FROM THE DESK OF THE CEO (45/09)

Justin Chadwick (13 November 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY:"We are like tea bags – we don't know our strength until we are in hot water" Sister Busche

2009 REVIEW VALENCIA

February is a difficult time to try and estimate the Valencia crop – and especially since they are harvested the length and breadth of the country and over an extended period. Although the initial estimate was for a similar season to 2008 at 43 million cartons – it soon became evident that this was over-optimistic. This was revised downwards at every Valencia Focus Group meeting – coming down to 37 million cartons at one point. However a late rally in prices meant that there has been some late packing and a final crop getting up and over the 38 million mark.

All regions experienced a reduction compared to 2008 and compared to the estimate (except the Oranje Rivier region which experienced a 12% growth over 2008 – albeit from a small base). The largest region for valencias is Letsitele, and although they anticipated a 10% decrease from 2008 (in the original estimate), the final volume was closer to 17% lower than 2008. Similarly Hoedspruit anticipated a 12% reduction; with the final packed figure indicating a drop of 15%. Sundays River, Senwes and Limpopo River all anticipated a similar crop to 2008, but experienced reductions of 13%, 15% and 22% respectively. Nelspruit (10%), Onderberg (9%), and Patensie (10%) all estimated an increase in packed volumes; only to find the final volumes being 9%, 4% and 10% less than 2008 packed figures respectively.

Although a lot of this reduction in volume can be attributed to poor market conditions and a decision to not export the fruit, climatic factors also played a role. By week 45 this 8% of the volume packed and passed for export still had not been shipped. As explained in previous newsletters this could be due to capturing and conversion issues, but also could be due to exporter's decision not to ship. In 2008 8% of volume packed and passed was not recorded as shipped.

In 2009 just over 40% of Valencias were sent to EU member states, compared to over 50% in 2008. Coupled with the decrease in total volume shipped this meant that 6 million less cartons of Valencia were shipped to the EU than in 2008. Poor market conditions in the EU resulted in renewed interest in the Middle East where the volume increased from 6.8m to 8.5 m cartons; representing an increase from 17% (2008) to 24% (2009) of Valencia exports. In particular Iran was an attractive market, increasing from 300 000 cartons in 2008 to over 1.4 million in 2009. Russia continued to be an important market – although the total quantity shipped to Russia dropped by 1 million cartons, it still represented 15% of exports (same as 2008). This was a relief as initial indications were that this market could be severely affected by the recession (with some pundits anticipating a 50% reduction in volumes).

Figures captured for exported valencias for processing purposes show that the volumes decreased from 2.3 m cartons in 2008 to 1.1 million in 2009.

Looking at southern hemisphere oranges as a whole SHAFFE figures indicate that Australia was the only member to increase export volumes (+38%) as they fought back from the drought, with all other members showing decreases – Argentina (-23%), Chile (-62%), Uruguay (-15%) and Peru (-75%) – these figures up to week 41. South Africa continues to have a 78% market share of southern hemisphere orange exports – and as such has a strong influence on these figures. This is evident in the trends indicated above, and shown in the SHAFFE figures where southern hemisphere exports to Europe dropped by 34% and Middle East (+30%) and Asia (+26%) both increased. Russia imported less from SHAFFE members (-12%), mostly due to Argentinean export volumes to Russia decreasing by 67%.

News from the northern hemisphere is that production in Mediterranean countries is due to decrease by about 20%, and the crop is late. This has meant a seamless transition between the seasons, and some late demand for southern hemisphere oranges.

COUNTRY OF ORIGIN PROMOTIONS

To date referendum forms for the two promotion initiatives have been coming in thick and fast – however there are still many growers who have not responded. In order to get as good an indication as possible of the support for the campaign, the closing date has been moved to **FRIDAY 20 NOVEMBER.**

ALL SOFT CITRUS GROWERS AND GRAPEFRUIT GROWERS ARE URGED TO COMPLETE THEIR BALLOT PAPERS AS SOON AS POSSIBLE

TREE CENSSUS

CGA is updating the tree census and we need all growers to assist in getting the figures right. Tree census figures are used for a multitude of purposes and guide strategic decision making and infrastructural development. Please complete your form so that we have a correct census. All growers should have received an update reminder by e-mail. Paul Hardman has simplified the work that growers have to do to update their figures – if you need further information please contact John (johne@cga.co.za) or Paul (ph@cga.co.za).

PACKED AND SHIPPED 2009

To Week 45 – 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	13.7m	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	8.7 m	8.8 m	7.6 m	9.4 m	8.7 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	43.5 m	43.1 m	38.4 m	40.4 m	35.2 m	43 m	38.4 m	43.1 m	40.4 m
	90.6 m	94.3 m	87.3 m	89.3 m	81.5 m	96.5 m	87.3 m	94.3 m	89.3 m

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