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Economic overview

of the

Agriculture, Forestry and Fisheries Sector

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PREFACE

The core business of the Directorate: Economic Services is to analyse macroeconomic trends and other current and relevant sector dynamics, to produce economic information and to render advice for sound decision making in the South African agriculture, forestry and fisheries (AFF) sector. To support this important task, the Economic Research division/unit conducts economic analyses of the performance of and external impact on the AFF sector and its industries.

This publication, the *Quarterly Economic Overview of the agriculture, forestry and fisheries sector*, was developed because of a need within the Department of Agriculture, Forestry and Fisheries (DAFF) to be regularly informed on developments and expected economic trends in the agriculture sector. The quarterly report has now been established as a regular feature in the Directorate's work plan. Since the beginning of 2004 the report has also been published for outside consumption to add value to a number of regular economic publications on the agriculture sector. It is our vision to maintain it as indispensable reading for everyone interested in developments in the AFF and the South African AFF sector.

This issue looks at the economic developments in the third quarter of 2010 as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to recover from the global economic recession.

Any new comments on the content of this quarterly report series are most welcome.

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EXECUTIVE SUMMARY

Global economic growth expanded at an annualised rate of 3,5% in the third quarter of 2010 (down from 5% in the second quarter of 2010) as the global economy continues with the “two-speed” recovery marked by buoyant activity in many emerging economies and subdued growth in advanced economies. World grain production forecast was cut further down by five million in November and the 2010/11 crop is projected at 1 725 million tons – 3,5% lower than the 2009/10 crop. Meanwhile, the world grain consumption forecast for 2010/11 was adjusted upwards to 1 786 million tons in November as human and industrial consumption estimates increased. World grain prices have been rising since July 2010, increasing by over 50% on average, as weather-related crop damage was reported to be greater than expected; and though prices started retreating towards the end of November, price effects are expected to unwind only after the 2011 crop season.

South Africa’s annualised and seasonally adjusted Gross Domestic Product (GDP) at market prices slowed further to 2,6% in the third quarter of 2010, from a revised 2,8% in the second quarter, after recording a 4,6% growth in the first quarter of 2010. Meanwhile, the seasonally adjusted and annualised real value added by agriculture, forestry and fisheries grew by 16,3% in the third quarter of 2010, a notable improvement from a contraction of 18,7% recorded in the third quarter of 2009.

The Consumer Price Index (CPI) inflation, which has been threatening to go below the lower band of the Reserve Bank’s target since the beginning of this quarter, averaged 3,5% during the third quarter of 2010. The inflation for food and non-alcoholic beverages averaged 1,5% in the third quarter of 2010, a significant decline from a 6,9% average in the third quarter of 2009. The Producer Price Index (PPI) inflation for domestic products averaged 7,4% in the third quarter of 2010 while the PPI inflation for agriculture, forestry and fisheries (including mining) averaged 12,2% in the same quarter.

The SA economy experienced a year-on-year decrease of 158 000 in the number of people employed, from 13,13 million in the third quarter of 2009 to 12,98 million in the third quarter of 2010. Between the second quarter of 2010 and the third quarter of 2010, 86 000 jobs were lost mainly due to loss of temporary employment created during the Soccer World Cup. The number of people employed in the agriculture sector increased by 10 000 from 630 000 in the second quarter of 2010 to 640 000 in the third quarter of 2010. On a year-on-year basis, the

agriculture sector lost 20 000 jobs between the third quarter of 2009 and the third quarter of 2010.

Expenditure on intermediate goods and services by agriculture amounted to R19,5 billion in the third quarter of 2010, up 6,5% from R18,3 billion reported in the third quarter of 2009. Meanwhile, real gross farm income from all agricultural products amounted to R20,4 billion in the third quarter of 2010, a decrease of 2,4% compared to the third quarter of 2009. The nominal net farm income during the third quarter of 2010 was reported at R9,2 billion; a sharp decline of 27,6% from R12,7 billion in the third quarter of 2009. Consumption expenditure on food amounted to R89,0 billion in the third quarter of 2010, up 4,1% from R85,5 billion during the same quarter of 2009.

The value of agricultural exports increased by R1,4 billion, from R12,6 billion in the third quarter of 2009 to R14,0 billion in the third quarter of 2010, while the value of agricultural imports increased by R0,3 billion from R8,9 billion to R9,2 billion during the same period. The value of fish and seafood exported increased from R716 million in the third quarter of 2009 to R784 million in the third quarter of 2010, while the value of fish and seafood imported decreased from R462 million to R410 million during the same period.

South Africa exported wood to the value of R596 million during the third quarter of 2010, up from R593 exported in the same quarter of 2009, while wood to the value of R509 million was imported into SA during the third quarter of 2010 which is a significant increase from R433 million imported in the third quarter of 2009.

1. GLOBAL OVERVIEW OF THE AGRICULTURAL ECONOMY

Thus far, economic recovery is proceeding broadly as expected, but downside risks remain elevated. Again, the pace of recovery in most advanced economies and a few emerging economies is still sluggish, given low consumer confidence and reduced household wealth. By contrast, many emerging and developing economies are experiencing strong growth. According to the Finance and Development magazine of the IMF (International Monetary Fund), emerging markets as a group have gained dominance and strength, helping the world recover from the recession that plagued most advanced economies. Only small declines in their output were experienced, possibly due to their modest exposure to trade and financial flows from the advanced economies. **Global growth** expanded at an annual rate of 3,5 percent, a decline from the 5% growth experienced in the second quarter (World Economic Outlook Update, January 2011). **World grain production** in 2010/11 is projected at 1 725 million tons, five million less than in October and 3,5% below that of 2009/10 mainly because of a reduced maize crop estimate. Furthermore, **world grain consumption** is estimated to rise by 1,6% to 1 786 million tons, which is one million higher than last month due to an increase in estimates for human and industrial consumption. The US demand for grains for the manufacture of ethanol has

increased by 7% as compared to the previous year. The combination of reduced production and an increase in consumption forecast further trims the global projection of grain **carryover stocks** in 2010/11, from 401 million tons in 2009/10 to 340 million tons. The **global trade** forecast for grains in 2010/11 is expected to increase by one million tons because of higher than anticipated feed wheat buying. The forecast of **world wheat production** is unchanged from last month, at 644 million tons, while its **consumption** is estimated at 660 million tons, up by 2 million from October. This is mainly because of greater than anticipated demand for wheat feeding in China. Reduced government incentives to export wheat from China make more wheat available for domestic feeding. Larger supplies of lower quality wheat in Australia and Canada are expected to boost feeding and increase residual losses in both countries. An increase in demand for feed help to boost the forecast of **world wheat trade** by 1,6 million tons from October. **World maize production** in 2010/11 is forecast to drop to 810 million tons from 811 million tons in 2009/10. Meanwhile the **global maize consumption** forecast is unchanged at a record 840 million tons, up 27 million tons from last year. The forecast for world feed use is lowered by 3 million tons amid reductions for the US and South Korea. However, the projection for maize used in ethanol production has increased,

with world industrial demand forecast 3 million tons higher than before, at 228 million tons. Total **maize trade** is expected to increase by 9% in 2010/11. Having already climbed by over 50% since July, **world grain prices** moved yet higher in the first part of November; and though prices started retreating towards the end of November, price effects are expected to unwind only after the 2011 crop season. The market reversal was mostly ascribed to external factors, including recent changes in China's economic policies as well as increased global financial uncertainties, with the US dollar registering sizeable gains; as a result grain market fundamentals became overwhelmed

2. THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHERIES

2.1 Growth

South Africa's annualized and seasonally adjusted GDP at market prices disappointed by slowing further to 2,6% in the third quarter of 2010 from a revised 2,8% (3,2%, old) in the previous quarter, after recording a growth of 4,6% in the first quarter of 2010. The downturn was mainly driven by the manufacturing sector, which contributed 0,8 percentage points to the growth rate in the third quarter. Other sectors that had their contribution to GDP growth reduced

include wholesale, transport, finance and government services.

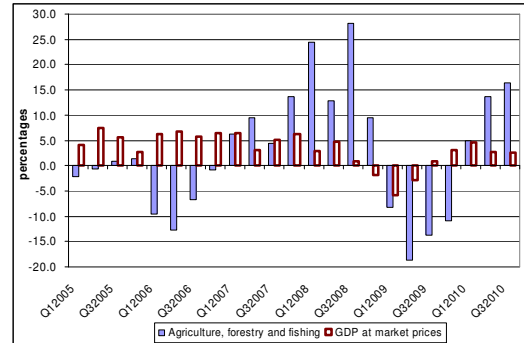


Figure 1: Trends in the real GDP growth and the growth in the real value by the sector.

Source: Stats SA

Figure 1 indicates that the real value added by agriculture, forestry and fisheries sector grew by 16,3% in the third quarter of 2010, which is higher as compared to the revised 13,6% reported in the second quarter of 2010 and -18,7% recorded in the corresponding quarter of last year. The sector was the second fastest growing industry in terms of GDP, with mining and quarrying sector topping the list in the third quarter 2010. The agriculture, forestry and fisheries sector's contribution to GDP has been improving since the first quarter of 2010.

Data reveal that in real terms, the country's value of GDP reached its highest peak ever at R1,84 trillion in the third quarter of 2010 from R1,78 trillion reported in the corresponding quarter of last year. During the same period, agriculture, forestry and fisheries sector continued to increase its value added to R42,03 billion from R40,47

billion in the previous quarter, after reporting R39,88 billion in the third quarter of 2009.

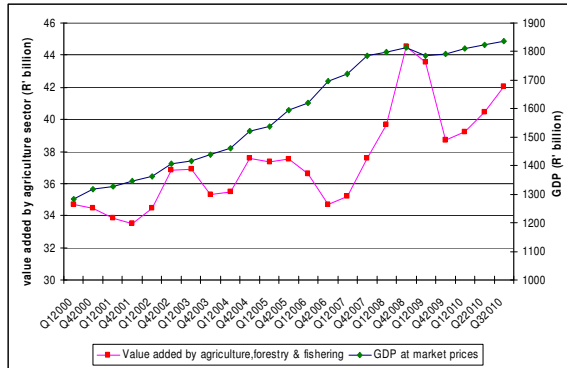


Figure 2: Trends in the real GDP and the real value added by the sector.
Source: Stats SA

2.2 Inflation

The year-on-year PPI inflation for domestic products slowed to 6,8% in September 2010 after rising to 7,8% in August from 7,7% in July the same year. On a monthly basis, the PPI fell by 4,1% between August and September, while during the same period the PPI for agriculture, forestry and fisheries (including mining) fell slightly by 0,01%. The annual PPI for agriculture, forestry and fisheries (including mining) jumped for the second consecutive month from 13,0% in August 2010 to 13,4% in September 2010 after posting 10,3% in July this year.

The year-on-year PPI inflation for the agriculture and forestry sub-sectors fell to -0,1% and 25,9% respectively, in September 2010, whilst fisheries PPI inflation rose significantly to 5,0% during the same period. The forestry sub-sector was the main driver

behind the agricultural sector's PPI moving upward in September 2010, recording the highest PPI inflation in more than 20 quarters.

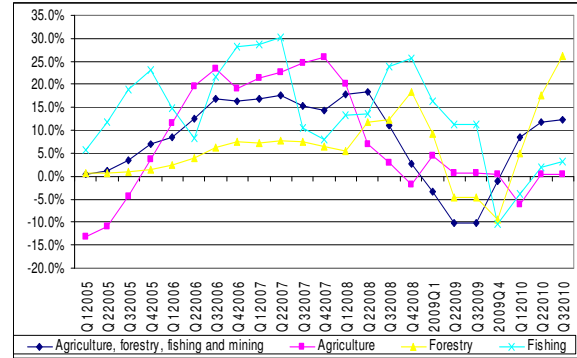


Figure 3: Trends in the PPI inflation
Source: Stats SA

Figure 3 shows that the producer prices of the entire sector, including mining, averaged 12,3% in the third quarter of 2010 from 10,2% in the third quarter of 2009.

The year-on-year CPI inflation eased further to 3,2% in September 2010 from 3,5% in August and 3,7% in July the same year. The inflation rate is lower by 0,3 percentage points between August and September 2010. The third quarter consumer inflation averaged 3,5% from 4,5% in the second quarter 2010, mainly due to the continued appreciation of the Rand and significant declines in employment which further contributed to weakening domestic consumer demand. This quarter's average is lower by 2,9 percentage points as compared to the corresponding quarter of 2009.

The inflation for food and non-alcoholic beverages recorded a decrease of 1,5% in September 2010 from 1,7% the previous month and 1,4% in July 2010. Food and non-alcoholic beverages registered a price average of 1,5% in the third quarter of 2010 from 0,8% reported in the second quarter of 2010 and a significant average of 6,9% recorded in the third quarter of 2009. Food inflation alone picked up to average 1,3% in the third quarter, from a subdued 0,1% in the second quarter, and this increase was mainly due to rising international food prices, amongst other things, though the Rand's strength helped to minimize the impact.

Figure 4 shows changes in selected major SA food products and compares the items with overall inflation. In September 2010 annual inflation for meat as well as bread and cereals improved to 1,9% and -0,9% respectively. During the same period inflation for vegetables and milk as well as eggs and cheese fell to 4,9% and -0,3% respectively.

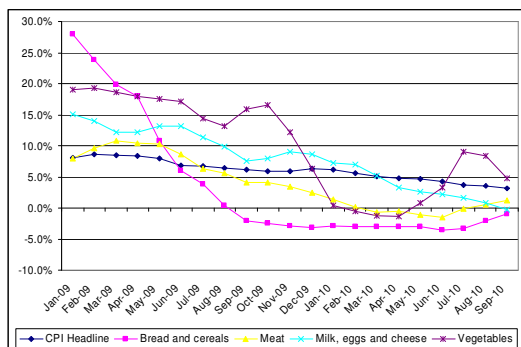


Figure 4: Trends in the CPI inflation
Source: Stats SA

2.3 Employment

South Africa's Quarterly Labour Force Survey revealed that the economy experienced a year-on-year decrease of 158 000 in the number of people employed from 13,13 million in the third quarter of 2009 to 12,97 million in the third quarter of 2010. 86 000 jobs were lost during the third quarter of 2010, which is higher than the 61 000 jobs lost in the second quarter of 2010. This quarterly sharp increase in job losses was mainly due to the loss of temporary employment created during the Soccer World Cup.

The number of people working in the agriculture, forestry and fisheries sector (including hunting) in the third quarter 2010 was 640 000, down from 660 000 during the corresponding quarter of 2009. During the same period, the sector shed 20 000 jobs which is lower than the 92 000 jobs lost in the second quarter of 2010. The sector picked up from the previous loss of 32 000 to create 10 000 jobs in the third quarter of 2010. Other sectors that lost a large number of jobs on a yearly basis include finance, manufacturing, private households and construction; losing 110 000, 58 000, 35 000 and 21 000 jobs respectively.

Meanwhile the year-on-year comparison shows that jobs were only created in the following four sectors: trade which created

44 000 jobs, community and social services creating 20 000, with utilities and transport both adding 13 000 each during the same period. The employment data revealed that during the third quarter of 2010 the number of employed women was 5,6 million which is lower than that the 7,4 million employed men. During the same period, the number of women employed by the agriculture, forestry and fisheries sector was 202 000, which is lower by 8,6% compared to the corresponding period of last year. For men, the sector posted a slight decline of 0,2% from 439 000 men employed in the third quarter of 2009 to 438 000 men in the third quarter of 2010.

Labour force statistics, in terms of population groups, show that blacks lost 159 000 jobs between the third quarters of 2009 and 2010. During the same period, white and colored groups lost 49 000 and 13 000 jobs respectively, whilst the Indian population continued with its upward trend by posting a gain of 62 000 jobs.

Figure 5 depicts the number of jobs lost or created and the unemployment rate in terms of provinces. The Western Cape and KwaZulu-Natal continued to be the main sources of jobs for the agriculture, forestry and fisheries sector (including hunting) creating 13 000 and 3 000 jobs respectively between the third quarters of 2009 and 2010 .The Eastern Cape province surprised

by posting a gain of 2 000 jobs following poor performance in the previous quarter (-33 000). Free State, Gauteng and Limpopo shed 18 000, 11 000 and 7 000 jobs respectively, with Mpumalanga and Northern Cape losing 1 000 jobs each during the same period. The unemployment rate in SA increased slightly from 25,2% to 25,3% during the same period.

