

FROM THE DESK OF THE CEO (45/10)

Justin Chadwick (19 November 2010)

QUOTE OF THE WEEK ***"You have enemies? Good. That means you've stood up for something, sometime in your life"*** Winston Churchill

SOUTH AFRICAN FARMER OF THE YEAR

It seems that Gerrit and Al van der Merwe (ALG Estates) are not only winners of Western Cape Farmer of the Year Award for 2010 – but also the NATIONAL COMPETITION. It is great for the citrus growers to have one of their own receive recognition - congratulations!!!

GRAPEFRUIT FEEDBACK SESSIONS

Next week Jeff McNeil and I will be travelling to the grapefruit growing regions to provide feedback on the promotion campaigns in 2010 (UK and Japan) and feedback on the Japan coordination initiative. Having looked quite carefully through the RED Communications feedback on the UK campaign, it is evident that there was uplift in sales in the four retailers chosen for this year's promotions. With the emphasis on in store tastings, the recorded reactions from customers make interesting reading. Most comments were about the refreshing taste of the fruit, and pleasant surprise regarding its taste. For 2011 the pome and stone fruit industry's are continuing with their UK campaign – just tweaking it here and there to build on those things that worked this year, and discontinuing those that showed less positive results. These campaigns are funded by a statutory levy. The grape campaign in 2010 was not funded by a statutory levy, and SATI has decided to discontinue their UK campaign. Grapefruit growers will be given the opportunity to re-evaluate placement of a 2011 campaign. All grapefruit growers are urged to attend, to assess the use of their funds, and to help with planning for the future.

The following meetings have been arranged: Monday 22nd November **NKWALINI** 10h00 @ Nkwadini Farmers Hall; Tuesday 23rd November **ONDERBERG** 09h00 @ Malelane Citrus Koop Offices; Wednesday 24th November **HOEDSPRUIT** 09h00 @ Hengelklub; Wednesday 24th November **LETSITELE** 15h00 @ Letaba Junction. The agenda includes feedback on the Japan grapefruit promotions, UK grapefruit promotions, shipping coordination to Japan and planning for 2011. On Thursday 25th November Jeff will travel to Cape Town to meet with export agents.

INTEREST RATE CUTS

The 50 basis point cut in the repo rate announced by the Reserve Bank Governor will be good news for all those who have debt (not such good news for those with surplus funds and investments). This brings the rate down to the lowest point in thirty years. It is hoped that these savings will be used to further decrease the debt loads – South Africans are some of the most indebted in the world.

PACKED AND SHIPPED

So 2010 is a record export crop – 99 million cartons packed and passed for export. Comparing this year to the last record (2008) reveals some interesting facts. In essence the quantity of grapefruit, lemons and soft citrus is very similar to 2008 – it's oranges that accounted for the increase. What is noticeable is that there is actually a decrease in exports to our traditional markets (UK and continental Europe) across all citrus sectors. Clem Sunter speaks about a "V" shaped recession in developing economies (particularly in the East) i.e. a sharp descent into recession and a sharp recovery; as opposed to a "U" shape in developed economies i.e. a longer period in recession. If citrus is a measure of recession then it would appear that there has been a recovery in the East, Middle East and Eastern Europe, while sluggish demand persists in Europe, UK and Japan. In addition UK retailer's obsession with discounting and the proliferation of private standards and requirements makes other markets more attractive. Exporters do not complain about these requirements, they just look for markets that are easier to do business in and where returns are better.

	GRAPEFRUIT			SOFT CITRUS			LEMONS			ORANGES		
	2008	2010	Diff	2008	2010	Diff	2008	2010	Diff	2008	2010	Diff
America's	288 970	295 574	6 604	675 625	777 905	102 280	131 025	97 580	-33 445	4 125 940	4 005 316	-120 624
Middle East	233 630	329 068	95 438	523 335	682 370	159 035	3 247 070	3 634 668	387 598	12 737 480	16 777 694	4 040 214
Far East/Asia	4 214 300	3 920 346	-293 954	345 020	421 850	76 830	1 027 635	860 746	-166 889	6 125 490	7 635 182	1 509 692
Europe	5 864 350	5 312 284	-552 066	1 606 855	1 495 155	-111 700	2 827 700	2 098 940	-728 760	26 519 960	24 762 722	-1 757 238
UK	985 730	828 710	-157 020	3 121 080	2 824 625	-296 455	1 560 310	1 189 726	-370 584	6 293 630	5 046 570	-1 247 060
Russia	1 097 800	1 493 610	395 810	643 850	774 725	130 875	482 165	1 412 838	930 673	7 676 760	9 776 108	2 099 348
Africa	48 170	28 210	-19 960	108 305	136 930	28 625	90 300	115 080	24 780	753 410	761 714	8 304
Total	12 732 950	12 207 802	-525 148	7 024 070	7 113 560	89 490	9 366 205	9 409 578	43 373	64 232 670	68 765 306	4 532 636

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