FROM THE DESK OF THE CEO (42/13)

Justin Chadwick (18 October 2013)

QUOTE OF THE WEEK "'You can easily judge the character of a man by how he treats those who can do nothing for him" - James D Miles.

SHAFFE-FRESHFEL GLOBAL CITRUS TELECONFERENCE

On Monday 14 October citrus industry stakeholders from around the world discussed the end of the southern hemisphere season, and the start of the northern hemisphere season. South Africa increased exports by 4% (from 1.544 to 1.6 million tons). The leading contributor to this increase was grapefruit with a massive 16% increase in export volumes. Soft citrus (up 7%) and lemons (up 6%) also showed export volume growth. Oranges (both valencia and navels) increased by only 1%. Favourable growing conditions, a weakening currency and good market conditions contributed to this growth. The second biggest southern hemisphere citrus exporter, Argentina, battled with climatic difficulties (drought and frost), rising internal costs, an unfavourable exchange rate and difficult government policies. Uruguay reported a crop recovering from last year's frosts, and pilot exports for the opening up of the US market in October 2013.

All eyes are now on the northern hemisphere to see what the season is likely to deliver. **Oranges** out of the Mediterranean basin are expected to increase in production by 7% - with Italy (up 18%) and Morocco (up 26%) leading the way. For both countries this is a recovery after a poor previous season. Italy reports a predominance of smaller sized fruit. Spain reports more earlier navels, with later varieties similar to the previous year. Oranges out of US are anticipated to decrease by 3% in terms of production, with smaller sizing reported. **Soft Citrus** production shows a 10% increase – again led by Italy (up 15%) and Morocco (up 24%); but with Turkey also showing a 21% increase. Spain reports smaller sizing on earlier varieties, and an earlier start to the season. Spain expects less later soft citrus hybrids. US production is set to increase by 6% (led by increases out of California). Mediterranean **lemons** are due to increase in volume produced by 3% - substantial increases predicted from Cyprus (38%), Italy (20%), Spain (11% - increase in both Fino and Verna), Greece (10%), Morocco (10%) and Israel (10%). These increases are offset by a decline in Turkey of 17%. Hail in June did affect some lemon growing areas in Spain. In Greece and Cyprus – harvesting of lemons started a week earlier than 2012. **Grapefruit** production will remain flat with increases in Cyprus and Greece offset by decreases in Spain and Turkey. As with lemons, grapefruit harvesting in Greece and Cyprus started a week early. Harvesting from Israel was also earlier. Most reported concerning declines in consumption and poor market returns. As a result some orchards are being removed or replaced.

Recent storms in Italy could have an influence when the prediction is updated. Unfortunately there is no information from Egypt.

Participants ranked the top ten concerns; 1. Competition from other fruit; 2. Quality; 3. Declining consumption; 4. Market Access Barriers; 5. Plant Health; 6. Price return; 7. Food Safety; 8. Access to Plant Health products; 9. Competition from other food products; 10. Financial/economic crisis.

RIVER BIOSCIENCE (RB) STRATEGIC PLANNING SESSION

RB was established by citrus growers to commercialise the outputs from research, make money so as to reduce reliance on the grower levy, stimulate innovation in the research environment and provide plant protection products to the citrus growers at reasonable prices. Since its inception RB has largely relied on one product to achieve these objectives, while there are many more now in the pipeline. The most exciting development funded and driven by RB is the FCM sterile insect technology company (XSIT). XSIT showed extraordinary results in the Western Cape, and has since been expanded into the Eastern Cape. Discussions are now taking place with growers in the Limpopo province.

This last week the Board of RB invited management and others (myself included) to a strategic planning session. RB is at an exciting time in its development, and good strategy will ensure that it achieves its set objectives. Once the strategic planning report is finalized the results will be communicated to growers.

IN THE MEANTIME – IF A GROWER IS FACED WITH CHOOSING BETWEEN A RIVER BIOSCIENCE PRODUCT AND THAT OF A COMPETITOR, THERE CAN ONLY BE ONE CHOICE – BY PURCHASING THE RIVER BIOSCIENCE PRODUCT YOU ARE INVESTING IN YOUR OWN FUTURE.

CITRUS MARKETING FORUM

DON'T FORGET THE CITRUS MARKETING FORUM MEETING SCHEDULED FOR 1 NOVEMBER 2013 IN STELLENBOSCH

PACKED AND SHIPPED

To Week 42 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	2011	2012	2013	2012	2013	2013	2013	2012
Grapefruit	15.5 m	13 m	17.9 m	13 m	17.5 m*	15 m	17.9 m	13 m
Soft Citrus	6.9 m	7.6 m	8.4 m	7.6 m	8.4 m	8.2 m	8.4 m	7.6 m
Lemons	10.7 m	10.5 m	10.5 m	10.4 m	10.5 m	11.1 m	10.5 m	10.5 m
Navels	21.2m	24.6 m	25.4 m	24.6 m	25.4 m	24.9 m	25.4 m	24.6 m
Valencia	40.8 m	46.2 m	50 m	45.7 m	46.3 m	47.7 m	50 m	47.2 m
Total	95.1 m	101.9 m	112.2 m	101.3 m	108.1 m	106.8 m	112.2 m	103 m

Swaziland and Zimbabwe packed - Grapefruit 1 million cartons; Valencia packed 2.9 million cartons. *estimate

SOUTHERN AFRICAN CITRUS GROWERS' OWNED COMPANIES CGA, XSIT, CRI, RIVER BIOSCIENCE, CGACC AND CITRUS ACADEMY ENSURE A COMPETITIVE AND SUSTAINABLE INDUSTRY