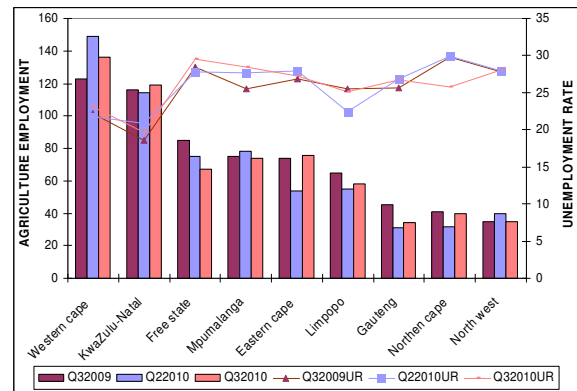


Figure 5: Provincial agriculture employment and unemployment rate
Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

Table A.1 depict a trend in expenditure on intermediate goods and services by the agriculture sector during the third quarters of 2008, 2009 and 2010. The total expenditure on intermediate goods and services by agriculture was estimated at R17,5 billion in the third quarter of 2008 and increased by 4,7% in the third quarter of 2009 to reach R18,3 billion. In the third quarter of 2010, the expenditure on intermediate goods and services reached

R19,5 billion, which is 6,5% higher compared to the R18,3 billion in the third quarter of the previous year.

Farm feeds, which remain the highest intermediate expenditure item, increased by 8,2% during the period under review. The highest increase during the third quarter of 2010 compared to the third quarter of 2009 was recorded by dips and sprays (22,5%) while expenditure on fuel recorded the highest decline (-23,1%). Expenditure on fertilisers, electricity, building and fencing material, packing material and water tax increased by 4,2%, 11%, 10,9%, 16,5% and 15,3% respectively, during the same period.

2.5 Nominal gross farm income and net farm income from agricultural products

Table A.2 shows trends in real gross farm income from agricultural products during the third quarters of 2009 and 2010. During the third quarter of 2010, real gross farm income from all agricultural products amounted to R20,4 billion, a decrease of 2,4% compared to the R20,9 billion reported for the third quarter of 2009. During the same period, real gross income from field crops decreased by 13,8%, from R6,13 billion to R5,28 billion. The contribution of grain sorghum to the gross farm income decreased significantly by 65,9% during the third quarter of 2010 compared to the third quarter of 2009, while the contribution of maize and groundnuts declined by 15,2%

and 13,2% respectively, during the same period. However, soybeans contributed positively to the gross income from field crops, with its contribution increasing significantly by 44%.

Real gross income from animal products also recorded a decrease, declining by 3,1% from R10,02 billion to R10,33 billion during the period under consideration. Milk recorded the highest positive contribution to gross income from animal products, with its contribution increasing by 10,7% during the third quarter of 2010 compared to the third quarter of 2009. Gross income from mohair, sheep slaughtered and wool contributed negatively, with mohair contributing a significant decrease of 35,4% to gross income from animal products during the same period.

Real gross income from horticultural crops increased by 0,7%, from R4,75 billion to R4,78 billion. Gross income from viticulture as well as gross income from deciduous and other fruits contributed a decrease of 4,8% and 1,7% respectively. However, gross income from flowers and bulbs, tea, subtropical fruits and vegetables contributed an increase of 8,5%, 3,6%, 2,8%, 2,4% respectively in the gross income from horticultural products, during the third quarter of 2010.

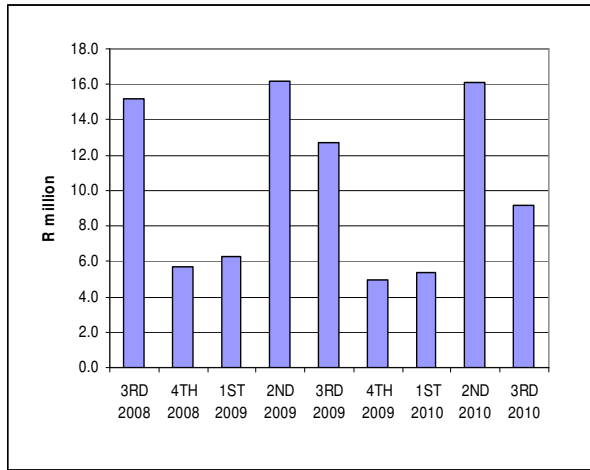


Figure 6: Trends in net farm income between 2008 and 2010

Source: DAFF

Figure 6 shows that the net farm income in the third quarter of 2010 was lower than the net farm income for the third quarter of 2008 and the third quarter of 2009. The net farm income in the third quarter of 2008 was 15,2 billion; 16,4% higher than the R12,7 billion in the third quarter of 2009. The net farm income decreased further by 27,6% to reach R9,2 billion in the third quarter of 2010.

2.6 Private consumption expenditure on agricultural products

In value terms, private expenditure on food totalled R88,98 billion in the third quarter of 2010, which is 4,1% higher than the R85,51 billion reported for the third quarter of 2009 (Table A.3). Expenditure on fruit and vegetables recorded the highest increase of 14,4% from R8,8 billion in the third quarter of 2009 to R10,1 billion in the third quarter of 2010, while expenditure on bread

decrease by 0,5% and expenditure on oils and fats decreased by 1,4%.

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

According to data on Table A.4, the total export value of agricultural products increased from R12,6 billion to R14,0 billion between the third quarter of 2009 and the third quarter of 2010, but remains below the R14,7 billion recorded in the third quarter of 2008. The Netherlands was South Africa's main export destination for agricultural products with the export value of R1,4 billion (10% of the total export value) during the third quarter of 2010 while United Kingdom (UK) was the second largest agricultural export destination with export value of R1,2 billion, which represents 9% of the total export value. Other countries from which significant agricultural export revenues were received include Zimbabwe, Mozambique, United States, Saudi Arabia, Russia, Germany, United Arab Emirates and Japan which accounted for a collective 51% of the total export revenue received from agricultural products.

The 10 most important agricultural products in terms of export values in the third quarter of 2010 include edible fruits and nuts, beverages, preserved food, sugars, cereals, oil seed and oleaginous fruits, tobacco,

cocoa, milling products, malt and starch (Table A.5).

According to data on Table A.6, the total import values of agricultural products increased from R 8,9 billion to R 9,2 billion between the third quarter of 2009 and the third quarter of 2010. Of the total value of imported agricultural products, 65% was accounted for by countries such as Argentina, Thailand, United Kingdom, China, Malaysia, Brazil, Germany, United States, India and Indonesia. In value terms, the most important agricultural products imported in the third quarter of 2010 include cereals, beverages, soya bean oil cake and other solid residue, palm oil and its fraction, meat, miscellaneous food, tobacco, soya bean oil and its fraction, sugar, spices, coffee and tea (Table A.7). The import value of these products accounted for 64% of the total import value of agricultural products.

2.7.2 Fisheries trade

The total export value of fish and seafood increased from R716 million to R784 million between the third quarter of 2009 and 2010 (Table A.8). During the third quarter of 2010, the most important destinations of South African fish and seafood included Hong Kong, Spain, Italy, Japan, United States, Portugal, Australia, China, France and Fiji, which accounted for a collective 80% of the total export revenue from fish and seafood. The biggest proportion of fish

and seafood exported during this period include fish fillet (frozen), Squid, ET (not live or frozen), other seafood, O Sea crawfish (not frozen) and sea crawfish, Lobst , all of which accounted for 54% of the total export revenue of fish and seafood (see Table A.9).

According to data on table A.10, the total import value of fish and seafood decreased from R462 million in the third quarter of 2009 to R410 million in the third quarter of 2010. The 10 most important countries which accounted for 85% of the total import value of fish and seafood in the third quarter of 2010 include Thailand, China, India, Norway, New Zealand, Argentina, Spain, United States, Taiwan and Chile. Imported fish and seafood products were crustaceans, frozen fish (not fillets), other seafood, fillet, other fish meat, fresh fish (not fillets), live fish and fish, dried and salted (Table A.11)

2.7.3 Forestry trade

The total export value of wood increased from R593 million to R596 million between the third quarter of 2009 and the third quarter of 2010. Export destinations of wood during the third quarter of 2010 include Japan, United Kingdom, Mozambique, Zimbabwe, Sweden, Australia, Netherlands, Zambia, Tanzania and Vietnam. These countries collectively accounted for 91% of the total export revenue of wood, while

Japan was SA's main export destination for wood, accounting for 59% of the total wood export revenue (Table A.12).

