



Supporting citrus growers to be globally competitive
Citrus Growers' Association



Citrus Growers' Association

of Southern Africa
Reg. No, 2000/010147/08

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Our Mission

The Citrus Growers' Association will maximise the long-term profitability of its members

Strategic Objectives

- Administer, fund and resource the CGA Group
- Gain, retain and optimise market access
- Fund, control and implement research and development
- Provide product and quality assurance
- Engage with government and other stakeholders
- Assist grower profitability and sustainability
- Drive industry transformation
- Facilitate efficient logistics

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“The people who get on in this world are the people who get up and look for the circumstances they want and, if they can't find them, they MAKE them”

George Bernard Shaw

As we review the 2015 season (what we growers call a financial year), I am proud to say we got on in this world, figuratively and literally. Despite more challenging circumstances - mostly out of our control - people in our midst made the 2015 season another success story for the South African citrus industry. Success of this magnitude is not achieved by itself, it is a culmination of hard work and strategy: a powerful and unified grower community, a strong and visionary Board to guide, a brilliant management and personnel team to fulfil those visions and communication to steer everyone involved in our Industry. Sincere thanks to growers who provided leadership and guidance and created solutions.

The CGA's mission statement of: Gain, Retain and Optimise market access, has been challenged by the sheer growth of the Industry, new market Protectionism risks and the Department of Agriculture, Forestry and Fisheries (DAFF) finding it difficult to cope with the growth and demands of international trade. However, the Board took a strategic decision to assist DAFF in every possible way. We are trying our best to build relationships to ensure a solution for every problem. Considering an employment figure of 870,000 people in Agriculture, of which the citrus industry employs about 125,000 and R1,4 billion in salaries, Government would earn a great dividend by a small investment in capacity to grow exports.

Die droogte van 2015/16: Ongetwyfeld die gebeurtenis wat alle ander risikos oorskadu,

ons produseer 'n produk wat water nodig het - in volume en kwaliteit. Ons is afhanklik van die Groot Voorsiener en ek kan slegs my meegevoel betuig waar droogte en/of hael u oeste benadeel het. Winston Churchill het gesê: “Success consists of going from failure to failure without loss of enthusiasm”, behou die entoesiasme en positiewiteit.

CGA Grower Development Company (GDC):

One of the highlights of the year was the launch of the CGA GDC. Not only a successful evening attended by Minister Senzeni Zokwana, but the work that has gone into the first 10 champion projects. With the requirement of 20% of our levy for transformation, we are effectively contributing 12c/export carton to the GDC making us the leading industry in agriculture. Still we are maintaining and growing all other areas of activities with the remaining 80%. That is testament to great financial management and administration. At the helm of the CGA GDC is Dr. Mono Mashaba. We wish him well with this great endeavour. As Mark Twain said: “Always do right - this will gratify some people and astonish the rest.”

A perspective of the 2015 season:

- 118 million export cartons vs 115 million in 2014.
- R13,2 billion export revenue - the biggest taxpayer as an agricultural industry.
- 6% Year on year growth for the past 15 years - the second biggest exporter of citrus in the world with 1,7 million tonnes.
- Employing in the region of 125,000 people or 14% of the agricultural job market.
- 3 million cartons to new markets.



PIETER NORTJE | Chairman

- CBS interceptions in EU down to 15 from 700,000 tons (2014-28, 2013-35).
- Governmental backing acquired for the EU-CBS dilemma.
- Acquisition of 100% of XSIT.

We are a dynamic Industry, employing mostly unskilled workers, supplying first class fruit to a global market, with limited resources and assistance. We can on average create a permanent job opportunity for every R400,000 capital development compared to a National figure of R2 million. We have managed ourselves into a world class industry. This would not have been possible without a unified grower community supporting the CGA of SA.

Ek wil elke individu wat in al die strukture en in diens van die CGA is, hartlik en opreg bedank vir u onbaatsugtige en reuse bydrae om hierdie Industrie bymekaar te hou en te bou tot die vlak waar ons vandag as leiers in die Sitruswêreld geag word. Dankie aan elke Groeier vir opbouende kritiek, ondersteuning en bydrae tot die Industrie. Mag die Groot Tuinier u almal in 2016 seën met Sy vrugte.



JUSTIN CHADWICK | CEO

2015 will be remembered for all the right reasons. For southern African citrus exporters the main drivers influencing returns were all positive.

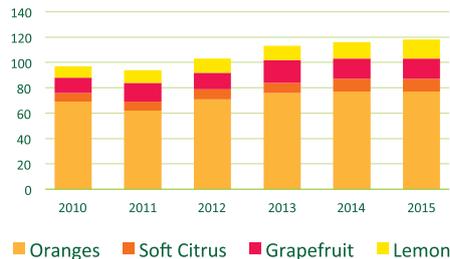
Record Volumes

The 2016 season yielded record export volumes with 118 million 15 Kg cartons exported to all destinations. This equates to 1.77 million tons of citrus exported. Oranges made up more than 60% of exports at 1.13 million tons; a little less than the 2013 record of 1.134 million tons. Grapefruit at 228 813 tons was also off the record 2013 export volume of 252 930 tons. Soft Citrus (150 002 tons) and lemons (226 105 tons) were both record volumes.

This volume growth (from 100 million cartons in 2012 to almost 120 million cartons in 2015) was done on the back of an aggressive campaign to open new markets, and to retain and optimize existing markets. Big growth has

taken place in markets in Asia, while retaining the EU market has meant this remains the market of choice for the majority of the fruit.

Southern African Citrus Exports (15kg cartons)



Exchange Rate

2015 saw the South African Rand go into free fall (which impacted on the neighbouring Zimbabwean and Swazi currencies). In January 2015 one US \$ got you R11.56; by November 2015 this had risen to R13.80 - a depreciation of almost 20%. Although the Rand did also depreciate against the Euro this was at a modest 9% (from R14 to the Euro in January to R15.20 in November). Although in the short term this means higher earnings in Rand terms; in the longer term a weakening currency fuels inflation and leads to higher input costs.

Rand/US\$ Exchange Rate



Oil Price

Transport is the biggest cost item for all exporting citrus from the southern tip of Africa. This includes transport from production area to the ports (which differs substantially depending on the location, but is considerable for those in the north of the country) and shipping costs. From the highs of over US\$ 105 per barrel in 2013 the oil price plunged to just over US\$40 per barrel in 2015. The weaker rand did offset some of the gains from the weaker oil price.

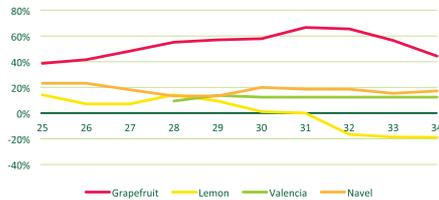
Oil Price (US\$/Barrel)



Market Prices

With 40% of southern African citrus going to EU, prices in that market have a significant influence on total returns. 2015 showed an increase in prices as compared to 2014 for navel, valencia and grapefruit. Although lemon prices dipped below 2014 towards the end of the season this was off a high price last year. Market prices in other regions followed the trends in the EU.

Northern Europe Prices (FOT Euro/Kg) 2015 vs 2014



Record Gross Export Earnings

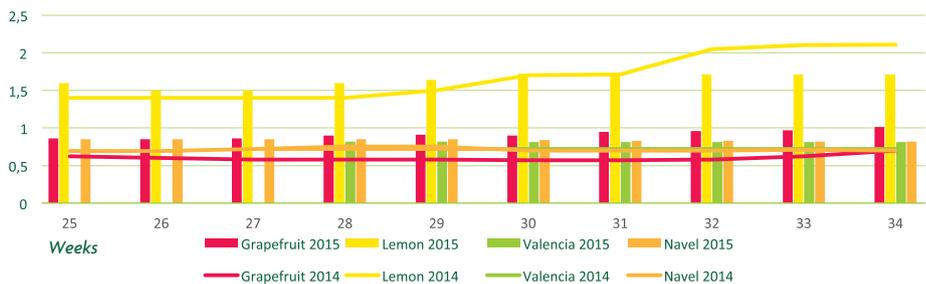
The factors listed above resulted in the highest export earnings from southern African citrus - some R13.2 Billion. 92% of citrus earnings comes from the export sector; with the remaining 8% evenly split between local market and processing.

Conclusion

As we enter a very uncertain 2016 season growers are fully aware of the challenges that lie ahead. A hot and dry summer, especially in the northern regions, means that the estimated volumes have decreased; oil prices are starting to recover which is having an impact on transport and shipping costs. The southern African region is facing challenges in terms of policy uncertainty and leadership concerns - which impacts on the economy and exchange rates. It is extremely unlikely that southern African citrus growers will again experience the favorable conditions that prevailed in 2015.



Northern Europe Prices (FOT Euro/Kg)



ADMINISTRATION

Administration



GLORIA WEARE
Executive Assistant to CEO

Governance

The grower members of the CGA select a Board of Directors to represent them in matters pertaining to citrus related issues which assist them in being able to export their citrus world-wide. During 2015 the Pongola region amalgamated with Swaziland.

These Directors sit on the Board for a two year period, after which the growers nominate and elect their chosen representative for the next period. Two additional directors are also elected to represent emerging growers in the northern and southern regions.

Apart from the regional directors, there is also a non-regional director who chairs the Audit Committee, keeping a close watch on the financial and legal responsibilities of the CGA.

The National Agricultural Marketing Council (NAMC), through whom the citrus levy is approved, attends all Board meetings and AGMs.

The Directors, and the Executive Committee in particular, are thanked for the time and effort they put into ensuring that the CGA runs true to the mandate entrusted to them by the growers.

CGA Board of Directors

Changes to the Board | April 2015 - March 2016

Resignations:

Israel Nemaorani - PDI North (August 2015);
Antoine Rouillard - Pongola (August 2015)

Appointments:

Samson Qomondi - PDI North (February 2016)

Dates of Board Meetings

27th August 2015, Intercontinental Hotel, Jhb

Apologies: Piet Smit, Jock Danckwerts,
Charles Rossouw

18th February 2016, Africanos Hotel, Sundays

River Valley. *Apologies:* Per Noddeboe,
Bertus Dillman, Mike Woodburn, Ben Vorster

Executive Committee

Pieter Nortje - Chairman

Piet Smit - vice Chairman

George Hall, Ben Vorster, Fanie Meyer



Pieter Nortje



Piet Smit



George Hall



Fanie Meyer



Ben Vorster

REPRESENTATION

Representation

The CGA has representation on various Boards and Committees

Citrus Research International (CRI) grower representatives: Hoppie Nel, Piet Smit, Fanie Meyer, Deon Joubert, Louis von Broembsen, Mike Woodburn

Citrus Marketing Forum (CMF): Peter Nicholson, Gabriele van Eeden, Cornel van der Merwe

Citrus Industry Trust (CIT): Mark Fry
Xsit: Piet Smit (Citrusdal)

River Bioscience: George Hall, Paul Marais

CGA Cultivar Company (CGA CC):
Barend Vorster, George Hall

Citrus Improvement Scheme (CIP):
Jock Danckwerts, Paul Hardman

Citrus Academy: Cornel van der Merwe, Phillip Dempsey, Tim Wafer, Hannes Hobbs

Audit Committee - now Finance and Risk Review Committee (FRRC): Flip Smit, Mike Woodburn, Andrew Muller

SPS/CLAM/CFSC/BI Steering Committee:
Vaughan Hattingh

MRL-FSF/SHAFFE MRL Work Group/SIZA:
Paul Hardman

FSA/SAFJ/SHAFFE/ATF: Justin Chadwick

Market Access Committee: Elma Carstens

Agri Hub Board: John Edmonds

CBS Disaster Management Committee:
Charles Rossouw, Ben Vorster, Jock Danckwerts, Cornel van der Merwe, Piet Smit (Citrusdal),

Peter Nicholson, Hannes de Waal, Deon Joubert, (Justin Chadwick, Vaughan Hattingh in attendance)

FCM Disaster Management Committee:
Hoppie Nel, Piet Smit (Citrusdal), Per Noddeboe, Fanie Meyer, Francois Dillman, Jock Danckwerts

Agri SA: Antoine Rouillard, Charles Rossouw

PPECB: Tini Engelbrecht, Luyanda Kutta

Citrus Growers Development Chamber:
Isreal Nemaorani, Hannes Hobbs

CGA Grower Development Company:
Juliette du Preez



Roadshows

In February/March 2016 the CGA held roadshows around the citrus growing areas of South Africa and Swaziland. (Zimbabwe growers travelled to Limpopo and held a joint roadshow at Tshipise).

