

## FROM THE DESK OF THE CEO (17/13)

Justin Chadwick (26 April 2013)

**QUOTE OF THE WEEK** "Facts are stubborn, but statistics are more pliable." Mark Twain

### GLOBAL CITRUS TELECONFERENCE

**Looking ahead to the southern hemisphere season:** Overall a 4% increase in export volumes is anticipated, grapefruit and lemons in double digit increases, while oranges predicted to grow by only 2%; and mandarins forecast to decrease by 3%.

- Peru** will continue with export growth with an across the board 10% increase in exports. Peru also experiences a strong domestic market, with only 10% of total production being exported. Mandarins is their biggest export category.
- In **Argentina** macroeconomic factors impact on export volumes – orange exports are flat, grapefruit exports are insignificant while mandarin exports decrease by 18% (nova's and satsuma's are the biggest losers). Lemons buck the trend with an increase of 17% back to levels experienced in the late 2000's due to favourable climatic conditions and good water supply. Cost increases are impacting on returns – particularly labour and ocean freight costs.
- Australia** also experienced favourable growing conditions with orange exports increasing by 27% as orchards reach full production. Mandarin volumes from the south (mostly Afourer) are increasing, offsetting any decreases due to the floods in Queensland. Japan and Hong Kong remain leading destinations, while South Korea and China are seen as key for the future. Trade distorting issues in Indonesia and Thailand reduce the incentive to export to these destinations. The strong Aus\$ remains a problem for exporters.
- Uruguay** is looking forward to access to the US – with the process in the comment stage of rule making. Exports are forecast to decrease by 17%. This is influenced by last year's frost.
- Chile** expects an increase of 5% in orange exports – especially early navels. Prolonged drought will result in decreased clementine exports – by 6%. Late mandarins will grow as orchards mature and demand grows. Lemons also decrease by 6% due to a strong domestic market. Strength of Peso is a problem. Main market for navels, clementines and late mandarins will be the USA.

| TOTAL SH   |           |           |           |           |           |           |           |           |           |           |           |               |                   |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------|-------------------|
| Production | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | Var 2013/2012 | Var 2013/Av 03/12 |
| Oranges    | 2.973.698 | 3.062.463 | 3.267.705 | 3.245.765 | 3.554.082 | 3.315.615 | 3.325.857 | 3.474.439 | 3.693.144 | 3.050.801 | 3.478.659 | 14,02%        | 5,53%             |
| Mandarins  | 1.031.361 | 1.276.653 | 1.201.231 | 1.230.760 | 1.333.358 | 1.158.817 | 1.142.161 | 1.170.760 | 1.238.995 | 914.739   | 985.610   | 7,75%         | -15,75%           |
| Lemons     | 1.919.431 | 1.989.827 | 2.183.012 | 2.231.554 | 2.289.230 | 2.120.695 | 2.113.634 | 1.858.006 | 2.146.687 | 2.026.874 | 2.154.000 | 6,27%         | 3,17%             |
| Grapefruit | 554.448   | 536.721   | 711.978   | 633.882   | 677.574   | 630.726   | 700.886   | 554.644   | 591.189   | 513.029   | 527.854   | 2,89%         | -13,54%           |
| Total      | 6.478.938 | 6.865.664 | 7.363.926 | 7.341.961 | 7.854.244 | 7.225.853 | 7.282.538 | 7.057.849 | 7.670.015 | 6.505.443 | 7.146.123 | 9,85%         | -0,26%            |
| Export     | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | Var 2013/2012 | Var 2013/Av 03/12 |
| Oranges    | 1.116.227 | 1.061.577 | 1.169.109 | 1.170.117 | 1.379.134 | 1.324.260 | 1.241.637 | 1.441.144 | 1.353.223 | 1.401.974 | 1.432.933 | 2,21%         | 13,20%            |
| Mandarins  | 254.892   | 270.463   | 275.181   | 296.999   | 335.256   | 338.872   | 357.471   | 407.322   | 397.647   | 419.349   | 405.002   | -3,42%        | 20,77%            |
| Lemons     | 457.417   | 484.298   | 539.139   | 484.448   | 529.026   | 599.718   | 445.326   | 468.477   | 470.011   | 470.109   | 520.056   | 10,62%        | 5,10%             |
| Grapefruit | 200.061   | 219.043   | 292.409   | 181.733   | 249.511   | 226.488   | 231.107   | 200.344   | 249.774   | 199.772   | 229.944   | 15,10%        | 2,19%             |
| Total      | 2.028.597 | 2.035.381 | 2.275.838 | 2.133.297 | 2.492.927 | 2.489.338 | 2.275.541 | 2.517.287 | 2.470.655 | 2.491.204 | 2.587.935 | 3,88%         | 11,50%            |

### Looking back at the northern hemisphere season:

- Spanish** mandarins are complete and volumes are similar to last year (1.59 m tons). Prices were much improved over the previous year. 40% less were processed. Orange export volumes are 15% higher than last season – quality and prices were good, with 40% less processed. Lemon exports up 12% on the previous year. Fino season is over and Verna started (Verna down 20% compared to 2012). Good quality and good prices – less competition from Turkey and little overlap with southern hemisphere at start. 40% less processed due to lower production, good fresh market for cat 2's and lower international juice and essential oil prices.
- Cyprus** Only Valencia oranges still being harvested. Better size and quality led to higher export volumes. Red grapefruit volumes increased, white decreased. Early prices good (November) but returned to normal. Price gap between red and white has narrowed. Record quantity of Mandarina sent to Russia.
- Greece** experienced high temperatures at the start of the season resulting in disease problems with mandarins – thereafter size and quality improved. Good prices were experienced. Navel orange export volumes increased by 5-10%. Exceptional flowering at present could lead to a big 2013/14 crop (up 30%).
- Turkish** lemons decreased as a result of experiences from the previous season; low prices, frost, unharvested fruit and less attention to maintenance due to financial considerations. Easy peeler experienced poor quality – once again low prices in previous seasons led to less maintenance of trees. Orange prices this season have been unsatisfactory. Total exports down 18%; mandarins down 13%; lemons down 20%; oranges down 26% and grapefruit down 12%. Main destinations for Turkish citrus are Russia, Ukraine, Iraq, Saudi Arabia and Georgia.
- Israel** had 50 000 tons fruit damaged by storms; 50% of this was processed and the rest destroyed. Only 5% of exports left – Valencia and star ruby. Grapefruit market slow with low prices.
- USA Florida** had extreme levels of fruit drop due to drought and citrus greening. Total volumes exported was 27 million cartons (by comparison 10 years ago that figure was 75 million cartons). Grapefruit exports down 10%; packing to mid May with lower packouts. Tangerine production down 18%- strong prices. Orange production down 5%. **California** Navel crop same as previous year, better quality, good sizing and strong market. Closure of Chinese market could change summer dynamic with 3 million boxes possibly diverted (to alternative export markets or to domestic market). Valencia crop same as previous year and strong demand in Asia. Grapefruit characterized by smaller sizes, shipping after Florida in mid May. Soft citrus up 23%- good eating quality, strong marketing campaign and good returns. Lemon returns impacted by small sizes, average quality and higher imports from Mexico. **Texas** grapefruit volumes up slightly with excellent growing conditions, good size and color – marketing early May.

**SOUTHERN AFRICAN CITRUS GROWERS' FUND THEIR FUTURE THROUGH THE LEVY  
ADMINISTERED BY THE CGA**