International Collaboration - Volume Coordination

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Malaysia – July 2007

subtrop

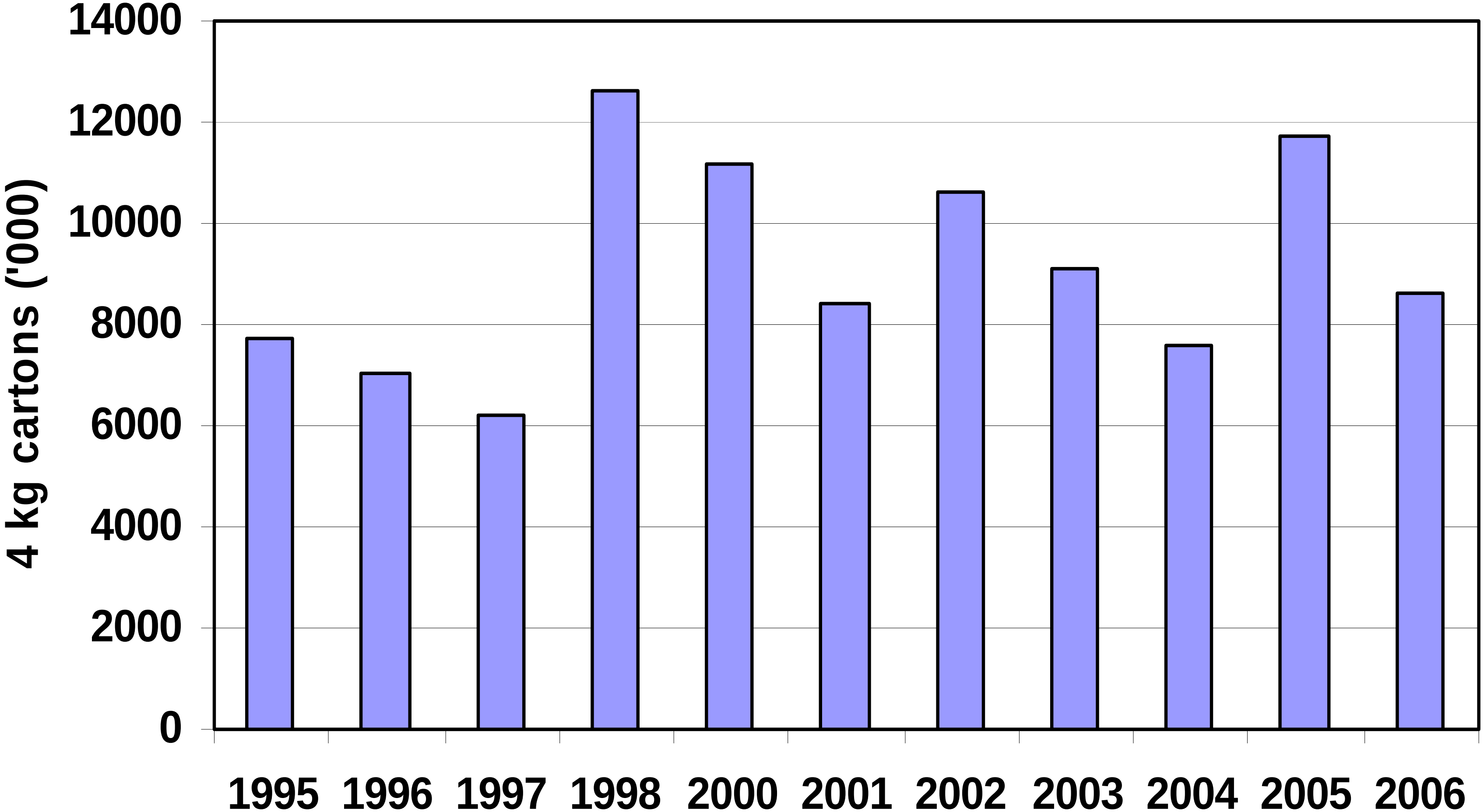
SA Subtropical Growers' Association

Production Areas

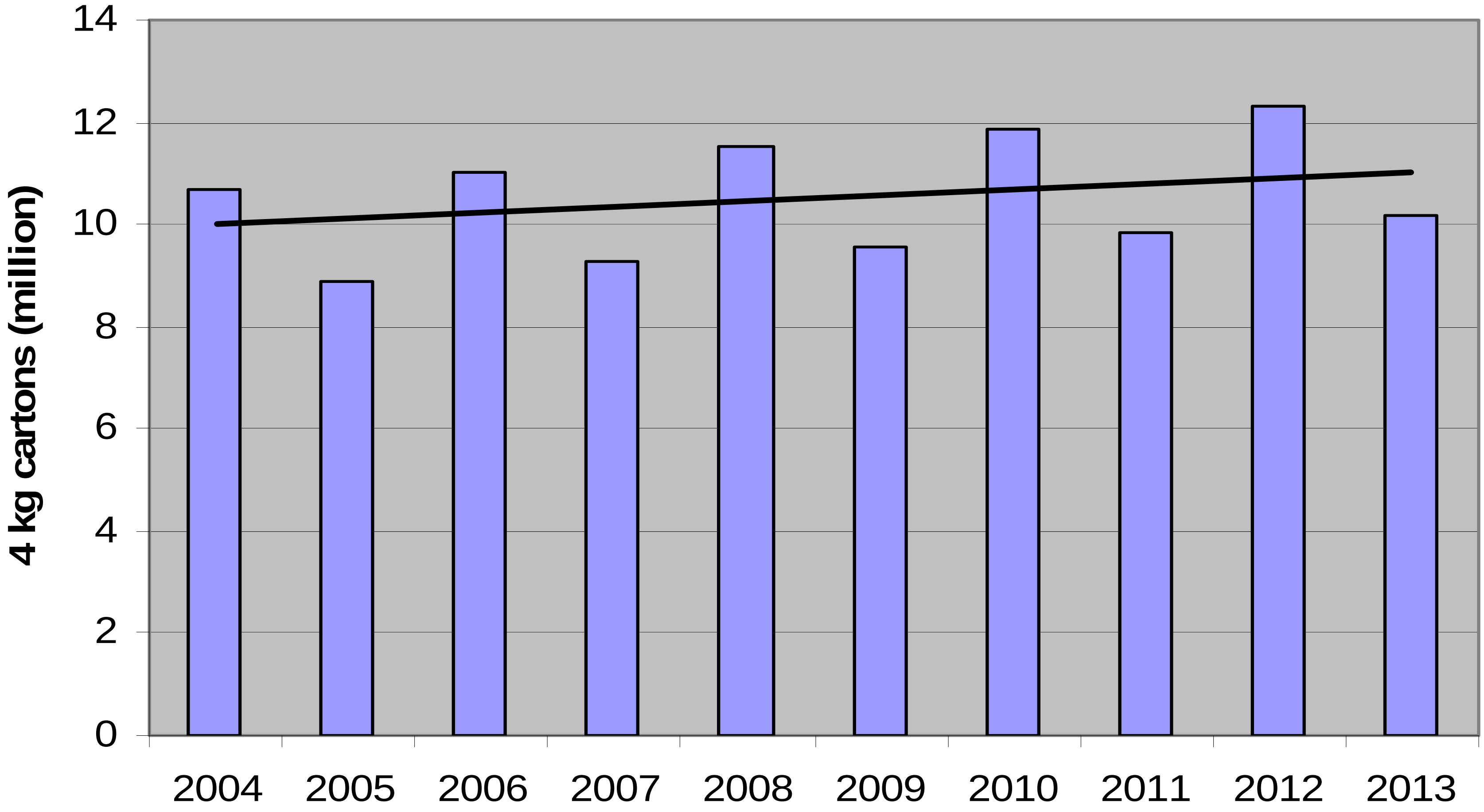
Avocado Industry

- 12 000 ha
- Season: March to October
- Production: 85000 to 100000 ton p.a.
- Export orientated: Europe – 45%
- Local: Fresh – 40%
- Processing: Oil and Guacamole – 15%
- Average production growth: ±2% pa
- Major competitors: Spain, Peru, Kenya, Israel

