# FROM THE DESK OF THE CEO (08/09)

*Justin Chadwick (27 February 2009)* Citrus Growers Association (CGA)

***QUOTE OF THE DAY: "If women didn't exist, all the money in the world would have no meaning" Aristotle Onassis***

## JAPANESE INSPECTIONS

Since the start of the Japanese program South Africa has hosted Japanese pre clearance inspectors. These inspectors remain in South Africa for the period that citrus is shipped to Japan – pre clearing consignments of all citrus exported to Japan. On arrival in Japan Department of Agriculture officials (who live in Japan for the same period) inspect the fruit and release approved consignments into Japan. Due to the low level of non compliance Japan Ministry of Agriculture, Fisheries and Forestry (MAFF) have indicated that pre clearance inspections may no longer be necessary, and that they may only send an inspector to South Africa for a three week period at the beginning of the season to get everything started, with no further inspectors needed. This is a stamp of approval for the internal controls put in place by growers, packhouses, PPECB and DoA officials – WELL DONE. There are some who are concerned that the loss of pre clearance may result in more risks on the Japanese side – interceptions over there are much costlier to rectify than if we pick up problems at home. If we continue with the present vigilance this should not be the case. What this ruling does do is make it easier to export to Japan from ports other than Durban. The high cost, inconvenience and disruption caused by moving inspectors around, and the low volumes available for Japan from other ports has meant that all Japanese shipments in recent years have gone via Durban. This change could be a boost for Clementine exports out of the Eastern and Western Cape, as well as paving the way for possible exports via Maputo. In the past the pre clearance costs were paid for by growers, this change will result in a saving of about 10 to 20 cents per carton.

## A WEEK OF MEETINGS

The citrus industry has been busy this week – it started off with the Citrus Exporters Forum (CEF) meeting in the Cape on Monday, followed by the five variety focus group meetings in Benoni on Tuesday, the Citrus Marketing Forum (CMF) on Wednesday and the CGA Board meeting on Thursday (all at the same venue).

## CITRUS MARKETING FORUM (CMF)

It is estimated that there was about 1 000 years of citrus experience gathered at Willow Park Conference Centre on Wednesday when the first CMF for 2009 was held. It reminded one of the first CMF in 2006 (following a disastrous 2005 citrus season) – it was an excellent turnout and illustrated the need to get together to discuss what all see as a difficult marketing season. The CMF has come a long way, and the willingness to share information and engage in debate was appreciated by all. The maturity of the CMF can be partly attributed to the Chairmanship of Arend Venter over the past few years. Arend has stepped down, and was thanked with a resounding round of applause. The CEO's of CGA and FPEF will now chair the CMF on a rotation basis.

The CMF spent about three hours debating the 2009 season. It kicked off with presentations from the Variety Focus Groups (VFG's) – basically covering the supply side dynamics; including present volumes out of the northern hemisphere, anticipated southern hemisphere volumes, and our own estimates for 2009. Although there is an embargo on this information for a week (to give all CMF members time to divulge the information and fine tune the numbers), in general volume supplied (compared to 2008) will be slightly down for oranges and lemons, soft citrus will be roughly the same (with Clementine decreases being taken up by Satsuma and Mandarin increases), and grapefruit showing a recovery after the poor volumes of 2008. More detail will be supplied once the CMF has adopted the estimates.

As expected the market reports from CEF members were fairly sobering. It is expected that the trend of decreased supplies into Russia from the Mediterranean countries will continue in the southern hemisphere season. Spanish and Moroccan sendings to Russia have decreased by 30 to 40%. Northern and Southern Europe will be very discerning markets with no place for poor quality or unpopular counts. Without going into detail on each market the take home message from the CMF is as follows: **#1 QUALITY QUALITY QUALITY** – this was drummed out by every CEF presenter, there is just no place for poor quality in the market – if you are unsure about the quality, do not pack it. And quality does not end at the PPECB inspection. Service providers in the supply chain need to up their game so that the quality that arrives at the other end mirrors the quality that is packed this end. It is essential that once fruit gets into the cold chain, it stays in the cold chain. Quality is seriously compromised if fruit is exposed to fluctuating temperatures – REMEMBER – a citrus fruit is a living thing, when you pick it, it carries on living (only it is now heading towards dying) – so you have to treat it with care as you would any other living thing – do not expose it to widely fluctuating temperatures, do not bash it around, and get it into the market as quickly as possible (before it dies). **#2 PRICE TO MOVE** (thanks Hannes) – the 2008 season started with high prices – in some cases too high prices which resulted in slow sales rates and stock build up. In 2009 the key is to price sensibly and reasonably. Ensure that the grower returns are fair, and then price so that all can get a fair return in the chain. Cut out inefficiencies and be brutal in expecting service delivery. As usual CGA recommends that every carton leaving southern Africa has a price tag attached – if the receiver does not want to take the risk, then sure as nuts it's not worth you taking the risk. With the tight credit conditions prevailing in 2009 there will be many interesting payment proposals being made – resist the temptation of accepting new terms. There is a reason why Russia and the Middle East are fixed price markets, in fact in 2009 all markets should be fixed price markets (in my humble view) – this is not a year for speculation.

## CITRUS GROWERS ASSOCIATION

The CGA has a new Chairman in Fanie Viljoen (Letsitele). I would also like to thank the outgoing Chairman – Hoppie Nel – for his wise guidance and continuous availability over the past few years. I am sure most growers are not aware of the time Hoppie put into CGA affairs – he answered every e-mail immediately, a rare trait in the growing environment. Antoine Rouillard also stepped off the Executive Committee after many years as Chairman, Vice Chairman and Committee member – Antoine's quiet and diplomatic manner in getting the job done will be missed. I look forward to working with Fanie as the new Chairman, Gabrie van Eeden who takes over as Vice Chairman, Tini Engelbrecht who remains on the Executive, and the new Executive Committee members Pieter Nortje (Sundays River) and Gerhard Uys (Patensie).

## GROWER ROADSHOWS

The next CGA roadshow meeting is at Nkwalini on Tuesday 3 March at 15h00 (Nkwalini Farmers Hall), then on Wednesday 4 March at Richmond Country Club at 10h00 for Southern KZN members. Details of other regions meetings are available on www.cga.co.za.

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