FROM THE DESK OF THE CEO (3/15)

Justin Chadwick (6 February 2015)

QUOTE OF THE WEEK "When you talk, you are only repeating what you already know. But if you listen, you may learn something new" Dalai Lama

SOUTH AFRICAN CITRUS GROWERS TO GATHER AT CITRUS SUMMIT

With just over a month to go before the **Standard Bank** sponsored First Citrus Summit (11-12 March 2015) registrations are coming in thick and fast. Thanks to the generous sponsorship from Standard Bank CGA has managed to keep the registration fees to a minimum (just R1 000) making it affordable to smaller scale producers. The Summit will be held at Hans Merensky Hotel in Phalaborwa – heeding growers request to hold such events in close proximity to citrus growing regions (the next Summit in two years time will be held in the Cape). **Bruce McEvoy**, CGA representative in the USA will be there to fill growers in on the latest news from the US – including the process of gaining wider access for South Africa; **Rocco Renaldi**, CGA representative from Brussels will give a firsthand view on the latest on CBS while **Mikhail Fateev**, CGA representative in Moscow, will inform about the situation in a rather volatile Russian market. The Summit will also give delegates an insight into the consumer assurances work being carried out by CGA – in particular involvement in the SIZA program (**Colleen Chennels**) and environmental codes (**David Farrell).**

CGA subsidiaries River Bioscience, Citrus Academy, CGA Cultivar Company and CRI have all been formed to meet a grower need. Summit delegates will hear about the activities of these subsidiaries in meeting these needs. Increasing volumes to Eastern markets is a key focus of CGA, and is not without its problems. The latest activities and plans in these markets will also be covered.

Growers took a decision a few years back to improve information and knowledge in the logistics environment, Mitchell Brooke will provide feedback on this portfolio, while Transnet will cover the latest on port developments and freight rail.

Development of new entrants into the citrus growing sector is a national and industry priority; CGA is embarking on a new venture with regard to transformation; more will be revealed at the Summit. Your business is only as good as the human capital you employ – hear how they Citrus Academy can improve your business through human skills development.

The Summit will kick off with an international keynote speaker – to sketch the environment within which southern African citrus growers operate. This keynote address will cover trends in global production and consumption; and the latest influences on supply and demand. Growers making long term production and marketing decisions will find this information particularly helpful.

Register now by going to www.cga.co.za and following the Citrus Summit link (or contact me for any assistance).

ARE SHIPPING LINES PROFITEERING FROM BUNKER CHARGES? Mitchell Brooke

The announcement by Maersk Lines and Safmarine to review the bunker adjustment (SBF) quarterly and not monthly could be seen to be dubious. The world price of bunker fuel has fallen steadily since the end of 2014 which should have translated to lower bunker charges to shippers; this has not been the case. Maersk Lines and Safmarine have fixed the SBF charges for 1st January to 31st March at bunker prices of November 2014. To give an example, the lines SBF on the South Africa to NWC/UK route has been set for the first quarter at USD870 per 12 metre reefer container, this is equated from the November average bunker price factor of USD460/Mt. As we know the bunker price has fallen dramatically and stayed well below USD300/Mt for IFO380 in Rotterdam, but yet for the current period a bunker price factor of USD460/Mt is being used (void of the low sulphur surcharge of USD50 per reefer), so shippers are not going to see the savings. Had the SBF adjustments been unchanged and remained at monthly adjustments, then by March the SBF bunker price factor on the NWC/UK trade would have decreased to roughly USD320/Mt giving a SBF of about USD600 per reefer; a difference of **USD270** against what these lines are currently charging – is this profiteering or what? Another problem that will emanate is when a rapid change in the bunker price factor within the quarterly period occurs resulting in massive increases (not so good) or decreases (all good) depending on the movement in the price of bunker fuel within the review period. It will be interesting to monitor the second quarter SBF period where the current low bunker prices should be reflected, if not then they shall be asked for a plausible explanation. Perhaps this is a way for the lines to curtail losses from hedging at a time of falling fuel prices. http://www.maerskline.com/en-za/countries/za/news/local-advisories/2014/12/standard-bunker-adjustment-sbf

Fruit South Africa has approached the competition authorities in the past when faced with unjust shipping line actions – and will not fail to do so again should it be deemed appropriate.