FROM THE DESK OF THE CEO (29/12)

Justin Chadwick (27 July 2012)

QUOTE OF THE WEEK "Please all, and you will please none" Aesop

CELEBRATE SUCCESS: What a sporting weekend for South Africa – Sharks make mincemeat of the Reds; Ernie Els shows that talent is EVERLASTING as he wins the British Open and Hashim Amla's 300+ guides South Africa to a massive victory over England.

GLOBAL CITRUS TELECONFERENCE

On Tuesday citrus stakeholders from South Africa, Argentina, Uruguay, Peru, Spain, Italy, USA and Greece met by way of a teleconference to discuss the end of the northern hemisphere season and the start of the southern hemisphere season. Written inputs were received from Cyprus and Chile. It was noted that information from Turkey and Egypt was lacking. The main points of interest;

- **Florida and California** have all but finished harvesting, with limited quantities of Californian **Valencia** oranges still left. Florida citrus exports were the lowest ever recorded – over the last decade bearing acreage has decreased by 29% and fresh shipments by 45%. The final Californian **navel** crop of 88 million cartons is 8% down on the previous year. Californian **lemons** are 5% down on the previous year, while **grapefruit** is 21% down. **Clementine/Mandarin** harvest is 10% above last season, and would have been even more but for severe freezes in January and February (production could have been affected by as much as 45%). Returns were good.
- **Spanish** season is over. Beginning of season difficult due to climatic conditions. **Lemons**; different scenarios for Fino (grower returns low as Turkish lemons very competitive) and Verna (from end April market clear and prices improved). Verna season finished beginning July. Reduction in consumption in EU impacted on citrus industry, pressure to keep prices low. Good transition to southern hemisphere as stocks low.
- **Cyprus** experienced a difficult season due to high rainfall and impact on quality. Very poor returns to growers. Next season soft citrus production will decrease by 20%.
- **Greece** exported less to Western Europe and more to Eastern Europe. Still lots of **Valencia** on trees; low demand and low prices.
- **Italy** experienced a poor season due to climatic factors.
- **UK** market for **oranges** improved in last two months. **Lemon** market is stable. **Grapefruit** market remains slow but stocks limited (be patient). **Soft citrus** market a little more difficult.
- **Chilean navels** expected to continue increasing in volume (10% more than 2011). Good sized **clementines** (increased 5%) and **late mandarins** (increase 35%) should grow significantly as new orchards come into production and others recover from the 2011 freeze. Main market is the US.
- **Peruvian soft citrus** production will increase by 20%. Strong local market for **mandarins** means that exports will not increase to same extent. Harvesting has been a bit earlier in 2012.
- **Uruguayan soft citrus** exports started slowly and cautiously. Early frost damaged a significant quantity of the **orange** production. Frost damage in the main **lemon** growing areas in the south not as severe as in the north.
- **Argentinean** production of **lemons** is lower than 2011. **Oranges and soft citrus** strongly affected by frost in north east of the country. Will have impact on 2013 due to tree damage. Macroeconomic conditions have impacted on competitiveness of exports.

LAST VESSEL LEAVES FOR JAPAN

The last conventional reefer ship bound for Japan departed the port of Durban this week. With over 6 100 pallets of citrus aboard, this is the biggest vessel used for Japan this season. This shipment should keep the market well stocked through to the end of the southern hemisphere season. With sales rates for grapefruit at a very low level at present, exporters who plan to follow with container shipments to Japan should be cautious – the market has been well supplied this year resulting in fair returns to date. The scenario could change if stocks build up.

ANNUAL FINANCIAL STATEMENTS (AFS) AND ANNUAL GENERAL MEETING (AGM)

The AFS of CGA Group are now available on the CGA website, and for dispatch to any member who wishes to get a copy. On the website the AFS are in the password protected section (www.cga.co.za password for members available from gloria@cga.co.za) or a copy can be obtained from Gloria or Robert at 031 7652514. The CGA AGM will be held at Champagne Sports Resort, Drakensberg on 20 August 2012 at 18h00 – a notice in this regard has been posted to all members today, together with the Annual Report.

TRIBUTE TO MR B.M. "MO" DAVIS

One of the strengths of the South African citrus industry is the fact that it has access to a number of markets worldwide – so fruit can be diverted from underperforming markets to alternatives. Access to these markets did not "just happen"; people and organisations are involved in making it happen. This past week Mr B.M. Davis (known to all as Mo Davis) passed away at the age of 97 years and 7 months. Mo Davis spent almost twenty five years within organised structures of the citrus industry, and was instrumental in opening and developing both the Hong Kong and Canadian markets. He was a qualified CA, and provided guidance on financial matters to the Citrus Exchange. A full tribute will appear in the S A Fruit Journal.

PACKED AND SHIPPED

To Week 30 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2010	2011	2012	2011	2012	2012	2012	2011	2011
Grapefruit	11.5 m	15 m	11.7 m	15 m	11.5 m	15.2 m	12.4 m	16.2 m	15.3 m
Soft Citrus	6.4 m	6 m	5.9 m	5.9 m	5.6 m	7.6 m	7.6 m	6.9 m	6.7 m
Lemons	8.2 m	8.7 m	7.6 m	7.7 m	6.4 m	11.1 m	9.9 m	10.8 m	10.2 m
Navels	20.4 m	18 m	19.8 m	25 m *	25 m*	22.9 m	22.8 m	21.2 m	61.7 m*
Valencia	12.1 m	10.5 m	11.3 m			46.1 m	45.6 m	44.2 m	
	58.6 m	58.2 m	56.3 m	53.9 m	48.8 m	102.9 m	98.3 m	99.3 m	93.9 m

'* All oranges

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ENSURE A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY