FROM THE DESK OF THE CEO (26/09)

Justin Chadwick (3 July 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY: *" Watermelon—it's a good fruit. You eat, you drink, you wash your face." Enrico Caruso*

CELEBRATE SUCCESS: EXCELLENT HOSTING OF THE CONFEDERATIONS CUP AND A BAFANA BAFANA TEAM THAT CAN PLAY SOCCER AS WELL AS THE CHAMPIONS OF EUROPE AND SOUTH AMERICA. A 2-0 SERIES VICTORY (TO DATE) OVER THE BRITISH AND IRISH LIONS (MAYBE A WHITEWASH COME THE WEEKEND?).

CORRECTION

In last weeks newsletter I wrote as follows – "The bad news continues with the strengthening of currencies in the UK and Russia"; this should read "weakening of currencies in the UK and Russia" – my apologies and thanks to the sharp eyes that check my facts!!! In 2008 (on 26/6) selling a product for 1 GBP would have returned R15.70 in your pocket, while at the same time this year (last Friday) the same pound would return you R13.16 – a decrease in currency exchange terms of 16%. This is more pronounced in Russia where a 1Rouble sale in 2008 (26/6) would have resulted in 33.79 South African cents, in 2009 the return would be 25.63 South African cents; a decline of 32%.

REGISTRATION OF FBO CODES

For years now CGA has asked that food business operators (FBO's) need not register every year if their details have not changed. It seems that these appeals have been answered. DOA requires all Production Unit Code (PUC) and Packhouse Code (PHC) owners to keep their details updated on the DOA database. Unless your details have not changed, all FBO code owners must amend their information by the 30 July 2009. So if your details remain the same you need not complete a registration form.
The Form required to update details can be found on the CGA website (www.cga.co.za) under the "latest news" section.
Queries can be directed to Hanlie Wessels at DoA: HanlieW@nda.agric.za or Tel: 012 319 6058.

SUPERMARKET INVESTIGATION

This past week's newspapers in South Africa reported that the Competition Commission is to investigate collusion, abuse of dominant positions and other uncompetitive behavior by the four biggest retailers in South Africa. While such an investigation is welcomed by all (including the retailers who feel that they have been unduly criticized), one wonders if anything useful will come of it. A similar enquiry in the UK resulted in very little of substance, and the recommendations (particularly with respect to an ombudsman) have met staunch opposition from the retailers. One of the reasons why so little comes of such enquiries/investigations is the fear of reprisal and victimization. I have experience first hand how supplier representatives are very vocal behind closed doors – they insist that the abuse of dominance must be exposed and the practices changed; but when they are asked to make a submission on paper, or are asked to join in an appeal to authorities – they run for the hills. Why? Because they fear that they may be victimized for questioning the actions of the retailers. And they have a right to be scared – retailers are the biggest volume buyers of perishable products, they have a global footprint, and they (generally) do pay for the product (albeit a bit late and sometimes with dubious deductions). So to bite the hand that feeds you is probably not that clever – and so the practices continue and the suppliers suffer. Unfortunately the present way of doing business is just not sustainable – suppliers are faced with more and more costs in order to remain a preferred supplier (good agricultural practices, food safety measures in excess of legal requirements, ethical trading requirements, environmental requirements etc etc) – basically paying for the retailer to differentiate their business; while at the same time being squeezed on price. I am not sure what may eventually make retailers realize that this model is unsustainable – will it be when a bunch of Irish potato farmers mob the chief of the biggest global retailer (as happened last week), or will it be when retailers suddenly start running out of stock (because there is nobody left to supply them)? We all understand the value of supermarkets to the produce sector – they get our product to many customers around the world in a fairly efficient manner, and payment is normally guaranteed. So the wish to have their practices examined is not in order to take them out of business; the reason is to bring about a more transparent and even relationship between supplier and retailer – it is not healthy if one part of a relationship lives in fear of reprisals from the other should they be seen to be criticizing them. Relationships should be built on mutual respect and joint ethics; like in any relationship there should be an opportunity to challenge the other member should their behavior be deemed inappropriate or unacceptable. Unfortunately it seems that the fragmented supply base will forever be fragmented, and the fear of losing preferred supplier status will outweigh the bravery required to confront what most agree is an abuse of dominance.

PACKED AND SHIPPED 2009

The Grapefruit Focus Group met on Wednesday and once again reduced the **grapefruit** prediction by 0.5 m cartons. The **Lemon** Focus Group also met – and decided to keep their prediction unchanged at 0.8 m less than the original estimate. **Valencia's** volumes are starting to pick up now – with over 1 m shipped to date.

To Week 26 – Million 15Kg cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
Source : PPECB	2007	2008	2009	2008	2009	2009	2009	2008	2008
Grapefruit	11 m	10.6 m	11.1 m	8.2 m	9.3 m	15.1 m	13.5 m	12.8 m	12.4 m
Soft Citrus	5.4 m	5. 7 m	5.1 m	4.4 m	4 m	7.4 m	7.1 m	7.3 m	6.5 m
Lemons	4 m	6.4 m	5 m	5.2 m	3.6 m	9.4 m	8.6 m	9.6 m	8.8 m
Navels	12.1 m	13.6 m	13.1 m	8.6 m	8.5 m	21.6 m	20.4 m	21.5 m	21.2 m
Valencia	4.7 m	5 m	3.6 m	1.5 m	1.3 m	43 m	42.1 m	42.8 m	40.4 m
	37.2 m	41.3 m	37.9 m	27.9 m	26.7 m	96.5 m	91.7 m	94 m	89.3 m

YOUR LEVY WORKING FOR YOU – GROWER LEVIES ARE USED TO FUND THE ACTIVITIES OF CGA, CRI AND THE CITRUS ACADEMY