FROM THE DESK OF THE CEO (23/16) (Follow me on justchad_cga)

Justin Chadwick 17 June 2016

"Life is what happens to you while you're busy making other plans" Allen Saunders

PLANNING

The saying goes that "If you fail to plan, you plan to fail". As an industry planning is as important as it is on individual farms. The Citrus Academy is tasked to keep the industry supplied with the human capital required to keep the industry as a world leader in citrus globally. Every year the Citrus Academy manages bursaries to over fifty students; it is the biggest agricultural bursary fund in South Africa dispersing nearly R2 million annually.

What is really important is to guide the Academy and the bursary donors in what skills are needed in the industry; equally important is giving new graduates career opportunities when they graduate. In order to assist this planning the Citrus Industry have distributed a short (2 page) easy to follow questionnaire on employment in the industry. PLEASE TAKE THE TIME TO COMPLETE THE QUESTIONNAIRE – if you have not received a questionnaire contact Jacomien@citrusacademy.ac.za.

ECONOMIC PARTNERSHIP AGREEMENT BETWEEN EU AND SACU

Last week the Southern African Customs Union (SACU – comprising South Africa, Lesotho, Swaziland, Botswana and Namibia) and the European Union finalized the Economic Partnership Agreement (EPA). Negotiations to finalise the EPA have been ongoing for many years – the negotiators must be relieved that it is finally completed. From a citrus point of view the most significant change in the EPA is the extension of the duty deadline for oranges (tariff line 08051020). The present duty free period (from 1 June to 15 October) will be extended to end November with a stepped down tariff applying for the next nine years – after which the tariff will be eliminated. On the first year following introduction of the EPA the customs duty will be reduced to 91% of the basic duty (16%); thereafter it will reduce to 82% of the basic duty in year two and 9% per year until total elimination after the ninth year.

Apart from the duty benefits, the finalization of the EPA will also result in the development of a closer relationship between the EU and SACU member countries. Such relationships are always strained during such negotiations. Hopefully this could result in constructive engagement around import requirements.

Next Thursday (23rd) UK citizens vote about remaining part of the EU (the so called Brexit vote). Although resigning from the EU would result in a complex and wide set of repercussions; from a citrus trade viewpoint such a move could be viewed as positive. At present the UK is governed by EU plant health regulations; as a result measures are in place that restrict citrus trade with the UK despite that fact that there is not one hectare of citrus in that country. So there are no plant health risks (incidentally there are no plant health risks in southern EU member states which is the subject of a scientific dispute). A Brexit would result in revision of UK plant health regulations which would be positive for southern hemisphere citrus.

IMO, SOLAS REQUIREMENT TO VERIFY GROSS MASS (VGM) OF CONTAINERS

The SOLAS requirement to verify the gross mass (VGM) of packed containers prior to delivering to port terminals is implemented on the 1st July 2016. However TPT will require that all containers being exported must have the VGM of the container pre-advices from the 27th June. This is an appeal to all citrus producers and/or citrus packhouses to check with their appointed export agent/s or shipping agent/s to verify how they plan to obtain the VGM for your containers. **Please note that if the VGM has not been obtained the container will not be accepted into the TPT terminals for shipment. Refer to Fruit SA VGM Guidelines 1 -3 for further assistance or contact Mitchell Brooke.**

GRAPEFRUIT: A STRANGE SEASON

Exporters who have been in the game for many years describe the 2016 grapefruit season as anything but normal. Early indications of a low volume crop of smaller fruit followed a hot and dry summer. Late rains in March resulted in increased sizing – catching most of the trade by surprise. Importers who had been cautioned about small size fruit suddenly found themselves short of smaller fruit. Winter also arrived late in the grapefruit growing regions – delaying colour development. Grapefruit growers are very aware of the importance of only supplying what the market wants and so delayed packing until the colour was right. This resulted in a low volume of early fruit, and more of a peak as the colour developed. The Grapefruit Focus Group dropped their prediction for 2016 by another 2.5% to 12.1m cartons when they met earlier this week, a reduction of 25% from 2015. The Forum warned about an abnormally early finish to the season and suggested that packers and importers manage their stocks carefully so as not to run short of this delicious fruit later in the season.

PACKED AND SHIPPED

To end Week 10/6/16 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB/AGRIHUB	**2014**	**2015**	**2016**	**2015**	**2016**	**2016**	**2016**	**2015**
Grapefruit	14.4 m	12.6 m	9.1 m	9.2 m	6.5 m	12.4 m	**12.1 m**	16.1 m
Soft Citrus	4.9 m	5.8 m	6.6 m	4.5 m	5.8 m	11.2 m	11.3 m	10 m
Lemons	6.5 m	7.6 m	8.5 m	7.5 m	8.2 m	16.1 m	16.1 m	15.1 m
Navels	10.8 m	9.6 m	11. 2 m	6.6 m	9.4 m	25.1 m	25 m	24.5 m
Valencia	1.8 m	1.4 m	1 m	0.3 m	0.6 m	46.4 m	46.4 m	52.7 m
Total	38.4 m	37 m	36.4 m	28.1 m	30.5 m	111.2 m	110.9 m	118.3 m