FROM THE DESK OF THE CEO (41/12)

Justin Chadwick (19 October 2012)

***QUOTE OF THE WEEK** "I hear and I forget. I see and I remember. I do and I understand" Confucius*

LABOUR UNREST

South African businessmen breathed a collective sigh of relief when the transport strike was called off last week. More so exporters who were facing port and railway sympathy strikes this week – which were called off in the wake of the negotiated settlement. On the eve of what turned out to be the final round of negotiations, Fruit South Africa sent an open letter to SATAWU pleading with the union to consider the plight of the many workers in the fruit industry that depended on a functioning port environment. The open letter aroused media interest – and as the Chairman of Fruit South Africa I was called on to give radio interviews on Talk Radio 702, Jacaranda FM, RSG, Five FM and Eye Witness News, while Anton Kruger of the FPEF gave an interview to eTV News (I only have a face for radio). Whether this played a role in ending the strike or not – all were relieved to see the end of an ugly strike characterized by intimidation, wanton destruction of property, and (most disturbingly) loss of lives. It is estimated that the strike cost workers R200 million through lost earnings – and I am sure many are asking if it was worth it. Many will never make up the earnings lost, and the resultant hike in food prices as a consequence of the strike will be felt most by the poorest of the poor. South Africa's credit ranking drop will affect the cost of debt. While there are many debates regarding what caused the unrest, including political posturing before the big meeting in December and a turf war between labor unions, the impact of such actions do the country no good. Many saw South Africa as well poised to take advantage of its healthy economy as we emerged relatively unscathed from the global economic recession – now we have taken a few steps back.

REPORT ON CHINA

CGA contracted Promar International to do some research on the Chinese market – including China and Hong Kong. The report covers the following : •China and Hong Kong's economic background •Fruit production in China over the last 10 years – with special reference to citrus •Key fruit and other agricultural imports into China and Hong Kong over the last 10 years •Imports of citrus fruit to China and Hong Kong over the last 10 years and the performance of key suppliers •Distribution channels in China and Hong Kong – retail and foodservice •China and Hong Kong's market access regulations – covering both tariff and non tariff barriers •Feedback from trade interviews •A SWOT analysis of the China and Hong Kong citrus market for SA exports •The identification of opportunities for SA exporters and key action points.

This report has been sent to the CGA Board, Variety Focus Groups and FPEF members. The report is 2 MB in size, and therefore cannot be sent to all growers – however, if there is a grower that wants a copy please contact me (justchad@iafrica.com). Alternatively – the report is available to all CMF members on the members section of www.cga.co.za.

Just to wet your appetite the report shows that when a consolidated view is taken of South Africa as a citrus exporter against the rest of the world, South Africa scored especially well in the areas of internal quality, size of fruit, shelf life, cultivar selection and reliability of supply. South Africa scored less well in terms of price levels, payment terms and import documentation. South Africa scored the same as others in terms of logistics, integrity and ethics and overall ease of doing business. For more detail you will have to read the report.

REMINDER - MARKET ACCESS WORKSHOP AND CITRUS MARKETING FORUM CMF

All growers, exporters and other stakeholders are invited to attend a Market **Access Workshop on 31 October from 08h30 to 13h00**. This will be followed by the **CMF from 14h00 to 17h00**. Both meetings will be held at Olive Grove, Infruitec, Stellenbosch. Please RSVP to gloria@cga.co.za or 0317652514 if you wish to attend these meetings.

PACKED AND SHIPPED

There are concerns regarding the reliability of shipped data and therefore have been excluded.

To Week 42 Million 15 Kg Cartons	Packed	Packed	Packed	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2010	2011	2012	2012	2012	2011	2011
Grapefruit	12.5 m	14.5 m	12.8 m*	15.2 m	12.8 m	16.2 m	15.3 m
Soft Citrus	7.5 m	6.9 m	7.6 m	7.6 m	7.6 m	6.9 m	6.7 m
Lemons	9.6 m	10.7 m	10.6 m**	11.1 m	10.6 m	10.8 m	10.2 m
Navels	22.9 m	20.7 m	23.6 m	22.9 m	23.6 m	21.2 m	61.7 m****
Valencia	46.3 m	40.8 m	46.2 m***	46.1 m	46.2 m	44.2 m	
	98.8 m	93.6 m	100.8 m	102.9 m	100.8 m	99.3 m	94.9 m

'* RSA 12.1 m; Swazi 0.6 m; Zim/Moz 0.1 m ** RSA 10.5 m; Swazi 0.1 m; *** RSA 43.3 m; Swazi 0.9 m; Zim/Moz 2 m; ****All Oranges

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