SA Avocado Exports



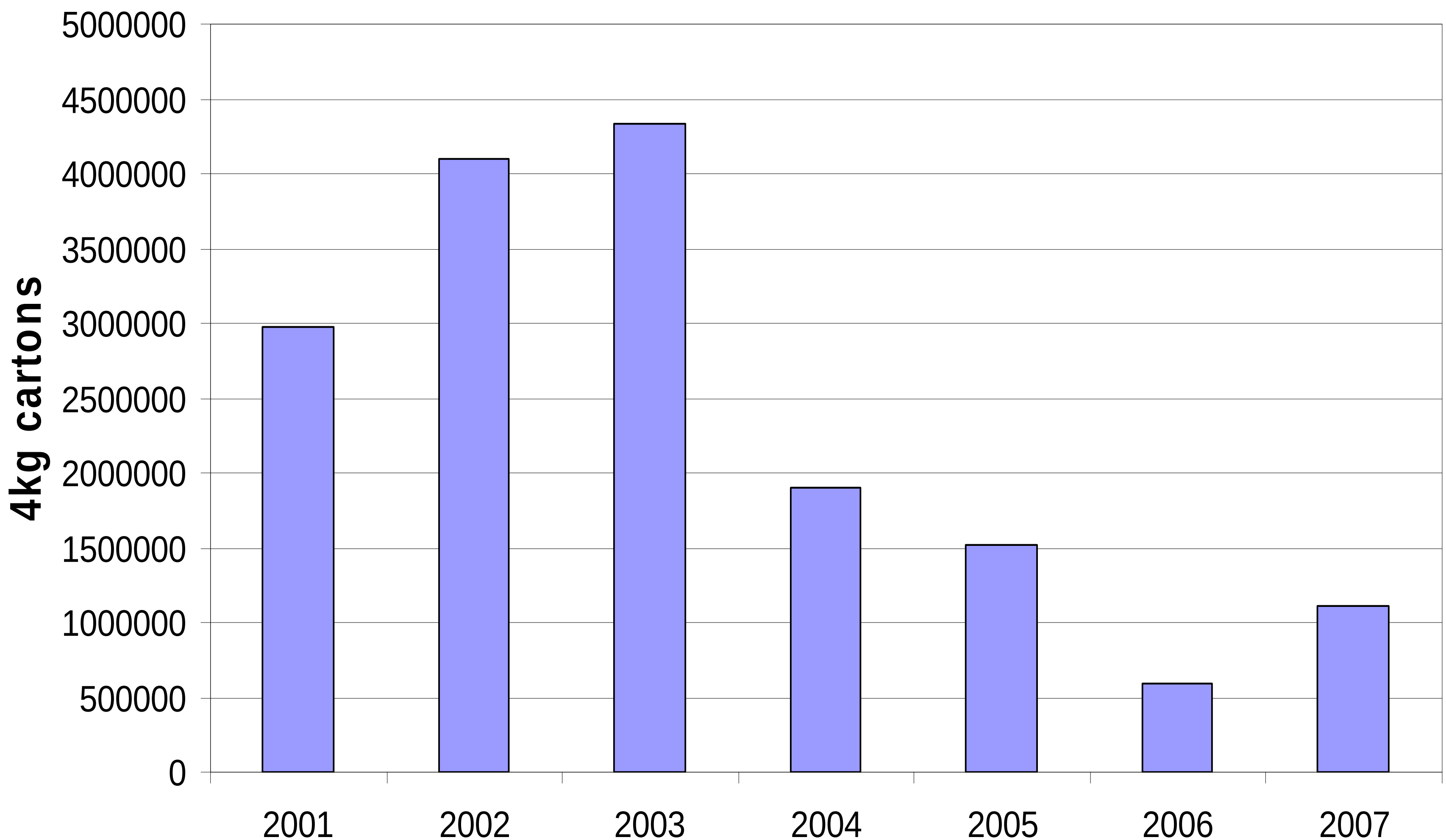
SA Avocado Exports - Projected



Mango Industry

- 7500 ha
- Season: December to March/April
- Production: 85000 to 100000 ton p.a.
- Less export orientated than avocado industry
- 65% of exports to EU, 20% ME, 15% Far East
- Processing: Juice, dried, achar
- Little to no growth in production
- Competitors: Peru, Brazil, Ecuador

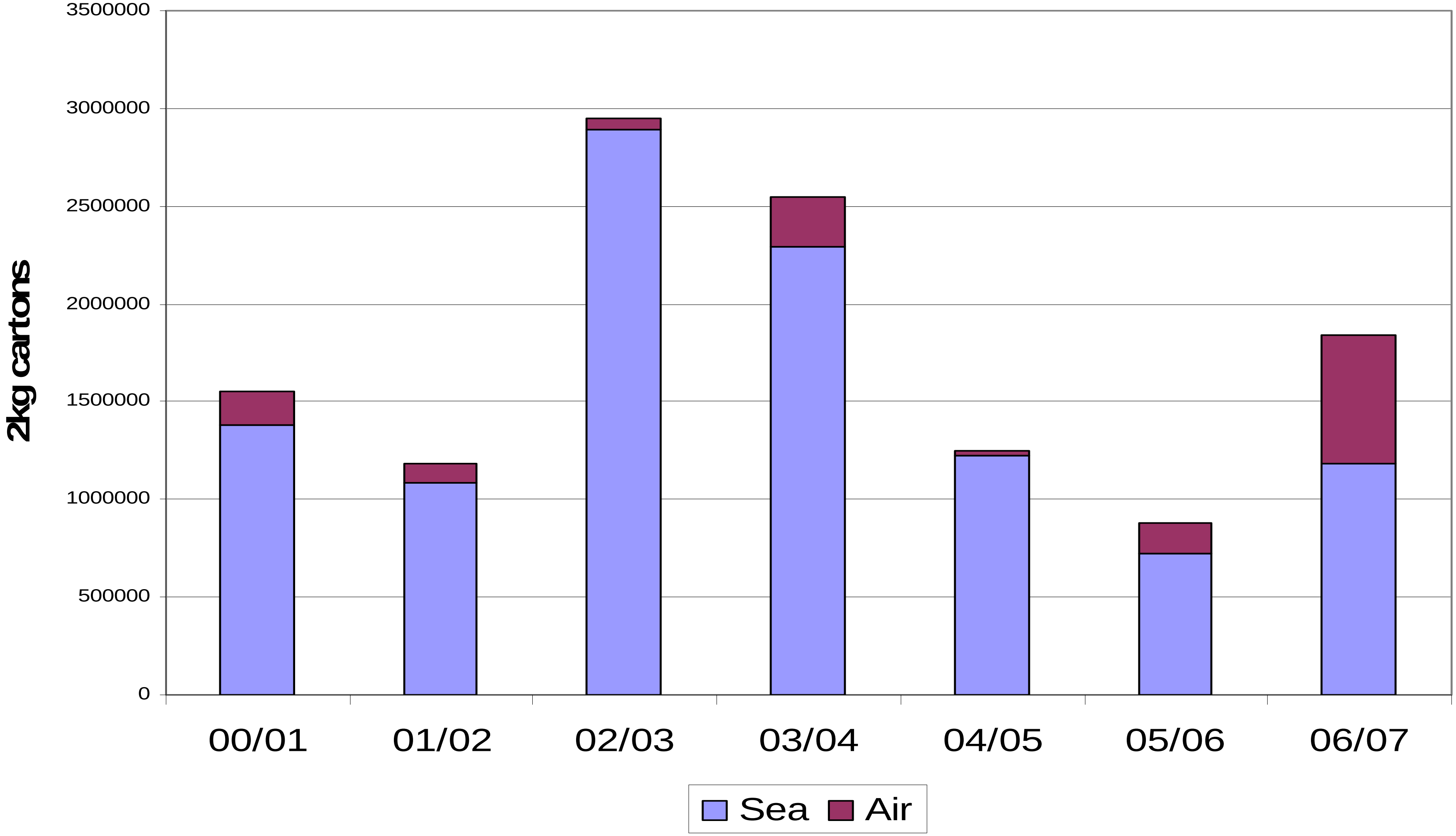
SA Mango Exports



Litchi Industry

- 3357 ha
- Season: December to February
- Export orientated
- Processing: Juice
- Domestic market easily over supplied mid season
- Major competitor: Madagascar
- Major cultivars: Mauritius, McLean’s Red

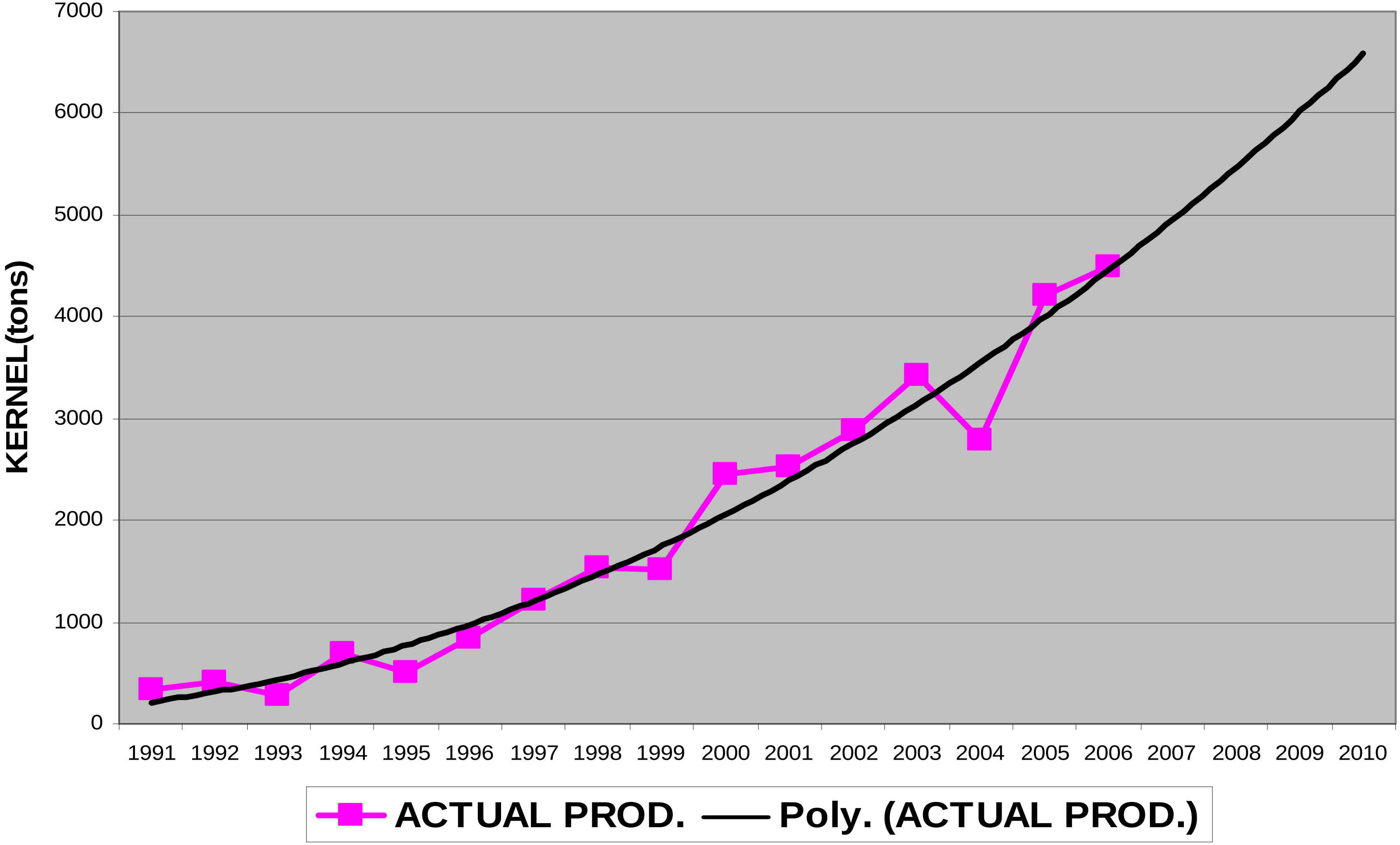
SA Litchi Exports



Macadamia Nut Industry

- Fastest growing subtropical industry – 50% of trees 1-5 years
- 26 Registered nurseries
- 14000 ha
- RSA currently world's 3rd largest macadamia producer
- 10500 ton NIS (2004) vs. 17000 ton NIS (2006)
- Export 96% of total production
- SA currently accounts for 15% of world macadamia supply
- Major competitors: Hawaii, Australia

SA Macadamia Nut Production



Challenges

- Cooperation to grow the market
- New EU member states
- Exchange rate
- Market price
- Consitent quality
- Cooperation to manage volumes
- Access new markets
- Technical research – new cultivars
- Nothing is certain in value chain – macs
- Land reform
- Volume variation

Challenges continue

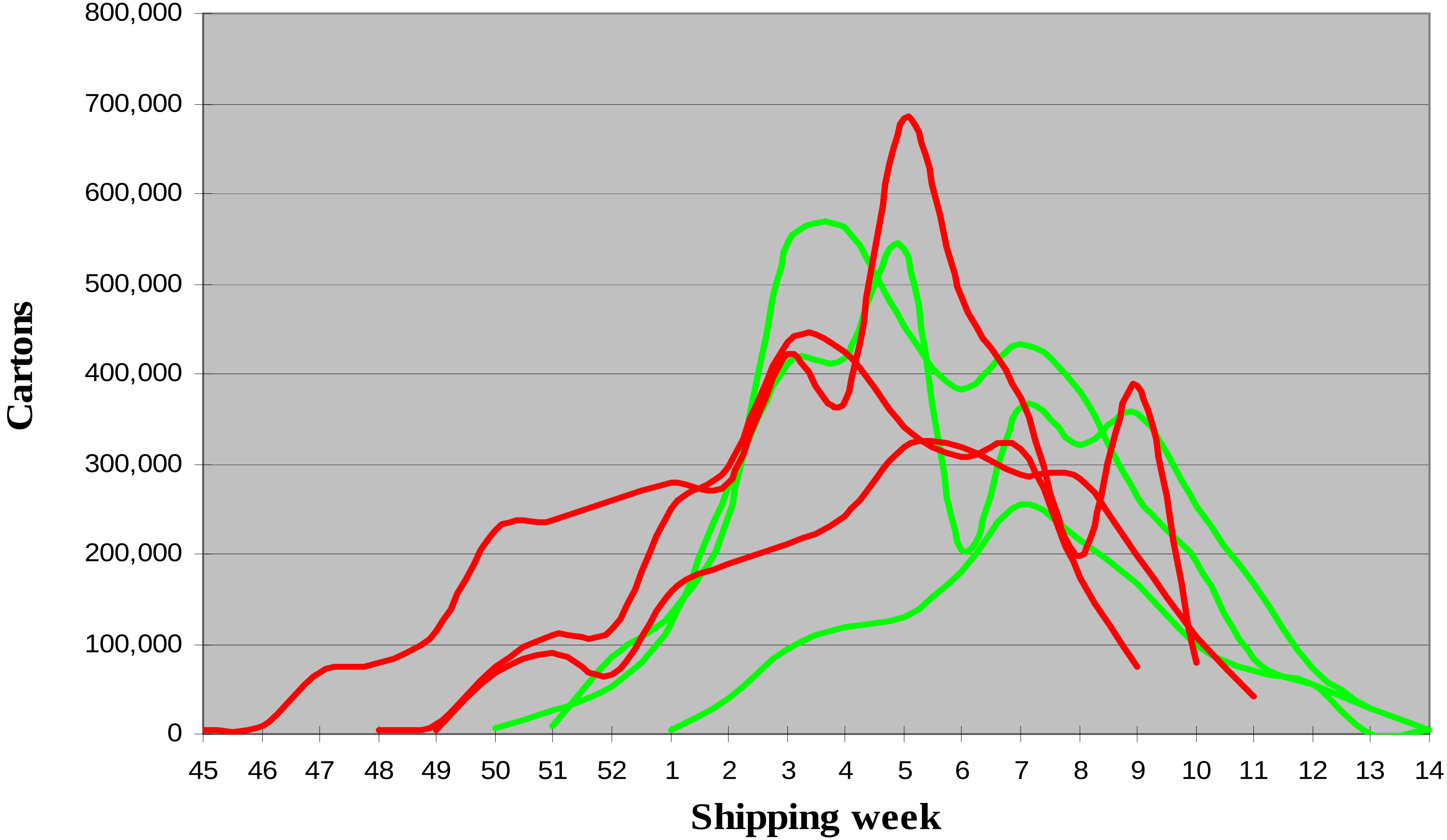
- Competition
- Climate
- Increase in production costs
- Slow growth in EU consumption
- Increase in world production
- Value adding
- Changing market requirements
- Training
- Protect domestic market
- Changing consumer needs

Many of these challenges can be overcome by Volume Coordination

World Production

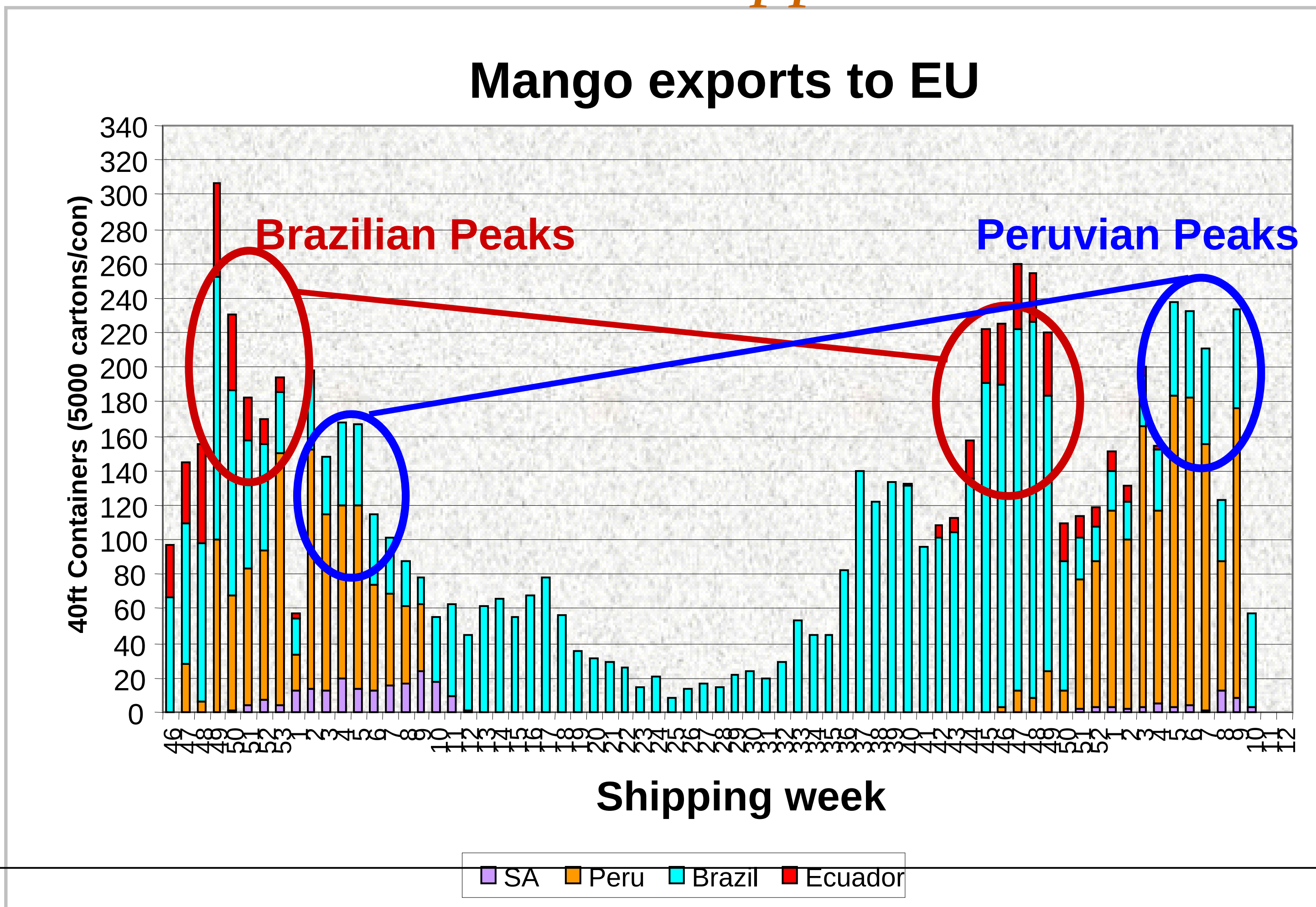
- Mango production has undergone a substantial increase of 150% in the past 5 years.
- Mango exports has an avg. annual growth rate of 8%.
- 1994 – 1996 export growth of > 30%.
- Mango exports from South America still to grow for at least another 3-5 years.

