

FROM THE DESK OF THE CEO (19/14)

Justin Chadwick (23 May 2014)

QUOTE OF THE WEEK "More people would learn from their mistakes if they weren't so busy denying them"

PHILIPPINES

It is not often that the Ambassador comes to meet an industry delegation at the airport on their arrival – but that is the sort of person Ambassador Agnes Nyamande-Pitso is. The Honourable Ambassador is totally hands on – she accompanied the delegation to all the visits with importers, retailers and Philippines plant health (Bureau of Plant Industry – BPI). Opening of the Philippines market for South African citrus will be largely due to her involvement. This week comments on the draft Pest Risk Assessment (PRA) were handed across to BPI (thanks to Alice Baxter and her team at DAFF for getting the information through to Manila) as well as an invitation letter for BPI to visit South Africa. The visit is scheduled to take place in July.

Things got even better as the Fruit SA delegation met with importers and retailers – they had developed the acronym CROPS (Creating Robust Opportunities for the Philippines and South Africa) – and are seriously looking forward to the market opening for South African citrus.

With a population of 100 million, Filipino's consider themselves as the most fun loving country in the world (in a recent survey they were rated third most optimistic country in the world). With 7 100 islands making up the Philippines archipelago and 36 000 kilometres of coastline (South Africa has just over 3 000 km) having fun comes naturally – we were told that they would even go into debt to have fun! Wherever you travel in the world Filipino's are found working in hotels and other service industries – their cheerful disposition and open friendliness sets them apart; remittance from migrant workers is one of the Philippines most important GDP drivers totalling US\$ 20 billion p.a. And this leads to another interesting phenomenon; the biggest spenders are the unemployed (who rely on these remittances). ¾'s of the economy is from consumer spending – and with a GDP growth of 7.2% last year this is one of the leading economies. That is not to say that there are no challenges; logistics is definitely one of these. Getting your product to the Philippines is costly, as are inter island transport costs. Although there are some developments with regard to cold stores and the cold chain, it is still fairly undeveloped (and given the extremely hot temperatures we experienced this is an important factor). But the rewards will offset these challenges – with a large population of rational shoppers who balance price with produce quality this market is like its people – exciting.

What a pleasure to expend positive energy in a country that appreciates the opportunity to trade, and looks for ways to enhance trade and solve access issues.

SOUTH KOREA

After the hectic pace of Manila, Seoul was an opportunity to slow the pace a bit!! The 2013 grapefruit campaign in South Korea was very successful – and there is a fair amount of interest in the product for 2014. Looking at what has been presented for inspection to date many exporters have responded to this interest. There is cause to suggest caution in terms of volumes to this market – there are a number of new players in both South Africa and South Korea. It is important that the appropriate volume is shipped to this market.

The biggest challenge identified by importers is the fact that South Africa's main competitors have lower duties due to Free Trade Agreements (FTA's), while tariffs on South African citrus varies between 30% (grapefruit) and 50% (oranges). There is also some scope for market development for grapefruit – being a new entrant into the market means that it is not readily recognised.

Thanks to our Agricultural Attache in Japan (Phindiwe Dingile) for organising a thorough and well represented itinerary in South East Asia.

PACKED AND SHIPPED

Those who doubt the accuracy of the Variety Focus Groups estimates take note – with Satsuma's finished the volume packed for export is 1 720 925 cartons against an estimate of 1 728 779 cartons!!!! Clementine's now take centre stage with the first million cartons packed and passed for export (estimate 2.6 m).

To Week 21 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	2012	2013	2014	2013	2014	2014	2014	2013
Grapefruit	5.5 m	7.2 m	5.5 m	4.6 m	3.8 m	16.5 m	15.2 m	17.9 m
Soft Citrus	2.8 m	2.8 m	2.9 m	2.2 m	2.3 m	9.2 m	9.2 m	8.4 m
Lemons	2.9 m	4.3 m	4.4 m	3.3 m	3.2 m	12.1 m	12.1 m	10.6 m
Navels	2.5 m	2.4 m	1.7 m	0.8 m	0.5 m	25.8 m	25.8 m	25.4 m
Valencia	0.1 m	0.1 m	-	-	-	49.5 m	49.5 m	51.4 m
Total	13.8 m	16.8 m	14.5 m	10.9 m	9.8 m	113.1 m	111.8 m	113.7 m

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