FROM THE DESK OF THE CEO (34/09)

Justin Chadwick (28 August 2009) Citrus Growers Association (CGA)

CELEBRATE SUCCESS: SOUTH AFRICA NOW HAS THE 800 M WOMEN AND MENS WORLD CHAMPIONS; AND IS NUMBER ONE IN BOTH TEST AND ONE DAY CRICKET

IMPORTANT DATES

The Department Agriculture, Forestry and Fisheries (DAFF) coordinating meeting will be held **in Stellenbosch at ARC Infruitec, Olive Grove on 16 September 2009 at 08h30 (please note changed starting time).** On the agenda will be the new requirements with respect to CBS – and how these will be implemented in 2010 – SO IF YOU HAVE QUERIES AND/OR CONCERNS THIS IS YOUR CHANCE TO RAISE THEM.

The **standards meetings** will be held on **Tuesday 15 September** with oranges (navels and valencia's together) from 10h00 to 12h00; followed by lemons, grapefruit and soft citrus (all together) from 13h00 to 16h30 – all at **ARC Infruitec, Olive Grove**.

The **Citrus Marketing Forum (CMF)** will then be held after the DAFF meeting (Wednesday 16 September) from 14h00 (or following the Coordinating meeting), at the same venue.

MARKET DEVELOPMENT

The plum industry experienced a very successful market development initiative in 2009 – there is a lot that other industries can learn from their experience. This includes * secure funding by means of a statutory levy – voluntary levies means free-riders, administration hassles and an unsustainable campaign; * funding must come from growers – others in the chain do not have the same commitment and will recover the funds from the grower anyway; * the campaign must run over 3 to 4 years to bear any fruit, a one year promotion initiative will not get the momentum needed to stimulate sales; * get professionals to run the campaign – it costs more but they know what they are doing; * go all out to get government funding but do not rely on it; * make sure all stakeholders are fully aware of the initiative; * main thrust is about educating the consumer.

In 2006 DTI and the Grapefruit Focus Group (GFG) funded market research that concluded that a market development campaign for grapefruit in Japan was needed to stimulate sales. In 2009 weekly sales rates have lagged the five year average by 15 to 20% in most weeks – many will argue that this is due to the economic conditions prevailing at present, but others will show that those who spent money promoting their products during these difficult times actually experienced acceptable sales rates. The market research concluded that a market development campaign required $1 million (at least) – at present exchange rates and 4 m cartons to Japan this would require R2 per carton.

Since the research in 2006 (which cost grapefruit growers and DTI some R1.2 million) the topic of Japan grapefruit promotions has been raised on many occasions. In 2008 CGA/FPEF had Willem Bosman visit all the regions to gauge growers support for a market development campaign; he reported that growers were in favor BUT that it must be coupled with sending the correct amount of fruit, and the correct fruit specifications.

Following a meeting of the GFG on Wednesday, and with export agents yesterday, it has been decided to test grower support by way of a referendum. Should there be sufficient support then other activities will be initiated – application for statutory levy; request to DTI, engagement with agencies etc.

EL NINO

Weather experts are predicting that El Nino will have an influence on weather patterns this summer – with a drier than normal December and January predicted. Fortunately dams in the northern summer rainfall regions are reasonably full – in Mpumalanga the average for all dams is 91.1% (same time 2008 85.8%) and in Limpopo 75.8% (73%).

PACKED AND SHIPPED 2009

The Grapefruit Focus Group met this week and increased their prediction up to 14 m cartons – now 1 m less than the original estimate. Navel packed figures are now slightly ahead of the last focus group prediction of 18 m – and has also been adjusted.

With the last conventional vessel discharging in Japan this week, followed by a few containers, it would seem that the initial Japan Grapefruit estimate of 4 m cartons is about spot on. This is what was planned for the market and should have kept stocks at the required levels; however, poor sales rates have meant that stocks did build up to higher than optimum levels. Fortunately the white:pigmented split was in line with market demand (60:40); and although more smaller fruit was shipped than considered appropriate – the proportion was in line with the past 3 years.

To Week 34 – Million 15Kg cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
Source : PPECB	2007	2008	2009	2008	2009	2009	2009	2008	2008
Grapefruit	14.1 m	12.7 m	13.7 m	12.1 m	12.9 m	15.1 m	14 m	12.8 m	12.4 m
Soft Citrus	6.6 m	7.1 m	6.6 m	6.2 m	5.6 m	7.4 m	6.6 m	7.3 m	6.5 m
Lemons	6.6 m	9.1 m	8 m	7.9 m	6.7 m	9.4 m	8.2 m	9.6 m	8.8 m
Navels	18.5 m	21.2 m	19.2 m	19.9 m	18 m	21.6 m	19.2 m	21.5 m	21.2 m
Valencia	25.1 m	27.7 m	24.6 m	18.3 m	14.8 m	43 m	38.2 m	42.8 m	40.4 m
	70.9 m	77.8 m	72.1 m	64.4 m	58 m	96.5 m	86.2 m	94 m	89.3 m

YOUR LEVY WORKING FOR YOU – GROWER LEVIES ARE USED TO FUND THE ACTIVITIES OF CGA, CRI AND THE CITRUS ACADEMY