

QUARTERLY

Economic Overview of the Agriculture, Forestry and Fisheries Sector

January 2011 to March 2011

Volume 9, Number 1, June 2011



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

PREFACE

The core business of the Directorate: Statistics and Economic Analysis is to provide economic and statistical services to monitor the economic performance of the Agriculture, Forestry and Fisheries (AFF) sector. To support this important task, the Division/Unit: Economic and Statistical Research 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 agricultural sector. The quarterly report has now been established as a regular feature in the directorate's workplan. Since the beginning of 2004, the report has also been published for outside use 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 first quarter of 2011 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 recovery continues, though it remains unbalanced as most advanced economies still face below-potential output, high unemployment and low growth rates, while most emerging and developing economies face higher growth, improved exports, higher domestic demand and higher capital inflows. However, new macroeconomic risks are building up in emerging market economies, as demand is robust and overheating is a growing concern. Rising food and commodity prices pose a threat to poor households, adding to social and economic tensions in emerging and developing economies. Overall, the global economy expanded at an annualised rate of 4,3% in the first quarter of 2011, despite some unforeseen negative effects, such as the devastating consequences of the Japanese earthquake and tsunami on their economy and disappointing growth in the US.

Global shortfall in grain supplies is forecast for the 2010/11 season, as the increase in consumption outpaced the increase in grain production. For the 2011/12 season, world grain production forecast has been adjusted downwards by 5 million tons compared to the previous forecast, as overly dry conditions in the southern United States damaged wheat prospects. World grain production is forecast to rise by 4% to 1 803 billion tons in 2011/12, while world grain consumption is forecast to increase by 1,3% to 1 812 billion tons during the same period—a deficit of 9 billion tons. Grains for industrial use is expected to slow by 2% in 2011/12, as maize demand for ethanol in the US declines. World grain for feed use is expected to rise modestly by 1,3% after falling slightly in 2010/11. World trade in grains is expected to rise by 5 million tons, from 240 million tons in 2010/11 to 245 million tons in 2011/12.

The South African economy performed better than market expectations, growing by 4,8% during the first quarter of 2011, up from the revised 4,5% growth rate in the previous quarter. The main contributor to economic activity in the first quarter of 2011 was the manufacturing sector, which recorded a 14,5% growth rate, marking a significant increase from the 4,1% growth recorded in the previous quarter. Economic activity in the Agriculture, Forestry and Fisheries sector contracted by 2,6%; representing a sharp fall from the 12,5% growth recorded in the previous quarter. This was mainly the result of a negative contribution by field crops, which may have been negatively affected by flooding experienced in January and February 2011.

The SA unemployment rate rose to 25% in the first quarter of 2011, from 24% in the previous quarter. The number of people employed in the South African economy declined by 14 000 in the first quarter of 2011 compared to the fourth quarter of 2010. However, on a year-on-year basis, the economy gained 42 000 jobs. Employment in agriculture has been declining for the past three consecutive quarters, with the sector shedding 24 000 jobs quarter-on-quarter and 55 000 jobs year-on-year during the first quarter of 2011. However, on a quarterly basis, the number of jobs lost in agriculture is less compared to jobs lost in the transport (34 000) and construction (25 000) sectors during the first quarter of 2011.

Gross farm income from all agricultural products increased by 2,6%, from R26,7 billion in the first quarter of 2010 to R27,3 billion in the first quarter of 2011. The increase was mainly boosted by the 4,1% increase in gross income from animal products, which amounted to R17,3 billion in the first quarter of 2011; while gross income from field crops increased slightly by 0,9% and horticultural products declined by 0,2%. The net farm income is estimated at R4,3 billion for the first quarter of 2011, a significant 20,4% drop from the first quarter of 2010. This sharp decline can mainly be attributed to the 12,8% increase in expenditure on intermediate goods and services, which amounted to R18,2 billion in the first quarter of 2011. Consumption expenditure on food amounted to R83,7 billion in the first quarter of 2011, a 1% decrease from R84,5 billion during the same period in 2010.

The value of agricultural exports increased by 5,9%, from R10,2 billion in the first quarter of 2010 to R10,8 billion in the first quarter of 2011. The value of agricultural imports increased by 23%, from R8,7 billion to R10,7 billion during the same period. Fisheries exports and imports continued to decline, with exports declining by 11,2%, from R704 million in the first quarter of 2010 to R625 million in the first quarter of 2011; while fisheries imports declined by 12,6%, from R382 million to R334 million during the same period. The export value of forestry products amounted to R2,4 billion in the first quarter of 2011, up 20% from the first quarter of 2010; while forestry imports amounted to R1,8 billion in the first quarter of 2011, a 2% decline from the same quarter of 2010.

1. GLOBAL OVERVIEW OF THE AGRICULTURAL ECONOMY

The global economy continues to improve, but it remains unbalanced. Unemployment remains high in advanced economies, while new macroeconomic risks are building up in emerging market economies. Overall, the **global economy** expanded at an annualised rate of 4,3% in the first quarter of 2011. Although the outlook for the world economy remains relatively unchanged from three months ago, the downside risks have increased.

Rising food and commodity prices resulted in an upward revision of the projection of inflation for 2011. The CPI inflation in advanced economies went up by 0,6 percentage points to 2,2% for 2011, while in developing countries it was 0,9 percentage points higher at 6,9%. Already, the oil price has surged by more than 30% in 2011. Inflation is expected to remain higher in the medium term, but the IMF does not expect this to have a major adverse effect on growth. World real GDP is forecast at about 4,5% for 2011 and 2012, slightly down from 5,0% in 2010.

With the 2010/11 marketing season of most cereals coming to a close, a world shortfall in grain supplies is forecast despite a projected increase in world grain production. **World grain production** is forecast to rise by 4% to 1,803 billion tons in 2011/12, as compared to the

current season, because of a recovery in output from the European Union and Argentina. However, world grain production forecast is five million tons less than the previous forecast, as overly dry conditions in the southern United States damaged wheat prospects.

World grain consumption is forecast to outpace production at 1,812 billion tons in 2011/12, a 1,3% increase from the 2010/11 season. However, grain for industrial use is expected to slow by 2% in 2011/2012, as demand for maize for ethanol in the United States declines, while world grain for feed use is expected to rise modestly by 1,3% in 2011/12, after falling slightly in 2010/11. **World trade in grains** is expected to rise moderately to 245 million tons in the next season, from 240 million tons in 2010/11.

World **wheat production** is expected to rise by 2,8%, from 649 million tons in 2010/11, to 667 million tons in 2011/12. However, this is 5 million tons less than the April forecast, reflecting “overly dry weather conditions” in Europe and the US. **World wheat consumption** is expected to pick up as demand for wheat rises, though at a slower pace than projected previously. Growth in the demand for wheat used for ethanol production is slowing down, while increased use of alternative feeds, such as barley, is expected to reduce wheat requirements for feed in Russia. The global wheat trade is expected to increase

by 5 million tons, mainly in North Africa and the EU. World maize output is expected to rise by 4,4% to a record 848 million tons in 2011/12, from 815 million tons in the current season. Overall consumption is forecast to increase at a slower than average rate, as the US demand for maize-based ethanol is projected to remain weak. Global maize trade is expected to decline by 1,5%. World grain prices have surged in recent weeks after a succession of natural disasters in 2010 and early 2011 reduced output, resulting in depleted stock reserves. Again, poor weather conditions in the US and the most severe drought in Europe have sparked fears of poor crops, thereby sparking panic buying in international grain markets. World maize prices are expected to rise by 35% from August 2011 to July 2012.

increase. Other sectors that contributed marginally towards the GDP include the mining and quarrying, wholesale, retail, motor trade, accommodation and transport sector(s), which contributed an average of 0,3 percentage points.

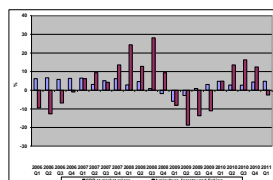


Figure 1: Percentage change in real GDP and in real value added by the agriculture, forestry and fishing industry.

Source: Stats SA

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

2.1 Growth

The real Gross Domestic Product (GDP) at market prices increased by 4,8% during the first quarter of 2011, compared to 4,5% recorded in the fourth quarter of 2010. The upward trend in growth was mainly driven by the manufacturing sector's growth rate of 14,5%, resulting in a contribution of 2,2 percentage points. This was in turn followed by finance, real estate and business services, which added a real value of 4,8%, resulting in a 1,0 percentage point

Figure 1 indicates that the real value added by the Agriculture, Forestry and Fisheries sector recorded a negative growth of 2,6% in the first quarter of 2011, which represents a significant fall by the sector compared to the 12,5% growth recorded in the previous quarter. The agricultural sector was the worst performer and the only sector to record negative growth in the first quarter of 2011, and this was largely attributed to a disappointing field crop season. In the first quarter of 2011, GDP was mainly steered by the manufacturing sector in contrast to the previous quarter, in which the mining sector was the largest contributor.

