# LEMON FOCUS GROUP

**DRAFT MINUTES OF THE LEMON FOCUS GROUP TELECONFERENCE HELD AT 15:00 ON WED 1 JUNE 2016**

Present:

| | |
|---|---|
| Hannes De Waal | (Chairman - Sunday's River) |
| Richard Allen | (Boland) |
| Gert Bezuidenhout | (Hoedspruit) |
| Guy Turner | (Nelspruit) |
| Peter Button | (Southern KZN) |
| Boet Mouton | (Western Cape) |
| Peter Pullinger | (Senwes) |
| Graham Barry | (CGA–observer) |
| Jan-Louis Pretorius | (observer) |
| Riaan Ellis | (observer) |
| Kevin Terblanche | (observer) |
| John Edmonds | (CGA-secretariat) |

Apologies:

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|---|---|
| Ernest de Villiers | (East Cape Midlands) |
| Philip Dempsey | (Patensie) |
| Peter Nicholson | (Limpopo River) |

1. **Welcome**

   The Lemon Focus Group chairman Hannes de Waal welcomed all to the meeting.

2. **Apologies**

   (As noted above)

3. **Finalization of Agenda**

   The chairman suggested that the topic of the future of lemons be discussed as well as the sharing of shipping information with our opposition.

4. **Approval of Minutes of Meeting held on 5 August 2015.**

   The minutes were approved by Guy Turner seconded by Peter Button.

5. **Matters Arising from Minutes**

   There were no matters arising.

6. **Estimates for 2016 (see table below)**

   The projection unchanged from the original estimate at 16.1 million cartons.

   Boland:

   Richard Allen reported that they were nearing the end of their first pick. Sizes are smaller but the volume is good.

Patensie:
Philip Dempsey (prior to the teleconference) reported that they are will only start packing in earnest in about three to four weeks. This is due to poor coloration as a result of warm weather. Their first crop will only be 30% of normal. Sizes and crop generally are good and estimate thus remains unchanged.
Sunday's River Valley:
Hannes de Waal kept the Sunday's River Valley projection to 8.5 million cartons. High temperatures and small fruit could push normal export expectations down about 7% but this could be offset by new plantings coming into play. About half of their export volume will be in the range of small sizes with 162s and 216s making up 35% of the current volume. Their lemon packing is behind because priority is being given to navels.
Senwes:
Peter Pullinger painted a similar scenario to Sunday's River Valley for Senwes vis-à-vis a smaller yield and sizes versus new plantings. Their projection remains unchanged.
Southern KZN:
Peter Button kept to his original estimate, noting sizes peaking on 138.
Western Cape:
Boet Mouton noted that their third pick could be considerably smaller than expected but kept to his original estimate for now.

## 7. Markets

Hannes de Waal warned that reports from South East Asia pointed to a problematic market. John Edmonds noted that lemon supply from southern hemisphere exporters was not much different to last year. Hannes explained that a big Chinese crop and USA volumes are playing a role in this situation.

The European market is robust due to Spain's early exit and is absorbing the increased volume (190% up on 2015 at end week 20) from Argentina and South Africa. Naturally growers from CBS free areas are in a strong position to take advantage of this situation.

John Edmonds noted Chile's growth in the lemon exports compared to 2015. Riaan reported that he had recently returned from Chile. He said that they were bullish about their prospects but the quality of South African lemons is superior. Ongoing drought north of Santiago will also put a damper on lemon growth.

In summary, all markets with the exception of South East Asia are strong.

## 8. Lemon Fresh

Hannes de Waal informed the meeting that he and Jan-Louis Pretorius had met with TBWA and Young & Rubicon on Friday the 13th of May to investigate the possibility of a "Global Lemon Fresh Campaign". TBWA made the stronger impression of the two he felt that TBWA had the Global footprint, resources and enthusiasm to tackle this project successfully.
An initial R1/export carton contribution from all lemon growers is envisaged, yielding an estimated fifteen to sixteen million Rands per annum.

Hannes noted his lack of knowledge and experience in this field but said that two things were needed. Firstly a clear plan is required; proposals from growers as to what was needed in the different markets. Secondly a funding model needs to be put in place. He asked whether it was feasible to have something like a specialist "Product manager" portfolio within CGA.

Jan-Louis Pretorius made the following observations:

- Lemons are an easily promotable commodity with many options available.
- It would not be difficult for TWBA to do the job with their global footprint and experience.
- It is important to establish if the funding will be based on a voluntary or statutory levy.