From 22 to 26 February, Justin Chadwick and his group: Mitchell Brooke and John Edmonds (CGA), Jacomien de Klerk (CA), Jonny Roberts (CGA CC), Tim Grout (CRI) and Nancy O'Farrell (CGA E Coast Regional Administrator); visited Nkwalini, Swaziland, Nelspruit and Onderberg. During the same week Paul Hardman took his group comprising Robert Miller, Gloria Weare, Deon Joubert (CGA), Desiree Schonken (CA), Lukhanyo Nkombisa (CGA GDC), Vaughan Hattingh (CRI), Keith Danckwerts (RB), and Juanita Niewoudt (CGA W and N Cape Regional Administrator), to Paarl (Boland), Citrusdal (W Cape) and Kakamas (N Cape).

In the following week 29 February to 4 March, Justin and his group: Jacomien, John, Jonny, Portia (CGA intern), and Bianca Marais (CGA E Cape regional Administrator); visited growers in the E Cape Midlands, Sundays River and Patensie.

Paul took his group now comprising Robert, Mitchell, Lukhanyo, Desiree, Deon, Vaughan, Keith and either Lorraine Prinsloo or Alexan Coetzer (CGA Regional Administrators for West and East Limpopo), to Limpopo River (Tshipise), Letsitele, Hoedspruit and Senwes (Globlersdal). In March the small group of growers in South KZN were visited by all the office staff of CGA and Citrus Academy who accompanied

COMMUNICATION *Communication*

Paul for the last Roadshow of the year.

The main topics for discussion were the forthcoming levy application for the 2017 to 2020 levy period, and the new transformation company (CGA Grower Development Company) which officially commenced operations in October 2015.

The CGA team put forward their presentations concentrating on the need for the increase in the levy to cover additional points which had



been agreed at the Strategic Planning Meeting held by the CGA Board of Directors the week before in Sundays River. Growers were given the opportunity to ask questions and to comment for or against. It was noted at each meeting that the response was very positive.



CGA Citrus Summit

Following on from the success of the first CGA Citrus Summit held in Phalaborwa in the north of the country in March 2015, the CGA Board decided that the next Summit will be held in March 2017 in the Eastern Cape. The dates and venue have already been set - 8th and 9th March 2017 at the Boardwalk Hotel in Summerstrand, Port Elizabeth. The CGA website will be updated regularly with any more news and information on when registrations for this prestigious event will be opening.

From the Desk of the CEO

This continues to be a popular form of summarising newsworthy items of information into one page for growers and associated stakeholders. Recipients now exceed 1 200. Anyone can request to be added to this mailing list - email gloria@cga.co.za. Justin can also be followed on his Twitter address [justchad_cga](https://twitter.com/justchad_cga) (he now has over 320 followers).

CGA Website

The CGA website www.cga.co.za underwent a re-vamp late in 2015 and now requires all current members to apply on the website for new password details which are generated automatically in order to access the Member Login section. Members of the Fresh Produce Exporters Forum can also access this section, as can associated companies who register with CMF (Citrus Marketing Forum) and pay an annual membership fee of R3 000. All requests for access come through to the CGA for vetting prior to approval being given to safeguard the confidentiality of this section for its members. The website is very user friendly with the sub sections listed on the left of the member page. Any new articles are listed on the Home Page with a note as to which page it can be found. The home page has sections that can be viewed by anyone without a password.

SA Fruit Journal

This publication which is jointly owned by SA Table Grapes, SA Stone Fruit, SA Apple and Pear, Fresh Produce Exporters Forum and Citrus Growers Association continues to be a popular

news magazine which is distributed free of charge to all members of the above associations every two months. CGA staff submit articles of interest to citrus growers and stakeholders in their own particular fields of expertise. Anyone wishing to advertise in this Journal please contact sales@safj.co.za.

Citrus Resource Warehouse

The Citrus Academy is working on a website designed to store a wide range of documents relevant to the citrus industry. On this site you will find everything from research reports, extension briefs, learning material, media articles and newsletters, legislation and regulations and much more, all in searchable PDF format. You can now access the resource warehouse, at www.crw.org.za.

Other Reports

CGA has an in house Communication Tool whereby the staff can communicate directly with different groups within the industry. In this way the various groups receive regular Global Citrus Scans, Logistics Reports, Cutting Edge publications, Consumer Assurance articles as well as Phytclean notices.



The main functions of the variety focus groups are setting the initial season estimates for exports, monitoring the packed and shipped information provided by the service providers, appraising ruling market conditions and updating the export predictions during the course of the season.

The information from these variety focus groups is distributed at CMF meetings, in the Minutes made available on the CGA website and in the CEO's weekly newsletter. The variety focus groups also have the responsibility of giving their opinion on dispensation requests referred to them by DAFF. The variety focus groups met regularly during the 2015/6 season with the CGA Information Manager convening the meetings and acting as secretariat.

The CGA is indebted to these people for giving their time to serve their fellow growers.



The regional representatives of the variety focus groups for the 2016 season:

Region	Valencia	Navel	Lemon	Grapefruit	Soft Citrus
Boland			R. Allen		S. Bruwer
Western Cape	S. Engelbrecht	G. van Eeden**	B. Mouton		G. vd Merwe
Patensie	T. Meyer	P. Dempsey	P. Dempsey		M. Odendaal**
Sundays River	D. Joubert**	H. de Waal *	H. de Waal**	H.de Waal	C. Tibshraeny
E. Cape Midlands		B. Mildenhall	D. de Villiers		J. Danckwerts*
KZN Midlands		P. Button	P. Button		
Pongola	A Rouillard			A Rouillard	
Nkwalini	M. Wafer			M. Wafer	
Onderberg	C. vd Merwe			M. Neethling	
Nelspruit	A. Muller	G. Piner	G. Turner*		A.J. Esser
Swaziland	G. Brown			S. Geldenhuys	
Letsitele	B. Vorster			J.L. Pretorius**	A.Cooper
Hoedspruit	F. Meyer		G.Bezuidenhout	K. van Staden*	
Orange River	A. Spangenberg			J. Spangenberg	M. Bester
Limpopo River	P. Nicholson*		P. Nicholson	D. Erasmus	
Senwes	M. vd Heever	H. Schoeman	P. Pullinger		I. Upton

** Chairman * Vice Chairman

The Citrus Development Chamber representatives on the variety focus groups:

Valencia	Navel	Lemon	Grapefruit	Soft Citrus
S. Qomondi	E. Nohamba	P. Shiba	M. Makhanya	L. Mgadle

During 2015/16 the following meetings were held by the focus groups:

Month	Grapefruit	Valencia	Navel	Lemon	Soft Citrus	Total
January					1	1
March		Joint	Meeting			1
April	2				1	3
May	1		1		1	3
June	1		1		1	3
July		1	1	1	1	4
August		1	1	1	1	4
September		1			1	2
Total	4	3	4	2	7	21



ROBERT MILLER

Financial & Business
Administration Manager



CGA Levy

The CGA administers the statutory levy due on all citrus exported. This levy is allocated to fund research and technical support, market access, market development, consumer assurance, information, logistics, transformation and administration services for the benefit of citrus growers in Southern Africa.

Most of these functions are carried out directly by the CGA except for:

- Research and technical support services which are carried out on behalf of the CGA by Citrus Research International.
- Transformation services which will now be carried out on behalf of the CGA through the newly formed CGA GDC.
- Human capacity development (transformation) which is carried out by the Citrus Academy.

The CGA collected R61 million in levies during the 2015 / 2016 financial year.

The statutory levy for the 2016 season, which is the final year of the currently approved levy collection period, is 56 cents per 15kg carton.

Group Finance and Risk Review Committee

During the year, the CGA Audit Committee was reformed as the CGA Group Finance and Risk Review Committee (FRRC). The members of this committee for the 2015 / 2016 financial year were Flip Smit (FRRC Chairman) and Mike Woodburn (CGA Director South KZN). Antoine Rouillard (CGA Director Pongola) resigned from the committee and was replaced by Andrew Muller (CGA Director Nelspruit)

The main function of the FRRC is to provide oversight and guidance to the various CGA group companies' boards on risk, financial and internal control management. The FRRC also ensures compliance with various corporate governance and company regulations and requirements.

The FRRC held two meetings during the financial year on 15 July 2015 and 27 January 2016.

CGA STAFF

Back row: Robert Miller, Rauff Dawood,
Faisal Asmal, Paul Hardman,
Justin Chadwick, John Edmonds
Seated: Liane Esch, Belinda Goosen,
Portia Gas, Gloria Weare
Absent: Mitchell Brook



Some of the main risks to the CGA that were identified are as follows:

Risk	Status / Mitigation
<p>Effect of phytosanitary constraints on export volumes and associated levy income:</p> <p>Citrus Black spot (CBS)</p> <p>False Codling Moth (FCM)</p> <p>Bactrocera Dorsalis</p>	<p>CBS management committee in place. Special Envoy is engaged with various role players on this matter. Government is being engaged. New export markets are being developed. Additional funds allocated to CRI for research on CBS.</p> <p>FCM management committee is in place to assess, monitor and manage this risk. Expansion of XSIT programme to new regions. Discussions have been initiated with government</p> <p>Is established in some regions in South Africa. Movement of fruit out of these areas is controlled. CGA and CRI steering committee action plan is in place and being managed by the committee. Other fruit groups have provided contributions towards the management of this risk.</p>
<p>Logistical constraints on export volumes and levy income</p>	<p>Logistics Manager is employed to address this risk. Currently working on decreasing supply chain costs, monitoring and advising on reducing congestion and improving efficiency at ports. Increasing exports through alternative ports. Shipping cost escalations and national roads legislation is being addressed.</p>
<p>Socio-political constraints on export volumes and associated levy income</p>	<p>CGA Grower Development Company has been formed to focus on transformation and develop relationships with DAFF and other government departments. Fruit Industry Value Chain Round Table - a partnership between the fruit industry and government- has been formed.</p>
<p>Buy in from producers - constraints this may have on future levy approval and income</p>	<p>CGA holds a Citrus Summit every two years and conducts roadshows to each citrus producing area in alternate years. Regular communication with growers through a weekly newsletter and various other Publications. Growers are also informed through a communication database.</p>
<p>Mismanagement of company expenditure and corruption putting company assets and funds at risk.</p>	<p>Two person release system in place on banking system. All payments are checked and authorised by Finance Manager and CEO. Payments are also checked that they are in line with the approved budget. Regular financial reporting is provided to the FRRC, CGA Board and Executive. Annual audit is conducted.</p>
<p>IT Systems failure putting industry data at risk and resulting in the company being unable to operate.</p>	<p>Information Manager is employed to address this risk. Regular backup of data takes place. Offsite backup and storage of company data is in place and constantly monitored. Finance and accounting data is backed up to off-site location daily.</p>



MITCHELL BROOKE
Logistics Development Manager



Durban Reefer Container Operations Forum (DRCOF)

The CGA has continued with the joint operations forum in Durban in collaboration with Transnet Port Terminals (TPT) and PPECB. The aim of the forum is to identify where the major constraints are in terms of ensuring [citrus] reefer containers are handled efficiently and effectively. The CGA appointed a consultant to chair the forums and to communicate on behalf of the citrus industry. Training sessions were conducted with Durban cold store operators to present ways to plan more effectively to ensure containers move through the port effectively. The 3 main areas of focus of the DRCOF were:

- Ensure stakeholders are effectively kept up to date on Durban Container Terminal (DCT) planning,
- Ensure reefer containers are effectively managed at DCT,
- Consult with DCT and stakeholders to identify effective methods to increase the throughput of reefer containers in Durban.

Eastern Cape Reefer Container Operations Forum (ERCOF)

The CGA also continued with the ERCOF to ensure stakeholders in the Eastern Cape region were aligned to the region's growth potential. During the 2014 season there were major constraints to export citrus in containers due to a lack of available reefer equipment. The

CGA consulted with the various shipping lines to convey the growth potential for citrus from the region and thus ensuring that equipment supply was available to meet the demand. There were no issues relating to the lack of equipment supply during the 2015 season. Another aim of the ERCOF is to identify where any major constraints were in the successful execution of [citrus] reefer container operations in the region.

Citrus Rail Transportation

[Citrus] Rail operations worked relatively smoothly during the 2015 season with an increased number of [citrus] reefer containers transported by rail to the ports of Durban and Cape Town. There were roughly 1,250 reefer containers that transported citrus from Limpopo to Durban and Cape Town. The main rail operations during the 2015 season were:

- Two 38 wagon reefer sets equipped with Genset units transporting containers between Tzaneen and Durban, Tzaneen and Cape Town, and
- [Citrus] Reefer containers transported between Pretoria to Durban. These containers are predominantly packed in Marble Hall and transported by road to Pretcon rail hub in Pretoria then railed to Durban.

Development of Standard Operating Procedures between PPECB and Transnet Port Terminals (TPT)

A major problem that was identified during the 2015 citrus season was the poor management of [citrus] reefer containers at the port container terminals. These terminals are primarily operated by TPT. The CGA hosted a meeting between PPECB, DAFF and TPT, the objective of the meeting was to propose a Service Level Agreement (SLA) or Standard Operating Procedures (SOP), this was agreed upon between PPECB and TPT. TPT and PPECB are developing systems to properly manage and monitor the activities of [citrus] reefer containers whilst being staged at the terminals.