In Figure 2, the economy's real value added shows an increase from R1,86 trillion recorded in the previous quarter to R1,88 trillion in the first quarter of 2011. On the other hand, the Agriculture, Forestry and Fisheries sector's value added decreased from R43,28 billion in the fourth quarter to R43 billion in the first quarter of 2011.

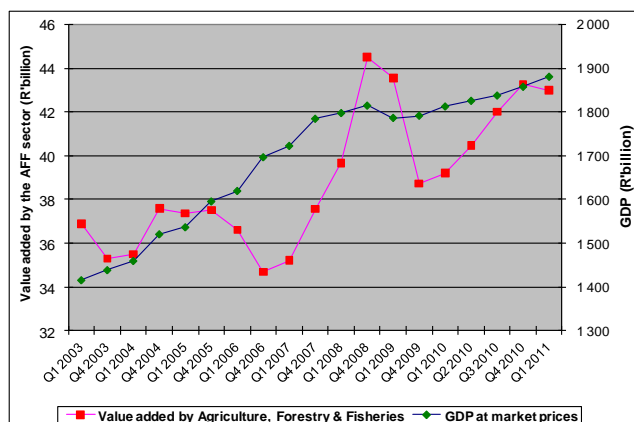


Figure 2: Trends in real GDP and in the real value added by the Agriculture, Forestry and Fisheries sector

Source: Stats SA

2.2 Inflation

The year-on-year percentage change in the Producer Price Index (PPI) for domestic products showed an annual rate of change of 7,3% in March 2011. The rate represents an increase, mainly driven by higher commodity prices, compared to 6,7% and 5,5% recorded in February and January 2011 respectively. On a monthly basis, prices increased by only 0,6 percentage points between February and March 2011, though a decline of 1,2 percentage points was recorded in January 2011. In contrast to the global trend, domestic food prices in the

agricultural sector fell by 1,9% month-on-month after a 0,4% increase in February. Grain, oilseeds and sugar-cane prices contributed significantly to producer inflation, rising by 25,3%, 17% and 16,7%, respectively on an annual basis. However, this was somewhat offset by declines in the prices of vegetables as well as fruit and nuts which contracted by 18,7% and 12,7%, respectively.

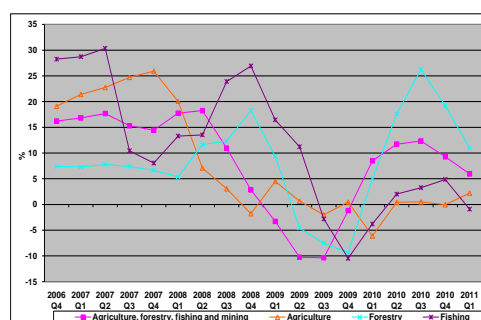


Figure 3: Trends in the Producer Price Indices

Source: Stats SA

Both the forestry and fishing industries contracted on a month-on-month basis, decreasing by 0,1% and 1,0% respectively. However, on a year-on-year basis, forestry increased by 8,8%, while fishing declined by 4,4%. Figure 3 indicates that producer prices of the agriculture, forestry, fisheries and mining industries averaged 5,9% in the first quarter of 2011, from 9,3% in the fourth quarter of 2010. This represents a month-on-month decrease of 3,4 percentage points.

The annual Consumer Price Index (CPI) indicated that inflation rose by less than expected, increasing from 4,1% in March 2011

to 4,2% in April 2011. Higher petrol prices as well as an increase in the cost of some categories of services were mainly responsible for the monthly increase. This was partly offset by a decline in food and durable goods prices. Food prices declined by 0,1% month-on-month, because of lower fruit, fish and meat prices, which helped food inflation to moderate to 4,8% year-on-year from 5,1% year-on-year. Services inflation rose from 4,6% to 4,7% owing to an increase in recreational and cultural services. Annual transport inflation rose to 3,4%, largely driven by petrol prices, which rose by 16,3% year-on-year.

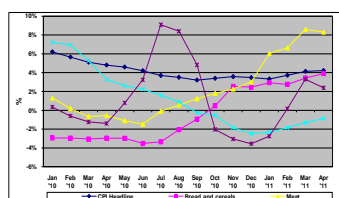


Figure 4: Trends in the Consumer Price Index
Source: Stats SA

Figure 4 shows changes in selected major South African food products and compares the items with the overall inflation. In April 2011, the annual inflation for bread and cereals and for meat increased to 3,9% and 8,3% respectively. In the same period, inflation for vegetables increased by 2,4%, while milk, eggs and cheese fell to -0,9%.

2.3 Employment

South Africa's Quarterly Labour Force Survey showed that the economy experienced a quarter-to-quarter decrease of 14 000 in the number of people employed between the last quarter of 2010 and the first quarter of 2011. However, the total economy gained 42 000 jobs year-on-year, which represents a 0,3% increase. The formal sector gained 56 000 jobs, while the informal sector lost 46 000 jobs. The agricultural sector shed 24 000 jobs. South Africa's official unemployment rate increased to 25% of the workforce, from 24% recorded in the previous quarter, a 1% increase. The number of discouraged work-seekers increased by 73 000 in the first quarter of 2011.

Table 1: Employment by industry

Sector	Jan – Mar 2010	Oct – Dec 2010	Jan – Mar 2011	Quarter to quarter change	Year on year change
	Thousand				
Total	13 076	13 132	13 118	-14	42
Agriculture	658	627	603	-24	-55
Mining	303	298	313	15	10
Manufacturing	1 755	1 783	1 803	20	48
Utilities	72	94	97	3	25
Construction	1 060	1 056	1 031	-25	-29
Trade	2 882	2 975	2 962	-13	80
Transport	797	761	727	-34	-70
Finance & other business services	1 681	1 594	1 631	37	-50
Community & social services	2 695	2 826	2 828	2	133
Private households	1 167	1 117	1 118	1	-49

The number of workers in the Agriculture, Forestry and Fisheries sector declined for three quarters in a row. On a quarterly basis, the

sector employed only 603 000 people in the first quarter of 2011, compared to 627 000 people employed in the previous quarter, resulting in a quarter-on-quarter decline of 3,8%. On an annual basis, the sector shed 55 000 jobs, which represents a 8,4% fall in employment. However, the agricultural sector shed the least number of jobs (24 000) when compared to the transport sector, which contracted by 4,5% (34 000 jobs) and the construction sector by 2,4% (25 000 jobs). Job gains were observed in finance (+2,3%), manufacturing (+1,1%) and mining (+5%).

In terms of gender, the number of unemployed men increased by 53 000, which is lower than that of women at 173 000 in the first quarter of 2011. During the same period, the number of women employed by the Agriculture, Forestry and Fisheries sector was 208 000, which is 0,5% lower than in the previous quarter. For men, the sector posed a sizeable decrease of 5,5%, from 418 000 employed in the fourth quarter of 2010 to 395 000 employed in the first quarter of 2011.

The unemployment rate increased for all population groups in the first quarter of 2011. The highest increase in unemployment was recorded among the Indian and Coloured population groups, with a growth of 3,8% and 1,3% respectively. Unemployment among Blacks/Africans declined from 3 787 000 in the first quarter of 2010 to 3 740 000 in the first quarter of 2011. Unemployment among the white

population declined from 132 000 in the first quarter of 2010 to 124 000 in the first quarter of 2011.

Figure 5 illustrates the distribution of agricultural sector employment in terms of provinces. There was an increase in the unemployment rate in all nine the provinces in the first quarter of 2011 as compared to the fourth quarter of 2010. In the first quarter of 2011, the biggest increases were observed in the Northern Cape, Mpumalanga, Eastern Cape and Limpopo provinces, recording 31,3%, 30,8%, 26,9% and 19,3% respectively. The quarter-on-quarter comparisons show that increases in employment were only observed in two provinces, namely North West and Gauteng, recording 19,4% and 25,9% increases respectively.

