FROM THE DESK OF THE CEO (41/09)

Justin Chadwick (16 October 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY:" "It would be a terrific innovation if you could get your mind to stretch a little further than the next wisecrack." Katherine Hepburn

2009 REVIEW NAVELS

There was definitely a feeling of doom and gloom at the first CMF of 2009 – and most pointers indicated a difficult navel season. In Europe northern hemisphere fruit was still present in the market in large volumes, in the Middle East Egyptian product was set to make the transition to South African navels problematic, while Russia was predicted to halve its volumes due to financial problems in the trade. The mood was further dampened by the Navel Focus Groups estimate of a similar crop for export as that experienced in 2008 (a record crop).

As it was the grower's crop prediction dropped as the season progressed – ending up 2.2 million cartons (10%) short of the original estimate. As predicted trading conditions were difficult in the EU countries – with exports to northern Europe decreasing from 5.5 m cartons (2008) to 4 m cartons; southern Europe from 1.8 m (2008) to 1.2 m and UK from 1.9 m (2008) to 1.6 m. In total the EU markets therefore imported 2.4 m less cartons of navels in 2009 as compared to 2008. Growers supplying to the US also took a decision to decrease volumes of navels into that market – with a reduction from 2.1 m (2008) to 1.6 m. Fortunately the Middle East maintained at 5.6 m cartons (for both 2008 and 2009), while the Russian market (perhaps buoyed by a bounce back in oil prices and reduced imports from Argentina) recorded an increase in navel imports from 0.8 m cartons (2008) to 1.4 m cartons. The Far East (including Hong Kong) also saw an increase from 2.2 m cartons (2008) to 2.6 m cartons.

In terms of southern hemisphere SHAFFE data does not differentiate between Valencia and navel varieties. The SHAFFE/Freshfel global citrus teleconference held on 25 September discussed figures up to and including week 35. At that point all southern hemisphere countries bar Australia were showing a decrease in orange exports – Argentina by 36%; Chile by 40%; Peru by 73%; Uruguay by 24% and South Africa by 4%. The Australian exports showed a 40% increase, a recovery from the drought affected 2008 season. South Africa dominates the southern hemisphere orange campaign with a 75% market share. The reduction in Argentina's volumes would have positively influenced South Africa's volumes into Russia, while after week 35 Chile came in with substantial volumes into the US which impacted the late market there. Southern hemisphere countries as a whole registered lower volumes into Europe (-37% as compared to 2008); while volumes into Russia and USA were on a par with 2008. Volumes into Middle East (increase 26% vs. 2008) and Far East (increase 32% vs. 2008) both showed growth.

Initial northern hemisphere estimates are that Spanish orange production could decrease by as much as 27%, with export figures expecting to be unchanged from the 2008/9 season, while Italy (+2%) and Egypt (+5%) are expecting production growth from the 2008/9 levels. Total Mediterranean export volumes are expected to be similar to 2008/9.

It's difficult to get a general picture of navel returns for South African growers in 2009 – timing in the market, the actual market supplied and the trading partner involved impacted on the final return. In general it seems that returns were better than the gloomy forecasts at the beginning of the year, but nowhere near the good returns experienced by many over the past couple of years.

SOUTHERN HEMISPHERE CONGRESS

This year Cape Town is hosting the Southern Hemisphere Congress. The 360 delegates (mostly South African but also a fair number of international visitors) have been exposed to a LOT of information on the first day of the Congress (Thursday 15th). One very interesting session was on branding. The deciduous and grape growers have taken a bold step in getting the South African identity back for their products. A successful plum campaign in the UK and Germany earlier this year has prompted a wider initiative in 2010 – including grapes, pears, apples, plums and peaches. Using the tag line Beautiful Fruit, Beautiful Country and the South Africa Alive with Possibility logo a well planned campaign in the UK will be launched in January 2010. The campaign is funded by growers through a statutory levy, with an application to DTI for some financial contribution. The obvious product missing from the basket is citrus – and this was questioned in the Congress – why is citrus missing? There are definitely some good reasons for citrus sectors such as soft citrus to get involved – they are very exposed to the UK market (over 50%), they are early in the season and they compete with Latin American countries for market share in the UK. It may be too late to get on the 2010 campaign, as the statutory levy process can be time consuming – however it is planned to test the soft citrus growers to determine their interest in getting on board.

PACKED AND SHIPPED 2009

With Valencia's fast coming to an end it would seem that the final prediction of shipping 80 million cartons will be just about spot on.

To Week 41 – 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	14.3 m	12.8 m	14 m	12.4 m	13.6 m	15.1 m	14 m	12.8 m	12.4 m
Soft Citrus	6.8 m	7.3 m	6.8 m	6.5 m	6 m	7.4 m	6.8 m	7.3 m	6.5 m
Lemons	7.2 m	9.5 m	8.6 m	8.7 m	7.5 m	9.4 m	8.6 m	9.6 m	8.8 m
Navels	18.7 m	21.5 m	19.4 m	21.2 m	19.1 m	21.6 m	19.4 m	21.5 m	21.2 m
Valencia	42.9 m	42.4 m	38.1 m	36.5 m	33.5 m	43 m	38.1 m	42.8 m	40.4 m
	89.9 m	93.5 m	86.9 m	85.3 m	79.7 m	96.5 m	86.9 m	94 m	89.3 m

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