Mango Exports - EU - SA & Peru

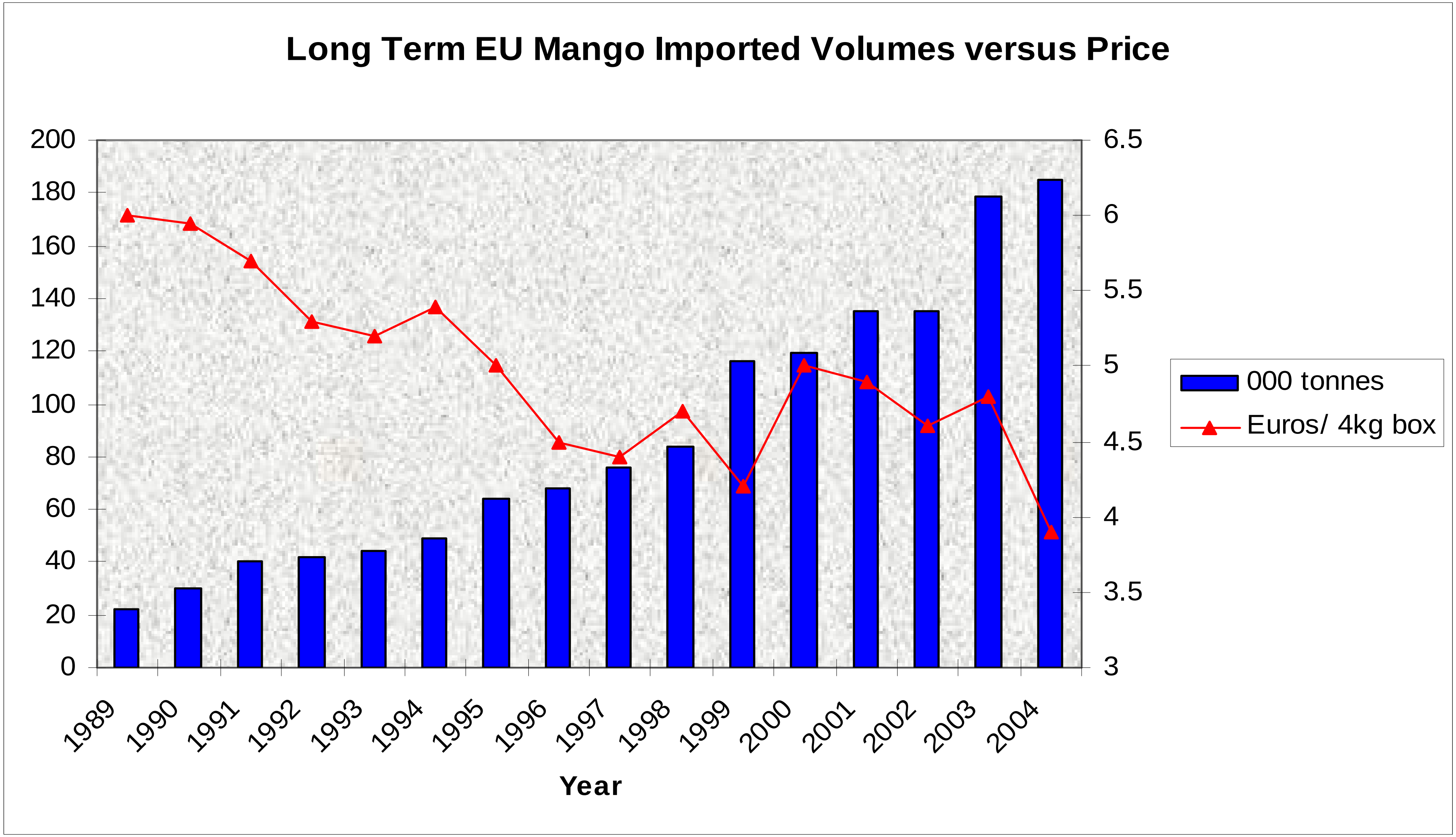


Southern Hemisphere Experience

Erratic supplies

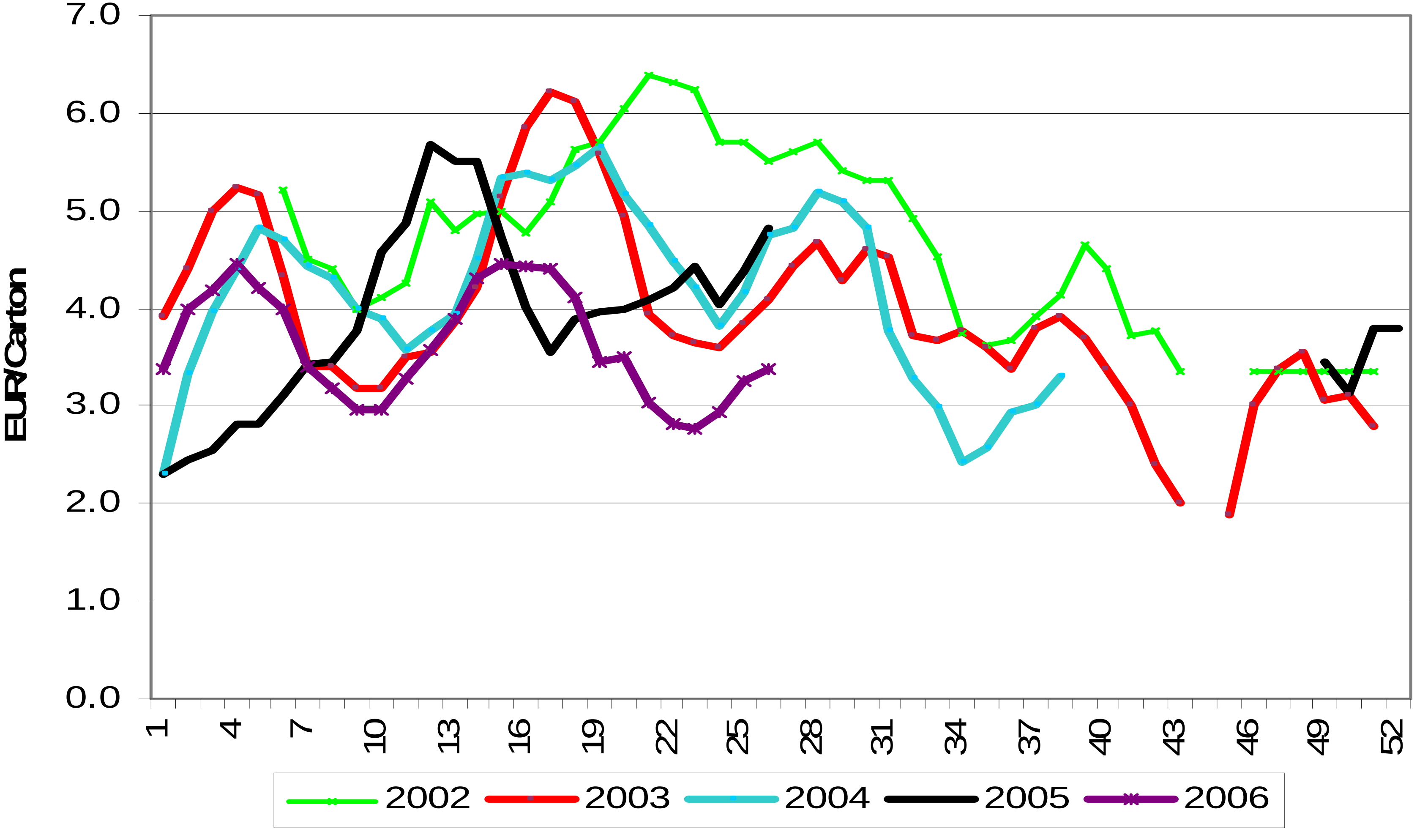


Avg Annual Mango Price in EU



Avg. Weekly Mango Price in EU

Not profitable < 4euro/carton

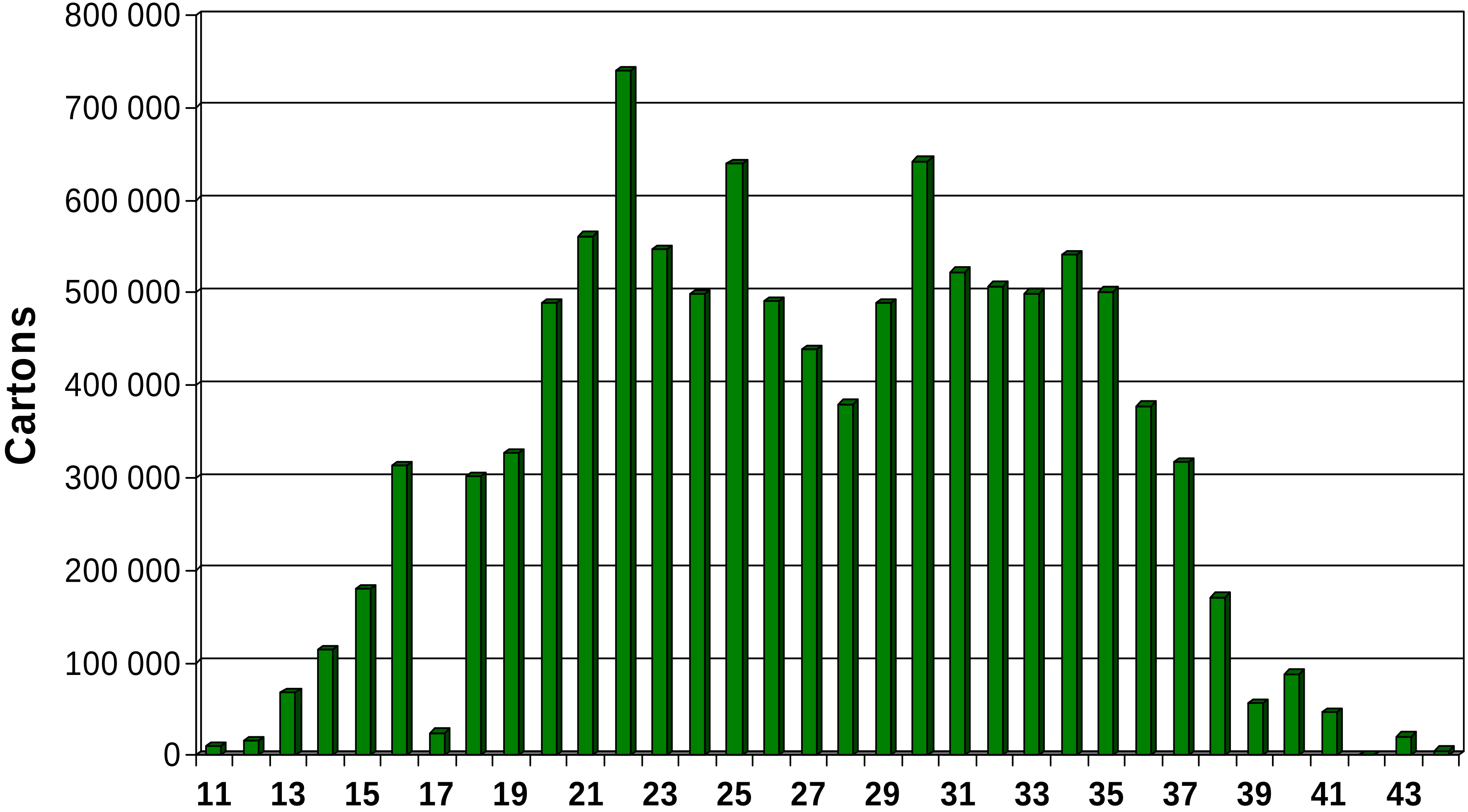


AVOCADOS

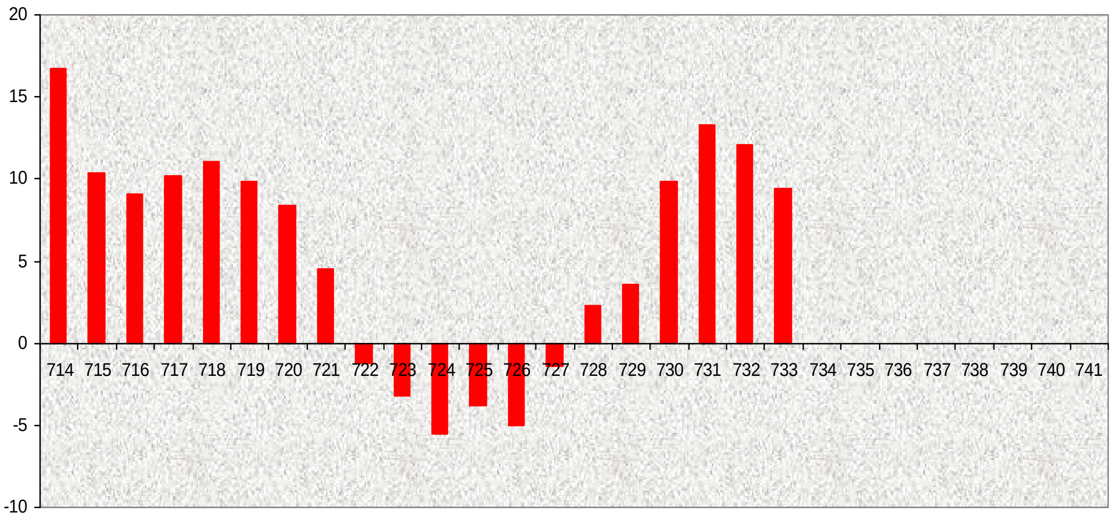
International Collaboration

- Case Study

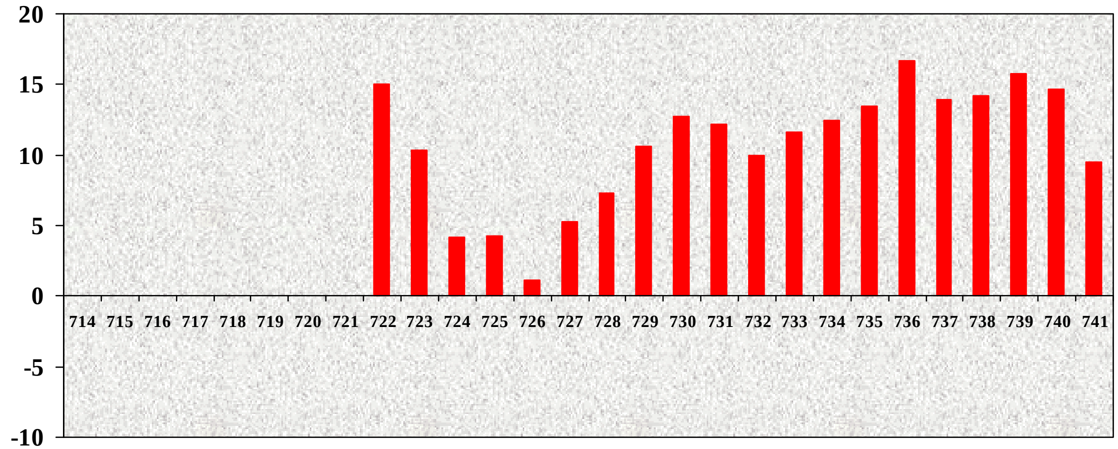
SA Avocado Exports - 2000



SA Avocado Prices - 2000



Fuerte