Transnet State Owned Company (SOC) Memorandum of Understanding (MoU)

At the beginning of the 2015 season the CGA completed a study to determine the economic impact of Transnet and the operating divisions of Transnet. I.e. Transnet Port Terminals (TPT), Transnet National Ports Authority (TNPA) and Transnet Freight Rail (TFR). A delegation from the fruit industry presented the study to the Parliamentary Committee on Public Enterprises. The aim of the engagement was to draw attention to the need for Transnet to direct more focus to the fruit export industry. Transnet responded by proposing that a MoU be signed between Transnet and the fruit industry, the MoU has been drafted and

compromises key areas where Transnet will cooperate to ensure the fruit industry requirements are met.

Logistics Communication

Various mediums were used as platforms to present logistics initiatives to the citrus industry. This was done at the CRI Packhouse Workshops, the PPECB pre-season meetings, The South African Shippers, Transport and Logistics Council (SASTaLC) business briefing sessions and Transnet Workshops. Logistics reports are communicated to the industry on a weekly basis to identify volume flows through the main ports.





JOHN EDMONDS
Information Manager

The CGA and Fresh Produce Exporters' Forum (FPEF) jointly fund the procurement of citrus information. Shipping information and reports are made available in terms of our shareholding in AgriHub whilst inspection data is procured from the Perishable Products Export Control Board (PPECB). This information is made available to all members of the Citrus Marketing Forum (CMF).

Tree Census

The annual tree census was compiled from data collected during DAFF's orchard registration process for exports. Thanks to Paul Hardman for his efforts in facilitating the electronic registration process and Department of Agriculture Forestry and Fisheries (DAFF) for their cooperation. Additional information was also provided by Zimbabwe and Swaziland to make the data complete. The results of the tree census are used for information and

forecasting and are included in the Citrus Statistics booklet.

Citrus Statistics Booklet

The annual Citrus Statistics booklet provides high level information on exports, crop distribution and growth trends of the different citrus commodities. The 2015 citrus statistics booklet was published and sent to all grower members of the CGA. Export-related data was supplied by Agrihub and PPECB. Data on local market sales, processing volumes and revenue were obtained from DAFF. Bud-wood sales data supplied by CRI, together with the tree census data, was also published in the booklet.

Variety Focus Groups

The regional Variety focus representatives elected during the CGA road shows held in the beginning of 2015, met initially in March to set the export crop estimate and give feedback to the CMF. Teleconferences were subsequently held during the season to update the crop projection, discuss markets and give DAFF guidance on dispensation requests when

called on to do so. The variety focus groups had twenty-one teleconferences in 2015/16. The variety focus groups' updated crop projections were communicated to the industry via the CEO's weekly newsletter and via minutes published on the CGA web site. The table below shows the original 2015 estimates, the actual volumes achieved, and the estimates for the 2016 season. All figures are in 15 kilogram equivalents. The variety focus groups aim to estimate within 10% of final volumes inspected and passed for export by PPECB inspectors. Overall the estimate in 2015 was 95% accurate with only the Lemon Focus Group exceeding this target.

Another role of the variety focus groups is to review the industry quality standards with other industry role players and make recommendations to guide DAFF in making any amendments to the existing standard. No substantive issues were raised in 2015 and thus a meeting was not warranted. The CGA would like to thank the PPECB and DAFF for their contributions and Dr. Graham Barry for his role

Table showing estimates in 15kg equivalent cartons

Type	2015 Estimate (CGA)	2015 Actual	Difference (Actual vs. Estimate)	2016 Estimate
Valencia	49 085 358	52 707 174	7.4%	46 448 678
Navels	25 136 576	24 460 938	-2.7%	25 115 626
Grapefruit	15 250 133	16 115 683	5.7%	12 366 606
Lemons	13 578 000	15 073 636	11.0%	16 105 900
Soft citrus	10 004 361	9 989 211	-0.4%	11 156 821
Total	113 084 428	118 346 642	4.7%	111 193 631

as an advisor to the South African variety focus groups. At the first joint meeting of the variety focus groups in Johannesburg on 16 March 2016, the role and activities of the groups was reviewed. Opinion was unanimous that the current structures were a valuable asset to the Citrus industry and should be retained in their current form.

Packed Figures

Information on volumes packed was supplied by PPECB on a weekly basis and placed on the CGA website (www.cga.co.za). The packed figures reflected the actual volumes packed to date, previous years packed figures and the estimated packed figures for the current season. These figures were presented on a weekly and cumulative basis.

Shipped Figures

Information on volumes shipped was also supplied by PPECB and Agrihub in 2015. PPECB reports were posted on the website on a weekly basis. These figures show per variety, per week what had been shipped into the different markets compared to the previous year. The passing of an application by Agrihub to the NAMC to make mandatory the provision of specified electronic data flows from growers, exporters, cold stores and terminals to Agrihub together with the cooperation of the growers, exporters, cold stores, terminals and service providers has made more accurate, detailed and up-to-date shipping information available in 2016. A variety of reports can be drawn at any time directly from the Agrihub website and a selection are posted on the CGA website weekly.

Citrus Marketing Forum (CMF)

The CMF is a joint forum between growers, export agents and other role-players. It provides a platform for the sharing of information, initiating research and investigations, and making recommendations on a wide range of industry issues. The CGA and FPEF jointly employ the services of the PPECB to provide shipping and inspection information which is supplied weekly to exporters and growers via email and publication on the members' section of the CGA website. In the 2015/16 year the CMF met twice; on 30 October 2015 and 26 March 2016. The input to the CMF from the variety focus groups with respect to estimates, projections and growers' feedback was facilitated by the CGA. The format and activities of both the variety focus groups and the CMF were fully endorsed by growers at the March 2016 meeting.

International Information Exchange

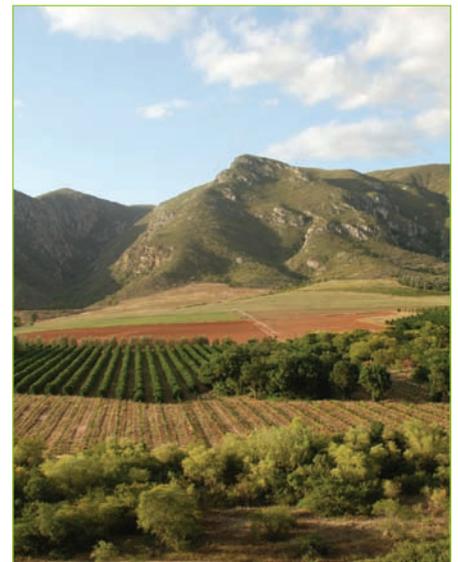
Mediterranean Citrus Industry: 2015 saw the demise of the CLAM organization representing interests of citrus industries in the Mediterranean region, the largest citrus trading block in the world, with about sixty-six percent of the world trade in fresh citrus fruit. CLAM and CGA had shared information pertaining to production and exports from their members. CGA will continue to procure this information via alternative sources.

Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE): The major southern

hemisphere fresh citrus exporting countries participate in a joint initiative whereby members supplied information of shipped by volume and destination to the SHAFFE secretariat that collated and supplied this information to the participating SHAFFE members. The weekly information was published on the CGA website.

Global Citrus Meetings

The CGA participated in Global Citrus Teleconferences during the course of the year. The teleconferences are convened by Freshfel (European Fresh Produce Association) and SHAFFE and typically includes representatives from Spain, Italy, Israel, Turkey, USA, Morocco, Greece, Cyprus, Australia, Argentina, Uruguay and South Africa.



Asia

The focus on developing market access to this region has resulted in exports to Asia doubling since 2011 (from 200 000 to 400 000 tons). This region has experienced the most significant growth which justifies the resources dedicated to this market. All in the supply chain have adapted their operations and systems to enable the industry to supply Asia with high quality fruit at affordable prices - and the Asian importers have reacted positively to this value proposition.

China

Export volumes to China continued to grow - now surpassing 60 000 tons. Although oranges continue to be the most sought after fruit, grapefruit exports showed a big increase. Soft citrus and lemon exports remain insignificant.

The main reason for the low lemon volumes is the cold treatment requirement for citrus to China. Lemons are very susceptible to low temperatures while shipping; with wastage increasing as the carrying temperature is reduced. It is also well known that lemons are not a host for the pests of concern in China - as a result most countries exporting to China (including South Africa) have applied for a change in the citrus protocol to allow higher shipping temperatures for lemons. The South African application has been considered by the Chinese plant health authorities (AQSIQ) who have responded with a request for more information. This additional information has been collated by CRI and DAFF and is in the

process of being lodged. CGA convened a China Lemon Work Group to ensure stakeholders remain informed, and to assist in the process of reviewing the Chinese protocol.

Another request from South Africa is to expand the protocol so as to include the option of break bulk shipping. The present protocol only covers shipment by container - there are many advantages to have choices in terms of mode of shipment. For one, this would allow co-loading with nearby countries such as Japan and South Korea; allowing exporters to deliver good quality fruit at the quantities desired in the alternative markets. AQSIQ agreed in principal to the request but requested further technical information on probe placement. CRI obtained this information from PPECB and provided it to DAFF - who in turn submitted the information to AQSIQ in March 2016.

Once again DAFF must be applauded for the timeous approval of the list of approved exporters to China. This is made possible through the on-line registration system developed by DAFF and CGA. This means that early exporters can access the market. It was also confirmed by AQSIQ that until an updated exporter list is approved, the previous list would remain valid.

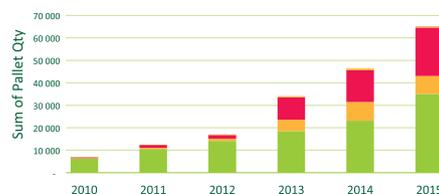
Contact was made with the Zimbabwean Embassy in Beijing to explore the possibility of developing a protocol for shipments into China in the future.

Awareness of the value proposition offered by South African citrus was enhanced through

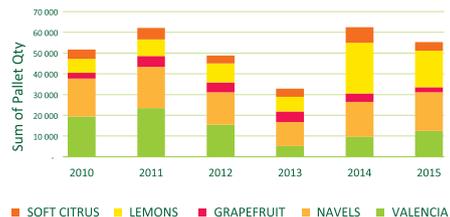
CGA's involvement in both Asia Fruit Logistica Trade Show (Hong Kong) and Fruit and Veg Show (Beijing), both held in September 2015.

Since exports into the China region also enter through Hong Kong port, it is appropriate to look at exports from southern Africa to Hong Kong. Exports to this port did decrease in 2015; still within the 50 000 to 60 000 ton range.

China



Hong Kong



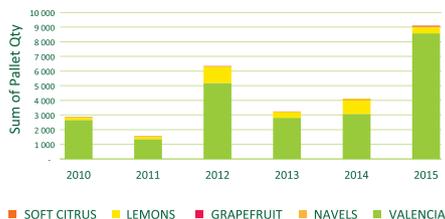
India

Southern African citrus exports to India more than doubled in 2015, with valencia oranges leading the charge. India is identified as an important growth market for the future, and considerable effort is being made to increase opportunities in this market. During the year under review stakeholders in the Indian market gathered to discuss an action plan for increased

exports to India. This group identified post-harvest treatment and labelling as important impediments to growth - in particular uncertainty regarding requirements and implementation need to be clarified. This is an ongoing process - to build up the necessary contacts and knowledge CGA visited India in April and August 2015.

CGA again participated in Fresh Produce India to raise awareness of southern African citrus and to better understand the needs of the Indian consumer. Agencies were consulted regarding the possibility of a campaign to raise awareness of all South African fruit in India.

India



Indonesia

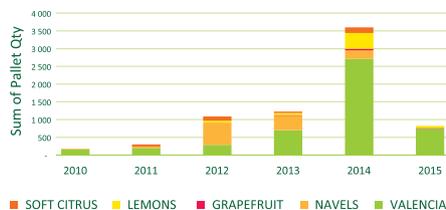
Without doubt the biggest disappointment in 2015 was the raft of new regulations in Indonesia which effectively stopped the growth path of southern African citrus to that country. In particular the decree prohibiting all but those with Mutual Country Recognition (MCR) from entering through the port of Jakarta meant a considerable increase in transport costs. During 2015 Indonesian authorities visited South Africa to inspect the fruit industry

and its systems. By all accounts the Indonesians were satisfied with what South Africa has in place. We now await their decision.

The other factor that impacted on volumes was the non-issuing of permits for southern hemisphere citrus imports (other than lemons) for the bulk of the southern African citrus season. This is the subject of a WTO Dispute lodged by the USA and New Zealand. The CGA requested Minister Davies to get dti to look into South Africa's participation in this dispute.

