



FROM THE DESK OF THE CEO (27/09)

Justin Chadwick (10 July 2009)

Citrus Growers Association (CGA)

QUOTE OF THE DAY: "In a world filled with hate, we must still dare to hope. In a world filled with anger, we must still dare to comfort. In a world filled with despair, we must still dare to dream. And in a world filled with distrust, we must still dare to believe." Michael Jackson

FOREIGN EXCHANGE EARNINGS

Recent statistics show that citrus earned **R4.8 billion** from exports in the period July 2007 to June 2008. If one includes wine as an agricultural product (there are many who say it is a processed product like canned fruit), then we are second on the list of agricultural foreign exchange earners (wine earned R5.2 billion). The next biggest was grapes at R2.9 billion, apples, pears and quinces at R2.5 billion, followed by sugar at R1.9 billion. So the fresh fruit sector earns **R 10.2 billion in export earnings per annum**. This is a third of export earnings for all agricultural products. Surely we warrant more government support and recognition than presently experienced?

JAPAN COORDINATION

The CGA has been involved in the coordination of grapefruit shipments to Japan in 2009, with weekly coordination meetings and a weekly circular (also translated into Japanese and circulated within Japan). Thanks to Sandra, Arend and Per for their weekly input, and to the shipping coordination team who meet in Cape Town and Durban.

All those who export to Japan are asked to abide by two guidelines that should result in better returns from the Japanese market, giving the buyers what they want. The guidelines cover the pigmented to white grapefruit split (set at 60/40) and sizing (less than 15% count 50 and smaller). It is worth noting that to date six of the 15 exporters to Japan (with volumes of 30 000 cartons plus) have stuck to these guidelines. I believe we should give credit where credit is due, and would like to acknowledge the following for abiding by both of these guidelines – Capespan, Alliance Direct, Lona, Xtreme, Colors and Vanguard. The CGA monitors the guidelines and informs all exporters of their own performance. Hopefully we will be able to see more compliance before the end of the season. Looking at the stock position in Japan it is noticeable that most stock is in the smaller sizes – it would not make sense to add to this stock of smaller sizes.

SUPERMARKET INVESTIGATION (cont.)

Last week I reported on investigations into anti competitive behavior of supermarkets, and mentioned Irish farmers mobbing the boss of a large retail outfit. Well the Irish are an aggressive bunch – this week they blockaded a distribution centre to protest against retailer's abuse of dominance. The Irish Farmers Association (IFA) president warned as follows: "The multiples would have consumers believe these price reductions are coming from the supermarkets bottom line. They are fooling no one. This race to the bottom on food prices is being funded through squeezing producers". And the IFA have got government on their side – with the Irish Horticulture Minister recognizing what was reported last week in terms of victimization and fear of reprisal when he stated "suppliers are afraid to say publicly what they will say privately to me for fear of being identified". He has pushed for the implementation of a code of conduct to expose such abuses, and the appointment of an ombudsman to take evidence in private and investigate.

PACKED AND SHIPPED 2009

All focus groups have now reviewed their predicted export volumes downwards, with more cuts expected at future meetings – the last reviews were as follows: Soft Citrus 14 May, Valencia 27 May, Grapefruit 1 July, Lemons 2 July and navels 8 July. Valencia packing is starting to gain momentum, and it would seem that most packhouses are reporting less export packouts than expected. With shipped figures usually 5% less than the packed figure present predictions are for an 86.3 m export crop (down from 2008's 89.3 m).

As trading conditions in Europe continue to be difficult (although improving) it is interesting to note the diversification of exports to non EU countries – grapefruit 31% to Japan and 6% to Russia; soft citrus 10% to Russia and 7% to USA; lemons 43% to Middle East, 14% to Far East and 12% to Russia; navels 29% to Middle East, 10% to Russia and 9% to Asia; and Valencia 18% to Russia and 15% to Middle East. This underlines the importance of having choice in markets and the importance of retaining present markets, optimizing these markets and gaining new markets.

To Week 27 – 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	11.6 m	11.1 m	11.7 m	9.2 m	10.1 m	15.1 m	13.5 m	12.8 m	12.4 m
Soft Citrus	5.6 m	5.9 m	5.3 m	4.8 m	4.3 m	7.4 m	7.1 m	7.3 m	6.5 m
Lemons	4.3 m	6.9 m	5.5 m	5.5 m	3.9 m	9.4 m	8.6 m	9.6 m	8.8 m
Navels	13.5 m	15.2 m	14.4 m	10.9 m	10.4 m	21.6 m	19 m	21.5 m	21.2 m
Valencia	5.9 m	6.8 m	.3 m	2.3 m	2.2 m	43 m	42.1 m	42.8 m	40.4 m
	40.9 m	45.9 m	42.2 m	32.7 m	30.9 m	96.5 m	90.8 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