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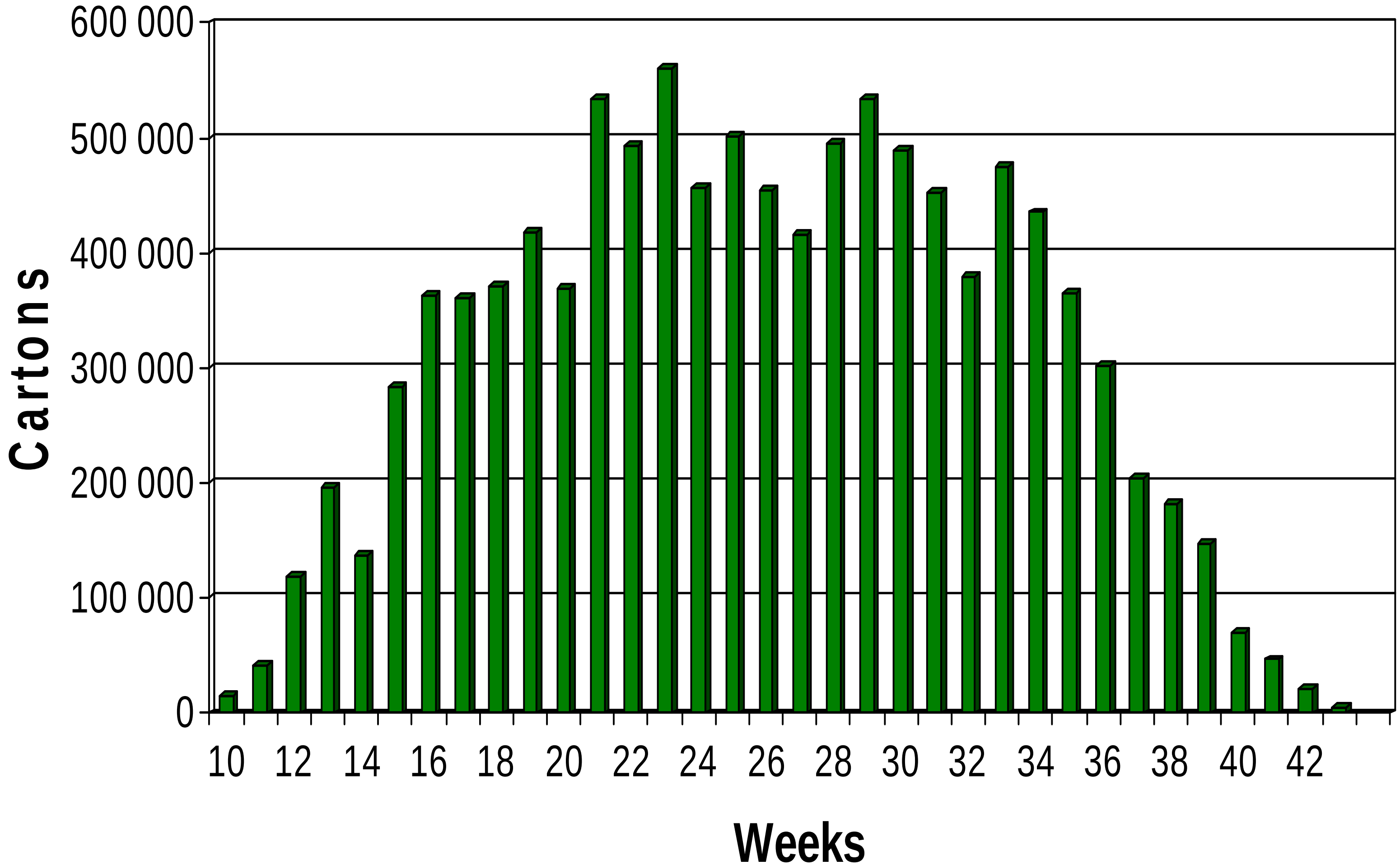
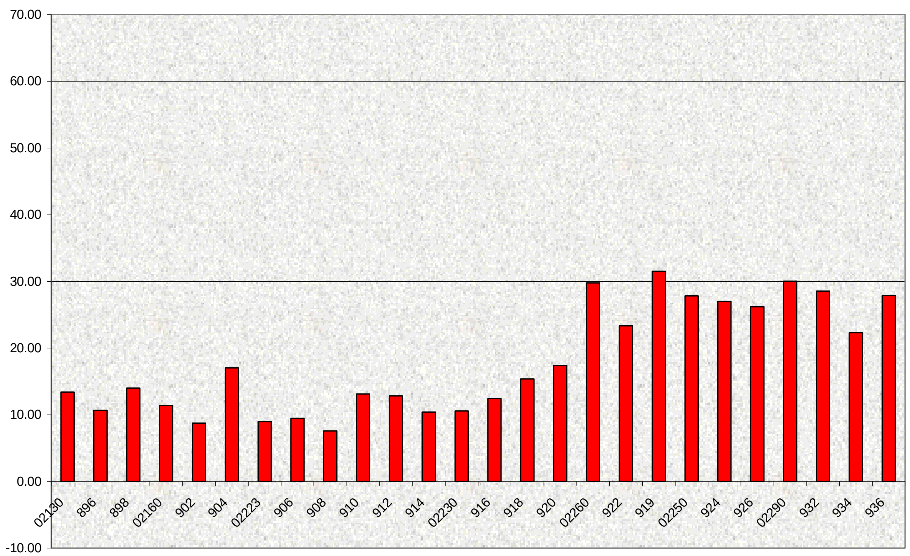
The Message in the SA Avocado Industry – Volume Management

- Growers lost money over a number of years due to inability to balance supply & demand
- Volume management is of vital importance and will stabilize prices and enable us to export more at better prices
- Sharing of information with various countries & exporters is the first step towards a total volume management process