CGA visited Indonesia during May 2015 where these issues were raised. In addition the trip allowed for a meeting with the Indonesian importers association, and meetings with the South African Embassy in Jakarta (officials at the Embassy have been very active in driving the case for mutual country recognition).

Indonesia



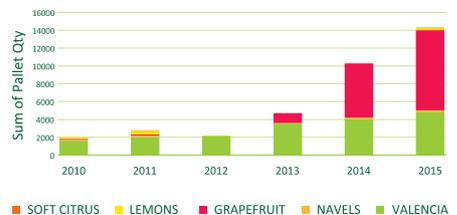
South Korea

The South Korean appetite for imported grapefruit carries on unabated - with the Koreans the only country with an increasing per capita consumption of the delicious fruit. During 2015 CGA promoted South African

citrus at the World Citrus Expo on the beautiful Jeju island. This remarkable island produces and supplies mainland Korea over 500 000 tons of delicious soft citrus; one reason why no other country will get access for soft citrus to South Korea.

It is through relationship building with the South Korean importers, authorities and the South African Embassy in Seoul that South African citrus continues to grow in volumes into this market. These relationships mean that protocol challenges and requests are dealt with timeously and constructively.

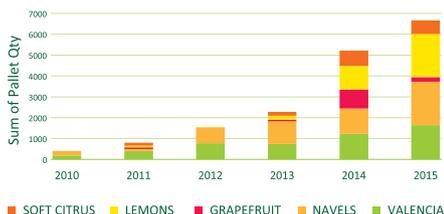
Korea



Vietnam

Access to Vietnam is by way of permits. Volumes continue to grow, especially in the lemon and oranges category. There has been some progress with the protocol application - the impasse at the moment is in terms of agreement on the pest list. During May 2015 the CGA visited Vietnam to discuss access issues with the Vietnamese authorities, importers in Vietnam and the South African Embassy in Hanoi.

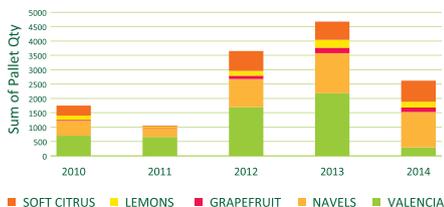
Vietnam



Philippines

After the disastrous season in 2014, exporters did not export at all to the Philippines in 2015. Although the Philippine authorities visited South Africa in 2014, there was a breakdown in communication between the DAFF and the Philippine plant health authorities. This has been rectified and DAFF have supplied the information prepared by the CRI. With a general election in 2016 it is hoped that this is finalized before a possible regime change.

Philippines



United States of America

The advantage of CGA having a representative in the US was very evident during discussion around the African Growth and Opportunity Act (AGOA). Driven by meat interests in the US the AGOA discussions were complex, and at times adversarial. Through it all Bruce

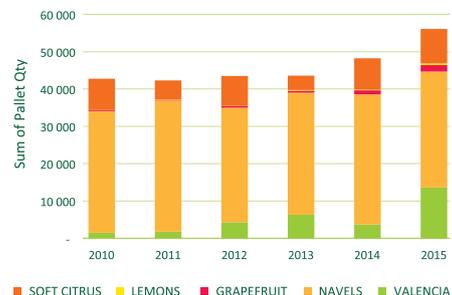
McEvoy played a big role in keeping all informed, and strongly promoting the South African citrus interest. CGA took part in advocacy trips to the US, DTI and AGBIZ in South Africa held a number of beneficiary conferences, and under the watchful eye of Ambassador Ismail a favorable outcome was achieved - with South African citrus growers continuing to enjoy duty free access.

Unfortunately the AGOA issue took centre stage; with little attention paid to other South African citrus interests. In particular, South Africa has repeatedly requested finality of the revision of the treatment protocol; after a number of years of intensive inspection projects that have failed to find any pests of concern. Although the officials at APHIS all agree that the treatment should be changed in their treatment manual, this has not yet been done. Similarly, adjustments to the rules governing shipments to Houston are also awaiting finalization.

After more than ten years the CGA still awaits a final rule regarding access for the rest of the country, based on equivalence with domestic regulations. Once again AGOA is seen as the stumbling block, with US officials less keen to progress with this issue until AGOA had been favorably concluded. The office of USTR and APHIS have been reminded about the considerable time taken in finalizing the process. CGA undertook a trip to Washington during October 2015 where this issue was discussed at length; in addition the US Embassy staff in Pretoria have been encouraged to get some progress.

The Western Cape Citrus Producers Forum (WCCPF) held a successful planning meeting in April 2015. This annual gathering of US importers, South African exporters and others involved in the supply chain has played a big role in growing US exports; which in 2015 hit a record 50 000 tons.

USA

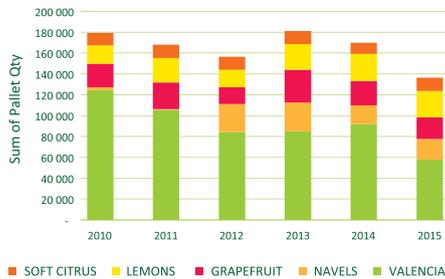


Russia

A number of factors resulted in lower volumes of SA citrus entering the Russian market. After sustained levels of 12% of total SA citrus exports to Russia - the levels fell to 9% in 2015. One factor was the state of the Russian economy - with the devaluation of the Rouble resulting in increased prices of imports. Another factor is the recently introduced labelling requirements for that market. The authorities require certain information placed on each carton - unfortunately the exact wording of the information, and the need to know at packing the final destination increased the risk of sending fruit to Russia. The CGA representative in Moscow has worked tirelessly during 2015

and early 2016 to resolve the issue. The Russian market takes a good mix of southern African fruit.

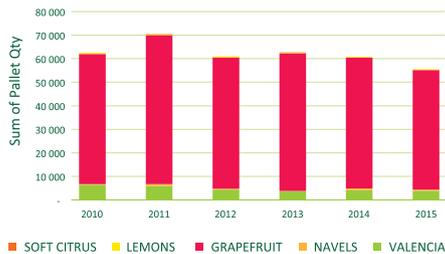
Russia



Japan

The Japanese market is all about grapefruit - absorbing 50 000 tons of southern African grapefruit in 2015 - this is 5 to 10 000 tons off the stable deliveries experienced over the previous five years. The South African Agricultural Attache in Tokyo has been very active in raising awareness of the start of the season and the attributes of this fruit.

Japan



European Union (EU) - Deon Joubert

Over the past three years we have seen a

remarkable decline in EU CBS interceptions from 35 (2013), 28 (2014) and finally to 15 (2015). So success in any book and praise levelled at the SA Citrus Industry for the results (even from the enigmatic EU Commission's DG Sante - now called "Safety in the Food Chain").

SA citrus has moved from 'crisis mode' in 2014, necessitated by the serious threat of market closure following the imposition of emergency legislation, Implementing Decision 422/2014/EU, resulting in extensive citrus grower meetings during that year with every venue packed to capacity to the current 'management mode'.

But - and there is always a "BUT" - the question can rightfully be asked - were all these efforts really called for? The answer depends largely on how the return on the investment made by the industry in terms of time and money (in excess of R1 billion) spent is viewed and valued. From a strictly phytosanitary point of view, the answer is "NO" as the science always told us that CBS infected fruit pose no real threat to EU citrus production. However, was it necessary in order to retain our market access into the profitable EU market? Most definitely.

It also, as a windfall, presented the industry with the opportunity of a steep learning curve in addressing trade disputes that will inevitably result from engaging in international trade.

During this process, the industry was fortunate enough to tune into the huge scientific capacity honed within CRI over the past number of years. The technical experience within CRI proved to be an invaluable asset in providing scientific arguments in support of the initiative to retain

market access and will continue to avail such expertise in the future with regard to other trade issues. This technical capacity within the industry is something the SA citrus industry is revered for both locally and abroad. Due recognition must be given to the founding fathers of the local citrus industry post deregulation for their vision in keeping citrus research funded and of relevance to growers in southern Africa.

It is necessary however to take stock of where we are now. Regardless of the improved CBS situation, the industry cannot become complacent. As long as the EU records CBS interceptions the way they currently do, we have to retain and implement all our current measures.

During 2015 the industry approached the South African Department of Agriculture, Forestry and Fisheries (DAFF) with a request to halt EU exports from 18 September 2015 (for all citrus but mandarins). This measure was considered appropriate in order to preserve the good record of low interceptions maintained up to that stage. Packing for EU stopped on 25 September 2016. The South African organic growers took a decision in early 2016 not to send any organic lemons to the EU in 2016. This decision was based on the three interceptions of organic lemons during 2015 - a commendable and proactive step to ensure future compliance.

The report issued by the EU Food and Veterinary Office (FVO) concerning their visit to South Africa during 2015 concluded that

the South African risk management system was robust and comprehensive and no additional measures were recommended.

The two remaining CBS initiatives are to obtain an agreement from the EU to implement regionalisation/protected zones with respect to imports of citrus fruit; and for the EU to conduct testing on intercepted fruit to confirm the viability of CBS infections. Regionalisation (i.e. where CBS infected fruit is prevented from entering EU citrus producing regions) remains a promising arrangement that could be used to address the EU's concerns about CBS. Viability testing is drawing on the fact that a dead pest can pose no possible risk- a point repeatedly acknowledged by the EU Commission.

Where viability testings were conducted, they rendered only three incidences of viable CBS fungus over the past two years, with two in the UK and one in France. To put this in proper perspective, these three incidences occurred while South Africa exported roughly 700 000 tonnes (35 000 forty foot containers) annually.

If we are successful, these initiatives should allow us not only to resolve the present dispute with the EU, but it will also mitigate some of the huge and unsustainable costs associated with compliance under the current conditions.

During the year under review the CGA has developed a strong relationship with the EU Embassy in Pretoria, and would like to thank past Ambassador van de Geer and present Ambassador Cornaro for taking a personal interest in the CBS dossier. Ambassador Cornar undertook a personal visit to Letsitele in

January 2016. The Embassy also received CGA delegations in Pretoria on three occasions in the past year, while keeping the line of communication open through other means throughout the year. There have also been engagements with the Dutch, Spanish and Italian Embassies in Pretoria. CGA has undertaken visits to the EU during 2015 and early 2016. These trips have resulted in an extensive network allowing the CGA to better understand the position of different Member states and the EU Commission. In addition, CGA has been able to use these visits to debate risk management measures and trade related issues. CGA has leant heavily on our representative in Brussels (Landmark Europe) for guidance and attendance with regard to meetings in Europe.

CGA has had extensive engagement with DAFF, and the Department Trade and Industry. This has involved briefing both Ministers, as well as senior officials. The RMS evolved from a close working relationship with DAFF who have allocated significant resources to ensure trade disruption is minimised. The CBS Stakeholders Forum is a high level, strategic body incorporating public and private participation. This forum has met on numerous occasions in order to retain EU market access.

CGA has also ensured that grower leaders and growers themselves are engaged in the CBS/EU process. The committee established to get grower input and provide feedback to growers continued to meet regularly over the past year. Other agribusinesses with a stake in the citrus industry were also briefed about the CBS issue.

In the long term the only way to bring sanity

into a situation where measures that are hugely disruptive to trade continue to be imposed for a pest that poses no real risk, is to bring about amendment to the excessively restrictive regulations through third party dispute resolution. The South African attempt to get this resolved through the mechanisms provided for under the International Plant Protection Convention has failed. Escalating the dispute within the WTO appears to be the only option left. CGA, DAFF and DTI have all been working hard at preparing for this eventuality.

Finally, a lot has been said about the possible measures in the EU to be imposed against FCM and the threat these may pose for SA's citrus exports to the EU. Again with the able assistance of CRI, the CGA has honed an approach, backed by solid research that gives SA citrus a good opportunity to implement practical measures which demonstrates sufficient mitigation of FCM risk in line with the risk posed. This position is being shared with our trading partners and National Plant Protection Offices (NPPOs) of the EU Member states.

PhytClean Project *Electronic Data Interchange (EDI)*

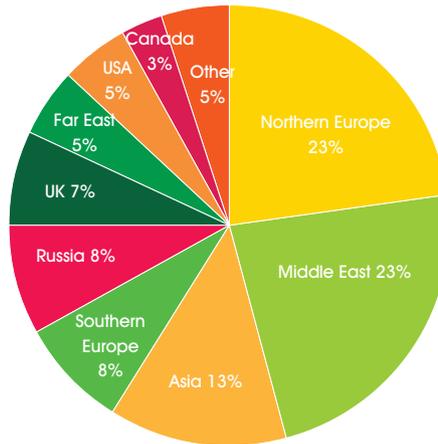
The PhytClean Project is about enhancing the integrity of the phytosanitary certificates by creating a central data platform to support the many pre-requisite certification processes. In essence it seeks to replace paper-based manual systems with electronic alternatives and to have this evidence of compliance available to all relevant parties immediately. PhytClean is expected to actually change the way certification happens using appropriate

information technology and be a forerunner to e-Certification. A cost-benefits analysis concluded in October 2015 estimated the benefits to exceed R230 million over the next five years.

