the arrival of oranges and lemons from the Latin American country, suspended since August due to the presence of shipments affected **by the black spot**
- ▶ 02-Dec-21: Record volume of citrus fruits exported from South Africa
- ▶ 09-Dec-21: Sell only Valencian oranges and mandarins and with a seal of quality until April: The cooperative has decided to implement the measure in all supermarkets in the Valencian Community
- ▶ 17-Jan-22 Luis Planas calls in Brussels for measures to curb pests in imported citrus fruits The Minister of Agriculture calls **for the adoption of "cold treatment" in the products of countries such as South Africa, to end the false moth**
- ▶ 23-Jan-22 **Imports and rising costs squeeze Spanish citrus growers** In Valencia alone, orange producers already estimate losses of more than 150 million

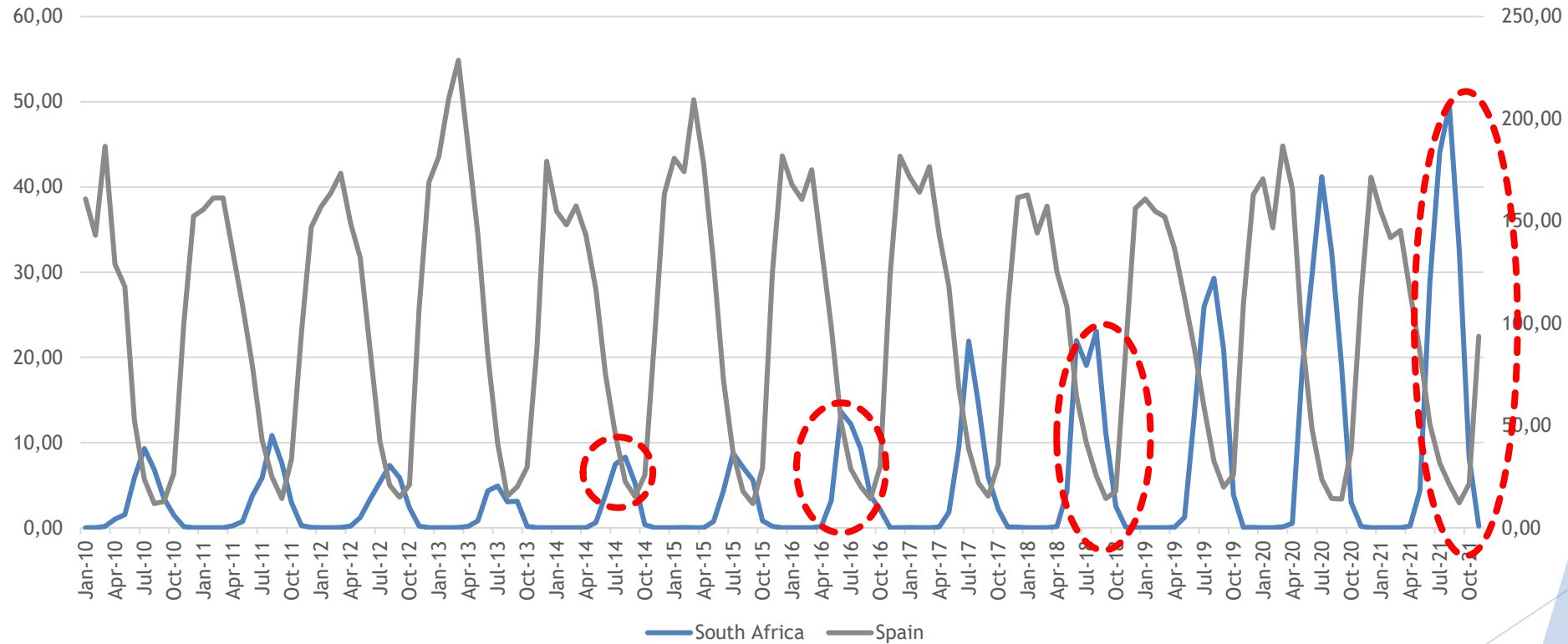
Some market overlaps in May, September, October seasons.

