



Citrus Marketing Forum

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CITRUS MARKETING FORUM

Minutes of the Meeting held at 10h00 on 30 October 2014 at Olive Grove, Infruitec, Stellenbosch

1. Welcome

The CEO of the Fresh Produce Exporters' Forum and chaired the meeting and the meeting welcomed all present. Special welcome was extended to the Board Members of the Citrus Growers' Association (CGA) and the Fresh Produce Exporters' Forum (FPEF), particularly the Chairman of the FPEF.

It was noted that the meeting would focus on the following (in addition to the export volumes):

- Market Development and Market Access
- Issues relating to Bio-Security
- Marking and Labelling requirements

In keeping with the regulations of the Competition Commission Act, an Anti-Trust Declaration was observed. The CMF would therefore not discuss issues relating to price, collusion or any other item that would contravene the stipulations of the Competition Commission.

2. Apologies

Apologies were received from Nampak, Fruits Unlimited, The Fruitman, and Ms Salamina Maelane (Department of Agriculture, Forestry and Fisheries).

3. Approval of Minutes of Previous Meeting held on 18 March 2014

The minutes of the meeting held on 18 March 2014 were unanimously approved as a fair and correct procedure of events.

4. Finalisation of Agenda

The agenda was amended to include *Item 13: Electronic Information*, which includes the Perishable Products Export Control Board's (PPECB) *Project Titan*, *Agri-HUB*, and the *Phyt-Clean Project*; and *Item 14.1: Nova Specifications*.

5. Estimated vs. Actual Volumes

Mr Chadwick presented the 2014 Estimates vs. Actual Volumes collected from the Variety Focus Group meetings facilitated by Mr John Edmonds. The following was noted:

- Draft estimates were collected from the Variety Focus Group meetings.

- During these meetings, a competition was held to see which of the Focus Groups came closest in terms of their estimates versus the actual volumes. The goal was to be within 10% of the actual volumes
- The estimates are difficult to determine as they represent export and not production estimates.

The Variety Focus Group Representative closest to the actual volumes was “Lemons” from Sunday’s River Valley. (Mr Hannes de Waal, who was within 0.8% of the target).

It was further noted that an industry meeting was held with the new Minister of the Department of Agriculture, Forestry and Fisheries (DAFF). Various issues were raised and addressed, in particular the issue of market access and market development.

6. CBS Update

The Citrus Black Spot (CBS) strategy was debated at the CGA Board Meeting on 21 August 2014 in an effort to mitigate potential challenges in the forthcoming season. The strategy hinges on three key aspects: 1) Science, 2) Compliance, and 3) Defiance. Each aspect is co-dependent on the other, and there are overlapping qualities in all three:

❖ Science

- The dispute mechanisms include the IPPC and the WTO – the costs are being negotiated between the Department of Trade and Industry and the CGA Board (industry could be expected to fund approximately R20 million).

❖ Compliance

- A significant amount of effort has gone into mitigating interceptions in the European Union (EU). Industry will meet to ensure that the CBS risk management system is available at the end of November 2014.
- Of the 25 interceptions that took place, only one tested positive for viability; this presents a strong argument for South Africa going forward.
- The decision to voluntarily suspend trading also proved a bold and important step. As a result, the South African industry garnered significant support overseas.
- The pre-screening conducted in the Dutch ports would not have been possible without the funding and support of DAFF. DAFF is accountable to the international markets, but the risk needs to be managed differently. Mr Mashudu Silimela (DAFF) will clarify DAFF’s position with regards to the perception that the industry is non-compliant, and to ensure that whatever is posed is realistic in terms of its achievability.
- The FPEF was listed as a compliance ‘resource’.

❖ Defiance

- A PR/Communications strategy will be employed to deliver the message to the international media that this is a non-issue and nothing more than protectionism.

Taking the presentation into account, CMF Members were encouraged to engage with South African Agricultural attaches during international visits. In addition, it was proposed that further human resources be deployed to deal with issues ‘on the ground’, particularly in overseas markets. The CMF felt that a strong South African presence would be a powerful tool.

Mr Deon Joubert (Special CGA Envoy to Europe) spoke briefly on the status of the CBS interceptions in South Africa. The following general comments were noted:

- A significant amount of work has been done in an attempt to anticipate what the EU and the market will do. The main aim is for South Africa to react before the EU does.
- There has been a marked decline in the number of interceptions received between 2013 and 2014.

COUNTRIES	SPAIN	ITALY	GERMANY	NETHERLAND	FRANCE	UK
INTERCEPTIONS	10	4	4	4	3	0
PHYTOS ISSUED	401	1025	405	4828	467	2765

- October had the highest number of interceptions, with July and September displaying the lowest
- The highest interception regions in South Africa were Sundays River and Letsitele.
- Exporters are reminded to pay careful attention to the standard wording for phytos – consistency is important.
- The southern part of Europe had the highest interception level.

Mr Joubert continued that the voluntary suspension arose from a very specific discussion. If this were not done, the market would have closed a week later in any event. DG SANCO eventually released the containers. Subsequently, none of those released were intercepted. A report detailing this suspension will be printed and distributed within a week.

7. Coordinating Meeting Feedback – Rules for 2015

Mr Francois Moller (DAFF) reported on the USA Citrus Coordinating Meeting held in Nelspruit. The key points were summarised as follows:

❖ USA Citrus – Summary of Rejections

- More cartons presented to the SA for inspection in 2014 than 2013.
- Drop in False Codling Moth (FCM) and Chinch bug; increase in Fruit Fly, Mealy bugs.
- Requested that the industry focus on Mealy bugs
- The pests that are causing the rejections are not 'hosted' by the fruit – rather, they are found in the packhouse or along the road.
- Labelling also a reason for rejection.
- Two containers to Houston; non-compliance found due to woodborers.
- 9.68% more fruit presented than the previous year.
- Inspections take longer.
- Fruit cutting data of FCM must be provided to the USDA. In 200 clean fruit samples per consignment, no FCM found.
- Cold treatment to be discussed between USDA and DAFF.
- Inspection points – good cooperation from personnel.
- Other provinces will have market access to export to USDA hopefully 2015 if public hearing / producers accept proposal.

❖ Citrus Coordinating Meeting: Feedback

- Closing date for all registration documents for the 2014/2015 citrus export season is 31 October 2014.
- Possible new markets – Philippines (all areas); USA (non-CBS areas).
- DAFF shall allow preliminary registrations for export to these markets as there is a possibility that the markets may be accessible for the 2015 export season.
- Compulsory inspection of all de-greened consignments (applicable from 14 July 2014).

- New import conditions for non-CBS PFA
- General challenges include verification, untidy records and orchard inspections.
- The way forward is to ensure that pruning debris is not left to dry in the orchard; that the calibration of spray equipment is compulsory prior to the chemical sprays; and spore trapping is recommended for monitoring/ risk prediction purposes
- A new measure will be in place for production units that have been in the alert list for more than one year (procedure still under discussion).
- The CBS risk management system is still under review.

8. Market Access and Technical Issues – Report on Visits

Following on from the priority markets identified in the March CMF meeting (South Korea, Indonesia, Vietnam, India, Iran, and Africa), FruitSA delegations consisting of growers' associations and the FPEF conducted seven market access visits to the following regions:

❖ South East Asia:

- Three major stakeholder groups: SA embassy, importing governments, importers and distributors.
- Objectives are to raise awareness of the SA fruit and address market access hurdles.
- Determine demand in terms of what the importer is looking for.
- Repetition very important to maintain momentum where a market is very slow.
- Very high tariffs in South Korea. Shouldn't focus on soft citrus.
- Strengths are the grapefruit demand and small fruit.
- Clause 5.1 in the protocol: Re-infestation: is this information clear enough? DAFF will insert this into the one-pager
- 24-22 Day cold steri: South Korea, Thailand, and China. This is for FCM. South Africa has appealed against this in the past (22 is adequate). Response is that they are following the US model. Anticipating that the US will agree to revert back to 22, and therefore the other countries will be requested to follow suit.

❖ Indonesia:

- Tariffs are lower. Currently no direct access into Port of Jakarta.
- Strong South African Embassy support in Indonesia.
- Good networking with importers
- Mutual country recognition required.
- Field verification required (visit to SA).

❖ Vietnam:

- Tariffs very high.
- Pest info packages reconstructed. This was a significant reworking of the data to meet the requirements.
- First info submitted was the oranges – confusion around oranges versus citrus.
- Supplied PIP and additional information.
- First draft received August 2014.

❖ India:

- Very exciting market for the industry going forward.
- Tariff is a big issue – although everyone has the same issue.
- Chile and New Zealand have preferential trade agreements. This does not make sense seeing as SA is part of BRICS.
- Visibility of product is important.

