FROM THE DESK OF THE CEO (42/09)

Justin Chadwick (23 October 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY:

2009 REVIEW SOFT CITRUS

Like the other focus groups the Soft Citrus Focus Group estimated that the 2009 season would be very similar to 2008, but as the season opened it was evident that this was overstated. Early on Satsumas yielded 1.7 million cartons as compared to the 2 million estimate, a trend which was continued with Clementines where 2.5 million cartons were packed and passed for export against the original 2.9 million carton estimate. The only soft citrus to show growth was with mandarins where 2.6 million cartons were packed against the original estimate of 2.5 million cartons – showing an increase over 2008 (2.4 million cartons) and 2007 (2.3 million cartons). This is mostly due to the recent plantings of late mandarins now coming on stream in greater quantities.

What is different about soft citrus when compared to the other citrus types is that the distribution to export markets remains very similar to 2008 – with European Union countries remaining the market of choice. In total 65% of soft citrus went into European Union countries – on a par with last years 66%. This market received 3.9 million of the 6 million shipped in 2009. The remainder of the fruit was exported to Russia (9%), Middle East (7%), Asia (5%) and North America (4%). Mention must be made of Russia which has emerged as an important receiver for South African soft citrus – taking over ½ million 15 Kg cartons in 2009. This market is also well supplied by Argentina who exported 3,829 million 10 Kg cartons into Russia in 2009.

At the beginning of the season Argentina, Uruguay and Peru reported that their soft citrus exports would be substantially reduced due to drought. In fact Argentina increased their exports by 21% (from 80 000 tons to 97 000 tons); Uruguay exported much the same as 2008 (31 000 tons) and Peru dropped by 13% (to 41 000 tons). Both Australia and Chile increased by 28% (Australia to 23 000 tons and Chile to 27 000 tons). South Africa at 90 000 tons dropped by 8%. This means that total soft citrus supplies out of the southern hemisphere increased by 5%, and Argentina overtook South Africa as the biggest soft citrus exporter from the southern hemisphere.

Most exporters indicate a fair to good year in terms of returns back on the farm, although market quality issues did have a negative impact in some markets.

In terms of the forthcoming northern hemisphere soft citrus season Spain (-9%); Morocco (-13%) and Turkey (-8%) are all showing decreased production; while Italy is set to recover from a poor 2008 production (+33%), and new production in Egypt will increase produced volumes by 5%. However, all these countries report that export volumes will not be influenced by these production changes, and will be similar to 2008. The soft citrus sector is dominated by the northern hemisphere – they export **2.3 million tons** compared to the southern hemisphere's **500 000 tons.**

CONSUMER EDUCATION

This week Tuesday the Grapefruit Focus Group (GFG) and other interested growers met in Nelspruit to look at ways of stimulating demand for grapefruit in the Japanese market. Stefan Conradie (DFPT) and Stuart Symington (FPEF) also trekked up from the Cape to add information to the meeting – and I was really "amped" (as the lighties of today say) after the meeting. The Soccer World Cup provides an amazing opportunity to showcase all products from South Africa – and the tag line "Beautiful Country, Beautiful Fruit" with amazing visuals has proven to be a big hit with the plum campaign in the UK this year. The GFG has asked CGA to now test grapefruit growers support by way of a referendum; which needs to be completed in the near future if we are to take advantage of the 2010 hype. And this morning (Friday) the Soft Citrus Focus Group have agreed to test their constituency with respect to linking into the well planned UK campaign.

In essence the referendum will test if growers support a 4 year statutory levy, to be levied on all export cartons (irrespective of target market), the levy will be based on the previous year's export cartons (15 Kg equivalents) and invoiced end March each year. At the same time an application will be made to the Department Trade and Industry to assist with funding.

Should there be sufficient support (above 2/3 rds) then CGA will apply to the NAMC for Ministerial approval.

South Africa has to a certain extent lost its identity as a country of origin of good quality, tasty, safe and nutritious fruit – the idea is to get this back into the minds of both the trade and consumers so as to influence their buying decisions.

PACKED AND SHIPPED 2009

To Week 42 – 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	7.3 m	9.6 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	43.3 m	42.8 m	38.3 m	38.6 m	34.4 m	43 m	38.3 m	42.8 m	40.4 m
	90.4 m	94 m	87.1 m	87.4 m	80.6 m	96.5 m	87.1 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