

FROM THE DESK OF THE CEO (22/10)

Justin Chadwick (4 June 2010)

QUOTE OF THE WEEK "If you think you can or you think you can't – you are right" Henry Ford

BETWEEN A ROCK AND A HARD PLACE

It seems that container lines have decided to impose the congestion surcharge, despite objections from their "valued customers", and questions raised about collusion and legality of such a charge. The few lines who bothered to respond to the CGA letter gave a number of reasons for the surcharge – none of which were due to any action or inaction of the cargo owner – all of which were due to the actions of those parties involved in the strike. Unfortunately the reality is that exporters were faced with Hobson's choice when sent the shipping invoice – either pay (including the congestion surcharge) or your container does not get shipped. As one of the container lines said to me – you have no choice (which does not sound like much of a free market). Exporters that pay need to state the following when making payment – "We do not accept liability for this cost. Paid under protest, without prejudice to our rights". If the surcharge is found to be illegal, or imposed in contravention of the Competition Act, then a claim can be put forward to reclaim these amounts.

Growers and Export Agents at the Citrus Marketing Forum (CMF) last week agreed to approach the Competition Commission with regard to the congestion surcharge. The citrus industry has been joined by the deciduous and sub tropical sectors in this action, which is now in process.

ISPM 15: MARKING OF PALLETS

It seems that we have the same problem every year – with the incorrect or illegible marking of pallets in terms of the ISPM 15 stamp; and equally disturbing is the poor quality of many pallets. What is the sense of putting R10 000+ worth of fruit on a substandard pallet so as to save a few rands? The pallet breaks and there goes all your savings, plus some.

In terms of ISPM 15 markings, Department Agriculture, Fisheries and Forestry (DAFF) reminded the citrus industry as follows: "In all cases where DAPIS conduct phytosanitary inspections and the wood packaging material does not comply the inspection lot will be rejected **for export to all markets**. Should the pallets not be marked then the fruit cartons shall be restacked on pallets that comply with the ISPM 15 requirements namely ***Mark must be legible, ***Marked on two opposite sides ***Mark must be permanent ***Mark not printed in red or orange.

The pallet must not be stamped with more than one mark with different codes"

PACKED AND SHIPPED

Grapefruit packing is lagging last year, while shipping is about ½ of 2009 figures. **Navel** packing is well ahead of the past two years. **Soft Citrus** packed remains ahead of last year, but level pegging with 2008. The Soft Citrus Focus Group was the only group to adjust their estimate – adding a further 300 000 cartons to the last prediction (400 000 more than the original estimate). **Satsuma** packed to date is 1.88 m – almost spot on the original estimate of 1.883 m.

With three ships now dispatched for Japan the percentage of **grapefruit** shipped to Japan is now 39% (2009-27%), but once again percentages are deceptive. In fact less fruit has been dispatched to Japan (2010-870 000 cartons; 2009-1.1 m cartons). On a percentage basis Russia has received more (2010-19%; 2009-6%) while Northern Europe has received less (2010-31%; 2009-44%). Less **lemons** have been shipped to the Middle East (2010-39%; 2009-47%) and Far East (2010-7%; 2009-17%), with increases in Russia (2010-21%; 2009-13%) and Northern Europe (2010-14%; 2009-7%); this could have been due to the strike and difficulties in servicing markets mostly supplied by containers. The UK has received less **soft citrus** (2010-43%; 2009-62%), with Russia taking more (2010-17%; 2009-9%). Northern Europe is on par with last year (2010-21%; 2009-19%).

To Week 20 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2008	2009	2010	2009	2010	2010	2010	2009	2009
Grapefruit	6.3m	6.7m	5.9m	4m	2.2m	12.6m	12.2m	14.2m	13.7m
Soft Citrus	4m	3.2m	4m	2m	2.5m	7.5m	7.9m	6.8m	6m
Lemons	5m	3m	4.4m	1.8m	1.9m	9m	9m	8.7m	7.7m
Navels	3.9 m	3.9m	4.6m	1.1m	1.4m	21.4m	21.4m	19.4m	19.1m
Valencia	-	0.2m	0.1m	-	-	41.3m	41.3m	38.5m	35.3m
	19.2m	17m	19m	8.9m	8m	91.8m	91.8m	87.6m	81.8m

GROWERS' FUND THEIR FUTURE THROUGH THE ACTIVITIES OF THE CITRUS GROWERS' ASSOCIATION, CITRUS ACADEMY AND CITRUS RESEARCH INTERNATIONAL