FROM THE DESK OF THE CEO (47/09)

Justin Chadwick (27 November 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY:" *Arguments are to be avoided; they are always vulgar and often convincing" Oscar Wilde*

MARKET DEVELOPMENT: GRAPEFRUIT AND SOFT CITRUS

It is said that 50% of promotion expenditure results in increased revenue; the only problem is that you do not know which 50% it was!!! Grapefruit and Soft Citrus growers, through their respective forums, asked CGA to test grower support for market development/consumer awareness campaigns in 2010 – in the case of grapefruit aimed at Japan (80%) and UK (20%); and for soft citrus in the UK. In terms of the UK both campaigns could latch on to a deciduous and table grape campaign being put together by Red Communications; while the Japan campaign would still need to be developed. The 2010 World Cup will mean a lot of coverage for South Africa in international media, an ideal opportunity to promote the great fruit from South Africa. In Japan 2010 also marks 100 years of diplomatic relations, meaning a lot of coverage in Japanese press.

The referendum was completed Friday last week with mixed results; soft citrus did not have the necessary support to go forward with an application to the Minister; while grapefruit did. With 75% (by volume) of grapefruit growers voting and 90% in favor of a promotion campaign a statutory levy application has been lodged with the NAMC. It is hoped that this application can be considered and approved in time to get a great campaign developed for the UK. Red Communications have been informed of the grower support and are already hard at work including grapefruit in their plans.

It is a pity that soft citrus will miss out on the opportunity that the deciduous campaign offers. Many of the growers felt that they did not have enough information and had not been provided with a business plan. CGA was put in a difficult position when we were exposed to the deciduous campaign – if we had declined (given the tight time lines) without consulting citrus growers we could have been criticized for not giving growers the opportunity. As it was we decided to approach the soft citrus sector and not all citrus growers. It was felt that the soft citrus sector would have the most to gain given their reliance on the UK market and the strong competition in that market from South American suppliers. We will now have to see how the deciduous campaign pans out – and there is always 2011 to get involved.

In the case of grapefruit the issue of market stimulation in Japan has been discussed for the past four years, and so growers are far more aware of the issues and advantages and disadvantages. Nevertheless it is a bold step to take and one that will be watched with interest. The CGA and FPEF will now get campaign plans from prospective agencies, which will be considered by a CGA/FPEF committee.

SOUTHERN HEMISPHERE CITRUS

SHAFFE have completed there data sharing for 2009. It must be remembered that South Africa dominates southern hemisphere citrus exports (62% market share), and in particular grapefruit (93%) and oranges (75%). So the South African crop and market mix has a big influence on the southern hemisphere trends for these two citrus sectors. In the orange sector things could have been a lot worse – South Africa (-9%), Uruguay (-11%), Argentina (-29%) and Peru (-70%) all experienced lower export volumes totaling 120 000 tons – if that had been on the market it would have been under even more pressure. The only country to increase orange exports was Australia – back up to 2007 levels. In fact Australia (who was recovering from drought) surpassed Argentinean orange export volumes – as the latter now felt the effects of drought. In grapefruit the only other player is Argentina – where export volumes were halved as a result of the drought.

The southern hemisphere lemon sector is dominated by Argentina. In 2009 their exports dropped by 114 000 tons – equal to our entire export volume in the same year. With Chile also dropping by a third southern hemisphere lemon exports in total dropped by 25%.

The most competitive sector is soft citrus – Argentina overtook South Africa as the highest volume player with 33% market share. Chile and Australia had big increases in export volumes – 45% and 43% respectively. South Africa's market share has dropped from 33% in both 2007 and 2008 down to 28% in 2009.

PACKED AND SHIPPED 2009

To Week 47 – 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	7.7 m	9.4 m	8.7 m	9.6 m	8.8 m
Navels	18.7 m	21.5 m	19.4 m	21.3 m	19.1 m	21.6 m	19.4 m	21.5 m	21.2 m
Valencia	43.5 m	43.1 m	38.5 m	40.7 m	35.3 m	43 m	38.5 m	43.1 m	40.4 m
	90.6 m	94.3 m	87.4 m	89.7 m	81.8 m	96.5 m	87.4 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