

QUARTERLY

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 second quarter of 2012 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

The global economic outlook for 2012 and 2013 has weakened as downside risks increased amid high uncertainty, low business confidence and weak financial sectors while the crisis in the euro area remains the biggest threat to the global outlook. The International Monetary Fund (IMF) forecasts a gradual strengthening of activity from the relatively disappointing pace of early 2012; with global growth projected at 3,5% and 3,9% in 2012 and 2013, respectively. Output is expected to remain sluggish in advanced economies but still relatively solid in many emerging market and developing economies while unemployment is expected to remain high in many parts of the world. Activity in emerging market and developing economies has been slowed by policy tightening in response to, inter alia, capacity constraints and weaker demand from advanced economies.

World grain production is estimated to have increased by 99 million tons from 1 751 million tons in 2010/11 to 1 850 million tons in 2011/12; however, it is expected to drop by 83 million tons to reach 1 767 million tons in 2012/13. Wheat prices remain high supported by continued concerns about export availability from the Black Sea region and overly dry growing conditions in Australia; while maize prices are down due to improved availability and low US export demand. World grain consumption is estimated at 1 845 million tons in 2011/12, implying a grain surplus of 5 million tons. However, a grain deficit of 39 million tons is forecast for the 2012/13 period with consumption forecast at 1 806 million tons while production is forecast at 1 767 million tons. World grain trade is forecast to decline by 7,1% to 249 million tons in 2012/13 from an estimated 268 million tons in 2011/12.

The SA economy grew by 3,2% in the second quarter of 2012 boosted mainly by a surprise jump in the mining sector which registered a positive growth of 31,5%; from a 16,8% contraction recorded in the first quarter of 2012. Although the 3,2% growth was slightly below market expectations of a 3,3% growth, it was better than the 2,7% increase recorded in the first quarter of 2012. After pulling out of its 2011 recession by recording a 3,4% positive growth in the first quarter of 2012, the agriculture, forestry and fisheries sector grew further by 5,8% in the second quarter of 2012. The manufacturing sector contracted by 1,0% in the second quarter of 2012 after expanding by 7,7% in the first quarter of 2012.

High unemployment continues to be a global problem due to weak global economic activity and is expected to remain high in the medium term. In South Africa, the unemployment rate eased to 24,9% in the second quarter of 2012 from 25,2% in the first quarter of 2012. The slight decline in SA unemployment rate was due to a decrease in the labour force by 32 000 persons between the first and the second quarters of 2012 while the number of employed persons rose by 25 000. The increase in total employment was mainly driven by the increase of 121 000 in the number of persons employed in the community and social services industry. The number of people employed in agriculture declined by 18 000 in the second quarter of 2012, reversing gains of 26 000 in the first quarter of 2012. The manufacturing sector lost a further 44 000 persons in the second quarter of 2012 after shedding 67 000 jobs in the first quarter of 2012. On a year-on-year basis, total employment in SA increased by 322 000 in the second quarter of 2012 while employment in agriculture grew by 40 000.

Gross farming income from all agricultural products amounted to R52 billion in the second quarter of 2012, which is R11,2 billion or 27,3% more than the R40,9 billion recorded in the second quarter of 2011. Gross income from field crops, which increased by R9,2 billion or 73% in the second quarter of 2012 compared to the second quarter of 2011, continues to be the main driver behind the rise in gross farming income. Gross income from field crops was mainly boosted by income from maize which nearly tripled from R4,7 billion in the second quarter of 2011 to R13,5 billion in the second quarter of 2012. Gross income from animal products increased by 9% to R18,6 billion while income from horticultural products increased by 3,6% to R11,7 billion in the second quarter of 2012. The net farming income showed a positive improvement in the second quarter of 2012, increasing by 54% from R15,5 billion in the second quarter of 2011 to R23,9 billion in the second quarter of 2012.

Trading of agricultural products slowed between the second quarter of 2011 and the second quarter of 2012 due to slowing global economic activity. The value of SA agricultural exports decreased by 2% from R13,3 billion in the second quarter of 2011 to R13,0 billion in the second quarter of 2012 while the value of agricultural imports into SA increased by 10% to reach R10,6 billion in the second quarter of 2012. The value of exported fish and seafood decreased considerably by 46% as production and transportation costs increase; while the value of imported fish and seafood increased by 48%. The export value of forestry products increased by 5% to reach R2,4 billion in the second quarter of 2012 while the forestry import value decreased by 2% to reach R1,6 billion during the same period.

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

Global growth has increased by 3,6% in the first quarter of 2012, which was higher than most consensus forecasts. The IMF has attributed the rise to temporary factors like the easing financial conditions and recovering conditions in the European central banks' longer term refinancing operations. Global trade rebounded in parallel with industrial production in the first quarter of 2012.