The total import value of wood increased from R433 million in the third quarter of 2009 to R509 million in the third quarter of 2010. South Africa's most important sources of wood imports include Malaysia, United States, Gabon, New Zealand, Brazil, Singapore, Indonesia, Zimbabwe, Argentina and Malawi.



Figure 7: Trends in the trade balances for agriculture, fish and seafood and wood.
Source: South African Revenue Services

Figure 7 shows the trade balance trend for agricultural products, fish and seafood as well as wood. The trends fluctuated significantly between the third quarter of 2005 and the third quarter of 2010 since exports of South Africa's primary products are highly volatile with seasonal domestic changes. According to the South African food cost review (2007), agriculture was a net earner of foreign exchange for the period 1985 to 2006, i.e the value of exports

was more than the value of imports. This situation appears to be changing considering the trade balance. Since 2005, agriculture experienced negative trade in the fourth quarter of 2006, the third quarter of 2007, the fourth quarter of 2007 and the first quarter of 2008. Since 2009, agriculture's trade balance improved significantly reaching a high of R4,3 billion in the second quarter of 2009. During the third quarter of 2010, agriculture recorded its highest trade balance since 2005, which amounted to R4,8 billion.

The trade balance for fish and seafood remained in positive territory since the first quarter of 2005 (over R2,5 billion) due to the ever-growing demand for fish and seafood internationally. It reached its highest value of R8,7 billion in the second quarter of 2008, after which it dipped to R5,1 billion in the fourth quarter of 2009. The first quarter of 2010 started on a positive note with the trade balance for fish and seafood reaching R7,6 billion, after which it fell to R6,4 billion in the third quarter of 2010. The trade balance for wood has been fluctuating due a declining production base. Since the first quarter of 2005, the trade balance for wood entered into negative territory in six of the quarters, reaching R87 million in the third quarter of 2010.

2.8 Review of agricultural markets

2.8.1 Grain market review

Table B.1 shows monthly and quarterly proxies of supply and demand of four major grains in South Africa, i.e. maize, wheat, sunflower and soya beans. In the third quarter of 2009, the average opening stock for white and yellow maize were 3,7 million tons and 3,1 million tons respectively, while the average total maize opening stock (white maize plus yellow maize) was 6,8 million tons. The average opening stock for white maize in the third quarter of 2010 increased from 3,7 million tons to 5,2 million tons, while yellow maize remained at 3,1 million tons as compared to the third quarter of 2009. The average total maize opening stock (white maize plus yellow maize) totalled 8,4 million tons in the third quarter of 2010 as compared to the 6,8 million tons recorded in the third quarter of 2009. Consumption of maize in South Africa totalled 733 000 tons in the third quarter of 2009. Of this total, 358 000 tons were white maize while 375 000 tons were yellow maize. In the third quarter of 2010, the consumption of maize increased to 747 000 tons. Of this total, 471 000 tons were white maize while 276 000 were yellow maize. During the same period, total maize exports reached 181 000 tons, which is 43 000 tons higher than the recorded 138 000 tons in the third quarter of 2009.

The average opening stock of wheat for human consumption and for animal feeds in the third quarter of 2009 were 942 000 tons and 10 000 tons respectively. In the third quarter of 2010, the average opening stock for human consumption increased to 960 000 while opening stock for feed decreased to 8 000 tons. The average total opening stock of wheat increased from 952 000 tons in the third quarter of 2009 to 968 000 tons in the third quarter of 2010. Consumption of wheat amounted to 814 000 tons in the third quarter of 2010. Of the 814 000 tons, 812 000 tons were for human consumption while the rest was kept at producer level, e.g. as seeds for the next production season. Imports of wheat totalled 300 000 in the third quarter of 2010, a decrease of 73 000 tons as compared to the third quarter of 2009. Exports of wheat totalled 20 000 tons in the third quarter of 2010, which is 6 000 tons more compared to the third quarter of 2009.

The total opening stock of sunflower averaged 562 000 tons in the third quarter of 2009, decreasing to 279 000 tons in the third quarter of 2010. During the same period, consumption of sunflower seeds decreased from 239 000 to 205 000 tons. Imports of this commodity increased from 1 800 tons in the third quarter of 2009 to 5 600 tons in the third quarter of 2010. The opening stock of soya beans averaged 317 000 tons in the third quarter of 2009 but

decreased to 292 000 in the third quarter of 2010. Consumption of soya beans increased from 78 000 tons in the third quarter of 2009 to 118 000 tons in the third quarter of 2010.

The prices of white maize and yellow maize averaged R 1 387/ton and R 1 276/ton respectively, in the third quarter of 2009 while wheat, sunflower and soya bean prices averaged R 2 340/ton, R 2 754/ton and R 3 010/ton respectively during the same quarter. In the third quarter of 2010, the prices of white maize and yellow maize decreased by 14% and 2% to average R1 188/ton and R1 252/ton respectively. During the same period, the prices of wheat, sunflower and soya bean increased by 13%, 35% and 0.2% respectively to average R2 634/ton, R3 730/ton and R3 016/ton respectively.

2.8.2 Fruit and vegetable market review

Between the third quarter of 2009 and 2010, most fruits experienced an increase in prices due to the drop in fruit and vegetable production in the Eastern and Western Cape. Farmers in both provinces produced less fruits and vegetables due to the prolonged water shortages. The decline in fruit and vegetable production contributed to price increases with the average price of apples, bananas, oranges and pears increasing by 13%, 4%, 9% and 5%

respectively. During the same period, the price of mangoes increased drastically by 84% due to lower stock. On the contrary, the prices of avocados and grapes decreased by 11% and 1% respectively between the third quarter of 2009 and 2010 (Table B.2).

The quantities of most fruits that were traded through the Fresh Produce Markets (FPMs) between the third quarter of 2009 and 2010 increased, with quantities of bananas, oranges and pears increasing by 7%, 4% and 21% respectively. The quantities of avocados and grapes increased by 45% and 35% respectively, due to growth in production of these fruits. During the same period, apples and mangoes experienced a decrease in quantities by 6% and 1% respectively (Table B.3)

Between the third quarter of 2009 and 2010, most vegetables experienced a decline in prices with the prices of cucumber, lettuce, onions, potatoes, green beans and sweet potatoes decreasing by 17%, 7%, 14%, 15%, 17% and 18% respectively. Beetroot and carrots experienced a sharp increase in prices by 66% and 97% respectively due to local supply and demand dynamics, while spinach, tomatoes and cabbage experienced an increase in prices of 22%, 33% and 5% respectively during the same period (Table B.4).

The quantities of most vegetables that were traded through the FPMs between the third quarter of 2009 and 2010 declined, with quantities of beetroot, carrots, lettuce, spinach, tomatoes and cabbage declining by 35%, 21%, 1%, 5%, 5% and 32% respectively. On the other hand, cucumber, onions, potatoes, green beans and sweet potatoes saw an increase in quantities traded by 27%, 7%, 9%, 23% and 47% respectively during the same period (Table B.5).

2.8.3 Meat Industry Review

In the third quarter of 2010, the gross production value of beef increased by 11% to R3,5 million as compared to R3,2 million recorded in the third quarter of 2009. During the same period, the average price of beef increased by 6% to R22,48/kg as compared to R21,12/kg recorded in the third quarter of 2009. The number of cattle slaughtered between the third quarter of 2009 and 2010 increased by 4% from 570 770 heads to 592 028 heads (Table B.6).

The gross production value of poultry meat in the third quarter of 2010 was R5,68 million, which is 1% higher than R5,64 million recorded for the third quarter of 2009. During the same period, the average price of poultry meat in the third quarter of 2010 decreased by 3% to R15 970/ton as compared to R16 440/ton recorded for the third quarter of 2009. Commercial

production of poultry in the third quarter of 2010 increased by 4%, from 327 746 tons of poultry meat in the third quarter of 2009 to 340 097 tons of poultry meat in the third quarter of 2010 (Table B.7).

2.8.4 Eggs and dairy Industry Review

2.8.4.1 Eggs

Between the third quarter of 2009 and 2010, the gross production value of eggs decreased to R1,7 million in the third quarter of 2010 which is 7% less than R1, 6 million recorded for the third quarter of 2009. The average price of eggs also decreased by 5% from R9,32/dozen in the third quarter of 2009 to R8,86/dozen in the third quarter of 2010. During the same period, production of eggs decreased by 2% from 183 242 dozens to 178 955 dozens (Table B.8).

