

NAVEL FOCUS GROUP

MINUTES OF THE NAVEL FOCUS GROUP TELECONFERENCE HELD AT 11:00 ON 21 JUNE 2016

1. Welcome

The chairman, Gabriele Van Eeden welcomed members from both the Navel Focus Group and Valencia Focus Groups and invited all to participate in the discussions.

Present:

Gabrie van Eeden	(Chairman)	Western Cape
Hannes de Waal	(Vice Chairman)	Sunday's River Valley
Hendrik Schoeman		Senwes
Barry Mildenhall		Eastern Cape Midlands
Phillip Dempsey		Patensie
Graham Piner		Nelspruit
Graham Barry		(observer – on behalf of CGA)
John Edmonds		secretariat – CGA

Also in Attendance from the Valencia Focus Group:

Deon Joubert	Sunday's River Valley
Gerrita Duberly	Letsitele
Peter Nicholson	Limpopo River (vice chairman)
George Brown	Swaziland
Paul Bristow	Zimbabwe
Tertius Meyer	Patensie

2. Apologies:

Peter Button
Jaco Burger

S-Kzn
Boland

3. Approval of Minutes of Meeting held on 18 May 2016.

Graham Piner noted that his comments that Nelspruit revised their projection down by 100 000 cartons was not recorded. John Edmonds will correct the minutes. Subject to this correction, the minutes were approved.

4. Matters Arising from Minutes

There were no matters arising.

5. Cultivar List

Graham Barry noted the work done by Paul Hardman in compiling a standard list for electronic data capture. A combined Navel and Valencia list had been circulated to the variety focus group. The purpose of circulating the spreadsheets was to give another opportunity for growers to have their inputs before the cutoff date at the end of July. He noted that the list is about 99% complete and accurate but will still require updating from time to time. He requested that if anybody wanted to make inputs, they use the most recent version of the document as a reference.

6. Projections for 2016 (Please refer to the appendix1 below for the latest projections.)

Overall the projection is 10.5% down on the March estimate of 25.1 million cartons to 22.5 million cartons.

Gabrie van Eeden asked John Edmonds to investigate the difference in the 2014 Agrihub final shipping volume of 26.19 million cartons and the corresponding reported PPECB inspection volume of 24.46 million cartons.

Boland: Gabriele Van Eeden felt that the original estimate was too high and suggested it be revised down by about 50 000 cartons to 320 000. John Edmonds will confirm with Jaco Burger.

Eastern Cape Midlands: Barry Mildenhall reported that while pack-outs are currently good they will deteriorate in the next two to three weeks due to a high incidence of creasing. Fruit size is big.

Nelspruit: Graham Piner revised his projection down another 100 000 cartons to 1.36 million cartons from the original 1.56 million cartons.

Patensie: Philip Dempsey dropped his projection by 1.1 million cartons from his original estimate citing creasing problems, lower pack-outs and smaller sizes.

Year to date volumes are up on last year because they are trying to finish early. The local coop will finish packing navels next week. Tertius Meyer concurred with Phillip's evaluation adding that he expected a 20 to 25 percent drop in volumes due to small sizes and creasing.

Sunday's River Valley: Deon Joubert reported major creasing and sizing challenges and suggested that the projection be revised down to 6 million cartons. Hannes de Waal was able to join the teleconference at this stage and it was agreed that the projection be revised to 5.75 million cartons.

Senwes: Hendrik Schoeman said that he was getting mixed signals from his area. Although packed to date (end week 23) indicated that they had packed 65% of their estimated volume, growers he had spoken to said that they were only half way with their packing. Quality issues arising from the hail damage had reduced their crop but this had been accounted for in the estimate. For now his projection remains unchanged.

Western Cape: Gabriele Van Eeden revised his projection down 8% to 6.6 million cartons compared to his original estimate of 7.2 million cartons. The drought effect on volume and sizes had been greater than estimated and a recent wind storm had also accounted for about 100 000 cartons. Quality is good but the volumes are down.

Hannes de Waal felt that this is a very difficult year for estimates and projections. He said that it would be useful if a weekly projection of packing for the next four weeks could be provided by the bigger pack-houses. John Edmonds undertook to investigate the possibilities of facilitating this.

Gabrie van Eeden summarized saying that the latest feedback and projections points to an early finish to the season with export volumes being 2.6 million cartons or 10.5% lower than originally expected. It is important to get this message to the markets.

The higher packing tempo earlier in the season may give a false impression. Hannes de Waal suggested that the good weather could have played a part. Typically one could expect to have lost about 15 days total packing days due to weather at this stage in the season. However, they had only lost one day this year.

7. Markets

China and Eastern markets: HDW noted that South East Asia markets were generally "soft". After initial good prices in China there had been a deterioration and the reasons remain unclear at this stage. The same situation was also the case for lemons and Novas.

Russia:

Hannes said that this market is also becoming softer. Prices are about a dollar less than expected and there is still a lot of Egyptian fruit in the market.

Europe:

After initially expecting this market to remain strong Hannes felt that it was also becoming softer. He suggested that E.U. receivers expect a big volume of South African citrus this year.

Middle East:

Hannes de Waal noted that the early Ramadan had been very positive for navel growers. Hendrik Schoeman supported this view, noting that Pacific Rim and Middle East sales were good. Overall a better year than last year is expected for the Middle East market.

USA:

Gabrie van Eeden reported that with the late Californian crop and their still being in the market, the first vessel will only arrive in USA this week. As a result the Western Cape early fruit had gone to other markets so volumes to this market would be less but prices expected to be strong. Questioned about the smaller fruit in the Western Cape this season, Gabriele reported that buying patterns have changed in this market with an increased demand for bagged product, typically containing counts 72 to 88s. The downside to this was that prices for 88s are about equivalent to those of the Middle East.

Hannes remarked that he had seen four consecutive reports from one source where poor colour of South African navels were mentioned. He cautioned that poor colour could become synonymous with South Africa navels which would hurt the South African brand.

8. Next Meeting.

The next teleconference will be held jointly with the Valencia Focus Group on 20 July at 11:00.

Appendix1:

Projection of Navels volume to be packed for Export in 2016 (15kg equivalent cartons.)

Year	Boland	E. Cape Midlands	Nelspruit	Patensie	S.R. Valley	Senwes	S-KZN	VaalHarts	W. Cape	Other	South Africa
2015	326 085	909 310	1 629 346	3 045 968	6 034 947	5 539 406	215 387	219 617	6 282 791	258 081	24 460 938
est 2016	371 737	850 000	1 560 000	3 310 000	6 460 000	4 763 889	150 000	220 000	7 175 000	255 000	25 115 626
PROJECTION	320 000	850 000	1 360 000	2 200 000	5 750 000	4 763 889	150 000	220 000	6 600 000	255 000	22 468 889
% chg from estimate	-13.9%		-12.8%	-33.5%	-11.0%				-8.0%		-10.5%