FROM THE DESK OF THE CEO (34/17)

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Justin Chadwick 8 September 2017

"A train station is where a train stops. A bus station is where a bus stops. On my desk, I have a work station" Anon

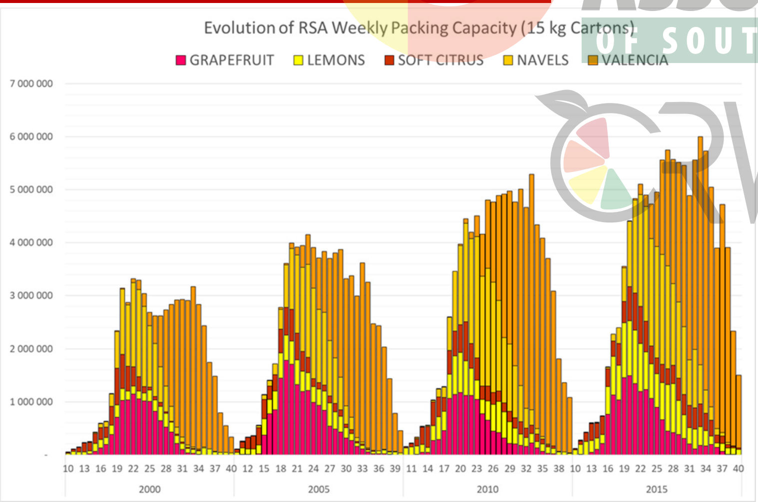
RUSSIAN REGULATIONS: ROAD TRANSPORT AND WEIGHT ISSUES [MESSAGE FROM MIKHAIL]

Recently Russian Roads Authority assisted by traffic police started to observe strictly permitted load on the road's surface. There are formulas to calculate the load depending on truck model. Penalties for violation of the weight regulation go high, so transport companies started to claim on shippers. This problem is of no concern for exporters sending fruits in bulk vessels: fruits are on pallets and it's up to the shipper how many pallets he would pack into the truck. However, if fruits are brought in a container, it will be difficult for importer to handle pallets inside the container to bring weight to the norm. The container will be carried from port to the buyer's warehouse as it was discharged from container vessel. So, there is a risk of a high penalty on overweight of the container, if the truck is stopped by road police somewhere between port and warehouse. Details of the new regulations are available from Mitchell Brooke (mitchell@cga.co.za) who is in the know. I would just advise to prudent exporters to specifically fix with Russian buyers responsibilities on both sides regarding the gross weight of fruits in the container to comply with the stricter regulations.

RAIL TRANSPORTATION IN THE NORTH GAINS SERIOUS TRACTION

In light of the increasing operational problems in the Durban port and the fact that citrus production in the north is set to grow by ~18% over the next few years, the CGA has been hard at work prioritizing the implementation of rail services in the north. Four key rail sites will be available from the 2018 season meaning all growers in the north will have an opportunity to access rail transportation from, 1) the Musina Intermodal Terminal (MIT) was launched in July this year in which producers from Limpopo River and Zimbabwe can access, 2) the Tzaneen siding which has been long standing railing containers packed in Letsitele and Hoedspruit, 3) the Bela Bela siding which was implemented in March this year railing containers from Marble Hall and Groblersdal and 4) a new dedicated rail service will be launched in City Deep next month with the inclusion of a new state of the art facility where fruit can be transported to for packing containers. There is a plan to have new reefer train sets assigned to this facility early next year to bring import reefer containers to City Deep with the containers being railed back to port with fruit. For more information contact mitchell@cga.co.za

SOUTHERN AFRICAN PACKING CAPACITY



Last week we looked at the packing capacity in the Southern African citrus industry. John Edmonds (CGA Information Manager) has done some more data mining – and we can now see the evolution of the industry packing capacity. In 2000 the industry had capacity to pack 3 million cartons a week; every five years since then the industry has added a million carton capacity per week; and it now stands at 6 million cartons a week.

PACKED AND SHIPPED

To End Week 35 Million 15 Kg Cartons	Packed	Packed	**Packed**	Shipped	**Shipped**	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	2015	2016	2017	2016	2017	2017	2017	2016
Grapefruit	15.9 m	13.2 m	15.6 m	12.6 m	14.1 m	15.6 m	15.7 m	13.2 m
Soft Citrus	9.5 m	11.8m	12.9m	10.9 m	12.2 m	13.2 m	13.8 m	12.2 m
Lemons	14.4 m	14.5 m	18.4 m	14.1 m	18 m	17.5 m	18.7 m	15 m
Navels	24.2 m	26.1 m	20.9 m	25.3 m	20.9 m	26.3 m	21 m	26.2 m
Valencia	36.6 m	34.5 m	40.7 m	30.8 m	32.8 m	50.1 m	49 m	41.8 m
Total	100.6 m	100.1 m	108.5 m	93.7 m	98 m	122.7 m	118.2 m	108.4 m

THE CGA GROUP OF COMPANIES (CRI, RIVER BIOSCIENCE, XSIT, CGA CULTIVAR COMPANY, CGA GROWER DEVELOPMENT COMPANY & CITRUS ACADEMY) ARE FUNDED BY SOUTHERN AFRICAN CITRUS GROWERS