FROM THE DESK OF THE CEO (4/14)

Justin Chadwick (7 February 2014)

QUOTE OF THE WEEK "Always borrow money from a pessimist. He won't expect it back." Oscar Wilde

CITRUS BLACK SPOT: FACTS AND SPECULATION

Fruit Logistica in Berlin was its usual hectic confusion as people tried to fit in as many meetings as three days can allow. I have come home hoarse after meeting a wide array of stakeholders with regard to CBA and the 2014 season. What made the meetings especially interesting was the speculation with regard to 2014; speculation that became fact in many minds. **So let us look at the facts**; ** The ban on South African citrus imposed by the EU was for the 2012/13 season; this ban was therefore lifted on 1 January 2014; ** The European Food Safety Authority's (EFSA) Pest Risk Assessment (PRA) has been completed but not released (lots of speculation regarding the contents but nobody seems to really know what it contains); ** Directive 2000/29/EU is therefore still the measure applying to EU exports in 2014, and growers should prepare accordingly (i.e. appropriate orchard treatment and symptomless fruit).

And the speculation; It is generally agreed that the EFSA PRA will be released in the third week of February 2014. The EU plant health authorities will thereafter consider its contents and determine any action (such as additional measures, relaxing of measures or status quo).

As soon as we have access to the EFSA PRA we will share the results with industry; and plan accordingly.

MESSAGE BACK FROM BERLIN

Brief feedback from the global citrus meetings; **Uruguay is losing its special preference duties into the EU and will face 16% duty for mandarins from 2014. **Uruguay faces increasing labour costs and a switch to automation. Access to the US in 2014 resulted in a trial of 4 containers being shipped to Philadelphia. **Argentina has suffered extensive frosts, worst frost in 50 years (followed by a drought). It is anticipated that lemon production will drop from 1 325 000 tons to 900 0000 tons in 2014. Exports anticipated to drop from 275 000 tons to 250 000 tons; while processing will bear the brunt decreasing from 975 000 tons to 600 000 tons. **The Northern Hemisphere citrus crop in 2013/14 is expected to be similar to 2012/13 (decrease by 1%). The Mediterranean basin will increase by 4%; while the USA will drop by 10%. **The Spanish crop of lemons and oranges is characterised by small sizes. **Italian citrus area has dropped by 20% due to tristeza. **Israeli grapefruit has not done well in the markets for 2013/14 due to increased competition and a hangover of southern hemisphere grapefruit. **Moroccan citrus production has increased to 2.2 million tons as Maroc Vert (the government initiative to renew old orchards and extend the area under citrus) starts to be felt. **Freeze damage in California resulted in a dropping of the navel prediction by 30%; and soft citrus by 50%. **Devaluation of South African Rand, Turkish Lira and Argentinean peso were hot topics. The flight back from Munich to Joburg was full of happy tourists who can buy beers for a EURO; and happy fruit industry representatives who see the returns increasing by 20% (this may be short lived happiness as costs will now begin to spiral upwards). **Southern hemisphere fruit exports increased at a compound rate of 16% per annum before 2008; and slowed down to 5% post 2008. For 2011 to 2012 volumes were flat. **Europe absorbs 40% of southern hemisphere fruit, and showed 0% compound growth rate in volumes per annum since 2008. Asia absorbs 16% with 18% growth; N America 24% with 7% growth; Eastern Europe 6% with 2% growth; Africa 1% with 16% growth and Middle East 4% with 15% growth. **Australia had good conditions in 2013; which have meant water reserves have been replenished. However lately they have experienced dry and hot conditions (as anybody watching the Australian Open Tennis Tournament will have noticed). **Port strikes have cost the Chilean fresh produce industry in excess of US$ 200 million. **Peruvian citrus exports grew by 7% in 2013. Free Trade Agreements have been signed with Turkey, Russia and India (with Indonesia in the mix).

GROWER ROADSHOWS

PAUL's GROUP **East Cape Midlands** (18 February; 14h00; Boardroom Kat River Citrus Company), **Sundays River** (19 February; 14h00; Lookout Lodge) and **Patensie** (20 February; 14h00; venue to be confirmed (tbc)), **Nelspruit** (25 February; 10h00; CRI Boardroom), **Onderberg** (25 February; 15h00 Malelane Citrus Coop Boardroom), **Swaziland** (26 February; 10h30 Tambuti Estates), **Pongola** (Travel to Swaziland) and **Nkwalini** (27 February; 13h00 Farmers Hall). **JUSTIN's GROUP** **Limpopo River** (17 February; 16h00; Klein Baloyi Game Lodge), **Zimbabwe** (18 February; 10h00 Paul Bristow's farm), **Letsitele** (19 February; 10h00 The Junction), **Hoedspruit** (19 February 15h00; Hengelklub) and **Senwes** (20 February; 15h00; Raasblaar Game Lodge). **Boland** (25 February; 10h00, Infruitec, Stellenbosch), **Western Cape** (25 February; 16h00 Goedehoop Citrus Boardroom) and **Oranje Rivier** (26 February; 16h00 Lake Grappa). **KZN Midlands** will be visited on 4 March, 14h00, Victoria Country Club, Pietermaritzburg.

GROWERS' ENSURE A COMPETITIVE AND SUSTAINABLE SOUTHERN AFRICAN CITRUS INDUSTRY BY FUNDING AND CONTROLLINGTHE CGA GROUP (CRI; CITRUS ACADEMY; CGACC; RB AND XSIT)