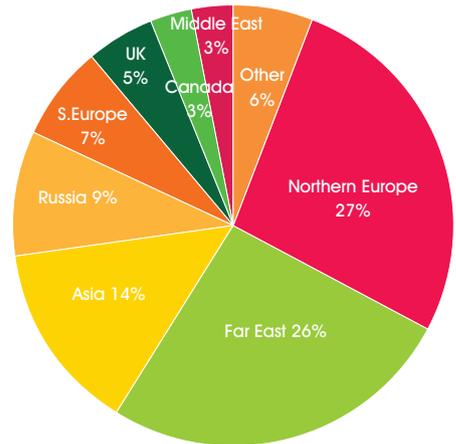
The project was expanded to include the needs of the other fruit sectors under Fruit South Africa (FSA). A Service Level Agreement was drawn up whereby FSA would effectively become the service provider to build the system for DAFF to formalize institutional arrangements between FSA and DAFF. Engagement has also taken place to ensure there is no duplication between the efforts of Titan (PPECB's export certificate application), AgriHub and PhytClean.

CGA and the citrus industry has lead the way for electronic data interchange in the fruit industry. Existing PhytClean functionality used by the citrus industry was expanded to include growers uploading documents as evidence of compliance, integration with Titan, creating quicker ways to check the status of PUCs and orchards (ZAP codes), and creating User Profiles (to make the management of FBOs easier per User) in 2016. In 2016/2017 these types of functions will be expanded to other fruit sectors and the actual data platform will be redesigned and upgraded, reflecting the learnings and opportunities identified during the pilot phases of PhytClean.

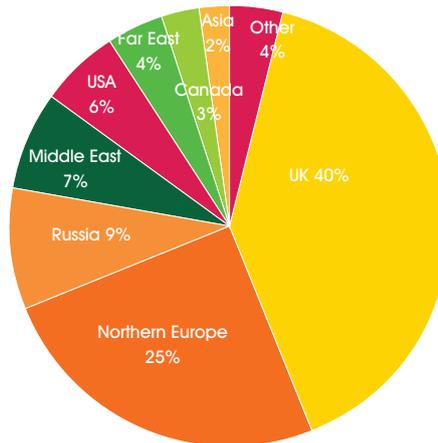
ORANGES



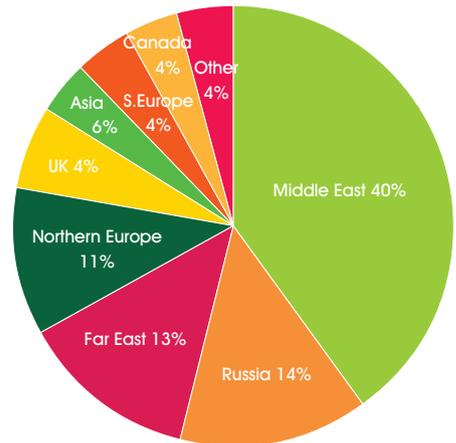
GRAPEFRUIT



SOFT CITRUS



LEMONS



Source: PPECB

*Inspected, passed for export



PAUL HARDMAN
Industry Affairs Manager

Post-harvest declarations on cartons

Perhaps the most challenging consumer assurance issue for CGA to tackle in 2015/2016 was bringing about change to the way the SA citrus industry declares post-harvest treatments on each carton. A need to move away from previous practices of printing declarations directly on the carton had developed because receiving countries were now publishing new regulations or enforcing labelling regulations on arrival of cartons. The Indian, UK and Russian markets were good examples. Typically these new regulations were becoming unique per country, more specific and changing rapidly (sometimes mid-season). A new approach needed to be flexible enough to promote compliance but equally simple enough to ensure ease of use. It should also not undermine the overall objectives of using these treatments sustainably and effectively in the packhouse, and prevent opportunities for the fruit buyers to discount the value of the goods on account of marking “irregularities”. The cost of compliance was also a major consideration.

Two workshops were organized (9 & 22 July 2015) and a teleconference to work through all the implications of a system change. Meaningful discussion took place which then resulted in further communication in Cutting Edges (No.s 202, 207, 209 and 212) to the industry. In summary the solution has been to move the post-harvest declarations off the carton itself and to assimilate this into the business-end label. DAFF: Food Safety and Quality Assurance (FSQA) were engaged and have permitted a “phasing in” period to allow packhouses and labelling service providers the opportunity to introduce this approach over the 2016 season.

Plant protection product issues and progress

Canadian Dithiocarbamate MRL SOP

In 2015 DAFF: FSQA enforced the Standard Operating Procedure (SOP) for additional sampling and residue testing of samples being sent to Canada for Dithiocarbamates. This was a very costly procedure and cumbersome for exporters, but more importantly had impacted

on growers approaches to controlling Citrus Black Spot by deterring them from using Dithiocarbamates. No new cases of MRL exceedances were observed in Canada during the 2015 season and DAFF: FSQA agreed to withdraw the SOP. However, while this means less cost and administration around each consignment to Canada, it does in no way reduce the responsibility on growers and exporters to comply with the Canadian MRL for Dithiocarbamates. CGA continues to pursue the setting of higher MRLs for Mancozeb in the US and Canada.

Guazatine EU MRL

Since 2010 when the EU notified it was reviewing the Guazatine EU MRL the SA citrus industry has been engaging with the regulators and trade to retain existing tolerances. Efforts have included working with other Southern hemisphere countries to petition the Commission to retain the MRL. It was therefore a huge disappointment and loss that the EU went ahead and published final Guazatine



Fruit Inspections at Durban harbour

MRLs that would come into effect during May 2016. These new levels effectively terminate Guazatine use in the SA citrus industry. Alternative Sour Rot control options have now been registered for use in RSA but these new actives must still be shown to be effective under SA conditions and can worryingly undermine the effectiveness of other post-harvest treatments by introducing resistance problems. Final attempts are being made to reverse the EU MRL regulations but this is a legal process and users of Guazatine will need to be patient to see how this develops.

Indian Marking Requirements

2015 proved to be a tricky season for exporters sending citrus to India. This market has great potential but some containers arriving in India have been rejected due to incorrect marking. In August 2015 CGA and FPEF went to India to meet regulators and the trade to find out how to avoid such rejections. Clarity did come but the level of regulatory enforcement seemed to be variable across the different ports of entry. On return CGA provided growers and exporters with feedback on the specific requirements including recommending not using some post-harvest treatments. CGA is also working with the Indian authorities (FSSAI) and the SA Embassy in Delhi to promote the adoption of the CODEX Alimentarius MRLs which is a preferred permanent solution to the current situation.

Recommended Usage Restrictions

Three updates to the *Recommended Usage*

Restrictions for Plant Protection Products on Southern African Export Citrus were released in 2015 (March, August and November) to reflect key changes in maximum residue levels in key import countries. Notably some countries in the Middle East have moved towards using the Gulf States Organization (GSO) MRLs.

The appointment of third party laboratories for residue testing

DAFF: FSQA must be recognized for creating a mechanism whereby private laboratories can play a greater role in the wider monitoring of residues for official purposes. These steps reduce the duplication that was taking place and associated costs, while reducing the pressure on the official DAFF laboratories. It is anticipated more packhouses will apply to use these private laboratories in 2016.

Sustainability Initiative of South Africa (SIZA)



Retha Louw was appointed as the SIZA Programme Manager from July 2015 taking over from Colleen Chennells. The contributions made by Colleen to the SIZA programme were immense and under her watch it grew to be a globally recognized initiative, and the basis for providing sound ethical trade assurances in the SA fruit industry. CGA sincerely thank Colleen for her valuable contribution and wish her well in her new endeavours. The SIZA Interim Board was also formed mid-year in fulfilment of the decision to move SIZA into

an independent entity. Paul Hardman sat on the Interim Board on behalf of Fruit SA.

This evolution of SIZA is also reflected in the fact that the environmental standards piloted in 2014 and 2015 have been finalized and are going through the process of international benchmarking. The new SIZA structures formally make provision for an environmental pillar. The World Wildlife Fund (WWF) have a seat on the Interim Board allowing for the seamless integration to ultimately create that “one stop shop” for growers and retailers on consumer assurance matters. In this regard the number of citrus producers on the Confronting Climate Change project with complete and benchmarked carbon footprints grew to 181 - which is the highest of all the fruit sectors.

It is also pleasing that the SIZA data platform was in operation by March 2016. There was still some outstanding data from the previous data platform (in 2014) that needed to be captured onto the new platform and that process was being treated as critically urgent as existing and new members were migrating onto the new platform. All those involved in getting this platform operational are thanked for their enormous efforts. In February and March 2016 it was also pleasing to see many existing users renew their membership and new firms joining up. It had not been possible to effectively market SIZA until the data platform had stabilized so this quick response from SIZA members was encouraging. At the end of 2015 the number of Members was 1272 and this is expected to grow to over 1500 in 2016.



PROF VAUGHAN HATTINGH | CEO
Citrus Research International
(CRI)



The citrus industry of southern Africa has maintained strong investment in research and technical support that is focussed on the industry's needs.

The structures and systems to ensure efficient utilisation of such funds have continuously been fine-tuned over the years. CRI has continued to grow the model of co-operative, multi-institutional research, resulting in the funding of research partner organisations doubling over the past four years.

In addition to diversity of research strengths that this brings to bear on industry priorities, it also provides research projects and the funding of such projects at Universities, thereby providing the opportunity for students to attain higher degree qualifications by working on such projects.

A more comprehensive report on CRI's contributions can be found in the CRI Group Annual Report and this report merely highlights some key points.

Governance and funding

The only change to the Board of Directors of CRI was the resignation of Prof Anton Ströh, the University of Pretoria nominee, who was replaced by Prof Nigel Barker. Prof Ströh is thanked for the longstanding support that the industry received from him, as an academic with great international acclaim and as a senior member of the management team of one of

the country's top Universities. The University of Pretoria has a long history of valuable research contributions to the southern African citrus industry.

The industry's research benefited from Government funding contributions through CRI's receipt of funding from the Research for Citrus Exports programme and the Post-harvest Innovation programme, both Sector Innovation Funds from the Department Science and Technology. CRI continued to leverage valuable government research funding through the Universities in the form of the Technology and Human Resources for Industry (THRIP) funding from the Department of Trade and Industry.

CRI also obtained further research funds from various other sources, including royalties, grants and contracts. The majority of the research funding (72%) continued to come from the levy as administered by the CGA and the CGA allocated additional funding to CRI in 2015, to affect focus on key issues of strategic importance to the industry, namely market access relevant research and biosecurity.

The CGA must be applauded for its ongoing visionary commitment to supporting the relevant research and industry technical support that is imperative to ensure a sustainable and competitive industry.

The CRI Board continued to oversee structured procedures to ensure that research funds are appropriately directed at addressing the immediate and future needs of the industry.

Market Access

CRI's attention remained strongly focussed on addressing the multiple technical challenges and opportunities inherent in gaining, retaining and optimising access to export markets. The following are a few examples of where focus was directed.

The research portfolio supported by CRI continued to produce research outputs that were instrumental in retaining access to the EU market, despite the EU's maintenance of its excessively restrictive CBS regulations. The CGA's Market Access Special Envoy to the EU, Deon Joubert, provided a valuable resource to effectively utilise research outputs to protect access to the market. The CBS research portfolio produced scientific output that further highlighted the excessively restrictive

nature of the EU CBS regulations relative to phytosanitary risk, providing the basis for citrus exporting countries to pressurise the EU to roll-back its restrictive CBS regulations.

After a long period of no progress in advancing various market access constraints to citrus exports to the USA market, the settlement of other agricultural trade issues between South Africa and USA, signalled resumption of attention to citrus issues in the USA. CRI produced research outputs that support the adoption of improved shipping conditions in the USA export programme and the ability of South Africa to supply citrus fruit to the USA market from all production areas without phytosanitary risk.

CRI provided scientific publications and technical dossiers in support of official South

African requests for improved conditions of access to China. The FCM non-host status of lemons was demonstrated in a scientific publication. By implication lemons should be exempt from the current post-harvest treatments specified in the bilateral protocol. DAFF made such official submissions to China, together with proposals to allow bulk shipping to China. China responded favourably to the bulk shipping proposal. The improvement of conditions for lemon exports is still the subject of ongoing bilateral engagement.

