

FROM THE DESK OF THE CEO (02/10)

Justin Chadwick (15 January 2010)

QUOTE OF THE WEEK “*The income tax has made more liars out of the American people than golf has.*” Will Rogers

LONDON

Greetings from London where I am attending the launch of the UK market development campaign featuring deciduous, grapes and grapefruit. As you have probably seen in the news it is bitterly cold with lots of snow about. In next week's newsletter I will give you feedback on the trip.

TAX BREAK

A recent SARS ruling means that growers can claim back 150% of the amount they spend on research. This means that growers can claim 150% of the amount of their levy spent on research. Growers would already have deducted 100% of the levy amount as an expense, they can now deduct a further 50% of that amount of the levy used for research (about 65% of the levy administered by CGA). We are busy getting more details, but it would seem that growers will be able to do this retrospectively to 2006. Once CGA has all the information at hand, we will provide this to growers, along with information that you may need when submitting your tax return. In the meantime – if you or your accountant/financial advisor want to know more, drop me or Robert Miller (robertm@cga.co.za) a note and we will send you all the information we have to date.

WHAT ARE THE COMPETITORS DOING

A couple of years ago the NAMC presented Fruit South Africa with a document as to how South African agricultural exports could be increased. A document had been prepared following advice to government that South Africa needed to look at export led growth, and agriculture (and the fruit industries in particular) was seen as a driver for this growth. One of the suggested strategies for enabling this growth was to increase the number of agricultural attachés abroad. I have had personal dealings with two of our attachés (Mono Mashaba in Beijing and Winston Makabanyana in Brussels) and can honestly say that more Mono's and Winston's would definitely make a difference to South African agricultural exports. Unfortunately all the talk came to naught and the number of agricultural attachés has not been increased. Compare this to Chile who have just announced the posting of an attaché in Viet Nam – this posting adds to Far East Chilean agricultural attachés in China, India, Japan and South Korea. Mono Mashaba alone is meant to look after ALL these regions. Mono does a fantastic job but he cannot be expected to be as effective as 5 Chileans.

CUBA

Can you believe that in the 1980's Cuba was one of the world's biggest citrus fruit exporters? Now they languish at the bottom of the rankings, exporting around 20 000 tons annually. It just shows how quickly an industry's fortunes can change. Latest Reuters reports indicate that Cuba is on the rise again, with a 9.1% increase in production in 2009, the first increase in a decade.

Another spectacular faller, which is also clawing its way back, is Israel – third largest citrus exporter in 1980 falling to number 10 in 2000, and not even in the top 10 in 2008. Also out of the top ten from 1980 are Italy (6th) and Lebanon (9th). They do not feature in the 2008 top ten.

Conversely Turkey has increased from 10th spot in 1980 to 4th in 2008 (and will soon give USA and South Africa competition for 2nd and 3rd spot); China from nowhere to 5th largest exporter of citrus in 2008; Egypt from 12th in 1980 to 6th in 2008; and Argentina and Mexico from nowhere in 1980 to 8th and 9th respectively in 2008.

Why is this important? Because it reveals that if you do not continuously try to improve your competitive position, you could find your status as preferred supplier slipping, and conversely if you strategically examine ways to improve competitiveness – you could gain more market share and move up the rankings.

South Africa remains the second largest citrus exporter in the world – but others are learning the ropes and making significant investments in their citrus sectors; don't take for granted the position we are in today!!

NEW LOGO

It's a new year and so we have done some minor adjustments to our logo, and attached the tag line – hope you like it!!!