

FROM THE DESK OF THE CEO (5/12)

Justin Chadwick (10 February 2012)

MAKES YOU THINK "Have you ever noticed that anybody driving slower than you is an idiot, and anyone going faster than you is a maniac? - George Carlin

GREETINGS FROM BERLIN

From +35 DEG C on Sunday in South Africa to -18 DEG C in Berlin; visitors to Fruit Logistica have been exposed to the worst of European winters. From a citrus marketing point of view northern hemisphere producers are hoping that the cold will stimulate sales – provided people can in fact get to the stores.

Some very interesting comments have been made during this week of hectic meetings and engagements – the most interesting being the complaints by a Spanish delegate about “pornographic” prices for citrus in the European market – he must have been referring to how he felt after looking at his returns!! What is very evident from all the discussions about the European market is that there is an air of despair as returns for most products do not even cover the costs of production – and when it is suggested that the retailer/buyer should be approached to educate them about the perilous state that suppliers are in – nobody is keen. This state of fear of the retailer/buyer cannot be healthy – surely if you have a strong trading relationship there would be recognition that all in the supply chain are linked; and destroying the primary producer destroys business for all? Both Italy and Spain reported that smaller orchards are being abandoned.

What is equally concerning is the release of the Freshfel Consumption Monitor that shows consumption of fruit has dropped by over 7% from 2005 to 2010. And in their survey of industry leaders 51% of them said the state of the sector is “worrying”, and 17% said it is “extremely worrying” – with the main concerns being “competition on price” and “lack of consumption”. “Private standards” was identified as the main challenge.

Some take home messages from the meetings:

Spain – the 2011/12 season has been abnormal. Warmer weather to January meant that although eating quality was good, colour was poor. Then two weeks of rain meant delayed harvesting and some quality concerns.

Peru has already started harvesting soft citrus, some two weeks ahead of normal years.

Argentina has big concerns with regard to the macro economy, with inflation running at 20+% and labor wage demands well in excess of this level. Despite this, there has been expansion in the lemon growing region of Tucuman (planting of 10 000 Ha increasing the area from 40 000 to 50 000 Ha).

Uruguay also faces high production costs – especially labor costs.

Indonesia – all countries exporting to this destination are concerned about closure of Jakarta for fresh produce imports.

India – changes to import condition will impact on ability to supply to this market; although citrus does not seem to be impacted.

Australia – Japan has replaced the US as the most important export destination for citrus. Fortunately the domestic market is strong – as the strong Aus\$ has made exporting very difficult.

NEXT WEEK'S DIARY

Paul Hardman and his team are heading north – on Monday 13th they will be at Nkwadini Farmers Hall at 14h00. On Tuesday morning at 08h30 Pongola growers will get together at Mvutshini Estates, and in the afternoon the Swazi's will gather at Tambuti Estates at 14h30. Then back into South Africa again as they meet with Nelspruit growers on 15th at CRI at 09h30, before finishing off at Onderberg (Malelane Citrus Co-op) at 14h00 (also on 15th). My group will be at the Sinodale Centre in Pietermaritzburg to address KZN Midlands growers at 14h00 on Tuesday 14th.

GROWERS ARE ENCOURAGED TO ATTEND THESE MEETINGS TO BE UPDATED ON HOW THEIR LEVY IS BEING USED, AND TO GIVE GUIDANCE ON FUTURE PRIORITIES.

Hannes Bester and his team have packhouse workshops planned for next week - 14-15/2 Limpopo, Forever Resorts, Tshipise; 16-17/2 Mpumalanga, Forever Resorts, Loskop Dam.

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