FROM THE DESK OF THE CEO (50/11)

QUOTE OF THE WEEK: "Christmas is the day when we remind ourselves that man can live in peace with his neighbours and that it is the peacemakers who are truly blessed."
President John F. Kennedy

Maputo Port: The US$ exchange rate (R8.30) and oil price (US@110) are both trading at levels which are a cause for concern going into 2012. Transport costs are primarily influenced by the cost of diesel fuel, which at the current price is not 50% (normally 35%) of total running costs of a truck. Rail, or more specifically the incumbents of the service, are failing to respond to the concerns raised with them, mostly to alleviate rising transport costs. This leaves growers with some uncertainly as to how to reduce rising input costs. The question regarding the future of the oil price can only be answered with uncertainty. What we do know is that growers up north are 450kms closer to Maputo than Durban. Should that not mean that Maputo port as an option for citrus growers be viewed more vigorously? Mitchell Brooke has compiled a document that assesses the operational and cost benefits that Maputo could provide to the growers up north who are forced to transport citrus a long way further to port than the growers farther south. The industry is targeting container shipping to reduce the total cost of logistics without exploring other vital options. Since container shipping is not really an option to move high volumes of citrus through Maputo, especially for Europe and the UK, then the only option is to reduce the cost of break-bulk shipping from Maputo. Taking out the pre-cooling option and letting the ship cool the fruit once loaded is something that is being done, but on a small scale. These ships have an enormous capacity to freeze produce, which means to pre-cool citrus to temperatures well above freezing should not be a challenge. Breakbulk shipping through Maputo works well and growers who transported to Maputo this year said it worked just as well – be sure to pre-clear the trucks at the borders. The conclusion was reached that Maputo could and should be used as an ambient port, and that growers could save hugely on transport and port costs by trying this. Could Maputo not be an option to ship the vast amount of grapefruit that is grown just across the border, to Japan? There will be challenges but it can be done. The construction and development in the Durban port will add to the challenges of shipping through Durban next year and the year after, so using Maputo port must be considered as an option. The document can be read on the CGA website http://.www.cga.co.za/pages/34673.

Justin and the staff of the CGA wish the Directors, growers and associated stakeholders a very Happy Christmas and a Peaceful and prosperous New Year.

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