FROM THE DESK OF THE CEO (20/10)

Justin Chadwick (21 May 2010)

QUOTE OF THE WEEK ***"I've been on a calendar, but never on time" Marilyn Monroe***

CALENDAR WEEKS

There seems to be some confusion regarding the WEEK that we are in at the moment. The confusion comes about as a result of week 1 starting on 4 January (not 1st). As a result many calendars (including the ones distributed by CGA and a leading export agent) show this week to be WEEK 21 – in fact we are in **WEEK 20 [Monday 17th to Sunday 23rd May].**

CONVENTIONAL SHIPPING

There has been a trend over the past ten years of increased container shipments at the cost of conventional shipments. There have been many factors that have driven this trend – with some predicting an eventual end to conventional shipments. From an industry point of view I believe that choice is good – a mix of conventional and container shipments allows for competition and reasonable pricing. Should shipments go 100% container than the industry would be at the mercy of container lines in terms of shipping rates and terms and conditions of shipping. The container shipping rates may be attractive now – but perhaps this is buying market share to drive out conventional competition; and when that option is gone then a hike in container rates could follow. The advantage of choice has been highlighted over the past two weeks Transnet strike. Conventional shipments have been marginally impacted by the strike, and as a result those markets serviced by conventional shipments have continued to receive fruit; while markets serviced by container shipments have not been able to receive fruit.

TRANSNET STRIKE

The strike is still not over, on Tuesday this week ships could be seen "cutting and running" from Durban with very little in terms of cargo. Media indicates that a settlement is close – but not before exporters have experienced considerable losses. And to add insult to injury container lines have sent correspondence regarding the imposition of a "congestion surcharge". Why these lines think that exporters are responsible for their woes is beyond me – exporters had absolutely nothing to do with the strike and could do nothing about it. CGA will be responding to the lines informing them that exporters will not be paying any surcharges, and suggesting they send any bills to Transnet. Once again this action by the container lines illustrates the danger of being beholden to one shipping mode. What is also interesting about the congestion surcharge letters from container lines is that they were sent on the same day, with similar amounts demanded – smacks of collusion; maybe the Competition Commission should investigate???

CITRUS MARKETING FORUM (CMF)

The next CMF will be held **NEXT WEEK** on **THURSDAY 27 MAY 2010 at 10h00.** The meeting will be held at the normal venue (Willow Park Conference Centre) – shuttle buses are available from OR Tambo Airport (by arrangement). **The notice and agenda for the meeting has been distributed.** Included on the agenda will be the **EXCHANGE RATE; IMPACT OF STRIKE AND REMEDIAL ACTION and SOME IMPORTANT PHYTOSANITARY INFORMATION. Stay informed and come to the meeting. RSVP Gloria at 031 7652514 or Gloria@cga.co.za.**

GLOBAL CITRUS CONFERENCE

Australia has spent a great deal of time safeguarding against introduction of new pests and diseases, largely driven by **Pat Barkley**. Pat will be one of the speakers at the Global Citrus Conference (8/9 July in Cape Town, more detail on www.gcc2010.co.za). She will give delegates insight into how Australia has positioned itself to ensure it's biosecurity – how the industry and authorities can work together as an early warning system, and actions to follow in case of any threats.

CARA CARA TO JAPAN

Growers of Cara Cara navels have for some years been frustrated by the Japanese acceptance of Cara Cara Navels – with access one year, and no access the next. The good news is that the Japanese authorities (MAFF) have now confirmed that Cara Cara are accepted and shipping of this product to Japan can proceed in 2010.

PACKED AND SHIPPED

It is interesting to note that packing is tracking 2008 figures (except navels) while shipping volumes are tracking 2009 (except grapefruit). For **grapefruit** 78% of fruit packed to date is Star Ruby. Russia continues to be the leading market at 36% (2009-9%), with Japan at 23%. Almost 0.8 m fewer cartons have been exported to N Europe in 2010 compared to 2009. Russia is also taking more **soft citrus** (2010 19%; 2009 8%), with bulk of SS exports still going to UK (2010 47%; 2009 63%). **Lemon** exports to Russia are also higher (2010 22%; 2009 12%) at the expense of Middle East (2010 39%; 2009 50%) and Far East (2010 7%; 2009 18%). The first million cartons of **navels** are now packed, but export volumes remain limited, exports have been to ME (2010 35%; 2009 41%) and Russia (2010 26%; 2009 1%). Variety Focus Groups have largely left predicted volumes unchanged; The Grapefruit Focus Group last met on 12/5 and left their prediction unchanged, as did the Lemon Focus Group who met on 5/5; the Navel Focus Group decreased their prediction by 100 000 cartons on 11/5; while soft citrus increased theirs by the same amount on 20/5.

To Week 19 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed	Final Shipped
SOURCE: PPECB	2008	2009	2010	2009	2010	2010	2010	2009	2009
Grapefruit	3.5m	4m	3.4m	1.8m	0.7m	12.6m	12.5m	14.2m	13.7m
Soft Citrus	2.3m	2.1m	2.9m	1.6m	1.8m	7.5m	7.4m	6.8m	6m
Lemons	3.2m	2.1m	3.2m	1.4m	1.3m	9m	9m	8.7m	7.7m
Navels	1.2m	1m	2m	0.3m	0.3m	21.4m	21.4m	19.4m	19.1m
Valencia	-	-	-	-	-	41.3m	41.3m	38.5m	35.3m
	10.2m	9.2m	11.5m	5.1m	4.1m	91.8m	91.6m	87.6m	81.8m

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