CRI progressed research to the point of scientific publication in projects that validate the efficacy of various approaches to risk mitigation of pests of phytosanitary importance. The array of control and risk management options for FCM has shown

Board of Directors of CRI as at 31 March 2016

Name	Nominated by	Position
Dr DJ Nel	Growers	Chairman and Executive Committee
Mr PJ Smit	Growers	Vice Chairman, Executive Committee & Chairman: Horticulture Research Committee
Mr D Joubert	Growers	Executive Committee & Chairman: Cultivar Evaluation Research Committee
Mr SR Meyer	Growers	Chairman: CIS Advisory Committee & Chairman: IPM Research Committee
Mr L von Broembsen	Growers	
Mr MR Woodburn	Growers	
Mr C Kellerman	SASCCON	Chairman: Disease Management Research Committee
Prof A Ströh replaced by Prof N Barker	Pretoria University	
Prof KI Theron	Stellenbosch University	
Dr VN Phehane	ARC	
Mr SB Turner	FPEF	
Prof MP Hill	Rhodes University	Co-opted

strong progress. These results provide the basis for future improvement in conditions of access to many important export markets and are essential in retaining access to existing markets. Scientific inputs were made in the bilateral risk assessment processes underway in gaining or optimising access to the following markets in addition to the above: Philippines, Reunion, Indonesia, Vietnam and Japan.

Research Portfolios

The details of progress made with research in the disciplines of Entomology, Plant Pathology and Horticulture can be found in the CRI Group Annual Research Report. The need to address specific phytosanitary market access challenges and opportunities continued to direct the focus of the research portfolios.

CBS continued to be a key focus area for the Disease Management Research Portfolio. The CBS research portfolio produced valuable outputs in the form of demonstrating the efficacy of post-harvest handling on the survival of CBS on citrus fruit. These findings strongly support the relevance of requiring viability testing to be conducted on fruit intercepted in the EU for the presence of CBS symptoms, because in many cases symptomatic fruit is not indicative of the presence of the fungus in a live state.

Population genetic studies have shed light on the likely routes along which global spread of CBS has historically taken place. Alternative products and control recommendations were developed in anticipation of the withdrawal

of guazatine as a post-harvest fungicide. CRI's post-harvest pathology researcher Arno Erasmus resigned, but CRI was fortunate to be able to secure the services of the highly qualified post-harvest pathologist Dr Wilma du Plooy to fill this vacancy. Graft transmissible disease researchers not only continued research on these long-term debilitating pathogens, but also played a very active role in supporting the CIS and Biosecurity, with cutting edge diagnostic services. Soilborne disease research directed attention at investigating the potential cause of a problematic disorder becoming more prominent in the Eastern Cape and this will continue with input from an international specialist in 2016. The diagnostic centre in Nelspruit handled a strong increase in the demand for diagnostic testing from the nurseries and more broadly within the industry. The diagnostic centre has been growing strongly in its reputation for professional, efficient and reliable handling of diagnostic testing procedures.

Within the IPM portfolio, FCM and fruit flies continued to receive the majority of the research attention. The FCM research programme has become large and diverse, covering topics such as genetics, ecology, novel pre-harvest control strategies and post-harvest treatments. A large tranche of research outputs on FCM, of direct relevance to the effective management of the pest, both in the field and from the phytosanitary market access perspective, progressed to completion in 2015,

with scientific publication envisaged throughout 2016. These research results will be of value to the industry's pursuit of improved conditions for access to markets and ensuring sustainable compliance with trade regulations. The demonstration of the FCM non-host status of lemons holds particular opportunity for improved market access and similar research with fruit flies was initiated. The potential of new fumigants and hot air treatment as post-harvest disinfestation treatments was investigated. The efficacy of irradiation as a stand-alone post-harvest disinfestation treatment and a reduced irradiation dosage followed by a short duration of cold, was validated and published. The potential for reducing the duration of post-harvest cold treatments, through the use of a preceding CO₂ treatment, showed strong potential and will receive further attention.

The Horticulture research portfolio covered a wide range of issues. Research on Peteca has largely been concluded with semi-commercial trials and the formulation of general recommendations.

Pitting continued to be researched, but the discovery of physiological differences associated with Pitting in different citrus types, has indicated that improvement of scientific understanding of this disorder will require further research. A large scale multi-disciplinary project is underway to evaluate the effects of citrus production under netting on the horticultural performance of the tree, pest management requirements and irrigation.

Important cold chain research was conducted to evaluate the feasibility and ways of improving the application of various cold treatments in shipping containers. This project will continue to commercial scale evaluations in 2016.

A large collaborative water use project received an extension of funding. This project is important to update data on water usage of different age trees, on different rootstocks, in different production regions, since the historic data was largely limited to rough lemon rootstocks and old trees. The cultivar evaluation programme has continued to grow strongly, in parallel with the strong growth in the number of new cultivars that are becoming available, especially mandarins. The CRI cultivar evaluators had the opportunity to gain experience and exposure to other cultivars through international travel in 2015.

Citrus Improvement Scheme

The CIS has continued to operate as a division of CRI, under the guidance of the CIS Advisory Committee with representation from industry role players and government officials. The objective of converting from a voluntary unofficial scheme to a compulsory statutory scheme has continued to receive attention, with ongoing efforts to get all role players in the CIS to be supportive of the proposal. This objective becomes increasingly important in light of growing biosecurity threats that the industry faces.

A strong growth in demand for budwood

continued in 2015, with continued very strong demand for lemons and mandarins. The Citrus Foundation Block's ability to supply the demand directly, continued to improve in 2015 through the implementation of rapid multiplication initiatives. The budwood multiplication infrastructure at the CFB has been expanded considerably over the past few years. The scheme currently has budwood available from 354 cultivars, with 94 new cultivars entered into the scheme over the past 4 years. The number of buds supplied within the scheme totalled 5 million in 2015, 10% more than the previous year and 38% more than the year before. The strong demand for lemons (2.1 million buds in 2015) outstripped rootstock seed supply, necessitating import.

The CFB's seed supply plantings have been expanded by 51%. The scheme currently includes 25 certified citrus nurseries that make and sell CIS certified citrus trees to growers.

Extension

Hannes Bester was appointed to the position of National Extension Manager in 2015. CRI has developed a series of regional workshops that now provides a solid platform for primary technology transfer in the industry. This consists of a series of regional pre-season workshops and a pre-packing series of regional packhouse workshops. The pre-season workshops continued to show an increase in attendance in 2015 and the packhouse workshops had record attendance numbers

(more than 900). The CRI Post-harvest Technical Forum (CRI PTF) continued to administer the Packaging Working Group activities that support the development of improved packaging material. The Packaging Working Group's quality assurance system was revised and now provides greater flexibility for role players to exercise choices without compromising the integrity of the system. Cartons that meet the Packaging Working Group minimum standards are now identified as such, enabling growers to easily recognise such cartons should they wish to.

Biosecurity

Biosecurity (the prevention of introduction and spread of new pests and diseases) is a critically important risk faced by the citrus industry in light of both its ongoing access to export markets and sustained profitability. The CGA allocated additional funding to CRI in 2015 to support the post of Industry Biosecurity Manager. Dr Hennie le Roux is well known for his energetic passion for this topic and was appointed into this new position in 2015. A master plan was compiled to provide a guideline for the industry biosecurity programme.

The biggest biosecurity threat facing all citrus industries around the world is HLB. An early detection and rapid reaction plan was compiled for HLB in Africa as a first priority and several surveys were undertaken in East and West African countries, as a first implementation step.



CGA GROWER DEVELOPMENT COMPANY

Grower Development Company



LUKHANYO NKOMBISA
General Manager



The highlight of the financial year under review has been the formation of the CGA Grower Development Company. During the latter part of 2014 and the whole 2015 a dedicated team put together a business model for the newly formed CGA Grower Development Company which held its first Board Meeting in July 2015. The company is an NPC and its major focus is on development, assisting over 118 black citrus producers in the country.

Mission

Support the establishment and growth of sustainable and profitable black citrus growers with market linkage to ensure food security, job and wealth creation.

Vision

Become a leading commodity development company in South Africa changing the face of the agriculture sector landscape by empowering black citrus growers.

The company has a Board of five Directors, two of them being black citrus farmers. The company is comprised of the General Manager, (formerly the CGA Transformation Manager)

and two extension personnel from CRI responsible for providing support to the black growers. These two individuals have transferred to CGA GDC, one as the head of Technical and Production support and other as Extension Officer. Another two appointments - that of Business Manager Support and Administrator - will be made in 2016.

The CGA GDC launch on 18th March 2016 was greatly enhanced by the presence of the Minister of Agriculture Forestry and Fisheries, the Honourable Minister Zokwana as the key note speaker. The Minister, in his budget speech of 2016/17 congratulated the Citrus industry for forming this company and committing funding to fund its operations.



CGA GDC Launch - Minister of Agriculture Senzeni Zokwana

The Business Model of the CGA Grower Development Company

The Company is established as a Not for Profit Company as its main focus will be to develop growers. Whatever surplus income that the company generates will be re-invested to assist growers.

Mandate of the CGA Grower Development Company

The company focuses on the following areas in terms of providing support to the growers:

- Production infrastructure and technical support
- Production Business Management Support
- Facilitate access to funding and grants/loans
- Social facilitation
- Facilitate access to market

All the above will provide support and advice to emerging growers, as well as input where appropriate to government and commercial growers on transformation initiatives, joint ventures and equity schemes.

It is recognised that South Africa has the skills for a productive agriculture sector. These need to be transferred to emerging or developing growers. Commodity organisations and organised agriculture are usually the repositories of a great deal of knowledge and skills. As a result the commodity organisations can be a significant source of support for agricultural development.

The National Development Plan (Vision 2030) propose a strategy to support agriculture growth and development in respect of both commercial and small holder agriculture. Employment is emphasised, forward and backward linkages being seen as contributing to multiply the effects. The CGA GDC is in full support of the NDP and aligned with the new NAMC transformation guidelines.

The corporate plan of the CGA GDC has already been developed for the next three years. It was also endorsed by the CGA GDC Board and the Chamber's Executive Committee and is in line with the mandate of the company.

Five strategic goals were identified:

- Building a financially sustainable and high performing organisation to provide high level support to growers
- Enhance growers technical and production capability to become successful, profitable and to achieve sustainability
- Facilitate a more aggressive national and international market access by the growers
- Provide business development and management support services to growers to empower them to efficiently manage their enterprises
- Contribute to the CGA transformation agenda and government priorities with respect to the empowerment of black growers, food security and economic growth.

Women in Agriculture/ Citrus

Annually the provincial departments of Agriculture and DAFF host the competition for Female Farmer of the Year. In 2014 the overall female farmer of the year in the province and national category was a citrus farmer from the EC in Sundays River Valley, Ivy Mzamo. There are a number of categories in this competition and we are proud to report that the 2015 Female Farmer of the Year provincial and national category of the top export farmer was once more a citrus farmer in the Sundays River Valley. Congratulations to Ms Buyiswa Ndyenga from Willow Tree Citrus Farm.



Makhaya Twabu (Mayor: Mbizana Local Municipality), Honourable Mlibo Qoboshiyane (MEC: Rural Development and Agrarian Reform), Mr Themban Nyokana, (District Director: Sarah Baartman), Buyiswa Ndyenga (Top Entrepreneur: Export Winner and Overall Winner) Honourable Phumolo Masaulle (Premier of the Eastern Cape)



JACOMIEN DE KLERK
General Manager



The Chief Executive Officer of the CGA, the company secretary and a representative of the CGA Audit Committee are invited to attend Citrus Academy board meetings as observers.

The following board meetings were held during the year under review:

*2015/08/26 - Board Meeting
Apologies: T. Wafer, J. van Biljon*

2016/03/30 - Board Meeting

The eighth annual general meeting of the Citrus Academy was held at The Intercontinental Hotel, OR Tambo Airport, Johannesburg on Thursday, the 27th of August 2015.



Citrus Academy Board of Directors

Representation	Name	Date of Appointment	Date of Resignation
CGA - Emergent grower representative	Hannes Hobbs (chairperson)	2012/11/20	
CGA	Phillip Dempsey (vice-chairperson)	2012/11/20	
CGA	Shane Dellis	2009/04/01	2015/03/12
CGA	Graham Piner	2015/01/28	2015/04/01
CGA	Cornel van der Merwe	2015/03/12	
CGA	Tim Wafer	2015/04/01	
Donors (Citrus Industry Trust)	Arend Venter	2011/11/15	2014/08/21
Donors (Citrus Industry Trust)	Alex Sithole	2015/05/06	
Service providers	Joy van Biljon	2009/01/26	2015/11/30
Additional seat	Vacant		

Financial Results

Funding received from the CGA, as approved by the CGA board of directors, is used for overheads, salaries, and funding of on-going projects. Additional funding is secured and appropriated for specific projects.

For the 2015/2016 financial year, the Citrus Academy reported a shortfall of R57,628 compared to a shortfall of R258,133 for the previous financial year.

Citrus Academy Bursary Fund

The Citrus Academy Bursary Fund was established in its current form in 2006, which made 2016 its 10th year of operation. In these 10 years much was achieved, and there is much to celebrate.

Below is a summary of the bursaries that were allocated to the 211 students who benefited from the Bursary Fund in these 10 years.