SA Avocado Exports - 2002



SA Avocado Prices - 2002



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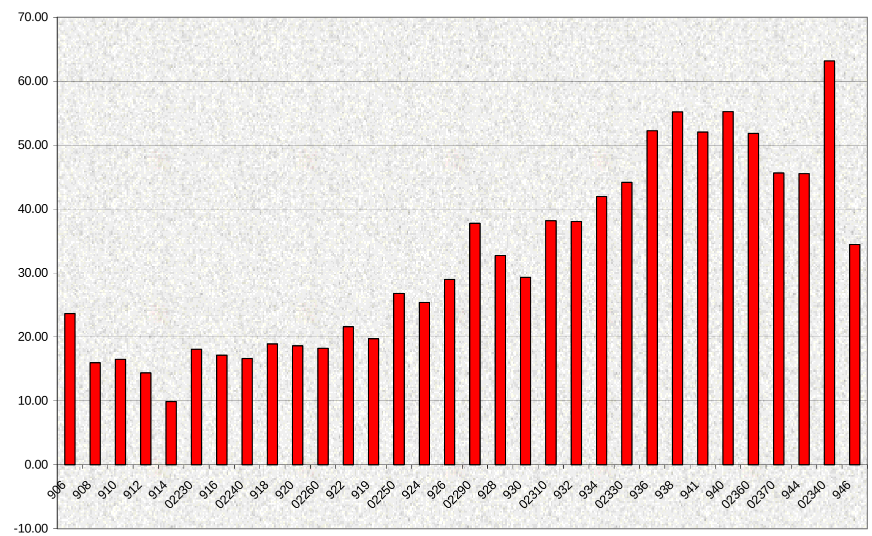

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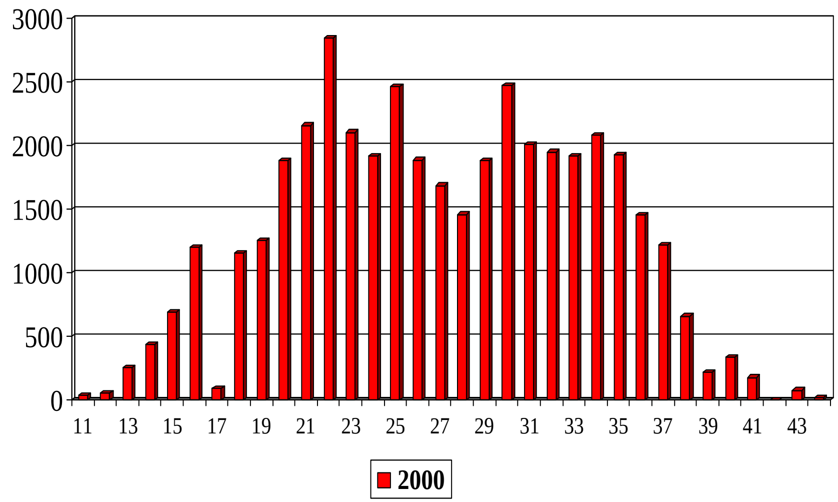
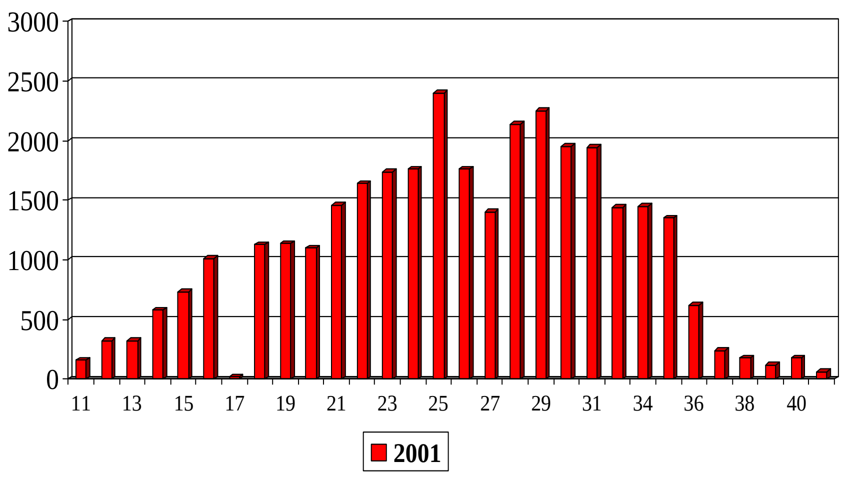
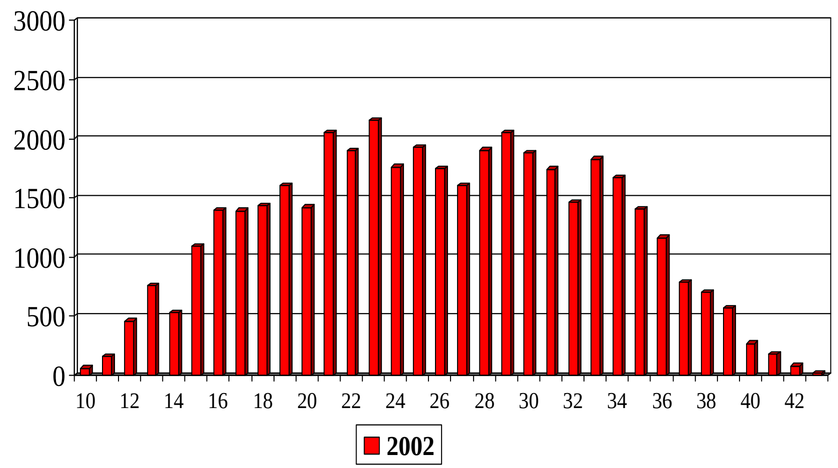
SA Export Volumes



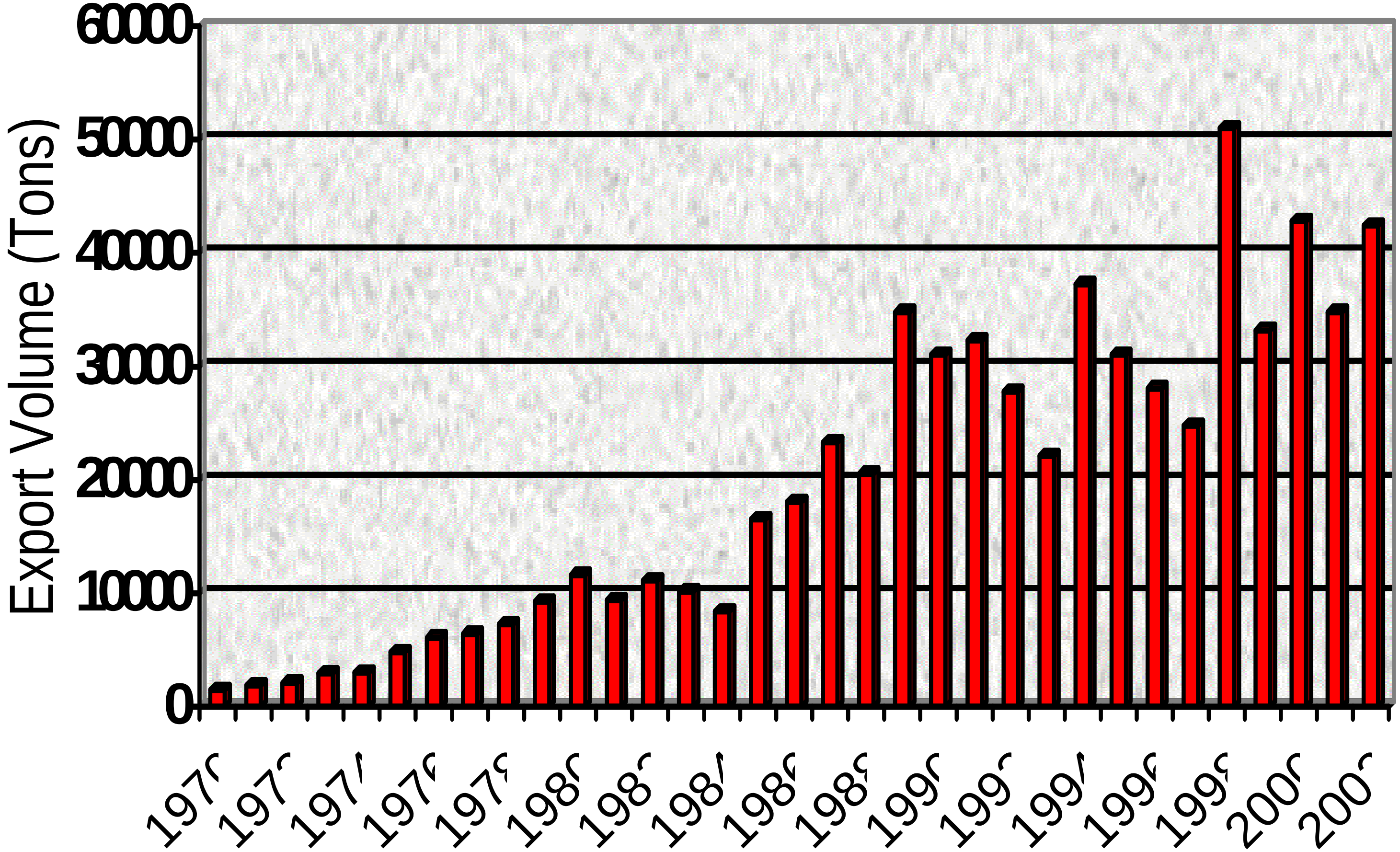




What do we need to do?

- Long term overview – historic (10 years)
- Medium term forecast – next 5 years
- Seasonal prospects (Estimates for year)
- Weekly updates (what has been shipped)

Long Term Overview



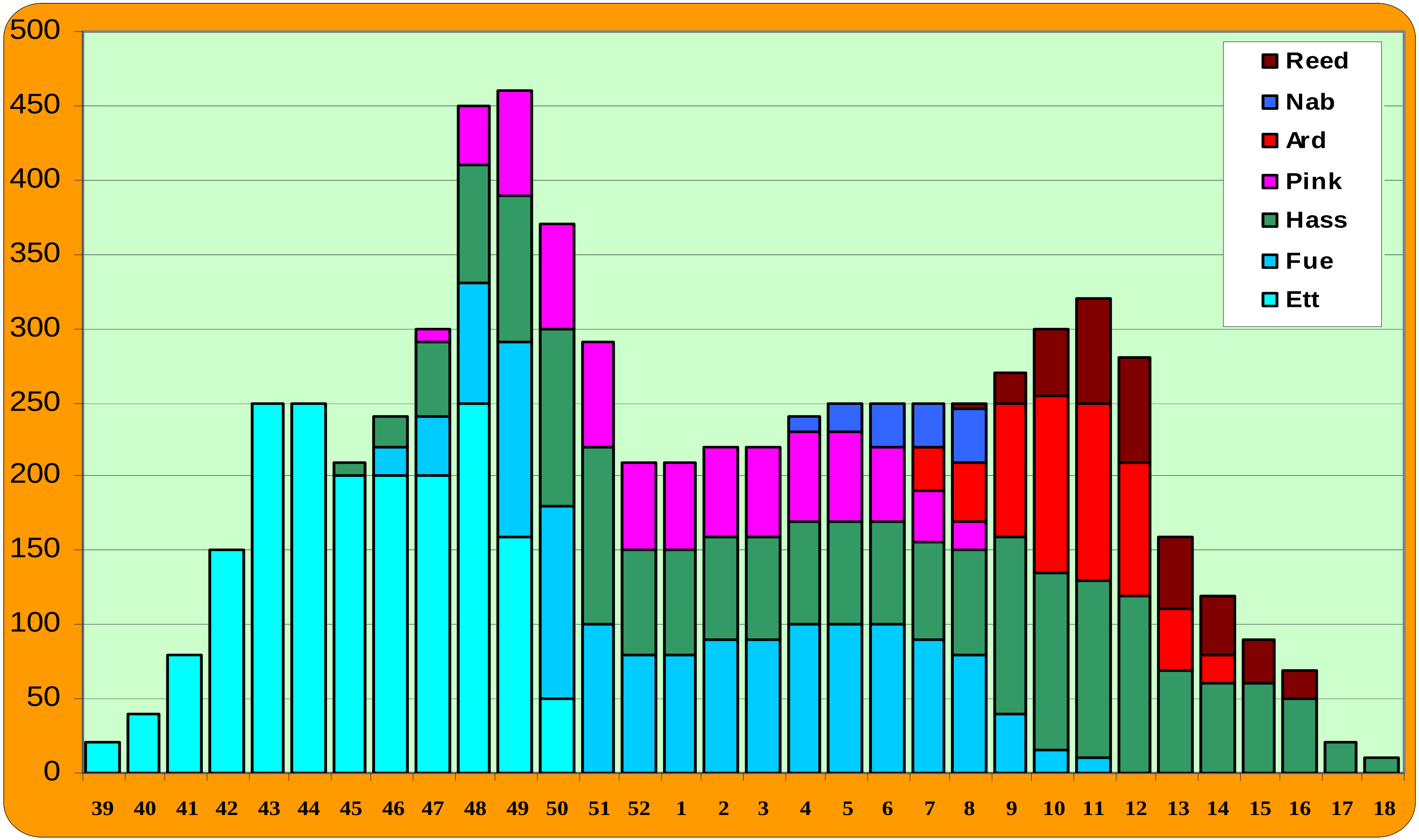
Medium Term Forecast

AVOCADO - World production estimate

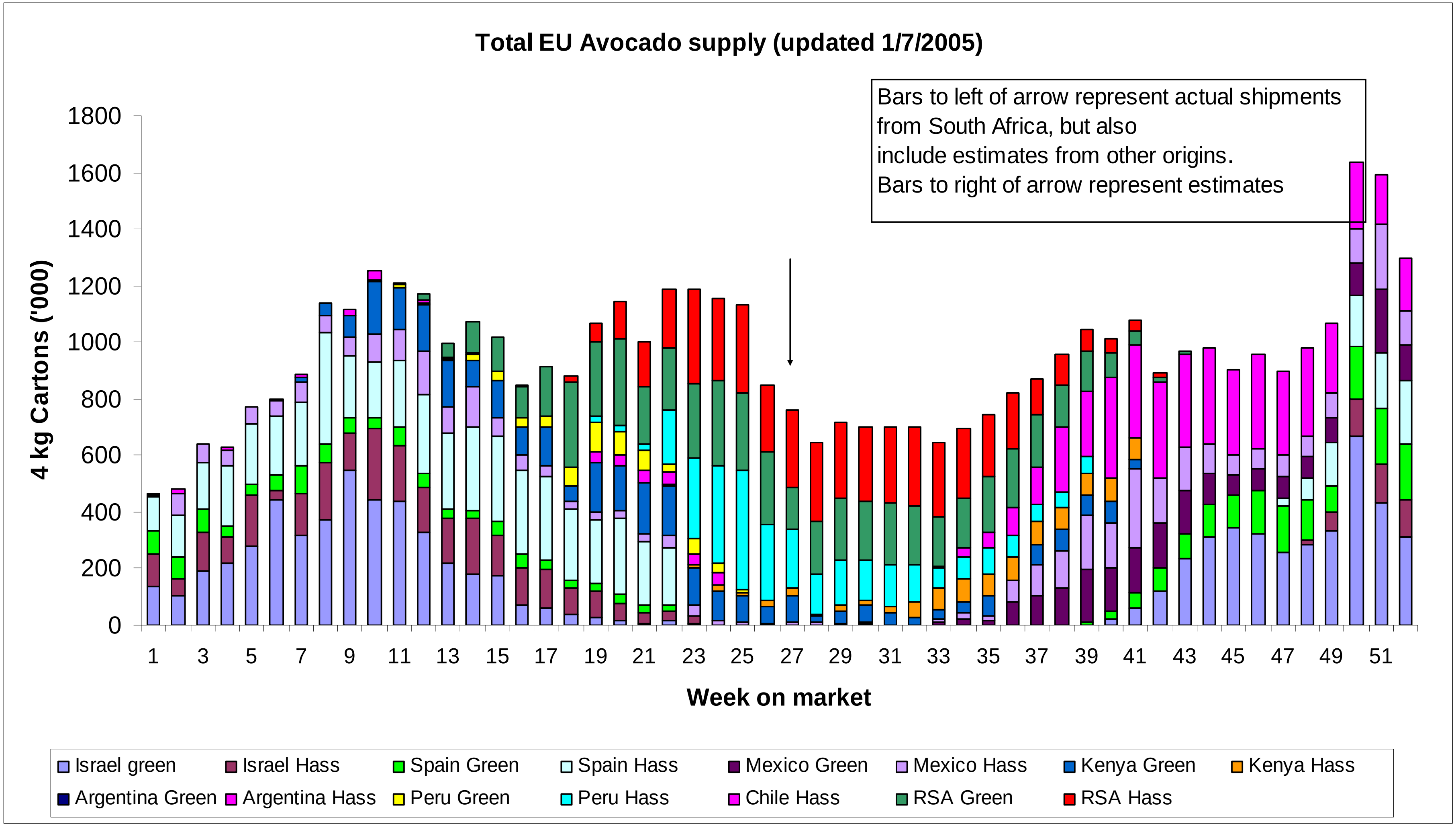
HASS	2002	2004	2007	*2007*			
				1st Qtr	*2nd Qtr*	*3rd Qtr*	*4th Qtr*
Country	('000 tons)	('000 tons)	('000 tons)	*('000 tons)*	*('000 tons)*	*('000 tons)*	*('000 tons)*
RSA	22.0	25.0	30.0		*13.0*	*12.0*	*5.0*
Israel	25.0	27.0	27.0	*11.0*	*3.0*		*13.0*
Spain	34.0	50.0	70.0	*18.0*	*26.0*		*26.0*
Kenya	0.5	1.2	5.0		*10.0*	*4.0*	*1.0*
Chile	1.8	10.0	40.0	*10.0*	*0.4*	*15.0*	*15.0*
Peru	4.3	9.0	20.0			*10.0*	
Argentina	0.3	0.3	1.5			*1.1*	
Mexico	10.0	10.0	10.0			*2.0*	*8.0*
TOTAL	**97.9**	**132.5**	**203.5**	***39.0***	***52.4***	***44.1***	***68.0***

FUERTE	2002	2004	2007	*2007*			
				1st Qtr	*2nd Qtr*	*3rd Qtr*	*4th Qtr*
Country	('000 tons)	('000 tons)	('000 tons)	*('000 tons)*	*('000 tons)*	*('000 tons)*	*('000 tons)*
RSA	20.0	25.0	25.0	*3.0*	*10.0*	*10.0*	*2.0*
Israel	10.0	13.0	13.0	*5.0*	*2.0*		*6.0*
Spain	8.0	10.0	10.0	*4.0*	*1.0*		*5.0*
Kenya	13.0	12.5	10.0	*2.0*	*5.0*	*3.0*	
Chile	0.0	0.0	0.0				
Peru	0.0	0.0	0.0				
Argentina	0.0	0.0	0.0				
Mexico	0.0	0.0	0.0				
TOTAL	**51.0**	**60.5**	**58.0**	***14.0***	***18.0***	***13.0***	***13.0***