2.8.4.2 Milk

In the third quarter of 2010, the gross production value of milk decreased to R2,30 million, which is 5% less than R2,41 million recorded for the third quarter of 2009. During the same period, the price per litre received by farmers decreased by 10% to R2,85/litre as compared to R3,15/litre recorded for the third quarter of 2009. Production of milk increased by 5% between the third quarter of 2009 and 2010 from 766 041 litres to 806 563 litres (Table B.9).

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

Total maize production is expected to decline by 9% in the 2010/11 production season compared to the 2009/10 season. Following three consecutive bumper harvests, several countries have been able to build up large maize stocks, with significant surpluses recorded in Malawi, Zambia and the largest exporter in the sub-region, South Africa (FAO, 2010).

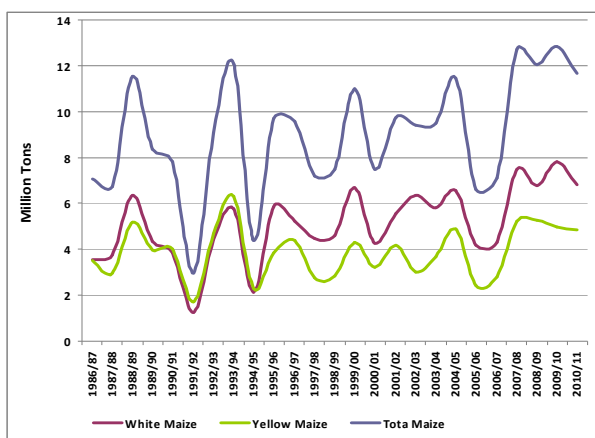


Figure 8: Maize production estimates
Source: DAFF

Unexpected production shortfalls, driven by weather events, negatively influenced the outlook for global cereal supply in the early months of the 2010/11 marketing season from July to October (FAO, 2010).

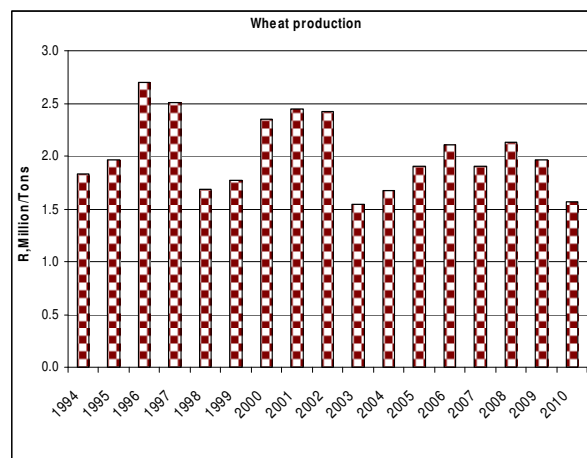


Figure 9: Wheat production
Source DAFF

Wheat production continues to decline in South Africa due to, inter-alia, competition for land with other crops. The 2010 production is forecasted to decline by 19,8% compared to 2009.

Sunflower production is expected to rise by 41,5% in 2010/11 mainly due to reports of lower than expected crops of oilseeds at the beginning of the 2010/11 season, while the production of soybeans is expected to rise by 4.4% in 2010/11 compared to the previous year.

Production of groundnuts, sorghum and dry beans is expected to rise by 13,1%; 24% and 16,9% respectively, during the 2010/11 season compared to the previous season. Malting barley and Canola tons are expected to fall by 6% and 1.7% respectively.

3.2 Employment

The agriculture, forestry and fisheries sector (including hunting) shed 20 000 jobs year-on-year in the third quarter of 2010 compare to 92 000 jobs lost in the second quarter. The sector entered into a positive territory after creating 10 000 jobs in the third quarter of this year. Employment in the sector is expected to continue on the upward trend following improved growth and contribution of the sector to GDP.

3.3 Inflation

The FAO predicts international food price inflation to rise by 16% in 2010, after declining by 20,6% in 2009. Figure 10 show that the 2010 food price inflation will be the third highest in history with the biggest price increase expected to come from the dairy, meat and sugar industries, forecast to rise by 41,1%; 13,7% and 14% respectively, compared to the previous year. The price of cereals is expected to increase slightly by 2,3% in 2010.

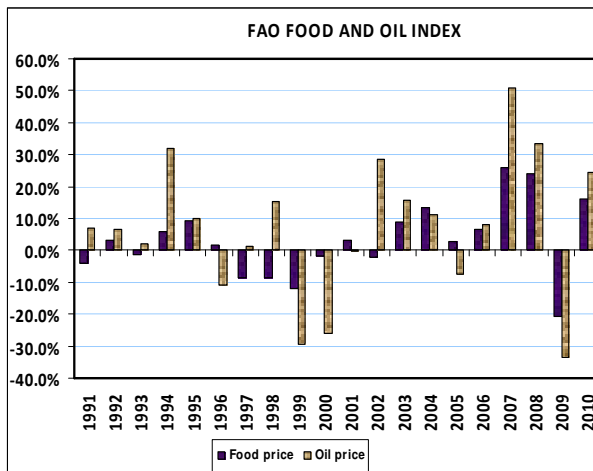


Figure 10: International food inflation
Source: FAO

International oil prices are expected to rise by 24,5% in 2010 after a 33,5% decline in 2009. The rise in oil price is due to growing demand during 2010 as compared to the year 2009 (OPEC, 2010). The local oil market is correlated with the international oil market as oil is mainly imported from international markets, thus any changes in the oil price directly affects the local market. Figure 11 show that the fuel price started picking up in November 2010 after declining for five months beginning in June 2010. The petrol and diesel prices both increased by 3,2% in December 2010 compared to November 2010, after rising by 5,2% and 2,6% respectively, in November 2010 compared to October 2010.

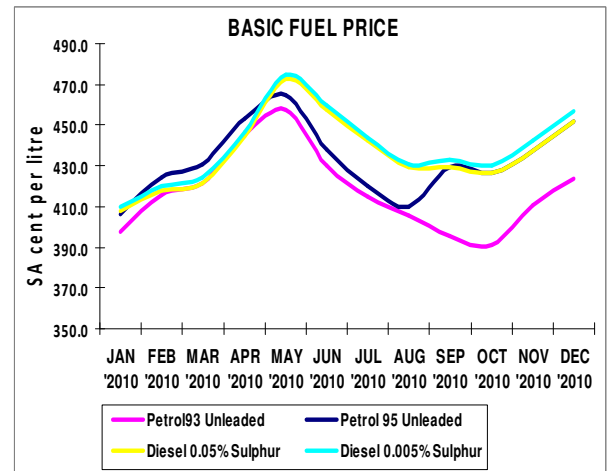


Figure 11: SA Basic fuel price
Source: Department of Energy

Figure 12 illustrates that local maize is currently trading on par with the US maize price.

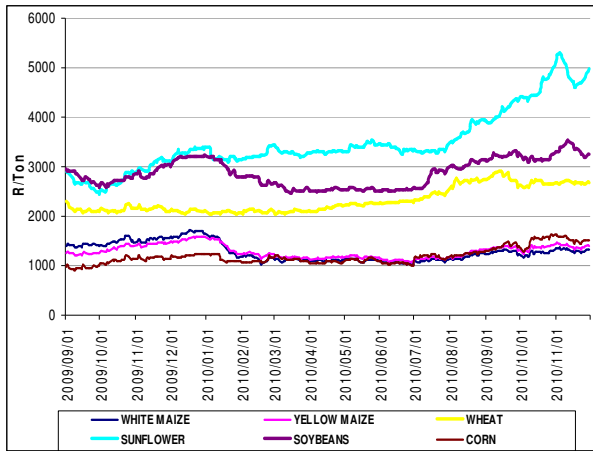


Figure 12: Grain prices
Source: Johannesburg Stock Exchange

White and yellow maize traded at an average price of R1 282 and R1 372 per ton for the three months ending in November 2010, with white maize trading at 13,2% below the 2009 price while the price of yellow maize increased by 1,8%. The white and yellow maize futures on Safex Commodity Derivatives Market of the JSE for the trading month of December 2010 are 21% and 11,6% below the December 2009 futures respectively (this is based on trading activity during the month of December). The fall in prices is due to, inter-alia, large stocks in the country as well as in major importers of SA maize in the sub-region (FAO, 2010).