According to the IMF, developments during the second quarter 2012 worsened and job creation has been hampered, with unemployment remaining high in many advanced economies, especially among the youth in the Euro area. Growth momentum has also slowed in various emerging market economies e.g. Brazil, China, and India. The global uncertainty has resulted in risk aversion in emerging market economies resulting in currency depreciations.

Figure 1 shows that world growth for the second quarter of 2012 is expected to be lower than that of the first quarter of 2012. The IMF is projecting growth to be around 2,9% in the second quarter (annualized) of 2012.

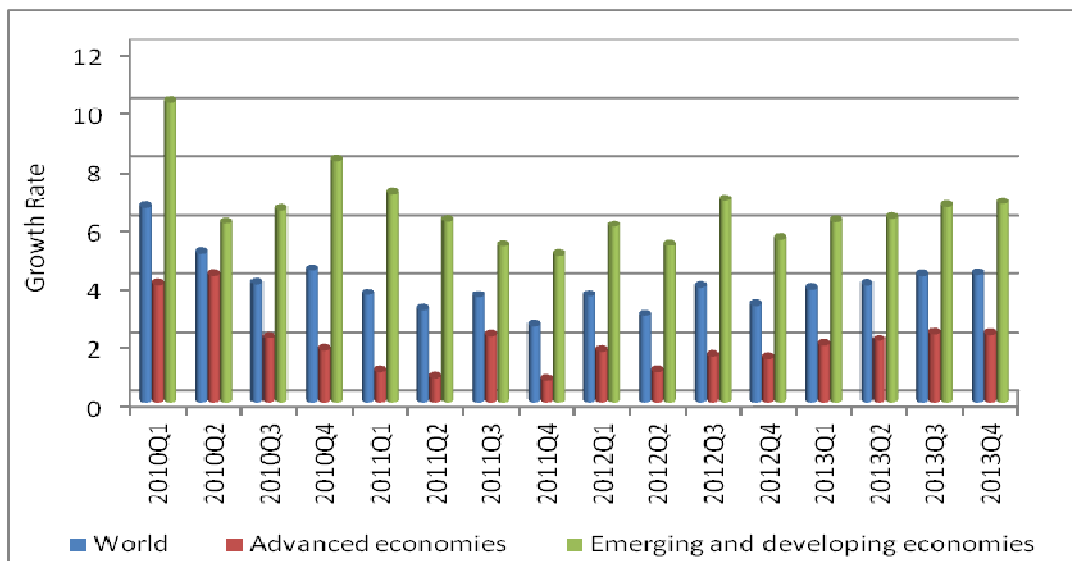


Figure 1: Global growth

Source: IMF

Growth in emerging economies is projected to be around 5,3% and 6,8% (quarter on quarter, annualized) in the second and third quarters respectively, while advanced economies are

expected to increase by 1,5% and 1,4% respectively in the same period. Overall, global growth is projected to moderate to 3,5% in 2012 and 3,9% in 2013. Growth is projected to remain relatively weaker than in 2011 in regions connected more closely with the Euro area (Central and Eastern Europe in particular), reflecting weaker economic activities in the Euro area.

Unemployment has been rising in the European Union since the end of 2011. In OECD countries, the unemployment rate was highest in Spain, at 24,6%, with double-digit rates also in Estonia, France, Greece, Hungary, Ireland, Italy, Portugal and the Slovak Republic. In most key emerging economies, with the exception of South Africa, labour markets have weathered the crisis well. But there have been recent signs of a slowdown in the rapid pace of economic and employment growth in some, notably Brazil, China and India. Below is the unemployment rate of selected key countries.

