FROM THE DESK OF THE CEO (10/11)

Justin Chadwick (18 March 2011)

QUOTE OF THE WEEK "*I envy people who drink. At least they have something to blame everything on" Oscar Levant*

CELEBRATE SUCCESS: NO CHOKING SIGNS GO UP AS PROTEAS BEAT INDIA IN A THRILLER

JAPAN

Our thoughts go out to all those caught up in the natural disaster in Japan, and its aftermath. The human suffering and anxiety cannot be imagined, and we hope that life returns to as close to normality as soon as possible.
Jeff McNeill of Market Makers (who conducted the Japan grapefruit promotion campaign for CGA in 2010) reports that all at his office and their families are safe "*However the devastation in northern Japan was terrible, particularly from the tsunami. Tokyo had a very violent shaking but thanks to the architectural codes which are very strict in regards to withstanding earthquakes, the damage was very minor overall. The main concern now is to get food and water to those in need in northern Japan and also to resolve the problems the nuclear plant is experiencing as it tries to shutdown."*
Japan is South Africa's most important grapefruit market, absorbing a third of grapefruit exports. It seems that the major ports utilized by South Africa were not affected by the tsunami. However, the chaos to the north will put strain on Japan's entire infrastructure. The movement of goods to some areas will be almost impossible. In addition a lot of resources will be put to rebuilding homes and livelihoods, with some pullback on luxury and imported products.
Japan has always relied heavily on imported food, and the devastation wrought by the tsunami will mean an added reliance on imported food. Reports out of Florida indicated restricted cancellation of grapefruit orders to date. The stocks of grapefruit in Japan remain at fifteen year lows.
Initial plans will see the first shipment of South African grapefruit leave during the third week of May so as to arrive in Japan in the first week of June.
Since the earthquake the Rand has weakened against the Yen by 10% as Japanese repatriate their funds.

TRANSPORT COSTS – THE BIG ISSUE IN 2011

All those attending grower road shows will have noted Mitchell Brooke's presentation on transport prices and their predicted increases with a fair degree of uneasiness, and watching the oil price rise every week sends warning signals for this year's transport costs. With over a third of growing and exporting costs allocated to transport (including packhouse to port, and shipping to overseas destinations) growers will need to look ahead when budgeting for the 2011 season – no doubt BAF's and other contingencies for fuel in transport costs will rise during the year. Mitchell is busy with a few initiatives that will hopefully assist in setting off some of the added transport cost burden:

- The increased use of Maputo harbour should result in reduced transport costs for those geographically closer to that port. Through the Maputo Corridor Logistics Initiative (MCLI) a lot of work has been done to shorten border delays, and improve the flow of product to Maputo port.
- Growers around Letsitele are looking to coordinate rail transport so as to maximize the efficiency of this alternative to road freight.
- Growers are looking to establish a hub in Polokwane for the accumulation of product, which is then containerized and railed to the port.
- The 1 CITRUS project aims to ensure that every consignment leaving the packhouse has a home in the port. This should reduce turnaround time at the port, with resultant lower freight rates.

PACKED 2011

With only lemon and soft citrus packing under way, PPECB have supplied the following figures up to end week 10:

End Week 10	Packed 2009	Packed 2010	Packed 2011
Soft Citrus	25 000	32 000	60 000
Lemons	102 000	368 000	195 000

RAIL WORKSHOP

On the 10th March the CGA hosted a rail workshop in Letsitele which was well supported and very informative. The presentations are available in the Logistics Rail section on the CGA website www.cga.co.za. If you would like more information contact Mitchell Brooke 031 – 765 2514. On the break-bulk side it was very evident that there is a requirement for more central coordination to achieve better utilization and efficiency of rail. Japan and Russia packed cargo has been suggested as key development areas to transport by rail, this will be discussed with TFR, rail operators and Letsitele growers in the near future to create better facilitation for this.

GROWERS LEVIES ARE USED TO FUND CGA, CRI AND CITRUS ACADEMY ACTIVITIES.
ENSURING A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY