FROM THE DESK OF THE CEO (16/10)

Justin Chadwick (23 April 2010)

QUOTE OF THE WEEK *"Message from London to Iceland – We said "Send CASH, not ASH""*

GLOBAL CITRUS TELECONFERENCE

This week on Tuesday a SHAFFE/Freshfel teleconference was held linking suppliers and receivers of citrus from around the globe. Unfortunately some key players were missing as the volcanic ash over Iceland meant that they had not managed to get home from the Fresh Conference in St Petersburg, Russia. On the line were representatives from Australia, Uruguay, Argentina, Peru, Germany, Russia and the USA. A common thread from southern hemisphere suppliers (with the exception of Argentina) was the weakening $, pound and Euro which would make exporting less profitable in 2010. In fact the Argentinean Peso has weakened against the major currencies. Australia has been the hardest hit with the Aussie Dollar strengthening appreciably, while Uruguay and South Africa are in a similar position.
[On 21/4/2010 vs. 2009; + is strengthening/- weakening]

	Argentina	Australia	Chile	Peru	South Africa	Uruguay
Euro	-9%	+20%	+6%	+5%	+15%	+17%
Pound	-10%	+20%	+5%	+2%	+14%	+16%
US $	-5%	+24%	+10%	+8%	+18%	+20%

Australia has experienced good rain (at last!!), and as such the fruit is large and blemish free. In total export volumes will be lower – about 10% less than last year. There has been a delay in harvesting.
Argentina will experience a decrease in lemon production due to frosts, drought and hot winds – however export volumes will be similar to the 2009 season (which was low). There is good demand for industrial lemons, meaning that the quality of exported fruit should be good. Oranges and mandarin production also forecast to be lower. In terms of 2010 – Satsuma prices for standard quality have been disappointing; better quality has received good prices.
Uruguay will recover in 2010 – production is 20% higher than 2009. Harvesting started early with better sizes and good quality. Prices in Europe have been disappointing with a surplus of fruit in the market. Labour costs have increased appreciably, and freight costs have doubled.
Weather conditions have also been good in **Peru.** Satsuma harvesting is all but complete with good sizing; exports of Satsuma have increased by 35% after a disappointing 2009.
In the **US** Florida continues with its path of decreased production due to disease, hurricanes and real estate. California has shown a marked increase in navels (22%) and will be in the market until late June. This will impact on the Valencia crop (also forecast to increase by 44%) which is staring to be harvested but battles to compete with navels. Soft citrus volumes continue to grow – but should not impact on southern hemisphere markets. Consumers continue to search for value – looking for discounts and specials. In the food service sector lemon sales were down 25% but there are signs that this sector is beginning to recover. California grapefruit is down 12% in production, and will mostly service the domestic market.
News from **China** is that only pommelo's are still being exported; although production was up, exports were down – especially to Europe.
From the markets, **Germany** reported that Satsuma's are moving slowly. Spain is selling the last of their navels; while their Valencia could be there through to August. Although there is pressure on prices, there has been no significant downward movement. This could impact on southern hemisphere oranges. The good southern hemisphere Valencia market in Europe in 2009 meant that northern hemisphere suppliers were looking for similar returns in 2010. The cycle continues.

CITRUS MARKETING FORUM (CMF)

The next CMF will be held on **THURSDAY 27 MAY 2010 at 10h00.** Venue still to be finalized – but will be in the vicinity of OR Tambo Airport. The last CMF will be held in Cape Town area. Growers are urged to attend the CMF – it is NOT just a meeting of export agents; it is an ideal opportunity for growers to hear **first hand** what is happening in the market, as well as updates on other important industry issues.

GRAPEFRUIT PROMOTIONS

On Tuesday the National Agricultural Marketing Council (NAMC) discussed the Grapefruit Focus Group's (GFG) application for a levy to fund promotions. In 2010 these promotions are in Japan and the UK. The NAMC have recommended to the Minister that she approve a levy for two years (2010 and 2011), and that growers who do not export to either UK or Japan be allowed to apply for exemption from the levy. The NAMC did express concern that the levy amount was a little high. The GFG is meeting today (Friday) to finalise instructions to the CGA.

GROWERS FUND THEIR FUTURE THROUGH THE ACTIVITIES OF THE CITRUS GROWERS' ASSOCIATION, CITRUS ACADEMY AND CITRUS RESEARCH INTERNATIONAL