Year	No. of Bursaries	Total Value of Bursaries
2006	34	R414 100
2007	45	R736 950
2008	47	R674 703
2009	36	R916 351
2010	56	R1 217 504
2011	51	R1 383 591
2012	61	R1 446 396
2013	62	R1 372 711
2014	64	R1 783 278
2015	69	R2 011 866
Total	525	R11 957 451

A very pleasing aspect of this is that about two thirds of the beneficiaries of the Bursary Fund are still working in the citrus industry or adjacent enterprises.

Through the Black Economic Empowerment (BEE) section of the Bursary Fund, the Citrus Academy provided direct support to 56 students and scholars connected to black-owned citrus enterprises, in the form of 130 bursaries, as shown below.

Year	No. of Bursaries	Total Value of Bursaries
2006	6	R60 000
2007	9	R125 240
2008	10	R49 661
2009	0	0
2010	9	R131 433
2011	11	R183 084
2012	22	R302 830
2013	21	R243 247
2014	17	R211 065
2015	25	R343 749
Total	130	R1 650 309

Citrus Academy Bursary Fund Experiential Learning Programmes

In the year under review, participation in the various experiential learning programmes was as follows:

Category	2015 Students	2016 Students
Vacation work	5	-
Internships	4	0
Graduate placements	1	4
Industry exposure programme	12	-

Students benefit greatly from being given opportunities to gain workplace experience during or after their studies. This is an essential component of the success of the Citrus Academy Bursary Fund. Exposure to industry events further gives students essential context for their studies, while providing them with opportunities to network with leaders in their chosen discipline.

Ready-Steady-Work did not take place in 2015, mostly because of a lack of funding. A strategic decision was taken to develop an e-learning work-preparation programme in 2016, which will be more accessible to students and work-starters, and more affordable to implement.

Career Fairs

In the year under review the Citrus Academy teamed up with the other fruit industries and developed a presence at career fairs under the Fruit SA banner. In this way, the Academy was

The Citrus Industry Trust and the AgriSETA were the major sources of bursary funding. We sincerely appreciate their continued support.



Citrus Academy Bursary Fund students with Dr Konanani Liphadzi (Fruit SA) at the 2015 PMA Fresh Connections Conference, Cape Town



Citrus Academy staff and students at the PMA Career and Bursary Fair in Pretoria



The Citrus Emergent Export Excellence programme in Nelspruit. Facilitated by Louis von Broembsen (Far Left)

present at the PMA Agri-Food Career Fairs at the University of Stellenbosch in March, at the University of Pretoria in May, and at the University of KwaZulu-Natal in August.

Learning Programmes

The pilot programme for the Citrus Business Management programme in the Kat River Valley was concluded in April 2015. The programme was successful, with twelve learners obtaining the New Venture Creation NQF4 qualification. In 2016, the Citrus Academy will implement a second Citrus Business Management programme, probably in the Letsitele area.

In terms of learning programme development, a decision was taken in 2015 to place greater focus on e-learning programme development. The first programme targeted for conversion to this platform is the Citrus Secondary programme, which is aimed at high school learners. In addition, the Citrus Production Management programme will be developed on this platform in 2016.

Learning Media

With funding received from the AgriSETA, audio-visual learning material on the subject of Citrus Planting Management was developed in the period under review. The series was made available at no cost to citrus growers, extension personnel, academic institutions and learning providers around the country. Preparation also started for the development

of three new audio-visual series in 2016.

Learning Events

In February 2015, the Citrus Emergent Export Excellence programme was initiated with support from the Department of Agriculture, Forestry and Fisheries. The workshops were facilitated by Louis von Broembsen, with the programme being based loosely on the Harvest to Home Advanced Citrus Manual which he authored for the Fresh Produce Exporters' Forum. Eleven workshops were held around the country, concluding in Kakamas in June 2015, and the programme was hailed a great success.



Jacomien de Klerk (Far left) and Desiree Schonken (Far right) with students at the 2015 AgriSETA Excellence Awards. Theron Maphanga (Second from left) won the Best Performing Learner - Internships and Olivia Selowe (Centre) was the runner up. Sonwabo Ncera (Second from right) was the runner up for Best Performing Learner - Graduate Placement

The financial year ending 31 March 2016 will be remembered as an extremely trying year for Xsit, with the loss of two young Xsit pilots during operational duties and the subsequent grounding of the Gyrocopter release operation. This required an immediate, sustainable alternative for the release of sterile FCM. Fixed wing aircraft were contracted in, with both helicopters and drones also being investigated to increase efficiency and lower cost. We are particularly thankful that the delivery of the SIT service to our clients could effectively continue throughout this period and we wish to thank our clients for their sustained support.

Despite these setbacks, Xsit has managed to not only sustain its current market share, but has also grown its footprint within the Eastern Cape citrus producing areas, as well as in the Western Cape in other crops such as table grapes, stone fruit and green peppers. The total area now under FCM-SIT has been increased to 15500 hectares, representing a 24% year-on-year growth!

Strategically, the decision by the CGA to acquire the outstanding 49% shareholding in Xsit from the Technology Innovation Agency, ensuring 100% of Xsit through River Bioscience, stands out. This not only effectively ensures that any future financial rewards from Xsit will be industry-owned, but also recognises the role that Xsit has to play in the battle against FCM as a phytosanitary pest. The Xsit management recognises the trust placed in them by the industry.

The operational highlight of the past year definitely has to be the progress made in both Eastern Cape regions.

In Sundays River Valley, 6 500 hectares (75% of FCM susceptible cultivars) are currently under SIT, with FCM numbers and related fruit damage being greatly reduced, as illustrated below. The continued support of the SRCC and private growers has assisted greatly in achieving these results.

Releases in the Hexriver Valley around De Doorns, was initiated in March 2015 on 2300 hectares of table grapes, stone fruit and citrus. The spread of False Codling moth to these



SAMPIE GROENEWALD
General Manager

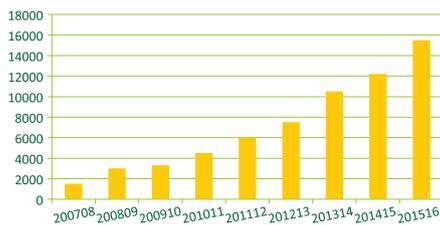


different fruit types has created a demand for SIT beyond citrus which will shortly require Xsit to expand our production facilities further.

Xsit management dedicates this report to the two young pilots, Zane Miles and Marco Martino, who lost their lives during the application of the SI Technique in April and September 2015 respectively.

SIT Area

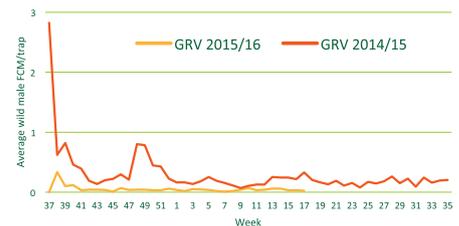
■ Hectares



YTD Cumulative Wild FCM per trap



Average Wild FCM per trap/week



**JONATHAN ROBERTS**

General Manager



Since last year, 43 local cultivars remain in selection phase, while one of these selections and a further two new discoveries have been introduced into Shoot Tip Grafting (STG) this past year.

A further eight locally discovered cultivars have reached final release from STG, bringing this to a total of 29 successfully cleaned cultivars. These are all at various stages of evaluation, and some - where they have shown good early potential - have been released in semi commercial volumes to growers who are prepared to carry out evaluations.

Any growers interested in more detail of these cultivars must please contact CGACC.

These comprise as follows.

Early Navels

Addo Early, and Sunrise Early continue to impress and are both clearly earlier and better quality options than the old generation Lina, Newhall and Fukumoto.

The Addo Early is a large round Navel that colours more evenly and about two weeks before Lina and Newhall. The first commercial volumes of Addo early bud wood were sold this year and Bud availability is expected to increase from the CFB this year.

Sunrise navel is a smaller navel than Addo, also ripening about two weeks earlier than Lina and Newhall. Sunrise has shown exceptional early internal quality and should degreen well.

Mid Navels

De Wet, a Mid to late season Navel with completely closed navel end, (mutation from Palmer). A small commercial planting of DeWet navel has been planted alongside Palmer navels. De Wet is slightly later and showing outstanding production and displays a near 100% closed navel end. 'Hitchhiker' trials will be carried out this year to compare against Washington and Palmer navels for sensitive 'Phyto issue' markets, such as Korea, USA etc.

Late Navels

The first semi-commercial volumes of KS and Suitangi have been budded and will be planted this spring. The parent trees continue to show outstanding quality and good rind integrity. Lazy Boy budwood is being increased presently

and we expect to make the first semi commercial release this spring of this strong rind, Ultra late navel.

Red navels

The Glen Red, a mutation from Lina Navel, shows all the early ripening characteristics of Lina but with a blushed rind and red flesh. Juice is also red and much darker than Cara-Cara. Rind blush improves with degreening and the Albedo is stained when the fruit is cut. Glen Red ripens significantly earlier than Cara-Cara. Strong off shore interest is being shown in this cultivar.

Soft Citrus

Better than expected early interest in Tanor Late Mandarin has been experienced and relatively large amounts of semi commercial bud wood has been released for growers interested in semi commercial trials of this outstanding quality Mandarin.

Tanor, matures after Nadorcott and Tango and between Mor. A triploid, it shows some of the typical traits and juvenile wood is thorny but reduced on older wood to very little as it comes into bearing. The oldest trial trees show good crops, but the first three years of production has shown a possible alternate year in production. This needs continued evaluation as there were also unfavourable climatic conditions at blossom during the off year. With manipulation however this should not be a serious problem and appears to be a better ease of production than the other current Ultra Late Mandarins. Quality and appearance is outstanding of this large firm but easy peeling Mandarin. Size for the past

three seasons has been between 1X - 2. Brix has measured between 15-16. Due to the interest, bud wood has been in short supply from the CFB this past season but this will be corrected by the 2016 season.

Releases from Post Quarantine soon to be made are an ultra-early Clementine and an ultra-early Mandarin, both off shore cultivars. Based on data from their countries of origin, it is expected there will be sufficient interest for growers to plant semi commercial trials from the outset and producing sufficient bud wood for this will be challenging.

A mid-season Mandarin of interest is the Bruce, (Tasty 1), a locally discovered natural cross. A cross of parent (mother) Empress to an unknown male, the cultivar displays the very good flavour of Empress but with appearance and peelability of Clementine. The Bruce matures after Clementine and will be a good option for the maturity window between Clementine and Valley Gold. Bruce is seedy in mixed blocks but a trial carried out by covering with netting at blossom time shows that it was virtually seedless, which indicates that it should be seedless in isolated plantings like Clementine and Nova. Isolated trial sites have been planted to continue evaluation of Bruce. A second seedling with Empress, Tasty 2 has produced fruit this year and looks as promising, but appears to be later than Tasty 1, with a tangier Empress-like flavour.

A further three Mandarin cultivars have been introduced bringing to eight a range of Mandarins with different ripening times that are in Post Quarantine clean-up.

Grapefruit

Three sweet red Grapefruit hybrids from off shore will also be released shortly from Quarantine. Brix is extremely high while retaining the grapefruit flavour. One, a low Furanocoumarin Hybrid, looks promising. The additional beneficial health aspects are important in increasing interest in Grapefruit since the bad press received regarding Furanocoumarin found in grapefruit and its negative effects on Lipitor, (cholesterol medication), in the past. This will also be a good candidate for Chinese markets where sweet shaddocks and Lycopenes are popular.

Rootstocks

We have introduced the first seed from California from rootstocks released from quarantine last year. The seed of Bitters, Furr, and Carpenter will help fast track rootstock trials while the daughter trees are established at the CFB. A further rootstock, Rich16-6 Trifoliolate has also been imported. These are all cultivars suitable for replant conditions but also show possible tolerance to high PH and brak conditions. Trials of seven Argentinian rootstocks with compatibility to Eureka lemon are being prepared.

Trends and Stats analysis and using a scoring tool to make sense of all the options

Recently we have encountered several groups who are focussing on red cultivars. There seems to be a resurgence in demand for Cara-Cara even outside of the traditional USA market. Demand is now seen in the EU and Far East. A range of earlier to later ripening Oranges to extend the season makes sense and it is probable that the extended shelf space

reserved for the 'Reds' will give more exposure and resultant demand to these varieties. There has been some interest in the Pink lemon from recent articles. Although this has been around for some time, (a late '50s discovery), interest in lycopene and Anthocyanin fruit is on the increase with their perceived health benefits. These previously ignored cultivars are now coming back into focus.

CGA CC has previously referred to a cultivar scoring tool. Thanks to the assistance of Flip Viljoen growers can now contact CGA CC if they would like to make use of it and/or change it to their liking.

