

FROM THE DESK OF THE CEO (28/19)

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Justin Chadwick 12 July 2019

“A little learning is a dangerous thing but a lot of ignorance is just as bad” Bob Edwards

FARMERS WEEKLY AGRIBUSINESS AFRICA CONFERENCE

This past week I was privileged to be part of the Farmers Weekly Agribusiness Africa conference. I was asked to identify what the citrus industry in southern Africa had done well, and what could have been done better. In my view the following can be identified as: **Research** – South Africa has citrus researchers that are considered amongst the best in the world. Citrus Research International researchers receive calls from all over the world to assist with research projects, research working groups and to talk at symposia and conferences. Research is the bedrock on which the industry is built. **Compliance** – Growers and Department of Agriculture ensure that they comply with phytosanitary and sanitary requirements – whether they agree with them or not. As a result interception rates are negligible on the two million tons of export fruit. **Consumer Assurance** – Growers are cognizant of consumers' requirements to be stewards of the environment, and to ensure that labour are treated with fairness and within the legal requirements. They have had to comply with private standards – and have done so in a way that they are preferred suppliers of southern hemisphere citrus in the most discerning markets. **Human Capital** – the citrus industry is as good as the people who work in it. Through the work of the Citrus Academy, growers have invested in bright young talent which will come through the ranks and ensure that the industry is always equipped to address challenges. **Quality** – even in an oversupplied market, good quality fruit sells. The southern African citrus industry has a focus on quality. Years of research and experimentation has resulted in expertise on temperature management, packaging, and all shipping related matters. **Unity** – unity is strength and the fact that growers in South Africa, Zimbabwe and Swaziland work together makes them stronger. This unity is enhanced by close collaboration with others in the value chain (Fresh Produce Exporters Forum, Perishable Products Export Control Board, National Agricultural Marketing Council, and Government (particularly Departments of Agriculture, Trade and International Relations)).

What could we do better (and must do better to sell the 25% extra citrus in the next three to five years); **Market Development** – in the regulated era South Africa was recognized by the common Outspan brand. Since deregulation a plethora of brands now carry southern African citrus. As a result South Africa has lost some ground to countries that brand their fruit under one common logo or brand. **Trade Agreements** – southern hemisphere competitors are extremely active in signing Free Trade Agreements (FTA's), particularly with Asian countries. For example Australia has FTA's with China, Indonesia, Vietnam, Philippines, Japan, Malaysia, South Korea and Thailand. South Africa does not have a single FTA with any of these countries. **Market Research** – it is important that the industry continuously explore more market opportunities. **Logistics and Infrastructure** – the advent of containerization meant some substantial shifts in logistics and infrastructure. Rail transport from growing regions was replaced by road transport, putting pressure on road infrastructure and impacting road quality and congestion. There has been little investment in the port precinct to handle the additional needs of increased export volumes, while the growth in markets requiring cold shipment has also impacted on cold stores. The present labour led disruptions at the port shows the vulnerability of importers and exporters to a monopoly port operator. Delays in PE have shifted to Durban and Cape Town with devastating impact on the citrus industry. **Public Private Partnerships** – the citrus industry is heavily invested in South Africa. The objectives of government in terms of economic stimulation and job creation are shared by industry. And yet government and industry seem to be on two separate islands, with no bridge between them. There is a desperate need to collectively address issues restricting industry in the pursuit of export growth.

PACKED AND SHIPPED

Million 15 Kg Cartons to end Week 27	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AgriHub	2017	2018	2019	2018	2019	2019	2019	2018
Grapefruit	14.4 m	15.9 m	13.3 m	12.9 m	12 m	17.1 m	15.7 m	18.8 m
Soft Citrus	8.3 m	9.7 m	10.2 m	8.1 m	7.8 m	18.3 m	18.7 m	16.2 m
Lemons	14.8 m	14 m	14.7 m	12.3 m	11.2 m	22 m	21.4 m	19.9 m
Navels	15.6 m	18.1 m	15.1 m	14.3 m	10.4 m	26.9 m	24.5 m	26.7 m
Valencia	8.4 m	5.8 m	5.1 m	1.9 m	2.1 m	52.9 m	51.5 m	54.4 m
Total	61.5 m	63.5 m	58.4 m	49.5 m	43.5 m	137.2 m	131.8 m	136 m

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