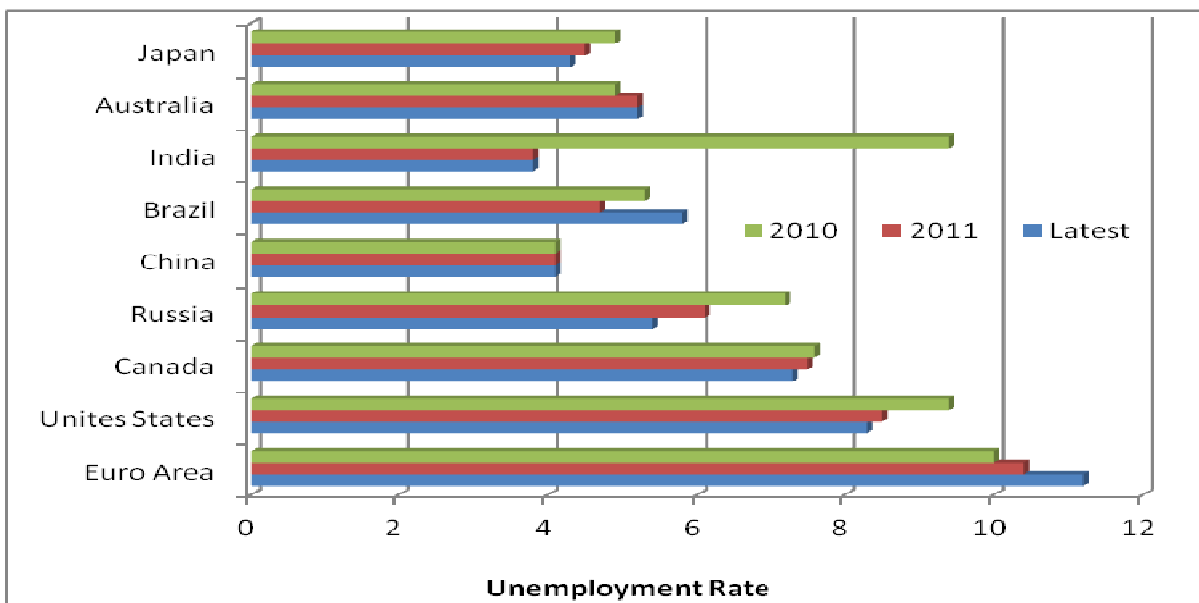


Figure 2: Global Unemployment

Source: IMF

Figure 2 shows that unemployment is high in the Euro area, Brazil and stable in China while declining slightly in other countries like Japan, Russia etc. In the USA both the number of unemployed persons (12,8 million) and the unemployment rate (8,3%) were essentially unchanged in July 2012.

Unemployment usually correlates with a slowdown in demand, which usually leads to a slowdown in economic activities and a reduction in the prices of certain food stuffs. Figure 3

depicts the Food and Agricultural Organization (FAO)'s real food price indices (base period: 2002-2004).

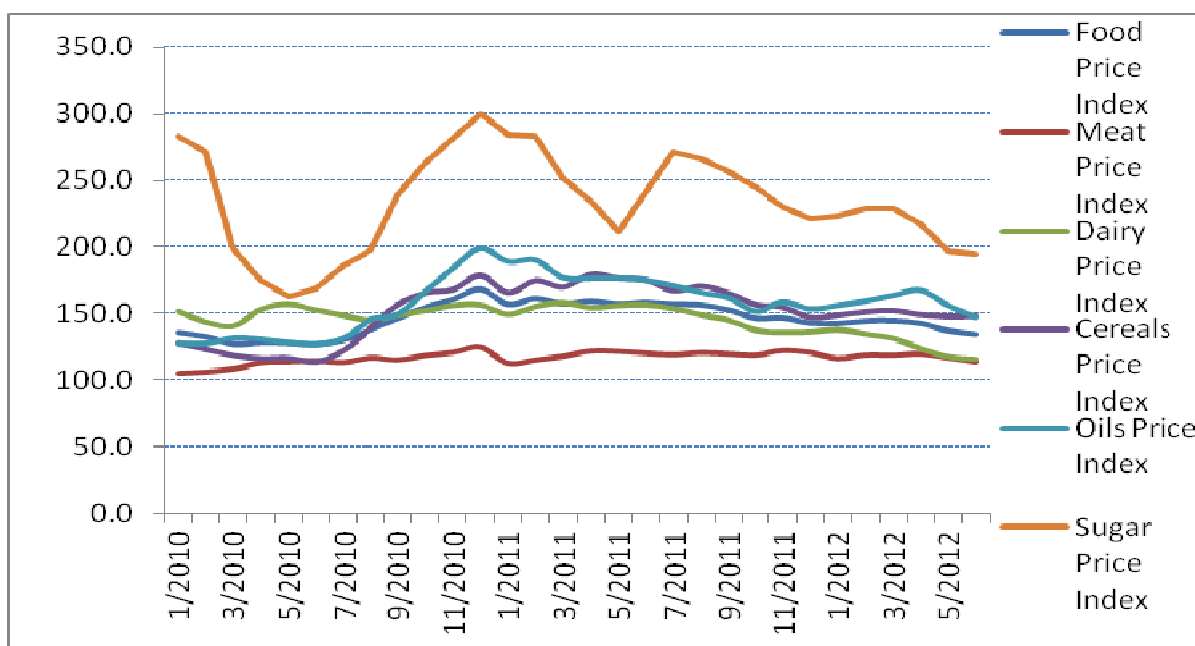


Figure 3: Food Price Indices

Source: FAO

The shortage in grain supplies and the rise in demand as well as other variables like the bad weather in major crop producing countries pushed up the price of cereals. The prices of other items like meat and dairy have declined by 1,7% and 0,3% respectively, between June and July 2012.

Overall the FAO expects food prices to decline in 2012 compared to 2011. The food price index is expected to average 140,9 in 2012 compared to 154 in 2011. "Global grains and oilseeds values were firm during August, underpinned by continued worries about deteriorating US maize (corn) and soybeans production prospects as well as shrinking crop expectations in the Black Sea region" (International Grain Council, 2012).