Quantity of citrus products exports to EU by month, 2015-2021 averages, 1000 tonnes



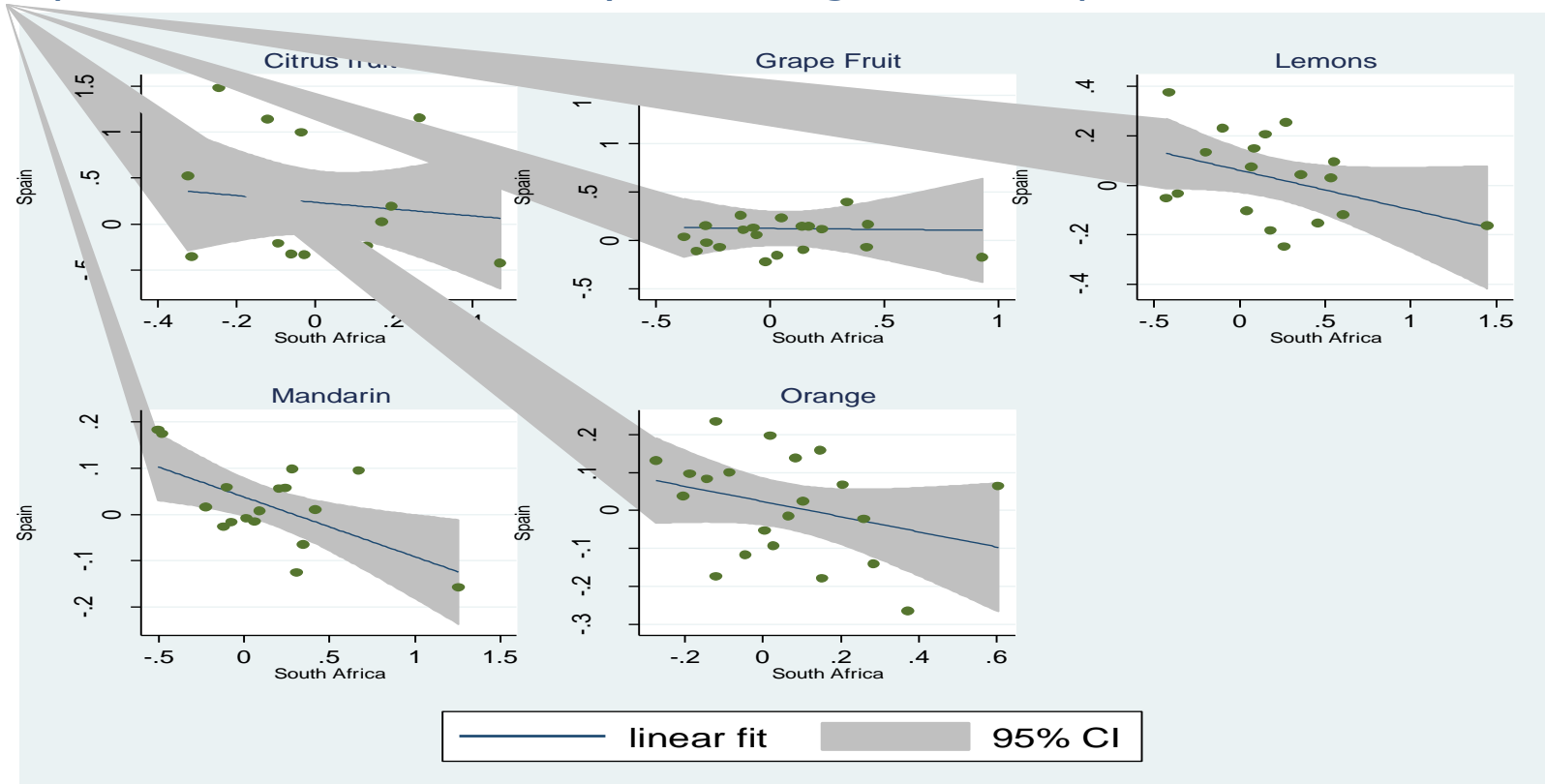
Increased imports from South Africa in the off-season

Orange imports by EU-27, quantity, 1000 tonnes, monthly, in million Euros



Growth in South African citrus exports is negatively related to growth in Spanish intra-exports to EU-27

Correlation between annual growth in citrus imports from Spain and South Africa by EU-27, growth in quantities.



Conclusions and future questions

- ▶ Some preliminary evidence on competitive pressure from South African citrus to Spanish (European) citrus exports in the European market.
 - ▶ Anecdotal evidence of competition from newspaper articles
 - ▶ Parliamentary discussions
 - ▶ In the off-season, increased EU-27 imports from South Africa relative to Spain.
 - ▶ Negative correlation -annual growth of EU-27 imports from South Africa vs. annual growth of EU-27 imports from Spain
 - ▶ High positive correlation of between the implied import prices of South African and Spanish citrus
- ▶ Future research question: Do increased imports from South Africa decrease the market prices of Spanish / European citrus fruits?