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Economic Overview of the Agriculture, Forestry and Fisheries Sector

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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 Economic and Statistical 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 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 fourth quarter of 2011 as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to face economic uncertainties.

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

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EXECUTIVE SUMMARY

Global growth risks sharply escalated during the fourth quarter of 2011 largely because the euro area economy is now expected to go into a mild recession in 2012. Global GDP expanded at an annualised rate of 3,8% in 2011, slightly below the previous forecast, which is a significant drop from the 5,2% growth recorded in 2010. Growth in emerging and developing economies also slowed more than previously forecast, to 6,2% in 2011 from 7,3% in 2010, as internal demand weakens.

Global grain production is forecast to increase significantly by 88 million tons in 2011/2012 from 1 753 million tons in 2010/2011. Global grain consumption on the other hand is forecast at 1 836 million tons for 2011/2012, 51 million tons more than in 2010/2011. This implies that contrary to previous forecasts, there will be a global grain surplus of 5 million tons during 2011/2012, after recording a 32 million tons deficit in 2010/2011. Global grain trade is projected to increase by 15 million tons reaching 258 million tons in 2011/2012.

Domestically, the SA economy performed better than expected in the fourth quarter of 2011 driven by rising consumer demand caused by lower lending rates. GDP expanded at a seasonally adjusted and annualised rate of 3,2% in the fourth quarter of 2011. The wholesale, retail and motor trade, catering and accommodation industry was the best performer, expanding by 5,2% in the fourth quarter. After contracting for two consecutive quarters, the manufacturing sector recovered in the fourth quarter of 2011, expanding by 4,2%. The agriculture, forestry and fishing sector contracted for the fourth consecutive quarter, contracting by 5,0% in the fourth quarter of 2011.

During 2011, 365 000 more jobs were created in South Africa compared to 2010, bringing the unemployment rate to 23,9% at the end of 2011 compared to 24% at the end of 2010. On a quarterly basis, 179 000 jobs were created between the third and the fourth quarters of 2011 with community and social services (66 000) and manufacturing (52 000) sectors being the main contributors. On a year-on-year basis, the finance and other business services (145 000) as well as the trade (85 000) sectors were the main contributors. Agriculture employment increased by 6 000 between the third and fourth quarters of 2011, which is a significant improvement from the same time last year when 13 000 jobs were lost between the third and fourth quarters of 2010. On a year-on-year basis, agriculture employment increased by 3 000

in the fourth quarter of 2011 compared to the fourth quarter of 2010 which is the same increase recorded in the fourth quarter of 2010 compared to the same quarter of 2009.

Gross farming income from all agricultural products amounted to R35,4 billion in the fourth quarter of 2011, an increase of 22,1% from R29,0 billion in the fourth quarter of 2010. On an annual basis, gross farming income increased by 11,5% from R129,7 billion in 2010 to R144,6 billion in 2011. The main contribution to the fourth quarter rise in farming income came from field crops which recorded a significant increase of 68,1% from R4,4 billion in the fourth quarter of 2010 to R7,5 billion in the fourth quarter of 2011. Gross income from animal products increased by 15,3% while gross income from horticultural products increased by 8,7% in the fourth quarter of 2011 compared to the fourth quarter of 2010. The net farm income declined by 50% in the fourth quarter of 2011 compared to the third quarter of 2011; however, on an annual basis, the net farm income increased by 14,7% from R34,8 billion in 2010 to R39,9 billion in 2011.

The value of agricultural exports increased by 23% from R10,3 billion in the fourth quarter of 2010 to R12,7 billion in the fourth quarter of 2011. The import value of agricultural products also increased sharply by 35% from R10,1 billion to R13,6 billion during the same period. The export value of fish and seafood increased by 20% from R521 million to R623 million, while the import value increased by 54% from R296 million to R455 million. Despite the global slowdown in demand for forestry products towards the end of 2011, forestry export value increased by 13% from R2,7 billion to R3,1 billion while forestry imports increased by 23% from R1,6 billion to almost R2 billion.

1. GLOBAL OVERVIEW OF THE AGRICULTURE, FORESTRY AND FISHING ECONOMY

Global economic recovery continued to stall as strain in the euro area intensified while downside risks escalated (IMF, 2012). The euro area economy is expected to go into a mild recession in 2012 and as a result global output is expected to slow in 2012. Global output is projected to expand by 3,25 percent in 2012. Growth in emerging and developing economies is also expected to slow because of the global environment and a weakening of internal demand.

Global **grain production** is forecast to increase sharply by 88 million tons in 2011/2012 compared to the 2010/2011 period (International Grains Council, 2012). The latest forecast indicates that world grain production will amount to 1 841 million tons in 2011/2012 while world grain consumption will amount to 1 836 million tons, leaving a surplus of 5 million tons in contrast to the 2010/2011 period where a deficit of 32 million tons was reported.

Global maize production for 2011/2012 is forecast at a record 864 million tons, which is 36 million tons more than during the 2010/2011 period. Bumper maize harvests were collected in China, Ukraine and the EU although a severe drought has reduced yield prospects in South America, especially Argentina. Feed use of maize is expected to increase at a faster than average pace. Global wheat production will increase by 6,4% to reach 695 million tons in 2011/2012. Global grains trade is expected to increase by 6,2% to reach 258 million tons in 2011/2012.

Animal Production: the global meat market in 2011 was characterized by drought and diseases, reducing inventories in many countries. High input prices also affected the sector's profitability. Global meat output is set to rise by only one percent. More than three quarters of the year-to-year growth will originate in Brazil and China, the suppliers of nearly 40 percent of global output. Among the various meat categories, the retention of animals for herd rebuilding is constraining output of both bovine and sheep meats, while high production costs and diseases are dampening growth in the poultry and pig meat sectors.

Dairy Market: World milk production in 2011 is forecasted to grow by 2 percent. Most of the increase will come from developing countries, in particular Argentina, China and India. The

continuing effects of drought may reduce output in some parts of Africa. Economic growth and a desire for a more diversified diet in many developing countries are expected to sustain import demand in 2011, an increase of 5,4 percent. In Africa, milk output may stagnate due to a rise in feed costs while grazing land conditions have deteriorated from last year's excellent conditions. The persistent drought in the Horn of Africa and the ensuing high cattle mortality rates are expected to depress production in Ethiopia, Kenya and Somalia.

Fish and fisheries products: Strong continued growth in aquaculture production and a rebound in captures fish, following the decline in 2010 caused by the El Niño, moved total fish supply for 2011 to an estimated 152 million tons, the highest level ever. Trade was high in 2011 due to the lower prices of certain fish species during the second half of the year. The FAO Fish Price Index reached its highest level ever in March 2011, after which price levels declined for some fisheries commodities. The price for farmed Atlantic salmon has also declined due to supply increases. The supply constraints of some fish species such as tuna, shrimp, tilapia, herring and mackerel are pushing prices upward.

The Food and Agricultural Organization (FAO)'s food price index (figure 1) was lower in December 2011 compared to November 2011, declining by 2,4 percent. During the fourth quarter of 2011 the index declined by 6,4 percent compared to the third quarter of 2011. Only meat recorded a price increase of 0,6 percent during the period, while other commodities recorded price declines. The food price index has been on the decline since the second quarter of 2011. The dim economics globally and improved crop outlook, amongst others, resulted in the price of commodities declining.

“International prices of many food commodities have declined in recent months, but given the uncertainties over the global economy, currency and energy markets, unpredictable prospects lie ahead,” (FAO, 2012). The prices of cereals, dairy, oil and sugar have declined in the fourth quarter of 2011 compared to the third quarter of 2011. The price of oilseeds has declined for three consecutive quarters. “Larger than expected overall supplies of vegetable oil led to a rise in stocks, which, together with poor global demand for soybeans, deflated prices” (FAO, 2012). Wheat prices are currently attractive with the crop's utilization expected to outstrip supply in 2011/12, as a result farmers are expected to increase the hectares allocated to wheat production.

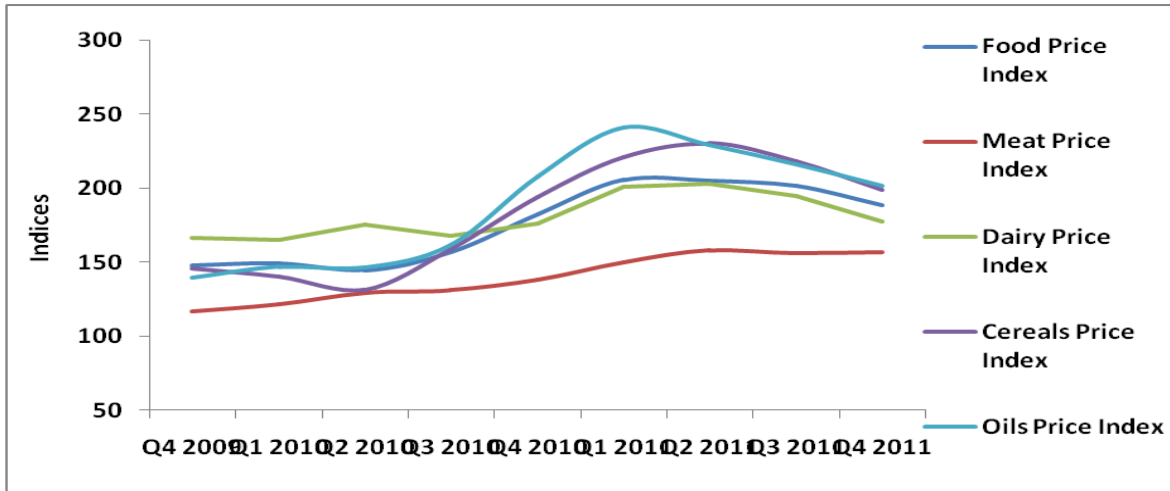


Figure 1: FAO's Food Price Index

Source: FAO

Forestry: The Global Forest Resources Assessment 2010 Report (FAO, 2010), stated that the overall rate of deforestation remained alarmingly high. There are disparities among the six regions: Africa, Asia and the Pacific, Europe, Latin America and the Caribbean, the Near East and North America. The highest forest area worldwide was found in Europe totalling 1 billion hectares, primarily because of the vast swaths of forest in the Russian Federation which contains 80 percent of Europe's forest area. Europe's forest area continued to grow between 1990 and 2000, although the overall rate of increase slowed during the last decade. Latin America and the Caribbean had the highest net forest loss over the last decade.

Although continued forest loss was reported in Africa, the overall trend in net forest loss in the region slowed between 1990 and 2010. The extent of forests in Asia and the Pacific has changed dramatically over the past two decades. In the 1990s, the region experienced a net forest loss of 0,7 million hectares per year, while in the last decade the forest area increased by an average of 1,4 million hectares per year. The planted forest area also substantially increased through afforestation programmes, mainly as a result of programmes in China, India and Viet Nam.

Nearly half of the Latin American and Caribbean region was covered by forests in 2010. Forest area declined in Central and South America over the last two decades, with the leading cause of deforestation being the conversion of forest land to agriculture. Although the overall

planted forest area was relatively small, it expanded at a rate of 3,2 percent per year over the last decade

The Near East region has a small forest area, with 26 countries in the region categorized as low forest cover countries although the region showed a net gain in forest area over the last decade. Planted forest area increased by about 14 percent in the region in the last 20 years, particularly as a result of expansion of these areas in West Asia and North Africa

North America showed a slight increase in forest area between 1990 and 2010. The planted forest area also increased, and the region showed a relatively stable, positive trend in the level of biomass it contained. This region accounted for about 25 percent of global primary forests

Trade: the Baltic Dry Freight is an index reflecting changes in the value of the overseas shipments of basic commodities: metal, iron ore, coal and grain. The Baltic freight index is considered as the main indicator of future economic growth if the index increases or recession if it falls (Blackseagrain, 2011). The Baltic index started to decline in January 2012 after reaching a peak in December 2011. The current euro zone crisis will result in declining trade which will probably see a further reduction in the index. Figure 2 depicts the Baltic and Grain Freight index.

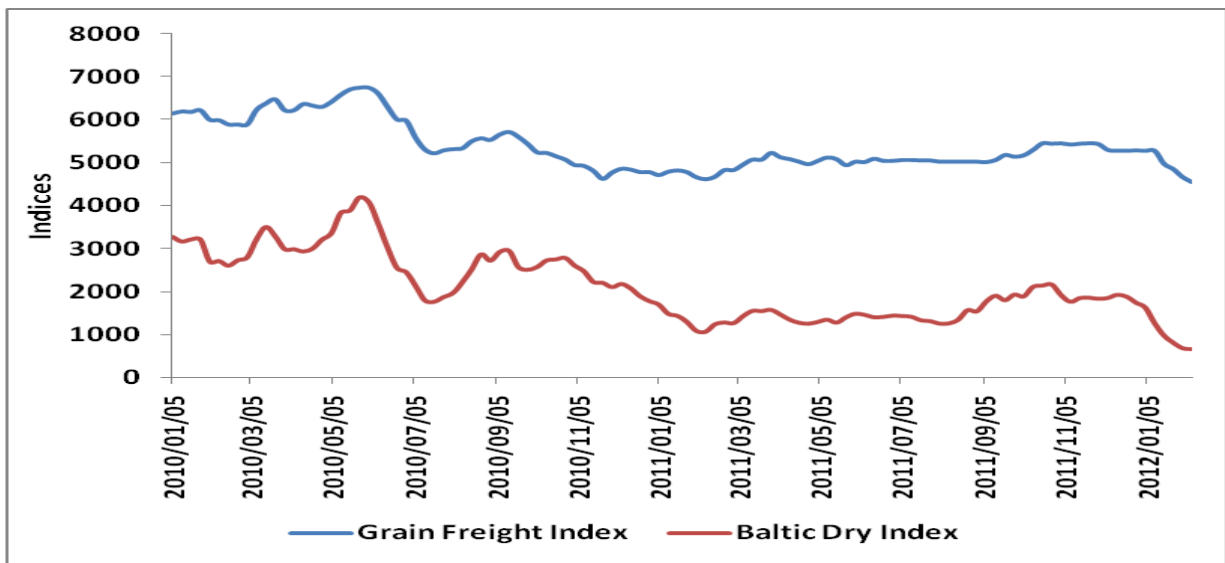


Figure 2: Grain freight and Baltic dry Index

Source: Sagis

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

2.1 Growth

South Africa's economic growth accelerated more than expected in the fourth quarter of 2011, driven by rising consumer demand caused by lower lending rates although growth remains weaker than the years running up to the 2009 recession. Growth quickened to 3,2% in the fourth quarter of 2011 on a seasonally adjusted and annualised basis, compared with an upwardly revised 1,7% rise in the third quarter of 2011. The fourth quarter figure was slightly better than the 3,1% that economists had predicted and much better than the disappointing growth in the third quarter of 2011. On an unadjusted year-on-year basis, economic growth was at 2,9% in the fourth quarter from a revised 3,0% in the third quarter. Preliminary estimates put GDP growth at 3,1% in 2011 from 2,9% in 2010.

The wholesale, retail and motor trade, catering and accommodation industry contributed 0,7% to the increase, followed by the manufacturing industry and general government services which contributed 0,6% respectively. Growth in manufacturing was led by strong growth in the production of basic iron and steel, among others. The finance, real estate and business services contributed 0,5% while the transport, storage and communication industry contributed 0,3% and personal services contributed 0,2%. However, in the fourth quarter of 2011, the agriculture, forestry and fishing sector contracted by 5%. Agriculture continued to perform poorly, posting a negative quarter-on-quarter growth of 0,5% in the fourth quarter 2011 due to negative contributions from field crops and horticultural products.

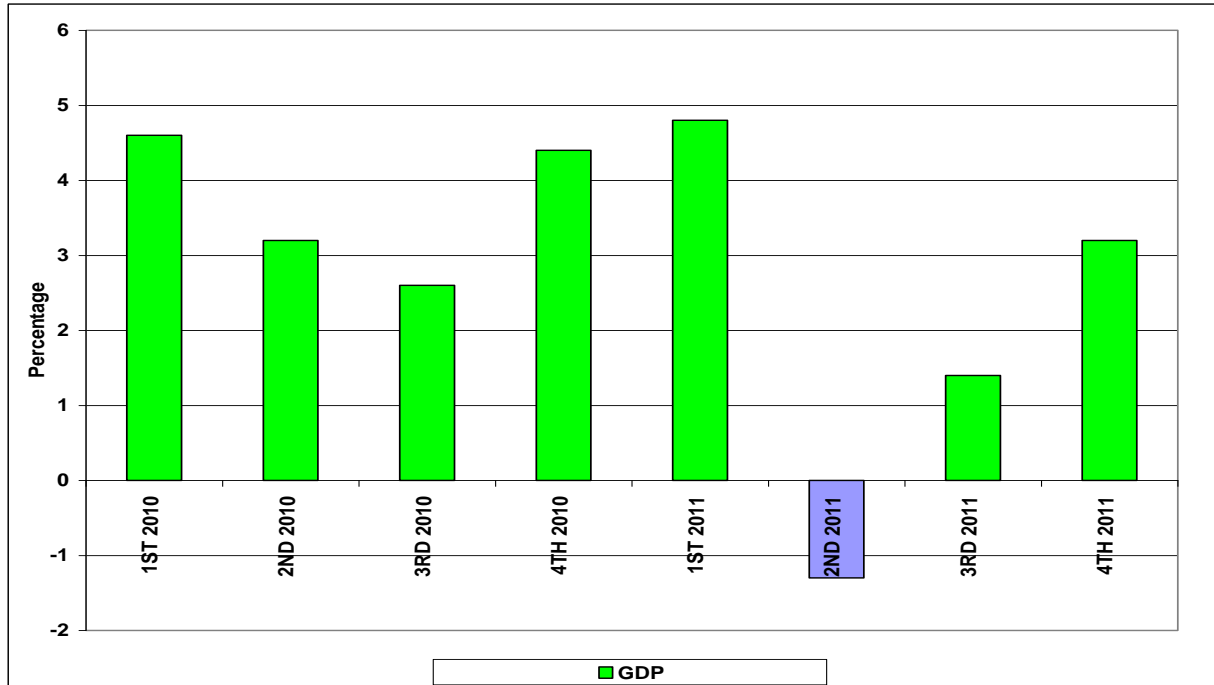


Figure 3: Trends in the GDP growth between 2010 and 2011

Source: Stats SA

Figure 3 shows trends in the GDP growth for both 2010 and 2011. The GDP growth in the first quarter of 2011 was the highest and stood at 4,8% before it dropped to the negative territory reaching -1,3% in the second quarter of 2011. Due to poor performance in the manufacturing; mining and quarrying; as well as agriculture, forestry and fishing sectors that reflected negative growth in the second quarter of 2011. In the fourth quarter of 2011 growth accelerated more than expected reaching 3,2% compared to 1,4% in the third quarter of 2011.

However analysts believe that slower growth is expected in 2012, as a result of lower demand from the euro area, a key trading partner, which is likely to contain exports and production in the agriculture, mining and manufacturing sectors. Consumer spending is expected to support domestic trade, while value added by general government which has expanded rapidly is likely to moderate due to budget constraints. Overall GDP growth is expected to slow to 2,7% in 2012, confirming that the South African economy remains vulnerable.

2.2 Inflation

After averaging just 4,2% in the first half of 2011, consumer price inflation has picked up momentum in the second half of 2011 breaking through the inflation target band in November for the first time since January 2010. The Consumer Price Index (CPI) inflation was steady in

December 2011, recording the same rate of 6,1% recorded in November 2011, while it was 6,0% in October 2011. On average, consumer prices increased by 0,2% between November 2011 and December 2011 and consumer prices increased by 0,3% between October 2011 and November 2011.

Prices of food and non-alcoholic beverages increased by 11,1% year-on-year in December 2011 while on a month-on-month basis a 0,3% increase was reported. This resulted in food and non-alcoholic beverages being the largest contributor to consumer price inflation, with food alone increasing by 11,6% in December from 11,1% recorded in November 2011. Food and fuel have been identified as the main drivers owing to resilient global commodity prices and a weaker currency. Food inflation has overshoot market expectations in recent months and this has forced a revisit to food inflation outlook. The annual average inflation rate for 2011 was at 5,0% compared with 4,3% in 2010.

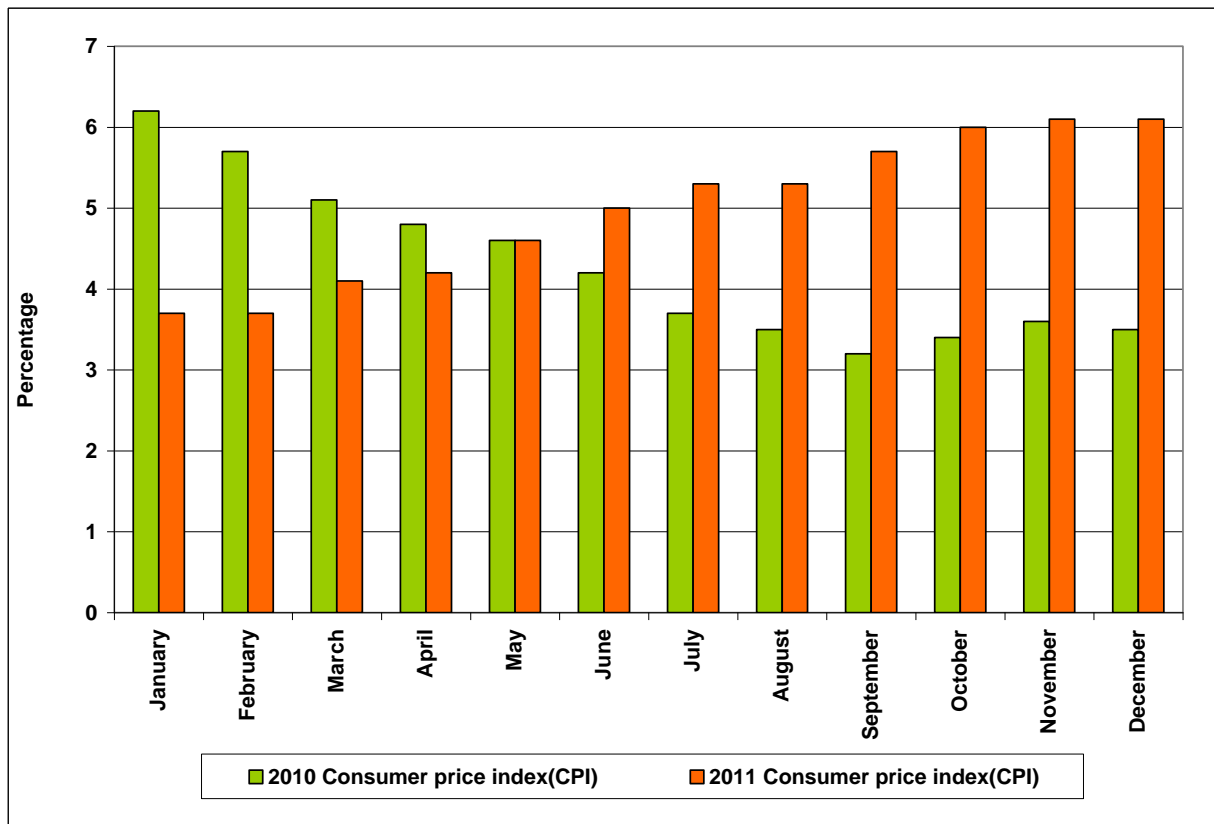


Figure 4: Trends in the CPI between 2010 and 2011

Source: Stats SA

Figure 4 shows trends in the CPI for both 2010 and 2011. In January 2011 the CPI was at 3,7% which is way below the Reserve Bank inflation target, but ended the year in December

at 6,1% which is above the inflation target. Inflation reached 6,0% in October 2011 while between November and December 2011 it was above the target band. However, in 2010 the CPI stood above the inflation target at 6,2% at the beginning of the year in January and ended the year at 3,5% which was way below the inflation target.

According to the Reserve Bank, inflation is influenced by both local and global factors. The depreciation of the rand and a smaller-than-expected maize crop which contributed to the doubling of the maize price over the past year are singled-out as leading domestic drivers. Globally, food prices have been declining, with the FAO food price index falling by 11,3% in December 2011. The main drivers to food inflation on a year-on-year basis in December 2011 were bread and cereals (9,7%), meat (16,7%), oils and fats (19,2%), vegetables (11,9%) and sugar, sweets and desserts (13,8%).

According to the BER, the renewed oil price rise in reaction to geo-political tensions in the Middle-East and icy Northern Hemisphere weather suggest that more expensive petrol will remain an important inflation driver in the immediate future. Food price inflation, which measured at 11,6% y-o-y in December is expected to accelerate further over the short term. The high food and petrol prices, along with the potential of more widespread inflation pass-through from a sustained weaker rand, is expected to push the CPI to a peak of around 6,5% by mid-2012. CPI is forecast to average 6,3% for the calendar year, an upward revision from the 6% projected in October 2011. Consumer inflation is forecast to ease to 5,8% during 2013.

According to the SARB, the inflation rate is expected to continue trending upward, moving above the upper level of the target range from the fourth quarter of 2011 to the third quarter of 2012. The bank expects the inflation rate to peak at 6,3% in the first three months of 2012, conditional on an unchanged repo rate. CPI is expected to average around 5,2% in the fourth quarter of 2013. The Reserve Bank's forecast makes provision for electricity price increases of 17,3% in the third quarters of 2012 and 2013.

Figure 5 highlights some of the selected major SA food products and compares the items with the overall inflation. In December 2011, the annual inflation rate for bread and cereals was 9,7% while the annual inflation rate for meat and vegetables was 16,7% and 11,9% respectively. The annual inflation rate for milk, eggs and cheese was 4,0%.

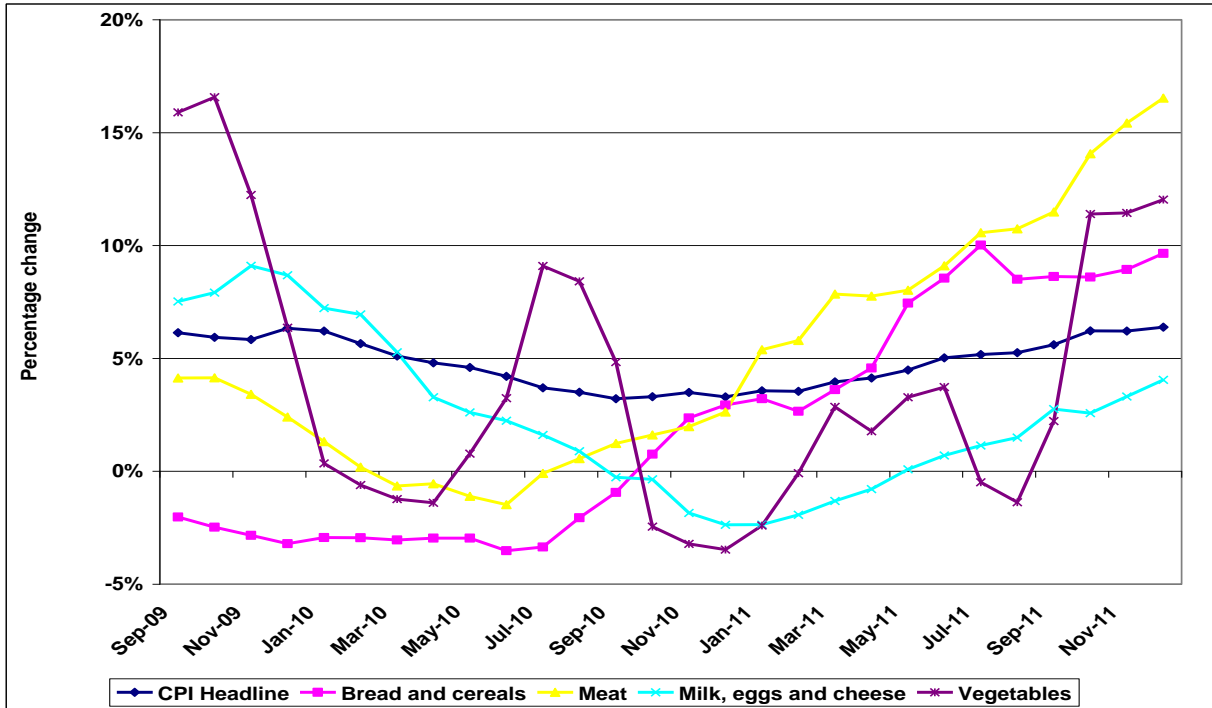


Figure 5: CPI for S.A major food products in the fourth quarter of 2011

Source: Stats SA

Statistics South Africa (Stats SA) reported that producer inflation for December 2011 eased to 9,8% year-on-year(y/y) from 10,1% y/y in November 2011. On average, the PPI was flat between November and December 2011. The latest figures resulted in average producer inflation of 8,4% y/y in 2011, compared to 6% recorded during 2010. The mining and quarrying component was the major downward surprise with a contribution of -0,8% points month-on-month. This was countered by positive monthly contributions from basic metals (0,4% points), agriculture (0,2% points), manufactured food (0,1% point) and other manufacturing (0,1% point).

According to the BER the Producer Inflation Index (PPI), which measures the cost of production in SA, will undergo even more significant changes over the forecast period. In future, the PPI will be compiled for specific industries instead of an overall measure. Stats SA announced that from July 2012, the headline PPI will be measured by the PPI for final manufactured goods. Separate PPI indices will also be published for agriculture, forestry and fishing; mining and quarrying; electricity and water; as well as intermediate manufactured goods.

The new index will measure the prices of goods at the final stage of production, which means that commodity prices such as gold, platinum and coal will not be directly included in the

headline PPI anymore. This is done to prevent the current problem of double-counting, i.e. where the impact of, for example, the oil price is not only captured under the mining component of the PPI, but also within the manufactured PPI under the products of petroleum and coal component. As a result of the change the PPI is expected to moderate sharply in the second half of 2012. Hence, PPI inflation is forecast to slow from 8,4% in 2011 to 6,8 and 4,4% during 2012 and 2013, respectively (Stats SA, 2012)

2.3 Employment

The unemployment rate eased further to its lowest level in more than two years in the final quarter of 2011, with manufacturing playing a key role in job creation. The jobless rate fell to 23,9% in fourth quarter of 2011 from 25% in the third quarter. A total of 179 000 jobs were created in the fourth quarter of 2011 and the number of discouraged workers rose sharply by 111 000, which resulted in the unemployment rate falling to 23,9%. The figures suggest that growth in the economy accelerated during the fourth quarter of 2011. They also mark the second consecutive quarter of significant gains in employment, which could signal the start of a trend.

During the same period, the formal sector of the economy created 180 000 jobs, overshadowing a 26 000 decline in employment in the informal sector. The largest number of jobs were created by community and social services with 66 000 new jobs, followed by manufacturing with 52 000 and trade with 48 000 jobs.

During the fourth quarter of 2011, a total of 365 000 jobs or 2,8% more jobs were created compared with the last quarter of 2010. Significant contributions came from the finance sector, where employment rose by 145 000, followed by trade as well as community and social services, which employed 85 000 and 76 000 more people, respectively. The agricultural sector and private households also created jobs in the fourth quarter of 2011. Employment in private households rose by 20 000 and Agriculture remained virtually unchanged (up by 6 000) in the fourth quarter of 2011 while there were declines in employment in the financial services and construction sectors.

During the same period, unemployment was highest among the youth aged between 15 and 34 years, with the unemployment rate for women continuing to be higher than the national average. The majority of the unemployed was made up of those who did not have matric certificates.

Between the third quarter of 2011 and the fourth quarter of 2011 employment increased in seven of the nine provinces, with the highest increases in Gauteng (132 000), followed by KwaZulu-Natal (52 000) and Western Cape (36 000). However, there were noticeable job losses in Free State (73 000) and Limpopo (41 000) during the same period. Compared to a year ago, employment increased in six of the nine provinces and decreased in North West and Free State by 40 000 and 32 000 respectively, while there was virtually no change in employment in Eastern Cape (down by 2 000).

However, the increase in jobs in retail and wholesale trade was no surprise as there is normally a spike in temporary employment in that sector during the fourth quarter, where consumers ramp up their year-end spending. But the rise in manufacturing employment implies that the economy's second-biggest sector may have grown during the fourth quarter, after shrinking for two quarters in a row. The sector was supported by the weaker rand in the fourth quarter, which boosted the competitiveness of local exports.

Closer examination of the Statistics SA data is not as encouraging as the headline numbers. It shows that the number of people classified as unemployed rose to 4,2 million in the fourth quarter of 2011 from 4,1 million in the final quarter of 2010. This clearly shows that the number of entrants to the job market is surpassing the pace of job creation.

However, the number of discouraged work-seekers who have stopped looking for jobs rose by 111 000 during the fourth quarter. Nonetheless, the expanded definition of unemployment which includes this group dipped to 35,4% in the fourth quarter from 36% in the third quarter of 2011. Overall, the pace of job creation remains far too slow to meet the government's stated goal of generating 5-million new jobs by 2020.

Government has established a R9bn jobs fund and the Industrial Development Corporation also put aside R10bn for investment in labour-intensive projects to be spent over the next five years. Analysts believe that these measures will help, but the fragile nature of SA's economic recovery may not support robust job creation in 2012. Challenging global conditions are also expected to persist in 2012. The IMF expects a mild recession in Europe, subdued growth in the US and a slowdown in most major emerging markets. This will place some pressure on local exports and production, undermining confidence, containing capital expenditure and encouraging a renewed focus on cost saving. The local economy is expected to remain vulnerable and therefore job creation is likely to remain slow.

2.4 Expenditure on intermediate goods and services by the agricultural sector

In the fourth quarter of 2011, the expenditure on intermediate goods and services increased by 11,5% to reach R24,0 billion, compared to R21,5 billion in the fourth quarter of 2010. The increase in intermediate expenditure was supported by the increase in expenditure on dips and spray which increased by 19,0% and expenditure on seeds and plants which increased by 18,0%. The expenditure on maintenance and repairs of machinery and implements also increased by 18,0%, while expenditure on packing material increased by 16,4%. Farm services and water tax expenditure increased by 15,0% and 14,9% respectively. The expenditure on building and fencing material increased by 10,9% while expenditure on insurance and electricity increased by 12,2% and 11,1% respectively. The expenditure on farm feed and fertilizers increased by 8,2% and 7,1% respectively and the expenditure on fuel decreased by 1,8%. (Appendix A.1)

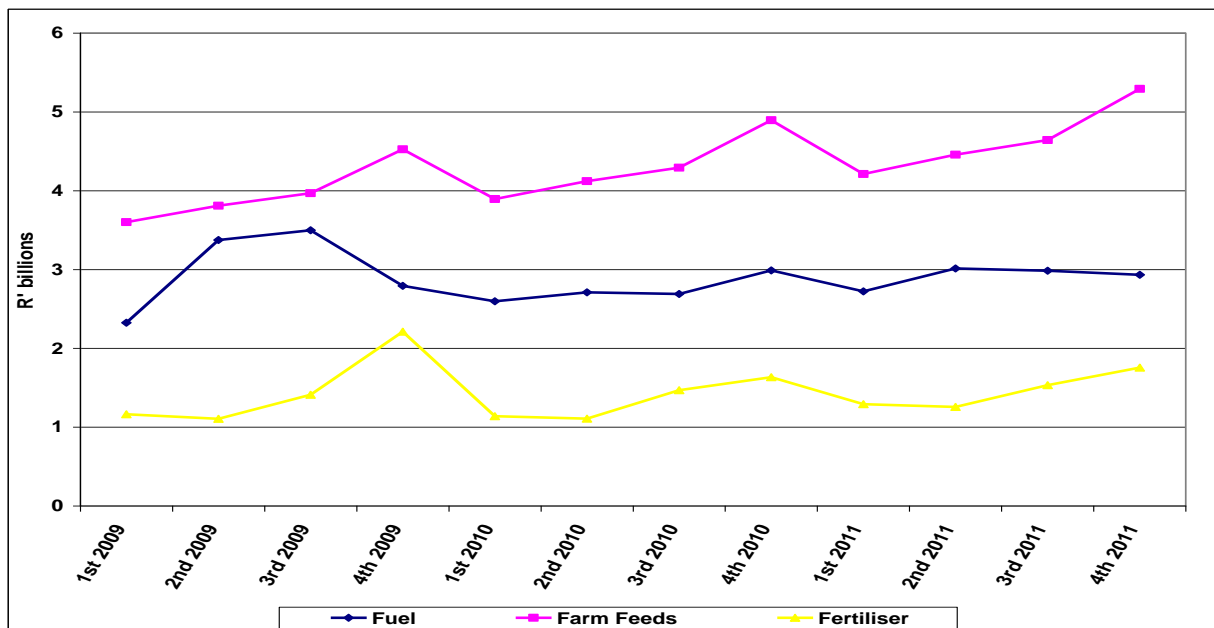


Figure 6: Trends in the expenditure on fuel, farm feeds and fertilisers between 2009 and 2011

Source: DAFF

Figure 6 shows the total expenditure on fuel, farm feeds and fertilizers between the fourth quarters of 2011, 2010 and 2009. The expenditure on fuel during the fourth quarter of 2011 decreased by 3,3% to R2,9 billion compared to R3,0 billion in the fourth quarter of 2010, while it increased by 3,6% compared to the fourth quarter of 2009. During the same period the expenditure on fertilizer increased by 12,5% to R1,8 billion in the fourth quarter of 2011 compared to R1,6 billion in the fourth quarter of 2010, while the expenditure on fertilizer decreased by 18,2% compared to the same quarter of 2009. The expenditure on farm feed

increased to R5,3 billion in the fourth quarter of 2011 compared to the R4,9 in the fourth quarter of 2010, an increase of 8,2% and an increase of 17,8% compared to the fourth quarter of 2009.

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

Gross farm income from all agricultural products amounted to R35,4 billion in the fourth quarter of 2011 compared to the R29,0 billion reported in the fourth quarter of 2010, an increase of 21,8%. Gross income from field crops increased significantly by 68,1% from R4,4 billion reported in the fourth quarter of 2010 to R7,5 billion recorded in the fourth quarter of 2011. The significant increase in field crops is as a result of large increases in income from wheat and maize which increased by 66,8% and 64,2% respectively. (Appendix A.2)

Other huge increases in income from field crops were recorded in crops such as grain sorghum, sugar cane, oats and barley, which increased by 99,5%, 96,5%, 90,7% and 87,7%, respectively. Gross income from soybeans, wattle bark and other field crops also increased by 32,7%, 25,2% and 23,5%, respectively while gross income from hay, sunflower seed and lucerne seed increased slightly by 13,7%, 13,2% and 12,9%, respectively. Gross income from dry beans and groundnuts decreased by 18,2% and 7,7%, respectively.

Gross income from animal products increased by 15,5% to R20,4 billion in the fourth quarter of 2011 from R17,7 billion in the fourth quarter of 2010. This was largely supported by gross income from cattle and calves slaughtered which increased by 36,9%, while gross income from pig slaughtered increased by 24,8%. Another significant increase was on income from wool which increased by 44,3% in the fourth quarter of 2011. Income from other live stock products increased by 20,1%. Gross income from mohair, goats slaughtered, poultry meat, eggs, sheep slaughtered, and milk increased by 15,3%, 10,0%, 8,8%, 6,0%, 5,1% and 4,3%, respectively while gross income from ostrich feathers and products decreased by 52,9%.

Gross income from horticultural products increased by 8,3%, to R7,5 billion in the fourth quarter of 2011 from R6,9 billion in the same quarter of 2010. This increase is largely attributed to significant increases from both dried fruit and tea which surged by 66,9% and 56,4%, respectively. Income from citrus fruit increased by 20,9% in the fourth quarter of 2011. Gross income from other horticultural products and vegetables increased by 16,5% and 15,2%, respectively while income from deciduous and other fruit, declined by 2,6% during the same period. (Appendix A.2)

The increase in the gross farm income from all agricultural products in the fourth quarter of 2011 was mainly boosted by a significant increase of 68,1% in income from field crops. The increase in income from animal products and horticulture products which increased by 15,5% and 8,3% respectively, also supported the significant increase.

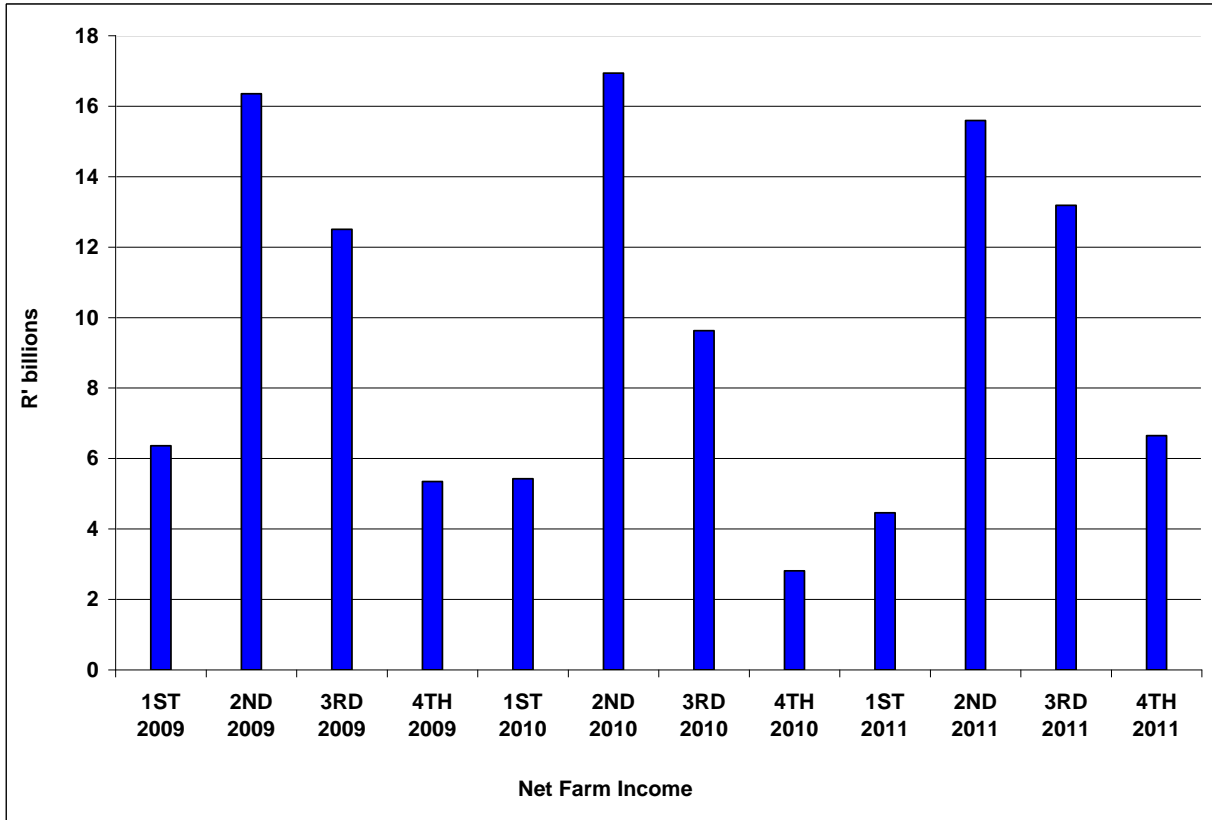


Figure 7: Trends in the net farm income between 2009 and 2011
Source: DAFF

Figure 7 shows that the net farm income in the fourth quarter of 2011 was higher compared to the net farm incomes for the fourth quarters of both 2010 and 2009. The net farm income in the fourth quarter of 2011 was R6,6 billion, an increase of 135,7% compared to R2,8 billion in the fourth quarter of 2010, while it increased by 24,5% compared to the fourth quarter of 2009. The increase in net farm income was mainly as a result of an increase of 21,8% in income from all agricultural products which amounted to R35,4 billion in the fourth quarter of 2011 compared to the R29,0 billion reported in the fourth quarter of 2010.

2.6 Private consumption expenditure on agricultural products

During the fourth quarter of 2011, private expenditure on food reached R103,9 billion, an increase of 10,4% compared to the R94,1 billion reported in the fourth quarter of 2010. The main expenditure item was sugar, which increased significantly by 28,9%. Expenditure on oils

and fats also contributed a noticeable increase of 18,6% in the same quarter of 2011. Expenditure on meat increased by 17,7%, while expenditure on bread and grains increased by 13,8%. Expenditure on fruit and vegetables increased by 10,4%. The expenditure on milk, milk products and eggs also increased by 2,8%, while expenditure on potatoes increased by 1,5%. (Appendix A.3)

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

Trading of agricultural products increased significantly between the fourth quarter of 2010 and the fourth quarter of 2011 due to increased production and supply prospects. According to data on table A.4, the total export value of agricultural products increased by 23%, from R10,3 billion to R12,7 billion between the fourth quarter of 2010 and the fourth quarter of 2011. During the fourth quarter of 2011, South Africa gained most of its agricultural export revenue from products exported to Zimbabwe. From this country alone, SA gained R1,3 billion of agricultural export revenue which represents 10% of the total export value. Mexico was the second leading export destination for SA's agricultural exports with R1,3 billion of agricultural export revenue received, also representing 10% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include United Kingdom, Netherlands, Mozambique, China, Angola, Germany, Zambia and the United Arab Emirates. According to data on table A.4, all of these countries accounted for 60% of the total export revenue received from agricultural products.

Agricultural products which contributed a considerable amount to the total agricultural export value include maize (12%), wine (8%), fresh grapes (7%), wool (6%) and fresh oranges (5%), see Table A.5.

The total import value of agricultural products increased considerably between the fourth quarter of 2010 and the fourth quarter of 2011. According to data on Table A.6, the total import value of agricultural products increased by 35% from R10,1 billion to R13,6 billion between the fourth quarter of 2010 and the fourth quarter of 2011. The top ten leading sources of agricultural imports into South Africa during the fourth quarter of 2011 collectively accounted for 61% of the total import value of agricultural products (see Table A.6). Argentina, Brazil, Germany and Thailand were the 4 leading sources of agricultural imports during the

fourth quarter of 2011, accounting for 9%, 8%, 8% and 7% respectively, of the total import value of agricultural products. The 4 key agricultural products which contributed a considerable amount to the total import value include rice (10%), wheat and meslin (8%), palm oil (6%) and soybean oilcake and other solid residue (6%), see table A.7. According to data on table A.7, all of these products accounted for 29% of the total import value of agricultural products.

2.7.2 Fisheries trade

The underlying demand for fish and seafood remained strong between the fourth quarter of 2010 and the fourth quarter of 2011 with consistent demand increases, thereby boosting domestic production. According to data on table A.8, the total export value of fish and seafood increased considerably by 20%, from R521 million to R623 million between the fourth quarter of 2010 and the fourth quarter of 2011. Major export destinations for South African fish and seafood were Spain, Italy, Portugal, Hong Kong, Australia, Cameroon, United States, Germany, and Mozambique which jointly accounted for 76% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the fourth quarter of 2011 include fish with bones (frozen), cuttle fish and squid (frozen, dried, salted or in brine), whitening and hake (frozen except fillets, liver and roe), fish with bones (fresh or chilled) as well as rock lobster and other sea crawfish (frozen), see Table A.9.

According to data on Table A.10, the total import value of fish and seafood increased considerably by 54% from R296 million to R455 million between the fourth quarter of 2010 and the fourth quarter of 2011. The 10 major sources of imports which accounted for 88% of the total import value of fish and seafood in the fourth quarter of 2011 include Thailand, China, New Zealand, United States, Norway, Philippines, India, Korea South, Uruguay and Chile. 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), cuttle fish and squid (frozen, dried, salted or in brine), fish with bones (frozen), whitening and hake (except fillets, liver, roe) and tunas/skipjack/bonito (prepared or preserved and not minced) see Table A.11.

2.7.3 Forestry trade

Despite the global slowdown in forestry products demand toward the end of 2011 (Wood Resource International), trading of domestic forestry products increased significantly between the fourth quarter of 2010 and the fourth quarter of 2011. The total export value of forestry products increased by 13%, from R2,7 billion to R3,1 billion between the fourth quarter of 2010 and the fourth quarter of 2011 (Table A.12). Export destinations of forestry products during the fourth quarter of 2011 include Indonesia, China, Thailand, Zimbabwe, United Kingdom, India, Belgium, Mozambique, South Korea and Zambia which jointly accounted for 68% of the total export revenue from forestry products. The most important forestry products which accounted for 78% of the total export revenue from forestry products include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda etc, N Dis Bl and Bl nonconif), printed books, brochures, etc and newsprint (in rolls or sheets) see Table A.13.

The total import value of forestry products increased by 23% from R1,6 billion to almost R2,0 billion between the fourth quarter of 2010 and the fourth quarter of 2011 (Table A.14). The most important forestry products imported during the fourth quarter of 2011 include printed books, brochures etc, sanitary napkins, diapers and sanitary art of paper, paper or paper boards (light weight writing etc, clay coated over 10mech), paper/paper boards (cellulose wadd etc) and chemical wood pulp, see Table A.15. All of these products accounted for 49% of the total import value of forestry products.

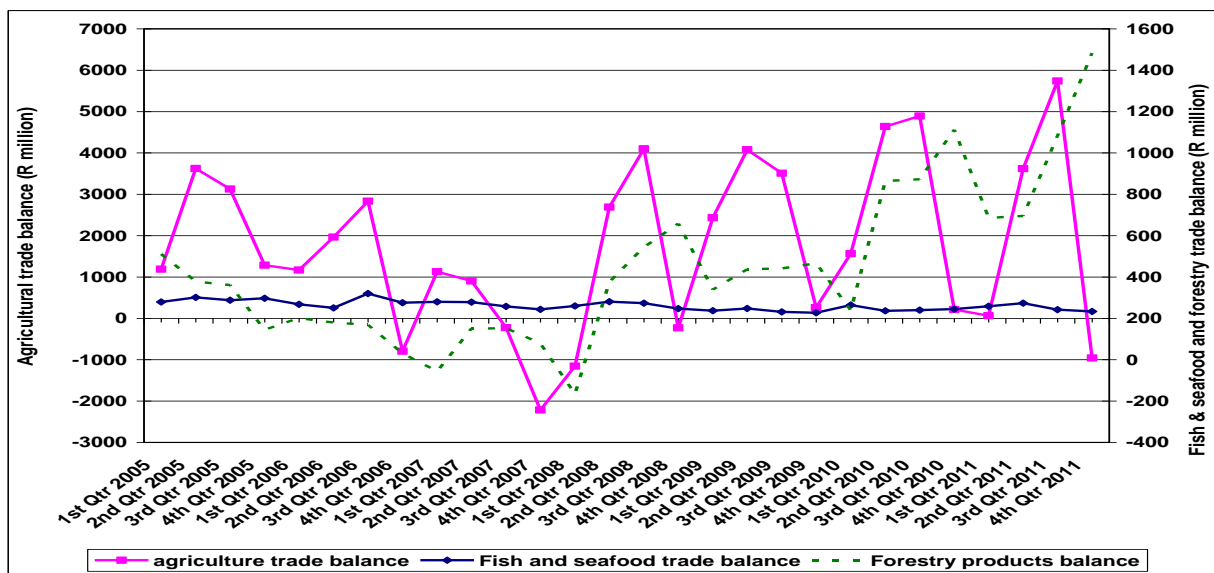


Figure 8: Trends in trade balances for agriculture, fish and seafood and forestry products.

Source: South African Revenue Services

Figure 8 shows trends in the trade balances of agricultural, fish and seafood as well as forestry products. Between the first quarter of 2005 and the fourth quarter of 2011, agriculture's trade balance fluctuated significantly experiencing 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 year 2009 marked the beginning of significant improvement in agriculture's trade with agriculture's trade balance entering positive territory from the first quarter of 2009 to the third quarter of 2011 even though it fluctuated significantly. During the fourth quarter of 2011, agriculture's trade balance for the first time since the fourth quarter of 2008 recorded a negative trade balance. It is important to take note that according to the South African Revenue Service, South Africa's trade account recorded a R8 billion deficit during November 2011 while in December it recorded a 4,7 billion surplus.

The fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the fourth quarter of 2011 but has remained in positive territory throughout. The trade balance for fish and seafood reached R168 million during the fourth quarter of 2011.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the fourth quarter of 2011, experiencing negative trade in two quarters; the first quarter of 2007 and the first quarter of 2008. Since then, the trade balance for forestry products has been in positive territory, reaching its highest level ever at R1,5 billion in the fourth quarter of 2011.

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. In spite of improved supply prospects and weakening demand, the agricultural commodity market conditions remain fairly tight, which is the major factor underpinning prices (FAO food outlook report, November 2011)?

During the fourth quarter of 2010, the average opening stock for white and yellow maize was 5,3 million tons and 2,6 million tons respectively, while the average total opening stock (white maize plus yellow maize) was 7,9 million tons. Due to the lower production figures for both

white and yellow maize during the 2011 calendar year, the total area harvested decreased by 13% (BFAP, 2011). The tight stock situation resulted in 34 276 tons of white maize being imported from Zambia during November (Monthly Food Security bulletin, November 2011). Thus, during the fourth quarter of 2011, the average opening stock for white and yellow maize was 3,3 million tons and 1,8 million tons respectively, while the average total opening stock (white maize and yellow maize) was 5,1 million tons, approximately 36% less than in the fourth quarter of 2010. Due to a decrease in domestic maize production and a high level of exports in 2011, maize ending stocks are projected to decline in 2011 as compared to 2010 (BFAP, 2011). Consumption of maize in South Africa totaled 2,3 million tons in the fourth quarter of 2010. Of this total, 1,5 million tons were white maize while 748 000 tons were yellow maize. Consumption of maize during the fourth quarter of 2011 totaled 2,2 million tons, 2% less than in the fourth quarter of 2010. Of this total, 1,2 million tons were white maize while 1,0 million tons were yellow maize. The total maize exported during the fourth quarter of 2011 reached 668 000 tons which was 127 000 tons more than the 541 000 tons of maize exported during the fourth quarter of 2010.

Internationally, the wheat supply situation improved drastically with a record crop in 2011 likely to boost world wheat supply well above anticipated demand in 2011/12, leading to a recovery in the level of stocks. The November FAO Food outlook report indicates a much larger harvest than expected at the start of the season, with global wheat production forecast to increase by 6 percent above 2010 levels. Domestically, wheat plantings are projected to decline again in 2012 due to the projected lower prices. Also, following the expansion of maize plantings in the summer production areas, slightly less wheat will be planted in 2012 due to rotational cropping systems and lower wheat prices. Over the long run, wheat is expected to remain constant as farmers remain in a fixed rotational system, and in some cases expand their livestock enterprise in order to diversify income and therefore reduce risk (BFAP, 2011).

During the fourth quarter of 2010, the average opening stock of wheat for human consumption was 783 000 tons while the average opening stock of wheat for animal feeds reached 6 000 tons. The average opening stock of wheat for human consumption during the fourth quarter of 2011 declined by 6% to reach 733 000 tons, meanwhile, the average opening stock of wheat for animal feeds decreased by 35% to reach 4 000 tons. The average total opening stock of wheat decreased by 7% from 788 000 tons to 737 000 tons between the fourth quarter of 2010 and the fourth quarter of 2011.

Consumption of wheat in the fourth quarter of 2010 amounted to 758 000 tons. Of this total, 756 000 tons were for human consumption while the rest was kept at producer level as seed for the next planting season. During the fourth quarter of 2011, consumption of wheat increased by 3% to reach 781 000 tons. Of this total, 772 000 tons were used for human consumption, 4 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season.

According to the November FAO food outlook report, global oilseed crop production in 2011/12 is forecasted to grow marginally. Growth in global supplies of oils and meals could still be somewhat higher due to ample carry-in stocks from 2010/11. However, with steady expansion in demand for oilseed products, a tightening in the world supply and demand balance seems inevitable. As a result, as the season unfolds, the market will face a drawdown in global inventories as well as a reduction in overall stock-to-use ratios. Furthermore, new risks arise from the fact that global import demand will depend heavily on future supplies from Latin America and the Caribbean. Developments outside the oilseed complex are also adding uncertainty, in particular, the evolution of prices of feedgrain and mineral oil markets as well as renewed fears of a global economic recession, which could reduce overall commodity demand.

Locally, after a sharp increase in sunflower seed plantings in 2010/11, sunflower seed production is expected to decline to 590 000 hectares in 2012. Soybean planting is expected to grow slightly to 424 000 hectares in 2012, after a record crop in 2010/11. During the fourth quarter of 2011, the total opening stock of sunflower averaged 381 000 tons which was 266 000 tons (230%) more than the recorded 115 000 tons in the fourth quarter of 2010. Consumption of sunflower increased by 50% from 165 000 tons to 247 000 tons between the fourth quarter of 2010 and the fourth quarter of 2011. Imports of this commodity decreased by 88% from 53 000 tons to 6 000 tons between the fourth quarter of 2010 and the fourth quarter of 2011. Since growth in production is expected to outpace growth in consumption, South Africa will import less sunflower seed over the next decade and is expected to be self sufficient by 2020 (BFAP, 2011).

The average opening stock of soya beans averaged 374 000 tons in the fourth quarter of 2011, approximately 136% more than 159 000 tons recorded for the fourth quarter of 2010. Consumption of soya beans increased by 16% from 86 000 tons to 100 000 tons between the fourth quarter of 2010 and the fourth quarter of 2011.

Domestic prices of white and yellow maize averaged R1 303/ton and R1 386/ ton respectively, in the fourth quarter of 2010 while wheat, sunflower and soya bean prices averaged R2 713/ton, R4 847/ton and R3 292/ton respectively, during the same period. In the fourth quarter of 2011, the price of white and yellow maize increased by 84% and 71% to average R2 395/ton and R2 368/ton respectively. During the same period, the price of wheat, and soya bean increased by 2% and 1% to average R2 755/ton and R3 320/ton, respectively. On the contrary, the price of sunflower seed decreased by 13% to average R4 230/ton during the same period. According to the BFAP report, white and yellow maize prices are projected to decline marginally in 2012 on the back of softer export parity prices and higher production that keeps the local market at export parity. The average prices of wheat, sunflower seed and soya bean are also projected to decline in 2012 in line with lower international prices (BFAP, 2011).

2.8.2 Fruit and vegetable market review

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

Between the fourth quarter of 2010 and the fourth quarter of 2011, the average prices of avocados, bananas, oranges, mangoes and grapes increased by 67%, 18%, 3%, 29% and 61% respectively, due to limited supplies on markets. The sharp rise in the average prices of avocados and grapes was driven by a rise in demand in 2011 and reduced supplies on markets. During the same period, the average price of apples decreased by 3% due to the rising stock levels and sluggish world demand which exerted downward pressure on prices (BFAP, 2011). The average price of pears remained unchanged between the fourth quarter of 2010 and the fourth quarter of 2011 although there was a slight increase in the quantities supplied to markets.

The quantity of selected fruits traded through FPMs decreased significantly between the fourth quarter of 2010 and the fourth quarter of 2011 except for apples, oranges and pears which increased by 23%, 41% and 4% respectively. The quantity of avocados, bananas, mangoes and grapes on the other hand decreased by 39%, 9%, 16% and 38% respectively, on account of lower stock levels.

Prices of a number of vegetables traded through the FPMs increased between the fourth quarter of 2010 and the fourth quarter of 2011 on account of reduced supplies across

markets. The prices of beetroot, carrots, lettuce, potatoes, tomatoes, green beans and sweet potatoes increased by 25%, 3%, 9%, 39%, 41%, 18% and 129% respectively (Table B.4). The sharp rise in the price of sweet potatoes is due to considerable reduced supplies on markets. On the contrary, the prices of cucumber, onions, spinach and cabbage decreased by 3%, 6%, 34% and 1% respectively due to improved supplies across markets.

During the period under review, quantities of most vegetables traded through FPM decreased significantly with the quantities of beetroot, potatoes, tomatoes, cabbage, green beans and sweet potatoes decreasing by 7%, 3%, 10%, 4%, 2% and 45% respectively (Table B.5). The decline in the volumes of beetroot, potatoes, tomatoes, cabbage, green beans and sweet potatoes supplied to FPM's can be attributed to an increase in direct sales to wholesalers, retailers, processors and informal markets as well as a decrease in production of some of these vegetables. On the other hand, the quantities of carrots, cucumber, lettuce, onions and spinach increased by 8%, 14%, 6%, 6% and 4% respectively, due to improved supplies across most markets.

2.8.3 Meat Industry Review

High feed prices, adverse weather, disease outbreaks and livestock herd rebuilding have kept meat prices at record levels throughout 2011 (FAO Food outlook, November 2011). According to the BFAP report, world stocks have declined significantly and a number of countries have entered a restocking phase. While high prices and sluggish economic growth have constrained global per capita meat consumption to an average of 42 kg per capita, relatively low prices have accelerated the shift of consumers towards poultry, mainly at the expense of beef (FAO Food outlook, November 2011) and that is why chicken markets remained relatively strong throughout the financial crisis (BFAP, 2011). Locally, the impact of the financial crisis on the domestic beef market resulted in a 3% contraction in consumption which was matched by a 3% contraction in supply, posting marginal gains on beef prices

Between the fourth quarter of 2010 and the fourth quarter of 2011, the gross production value of beef increased by 37% from R3,9 billion to R5,3 billion. During the same period, the average price of beef trended higher, increasing by 38% from R22,74/kg to R31,45/kg. According to the BFAP report, beef prices are expected to increase if the demand for beef over the next decade is expected to match that of the past decade averaging an annual

growth rate of 3%. The number of cattle slaughtered increased by 1% between the fourth quarter of 2010 and the fourth quarter of 2011 from 633 029 to 636 826 (Table B.6).

The profit margins of poultry farmers came under pressure in 2011 due to spiralling feed prices and stagnant producer prices. Feed costs and the level of import parity prices played an important role in the formation of prices (BFAP, 2011). Between the fourth quarter of 2010 and the fourth quarter of 2011, the gross production value of poultry trended higher, increasing by 9% from R6,4 billion to R6,9 billion. During the same period, the average price of poultry per ton increased by 6% from R17 260/ton to R18 360/ton. Over the next decade, growth in consumption of chicken is projected to outpace growth in all other types of meat (BFAP, 2011). Commercial production of poultry increased by 2% from 352 545 metric tons to 360 654 metric tons between the fourth quarter of 2010 and the fourth quarter of 2011 (Table B.7). According to the BFAP report, South Africa is expected to remain a net importer of chicken meat as the annual average growth in production (3,8%) is outpaced by the growth in consumption (4,1%).

2.8.4 Eggs and dairy Industry Review

2.8.4.1 Eggs

Despite the high level of volatility within the egg market, local egg producers were able to match more than the increase in local consumption, resulting in an increase in the level of egg exports to neighbouring countries. The producer price of eggs has on average increased and this positive output:input price ratio supports the expansion in the local industry. Between the fourth quarter of 2010 and the fourth quarter of 2011, the gross production value of eggs increased by 6% from R1,7 billion to R1,8 billion. During the same period, the average price per dozen of eggs increased by 1% from R9,00/ dozen to R9,11/dozen. Total production of eggs between the fourth quarter 2010 and the fourth quarter of 2011 increased by 5% from 186,3 million dozens to 195,0 million dozens.

2.8.4.2 Milk

Internationally, after an extended period of favourable international prices, dairy commodities are at minimal levels due to climatic conditions in relation to pasture growth, pasture availability and price of fodder and their effect on milk production (FAO food outlook,

November 2011). While prices may be at minimal levels, they are still substantially above the 2008 slump.

Locally, during November 2011, the Milk Producer's Organization (MPO) reported that the current low level of producer prices is not sustainable. According to MPO, Producer prices are on average 10% below the 2009 levels. In the meantime, input prices increased sharply which puts substantial pressure on milk producers and limits any chance of higher production. Milk processors were however able to keep price levels intact while increasing volume growth. According to the MPO, unless SA milk producers receive substantial price increase soon, milk buyers may find themselves in supply difficulties in early 2012. Between the fourth quarter of 2010 and the fourth quarter of 2011, the gross production value of milk increased by 4%, from R2,5 billion to R2,6 billion. During the same period, the average price per litre of milk increased by 5% from R2,85/l to R2,98/l. Total production of milk between the fourth quarter 2010 and the fourth quarter of 2011 decreased by less than 0,5% from 882,3 million litres to 879,3 million litres.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

Rainfall began late for the summer season and as a result some farmers delayed planting. During the fourth quarter of 2011, veld fires were reported in KwaZulu-Natal, Free State and Northern Cape. There were also incidents of severe thunderstorms in Limpopo and Gauteng which resulted in damages. The level of dams remained satisfactory in all provinces except in the Western Cape where the dams were reported to be lowest during the quarter.

Crop activities were reported to be in fair to good condition. Hail damages were reported in most provinces in the east. Veld and livestock are in fair to good condition. The effect of high temperatures caused concern of ticks in the Eastern Cape. There were reports of African swine fever in Mpumalanga and African horse sickness in KwaZulu-Natal. In the Western Cape additional feeding was supplied where pastures remained insufficient. Veld fire damages were reported in Northern Cape and Free State. Tropical storm Dando produced heavy rainfalls resulting in flooding during mid-January 2012 in Mpumalanga and Limpopo. The Lowveld was worst affected.

Above normal rainfall is anticipated for the remainder of summer with below normal temperatures countrywide (Agrometerology, 2012). The preliminary estimates, are of the area planted for maize increasing by 10,9 % in the 2012 season compared to the previous season. The area estimates for white and yellow maize planting are expected to increase by 12,1% and 9,0% respectively, compared to the area planted last season.

The preliminary area estimate for sunflower seed planting is about 19,9% less than the hectares planted the previous season. It is estimated that the hectares planted to soya-beans represents an increase of 14,8% compared to the previous season. This is the highest area ever planted to soya-beans. Hectares allocated to groundnuts, sorghum and dry-beans plantings are expected to decrease by 16,6%; 30,6% and 11,2% respectively, in 2012 compared to the area planted the previous season.

The production forecast for wheat is 4,3% higher than the previous forecast of 1,77 million tons. The area planted to wheat remained unchanged. The expected production of wheat was amongst others adjusted upward by 2,1%; 11,6% and 0,8% respectively, in the Western Cape, the Free State and the Northern Cape. Adjustments were also made in some of the other provinces. The production forecast for malting barley is 5,9% higher than the previous forecast of 284 150 tons. The area planted to barley remained unchanged. The expected canola crop remained unchanged at 59 490 tons. The area estimate for canola also remained unchanged.

3.2 Employment

An additional 179 000 people found employment in the fourth quarter of 2011 compared to the third quarter whilst year-on-year an additional 170 000 people were employed. The number of people employed in the agricultural sector increased by 6 000 in the fourth quarter compared to the third quarter 2011, whilst year-on-year an additional 3 000 people were employed in agriculture. Employment in the agriculture will increase during the harvesting period and during the winter crop plantation during the second half of 2012.

The uncertain state of the euro zone is expected to impact negatively on trade given that the euro is South Africa's major trading partner. More than 30% of SA exports go to the EU and

the US (BER, 2011). The reduction in demand will have an effect on the labour market.

Positives to the South Africa economic outlook and employment will come from the increased public infrastructural investment proposals by President Jacob Zuma, when he announced an increase in public investment in infrastructural development, which supported calls to look internally for investment due to the global uncertainty. This is expected to improve sentiment amongst investors, a positive to the labour market. As a result employment might rise in the second half of 2012.

3.3 Inflation

The price of local maize is currently trading above the US maize price, as depicted in figure 9.

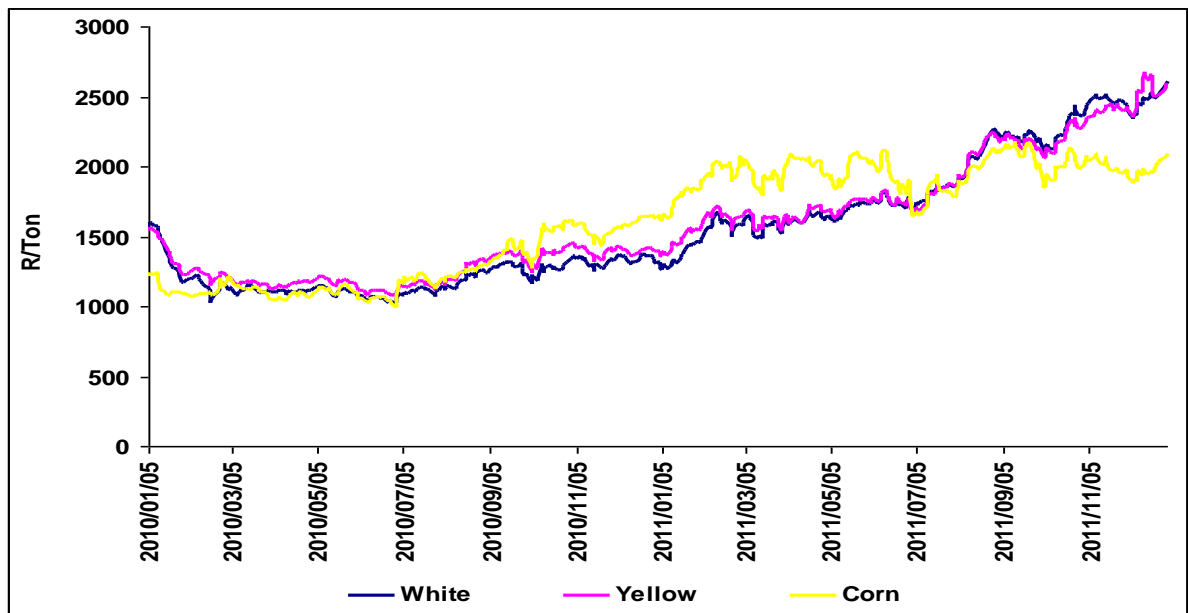


Figure 9: Maize Prices

Source: Safex

Fundamentals are currently favouring higher maize yields in major maize producing countries e.g. US and China. The expected rise in the production of maize globally might result in lower maize prices.

The upward rise in the price of wheat globally due to the expected shortfalls in supply will encourage the hectares planted to wheat to increase in the 2011/12 planting season.

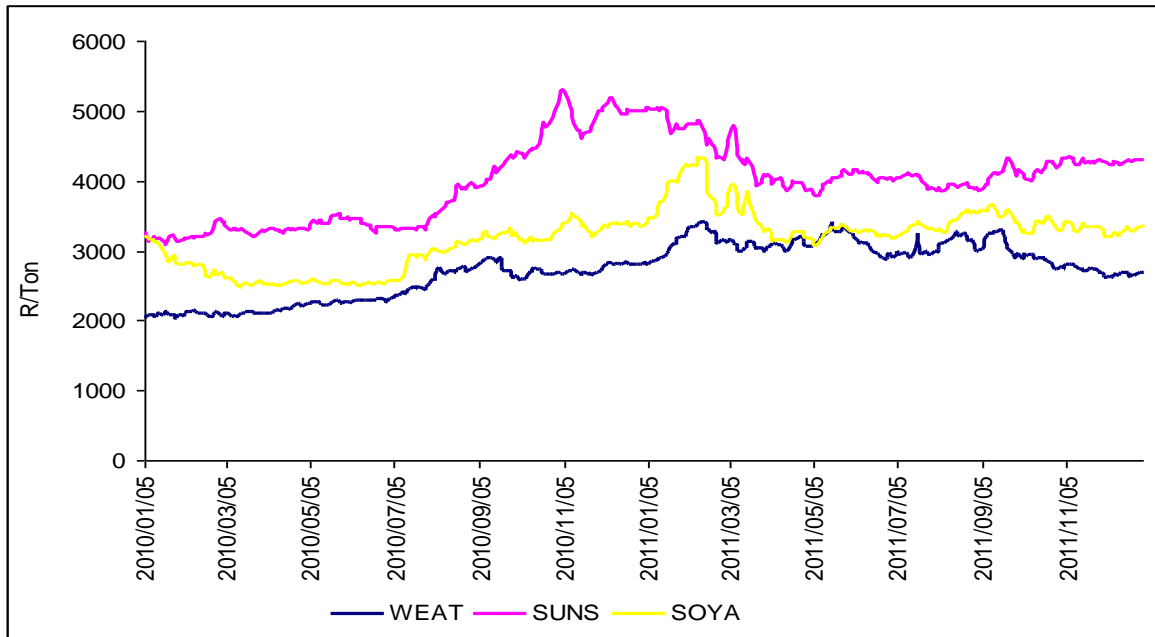


Figure 10: Wheat and oilseeds Products

Source: Safex

The reduced planting of soybeans and the lost yields in major crop producing areas are expected to drive up the price of oilseed in the short term. Although the expected rise in production in Asia and the Russian federation is expected to counter the expected rise of oil seed products, especially cottonseed and sunflower.

Locally, the petrol price has increased by 3 percent in February 2012 compared to January 2012 for both the inland region and coastal regions. The price of petrol at the pump in Gauteng is now R10,95 a litre, after a 34c a litre hike at the beginning of this month. The price is higher than the peak of R10,70 in July 2008, when Brent crude oil price reached \$147. Again a 25c increase is anticipated in April.

Although the global economic slowdown is expected to slow the rise in the oil price, other supply constraints still exists e.g. Iran, the world’s second largest oil producer’s intention to stop oil export to Europe before the EU embargo term, which might result in a rise in the oil price .

3.4 Exchange rate

Figure 11 shows that the SA currency traded at depreciated levels in the fourth quarter of 2011 compared to all the other quarters in 2011. Year-on-year, the currency has depreciated

by 19%, while during the fourth quarter compared to the third quarter 2011 the currency has depreciated by 22%.

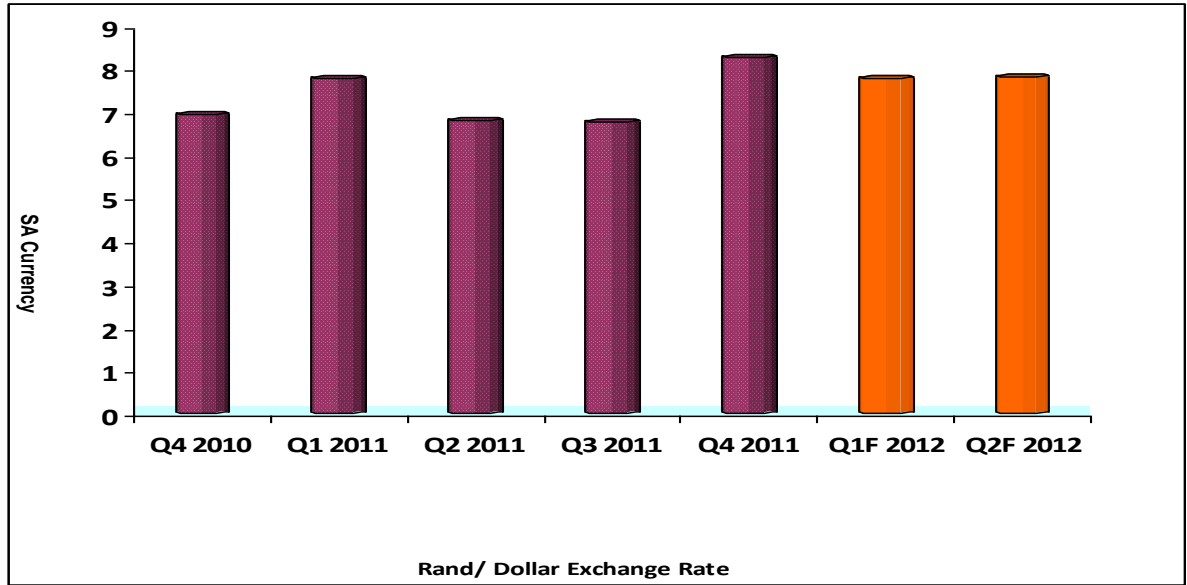


Figure 11: Rand/Dollar Exchange Rate

Source: Resbank, ABSA, BER and STD Bank

The orange bars represents an average forecasts by BER, ABSA and Standard bank. The consensus forecasts by the above institution are of the rand appreciating in the first and second quarters of 2012, averaging about R7, 77 and R7,81 to the dollar respectively. In addition to the global demand slowdown, holding other variables constant, the appreciated rand is expected to weaken SA agricultural, forestry and fisheries exports in the next quarters.

Quarter 2 2011 R		Quarter 3 2011 R	Quarter 4 2011 R
6.78	BER	7.03	8.05
	STD Bank	7.80	8.20
	Absa	10.43	10.56
	Average	8.42	8.94

Table 1: Rand / Dollar exchange rate

4. CONCLUSION

The global economic recovery continues to be delayed, this time threatened by intensifying strains in the euro area. This has negative implications for the world economy, including South Africa which exports a large percentage of its products to Europe. The South African economy performed better than expected in the fourth quarter of 2011 after two consecutive quarters of below-expectations performances. However, this may be short-lived if the South African Reserve Bank starts to increase the interest rates as domestic spending is currently driven by low interest rates. The agriculture, forestry and fishing sector has been under pressure since the beginning of 2011, contracting for all four quarters in a row, and the anticipated slowing global demand may put further pressure on the sector.

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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
4 th Qtr 2009	2 001	540	2 793	1 946	300	2 322	2 211	1 001	1 623	4 525	205	163	38	19 669
4 th Qtr 2010	2 392	589	2 989	2 296	333	2 740	1 637	1 297	1 915	4 894	229	188	40	21 537
4 th Qtr 2011	2 751	653	2 934	2 732	370	3 233	1 754	1 510	2 260	5 293	257	216	42	24 006
4 th Qtr 2009 to 4 th Qtr 2010	19.5%	9.1%	7.0%	18.0%	11%	18.0%	-26.0%	29.6%	18.0%	8.2 %	11.7%	15.3%	5.3%	9.5%
4 th Qtr 2010 to 4 th Qtr 2011	15.0%	10.9%	-1.8%	19.0%	11.1%	18.0%	7.1%	16.4%	18.0%	8.2%	12.2%	14.9%	5%	11.5%

Source: DAFF

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

Year	2009				2010				2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
	4th	1st	2nd		1st	2nd	3rd	4 th			
Real gross income from agricultural products (R billion)											
Field crops	5297,98	1740,32	12 328, 40	9067,41	4433,22	1780,74	12 494,54	14 069,30	7453,17	-16,3%	68,1%
Horticulture	7161,89	8260,93	11 241,66	9346,94	6901,73	8513,60	11 373,72	9 605,46	7478,01	-3,6%	8,3%
Animal products	17 131, 07	16 609,29	16 313,65	15 770,76	17 690,32	17 172,71	17 052,12	17 136,19	20 424,26	3,3%	15,5%
Total	29 590,94	26 610,55	39 883,71	34 185,11	29 025,27	27 467,04	40 920,39	40 810,94	35 355,44	-1,9%	21,8%

Source: DAFF

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

	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
4 th Qtr 2009	27 679	23 559	1 368	10 610	1 847	3 422	9 516	2 636	7 800	88 437
1 st Qtr 2010	28 303	22 332	1 208	9 404	1 678	3 096	8 584	2 521	7 460	84 586
2 nd Qtr 2010	28 065	22 187	1 348	9 015	1 779	3 186	8 996	2 520	7 457	84 556
3 rd Qtr 2010	27 322	24 338	1 376	10 028	1 904	3 180	10 075	2 643	7 822	88 688
4 th Qtr 2010	29 510	24 013	1 546	10 536	1 907	3 769	9 677	2 803	8 295	94 053
1 st Qtr 2011	29 371	22 736	1 057	9 382	1 893	3 002	9 187	2 589	7 663	86 879
2 nd Qtr 2011	30 314	24 584	1 666	9 041	2 237	3 520	9 329	2 727	8 069	91 486
3 rd Qtr 2011	30 295	27 385	1 853	10 439	2 418	3 456	10 113	2 905	8 596	97 459
4 th Qtr 2011	34 728	27 330	1 993	10 832	2 262	3 824	10 688	3 095	9 160	103 853
4 th Qtr 2010 to 4 th Qtr 2011	17,7%	13,8%	28,9%	2,8%	18,6%	1,5%	10,4%	10,4%	10,4%	10,4%

Source: DAFF

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

	4th Qtr 2008	4th Qtr 2009	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011
	Export values by destination (R million)				Export value as % of total export value		Cumulative %	
Total	11,469	10,122	10,330	12,674				
Zimbabwe	1,956	810	1,002	1,322	10%	10%	10%	10%
Mexico	1	6	4	1,306	0%	10%	10%	21%
United Kingdom	940	1,005	936	1,015	9%	8%	19%	29%
Netherlands	752	871	836	1,003	8%	8%	27%	37%
Mozambique	745	524	657	715	6%	6%	33%	42%
China	303	506	143	630	1%	5%	35%	47%
Angola	478	359	417	555	4%	4%	39%	52%
Germany	471	503	414	431	4%	3%	43%	55%
Zambia	358	214	265	347	3%	3%	45%	58%
United Arab Emirates	226	199	232	333	2%	3%	47%	60%

Source: South African Revenue Services

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

	4th Qtr 2008	4th Qtr 2009	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011
	Export values by destination (R million)				Export value as % of total export value	Cumulative %		
Total	11,469	10,122	10,330	12,674				
Corn (Maize), Other Than Seed Corn	1,965	629	719	1,461	7%	12%	7%	12%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	1,368	1,144	991	1,077	10%	8%	17%	20%
Grapes, Fresh	470	750	821	864	8%	7%	25%	27%
Wool, Not Carded Or Combed, Greasy, Shorn	270	514	364	763	4%	6%	28%	33%
Oranges, fresh	517	271	372	575	4%	5%	32%	37%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	451	344	333	476	3%	4%	35%	41%
Food preparations Nesoi	175	179	222	314	2%	2%	37%	44%
Apples, Fresh	210	183	196	306	2%	2%	39%	46%
Macadamia Nuts, Fresh Or Dried	67	90	121	237	1%	2%	40%	48%
Soybean Oil, Refined, And Fractions, Not Modified	9	15	82	200	1%	2%	41%	49%

Source: South African Revenue Services

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

	4th Qtr 2008	4th Qtr 2009	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011
	Import values by exporting country (R millions)				Import value as % of import value	Cumulative %		
Total	11,700	9,862	10,117	13,636	-	-	-	-
Argentina	2,277	1,321	1,182	1,236	12%	9%	12%	9%
Brazil	1,050	715	582	1,149	6%	8%	17%	17%
Germany	400	614	715	1,110	7%	8%	25%	26%
Thailand	1,356	1,214	984	949	10%	7%	34%	33%
China	591	536	512	723	5%	5%	39%	38%
India	261	214	324	711	3%	5%	42%	43%
United Kingdom	719	562	646	690	6%	5%	49%	48%
United States	482	364	706	597	7%	4%	56%	53%
Malaysia	424	467	501	593	5%	4%	61%	57%
Netherlands	462	539	332	592	3%	4%	64%	61%

Source: South African Revenue Services

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

	4th Qtr 2008	4th Qtr 2009	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011	4th Qtr 2010	4th Qtr 2011
	Import values by product (R million)				Import value as % of import value		Cumulative %	
TOTAL	11,700	9,862	10,117	13,636				
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	1,162	1,186	914	1,420	9%	10%	9%	10%
Wheat (Other Than Durum Wheat), And Meslin	892	574	588	1,040	6%	8%	15%	18%
Palm Oil, Refined But Not Chemically Modified	579	477	693	791	7%	6%	22%	24%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	871	619	763	765	8%	6%	29%	29%
Soybean Oil, Refined, And Fractions, Not Modified	285	141	737	715	7%	5%	37%	35%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	422	313	289	598	3%	4%	39%	39%
Whiskies	646	503	597	536	6%	4%	45%	43%
Food Preparations Nesoi	321	242	243	317	2%	2%	48%	45%
Tobacco, Partly Or Wholly Stemmed/Stripped	250	345	177	271	2%	2%	49%	47%
Meat & Offal Of Chickens,Not Cut In Pieces,Frozen	11	37	108	199	1%	1%	50%	49%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	646	587	521	623	-	-	-	-
Spain	184	189	156	123	30%	20%	30%	20%
Italy	69	84	76	99	15%	16%	45%	36%
Portugal	37	29	30	58	6%	9%	50%	45%
Hong Kong	42	31	34	44	7%	7%	57%	52%
Australia	14	18	11	34	2%	5%	59%	57%
Cameroon	0	36	22	29	4%	5%	63%	62%
United States	42	27	29	27	6%	4%	69%	66%
Japan	119	19	12	21	2%	3%	71%	70%
Germany	2	17	13	20	2%	3%	74%	73%
Mozambique	21	11	10	18	2%	3%	75%	76%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	646	587	521	623	-	-	-	-
Fish, With Bones, Froz	185	92	107	140	21%	22%	21%	22%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	50	97	110	93	21%	15%	42%	37%
Whiting & Hake, Froz	72	44	55	66	11%	11%	52%	48%
Fish, With Bones, Fresh Or Chilled	121	103	59	62	11%	10%	64%	58%
Lobster, Crawfish And other sea fish,Froz	36	25	18	31	3%	5%	67%	63%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	412	453	296	455	-	-	-	-
Thailand	256	229	140	189	47%	42%	47%	42%
China	39	41	39	47	13%	10%	60%	52%
New Zealand	8	24	11	31	4%	7%	64%	59%
United States	4	4	7	27	2%	6%	67%	65%
Norway	19	16	19	27	6%	6%	73%	71%
Philippines	6	6	6	22	2%	5%	75%	75%
India	13	13	12	19	4%	4%	79%	80%
Korea South	0	8	1	14	0%	3%	79%	83%
Uruguay	2	2	3	13	1%	3%	80%	85%
Chile	3	10	5	11	2%	2%	82%	88%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	412	453	296	455	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	188	199	118	181	40%	40%	40%	40%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	32	32	29	56	10%	12%	50%	52%
Fish, Nesoi, With Bones, Frozen	27	27	17	37	6%	8%	55%	60%
Whiting & Hake, Except Fillets, Liver, Roe, Frozen	1	4	11	34	4%	7%	59%	68%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	62	54	39	32	13%	7%	72%	75%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	2 635	2 082	2 718	3 069	-	-	-	-
Indonesia	384	462	471	576	17%	19%	17%	19%
China	230	150	289	364	11%	12%	28%	31%
Thailand	28	113	193	222	7%	7%	35%	38%
Zimbabwe	65	96	145	192	5%	6%	40%	44%
United Kingdom	168	124	161	171	6%	6%	46%	50%
India	171	113	130	145	5%	5%	51%	54%
Belgium	12	63	111	121	4%	4%	55%	58%
Mozambique	98	109	95	106	3%	3%	59%	62%
Korea South	107	82	80	96	3%	3%	62%	65%
Zambia	77	70	85	96	3%	3%	65%	68%

Source: South African Revenue Services

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

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
World	2 635	2 082	2 718	3 069	-	-	-	-
Chemical Woodpulp, Dissolving Grades	973	960	1 232	1 455	45%	47%	45%	47%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	423	184	372	420	14%	14%	59%	61%
Chem Woodpulp, Soda Etc, N Dis S Bl & Bl Nonconif	404	146	339	310	12%	10%	71%	71%
Printed Books, Brochures, Etc., Nesoi	78	49	146	123	5%	4%	77%	75%
Newsprint, In Rolls Or Sheets	69	63	83	83	3%	3%	80%	78%

Source: South African Revenue Services

Table A.14: Import values of forestry by product between 2008 and 2011

	4 th Qtr 2008	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2010	4 th Qtr 2011
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1 977	1 616	1 606	1 975	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	481	363	371	450	23%	23%	23%	23%
Sanitary Napkins, Diapers & Sanit Art Of Paper Etc	310	236	177	255	11%	13%	34%	36%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	102	76	102	90	6%	5%	40%	40%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	58	46	68	83	4%	4%	45%	44%
Chemical Woodpulp, Soda Etc. N Dis S Bl & Bl Conif	72	60	51	81	3%	4%	48%	49%

Source: South African Revenue Services

Appendix B: Review of agricultural markets
Table B.1: Proxies of grain supply and consumption and grain prices

	Oct 2010	Nov 2010	Dec 2010	4 th Qtr 2010	Oct 2011	Nov 2011	Dec 2011	4 th Qtr 2011	4 th Qtr 2010 to 4 th Qtr 2011% change
	Volumes (1000 tons)								
White maize opening stock*	5 827	5 307	4 745	5 293	3 891	3 272	2 726	3 296	-38%
Yellow maize opening stock*	2 972	2 608	2 253	2 611	2 138	1 799	1 407	1 781	-32%
Total maize opening stock*	8 799	7 915	6 998	7 904	6 029	5 071	4 133	5 078	-36%
White maize processed for local consumption	501	520	478	1 499	432	399	362	1 193	-20%
Yellow maize processed for local consumption	260	257	231	748	336	357	322	1 015	36%
Total maize processed for local consumption	761	777	709	2 247	768	756	684	2 208	-2%
Total white maize exports	58	56	68	182	258	196	162	616	238%
Total yellow maize exports	130	88	141	359	16	19	17	52	-86%
Total maize exports	188	144	209	541	274	215	179	668	23%
Wheat opening stock: human market*	573	630	1145	783	475	529	1195	733	-6%
Wheat opening stock: feed market*	6	6	5	6	3	3	5	4	-35%
Wheat opening stock*	579	636	1150	788	478	532	1200	737	-7%
Wheat consumption: human consumption	266	259	231	756	262	266	244	772	2%
Wheat consumption: animal feed	0	0	0	0	0	0	4	4	-
Total wheat consumption	266	259	233	758	262	269	250	781	3%
Wheat imports (for human consumption only)	174	142	53	369	234	143	92	469	27%
Wheat exports	14	8	28	50	13	21	23	57	14%
Average opening sunflower stock*	159	103	84	115	471	380	292	381	230%
Sunflower seed imports	7	43	3	53	2	4	0.2	6	-88%
Total processed sunflower for consumption	64	61	40	165	93	93	61	247	50%
Average soya bean opening stock*	189	157	130	159	405	373	343	374	136%
Soya bean consumption	32	28	26	86	33	32	35	100	16%
	Market prices (R/ton)								
White maize	1 255	1 314	1 341	1 303	2 245	2 471	2 469	2 395	84%
Yellow maize	1 361	1 396	1 400	1 386	2 196	2 395	2 513	2 368	71%
Wheat	2 661	2 680	2 797	2 713	2 868	2 746	2 650	2 755	2%
Sunflower	4 593	4 910	5 038	4 847	4 140	4 286	4 265	4 230	-13%
Soya bean	3 158	3 357	3 365	3 293	3 342	3 349	3 268	3 320	1%

* Quarterly figures are reported in averages and where there is no asterik, quarterly figures are reported in totals

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

	Average prices at FPM (R/ton)			Percentage changes	
	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Apples	4 282	6 191	5 994	45%	-3%
Avocados	5 227	7 549	12 599	44%	67%
Bananas	3 977	3 816	4 521	-4%	18%
Oranges	2 419	2 621	2 696	8%	3%
Pears	5 819	6 617	6 649	14%	0%
Mangoes	5 712	5 882	7 612	3%	29%
Grapes	12 388	14 442	23 258	17%	61%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Apples	44 866	30 230	37 118	-33%	23%
Avocados	4 365	4 714	2 897	8%	-39%
Bananas	59 336	65 876	59 923	11%	-9%
Oranges	13 220	12 550	17 635	-5%	41%
Pears	4 592	5 992	6 248	30%	4%
Mangoes	3 751	2 402	2 009	-36%	-16%
Grapes	3 899	3 879	2 411	0%	-38%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Beetroot	1 665	1 909	2 382	15%	25%
Carrots	2 320	2 671	2 745	15%	3%
Cucumber	3 261	3 415	3 305	5%	-3%
Lettuce	2 869	2 937	3 202	2%	9%
Onions	2 831	1 824	1 717	-36%	-6%
Potatoes	3 728	2 243	3 114	-40%	39%
Spinach	2 808	4 015	2 641	43%	-34%
Tomatoes	3 769	3 427	4 823	-9%	41%
Cabbage	1 323	1 397	1 380	6%	-1%
Green beans	5 217	5 802	6 844	11%	18%
Sweet potatoes	3 276	2 699	6 174	-18%	129%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Beetroot	12 777	13 065	12 145	2%	-7%
Carrots	27 595	25 838	27 833	-6%	8%
Cucumber	142	129	147	-9%	14%
Lettuce	7 846	7 176	7 632	-9%	6%
Onions	75 321	82 681	87 402	10%	6%
Potatoes	223 337	270 665	261 702	21%	-3%
Spinach	3 095	3 344	3 464	8%	4%
Tomatoes	73 876	75 776	68 570	3%	-10%
Cabbage	24 019	28 148	27 155	17%	-4%
Green beans	3 366	3 182	3 131	-5%	-2%
Sweet potatoes	5 471	4 658	2 555	-15%	-45%

Source: DAFF

Table B.6: Beef Market Statistics

	Units	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Gross value	R'000	3 554	3 867	5 294	9%	37%
Average price	R/kg	21,34	22,74	31,45	7%	38%
Total slaughtering	Heads	637 241	633 029	636 826	-1%	1%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry Market Statistics

	Units	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Gross value	R'000	5 838	6 350	6 908	9%	9%
Average price	R/Mt	16 830	17 260	18 360	3%	6%
Commercial Production	Mt	331 795	352 545	360 654	6%	2%

Source: DAFF

Table B.8: Eggs Market Statistics

	Units	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Gross value	R'000	1 777	1 676	1 776	-6%	6%
Average price	R/dozen	9,59	9,00	9,11	-6%	1%
Total Production	1000 dozen	185 345	186 265	195 017	0%	5%

Source: DAFF

Table B.9: Milk Market Statistics

	Units	4 th Qtr 2009	4 th Qtr 2010	4 th Qtr 2011	4 th Qtr 2009 to 4 th Qtr 2010	4 th Qtr 2010 to 4 th Qtr 2011
Gross value	R'000	2 624	2 515	2 623	-4%	4%
Average price received by farmers	R/litre	3.05	2.85	2.98	-7%	5%
Total Production	1000 liter	860 043	882 327	879 334	3%	0%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

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

<u>Export products descriptions</u>
<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>
<u>Import product descriptions</u>
<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>