FROM THE DESK OF THE CEO (25/16) (Follow me on Twitter justchad_cga)

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"There comes a point where we need to stop just pulling people out of the river. We need to go upstream and find out why they're falling in" Desmond Tutu.

"SPECIAL ECONOMIC ZONES (SEZs)" POTENTIAL BENEFITS TO THE AGRI SECTOR

Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country. The 2014/15 - 2016/17 Industrial Policy Action Plan - IPAP identifies SEZs as key contributors to economic development. They are growth engines towards government's strategic objectives of industrialisation, regional development and employment creation. SEZs may be sector-specific or multi-product and one specific category of SEZs defined as per the SEZ Act No. 16 of 2014 is a "Sector Development Zone". This means a zone which is focused on the development of a specific sector or industry through the facilitation of general or specific industrial infrastructure, incentives, technical and business services primarily for the export market. There are a number of SEZs that have been earmarked across the country focused on development towards specific sectors, some of these SEZs are focused directly on agri sector and distribution and logistics services. Specifically in Limpopo, an SEZ has been earmarked at Musina and in Mpumalanga at Nkomazi (Komatipoort) for agro-processing and distribution and logistics services. With this in mind one thinks of the potential for SEZs (like this and potentially other areas) to drive much needed developments to provide the ability to move more products by rail, and specifically for the railing of citrus from the inland regions to the ports for export.

Fruit South Africa is developing a rail strategy for the fruit sector and this specifies specific areas where infrastructure is required to consolidate fruit for onward transport to ports for export. The establishment of SEZs could be the enabler for this strategy to be met, wherein rail infrastructure could be the cornerstone of the SEZs establishment. One of the main stumbling blocks for the establishment of rail infrastructure is the capital cost of the infrastructure considering land based infrastructure and rail based infrastructure (facilities, rolling stock and rail lines). Citrus [fruit] as a standalone commodity (being seasonal and unpredictable in nature) is not really an attractive value proposition as a standalone investment. If SEZs are developed for multi-purpose use wherein other commodity groups could be combined, this could well make for an attractive value proposition for investment towards a SEZ in a specific area. Over and above areas like Musina and Nkomazi there is potential in other areas like Marble Hall (potentially bringing the newly established reefer train running from Pretoria directly into Marble Hall), Tzaneen and Polokwane to be considered in the establishment of SEZs for [citrus] agro-processing and distribution and logistics purposes amongst others. The fruit industry is actually at a pinnacle point and this has been expressed within various spheres of government, whereas most of the major export commodity groups are in a state of decline the fruit export sector is in a state of growth. Transnet as one example, has realized the oversight and are presently gearing for major investment towards the fruit sector across the rail and port services divisions.

It's a good time now to get involved with the SEZ developments in South Africa and specifically in your province.

PACKED AND SHIPPED

*Note: All data at end of last full week 26. Shipping data from Zimbabwe and Swaziland is not reflected in this table.

To end Week 26 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	**2014**	**2015**	**2016**	**2015**	**2016**	**2016**	**2016**	**2015**
Grapefruit	13 m	13 m	11.3 m	9.6 m	9.1 m	12.4 m	12.9 m	16.1 m
Soft Citrus	6.7 m	6.2 m	7.7 m	5.4 m	6.7 m	11.2 m	11.4 m	10 m
Lemons	9.1 m	10 m	10.8 m	8.9 m	9.6 m	16.1 m	15.2 m	15.1 m
Navels	14.2 m	12.6 m	17.6 m	10.8 m	14.4 m	25.1 m	22.5 m	24.5 m
Valencia	4.9 m	4.6 m	5.6 m	1.7 m	2.4 m	46.4 m	46.4 m	52.7 m
Total	47.9 m	46.4 m	53 m	36.4 m	42.2 m	111.2 m	108.4 m	118.4 m

SOUTHERN AFRICAN CITRUS GROWERS FUND THEIR FUTURE THROUGH THE CGA GROUP (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY AND CITRUS ACADEMY)