FROM THE DESK OF THE CEO (29/11)

Justin Chadwick (29 July 2011)

***QUOTE OF THE WEEK** "Irrigation of the land with seawater desalinated by fusion power is ancient. It's called "rain"" Michael McClary*

GLOBAL CITRUS TELECONFERENCE: 27 JULY 2011

The terms **PROBLEMATIC** and **DIFFICULT** were used often during the global citrus teleconference on Wednesday. The teleconference was attended by delegates from South Africa, Chile, Belgium, Spain, Argentina, Italy, Australia, Uruguay and Germany; with written input from Turkey and Cyprus. Production woes in 2011 are not restricted to South Africa – **Argentina** has probably been the hardest hit with the worst freeze in five years. As a result the final lemon export figure has been reduced from 260 000 tons to 220 000 tons (with perhaps some further downside – a figure of 200 000 was mentioned at the meeting). Soft citrus exports were halted by two weeks; with a reduced export volume of 5%; orange exports are down by 40% due to reduced demand in Europe and Russia (the main markets). **Uruguay** was already facing a reduced estimate because of drought and high summer temperatures; this has been further reduced by frost in the north and poor markets – soft citrus by 15 to 20%; lemons by 10 to 15% and oranges has also come down. In **Australia** weather has been more favourable with soft citrus anticipated to increase by 5 to 10%, oranges up 25 to 30%; but poor market conditions and strong currency could see some going unharvested.
Another common concern in the southern hemisphere are the **weakening dollar and Euro**; worst hit has been the Australian $ which is 32% stronger in June 2011 as compared to June 2010. South American and South African currencies have strengthened by between 15 and 17%. Coupled with that are **increasing energy, fuel and labour costs** experienced by southern hemisphere countries. As a result a carton of fruit coming from the southern hemisphere needs to attract a price 20 to 50% higher than 2010 (in Euro or US$ terms) JUST to be at the same level.
Report back from the **markets** did not lift the spirits. A large northern hemisphere overhang in the market meant that prices have remained depressed in all markets for all fruit (not only citrus). **Spanish** lemon exports in 2010/11 were 420 000 tons (2010; 351 000); Spanish orange exports were 1 440 000 tons (2010; 1 260 000 tons) and Spanish soft citrus exports 1 611 000 tons (2010; 1 363 000 tons). This was coupled with **Turkish** lemon exports 10% higher than 2010; Turkish soft citrus exports 38% higher than 2010 and Turkish orange exports 63% higher than 2010. **Too much fruit in a weak market**.
There is a possibility that the lower Argentinean lemon exports will boost the price for **lemons** for those who still have product available, some speakers already reported improvements in prices.
The **Russian** market is reported as being unstable for all citrus for the next few weeks.
Grapefruit came in for a hammering at the meeting; with most speakers indicating that demand was continuing to decline and that they did not see much future in the category. Argentina reported exports of just 9 000 tons which could become zero within two years (if market returns did not improve).
The table below shows total southern hemisphere exports to all markets for the 2011 season. Usually less supply (as in the case of oranges and soft citrus) means better prices; but when this is coupled with weak demand difficult marketing conditions prevail. It is recommended that exporters target realistic prices and avoid speculation; make sure the fruit has a home at a reasonable price; look carefully at juicing and local options market.

up to week 28 -all destination in '000T	2011	2010	2009	Var 11/10
Oranges	361	420	367	-16%
Lemon	252	251	236	0%
Soft citrus	238	254	219	-7%
Grapefruit	207	153	185	26%
Total	**1.058**	**1.078**	**1.007**	**-2%**

Although the meeting did not focus on the northern hemisphere 2011/12 season – some figures were supplied by Spain – with reductions anticipated in Satsuma (down 15 to 20%); Clementines (down 10%); Navelina (down 20 to 30%); Navelates (down 5 to 10%) and Valencia (down 10 to 15%).
FULL MINUTES OF THE MEETING WILL BE DISTRIBUTED BY THE SHAFFE SECRETARIAT; WILL BE ON THE CGA WEBSITE AND ARE AVAILABLE DIRECTLY FROM justchad@iafrica.com

CGA ANNUAL GENERAL MEETING

30 August 2011; 18h00 at the Beach Hotel, Summerstrand, Port Elizabeth – Growers who would like a copy of CGA Annual Financial Statements please contact gloria@cga.co.za or look on website www.cga.co.za (from 5/8/2011).

PACKED AND SHIPPED 2011

To Week 29 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	12.8 m	11.5 m	15 m	11.6 m	14.8 m	14.7m	15.3 m	12.5m	12.2m
Soft Citrus	5.8 m	6.4 m	5.9 m	5.7 m	5.7 m	7.9m	7.3 m	7.5m	7.1m
Lemons	6.6 m	8.2 m	8.6 m	6.7 m	7.2 m	9.8m	9.3 m	9.6m	9.4m
Navels *	16.9 m	20.4 m	17.9 m	OR	ANGES	19.4m	19.2 m	22.9m	22.6m
Valencia*	10 m	12.1 m	10.1 m	25 m	24.3 m	42.9m	43 m	46.5m	45.9m
	52.1 m	58.6 m	57.5 m	48.9 m	52 m	94.7m	93.9 m	99m	97.2m

*** Please note 2011 shipped figures for oranges are for ALL oranges – PPECB unable to supply reliable shipped figures.**

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