***FROM THE DESK OF THE CEO (9/20)***

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*Justin Chadwick 13 March 2020*

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| ***“When China sneezes, the world catches a cold” Adapted*** |

**CORONA VIRUS (COVID 19)**

Have you ever found that people calm down when they are told to calm down, and not panic? Most of the time they do the exact opposite – and this definitely is the case with the Corona Virus. There is a lot of literature on the virus, lots of fake news and lots of good advice. Sifting through which is which is difficult – however, it does seem that keeping virus free is mostly in our hands (literally – keep washing them hands). There has also been a lot of news about the impact on trade, particularly fresh produce trade. Freshfel has released a good summary of the present state of play, some of which is included in this newsletter.

**One impact** is that the virus has messed up my 2020 predictions (thankfully). In January I wrote the following “*Although tensions in the Middle East may seem far away, they are having an impact on the oil price. A headline a week back suggested a move back towards US$100 a barrel.* With the oil price dropping 30% to trade in the mid $30’s per barrel that prediction is out the window.

**The oil price drop** has had negative consequences on the Russian Ruble which has devalued considerably after Russia announced its withdrawal from OPEC, and it is likely to continue devaluing. This will mean that imported fresh produce will become a bit more expensive in Russia, limiting opportunities in the market.

Talking about **currency fluctuations**, the South African Rand has also taken a hammering – which will be in favor of those in the export game (although negative in terms of imported input requirements, packaging and $ denominated services such as shipping and fuel).

Those exporting fresh produce at the moment are feeling the effects of **delays in ports** around the world – but most significantly in China (Xinyang and Shanghai reported to be the worst with congestion surcharges being introduced). Apart from the additional storage, surcharges and other costs – the delays impact on shelf life of the cargo. The million (billion?) $ question is when will this end. Even with innovative plans by the Chinese government (dropping fuel price, opening tolls to allow traffic to travel freely, doing away with interprovincial red tape), it will take some time for the backlog to clear. The southern hemisphere citrus industries are hoping this will happen before their product begins to move.

The impact **of buying patterns** is also having an impact on fresh produce. There are less people eating out, people are restricting visits to supermarkets, there is a surge in on-line shopping. Exporters should be heeding these trends, and ensuring that they adapt their supply chains to take advantage of these trends.

The human tragedy of people dying is well reported – and does mean that people take extra precautions. The biggest impact that this virus can have on the southern African citrus industry (in my view) is if the infections balloon out of control – **people working in close proximity to others** (such as on farms, in packhouses, cold stores, container terminals etc.) could be told to stay at home should positive cases be identified in these places of work – meaning that work would be severely disrupted if not curtailed. It is important that business owners understand the precautionary measures to put in place to prevent as far as possible such infections happening – practice good hygiene and follow the advice of experts.

On **a positive note**, most people recognize citrus as a good remedy for colds and flu, and as an immune booster. This could mean that consumers stock up on citrus. Indeed, many consumers around the world are stockpiling on long life fresh produce (apart from toilet paper and sanitizers).