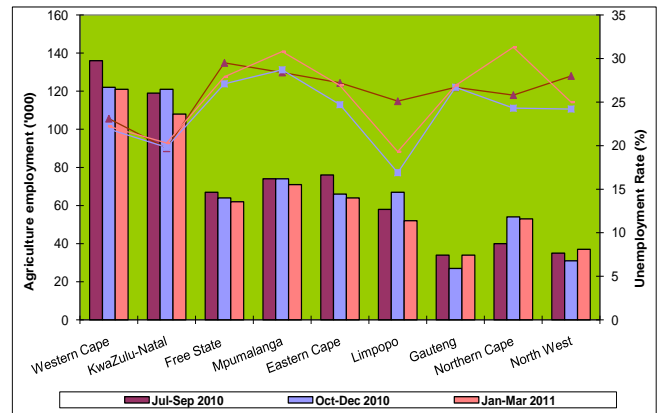


Figure 5: Provincial agricultural employment

Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

During the first quarter of 2011, expenditure on intermediate goods and services increased to R18,2 billion, which is 12,8% higher than the R16,2 billion for the first quarter of 2010. The main drivers behind this increase was the 21,9% increase in expenditure on dips and sprays, together with the increases in expenditure on farm services (20,8%), packing material (18%) and water tax (14,9%). The total expenditure on intermediate goods and services has been steadily increasing over the past number of years, with increases from R14,4 billion in the first quarter of 2009 to R16,2 billion in the first quarter of 2010 and R18,2 billion in the first quarter of 2011. (Appendix A.1)

During the first quarter of 2011, expenditure on maintenance and repair of machinery and implements increased by 15,0%, while expenditure on seeds and plants increased by 17,9%. The expenditure on fertilisers, insurance, electricity and farm feed increased by 13,4%, 12,1%, 11,1% and 8,2% respectively. Expenditure on fuel increased slightly by 4,9%, despite soaring oil prices which were driven by supply disruptions owing to political unrest in the Middle East and North Africa (Appendix A.1)

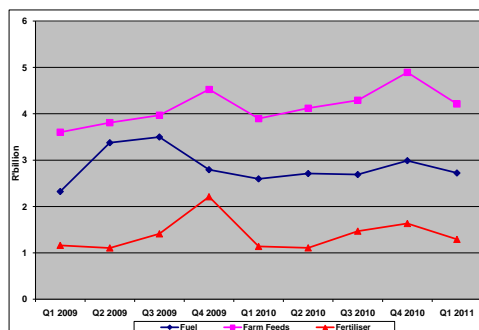


Figure 6: Trends in quarterly expenditure on fuel, farm feeds and fertiliser between 2009 and 2011

Source: DAFF

Figure 6 shows the total expenditure on fuel, farm feeds and fertiliser between the first quarters of 2011, 2010 and 2009. Expenditure on fuel increased slightly to R2,7 billion in the first quarter of 2011 compared to R2,6 billion in the first quarter of 2010, though it shows a decline compared to the fourth quarter of 2010. The same trend is also shown by expenditure on fertiliser, which increased to R1,3 billion in the first quarter of 2011 compared to R1,1 billion in the first quarter of 2010, though showing a month-on-month drop. Expenditure on farm feeds showed a 13,9% month-on-month drop in the first quarter of 2011, though on an annual basis it increased by 7,8%.

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

In the first quarter of 2011, gross farm income from all agricultural products amounted to R27,3 billion compared to the R26,7 billion reported in

the first quarter of 2010, an increase of 2,6%. Gross income from field crops was R1,7 billion in the first quarter of 2011, a 0,9% increase compared to the first quarter of 2010. Contribution from soya beans, oats and chicory roots increased significantly by 80,4%, 41,2% and 30,3% respectively. The huge increase in gross income from soya beans might be the result of the 34% increase in area planted, from 311 450 ha in the 2010 marketing year to 418 000 ha in the 2011 marketing year. Soya-bean plantings in South Africa increased, as more farmers recognise the value of soya beans in a crop rotation system with maize. In addition, the production of soya beans is made relatively easier with the GM cultivars that are available in South Africa. Indications are that this upward trend in soya-bean plantings will continue in future.

Gross income from maize and wheat increased by 6,9% and 1,4% respectively, while gross income from sunflower and sugar cane decreased by 22,6% and 7,7% respectively (Appendix A.2).

The gross income from animal products increased by 4,1%, to R17,3 billion in the first quarter of 2011, from R16,6 billion in the first quarter of 2010. Gross income from goats slaughtered, sheep slaughtered and other livestock products increased by 24,9%, 20,4% and 11,2% respectively. The income from wool, pigs slaughtered and poultry meat also

increased, by 8,7%, 6,0% and 5,7% respectively. Gross income from cattle and calves slaughtered increased by 5,1%, while gross income from ostrich feathers and products decreased by 14,7%. The income from mohair, milk and eggs decreased by 9,5%, 4,7% and 3,1% respectively between the two quarters under review.

Horticultural crops recorded a slight 0,2% annual drop in gross income amounting to R8,3 billion in the first quarter of 2011. Gross income from rooibos tea and citrus fruit increased significantly, by 62,8% and 40,8% respectively. Gross income from deciduous and other fruit types also increased, though slightly by 0,6%, between the two quarters under review, while gross income from tea and dried fruit decreased significantly by 46,1% and 19,8% respectively. The income from subtropical fruit and vegetables also decreased, by 4,2% and 1,0% respectively, during the same period.

The slight increase in the gross farm income from all agricultural products in the first quarter of 2011 can be attributed to a rise in income from field crops and animal products.

Net farm income in the first quarter of 2011 was lower compared to the net farm incomes for the first quarters of both 2010 and 2009 (Figure 7). The net farm income in the first quarter of 2011 was R4,3 billion, a decrease of 20,4% compared to R5,5 billion in the first quarter of 2010. The decrease in net farm income was mainly the

result of an increase of 12,8% in expenditure on intermediate goods and services, and this had a negative impact on the cash flow of farmers.

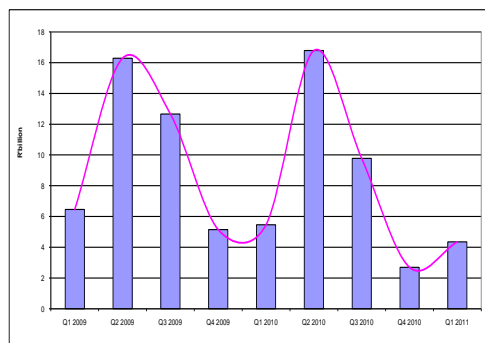


Figure 7: Trend in net farm income between 2009 and 2011

Source: DAFF

2.6 Private consumption expenditure on agricultural products

Appendix A.3 shows that in the first quarter of 2011, private expenditure on food amounted to R83,7 billion, a decrease of 1,0% compared to the R84,5 billion reported for the first quarter of 2010. During the first quarter of 2011, the main expenditure item was oils and fats which increased by 12,8%. Expenditure on fruit and vegetables increased by 7,0% and expenditure on meat increased by 5,3%. Expenditure on milk products and eggs increased slightly by 0,8% during the same period, while expenditure on bread and grain decreased by 12,7%.

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

According to data in Table A.4, the total export value of agricultural products increased by 5% from R10,2 billion to R10,8 billion between the first quarter of 2010 and the first quarter of 2011. During the first quarter of 2011, South Africa gained most of its agricultural export revenue from products exported to the Netherlands. From this country, South Africa gained R1,6 billion of agricultural export revenue, which represents 14% of the total export value. The United Kingdom was the second largest export destination for South Africa's agricultural products with R1,1 billion agricultural export revenue, which represents 10% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include Zimbabwe, South Korea, Mozambique, Germany, Hong Kong, Italy, United Arab Emirates and Angola. All of these countries, including the Netherlands and United Kingdom, accounted for 61% of the total export revenue received from agricultural products.

The 10 most important agricultural products which contributed a considerable amount to the total agricultural export value include fresh grapes, maize, wine, pears and quinces, wool, plums, prunes and sloes, fresh apples,

preserved foods and ethyl alcohol (see Table A.5).

According to the data in Table A.6, the total import value of agricultural products increased by 23%, from R8,7 billion to R10,7 billion between the first quarter of 2010 and the first quarter of 2011. The top ten importers of agricultural products during the first quarter of 2011 collectively accounted for 65% of the total import value of agricultural products (Table A.6). Argentina, Thailand, Brazil and the United States were the top four importers of agricultural products during the first quarter of 2011, accounting for 19%, 6%, 6% and 6% respectively of the total import value of agricultural products.

The four most important agricultural products which contributed a considerable amount to the total import value include wheat and meslin (11%), palm oil (refined but not chemically modified) 7%, soya-bean oilcakes and other solid residue (7%) and rice (7%) (see Table A.7). All of these four products accounted for 31% of the total import value of agricultural products.

2.7.2 Fisheries trade

The total export value of fish and seafood decreased by 11%, from R704 billion in the first quarter of 2010 to R625 billion in the first quarter of 2011 (Table A.8). The major export destinations for South African fish and seafood were Hong Kong, Spain, Italy, Japan, United

States, Portugal, Australia, China, France and Fiji which jointly accounted for 80% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the first quarter of 2011 include fish fillet (frozen), squid (not live or frozen), other seafood, sea crawfish (not frozen) and sea crayfish (lobster) (see Table A.9).

According to data in Table A.10, the total import value of fish and seafood decreased by 13%, from R382 billion to R334 billion between the first quarter of 2010 and the first quarter of 2011. The 10 most important countries which accounted for 86% of the total import value of fish and seafood in the first quarter of 2011 include Thailand, China, New Zealand, Norway, India, Spain, United States, Uruguay, South Korea and the Falkland Islands. Imported products which accounted for 75% of the total import value of fish and seafood include sardines/sardinella/brisling (prepared or preserved and not minced), tunas/skipjack/bonito (prepared or preserved and not minced), cuttlefish and squid (frozen, dried, salted or in brine), shrimps and prawns (prepared or preserved) (see Table A.11).