- Priorities need to be clear and focused. To broad a focus will be ineffectual.
- To manage such a Global campaign requires dedicated resources with relevant expertise who are empowered to make decisions on behalf of the lemon campaign; otherwise it will be a fruitless and frustrating exercise.

Richard Allen asked whether R15 million was sufficient in this context and whether DTI could play a role in the funding of this initiative and made reference to a campaign by the Plum industry. Jan-Louis Pretorius felt that R15 million would go a long way in developing the strategy and structure of the campaign which costs would not have to be incurred annually. The media costs would obviously be ongoing.

Hannes de Waal suggested that after initially “feeling our way forward” it be asked of TWBA what could be achieved with R15 million.

Discussion on voluntary versus statutory levy ensued. Richard Allen suggested it was a long term project and the best way would to have a statutory levy to avoid “free riders”. Guy Turner suggested that whilst this process could take time to initiate there may be pack-houses to start contributing immediately. Jan-Louis Pretorius agreed and asked whether the Citrus Growers' Association of Southern Africa could administer the funds.

John Edmonds related the experiences of CGA's involvement in the Grapefruit Focus Group promotion initiative in Japan. He noted that NAMC required about eighty percent approval from the grower members to pass the statute. He added that the grapefruit industry was more homogenous than that of lemons, dominated by a few big businesses and located in the north as opposed to lemons where there were a greater number of smaller growers which may pose challenges for buy-in and administration.

Hannes de Waal asked the John Edmonds set up a teleconference to discuss the possible role of CGA in setting up Lemon Fresh. A tentative date and time was set for Tuesday, 8 June at 14:00.
Participants should include the following: Justin Chadwick, John Edmonds, Hannes de Waal, Jan-Louis Pretorius, Richard Allen, Deon Joubert.
The topics to be discussed should include the feasibility of the creation of a “product manager” post within CGA; facilitation of a statutory levy and a mechanism for collecting a voluntary levy.



Reacting to a question as to whether the lemon promotion would include other exporting countries, Jan-Louis Pretorius felt that in theory it would be ideal to collaborate in a cohesive manner to grow lemon consumption generically and then to differentiate the South African product.

Referring to the Grapefruit Taste Company model Hannes de Waal, suggested Peter Pullinger and Riaan research and try to establish an ideal level of supply into each market. Jan-Louis Pretorius noted that the exercise of setting an ideal level to supply each market was easier in the case of grapefruit where South Africa was the dominant supplier.

Riaan asked what was being done in terms of opening new markets. Richard Allen felt that if the choice be made between spending money on promotions versus opening new markets, the latter would be the obvious choice. John Edmonds noted that the primary reason for the CGA's existence is market access. Access to new markets is done at a government to government level and that Justin Chadwick worked closely with Government in order to facilitate the process. He gave the example of efforts to get access for lemons into China. Hannes de Waal added that it was not an easy or quick process.

## 9. Next Meeting Date

5 July at 15:00 was set for the next Lemon Focus Group.

## Annex A. Lemon Estimate for 2016 (15 kg Equivalent Cartons)

| Year | Boland | E. Cape Midlands | Hoedspruit | Letsitele | Limpopo River | Nelspruit | Nkwalini | Onderberg | Oranje Rivier | Patensie | Pongola | S.R. Valley | Senwes | S-KZN | VaalHarts | W. Cape | Other | South Africa |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2015 | 1 106 427 | 507 042 | 777 014 | 223 569 | 317 611 | 584 784 | 178 616 | 32 692 | 83 440 | 657 870 | 67 469 | 7 502 728 | 2 147 787 | 180 614 | 22 882 | 680 730 | 2 361 | **15 073 636** |
| est2016 | 1 110 000 | 567 887 | 416 513 | 221 000 | 300 000 | 600 000 | 200 000 | 20 000 | 81 000 | 700 000 | 65 000 | 8 500 000 | 2 400 000 | 160 000 | 23 500 | 700 000 | 41 000 | 16 105 900 |
| PROJECTION | 1 110 000 | 567 887 | ***565 796*** | 221 000 | ***350 000*** | **450 000** | 200 000 | ***23 649*** | 81 000 | 700 000 | 65 000 | 8 500 000 | 2 400 000 | 160 000 | 23 500 | 700 000 | | ***16 117 832*** |