- Lots of hidden costs in India that the industry needs to be aware of. Part of the learning curve.
- Infrastructure is a big issue.
- Preferred product is Valencia.
- Phytosanitary terms of access – disadvantage is the CBS requirement. On the plus side, FF and FCM mitigation has different options.

❖ Phillippines:

- The Phillipine Government requested information from South Africa in 2012 and 2013 in order to consider access for South African fruit.
- Feedback pending the Filipino delegation visit to SA first week of September.
- Difficulties – containers stuck, special inspections, customs.

❖ Japan:

- Tariffs high – similar to South Korean issue (protecting soft citrus industry).
- Existing protocol.
- Improved cold-steri treatment. All technical data supporting a higher temp, longer duration period has been submitted, and we are expecting a response in the near future. Tim Grout is going to Japan in December so he will be encouraging the country to expedite their response.
- Grapefruit coordination needs to be relooked.

❖ China:

- Existing protocol in place.
- Relationship between China plant health and DAFF deteriorated. Process to rebuild this. Beijing Fruit and Veg Show is an attempt to mend this.
- Systems Approach – cold treatment has been very problematic, chilling injury, etc. Lot of drive to see whether an alternative to the 22-24 cold treatment cannot be negotiated. This is where the systems approach came about.
- A Technical document was developed. The presentation of this took place in an official bilateral meeting between DAFF, and AQSIQ. There wasn't an appropriate pre notice of this meeting and the preparation was not done in China. As a consequence, the proposal was rejected.

❖ USA:

- The current tariff is 0% under AGOA. Industry is engaging the SA Government to try and ensure that SA remains part of AGOA.
- Reversion to 22-day cold steri.
- Pallet Issue – woodborer found in the pallets. Number one enemy in every country. South Africa should ensure that pallets are only being sourced from registered manufacturers.
- Western Cape very good in bringing down FCM levels.

9. Predicted final packed and shipped figures

Mr Edmonds presented the final packed figures for 2014. The following was noted:

	2013	Estimate 2014	2014 (wk. 41)
VALENCIA	51 407 688	49 530 000	49 724 242
NAVELS	25 418 888	25 813 680	25 994 235
GRAPEFRUIT (15kg.)	18 098 608	16 517 244	15 427 748
LEMONS	10 626 934	12 134 692	13 150 100

SOFT CITRUS	8 442 205	9 071 854	9 931 655
TOTAL	113 994 323	113 067 470	114 227 980

10. Markets: FPEF Feedback

Exporter members provided feedback to the CMF on how the market performed in the 2013/2014 year.

❖ Northern/Southern Europe and UK:

- Markets were difficult.
- Satsumas: started off well, but started hitting the volumes of late mandarins.
- Clementines – bullish in the beginning but hangover from Satsumas.
- Late Satsumas, quality not very good.
- Grapefruit: in the beginning good, wheels fell off badly toward the end. Need to ask ourselves how best to plan for the future. Younger generations are not eating grapefruit.
- Marketing campaigns may not be successful.
- Lemons were great.
- Navels: looked like it was going to be a good issue, but consumption levels not high enough. Experienced quality issues on the farms (hail, frost).
- Consumption affected by 2 reason: northern hemisphere summer fruit; temperature was too hot.
- Valencias: Programmes scored well. Hasn't been a bad season; perception is that the exchange rate covered a multitude of problems.
- FCM in France – needs to be addressed going forward. They claim it is a European legislation to allow fruit with FCM. Long term this is a threat for SA.
- FCM more detrimental than CBS. Not qualified as a risk item.
- The issue now is the letter that has been requested. The only other alternative is to dump the fruit or bring it back. When the re-export phyto is issued, the country that the fruit is going to has to comply. If it doesn't, the fruit is either returned or destroyed. Happened for the first time this year.
- Must not be discussed with European authorities, otherwise it will get classified as an issue.
- Responsibility on the part of the SA exporters to ensure fruit is FCM free, and the re-exporting.

❖ Russia:

- Russia very tough market for this year.
- Soft Citrus: reasonable season. Slight dip but season okay.
- Lemons were good.
- Oranges performed reasonably well – navel varieties did reasonably well. Russian forum managed info very well, up until summer period started. Valencias started being exported.
- Star Ruby Grapefruit – Israeli season went on much longer than anticipated. Bumper crop expected; to Russia, the volume that went was 1.12mil cartons.
- Exchange rate had a big impact – buying power of Russian people also a big problem.
- CBS – before re-exporting, lots of COD's coming to Russia's way. But this makes managing shipments into Russia very difficult.
- Marking issue/labelling issue a big problem that needs to be addressed and dealt with. Anton added that this issue has been placed on the agenda of ITEC – but it is being driven by the SA cultural attaché in Moscow.

❖ Middle East and Japan:

- Late Egyptian orange overlap, but no shelf life.

- War in Iraq had no effect on trade.
- Lemon shortage due to South America.
- Fear of huge additional CBS volumes did not materialise.
- Ramadan on 26 June – favourable, as well as Haj in October.
- CBS Fruit is a natural outlet but excessive.
- COD diversions from Europe on consignments – buyers’ paradise.
- Market assistance prevalent.
- Consignment sales ex South Africa.
- Quick transition from Navels to Valencias (price and CBS).
- Navels: stable but overpriced.
- Lemons: good throughout.
- Valencias: good start but tail end low and slow.
- Excessive Nova volumes (China) and quality.
- Exchange rate favourable/

❖ Far East/China:

- Generally an oversupply of citrus.
- Grapefruit not a pretty picture, especially in the South.
- Prices generally in better in the North than in the South.
- Lemons were great.
- Novas will become more and more of a problem.

❖ India:

- No specific feedback on India. General problem is the duties.
- Need to put pressure on government to be using fresh produce as one of the major levers.

❖ Japan:

- On average a good season. Bigger amount due to shortage of marsh. Exchange rate helped.
- Later grapefruit battled. Consumption was low. Returns in the last months were under pressure.
- Oranges also performed reasonably well.
- The small volumes of lemon did well.

❖ USA/Canada:

- Exporters hesitant to ship to Canada. Canada was the jewel for soft citrus.
- Oranges a tough sale. Just when the shipping season started, received a notification that all shipments to Canada had to go through dithane testing. Problem for the WC as we do not have these chemicals available.
- On the residue tests, the Northern parts of the country were immediately disqualified – left the Eastern Cape and Western Cape to complete the season. Forced Canada to continue with late Navels till the very end.
- Very little Valencia types. Puts a different spin on this – sees the later cultivars as old fruit. A lot of thought must be put into before blocking a market.
- The USA was very good on soft citrus and navels in first half of season. Fourth vessel, they found larvae in one of the shipments. Had to re-palletise. During the month of August, lots of stock build-up.
- End of October, market pretty empty and not doing bad. Limited Midnights, mostly Navel.
- Grapefruit for next season – the orchards are saturated. Need to let the growers know.

- No new markets for grapefruit. Consumption of grapefruit is down in Russia. This is a dangerous strategy going forward.

10. Markings and Labelling Requirements

This matter was held in abeyance until the next CMF.

12. Logistics

This matter was held in abeyance until the next CMF.

13. Electronic Equipment

❖ Agri-HUB:

- The objective of Agri-HUB is to provide more accurate, timeous shipped information.
- There is currently a challenge with regards to obtaining permission letters, and the NAMC was approached to introduce statutory measures which will assist in obtaining information.

❖ Phyt-Clean:

- Mr Paul Hardman stated that at the last CEF there was a call to move towards electronic phyto information.
- Goal is to issue a phytosanitary certificate at the point when the container doors are closed and sealed.
- The idea is to move towards a central database where all the data for the citrus industry (and other industries) will be available.
- The system will support the entire process leading up to phytosanitary export certification.
- Everyone stands to gain, but the key driver is improved phytosanitary risk management.

❖ Project Titan (PPECB):

- The project went live on the 1st of October 2014.
- The service is optional, but vital.
- If all the fruit is done via the tablet system, then electronic certification will be possible. However, people cannot be forced to use the system, but it is for the benefit of the industry.

14. General

Dr Hoppie Nel stated that industry would have to work with DAFF with regards to bio-security. Further to this, Dr Graham Barry presented briefly on the proposed Nova Specifications

❖ Proposed Nova Specifications:

- The proposal is to pack the fruit according to its colour - orange fruit for Far East, and yellow for the non-discerning market.
- Separation of colour and minimum standards from PPECB; granulation from 50% to 5%. This is done through the soft citrus variety focus groups.
- The whole protocol of China must be relooked. Concern that they grey channel will destroy certain varieties. More research needs to be done to try and negotiate a systems approach with China to move away from a 24-day steric.
- The deadline is the 20th of November for Mr Madiba to make the decision within the group.