Safex spot prices for sunflower for the three months ending in November 2010 was 62,2% higher compared to 2009, due to lower than expected crops of oilseeds expected globally, pushing the price of sunflower up (FAO, 2010). The price of wheat was 26,4% higher while the price of

Soybeans declined by 47,5% during the same periods.

The local food price indices graph below shows that the price of food is currently stable. However, the sharp rise in the price of oil and fats products, bread and cereals, desserts, meat, sugar and sweets might have inflationary pressures. Although the above products are counteracted by the decline in products like milk, eggs and cheese, these products are likely to rebound also during the holiday season.

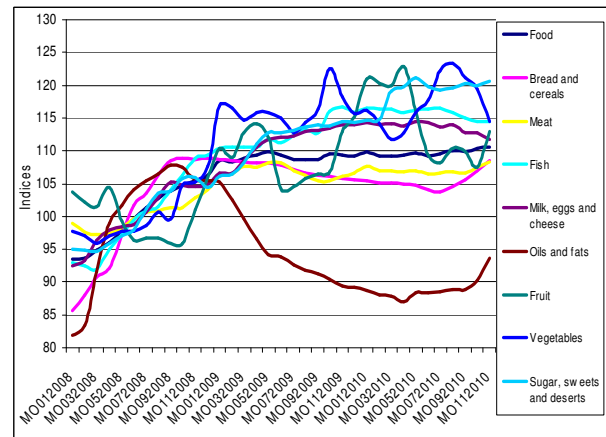


Figure 12: Local Food Indices
Source: Statistics SA

News affecting demand and supply of agricultural commodities will continue to drive prices. Disappointing Chinese and US corn yields following a disappointing start to the harvest, or uncertain Southern Hemisphere wheat crops, threaten to push grain prices higher. Other factors that may affect prices include concerns of decreasing US soybeans stocks as well as barley stocks which are set to plunge globally by 70% to the lowest level in at

least a decade. Local prices will continue to track international prices.

3.4 Agricultural trade

The Baltic and the Grain freight index which track dry bulk shipping and trading costs, show that grain shipping has been rising slightly during the beginning of December 2010 compared to the previous months, a sign of improving trade.

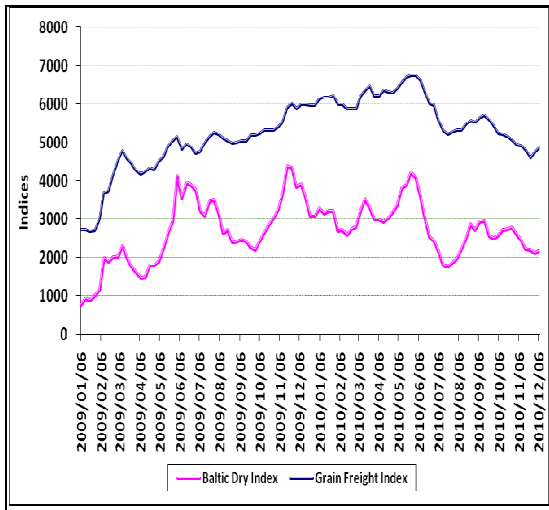


Figure 14: International grain freight Index
Source: Sagis

The South African agriculture trade balance grew by 31,4% in third quarter of 2010 to R4,8 billion from R3,7 billion in the previous quarter. The Rand's expected appreciation is forecasted to average R7,13/US\$ and R7,10/US\$ in the fourth quarter of this year and first quarter of 2011 respectively, depicted on Table 1. The Rand's strength has a negative impact on the SA agricultural sector's trade performance.

Table 1: Forecast of the exchange rate

Quarter 3 2010		Quarter 4 2010	Quarter 1 2011
7,50	BER	7,14	7,11
	Standard Bank	7,07	7,30
	Absa	7,17	6,88
	Average	7,13	7,10

Source: BER, STD Bank and ABSA

4. CONCLUSION

In line with global economic growth trends, the SA economy slowed in the third quarter mainly due to the weak performance by the manufacturing sector which was hit hard by labour disruptions due to strike. A slowdown in consumer spending following the end of the Soccer World Cup also contributed to the slowdown in economic activity. However, the agriculture, forestry and fisheries sector continued to show its impressive double-digit growth although low commodity prices and escalating intermediate input prices continue to suppress the net farm income.

The agricultural trade balance picked up impressively, and with the Rand expected to weaken towards the end of the year, this is likely to continue.

More jobs were created within the agriculture, forestry and fisheries sector during the third quarter, which is expected as more people are likely to be employed towards the harvesting season.

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Appendix A: Agricultural economic variables

Table A.1: Intermediate expenditure on goods and services by agriculture

Expenditure on intermediate goods and services (R million)														
	Farm services	Building and fencing material	Fuel	Dips and sprays	Electricity	Maintenance and repair of machinery and implements	Fertilizers	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
3 rd Qtr 2008	1 760	724	3 900	98	270	1 767	1 706	936	1 309	3 669	267	146	36	17 473
3 rd Qtr 2009	2 001	790	3 499	111	300	2 014	1 411	1 090	1 623	3 969	289	163	39	18 298
3 rd Qtr 2010	2 392	876	2 690	136	333	2 346	1 470	1 270	1 915	4 293	324	188	40	19 492
3 rd Qtr 08 to 3 rd Qtr 2009	13.7%	9.1%	-10.3%	13.3%	11.1%	14%	-17.3%	16.5%	24%	8.2%	8.2%	11.6%	8.3%	4.7%
3 rd Qtr 2009 to 3 rd Qtr 2010	19.5%	10.9%	-23.1%	22.5%	11%	16.5%	4.2%	16.5%	18%	8.2%	13.3%	15.3%	2.6%	6.5%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2008 and 2010

Year	2008				2009				2010	3rd Qtr 2008 to 3rd Qtr 2009	3rd Qtr 2009 to 3rd Qtr 2010
	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd		
Real gross income from agricultural products (R billion)											
Field crops	5788,88	3408,60	9232,23	6536,57	6129,93	3192,12	9786,06	7042,32	5286,00	5,9%	-13,8%
Horticulture	5206,65	4034,58	5858,34	6680,18	4752,99	4253,13	5865,92	6520,37	4783,99	-8,7%	0,7%
Animal products	10 244,52	10 451,26	9 900,69	9 687,29	10 023,71	10 647,13	10 198,65	9 996,05	10 334,07	-2,2%	3,1%
Total	21 240,04	17894,50	16 682,25	22 903,97	20 906,63	18 092,38	17 043,18	23 558,73	20 404,07	-1,6%	-2,4%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2009 and 2010

	Private consumption expenditure on food (R million)									
	Meat	Bread and grain	Sugar	Milk, milk products and eggs	Oils and fats	Potatoes	Fruit and veg.	Coffee, tea	Other	Total food
1 st Qtr 2009	25 855	24 163	989	8 710	1 867	2 949	8 944	2 483	7 348	83 308
2 nd Qtr 2009	26 057	23 551	1 204	8 544	1 946	3 067	8 256	2 454	7 262	82 341
3 rd Qtr 2009	26 646	24 286	1 292	9 654	1 931	2 809	8 805	2 549	7 542	85 514
4 th Qtr 2009	27 679	23 385	1 368	10 516	1 832	3 422	9 542	2 627	7 774	88 145
1 st Qtr 2010	28 428	22 404	1 025	9 395	1 675	3 096	8 584	2 463	7 289	82 646
2 nd Qtr 2010	28 086	22 427	1 194	9 026	1 771	3 186	8 996	2 490	7 368	83 538
3 rd Qtr 2010	27 773	24 172	1 407	9 969	1 904	3 180	10 075	2 652	7 848	88 980
3 rd Qtr 2009 to 3 rd Qtr 2010	4,2%	-0,5%	8,9%	3,3%	-1,4%	13,2%	14,4%	4,0%	4,0%	4,1%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	8245	14667	12610	14031	-	-	-	-
Netherlands	895	1437	1001	1403	8%	10%	8%	10%
United Kingdom	1055	1385	1225	1218	10%	9%	18%	19%
Zimbabwe	81	1046	780	869	6%	6%	24%	25%
Mozambique	468	678	609	705	5%	5%	29%	30%
United States	431	594	571	606	5%	4%	33%	34%
Saudi Arabia	155	183	282	520	2%	4%	35%	38%
Russia	201	297	384	499	3%	4%	38%	41%
Germany	386	477	448	472	4%	3%	42%	45%
United Arab Emirates	244	375	519	464	4%	3%	46%	48%
Japan	339	509	461	445	4%	3%	50%	51%