Maize: Drought in the Northern Hemisphere has affected crops with world production expected to drop by 4%. Contributing to the decline is the drought in the US in which most of the maize production was expected. Supplies have also tightened in the Ukraine, while harvest is still several months away in Brazil, Argentina and South Africa, and as result production is still susceptible to natural disasters.

Wheat: World wheat production in 2012/13 is expected to be around 34 million tons lower than last season's record. Food and industrial consumption are expected to grow, but feed use will likely be lower. World stocks are forecast to contract by 17 million tons.

Oilseeds: World 2012/13 soybean production is projected at 255 million tons, a 7% increase year-on-year (y/y) as a rebound in South America is expected to compensate US crop failures. Expanding feed demand in China will continue to shape world soybean trade. A record rapeseed/canola outlook in Canada is expected to overturn disappointing crops globally, with global production up slightly to 60,6 million tons near the 2009/10 record.

Meat Outlook: Global meat output is set to expand by approximately 2% to 302 million tons in 2012 and major increases are expected in poultry and pigmeat production. According to the FAO, most of meat production growth is likely to originate from the developing countries. Meat output is expected to decline in the developed world due to rising input costs and stagnating local demand, as well as the rise in competition from developing countries, particularly Brazil and India.

Milk and Milk products: World milk production in 2012 is forecast to grow by 2,7% to 750 million tons and Asia is expected to account for most of the increase. Demand for milk and milk products continue to rise (FAO, 2012)

Fish and Fishery products: World production of fish and fishery products is expected to rise by 2,1% to 157,3 million tons in 2012 compared to 2011. Captured fish is expected to decline by 0,4% to 90 million tons, while aquaculture production is expected to rise by 5,8% to 67,3 million tons. Rising energy and feed costs are likely to keep fish prices high during the year and prices remain important drivers of fish demand.

Looking at trade, the Grain and the Baltic freight indices declined by 3% and 25,6% respectively, in three months ending in July 2012 compared to the same period in 2011. This gives an indication of the slowing global trade. The Baltic Dry Freight is an index reflecting changes in the value of the overseas shipments of basic commodities such as 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 (Blackseagrains, 2011).

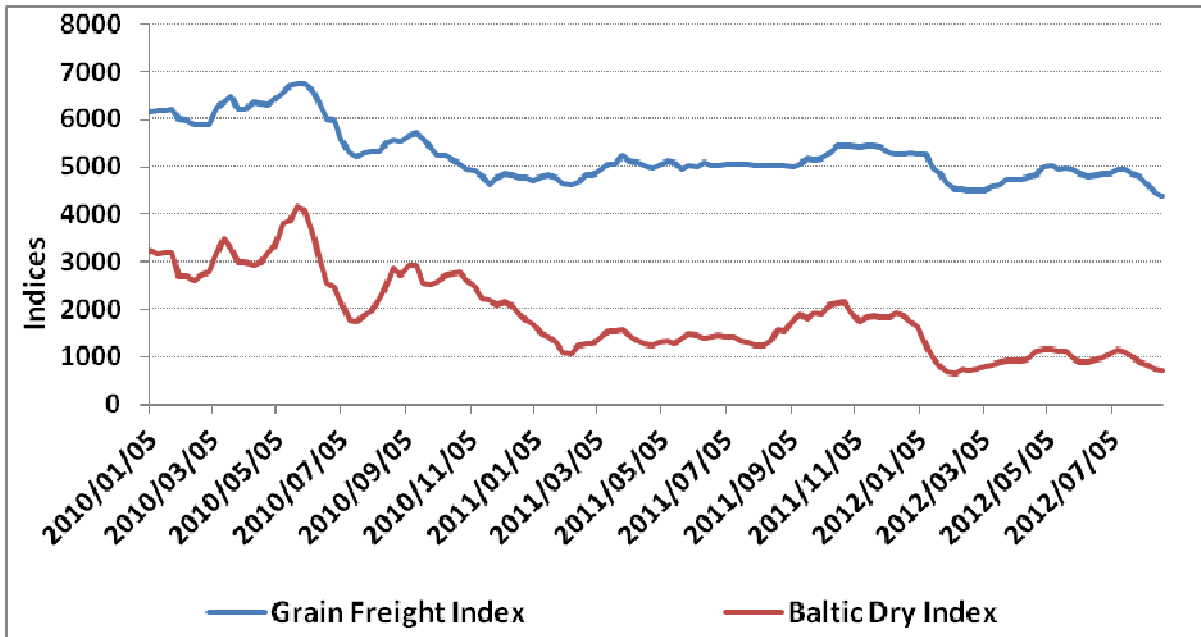


Figure 4: Grain and Baltic Dry Indices

Source: International Grain Council (IGC)

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

2.1 Growth

The real gross domestic product at market prices increased by 3,2% in the second quarter of 2012, up from 2,7% in the first quarter of 2012 – though slightly less than the market expectations of a 3,3% growth. The growth was boosted by a surprise jump in mining, which registered a 31,2% increase compared to a decrease of 16,8% in the first quarter of 2012.