It is important that as objective a decision as possible is reached when making decisions due to the high costs of new plantings. It is critically important to see how cultivars weigh up against each other in terms of Productivity, Ease of Management, Quality and Market Acceptance. The results are sometimes surprising and weaknesses are not always known unless using such a comparative system.

Added to this is making oneself aware of the valuable information in the annual CGA Citrus Industry Stats booklet compiled by John Edmonds. Growers must be acutely aware of the changes in planting trends, the vast amount of budwood uptake for lemons and late mandarins and be sure to spread one's bets as wide as possible. For that reason, our focus (and probably all other cultivar companies) is concentrated in hunting for cultivars that will provide a spread of cultivars across the season. Many new options are in Post Quarantine clean up and growers should constantly be on the lookout for new opportunities.



KEITH DANCKWERTS
General Manager



CHRIS HENDRIKS
Marketing Manager



JOHN OPOKU-DEBRAH
Researcher



River Bioscience (RB) was established in 2003 to:

- commercialise the technologies developed by the CGA group through CRI, and its collaborative partners and contracted researchers.
- Develop, and grow an efficient distribution network in order to provide product to end users and facilitate after sales service and technical support for the benefit of the South African citrus industry, thereby ensuring its global competitiveness.
- Collaborate with entities which can provide the South African citrus industry with products which contribute to competitiveness.
- Maintain citrus as its primary focus.
- Supply products to the South African citrus industry at fair prices to growers.
- Generate financial benefits for the South African citrus industry to enable further research and development of controls for pests and diseases of economic importance to the industry.

RB has achieved these goals/this mandate through the successful commercialisation of Cryptogran, Helicovir, M3, EPN's and Invader-B-lok. Through the development of relationships with our key agents and assisting them directly we have increased the sales of all our product lines except EPN's.

Jacques Fouché resigned from RB and has been replaced by Christiaan Hendricks who is based in Pretoria and will be able to serve the northern parts of South Africa as well as the south.

RB continues to look to open international markets for its existing product range and we thank our international partners for their commitment to increasing our sales, and also growing the registrations required to enable field sales in the years to come. We trust that our collaborations and partnerships will bear much fruit in the next three to four years as growers learn of the efficacy of products at good prices.

Research on a range of new products continues in conjunction with CRI, Universities, contract researchers and RB and Xsit personnel.

River Bioscience Board must be congratulated on the successful purchase of the 49% shareholding in Xsit from the Technology Innovation Agency (TIA), a transaction which has taken eighteen months to effect. Well done to our Board of Directors and in particular Juliette du Preez who gave willingly of her time for our benefit. The consolidation of Xsit and RB into one organisation to serve the Citrus industry better can now proceed. We look forward to the exciting times ahead in this new entity.

Xsit has proven over the past years, that in conjunction with complimentary controls, such as Cryptogran and mating disruption products, SIT can effectively help keep markets open as the technology is proven in reducing

populations of phytosanitary pests thereby securing the continued access to the important USA market for Western Cape farmers.

During 2015 Xsit had the misfortune of suffering two fatal crashes with their Gyros. Our condolences to the families of these young men. This is a great loss.

We have as a result changed over to using fixed wing aeroplane releases. The transition was a difficult period and we trust that the good work performed by Xsit will continue to bear fruit. Well done Xsit in pulling through this difficult period.

RB's investments, in supporting the South Africa citrus industry, are made possible by continued grower support. Profits from the sale of RB products have allowed for a total reinvestment of R18,5 million in the citrus industry through Xsit, royalties and dividends to the CGA group and additional research since inception.

RB's product range is specifically aimed at controlling phytosanitary pests in an environmentally sustainable manner, with control equivalent to or better than chemical alternatives. RB's product range is designed with sustainability in mind; a long lifespan due to efficacy and favourable toxicity profiles. Our range provides fruit growers with viable alternatives for the future when further pressure will be exerted on the farming community to reduce its use of potentially hazardous products.

RB has increased its product range from inception in 2004 and now includes:

- Cryptogran to control larvae of false codling moth
- Helicovir to control larvae of bollworm
- M3 to control fruit fly in all fruit crops
- Invader-B-lok for control and Invader-Lure for monitoring of males of the African invasive fruit *Bactrocera dorsalis*.
- Invader-Lure to monitor for males of *Bactrocera dorsalis*.
- Cryptonem for control of FCM, codling moth, weevils and beetles.
- Nemapom for control of overwintering codling moth larvae, western flower thrips, sciarids and fungus gnats.

We believe that RB has and will continue to fulfil its mandate by providing top quality effective products, evaluated by CRI to be the most effective and efficient in their specific use. As a result of the introduction of these products to the market, competitive products have also made their way into the South African market and fulfil that need for access to a broader range of effective control measures.

The extra competition keeps prices tight, and prevents the citrus grower from having to pay more than necessary.

Industry research proves RB's biological range to still be the most cost effective and efficient FCM and fruit fly control on offer. Highest concentration FCM virus, only female bait station, and highest concentration MAT block in the market with proven efficacy in eradicating early incursions of *Bactrocera*

dorsalis, the Oriental fruit fly, formerly known as the African Invasive fruit fly.

The working of these products has through stringent scientific research been regularly proven to better or equal the best chemistry available, and with the most competitive prices. Many papers were presented at the TEAM Fruit Fly Congress in South Africa by researchers from Europe, Middle East and Africa on research conducted on our products (M3 and Invader-B-lok) in controlling *B. dorsalis* and *B. zonata*, with the added advantage of effecting similar control on the other fruit flies. We trust this research will in time come to result in increased sales through our partners in these countries.

Furthering the ideals of income generation, RB actively seeks international markets for our current and new product range. In keeping the SA citrus industry competitive, RB has applied for registration of SAGA, an antbait which will control both economically important ants, the Pugnacious ant and Brown House ant in citrus orchards.

Applications for registration of

- a new fungicide RB1 to replace mancozeb and copper in conjunction with other citrus black spot products, and
- a mating disruption product which can be mechanically applied providing ease of use in the control of false codling moth, will be submitted in the new financial year.

CITRUS PRODUCING REGIONS

Citrus Producing Regions

Province Area (Ha)

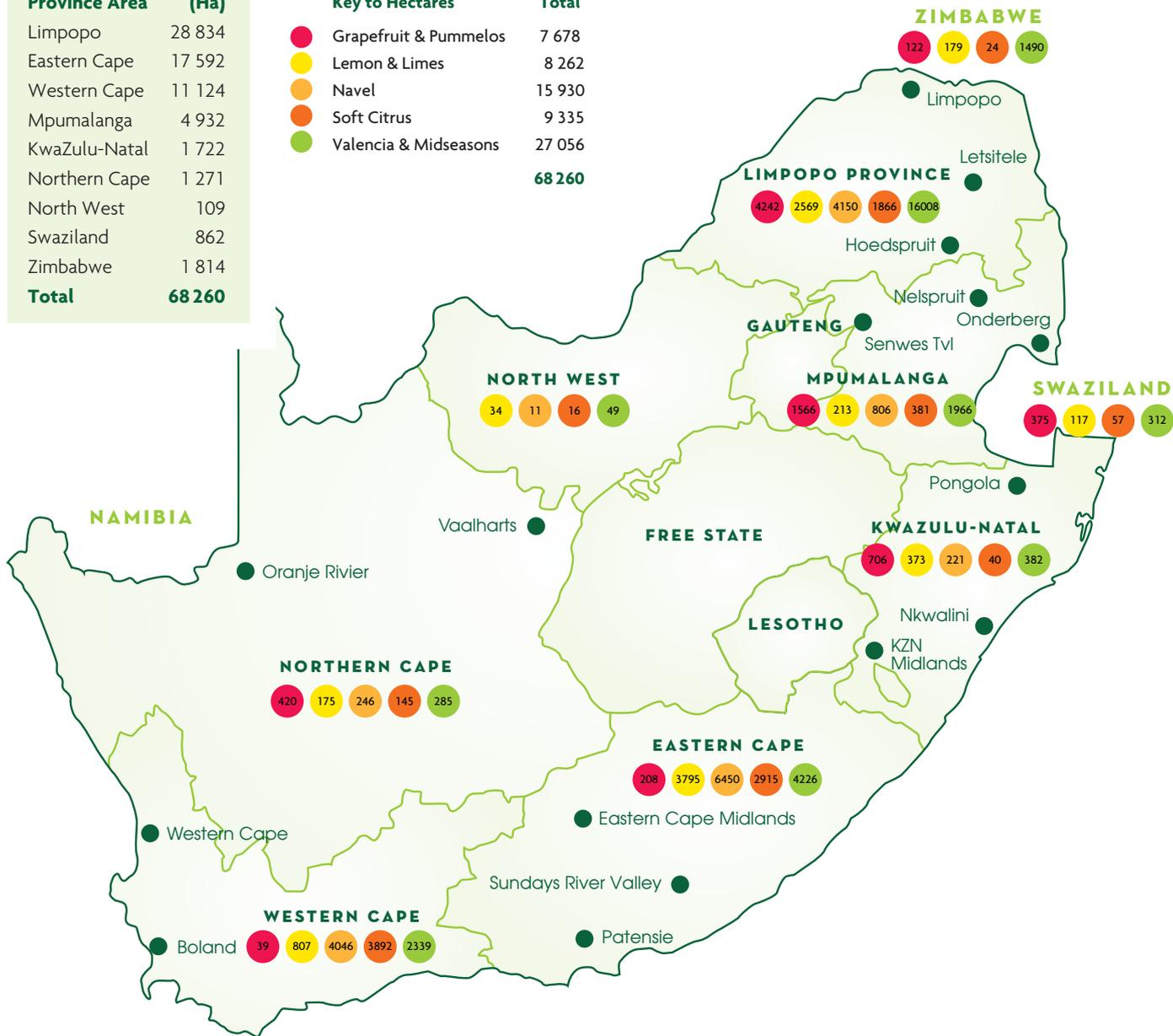
Limpopo	28 834
Eastern Cape	17 592
Western Cape	11 124
Mpumalanga	4 932
KwaZulu-Natal	1 722
Northern Cape	1 271
North West	109
Swaziland	862
Zimbabwe	1 814
Total	68 260

Key to Hectares

●	Grapefruit & Pummelos	7 678
●	Lemon & Limes	8 262
●	Navel	15 930
●	Soft Citrus	9 335
●	Valencia & Midseasons	27 056

Total

68 260



ABRIDGED FINANCIAL STATEMENTS

Financial Statements

	ACTUAL	BUDGET	ACTUAL	BUDGET
	2014/15	2015/16	2015/16	2016/17
Income	58 165 140	66 214 404	63 686 214	72 600 000
RSA Levy	55 120 465	54 590 000	59 660 770	61 600 000
Swaziland / Zimbabwe Levy	1 038 096	920 000	1 157 770	2 000 000
Draw from Reserves		2 600 000	936 068	
CBS Provision (Drawn from reserves)		6 500 000		7 500 000
Net Property Income	52 364	54 404	161 283	
Interest	1 342 684	1 200 000	1 367 834	1 200 000
Dividends Received - River Bioscience	300 042	300 000	300 042	300 000
Citrus Summit Registration Fees	189 489			
Other Income	122 000	50 000	102 447	
Expenditure	55 374 042	66 200 268	63 686 214	72 497 069
Staff Costs	4 150 985	4 794 908	4 711 816	5 055 233
Travel & Accommodation	259 128	310 000	422 198	280 000
Office - Rent & Equipment	470 411	50 000	215 640	61 000
Office Expenses	580 927	436 000	681 469	522 000
Board Expenses	327 920	812 000	317 983	599 750
Services (Accounting, Legal & Insurance)	396 130	445 000	459 550	490 000
Subscriptions	257 942	282 000	225 327	258 000
Communication	83 039	177 000	78 053	207 000
Market Access	2 484 136	3 124 000	2 797 831	4 650 000
Market Access - CBS	5 617 653	7 500 000	4 581 251	7 600 000
Research Programmes - Citrus Research International	33 487 000	38 891 360	38 891 360	42 502 086
Transformation & Grower Development	2 733 470	3 700 000	3 714 640	4 200 000
Transformation - Citrus Academy	2 300 000	2 500 000	2 699 996	2 800 000
Depreciation	47 743	32 000	96 128	32 000
Information	539 446	541 000	680 757	805 000
Citrus Summit Expenses	189 489			
Land Reform		50 000		50 000
Regional Capacity		670 000	335 863	500 000
Profit / Loss on Asset Disposal	5 681		(5 526)	
Provision for doubtful debts	305 539		(303 392)	
Leave Pay Provision	(48 063)		10 256	
Impairment of Loan - CGA Cultivar Company (Pty) Ltd			1 681 405	
Infrastructure & Logistics	913 642	1 235 000	1 015 271	1 235 000
Market Development	271 824	400 000	378 338	400 000
Fruit Industry Social Compact		200 000		200 000
General		50 000		50 000
Net Surplus/(Loss) for Year	2 791 098	14 136	-	102 931



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