Source: South African Revenue Services

Table A.5: Export values of agricultural products by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	8 245	14 667	12 610	14 031	-	-	-	-
Edible fruit and nuts	3 406	4 835	4 461	5 678	35%	40%	35%	40%
Beverages	1 696	2 453	2 186	2 166	17%	15%	53%	56%
Preserved food	611	847	836	1 082	7%	8%	59%	64%
Sugars	532	690	1 157	779	9%	6%	69%	69%
Cereals	79	2 648	734	709	6%	5%	74%	74%
Miscellaneous food	270	375	369	456	3%	3%	77%	77%
Oil Seeds and Oleaginous Fruits	127	346	462	418	4%	3%	81%	80%
Tobacco	277	435	442	380	4%	3%	84%	83%
Cocoa	45	64	100	244	1%	2%	85%	85%
Milling products, malt, starch	46	263	152	237	1%	2%	86%	87%

Source: South African Revenue Services

Table A.6: Import values of agricultural products by exporting country between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	8 437	10 509	8 933	9 199	-	-	-	-
Argentina	1 624	1 652	1 380	1 075	15%	12%	15%	12%
Thailand	383	892	645	670	7%	7%	23%	19%
United Kingdom	595	580	579	662	6%	7%	29%	26%
China	292	383	473	630	5%	7%	34%	33%
Malaysia	446	696	308	600	3%	7%	38%	40%
Brazil	770	1057	875	574	10%	6%	48%	46%
Germany	208	438	698	571	8%	6%	55%	52%
United States	773	1147	387	527	4%	6%	60%	58%
India	282	230	262	329	3%	4%	63%	61%
Indonesia	167	292	336	295	4%	3%	67%	65%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	8 437	10 509	8 933	9 199	-	-	-	-
Cereals	1 490	2 439	1 622	1 285	18%	14%	18%	14%
Beverages	932	949	1 130	888	13%	10%	31%	24%
Soya bean oil cake and other solid residue, whole, not ground	450	670	727	702	8%	8%	39%	31%
Palm oil and its fraction, not chemically modified	420	646	410	607	5%	7%	44%	38%
Meat	646	546	544	579	6%	6%	50%	44%
Miscellaneous Food	346	488	354	411	4%	4%	54%	49%
Tobacco	191	284	530	408	6%	4%	60%	53%
Soya bean oil and its fraction, whole and not refined	449	748	243	333	3%	4%	62%	57%
Sugar	247	325	304	324	3%	4%	66%	60%
Spices, coffee, tea	212	326	260	319	3%	3%	69%	64%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	999	914	716	784	-	-	-	-
Hong Kong	203	98	88	132	12%	17%	12%	17%
Spain	189	217	145	130	20%	17%	33%	33%
Italy	108	158	124	110	17%	14%	50%	47%
Japan	89	42	35	51	5%	6%	55%	54%
Unites States	53	55	33	50	5%	6%	59%	60%
Portugal	50	47	24	41	3%	5%	63%	65%
Australia	124	45	42	39	6%	5%	69%	70%
China	12	10	25	28	3%	4%	72%	74%
France	22	33	35	25	5%	3%	77%	77%
Fiji	0	7	11	21	2%	3%	79%	80%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	999	914	716	784	-	-	-	-
Fish fillets, frozen	256	242	157	158	22%	20%	22%	20%
Squid, Et, Not Live or frozen	105	132	109	85	15%	11%	37%	31%
Other seafood	70	70	60	62	8%	8%	46%	39%
O Sea Crawfish, not frozen	166	55	55	61	8%	8%	53%	47%
Sea Crawfish, Lobst	63	51	35	59	5%	8%	58%	54%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	319	401	462	410	-	-	-	-
Thailand	64	113	211	217	46%	53%	46%	53%
China	24	29	34	40	7%	10%	53%	63%
India	62	42	49	27	11%	7%	64%	69%
Norway	11	14	17	18	4%	4%	67%	74%
New Zealand	27	19	15	14	3%	3%	70%	77%
Argentina	5	10	18	8	4%	2%	74%	79%
Spain	10	16	8	8	2%	2%	76%	81%
United States	13	24	7	6	2%	1%	78%	82%
Taiwan	7	3	5	6	1%	1%	79%	84%
Chile	7	6	11	6	2%	1%	81%	85%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
World	212	208	175	148	-	-	-	-
Crustaceans	93	68	75	50	43%	33%	43%	33%
Frozen fish, not fillets	51	47	32	34	18%	23%	61%	56%
Other seafood	28	45	28	22	16%	15%	77%	71%
Fillet, other fish meat	26	30	21	20	12%	14%	89%	85%
Fresh fish, not fillet	6	9	10	13	6%	9%	95%	94%
Live Fish	4	4	3	5	2%	3%	97%	97%
Fish, dried, salted, etc	4	4	5	4	3%	3%	100%	100%

Source: South African Revenue Services

Table A.12: Export values of wood by destination between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	719	866	593	596	-	-	-	-
Japan	468	591	282	354	47%	59%	47%	59%
United Kingdom	51	58	44	51	7%	9%	55%	68%
Mozambique	20	27	44	37	7%	6%	62%	74%
Zimbabwe	9	12	16	24	3%	4%	65%	78%
Sweden	6	1	0	20	0%	3%	65%	81%
Australia	9	10	12	16	2%	3%	67%	84%
Netherlands	7	12	14	14	2%	2%	70%	87%
Zambia	5	8	16	11	3%	2%	72%	88%
Tanzania	5	7	5	9	1%	1%	73%	90%
Vietnam	8	7	8	8	1%	1%	74%	91%

Source: South African Revenue Services

Table A.13: Export values of wood by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
World	719	866	593	596	-	-	-	-
Fuel In log, chips etc	499	593	327	382	55%	64%	55%	55%
Blders' Joinry + Carpntr	50	58	67	53	11%	9%	66%	64%
Fibrbrd of Wd/Ot Lign	17	21	27	33	5%	6%	71%	70%
Rough, Not Sapwood	28	50	49	21	8%	4%	79%	73%
Particle+ Simlr Board	8	9	22	20	4%	3%	83%	76%

Source: South African Revenue Services

Table A.14: Import values of wood by exporting country between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	721	634	433	509	-	-	-	-
Malaysia	142	107	66	103	15%	20%	15%	20%
United States	22	19	12	21	3%	4%	18%	24%
Gabon	27	32	17	15	4%	3%	22%	27%
New Zealand	0	2	12	11	3%	2%	24%	30%
Brazil	7	8	5	8	1%	2%	26%	31%
Singapore	6	2	3	7	1%	1%	26%	33%
Indonesia	11	11	5	7	1%	1%	28%	34%
Zimbabwe	20	18	13	6	3%	1%	31%	35%
Argentina	4	8	6	6	1%	1%	32%	36%
Malawi	2	4	2	3	1%	1%	33%	37%

Source: South African Revenue Services

Table A.15: Import values of wood by product between 2007 and 2010

	3 rd Qtr 2007	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2009	3 rd Qtr 2010
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	721	634	433	509	-	-	-	-
Lumber > 6 Mm Thick	275	267	159	204	37%	40%	37%	40%
Cask, Barr, Vat, E tc+ Pts	98	47	56	55	13%	11%	50%	51%
Fibrbrd of Wd/Ot Lign	87	95	53	51	12%	10%	62%	61%
Plywood, Veneer, Etc	48	65	31	51	7%	10%	69%	71%
Blders' Joinry + C arpntr	67	51	44	39	10%	8%	79%	79%