According to Statistics South Africa (Stats SA), the main contributors to the increase in economic activity were mining and quarrying, which contributed 1,5%. Activities in the mining and quarrying industry reflected a positive growth due to higher production in the mining of other metal ores including platinum, other mining and quarrying and coal. Real estate and business services contributed 0,5% while the wholesale, retail and motor trade, catering and accommodation industry contributed 0,4%. The slower growth in finance, real estate and business services was because of a decrease in banking services, among others.

The manufacturing sector contracted by 1% after expanding by 7,7% in the first quarter of 2012. The reason for this decline could be attributed to lower production in basic iron and steel as well as in wood and wood products.

The nominal value added during the second quarter of 2012 was R788 billion. This is R23 billion more than in the first quarter of 2012. The largest increase in value was seen in agriculture, forestry and fishing, which expanded by R18 billion to reach R31 billion. Wholesale, retail and motor trade, catering and accommodation expanded by R5 billion to R104 billion. The mining and quarrying industry expanded by R4 billion to R66 billion while the manufacturing industry decreased by R3 billion to R91 billion. The finance, real estate and business services sector decreased by R2 billion to reach R146 billion.

Analysts believe that the strong GDP number suggests that the Reserve Bank will remain cautious on the domestic demand outlook but will still find it hard and too early to cut its repo rate in September while November is the more likely time for the rate cut. The International Monetary Fund believes that South Africa's economic growth is likely to moderate in 2012 due to weak external conditions and global uncertainty. The country's unemployment rate could become politically and socially unsustainable if not addressed.

Both the Reserve Bank and the Treasury expect the economic growth of 2,7% this year, but Finance Minister Pravin Gordhan has warned that he will revise this down in his October budget review. The festering euro zone crisis is likely to continue its drag on exports, while domestic labour strife should depress growth in the third quarter. Business Unity SA (Busa) revised its growth forecast for South Africa down to 2,5% for 2012 from 2,7% a few months ago, reflecting both deteriorating global economic conditions as well as domestic constraints on growth. Busa shares concerns expressed by the World Bank on the risks to social and political stability in South Africa posed by high unemployment, huge income disparities and widespread poverty. The key to higher growth and more jobs in SA ultimately lie in raising fixed investment in both the private and public sectors. If the country was to achieve a growth rate of six percent, it would need to be supported by a ratio of fixed investment to gross domestic product (GDP) of 25%. The ratio was 19,1% in the first quarter of this year, according to data from the Reserve Bank. It is now essential that the existing infrastructural programmes be implemented as soon as possible to crowd in private sector investment. (Business day)

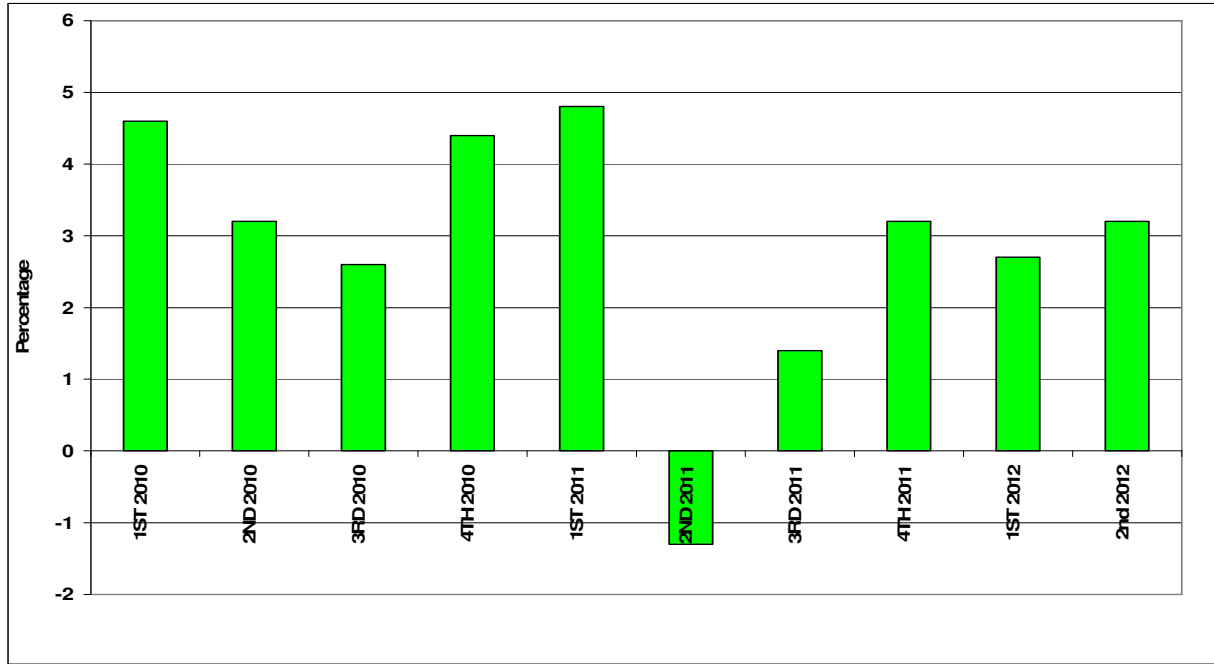


Figure 5: Trends in the GDP growth between 2010 and 2012

Source: Stats SA

Figure 5 shows trends in GDP growth for the second quarters of 2012, 2011 and 2010. The GDP growth in the second quarter of 2012 was 3,2%; a marked improvement compared to the second quarter of 2011 when GDP contracted by 1,3%. The GDP growth in the second quarter was boosted by a surprise jump in the mining sector which registered a 31,5% growth from a 16,8% contraction in the first quarter of 2012.

2.2 Inflation

The outlook for consumer inflation looks more favourable compared to three months ago. The CPI surprised on the downside for the fourth consecutive month in May, slowing to 5,7% y-o-y which is the first time since September 2011 that the annual CPI inflation rate was back within the 3 to 6% inflation target. The inflation rate declined further to 5,5% year-on-year in June 2012. Of equal importance is that underlying, or core, inflation has remained relatively well behaved, though the trend has been upward. After averaging 3,9% y-o-y in the second half of 2011, the CPI measure that excludes volatile categories such as food, transport and energy accelerated to an average of 4,4% in the first five months of 2012.

The food and non-alcoholic beverages index decreased by 0,2% between May 2012 and June 2012. The following components in the food and non-alcoholic beverages index decreased: fruit decreased by (4,3%), vegetables decreased by (0,6%), meat decreased by (0,5%) while bread and cereals decreased by (0,1%). The following components increased: oils and fats

increased by (0,9%), other food increased by (0,7%), milk, eggs and cheese increased by (0,6%), cold beverages increased by (0,4%), fish increased by (0,3%), sugar, sweets and desserts increased by (0,1%) and hot beverages increased by (0,1%).

Having considered the outlook for the most important inflation drivers, including food prices and petrol costs, there is now greater confidence that the CPI peaked at an average of 6,1% y-o-y during the first quarter of 2012. The BER expects that consumer prices will remain below 6% for the rest of 2012 and 2013, averaging 5,3% and 5,5% respectively, in the fourth quarters of 2012 and 2013. For 2012 as a whole, the CPI is set to average 5,7%; a meaningful downward adjustment from the 6,2% projected previously. Price pressures are set to ease further to 5,3% during 2013. The risks surrounding the 2013 forecast are higher due to the introduction of new CPI weightings from January 2013.

The producer price index (PPI) again posted a higher than expected increase of 6,6% year-on-year (y/y), remaining at this level for three consecutive months. Producer inflation rose by 4,4% month-on-month (i.e. compared to May). The main reason for the surprising stickiness of producer inflation was a higher than expected increase in electricity tariffs. The PPI electricity component jumped 52,3% m/m and contributed 5 percentage points to the m/m increase in producer inflation. The June PPI traditionally captures the seasonal increase in electricity tariffs, with further increases following in July. Since 2010, June increases in the PPI electricity component have been large relative to historic trends and smaller increases were recorded for July. With commodity prices no longer directly influencing producer prices to such a large extent, the BER expects the PPI to moderate to 4,8% in 2013 from a projected 5,9% during 2012. Assuming commodity prices remain well behaved for the rest of the year, the current headline PPI measure could average closer to 5,5% in 2012.

Figure 6 shows trends in the CPI for 2012, 2011 and 2010. In April 2012 the CPI stood at 6,1% above the Reserve Bank inflation target before it moved into the target range in May and June. Inflation unexpectedly moved downwards to within the Reserve bank target and reached 5,5% in June 2012, down from 5,7% in May 2012. The average inflation for the second quarter of 2012 was 5,8% compared to the average inflation of 6,1% in the first quarter of 2012.

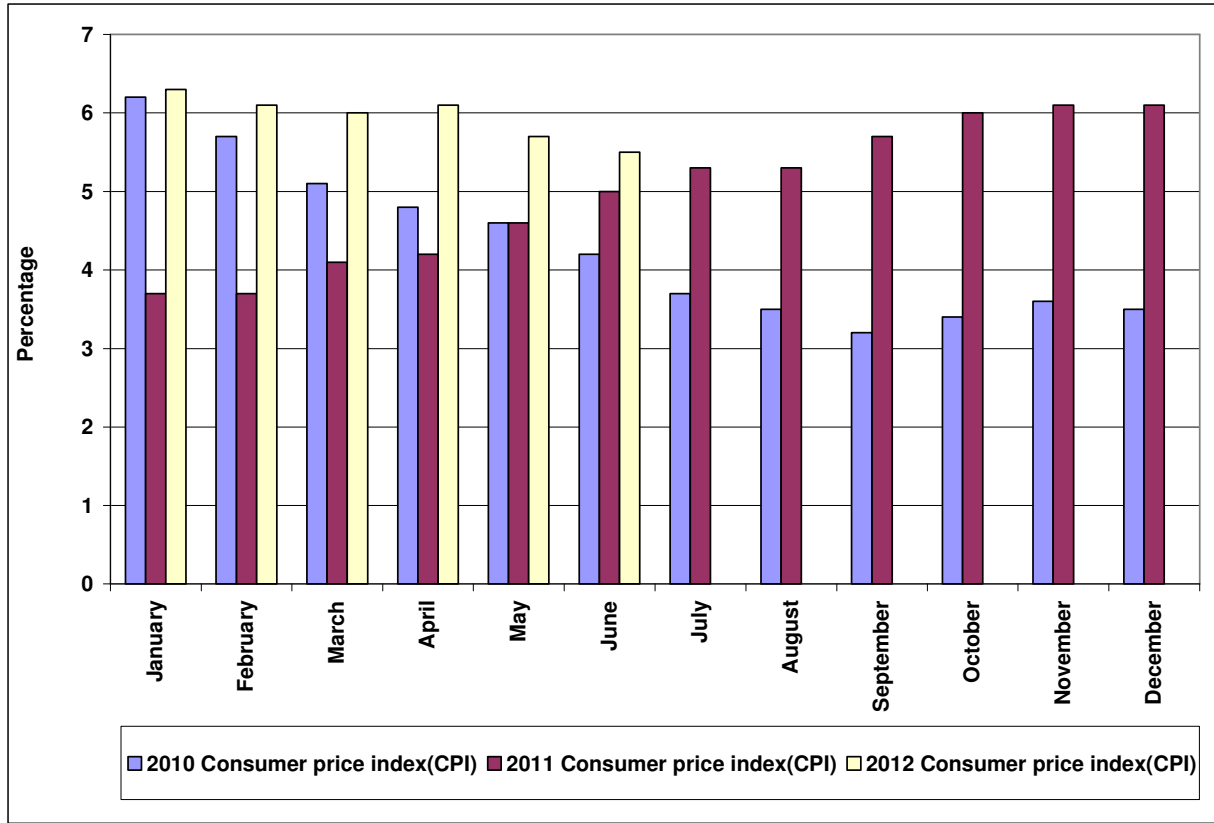


Figure 6: Trends in the CPI between 2010 and 2012

Source: Stats SA

2.3 Employment

The SA unemployment rate dropped to 24,9% in the second quarter of 2012. Employment increased by 0,2% or 25,000 persons between the first and second quarters of 2012. The number of unemployed people now stands at 4,5 million while the number of employed people is at 13,4 million. The expanded unemployment rate, which includes discouraged workers, also declined to 36,2% from 36,6% in the previous quarter. The change is attributed to an increase in employment in the formal sector. Between the first and second quarters of 2012, formal sector employment increased by 62 000 jobs while informal sector employment decreased by 21 000 jobs.

Employment in agriculture decreased by 18 000, while employment in private households remained virtually unchanged. Compared to the same quarter of last year, the number of employed South Africans in the formal sector increased by 4,1% or 373 000. The growth in formal sector jobs was mainly driven by the community and social services industry. It boasted

the creation of 183 000 jobs. Construction and mining also fared well, with 26 000 and 21 000 more people employed in each industry, respectively.

Four of the country's nine provinces also marked a drop in unemployment levels. The biggest decrease in the unemployment rate was observed in Limpopo with 1,7 percentage points, Mpumalanga with 1,4 percentage points and KwaZulu-Natal with 0,7 of a percentage point. Despite overall levels of unemployment declining year-on-year, the number of unemployed persons increased by 24 000 among those with tertiary education (Stats SA).

2.4 Expenditure on intermediate goods and services by the agricultural sector

During the second quarter of 2012, the expenditure on intermediate goods and services increased by 13,2% to reach R22,8 billion, compared to R20,1 billion in the second quarter of 2011. The increase in intermediate expenditure was supported by the significant increase in expenditure on packing material which increased by 21,0%. The expenditure on seeds and plants also contributed an increase of 18,1%. Farm services costs increased by 16,1% while electricity costs increased by 11,1% in the second quarter of 2012.