It was further noted that an industry meeting was held with the new Minister of DAFF. Various issues were raised and addressed, in particular the issue of market access and market development.

15. Date of next meeting

To be decided.

16. Adjournment

The Chairman thanked the CMF Members for their participation during the meeting, and wished everyone well for the forthcoming citrus season. The meeting adjourned at approximately 15h00.



ATTENDANCE REGISTER

Name	Organisation
Adelaide Mudama	DAFF
Adolf Kieviet	Freshworld
Andiswa Mbontsi	DAFF
Andre Carstens	Link SCM
Anita Kruger	Zestfruit
Anton Bonnema	Niche Fruit
Anton Kruger	FPEF
Anton van Zyk	Unichoice
Bernhard Treptow	Unifrutti SA
Bertus Swart	InSeason
Carl van der Westhuizen	Sinogold
Charlaine Opperman	Niche Fruit
Christo Botha	Capespan
Cobus van Graan	Fruitone
Corne Boshoff	WP Fresh
Cornel van der Merwe	Komati
Cyril Juilius	PPECB
Danie Verwoerd	Delica Global
Dawie Senekal	In2Fruit
Delmaine Esterhuizen	Lona Citrus
Deon Joubert	Unifrutti SA
Deon Joubert	CGA
Derek Sutton	Lona Citrus
Dominique Nel	Grown4U
Elizna Rossouw	Core Fruit
Elma Carstens	CRI
Esona Seku	DAFF
Evette Roux	Core Fruit
Francois Moller	DAFF
Francois Myburgh	Unichoice
Francois Roux	Seven Seas
Gabrie van Eeden	GHS
Gary Britz	ELE Trading
Gcobani Tsako	DAFF
Graham Barry	XLnTCitrus
Grant du Preez	WP Fresh
Hannes de Waal	SRCC
Hendrik Warnich	Zestfruit
Hercules Myburgh	Favourite Fresh Export
Hoppie Nel	CRI
Ida Viljoen	PPECB
Irving Davelaar	Lona Citrus

J. Strauss	FTI
Jaco Koorts	WP Fresh
Jacques Vermeulen	Cordstrap
Jan Carel Kritzinger	Zestfruit
Jan-Louis Pretorius	Groep91
Johan Botha	Hydix
Johan Brits	Afrifresh
John Edmonds	CGA
John Ferreira	Mouton Citrus
John Gray	PPECB
John Morgan	Core Fruit
Jordaan Dippenaar	Grown4U
JP Bezuidenhout	Afrifresh
Justin Chadwick	CGA
Kobus Odendaal	
Lambert van der Westhuizen	Unifrutti SA
Laurie van der Westhuizen	OSF
Lize Ferreira	Core Fruit
Malcolm Dodd	Stellenbosch University
Margarent Ann McGregor	
Margeurite van Staden	Dole
Margot du Preez	WP Fresh
Mark Jensen	SAFPRO
Marlene Calitz	Freshgold SA
Marli du Toit	Lona Citrus
Martin le Roux	FVC International
Martina Odendaal	SSFG
Maryke van Blerk	Unifrutti SA
Mashudu Silimela	DAFF
Michael Bergman	WP Fresh
Michaela Swanson	Migratus
Mphumeleli Mjoli	DAFF
Mzo Makhanya	
Neil Truter	Vanguard
Nic Smit	Tesci
Nicola Laurie	WP Fresh
Niklas Smit	Mouton Citrus
Patrick Bird	Dole
Paul Ferreira	DNE
Paul Hardman	CGA
Paul Marais	Freshgold SA
Philile Lukhele	DAFF
Phillip Burger	In2Fruit
Remember Dhlombe	DAFF
Revan Vos	Freshgold SA
Riaan Ellis	Unifrutti SA
Rikus Groenewald	Mouton Citrus

Robert Britz	OSF
Roleen Carstens	ARC
Ronald Ferreira	San Miguel
Rory Nettorville	Zestfruit
Rowan Vickery	Capespan
Sam Stevens	Link SCM
Stephan Cilliers	Soleil Citrus
Steve Turner	Core Fruit
Stuart Symington	PPECB
Susan de Villiers	Zestfruit
Vaughan Hattingh	CRI
Visan Chetty	PPECB
Willie Beets	Seven Seas
Yolanda van Staden	Cape Citrus
Zaheer Hoosen	PPECB