Source: South African Revenue Services

Appendix B: Review of agricultural markets

Table B.1: Proxies of grain supply and consumption and grain prices

	July	Aug	Sep	3 rd Qtr	July	Aug	Sep	3 rd Qtr	3 rd Qtr 2009 to
	2009	2009	2009	2009	2010	2010	2010	2010	3 rd Qtr 2010 % change
	Volumes (1000 tons)								
White maize opening stock*	1 996	4 351	4 805	3 717	3 645	5 910	6 207	5 254	41%
Yellow maize opening stock*	2 091	3 556	3 596	3 081	2 533	3 453	3 349	3 112	1%
Total maize opening stock*	4 087	7 907	8 401	6 798	6 178	9 363	9 556	8 366	23%
White maize processed for local consumption	398	356	358	371	466	456	491	471	27%
Yellow maize processed for local consumption	351	361	375	362	278	278	272	276	-24%
Total maize processed for local consumption	749	717	733	733	744	734	763	747	2%
Total white maize exports	159	99	37	98	56	62	55	58	-41%
Total yellow maize exports	18	76	25	40	111	125	134	123	211%
Total maize exports	177	175	62	138	167	187	189	181	31%
Wheat opening stock: human market*	1 079	935	811	942	1124	942	817	960	2%
Wheat opening stock: feed market*	11	10	10	10	9	8	7	8	-23%
Wheat opening stock*	1 090	945	821	952	1 137	942	824	968	2%
Wheat consumption: human consumption	249	249	256	754	265	266	281	812	8%
Wheat consumption: animal feed	0	0	0	0	0	0	0	0	-
Total wheat consumption	252	250	257	759	267	266	281	814	7%
Wheat imports (for human consumption only)	106	130	137	373	90	158	52	300	-20%
Wheat exports	12	14	16	14	19	16	24	20	40%
Average opening sunflower stock*	587	576	524	562	331	284	222	279	-50%
Sunflower seed imports	0.3	0.6	0.9	1.8	0.5	2.8	2.3	5.6	211%
Total processed sunflower for consumption	95	65	79	239	72	68	65	205	-14%
Average soya bean opening stock*	366	338	248	317	358	294	224	292	-8%
Soya bean consumption	29	22	27	78	41	40	37	118	51%
	Market prices (R/ton)								
White maize	1 339	1 412	1 410	1 387	1 104	1 185	1 277	1 188	-14%
Yellow maize	1 270	1 315	1 245	1 276	1 150	1 248	1 357	1 252	-2%
Wheat	2 492	2 391	2 138	2 340	2 417	2 695	2 791	2 634	13%
Sunflower	2 733	2 852	2 676	2 754	3 324	3 747	4 118	3 730	35%
Soya bean	3 114	3 124	2 791	3 010	2 776	3 053	3 218	3 016	0.2%

* Quarterly figures are reported in averages and where there is not asterisk quarterly figures are reported in totals.

Source: SAGIS

Table B.2: Prices of selected fruits traded at the FPM

	Average prices at FPM (R/ton)			Percentage changes	
	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2008 to 3 rd Qtr 2009	3 rd Qtr 2009 to 3 rd Qtr 2010
Apples	4 070	3 780	4 275	-7%	13%
Avocados	6 021	6 303	5 604	5%	-11%
Bananas	2 749	3 412	3 553	24%	4%
Oranges	1 262	1 307	1 423	4%	9%
Pears	4 572	3 986	4 199	-13%	5%
Mangoes	3 282	4 265	7 845	30%	84%
Grapes	11 703	15 473	15 372	32%	-1%

Source: DAFF

Table B.3: Quantities of selected fruits traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2008 to 3 rd Qtr 2009	3 rd Qtr 2009 to 3 rd Qtr 2010
Apples	39.8	45.4	42.5	14%	-6%
Avocados	6.2	5.6	8.1	-9%	45%
Bananas	65.9	55.0	59.0	-17%	7%
Oranges	57.4	57.4	59.5	0%	4%
Pears	9.3	11.2	13.6	21%	21%
Mangoes	0.1	0.0	0.0	-57%	-1%
Grapes	0.5	0.4	0.6	-17%	35%

Source: DAFF

Table B.4: Prices of selected vegetables traded at the FPM

	Average prices at FPM (R/ton)			Percentage changes	
	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2008 to 3 rd Qtr 2009	3 rd Qtr 2009 to 3 rd Qtr 2010
Beetroot	2 922	3 175	5 266	9%	66%
Carrots	1 557	1 797	3 549	15%	97%
Cucumber	3 916	6 041	5 044	54%	-17%
Lettuce	2 351	3 489	3 243	48%	-7%
Onions	2 012	3 363	2 877	67%	-14%
Potatoes	1 711	3 843	3 258	125%	-15%
Spinach	2 445	2 808	3 413	15%	22%
Tomatoes	3 368	4 162	5 516	24%	33%
Cabbage	977	1 343	1 405	37%	5%
Green beans	7 473	7 028	5 809	-6%	-17%
Sweet potatoes	2 206	2 276	1 877	3%	-18%

Source: DAFF

Table B.5: Quantities of selected vegetables traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	3 rd Qtr 2008	3 rd Qtr 2009	3 rd Qtr 2010	3 rd Qtr 2008 to 3 rd Qtr 2009	3 rd Qtr 2009 to 3 rd Qtr 2010
Beetroot	8.8	9.5	6.2	9%	-35%
Carrots	26.2	26.7	21.0	2%	-21%
Cucumber	0.1	0.1	0.1	8%	27%
Lettuce	6.9	6.0	6.0	-13%	-1%
Onions	80.5	76.5	82.2	-5%	7%
Potatoes	270.7	203.7	221.5	-25%	9%
Spinach	3.5	3.2	3.1	-9%	-5%
Tomatoes	67.7	64.7	61.7	-4%	-5%
Cabbage	30.9	31.1	21.0	1%	-32%
Green beans	2.7	3.2	4.0	19%	23%
Sweet potatoes	6.5	7.3	10.7	13%	47%

Source: DAFF

Table B.6: Beef market statistics

	Units	3 rd Qtr	3 rd Qtr	3 rd Qtr	Percentage changes	
		2008	2009	2010	3rd Qtr 2008 to 3rd Qtr 2009	3rd Qtr 2009 to 3rd Qtr 2010
Gross Value	R'000	3 608	3 161	3 510	-12%	11%
Average Price	R/kg	21.10	21.12	22.48	0.1%	6%
Quantities	Heads	658 314	570 770	592 028	-13%	4%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry market statistics

	Units	3 rd Qtr	3 rd Qtr	3 rd Qtr	Percentage changes	
		2008	2009	2010	3rd Qtr 2008 to 3rd Qtr 2009	3rd Qtr 2009 to 3rd Qtr 2010
Gross Value	R'000	5 091	5 636	5676	11%	1%
Average Price	R/Mt	15 340	16 440	15 970	7%	-3%
Commercial Production	Mt	317 024	327 746	340 097	3%	4%

Source: DAFF

Table B.8: Egg market statistics

	Units	3 rd Qtr	3 rd Qtr	3 rd Qtr	Percentage changes	
		2008	2009	2010	3rd Qtr 2008 to 3rd Qtr 2009	3rd Qtr 2009 to 3rd Qtr 2010
Gross Value	R'000	1 519	1 708	1 586	12%	-7%
Average Price	R/dozen	7.87	9.32	8.86	18%	-5%
Commercial Production	1000 dozen	193 009	183 242	178 955	-5%	-2%

Source: DAFF

Table B.9: Milk market statistics

	Units	3 rd Qtr	3 rd Qtr	3 rd Qtr	Percentage changes	
		2008	2009	2010	3rd Qtr 2008 to 3rd Qtr 2009	3rd Qtr 2009 to 3rd Qtr 2010
Gross Value of milk produced	R'000	2 442	2 413	2 296	-1%	-5%
Average Price received by farmers	R/liter	3.07	3.15	2.85	2%	-10%
Commercial Production	1000 liter	794 445	766 040	806 563	-4%	5%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

Table C.1: Descriptions of forestry import and export products

<p><u>Export products descriptions</u></p> <p>Fuel In Log;Chips,etc.: Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms Fuel wood, wood in chips and sawdust and wood waste</p> <p>Wood Charcoal: Wood charcoal (including shell or nut charcoal), whether or not agglomerated</p> <p>Blders' Joinry+Carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p> <p>Fibrbrd Of Wd/Ot Lign: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Rough,Not Sapwood: Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared</p>
<p><u>Import product descriptions</u></p> <p>Lumber > 6 mm thick: Wood sawn or chipped length-wise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm</p> <p>Cask,Barr,Vat,etc.+Pts: Casks, barrels, vats, tubs and other coopers and apos; products and parts thereof, of wood, including staves</p> <p>Fibrbrd Of Wd/Ot Lign: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Plywood,Veneer,etc.: Plywood, veneered panels and similar laminated wood</p> <p>Blders' Joinry+Carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p>