

FROM THE DESK OF THE CEO (15/23)

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Justin Chadwick 14 April 2023



"The public have an insatiable curiosity to know everything, except what is worth knowing" Oscar Wilde

CGA BOARD CHANGES

After serving six years on the CGA Board Eric Nohamba has resigned in order to spend more time on his farming venture. Eric has been a vocal member of the Board in furthering the interests of black growers in the southern growing regions. We would like to thank Eric for his contribution and dedication.

Eric is replaced by Khaya Katoo – we look forward to Khaya's contribution in the future. Khaya is no newcomer to Board dynamics, having served for two terms on the PPEC Board (representing the citrus industry). Khaya joins a CGA Board of twenty-two Directors with a combined 210 years serving southern African citrus growers.

CITRUS SUMMIT: LEVERS OF CHANGE TO SHAPE THE FUTURE OF THE SOUTH AFRICAN CITRUS INDUSTRY

– TRACY DAVIDS AND KANDAS CLOETE (BFAP)

This presentation gave some serious food for thought. After initially outlining the leading position that citrus plays in the South African agricultural landscape (7% of gross value of agricultural production; leading export earner and employer), the presentation outlined the major challenges facing the industry. **Domestic risks** included the port and logistical challenges leading to delays and quality claims; downward price risk as more products come into the market; cold chain interruptions as a result of rolling blackouts which impacts quality and storage costs; cost price inflation (particularly labour); erosion of capital base due to forced sales; exchange rate fluctuations; weather conditions and conflict/social unrest.

Global risks include supply growth from southern hemisphere competitors; freight rates (still higher than pre-pandemic levels); large and deep recessions in developed economies leading to lower demand for imported goods; more stringent market access requirements from the EU leading to technical barriers to trade; invasion of Ukraine and its extensive impact.

As a result of these risks, it is BFAP's projection that 4 000 hectares of citrus could be removed in the next decade. On the positive side, it is expected that prices in the market have bottomed out and are anticipated to grow over the next decade, while some costs could ease going forward.

The BFAP baseline model shows that 2023 will be a challenging year, with improvements thereafter. To change the baseline to a more profitable and sustainable position will require that the entire value chain make a contribution – collaboration and coordination are required to navigate the storm.

Three scenarios that would improve industry sustainability were then presented. The **first** is a drive towards more marketable fruit size and quality; requiring changing production practices to improve fruit size delivered to the packhouse, reduce fruit supplied into processing marketing channel, improve exports through increasing export packouts, shift to class 1 fruit and a more desirable count distribution. The **second** is to reduce the risk of market oversupply by commodity and week through early warning systems. This requires an understanding of the markets' tipping point, collaboration and information sharing so as to supply the right fruit at the right time. The **third** scenario involves improving market access and preferential trade agreements. This involves government to government negotiations to improve South Africa's competitive position.

A combination of these scenarios will put the industry on a path to profitability and sustainability.

The presentation is available on this link - [Levers of Change to Shape the Future of the Citrus Industry \(Tracy Davids\)](#)

Get a cup of coffee and settle in for a great 25 minute session!!

PACKED AND SHIPPED

The southern African lemon exports are in full swing with 4.7 million cartons packed (2022 3.9 million) to date. The Middle East has received half of this fruit, with most of the balance shipped to Russia (18%) and Asia (15%). 1.3 Million cartons of grapefruit have been packed – 61% shipped to EU, 17% to Asia and 15% to Russia. Mandarins are starting to pick up with 900 thousand cartons packed (mostly satsuma) – 35% shipped to UK, 32% to EU and 27% to Russia.