FROM THE DESK OF THE CEO (2/11)

Justin Chadwick (21 January 2011)

QUOTE OF THE WEEK "*There are two things people want more than sex and money – recognition and praise" Mary Kay Ash*

NEW SECURITY RULES IN EU

There was much consternation towards the end of 2010 regarding new EU regulations and how these would impact on shipping of fruit in 2011. The citrus industry does have the advantage of observing how it goes for the deciduous industry before our season starts. To date most agree that the hassles have been minimal, and in fact the rules have required more pre-planning which has not altogether been a bad thing. It is important that all in the citrus industry are aware of the new rules, a good explanation has been sent out by Freshfel -

New safety and security amendments have been incorporated in the European Customs legislation (Council Reg. 2913/1992, Council Regulation 648/2005 and implementation Commission Regulation 1875/2006/EC.

*Consequently, for import into the EU, it is provided that for safety and security purpose a new "Import Control System" (ICS) scheme was introduced across the European Union on **1st January 2011**.*

*ICS requires carriers (or their authorized representatives / 3rd parties) to provide electronic pre-arrival information, in a specified format submitted in a declaration, known as an "**Entry Summary Declaration" (ENS)**. It includes amongst other things, details which identify the cargo, the traders involved in the movement, the vessel and the envisaged route into and across the EU. The Entry Summary Declaration (ENS) must be sent to the Customs at the first port of entry into the EU, irrespective if those goods are due to be discharged at that port and considering the following time limits:*

- *Deep sea container transport: 24 hours before loading*
- *Bulk/break bulk: 4 hours before arrival at the first EU port*

In accordance with the above provisions, for what concerns the goods in containers, traders are obliged to declare at the loading port, therefore 15 days before the arrival in EU, per each container the destination of the goods and understand also that correcting unloading declaration might have also some negative implication for the operators.

Consequently, the new legislation might place additional requirements and obligation for the shipment of products.

More information on this issue is available on the DG TAXUD website: http://ec.europa.eu/ecip/security_amendment/index_en.htm.

CONTAINER WEIGHING TO BECOME A REALITY?

If the World Shipping Council has its way compulsory weighing of every export container may become a reality. This is being mooted to address the problem of overweight containers. Although the call may have some good reasoning, the issue that needs to be resolved is "who will pay". In a Freight and Trade Weekly (ftw) report Transnet Port Terminals states that "it will demand significant financial investment from the ports, with no benefit, and could in addition impact on productivity". My experience is that the cargo owner always ends up paying – adding to already exorbitant port costs and making productivity even worse. Maybe Transnet could use some of their funds raised through cargo handling to actually invest in the port.

NEW YORK APPLES

In a previous newsletter mention was made of the unattractive trading conditions in the EU – this case has been well stated by a spokesman of the New York apple industry:

He cautions, however, that continuing price pressure, when allied with the increased costs involved with adapting to new market demands, could lead to exporters into the EU reassessing their options. "The EU market in general is notorious for its demanding requirements on suppliers and each change to these requirements puts more pressure on the NY growers – just as it will for the EU's domestic suppliers," he said. "With the general economic downturn in both the EU and the US, multiple retailers are pressing harder and harder to keep pricing down – and soon the price pressures combined with the ever increasing regulatory and market demands will put the apple growers into a difficult position. "This trend cannot and will not sustain the supply side. While we want to continue to service these important markets, the costs may be too great."

GROWER ROADSHOWS AND OTHER MEETINGS

Schedules giving dates, times and venues (where available) are on www.cga.co.za.

REVIEW OF 2010

Russian market review now available on www.cga.co.za

GROWERS LEVIES ARE USED TO FUND CGA, CRI AND CITRUS ACADEMY ACTIVITIES.
ENSURING A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY