FROM THE DESK OF THE CEO (13/12)

Justin Chadwick (5th April 2012)

QUOTE OF THE WEEK "*Experience is a hard teacher because it gives the test first, and the lesson afterwards*" Anon

CGA REPRESENTATIVES VISIT INDIA

George Hall (CGA Director for Boland region) and Paul Hardman participated in 4th BRICS Business Forum held in New Delhi, India on the 28th March 2012. The key reason for participation was to pursue citrus export opportunities to India and to address the main obstacle prohibiting greater trade – the 35 percent import tariff. India has genuine market potential given its large (1.2 billion) and growing (15 million people per year) population; that is becoming more urbanized with a growing middle class (approx 350 million people). A high percent of Indians are vegetarian, and national consumption averages suggest most Indians enjoy consuming fruits and vegetables. As the latest partner to join BRICS (i.e. Brazil, Russia, India, China and South Africa) South Africa has new means of addressing trade challenges and CGA will be making more use of these mechanisms going forward. This trip was particularly valuable in improving engagement with both SA and foreign officials involved in trade negotiations. Given the relatively close proximity of India to South Africa, the significant market potential that India represents and the highly complementary (counter-seasonality) nature of the two citrus industries, it is sincerely hoped that efforts to address the high tariff will be successful.

2012 ESTIMATE OF SOUTHERN HEMISPHERE CITRUS FOR EXPORT

On 3rd April 2012 citrus representatives from around the globe linked by telephone conference convened by Freshfel and SHAFFE to discuss the end of the northern hemisphere season and the expectations for the forthcoming southern hemisphere citrus season. The **northern hemisphere** countries generally lamented poor prices for their season. **Spain** expects the season to finish off with orange export volumes similar to the 2010/11 season; soft citrus up 12%; lemons up 12 to 14% whilst the relatively insignificant grapefruit volumes are expected to be up 30%. **Italy** reported their worst season in twenty years with rain, hail and volcanic ash as well as strikes in February having a very negative impact on production. Feedback from **Turkey** indicated a final crop of about 1.4 million tons compared to the previous season's 1.3 million tons. The United States estimates oranges to be up 2%, grapefruit down 11%, lemons down 14% whilst soft citrus remains flat. **Southern Hemisphere** export forecasts of citrus fruit from SHAFFE countries for the coming season, are expected to increase by 1.67% when compared to 2011. This is up by 9.11% over the long term average. Exports of oranges, soft citrus and lemons are forecasted to experience an increase of 2.06%, 6.82% and 2% respectively compared with 2011 whilst grapefruit exports should decrease by 9.25%. The estimate of exports for the southern Hemisphere, represented in tons is as follows:

	Soft citrus	Oranges	Grapefruit	Lemons	Total
South Africa	114 289	1 001 891	214 838	166 493	1 497 511
Peru	69 700	11 000	390	2 550	83 640
Argentina	106 000	104 000	9 400	250 000	244 400
Uruguay	45 000	85 000	182	15 000	145 182
Chile	53 768	69 208	1 350	44 950	169 276
Australia	36 000	110 000	500	400	146 900
Total	424 757	1 381 099	226 660	479 393	2 286 909

Reports from the marketers indicated that the winter months had been complex on European markets but at least in the UK showed some sign of recovery. Movement of volumes was slow and prices not at a rewarding level. In the Southern European market the flow of product combined with low demand lead to heavy on-going market, although some recovery is expected after Easter. USA markets were more in demand and supported by good industry prices. Overall there was limited fear of major overlap between northern and southern hemispheres, but given market instability, much uncertainty remains.

COOL LOGISTICS AFRICA: A reminder that the Cool Logistics Africa 2012 Conference takes place at the Vineyard Hotel & Spa in Cape Town this month 24th-26th April. Fresh Produce Exporters Forum (FPEF), Citrus Growers Association of South Africa (CGA), Hortgro Services (Hortgro), Subtropical Growers Association (Subtrops) and the South African Table Grape Industry (SATGI) are pleased to endorse this first Cool Logistics Africa Conference. Taking place at a pinnacle phase for the southern African fresh fruit export industry, with real supply chain challenges in our midst, this conference is an ideal platform to discuss and debate the issues at hand. All members of these associations are eligible to receive a preferential conference rate. CGA members can find this form on the CGA website www.cga.co.za or contact Mitchell Brooke mitchell@cga.co.za.

GROWER FUNDED ACTIVITIES OF THE CGA, CRI AND CITRUS ACADEMY ENSURE A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY