

FROM THE DESK OF THE CEO (30/12)

Justin Chadwick (3 August 2012)

QUOTE OF THE WEEK “You can't put a limit on anything. The more you dream, the further you get” Michael Phelps

CELEBRATE SUCCESS: There are only 16 men's gold medals for swimming at the Olympics – and South Africa has scooped two of them – Well done to Cameron van den Bergh [setting a new World Record] and Chad Le Clos [beating the world's greatest Olympian] for making us proud. And a 3rd GOLD for the rowing lightweight fours (Smith, Brittain, Ndlovu and Thompson) with a come from behind win – South Africa now 8th on the medal table.

ESTIMATING THE CROP

Since CGA took on the job of crop estimation we believe that this has developed into a cost effective and accurate means of getting an impression of the expected crop for that year. This crop estimate is needed in March, meaning that there is still some time before harvesting is completed (and some time before some harvesting even begins for some categories). Given that the estimate is based on what is to be packed and passed for export, there are many variables that have to be taken into account. This estimate needs to take into account production factors (climatic variables, phytosanitary rejections and quality factors) and also market conditions.

Why do we consider the estimate to be cost effective? There are many ways to develop an estimate; from sophisticated modeling techniques, tree stripping and more. The way CGA develops an estimate is through regional representatives glean information from growers in all twenty growing regions. These estimates are then discussed by the Variety Focus Groups (Valencia, navel, grapefruit, lemon and soft citrus); where after a draft estimate is presented to industry at the first Citrus Marketing Forum (CMF) of the year. Export agents and other industry stakeholders are then given time to provide input – where after the estimate is adopted by the CMF as the official industry estimate (usually before the end of March each year). This is cost effective as the estimate is built up by individuals within the industry, and does not depend on costly experts or researchers to develop models or analyse results.

Why do we consider the estimate to be accurate? For argument's sake let's say that an estimate that is within 10% of the actual final volume is acceptable; with 0-5% being good. Over the past seven years there have been 32 estimates (see table below). In 19 of those 32 estimates the result has been acceptable (60%); but more importantly we have improved; in the past 4 years 15 of the 20 estimates (75%) have been acceptable. Total citrus export volumes have been acceptable for all of the past four years.

It should also be noted that since 2008 the Variety Focus Groups have been updating their predictions at each of their monthly meetings. An analysis of these predictions shows that lemons were within the 0-10% range by week 30 in 2008; in 2009 navels were within the range by week 20 and Valencia by week 21; in 2010 valencias were within the range by week 30 while in 2011 lemons attained the 0-10% range in week 18. So even if the original estimate was outside the 10% acceptable level, this was corrected pretty early in the season.

The table below also shows how the grapefruit focus group has upped their game, after dismal estimating in the initial period (2005 to 2007), they have been in the acceptable zone for the past four years. Unfortunately this year the results do not look so good.

The CGA will continue to find ways of improving on estimating the crop – and any suggestions will be gratefully received.

The Table shows how estimates fared against actual ; -19% means that the estimate was 19% less than the actual volume packed and passed for export (underestimated); 2% means that the estimate was 2% higher than what was achieved (overestimated).

	2005	2006	2007		2008	2009	2010	2011
Grapefruit	-19%	30%	-20%		2%	8%	1%	-9%
Soft Citrus	-25%	7%	-18%		1%	9%	Spot on	14%
Lemons	13%	Spot on	4%		-16%	8%	-6%	-9%
Oranges	Spot on	18%	-18%	Navel	-8%	11%	-6%	-8%
				Valencia	-3%	12%	-11%	-3%
TOTAL	-5%	17%	-17%		-5%	10%	-7%	-5%

PACKED AND SHIPPED

To Week 31 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	11.7 m	15.3 m	12 m	15.3 m	12 m	15.2 m	12.4 m	16.2 m	15.3 m
Soft Citrus	6.6 m	6.2 m	6.2 m	6.1 m	5.9 m	7.6 m	7.6 m	6.9 m	6.7 m
Lemons	8.5 m	9.1 m	8.2 m	8.3 m	7.3 m	11.1 m	9.9 m	10.8 m	10.2 m
Navels	21.4 m	18.6 m	21 m	28.2 m*	29.6 m*	22.9 m	22.8 m	21.2 m	61.7 m*
Valencia	15.3 m	12.5 m	13.6 m			46.1 m	44.7 m	44.2 m	
	63.5 m	61.7 m	61 m	57.9 m	54.8 m	102.9 m	97.4 m	99.3 m	93.9 m

** All oranges

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ENSURE A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY**