FROM THE DESK OF THE CEO (46/09)

Justin Chadwick (20 November 2009) Citrus Growers Association (CGA)

QUOTE OF THE DAY:" *Better be wise by the misfortunes of others than by your own." Aesop*

BOARD MEETINGS

CGA and CRI both held Board meetings at the beginning of this week. As stipulated by the CRI Constitution at the CGA meeting CGA appointed grower representatives to the CRI Board – with one change where the resignation of Gerhard Scheepers resulted in the appointment of Piet Smit (from Bosveld Boerdery in Letsitele). So Piet joins a settled and effective Board – with grower representatives being Jock Danckwerts, Hoppie Nel, Louis von Broembsen, Kobus de Kok and Mark Fry, University of Pretoria represented by Anton Stroh, Stellenbosch University by Karen Theron, Exporters Forum by Steve Turner, Consultants by Chris Kellerman and ARC by Org van Rensburg. Gerhard Scheepers' departure will be a great loss to the CRI Board – since my first day at CGA (some 10 years back) I have relied on guidance and sound judgment from Gerhard; he has an ability to "think outside the box" – and comes up with some fantastic ways of getting the job done in a non confrontational and rational manner. Thanks Gerhard for all you have contributed to the citrus industry. You have served on just about every Board in the industry and your leadership at CRI will be missed.
The CRI considered their budget – which was recommended to and approved by the CGA Board. The report back from the different research committees gives confidence that all grower priorities are being addressed – this does not necessarily mean that all problems are solved – just that they are getting attention. If any grower would like to see the range of approved CRI Research projects, or wants feedback on the 2008/9 research results please let me know.
At the CGA Board meeting Gabrie van Eeden resigned as Vice Chairman, with Hoppie Nel filling his position. Fanie Viljoen was re-elected as Chairman. Most of the Board meeting was spent considering the phytosanitary and market access conditions, but also reviewing various CGA policies. It was almost a full house of Directors (with only one region not represented) and the discussions were robust and thought provoking. I will expand on these issues once the Board minutes have been accepted.

GROWER RETURNS IN 2009

As growers start to receive their 2009 reconciliations it would seem that export returns are disappointing – with many growers indicating that the growing sector could have lost between R10 and R15 per carton. This equates to between R800 million and R1.2 Billion for the growing sector as a whole!!! It really begs the question as to whether we have got our marketing systems right. Why are we exporting our products at a loss? It reminds me of my son and nephew who both attend the same primary school. At entrepreneurs day my son only sold 70% of his stock, while my nephew sold all his. However – my son made enough to cover all his costs and put 30% extra in his pocket, while my nephew only got back 70% of what he had spent. My son could then consume the excess, or give it away as gifts, or throw it away and he would still be 30% up – my nephew had lost 30% no matter what he did. Every year we are so happy that we have sold these huge volumes of citrus – 80 to 90 million cartons!!! But at what cost – what is the sense of selling that amount and ending up with a loss. And as I have stated before all service providers and input suppliers in the chain have received their cut as the product moves down the supply chain – carton manufacturers got their bit, transporters took their slice, terminal operators and cold store owners cashed in, shippers took their profits and distribution centres counted their cash – PPECB, CGA, FPEF all took our levy and export agents claimed their commission. It's just the guy who made it all happen, the guy who produced the product, who put most at risk and who has the most capital tied up in the industry that took a punch. Unless of course he set a fixed price that covered his costs and allowed him to continue in business. In those cases somebody else in the chain took the punch – either the agent or importer who had guaranteed the price (if they honored the guarantee). But that export agent or importer is not going to have an appetite to continue dealing in your product if by so doing he operates at a loss – so next year you may battle to find somebody to handle your fruit on similar terms and conditions. The problem is this – if the final price paid by the consumer is insufficient to cover all costs in the chain – then either the price must be increased or the product must not be put in the chain in the first place (or costs must be driven out of the chain). It seems that we continue to supply into the market even though this final price is insufficient – sending a signal to the buyer that the price is sufficient!!!! This industry is 100 years old and yet we still have not got it right, I do not have the solution BUT I do believe that it warrants discussion before more of our members face disaster.

PACKED AND SHIPPED 2009

To Week 46 – 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	14.3 m	12.8 m	14 m	12.4 m	13.7m	15.1 m	14 m	12.8 m	12.4 m
Soft Citrus	6.8 m	7.3 m	6.8 m	6.5 m	6 m	7.4 m	6.8 m	7.3 m	6.5 m
Lemons	7.3 m	9.6 m	8.7 m	8.8 m	7.6 m	9.4 m	8.7 m	9.6 m	8.8 m
Navels	18.7 m	21.5 m	19.4 m	21.2 m	19.1 m	21.6 m	19.4 m	21.5 m	21.2 m
Valencia	43.5 m	43.1 m	38.4 m	40.4 m	35.2 m	43 m	38.4 m	43.1 m	40.4 m
	90.6 m	94.3 m	87.3 m	89.3 m	81.5 m	96.5 m	87.3 m	94.3 m	89.3 m

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