2.7.3 Forestry trade

The total export value of forestry products increased by 20%, from R2,0 billion to R2,4 billion between the first quarter of 2010 and the first quarter of 2011 (Table A.12). Export destinations of forestry products during the first

quarter of 2011 include Indonesia, China, India, Zimbabwe, Thailand, United Kingdom, South Korea, Germany, Belgium and Taiwan, which jointly accounted for 91% of the total export revenue from forestry products. The most important forestry products, which accounted for 81% of the total export revenue of forestry products, include chemical woodpulp (dissolving grades), chemical woodpulp (soda, etc., N Dis Bl and Bl nonconif), kraftliner (uncoated, bleached, in rolls or sheets), printed books (brochures, etc., nesoi), and newsprint (in rolls or sheets) (see Table A.13).

The total import value of forestry products decreased by almost 2 % from R1,79 billion to R1,76 billion between the first quarter of 2010 and the first quarter of 2011 (Table A.14). South Africa's major forestry import sources include the United Kingdom, United States, China, Germany, France, Sweden, Brazil, Australia, Indonesia and Poland, which jointly accounted for 70% of the total import value of forestry products. The most important forestry products imported during the first quarter of 2011 include printed books, brochures, sanitary napkins, diapers and sanitary art of paper, casks, barrels, vats, etc., paper/paper boards and kraft paper (see Table A.15). All of these products accounted for 46% of the total import value of forestry products.

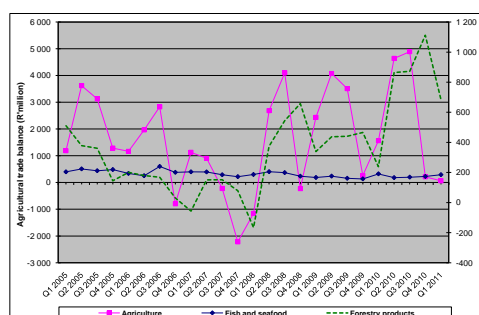


Figure 8: Trends in the trade balances for fish and seafood, agriculture and wood

Source: South African Revenue Services

Figure 9 shows trends in the trade balances for the agricultural products, fish and seafood as well as forestry products. The trends fluctuated significantly between the first quarter of 2005 and the first quarter of 2011. Since the first quarter of 2005, agriculture experienced a negative trade balance in five quarters, i.e. the fourth quarter of 2006, the third quarter of 2007, the fourth quarter of 2007, the first quarter of 2008 and the fourth quarter of 2008. The second quarter and the third quarter of 2010 were highlights, as agriculture's trade balance improved significantly, reaching a high of R4,6 billion in the second quarter of 2010 and peaking at R4,9 billion in the third quarter of 2010. Since reaching a peak in the third quarter of 2010, agriculture's trade balance has deteriorated significantly, reaching R213 million in the fourth quarter of 2010, and deteriorating further to R64 million in the first quarter of 2011.

The trade balance for fish and seafood has been fluctuating significantly since the first quarter of

2005, although it has remained in positive territory. The fish and seafood trade balance reached its highest levels of R601 million during the third quarter of 2006 and has continued with its fluctuating trend ever since. The first quarter of 2011 started on a positive note, with the trade balance for fish and seafood reaching R291 million. The value has shown positive signs of improvement since the second quarter of 2010, improving by 29% since the fourth quarter of 2010.

The trade balance for forestry products has been fluctuating since the first quarter of 2005, reaching its highest level of R1,1 billion in the fourth quarter of 2010. Forestry products have experienced negative trade balances during the first quarter of 2007 and the first quarter of 2008, which declined significantly during the first quarter of 2011, reaching R687 million after peaking at R1,1 billion in the fourth 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 major grains in South Africa, i.e. maize, wheat, sunflower and soya beans. With the day-to-day volatility of grain markets, the average opening stocks for white and yellow maize in the first quarter of 2010 were 2,7 million tons and 1,7 million tons respectively, while the average total opening

stock (white plus yellow maize) was 4,4 million tons. During the 2010/11 planting season, production prospects for maize were slightly higher with good yields expected, especially for white maize. During the first quarter of 2011, the average opening stocks for white and yellow maize were 5,3 million tons and 1,5 million tons respectively, while the average total opening stock (white plus yellow maize) was 5,2 million tons (17% higher than in 2010).

Consumption of maize in South Africa totalled 701 000 tons in the first quarter of 2010. Of this total, 386 000 tons were white maize, while 315 000 were yellow maize. Consumption of maize during the first quarter of 2011 totalled 717 000 tons, 2% higher than in 2010. Of this total, 500 000 tons were white maize, while 217 000 tons were yellow maize. During the same period, total maize exports reached 224 000 tons, 91 000 tons more than the recorded 133 000 tons in the first quarter of 2010.

Wheat production in South Africa has been on the decline, owing to the poor profit margin farmers receive. In the first quarter of 2010, the average opening stock of wheat for human consumption was 1,8 million tons, while the average opening stock of wheat for animal feeds reached 23 000 tons. During the first quarter of 2011, the average opening stock of wheat for human consumption declined by 26% to reach 1,3 million tons. Meanwhile, the average opening

stock of wheat for animal feeds declined by 59% to reach 9 000 tons. The average total opening stock of wheat decreased by 26% from 1,8 million tons to 1,3 million tons between the first quarter of 2010 and the first quarter of 2011.

Consumption of wheat in the first quarter of 2010 amounted to 739 000 tons. Of this total, 707 000 tons were for human consumption, 17 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season. During the first quarter of 2011, consumption of wheat decreased by 5% to reach 701 000 tons. Of this total, 689 000 tons were for human consumption, 1 000 tons were for the animal feed market, while the rest was kept at producer level as seed for the next planting season. Imports of wheat totalled 490 000 tons in the first quarter of 2011, which is 243 000 tons more than in the first quarter of 2010.

The total opening stock of sunflower averaged 30 000 tons in the first quarter of 2011, 181 000 tons (86%) less than the recorded 211 000 tons in the first quarter of 2010. The decrease in stocks could be as a result of the fall in supplies and the lower production forecast which, according to the Crop Estimates Committee, is 21 750 tons less than the initial second production forecast for the 2010/11 production season. Consumption of sunflower seed decreased by 80%, from 209 000 tons to 42 000 tons between the first quarter of 2010 and the first quarter of 2011. Imports of this commodity

decreased significantly from 3 000 tons to 300 tons between the first quarter of 2010 and the first quarter of 2011.

The average opening stock of soya beans averaged 74 000 tons in the first quarter of 2011, approximately 10% less than 83 000 tons recorded for the first quarter of 2010. Consumption of soya beans decreased by 6% from 96 000 tons to 90 000 tons between the first quarter of 2010 and the first quarter of 2011.

Grain prices continued to exhibit modest price gains despite a stronger rand. The price of white and yellow maize averaged R1 225/ton and R1 270/ton respectively, in the first quarter of 2010, while wheat, sunflower and soya bean prices averaged R2 088/ton, R3 235/ton and R2 776/ton respectively, during the same period. In the first quarter of 2011, the prices of white and yellow maize increased by 22% and 23% to average R1 495/ton and R1 568/ton respectively. During the same period, the price of wheat, sunflower and soya beans increased by 49%, 43% and 36% respectively to average R3 106/ton, R4 618/ton and R3 788/ton respectively.

2.8.2 Fruit and vegetable market review

Table B.2 shows the quarterly average prices of various fruit types that were traded at Fresh Produce Markets (FPMs) during the first quarter of 2009, 2010 and 2011.

Between the first quarter of 2010 and the first quarter of 2011, the average prices of apples, avocados, bananas and pears increased by 24%, 24%, 9% and 7% respectively, owing to good uptake on markets. During the same period, the average prices of oranges, mangoes and grapes weakened, decreasing by 2%, 38% and 35% respectively owing to limited uptake on markets.

Between the first quarter of 2010 and the first quarter of 2011, the quantities of bananas, oranges and pears that passed through the FPMs increased significantly, rising by 5%, 20% and 13% respectively (Table B.3). In contrast, the quantities of apples, avocados, mangoes and grapes decreased sharply owing to limited supplies. The quantities of apples, avocados, mangoes and grapes decreased by 12%, 10%, 3% and 9% respectively between the first quarter of 2010 and the first quarter of 2011.

Between the first quarter of 2010 and the first quarter of 2011, a fair number of vegetables experienced price increases owing to a combination of limited supplies and good uptake on most markets. Between the first quarter of 2010 and the first quarter of 2011, the prices of carrots, cucumber, lettuce, tomatoes, cabbage and sweet potatoes increased by 82%, 8%, 5%, 2%, 2% and 14% respectively because of improved demand (Table B.4). Meanwhile, the prices of beetroot, onions, potatoes, spinach,

green beans and sweet potatoes decreased by 9%, 8%, 17%, 1%, and 19% respectively owing to increased supplies on most markets.

Between the first quarter of 2010 and the first quarter of 2011, the quantities of most vegetables traded through FPMs increased, with the quantities of beetroot, carrots, onions, potatoes, cabbage, and green beans increasing by 9%, 13%, 8%, 13%, 9% and 22% respectively (Table B.5). On the other hand, the quantities of cucumber, lettuce, spinach, tomatoes and sweet potatoes decreased sharply, decreasing by 33%, 5%, 1%, 3% and 21% respectively.

2.8.3 Meat industry review

The meat industry posted modest gains in terms of the gross production value and the average price per kilogramme during the first quarter of 2011, owing to good rains, which resulted in better seasonal production conditions despite tight supplies of weaner calves. Between the first quarter of 2010 and the first quarter of 2011, the gross production value of beef increased by 5% from R3,75 million to R3,94 million. During the same period, the average price of beef trended higher on the back of tight supplies and improved uptake across most markets. Between the first quarter of 2010 and the first quarter of 2011, the average price of beef per kilogramme increased by 16%, from R22,56/kg to R26,10/kg. During the same period, the number of cattle

slaughtered decreased by 0,4%, from 546 916 to 544 867 (Table B.6).

Poultry showed an upward trend during the first quarter of 2011 owing to improved demand and improved uptake in most markets. The gross production value of poultry meat, the average price per ton and commercial production posted modest gains in the first quarter of 2011 as compared to the first quarter of 2010. Between the first quarter of 2010 and the first quarter of 2011, the gross production value of poultry meat increased by 6% from R5,9 million to R6,3 million. During the same period, the average price per ton of poultry increased by 4% from R16 457/ ton to R17 120/ton. Commercial production of poultry increased by 2%, from 344 479 to 349 985 between the first quarter of 2010 and the first quarter of 2011 (Table B.7).

2.8.4 Egg and dairy industries review

2.8.4.1 Eggs

Egg production during the first quarter of 2011 grew, posting modest gains as compared to the first quarter of 2010. Commercial production of eggs increased by 2%, from 184,9 million dozen to 189,0 million dozen between the first quarter of 2010 and the first quarter of 2011. The gross production value of eggs, on the other hand, decreased by 3%, from R1,7 billion to R1,65 billion between the first quarter of 2010 and the first quarter of 2011. During the same period, the average price per dozen of eggs decreased by

5%, from R9,22/dozen to R8,74/dozen (Table B.8).

2.8.4.2 Milk

The dairy industry has long been facing major challenges with farmers struggling to make ends meet. According to the Milk Producers' Organisation (MPO) April newsletter, farmers are facing significant increases in production costs as a result of increases in fuel, electricity and feed prices. Milk producers who are already struggling at current producer prices will find it difficult to survive as they will not be able to produce at lower prices.

Between the first quarter of 2010 and the first quarter of 2011, the gross production value of milk decreased by 5% from R2,3 billion to R2,2 billion. During the same period, the average price per litre of milk decreased by 3%, from R3,03/ℓ to R2,85/ℓ. Commercial production, on the other hand, increased by 4%, from 756 million ℓ to 787 million ℓ of milk between the first quarter of 2010 and the first quarter of 2011.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

Above-normal rainfall was received in January 2011 over most summer rainfall areas, which continued into February over the central and

western parts, but remained near normal elsewhere. In Limpopo and Mpumalanga and along the coast it was below normal. During March, the rainfall decreased in general, with patches of above-normal rainfall over the southern interior, including the Eastern Cape. Neither above nor below-normal rainfall is anticipated for the first half of winter, which means farmers should plan their activities according to weather conditions usually associated with that particular period/ season. Similarly for both minimum and maximum temperatures, neither above nor below normal is favoured. However, maximum temperatures over the summer rainfall areas are expected to be above normal, National Agro-meteorological Committee, (2011).

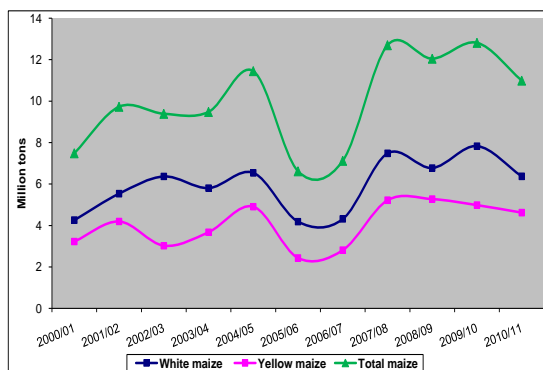


Figure 9: Maize production

Source: DAFF

Maize tons for the 2010/11 production season are expected to decline by 14,1%, as shown by the negative slope of the graph above (Figure 9). Much of the decline in hectares is the result of

the unfavourable weather patterns experienced in this year's production season.

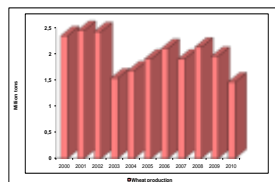


Figure 10: Wheat production.

Source: DAFF

White and yellow maize production is expected to decline by 18,6% and 7,3% respectively this year compared to last year.

The tons of wheat anticipated for the 2010 production season declined sharply by 25,2% compared to 2009. Figure 10 shows the wheat production trend since 2000.

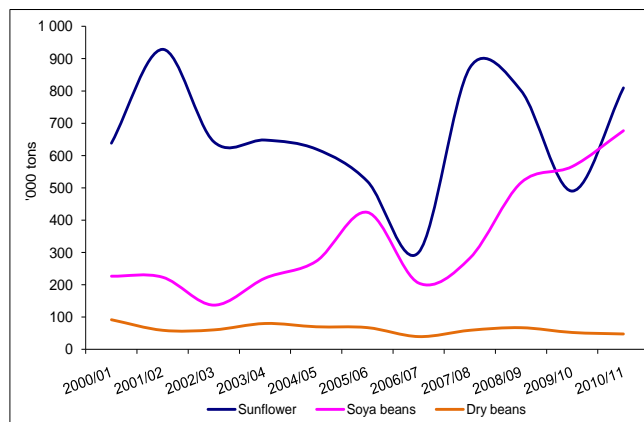


Figure 11: Sunflower, soya-bean and dry bean production

Source: DAFF

Figure 11 denotes the oilseeds (sunflower and soya beans) and the dry beans tons expected this year. The sunflower and soya-bean tons for the 2010/11 production season are expected to rise sharply by 62,2% and 19,9% respectively, while tons of dry beans are expected to decline by 8,9%. Although international prices for oilseeds have declined, they are still historically high, making the oilseed industry attractive, which explains the huge tons expected for sunflower this year.

3.2 Consumption

The South African Reserve Bank’s Monetary Policy Committee (MPC) left the repo rate unchanged during their two monetary policy meetings in January and March 2011, as surging food and oil prices threaten to boost inflation.

Total real household consumption expenditure is projected to rise by 4,3% during 2011. The consumption of non-durable goods is forecast to rise by 14,3% although the relatively high increases in food and administered prices (e.g. electricity and water) will likely weigh down the volume of growth in these categories (BER, 2011). Real disposable income is also expected to be under pressure this year.

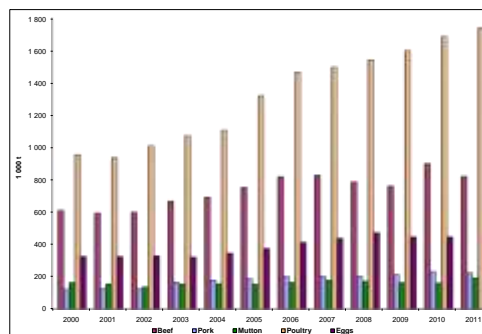


Figure 12: Meat and egg consumption

Source: DAFF

Figure 12 shows that the consumption expectation of high-priced meat items is under pressure. The consumption of beef and pork is expected to fall by 8,8% and 3,5% respectively, while mutton and poultry consumption is expected to go up by 19,9% and 3,2% respectively in 2011 compared to 2010.

The consumption of maize is expected to decline by 3%, while wheat and sorghum consumption—which has remained relatively weak over the past 12 years—is expected to decline by 0,2% and 1,1% respectively (Figure 13).

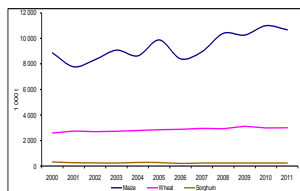


Figure 13: Maize, wheat and sorghum consumption

Source: DAFF

3.3 Employment

Although employment in the agricultural sector declined during the first quarter of 2011, it is likely to rise during the harvesting of summer grains and planting of winter grains after the second quarter 2011. The BER expects total employment in the country to grow at an annual average rate of 1,9% between 2011 and 2016. However, there does seem to be some light at the end of the tunnel, as overall fixed investment turned positive, increasing by 0,2% on an annual basis during the fourth quarter of 2010 for the first time since the second quarter of 2009 (BER, 2011).

3.4 Inflation

The Food and Agricultural Organization’s 2011 food price index depicted in Figure 14 for the five months ending in May 2011, was 35,2% higher compared to the same period in 2010. The index is expected to increase by 26,1% in 2011 compared to 2010. The cereals price index has

increased by one percentage point in May compared to April 2011. The unfavourable weather influencing crop prospects was offset by, among others, the large expected exports from Russia and the Ukraine. The cereals price index for the five months ending in May 2011 increased by 59,8% compared to the same months in 2010. The index is expected to average an increase of 40,1% in 2011 compared to 2010.

The oilseed price index also declined in May 2011 compared to April 2011, owing to larger than expected soya supplies in Latin America and South East Asia. However, prices for the five months ending in May 2011 increased by 55,8% compared to the same period last year, indicating that historically prices are still high. The oilseed price index is expected to average an increase of 38,3% in 2011 compared to 2010.

High beef and sheep prices are the major contributors to the overall high meat price index, although the index increased slightly in May as shown by the steadily rising meat index graph in Figure 14. However, for the five months ending in May 2011, the index increased by 20% compared to the same months in 2010, while the dairy index increased by 15%. Both indices are expected to end the year higher with overall increases of 15,1% and 14,3% respectively, compared to 2010 (FAO, 2011).

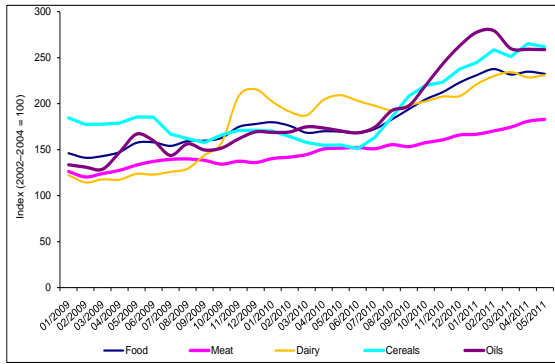


Figure 14: International Food Price Index

Source: FAO

Figure 15 shows local spot prices for white maize, yellow maize as well as the US corn price reflected in SA rands.

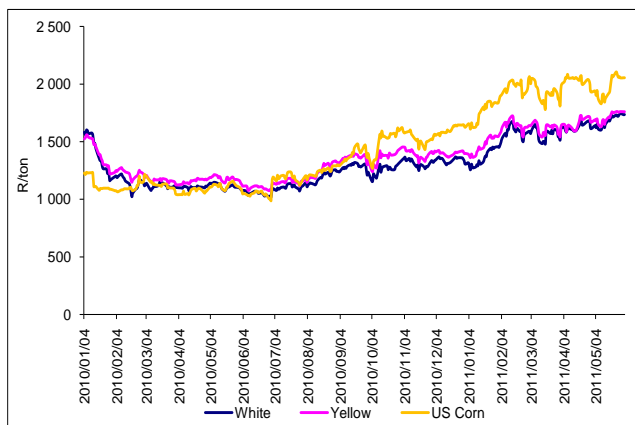


Figure 15: Local maize and US corn spot prices

Source: Safex

The US corn (maize) price is currently trading above the domestic maize price, although the local price has risen by 32,3% and 34,9% for both white and yellow maize respectively, for the five months ending in May 2011 compared to the same period last year. This reflects the tightness in supply and demand.

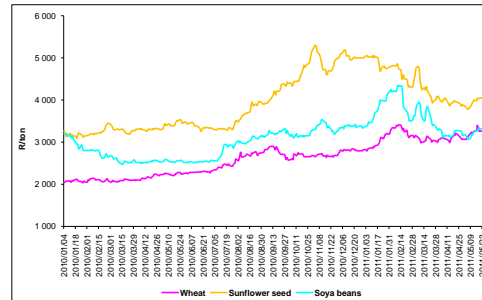


Figure 16: Local wheat, sunflower and soya-bean prices

Source: Safex

The spot price of wheat, sunflower and soya beans were 46,4%; 32,9% and 33,3% higher, respectively, for the five months ending in May 2011 compared to the same period last year. Figure 16 shows the trend in wheat, sunflower and soya-bean production from January 2010 to May 2011.

According to the Reserve Bank, the main drivers behind the rising trend in headline inflation since September 2010 were food and non-alcoholic beverages as well as transport categories (oil prices). Inflationary pressures from food items have increased from 1,2% in September 2010 to 5,1% in March 2011. This is in line with the global trend and it reflects the impact of higher international food and oil prices. Apart from the impact of higher commodity prices, the fact that global inflation is also increasing should contribute to higher import prices (BER, 2011). The Reserve Bank estimates the CPI inflation to reach 6% (holding the repo rate fixed) at the end

of 2011, while the BER expects it to rise above the 6% before end of the year (BER, 2011).

3.5 Agricultural trade

The Baltic and Grain Freight Index, which tracks dry bulk shipping and trading costs, as shown in Figure 17, is still steady, showing that trade is not yet robust. This may be owing to the earthquake crisis that affected Japan, the world's third largest economy.



Figure 17: International freight indices

Source: DAFF

The rand is expected to average R6,92 and R7,05 in quarter 1 and quarter 2 respectively, as shown in Table 1.

Table 2: Forecast of the exchange rate

Quarter 4 2010	Organisation	Quarter 1 2011	Quarter 2 2011
7.13	BER	6,99	7,04
	Standard Bank	6,90	7,20
	Absa	6,88	6,91
	Average	6,92	7,05

Source: BER, Std Bank and Absa

4. CONCLUSION

The global economy continued with its unbalanced expansion during the first quarter of 2011. However, downside risks have increased and activity is expected to slow down. Growth in most advanced economies has been weak, and with the recent earthquake and tsunami in Japan coupled with the weaker US activity, global growth is likely to slow down further. Furthermore, most emerging and developing economies, which have been the main drivers behind global growth, face overheating, which could dampen global economic growth even further.

The South African economy performed better than market expectations in the first quarter. However, rising prices pose a threat to the inflation outlook and interest rate hikes are likely before the end of the year. Rising interest rates will put pressure on consumer spending, which, in turn, will slow down economic activity.

The Agriculture, Forestry and Fisheries sector was negatively affected by the floods in the first quarter of 2011, which resulted in the sector's negative growth. The agriculture sector is largely influenced by weather conditions and above-normal rainfall experienced in the second quarter may delay the sector's recovery. This, coupled with rising expenditure on intermediate inputs, will be bad for farmers who already experienced a huge drop in net farm income during the first quarter of 2011.

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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)														
Quarter	Farm services	Building and fencing material	Fuel	Dips and sprays	Electricity	Maintenance and repair of machinery and implements	Fertiliser	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
Q1 2009	1 536	503	2 324	112	300	1 408	1 162	697	1 082	3 601	199	163	37	14 409
Q1 2010	1 812	548	2 596	137	333	1 619	1 138	823	1 277	3 895	223	188	39	16 162
Q1 2011	2 188	598	2 723	167	370	1 862	1 291	971	1 506	4 213	250	216	41	18 231
Q1 2009 to Q1 2010	18,0%	8,9%	11,7%	22,3%	11,0%	15,0%	-2,1%	18,1%	18,0%	8,2%	12,1%	15,3%	5,4%	12,2%
Q1 2010 to Q1 2011	20,8%	9,1%	4,9%	21,9%	11,1%	15,0%	13,4%	18,0%	17,9%	8,2%	12,1%	14,9%	5,1%	12,8%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2009 and 2011

Year	2009				2010				2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Quarter	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st		
Real gross income from agricultural products (R billion)											
Field crops	1 763,19	13 253,50	11 881,08	5 297,98	1 740,33	12 328,74	9 067,80	4 528,21	1 755,34	-1,3%	0,9%
Horticulture	8 582,28	9 685,43	8 548,25	7 155,84	8 317,03	11 140,54	9 297,62	6 643,26	8 299,79	-3,1%	-0,2%
Animal products	15 522,87	15 242,70	15 469,97	16 940, 41	16 603,17	16 270,18	16 112,50	17 766,45	17 285,31	7,0%	4,1%
Total	25 868,34	38 181,63	35 899,30	29 394,24	26 660,54	39 739,46	34 477,92	28 937,93	27 340,43	3,1%	2,6%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2009 and 2011

Quarter	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
Q1 2009	25 855	24 163	989	8 635	1 879	2 949	8 944	2 481	7 341	83 237
Q2 2009	26 057	23 552	1 204	8 469	1 958	3 067	8 256	2 452	7 256	82 269
Q3 2009	26 646	24 294	1 292	9 557	1 944	2 809	8 805	2 546	7 535	85 428
Q4 2009	27 679	23 559	1 368	10 610	1 847	3 422	9 516	2 636	7 800	88 437
Q1 2010	28 394	22 336	1 208	9 267	1 678	3 096	8 584	2 519	7 456	84 539
Q2 2010	28 053	22 185	1 349	8 977	1 779	3 186	8 996	2 518	7 453	84 498
Q3 2010	28 436	24 394	1 387	9 891	1 904	3 180	10 075	2 677	7 922	89 823
Q4 2010	29 327	23 732	1 593	10 496	1 907	3 769	9 677	2 720	8 050	91 272
Q1 2011	29 889	19 499	1 041	9340	1 893	3 002	9 186	2 495	7 385	83 731
Q1 2010 to Q1 2011	5,3%	-12,7%	-13,8%	0,8%	12,8%	-3,0%	7,0%	-1,0%	-1,0%	-1,0%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2008 and 2011

Destination	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Export values by destination (R million)				Export value as % of total export value		Cumulative %	
Total exports	7 664	11 995	10 241	10 766	-	-	-	-
Netherlands	1 223	1 524	1 540	1 559	15%	14%	15%	14%
United Kingdom	1 069	1 184	1 048	1 081	10%	10%	25%	25%
Zimbabwe	173	1 163	890	822	9%	8%	34%	32%
Korea South	14	106	17	705	0%	7%	34%	39%
Mozambique	255	459	398	499	4%	5%	38%	43%
Germany	443	501	504	495	5%	5%	43%	48%
Hong Kong	92	143	206	445	2%	4%	45%	52%
Italy	195	177	159	346	2%	3%	46%	55%
United Arab Emirates	196	295	306	304	3%	3%	49%	58%
Angola	246	414	261	282	3%	3%	52%	61%

Source: South African Revenue Services

Table A.5: Export values of agricultural products by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Export values by product (R million)				Export value as % of total export value		Cumulative %	
Total exports	7 664	11 995	10 241	10 766	-	-	-	-
Grapes, fresh	1 653	1 972	2 027	2 016	20%	19%	20%	19%
Corn (maize), other than seed corn	58	1 269	373	1 022	4%	9%	23%	28%
Wine, fr grape nesoi & gr must W Alc, Nov 2 litres	852	978	931	750	9%	7%	33%	35%
Pears and quinces, fresh	314	542	479	557	5%	5%	37%	40%
Wool, not carded or combed, greasy, shorn	382	299	422	421	4%	4%	41%	44%
Plums, prunes Plums and sloes, fresh	255	340	294	385	3%	4%	44%	48%
Apples, fresh	196	278	299	324	3%	3%	47%	51%
Wine, fr grape nesoi & gr must with alc, nesoi	277	347	321	317	3%	3%	50%	54%
Food preparations nesoi	129	190	147	232	1%	2%	52%	56%
Ethyl alcohol, undenat, alcohol not un 80% by volume	192	210	193	192	2%	2%	54%	58%

Source: South African Revenue Services

Table A.6: Import values of agricultural products by exporting country between 2008 and 2011

Country	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by exporting country (R million)				Import value as % of total import value		Cumulative %	
Total imports	8 820	9 561	8 678	10 702	-	-	-	-
Argentina	2 072	1 448	1 303	1 988	15%	19%	15%	19%
Thailand	750	1 063	887	670	10%	6%	25%	25%
Brazil	768	963	802	686	9%	6%	34%	31%
United States	445	378	296	597	3%	6%	38%	37%
Malaysia	428	463	332	559	4%	5%	42%	42%
United Kingdom	346	366	383	556	4%	5%	46%	47%
Indonesia	370	453	349	571	4%	5%	50%	53%
China	439	528	537	482	6%	5%	56%	57%
Germany	215	281	594	450	7%	4%	63%	61%
Spain	73	68	78	448	1%	4%	64%	65%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by product (R million)				Import value as % of total import value		Cumulative %	
Total imports	8 820	9 561	8 678	10 702				
Wheat (other than durum wheat), and meslin	890	652	450	1 152	5%	11%	5%	11%
Palm oil, refined but not chemically modified	511	669	442	784	5%	7%	10%	18%
Soya-bean oilcake & oth solid residue, wh/not ground	390	585	642	721	7%	7%	18%	25%
Rice, semi- or wholly milled, polished etc. or not	668	859	838	709	10%	7%	27%	31%
Sunflower seed or safflower oil, crude, fract, etc.	215	41	241	536	3%	5%	30%	36%
Soya-bean oil, refined, and fractions, not modified	232	241	366	494	4%	5%	34%	41%
Whiskies	276	329	306	436	4%	4%	38%	45%
Chicken cuts and edible offal (inc livers), frozen	284	219	263	366	3%	3%	41%	49%
Food preparations nesoi	265	249	236	289	3%	3%	44%	51%
Tobacco, partly or wholly stemmed/ stripped	149	408	337	185	4%	2%	47%	53%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2008 and 2011

Country	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Export values by destination (R million)				Export value as % of total export value		Cumulative %	
Total exports	693	634	704	625	-	-	-	-
Hong Kong	256	162	209	127	30%	20%	30%	20%
Spain	123	143	130	126	18%	20%	48%	40%
Italy	34	28	39	42	6%	7%	54%	47%
Japan	-	-	21	36	3%	6%	57%	53%
Unites States	28	60	54	36	8%	6%	64%	59%
Portugal	1	3	17	34	2%	5%	67%	64%
Australia	30	48	45	30	6%	5%	73%	69%
China	0.8	2	1	28	0%	4%	73%	73%
France	8	14	16	23	2%	4%	76%	77%
Fiji	5	14	19	20	3%	3%	78%	80%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Export values by product (R million)				Export value as % of total export value		Cumulative %	
Total exports	693	634	704	625	-	-	-	-
Fish fillets, frozen	238	131	187	183	27%	29%	27%	29%
Squid, et, not live or frozen	57	71	54	108	8%	17%	34%	47%
Other seafood	18	47	65	62	9%	10%	43%	56%
O sea crawfish, not frozen	113	89	57	45	8%	7%	52%	64%
Sea crawfish, lobster	73	53	45	42	6%	7%	58%	70%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2008 and 2011

Country	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by exporting country (R million)				Import value as % of total import value		Cumulative %	
Total imports	395	448	382	334	-	-	-	-
Thailand	220	301	185	157	48%	47%	48%	47%
China	23	21	60	40	16%	12%	64%	59%
New Zealand	35	12	28	23	7%	7%	71%	66%
Norway	17	13	13	22	3%	7%	75%	72%
India	10	9	6	12	2%	4%	76%	76%
Spain	6	6	9	9	2%	3%	79%	79%
United States	13	1	8	8	2%	2%	81%	81%
Uruguay	2	1	1	6	0%	2%	81%	83%
Korea South	2	2	1	6	0%	2%	81%	85%
Falkland Islands	7	3	2	5	1%	1%	82%	86%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by product (R million)				Import value as % of total import value		Cumulative %	
Total imports	395	448	382	334	-	-	-	-
Sardines/Sardinella/Brisling prep/pres, not minced	131	198	167	88	44%	26%	44%	26%
Tunas/Skipjack/Bonito prep/pres not minced	104	120	58	75	15%	22%	59%	49%
Fish, nesoi, with bones, frozen	42	50	35	37	9%	11%	68%	60%
Cuttlefish & squid, froz, dri, salted or In brine	27	16	24	31	6%	9%	74%	69%
Shrimps and prawns, prepared or preserved	16	8	11	20	3%	6%	77%	75%

Source: South African Revenue Services

Table A.12: Export values of forestry products by destination between 2008 and 2011

Country	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q 2011	Q1 2010	Q1 2011
	Export values by destination (R million)				Export value as % of total export value		Cumulative %	
Total exports	1 642	2 354	2 031	2 446	-	-	-	-
Indonesia	258	292	377	447	19%	18%	19%	18%
China	81	224	164	274	8%	11%	27%	29%
India	108	33	101	183	5%	7%	32%	37%
Zimbabwe	47	79	94	126	5%	5%	36%	42%
Thailand	84	58	141	113	7%	5%	43%	47%
United Kingdom	183	152	132	112	6%	5%	50%	51%
Korea South	17	72	72	89	4%	4%	53%	55%
Germany	175	107	114	86	6%	4%	59%	58%
Belgium	9	47	42	81	2%	3%	61%	62%
Taiwan	45	25	22	76	1%	3%	62%	65%

Source: South African Revenue Services

Table A.13: Export values of forestry by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Export values by product (R million)				Export value as % of total export value		Cumulative %	
Total exports	1 642	2 354	2 030	2 446	-	-	-	-
Chemical woodpulp, dissolving grades	791	714	888	1 150	44%	47%	44%	47%
Chem woodpulp, soda etc, n dis S BI & BI non-conif	61	246	200	346	10%	14%	54%	61%
Kraftliner, uncoated, bleached, In rolls or sheets	249	605	217	321	11%	13%	64%	74%
Printed books, brochures, etc., nesoi	36	65	127	105	6%	4%	71%	79%
Newsprint, In rolls or sheets	32	74	62	63	3%	3%	74%	81%

Source: South African Revenue Services

Table A.14: Import values of forestry products by exporting country between 2008 and 2011

Country	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by exporting country (R million)				Import value as % of value of total imports		Cumulative %	
Total imports	1 808	2 015	1 793	1 760	-	-	-	-
United Kingdom	241	247	227	223	13%	13%	13%	13%
United States	212	256	206	210	11%	12%	24%	25%
China	146	171	163	181	9%	10%	33%	35%
Germany	190	219	123	149	7%	8%	40%	43%
France	187	213	161	141	9%	8%	49%	51%
Sweden	89	124	115	88	6%	5%	55%	56%
Brazil	23	40	46	72	3%	4%	58%	60%
Australia	36	43	26	58	1%	3%	60%	64%
Indonesia	40	38	46	54	3%	3%	62%	67%
Poland	139	113	64	51	4%	3%	66%	70%

Source: South African Revenue Services

Table A.15: Import values of forestry by product between 2008 and 2011

Product	Q1 2008	Q1 2009	Q1 2010	Q1 2011	Q1 2010	Q1 2011	Q1 2010	Q1 2011
	Import values by product (R million)				Import value as % of value of total imports		Cumulative %	
Total imports	1 808	2 015	1 793	1 760	-	-	-	-
Printed books, brochures, etc., nesoi	351	373	331	328	18%	19%	18%	19%
Sanitary napkins, diapers & sanit art of paper, etc.	235	318	222	206	12%	12%	31%	30%
Casks, barrels, vats, etc. and parts, of wood	175	209	139	118	8%	7%	39%	37%
Paper, paperbd, cellulose wadd, etc., coat, etc., nesoi	78	52	56	80	3%	5%	42%	42%
Kraft ppr/pbrd ex graphic, clay ctd unblch rll/sht	44	85	54	73	3%	4%	45%	46%

Source: South African Revenue Services

Appendix B: Review of agricultural markets

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

Product	Jan 2010	Feb 2010	Mar 2010	Q1 2010	Jan 2011	Feb 2011	Mar 2011	Q1 2011	Q1 2010 to Q1 2011 % change
	Volumes (1 000 tons)								
White maize opening stock*	3 178	2 754	2 299	2 744	4 209	3 660	3 031	3 633	32%
Yellow maize opening stock*	2 022	1 638	1 311	1 657	1 852	1 509	1 232	1 531	-8%
Total maize opening stock*	5 200	4 392	3 610	4 401	6 061	5 169	4 263	5 164	17%
White maize processed for local consumption	312	359	486	386	474	487	538	500	30%
Yellow maize processed for local consumption	368	299	278	315	217	219	216	217	-31%
Total maize processed for local consumption	680	658	764	701	691	706	754	717	2%
Total white maize exports	122	123	108	118	55	157	169	127	8%
Total yellow maize exports	17	14	16	16	122	60	110	97	506%
Total maize exports	139	137	124	133	177	217	279	224	68%
Wheat opening stock: human market*	1 844	1 789	1 654	1 762	1 332	1 324	1 282	1 313	-26%
Wheat opening stock: feed market*	26	24	18	23	5	10	13	9	-59%
Wheat opening stock*	1 870	1 813	1 672	1 785	1 337	1 334	1 295	1 322	-26%
Wheat consumption: human consumption	220	213	274	707	209	224	256	689	-3%
Wheat consumption: animal feed	5	7	5	17	1	0	0	1	-
Total wheat consumption	230	223	286	739	213	228	260	701	-5%
Wheat imports (for human consumption only)	48	51	148	247	141	158	191	490	98%
Wheat exports	23	15	23	20	16	12	15	14	-30%
Average opening sunflower stock*	266	210	157	211	48	23	19	30	-86%
Sunflower seed imports	0	0	3	3	0.1	0.1	0.1	0.3	-90%
Total processed sunflower for consumption	58	67	84	209	24	6	12	42	-80%
Average soya-bean opening stock*	113	80	56	83	103	75	45	74	-10%
Soya-bean consumption	35	31	30	96	29	30	31	90	-6%
	Market prices (R/ton)								
									Q1 2010 to Q1 2011 % change
White maize	1 405	1 151	1 118	1 225	1 354	1 567	1 564	1 495	22%
Yellow maize	1 413	1 227	1 170	1 270	1 459	1 630	1 614	1 568	23%
Wheat	2 074	2 103	2 086	2 088	2 964	3 288	3 066	3 106	49%
Sunflower	3 177	3 232	3 297	3 235	4 918	4 635	4 300	4 618	43%
Soya beans	3 021	2 746	2 561	2 776	3 749	4 010	3 604	3 788	36%

* 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 fruit types traded on the major fresh produce markets

Product	Average prices at FPM (R/ton)			Percentage changes	
	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Qtr 2010 to Q1 2011
Apples	5 143	4 818	5 977	-6%	24%
Avocados	5 905	5 373	6 655	-9%	24%
Bananas	3 704	3 599	3 931	-3%	9%
Oranges	2 685	3 836	3 752	43%	-2%
Pears	3 682	3 637	3 885	-1%	7%
Mangoes	4 922	5 536	3 445	12%	-38%
Grapes	5 953	6 038	3 929	1%	-35%

Source: DAFF

Table B.3: Quantities of selected fruit types traded on the major fresh produce markets

Product	Total quantities sold at FPM (1 000 tons)			Percentage changes	
	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Apples	29.3	32.7	28.7	12%	-12%
Avocados	4.6	4.2	3.8	-8%	-10%
Bananas	59.9	59.8	62.8	0%	5%
Oranges	6.0	3.9	4.6	-36%	20%
Pears	11.1	12.4	14.0	11%	13%
Mangoes	10.1	10.6	10.3	6%	-3%
Grapes	12.8	12.9	11.8	1%	-9%

Source: DAFF

Table B.4: Prices of selected vegetables traded on the major fresh produce markets

Product	Average prices at FPM (R/ton)			Percentage changes	
	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Beetroot	2 792	2 133	1 942	-24%	-9%
Carrots	4 033	1 395	2 533	-65%	82%
Cucumber	2 486	3 016	3 245	21%	8%
Lettuce	4 867	5 107	5 351	5%	5%
Onions	2 436	2 240	2 063	-8%	-8%
Potatoes	3 089	2 403	1 990	-22%	-17%
Spinach	4 599	4 584	4 532	0%	-1%
Tomatoes	5 818	3 587	3 669	-38%	2%
Cabbage	2 289	1 395	1 419	-39%	2%
Green beans	6 481	5 886	4 785	-9%	-19%
Sweet potatoes	2 541	2 330	2 655	-8%	14%

Source: DAFF

Table B.5: Quantities of selected vegetables traded on the major fresh produce markets

Product	Total quantities sold at FPM (1000 tons)			Percentage changes	
	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Beetroot	7.2	8.6	9.4	19%	9%
Carrots	17,8	19,7	22,3	11%	13%
Cucumber	0,2	0,1	0,1	-39%	-33%
Lettuce	6,4	6,9	6,5	7%	-5%
Onions	68,7	73,7	79,8	7%	8%
Potatoes	201,2	217,6	245,7	8%	13%
Spinach	2,0	1,8	1,8	-10%	-1%
Tomatoes	48,5	63,8	61,9	31%	-3%
Cabbage	20,2	21,6	23,6	7%	9%
Green beans	2,5	2,5	3,1	2%	22%
Sweet potatoes	6,2	6,8	5,4	10%	-21%

Source: DAFF

Table B.6: Beef market statistics

	Unit	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Gross value	R'000	3 278	3 749	3 939	14%	5%
Average price	R/kg	23,73	22,56	26,10	-5%	16%
Quantities	Heads	526 143	546 916	544 867	4%	-0.4%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry market statistics

	Unit	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Gross value	R'000	5 929	5 922	6 259	0%	6%
Average price	R/Mt	17 090	16 457	17 120	-4%	4%
Commercial Production	Mt	331 795	344 479	349 985	4%	2%

Source: DAFF

Table B.8: Egg market statistics

	Unit	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Gross value	R'000	1 737	1 705	1 651	-2%	-3%
Average price	R/dozen	9,31	9,22	8,74	-1%	-5%
Commercial production	1 000 dozen	186 546	184 874	189 031	-1%	2%

Source: DAFF

Table B.9: Milk market statistics

	Unit	Q1 2009	Q1 2010	Q1 2011	Q1 2009 to Q1 2010	Q1 2010 to Q1 2011
Gross value	R'000	2 093	2 293	2 185	10%	-5%
Average price received by farmers	R/litre	2,86	3,03	2,85	3%	-3%
Commercial Production	1 000 litres	730 867	755 882	786 821	3%	4%

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.: Fuelwood, 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 Fuelwood, 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 lengthwise, 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>