

FROM THE DESK OF THE CEO (39/10)

Justin Chadwick (8 October 2010)

QUOTE OF THE WEEK *"A committee is a cul-de-sac down which ideas are lured and then quietly strangled"* Sir Barnett Cocks

EXCHANGE RATE

Exporters have watched in alarm as the rand has continued to strengthen unabated during 2010 – now well below the key R7 to \$ level and R10 to Euro level. And experts have indicated that it will remain strong for a while to come (some saying it will be below R8 to the \$ through to 2015). Looking back over the past 5 years one can see that the euro and US\$ experienced similar trends, but the British pound has taken the biggest hit – weakening considerably. The table below shows what the rand has done against the three leading currencies – for example on 7/10/2006 1 British Pound was R14.62 – it is now R10.91 and so has strengthened by 25% since that date. In order to tread water exporters have to be receiving this amount more in foreign currency terms. If prices have not increased by 7 to 10% since 2009 then exporters have earned less per unit when converting their money back into S A Rands.

7/10/2010	7/10/2009	7/10/2008	7/10/2007	7/10/2006
1 Euro = R9.53	Strengthened 10%	Strengthened 19%	Strengthened 1%	Strengthened 3%
1 US\$ = R6.86	Strengthened 7%	Strengthened 21%	Weakened 1%	Strengthened 12%
1 British Pound = R10.91	Strengthened 7%	Strengthened 28%	Strengthened 20%	Strengthened 25%

DATES TO DIARISE

On **Wednesday 20 October the Co Coordinating Meeting** will be convened by DAFF and is due to start at **09h00 at CRI in Nelspruit**. THIS IS THE OPPORTUNITY FOR INDUSTRY AND DAFF TO IRON OUT THE PROBLEMS OF 2010 AND PLAN FOR A PROBLEM FREE 2011. If you had issues in 2010 – BE THERE TO ENSURE THEY ARE ADDRESSED. Agenda on www.cga.co.za.

This year's **Standards Work Shop** will be held a day before the CMF – on **26 October at Olive Grove, Infruitec**. Depending on the agenda items, all citrus sectors may meet together (starting at **10h00**). However, if there are specific and unique items to discuss in the different sectors then oranges (navels and valencia's) will be held in the morning (**10h00 to 12h00**) and the rest (lemons, soft citrus and grapefruit) in the afternoon (**13h00 to 16h30**). Please send agenda items to Cyril Julius (cyril@ppecb.com). Final arrangements will be communicated once agenda's are finalized. Then on **27 October starting 10h00 at Olive Grove, Infruitec in Stellenbosch we wrap up with the FINAL CITRUS MARKETING FORUM (CMF) Meeting**. Agenda on www.cga.co.za.

After the CMF the **Japan Focus Group** and **Grapefruit Focus Group** will meet to discuss two important issues – the coordination of shipping to Japan, and the promotion campaigns over the past year. This meeting will kick off at about **14h00 at the CMF venue (Olive Grove, Infruitec)**.

PACKED AND SHIPPED

The Valencia Focus Group met this week, and took a long, hard look at their latest predictions. With 44 million plus cartons already packed, it is obvious that the crop has performed much better than originally anticipated. For Valencia growers 2010 has been a great year – with really good fruit size complimented by excellent cosmetic appearance and great internal quality. As a result export pack outs have been exceptional. Add to that markets that have in general performed well – and a new record crop is on the cards. The latest prediction is 45.1 million export cartons, well ahead of the poor 2009 season (+17%), and even ahead of the record 2008 season when 42.8 million cartons were packed (+5%). Northern Europe has been the market of choice for Valencia exporters (absorbing 29% compared to 2009's 26%), followed by Middle East (2010 21%; 2009 23%), Russia (13% 2009 and 2010) and Southern Europe (2009 11%, 2010 10%).

To Week 39 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	12.8 m	14 m	12.5 m	13.6 m	11.2 m	12.6 m	12.5 m	14.2 m	13.7 m
Soft Citrus	7.3 m	6.8 m	7.5 m	6 m	6.4 m	7.5 m	7.9 m	6.8 m	6 m
Lemons	9.4 m	8.5 m	9.6 m	7.4 m	7.5 m	9 m	9.6 m	8.7 m	7.7 m
Navels	21.5 m	19.4 m	22.9 m	19.1 m	22.5 m	21.4 m	22.9 m	19.4 m	19.1 m
Valencia	40.7 m	37.2 m	44.3 m	31.5 m	35.4 m	41.3 m	45.1 m	38.5 m	35.3 m
Total	91.7 m	85.9 m	96.8 m	77.6 m	83 m	91.8 m	98 m	87.6 m	81.8 m

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