Seasonal Prospects

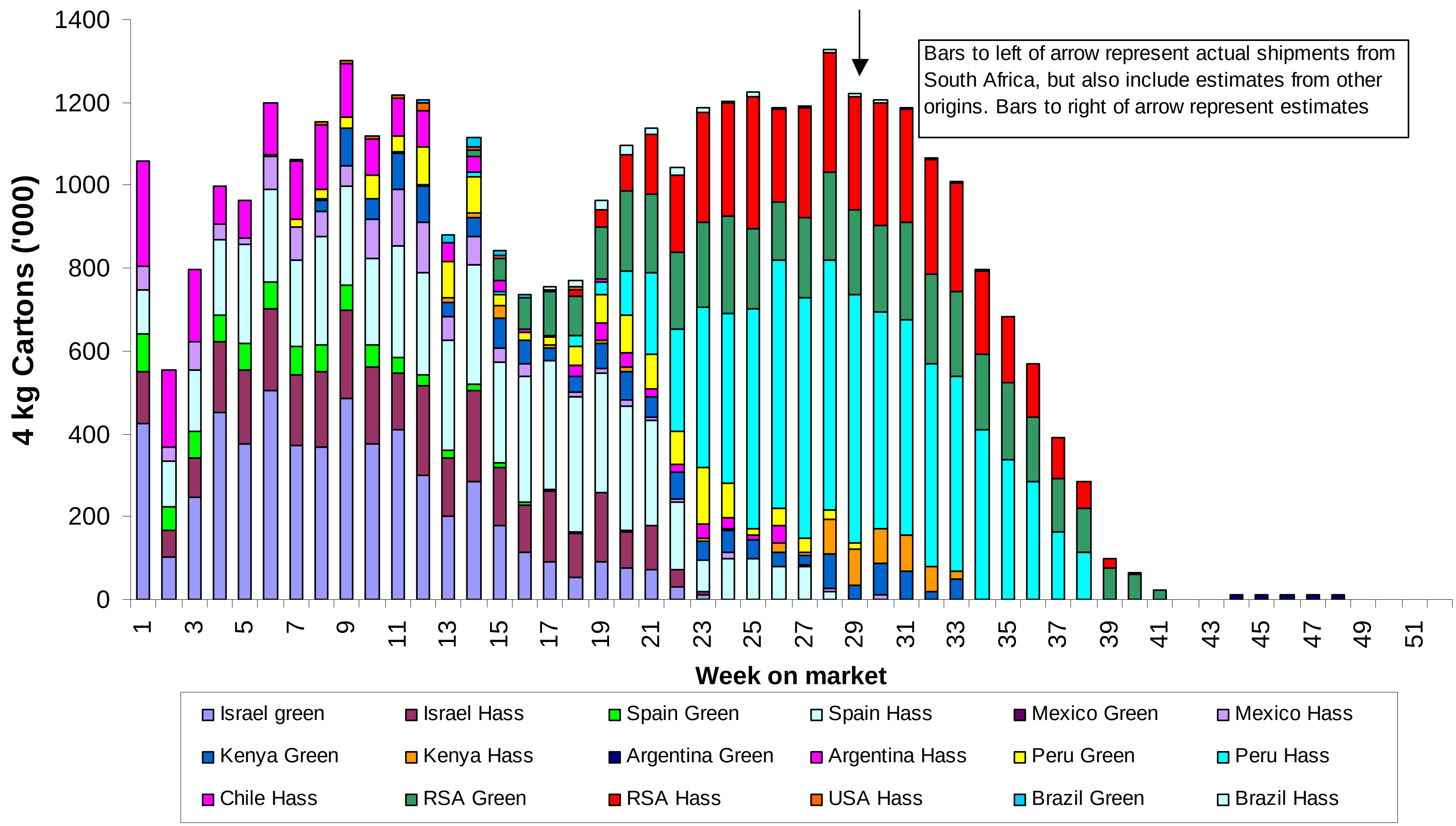


Consolidated Avocado Information

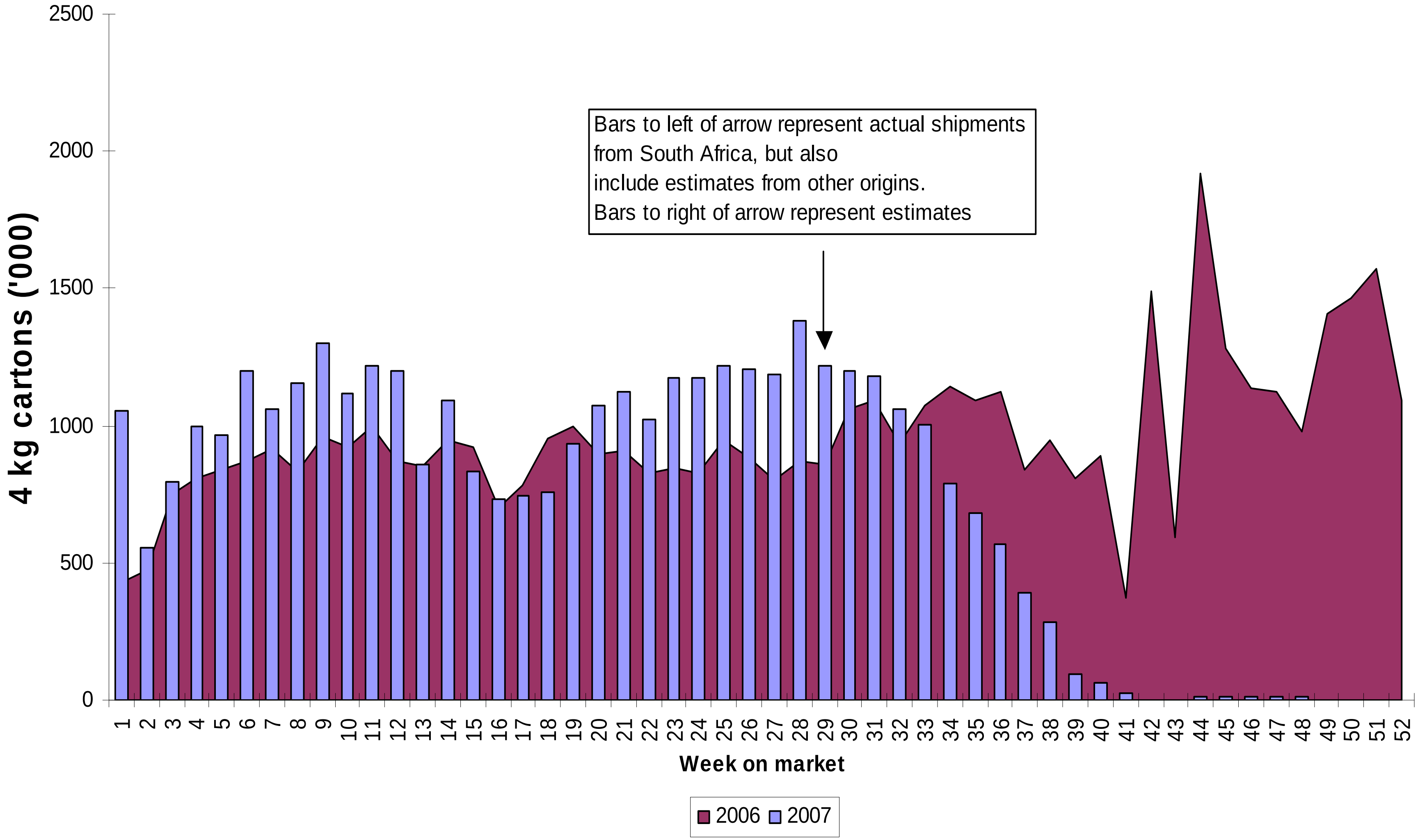


2007

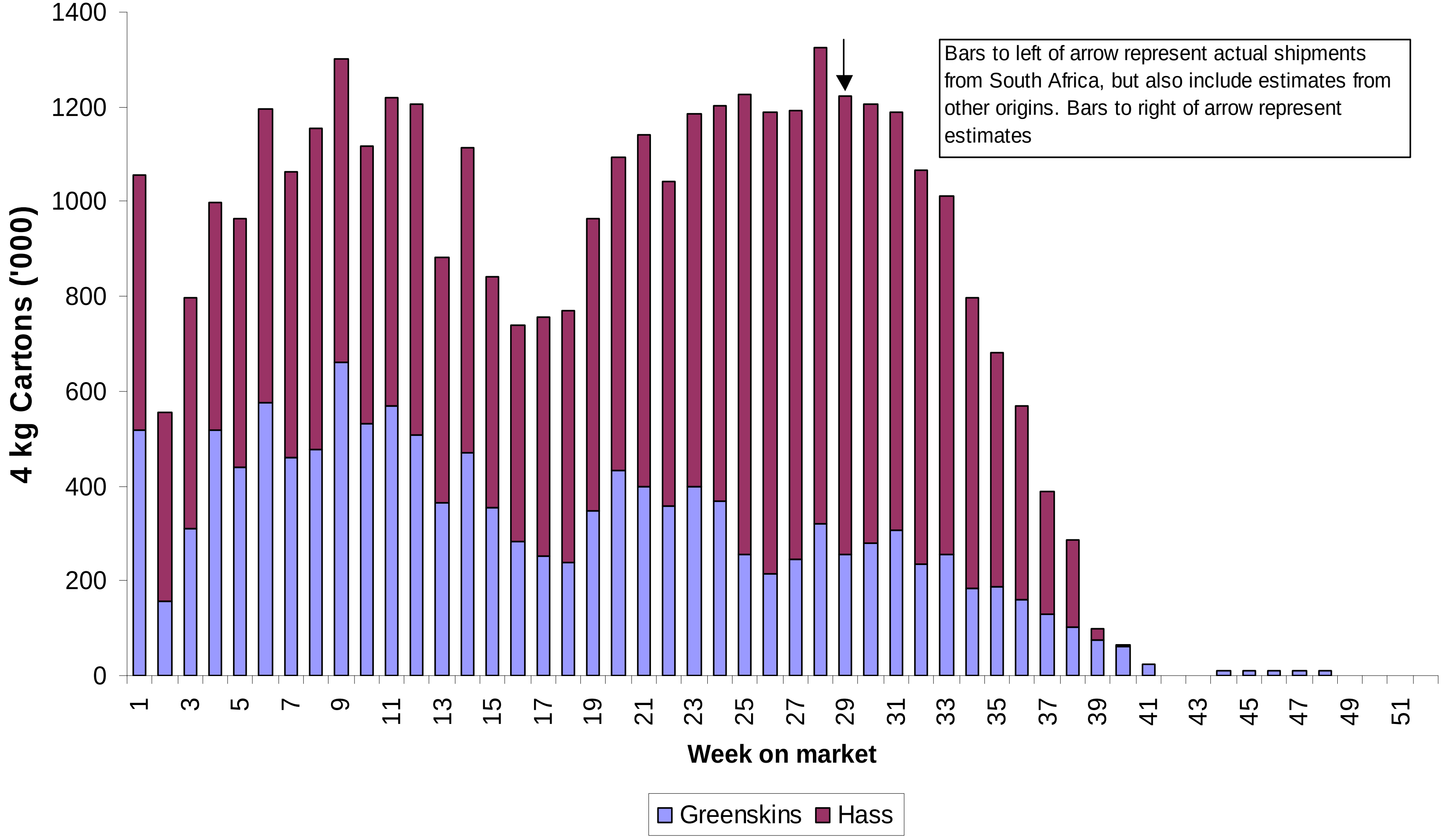
EU Avocado Supply - 2007



EU Avocado Supply – 2006 vs. 2007



EU Greenskin & Hass Supply - 2007



Sharing Information

- Needs to be accurate
- Timely
- All major role-players
- Communicated
- Commitment

Thank You