

FROM THE DESK OF THE CEO (20/11)

Justin Chadwick (27 May 2011)

QUOTE OF THE WEEK "A ship is safe in harbor, but that's not what ships are for" William Shedd

COLLUSION IN SHIPPING LINES

18 May 2011 (Frankfurter Allgemeine Zeitung / The Wall Street Journal Online) – The European Commission is suspecting several shipping firms of price fixing, among them Germany's biggest sector firm Hapag-Lloyd, rival Hamburg Sued and global leader AP Moller Maersk of Denmark. Commission officials had also visited the respective offices in Europe of Hong Kong's Orient Overseas (International) Ltd., Taiwan's Evergreen Marine Corp. (Taiwan) Ltd. and Hanjin Shipping Co., South Korea's biggest container carrier by volume. The EC has raided the offices of several companies in the sector. However, there is currently only an initial suspicion and still no evidence of the guilt of the firms, the EC said. There is no deadline for the closure of the investigation.

CITRUS MARKETING FORUM (CMF)

A date has been set for the next CMF – 22 June 2011 starting at 10h00 at the usual venue (Willow Park Conference Centre). It is anticipated that the meeting will end at 15h00 (lunch will be provided). Please RSVP Gloria@cga.co.za; and please do not make return flight arrangements before 17h00.

Amongst the issues to be included on the agenda are early season quality concerns – with most pointing to climatic factors as the biggest contributor. Rainfall at a critical time for satsuma's influenced fruit development. A second item is transport and the poor load configuration on trucks, leading to collapsed pallets and collapsed cartons. Dawid Groenewald has supplied some photographs of the problem; and they are not a pretty picture. There are solutions and these need to be implemented to prevent this in the future, it just does not make sense to invest so much in production and packing only to have the load destroyed on its way down to Durban. A third item is to look at the original crop estimate, and subsequent predictions to plan out the balance of the season. In particular fruit sizing is of interest as this will impact the global distribution pattern of exports. The Japan Focus Group in particular is interested in the size distribution for grapefruit for the rest of the season.

Other items will include market reports, DAFF update on sanitary, phytosanitary and quality issues; and feedback from PPECB regarding EDI and related matters. If there are any items that CMF members would like included on the agenda please contact Stuart Symington stuart@pgef.co.za who will be chairing this meeting.

PACKED AND SHIPPED 2011

Clementine harvesting has now passed the 1 million carton mark (15 Kg equivalents) – the latest prediction is 2.5 million cartons. It is interesting to note that in the last three years exactly the same quantity of **grapefruit** has been packed in the week – 1.2 million cartons (illustrating perhaps the packhouse capacity for grapefruit in South Africa). Of this grapefruit packed 84% has been Star Ruby. **Navel** packing is starting to gain momentum with 2.6 million cartons packed to date (1.2 million in the past week). **Russia** has once again proven to have a liking for southern African citrus with 35% of oranges, 26% of lemons, 19% of soft citrus and 16% of grapefruit shipped there to date. With three ships dispatched to **Japan** 20% of grapefruit has gone to that market, with 9% of lemons to **Far East** destinations. Most lemons (44%) have been shipped to the **Middle East** (to date), while oranges have also been favored in the Middle East absorbing 30% of volumes shipped to date. As usual **Northern Europe** has also been a preferred destination with 46% of grapefruit, 20% soft citrus, 19% oranges and 8% lemons shipped to that region so far in 2011.

The **navel** and **Valencia** focus groups met over the past week, and both adjusted their predicted volumes slightly downwards. In terms of total citrus volumes the latest prediction is 500 000 cartons less than the original March estimate.

To Week 19 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2009	2010	2011	2010	2011	2011	2011	2010	2010
Grapefruit	5.2 m	4.8 m	5.7 m	2.8 m	4.2 m	14.7m	15.2m	12.5m	12.2m
Soft Citrus	2.6 m	3.4 m	3 m	2.4 m	2.3 m	7.9m	7.4m	7.5m	7.1m
Lemons	2.6 m	4 m	3 m	2.4 m	2.3 m	9.8m	9.7m	9.6m	9.4m
Navels	2.2 m	3.7 m	2.6 m	1.3 m	1.3 m	19.4m	19.1m	22.9m	22.6m
Valencia	-	-	-	-	-	42.9m	42.8m	46.5m	45.9m
	12.6 m	15.9 m	14.3 m	8.9 m	10.1 m	94.7m	94.2m	99m	97.2m

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ENSURING A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY**