FROM THE DESK OF THE CEO (30/10)

Justin Chadwick (6 August 2010)

QUOTE OF THE WEEK "It is better to be almost right than perfectly wrong"

RUSSIA

Greetings from a hot (warmest summer in Russian history) and hazy (fires burn across Russia blotting out the sun and causing smoke six times the health limit) Moscow!!!!! I bet most people don't know that citrus accounts for over 50% of exports from South Africa to Russia, and is by far the biggest single commodity exported to Russia. In 2008 export earnings from citrus to Russia was R265 million, and in 2009 R240 million – the next biggest (and only other commodity earning over R100 million) was manganese ore which earned R122 million and R135 million in 2008 and 2009 respectively. Hence it was only appropriate that citrus had representation at the agro processing business forum in Moscow, held during President Zuma's visit to Russia. In 2001 South Africa exported 3 million cartons to Russia – since 2002 this has increased to between 8 and 10 million cartons annually; representing 10% of citrus exports. The Russian economy is largely dictated by the oil price, and we all know what happened when the global economy took a knock in 2008 and 2009 – the oil price dipped and oil earnings dropped. Despite this trend South African citrus exports to Russia maintained their momentum, 7.5 million cartons in 2008 and 9 million cartons in 2009. Russian exports in 2010 are outstripping previous years – and it is fairly safe to say that this year's exports will be the highest ever to Russia. It is also interesting to note that the citrus basket to Russia has grown over the years. Whereas that market used to be predominantly for oranges – the present citrus variety mix of exports to Russia mirrors South Africa's production mix; 59% Valencia, 16% navels, 9% lemons, 10% grapefruit and 6% soft citrus. Argentina has also been taking advantage of Russia's increased citrus exports – particularly in the lemon and soft citrus sector.

In 2003 I was asked to present to the Western Cape farmers my vision of the industry in 2010, and in particular how the anticipated increase from 68 million cartons to over 100 million would be absorbed around the world. Looking at those predictions we can see who is still on track from that original forecast; [all in million cartons]

	Canada	USA	UK	W Europe	Eastern Europe	Japan	Far East	Middle East	India	Australia	Total
Actual 2003	2	3	8	25	8	6	5	11	0	0	68
Predicted 2010	4	4	10	30	10	8	15	14	4	1	100
Actual 2009	2	3	10	29	10	6	8	19	0	0	87

North America and Japan have shown no growth, while UK and Western Europe are almost on the predicted numbers. The Middle East has grown faster than anticipated, while the Far East has grown less than anticipated. Australia and India have not been targeted. Eastern Europe (with Russia leading the way) has shown the predicted growth from 8 million to 10 million cartons.

CITRUS GROWERS' ASSOCIATION AGM AND BOARD MEETING

GROWERS ARE REMINDED OF THE CITRUS GROWERS' ASSOCIATION ANNUAL GENERAL MEETING TO BE HELD AT CHAMPAGNE SPORTS RESORT, KZN DRAKENSBURG AT 18H00 ON TUESDAY 17 AUGUST 2010

PACKED AND SHIPPED

To Week 30 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	12.1m	13.1m	11.6m	11.9m	9.9m	12.6m	12.4m	14.2m	13.7m
Soft Citrus	6.5m	6m	6.6m	5m	5.5m	7.5m	7.9m	6.8m	6m
Lemons	8.3m	7m	8.4m	5.5m	6.1m	9m	8.8m	8.7m	7.7m
Navels	18.8m	17.7m	21.6m	15.1m	16.9m	21.4m	20.7m	19.4m	19.1m
Valencia	14.5m	12.8m	14.1m	6.8m	8.5m	41.3m	41.8m	38.5m	35.3m
Total	60.2m	56.6m	62.3m	44.3m	46.9m	91.8m	91.1m	87.6m	81.8m

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