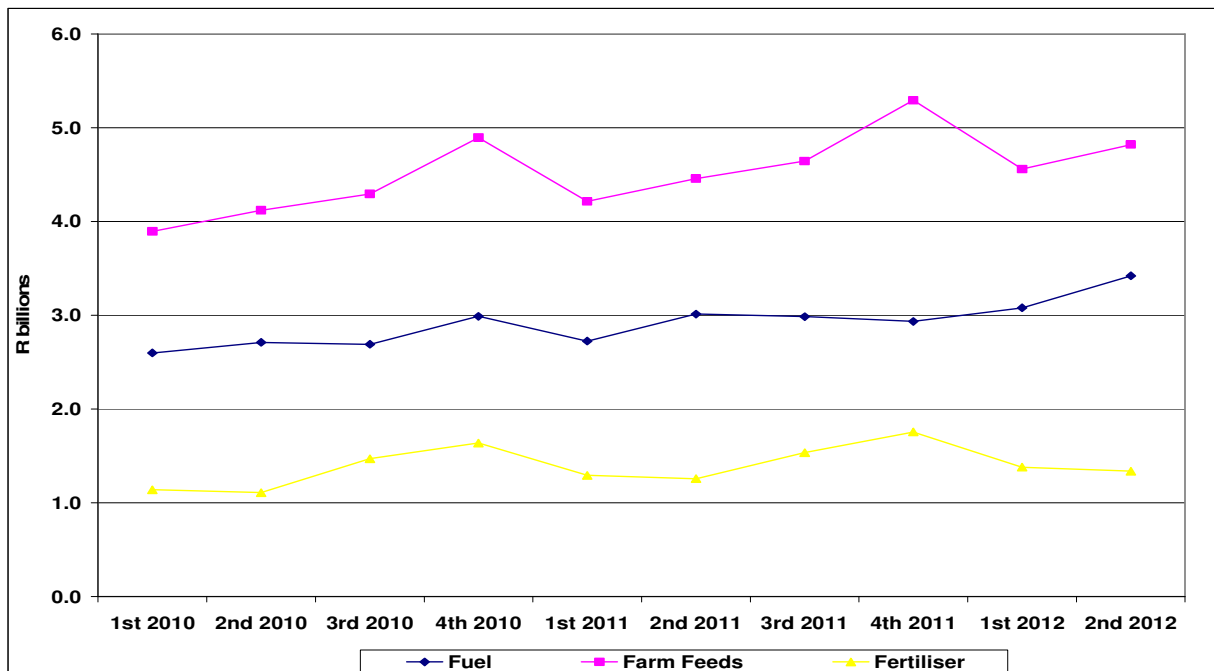


Figure 7: Trends in the expenditure on fuel, farm feeds and fertilisers between 2009 and 2011

Source: DAFF

Figure 7 shows the total expenditure on fuel, farm feeds and fertilizers between the second quarters of 2012, 2011 and 2010. The expenditure on fuel during the second quarter of 2012 increased by 13,5% to R3,4 billion compared to R3,0 billion in the second quarter of 2011,

while it increased by 11,1% compared with the second quarter of 2010. During the same period the expenditure on fertilizer increased by 6,4% to R1,3 billion in the second quarter of 2012 compared to R1,2 billion in the second quarter of 2011, while the expenditure on fertilizer increased by 13,4% compared to the same quarter of 2010. The expenditure on farm feeds increased to R4,8 billion in the second quarter of 2012 compared to the R4,4 billion in the second quarter of 2011, an increase of 8,2% and an increase of 8,2%.

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

Real gross farm income from all agricultural products amounted to R52,0 billion in the second quarter of 2012 compared to the R40,9 billion reported in the second quarter of 2011, an increase of 27,3%. This increase was largely supported by a huge increase in gross income from field crops which increased significantly by 73,9% from R12,5 billion reported in the second quarter of 2011 to R21,7 billion recorded in the second quarter of 2012. The significant increase in field crops was boosted mainly by the increase in income from maize which nearly tripled in the second quarter of 2012 compared to the second quarter of 2011 (Appendix A.2). Other significant increases in income from field crops were recorded in crops such as groundnuts, wheat, dry beans and sugar cane which increased by 73,3%, 69,3%, 54,5% and 41,3% respectively.

The real gross income from animal products increased slightly by 9% to R18,6 billion in the second quarter of 2012 from R17,1 billion in the second quarter of 2011. This was largely supported by significant increases in gross income from ostrich feathers and products which increased by 95,1% in the second quarter of 2012. Gross income from mohair and milk contributed 25,4% and 23,4% respectively.

Gross income from horticultural products increased slightly by 3,7%, to R11,7 billion in the second quarter of 2012 from R11,3 billion in the same quarter of 2011. This increase is largely attributed to a significant increase in income from dried fruit which increased by 204,1%. Income from rooibos tea also increased by 30,8% while gross income from tea and subtropical fruit decreased by 36,8% and 9,6% respectively. (Appendix A.2)

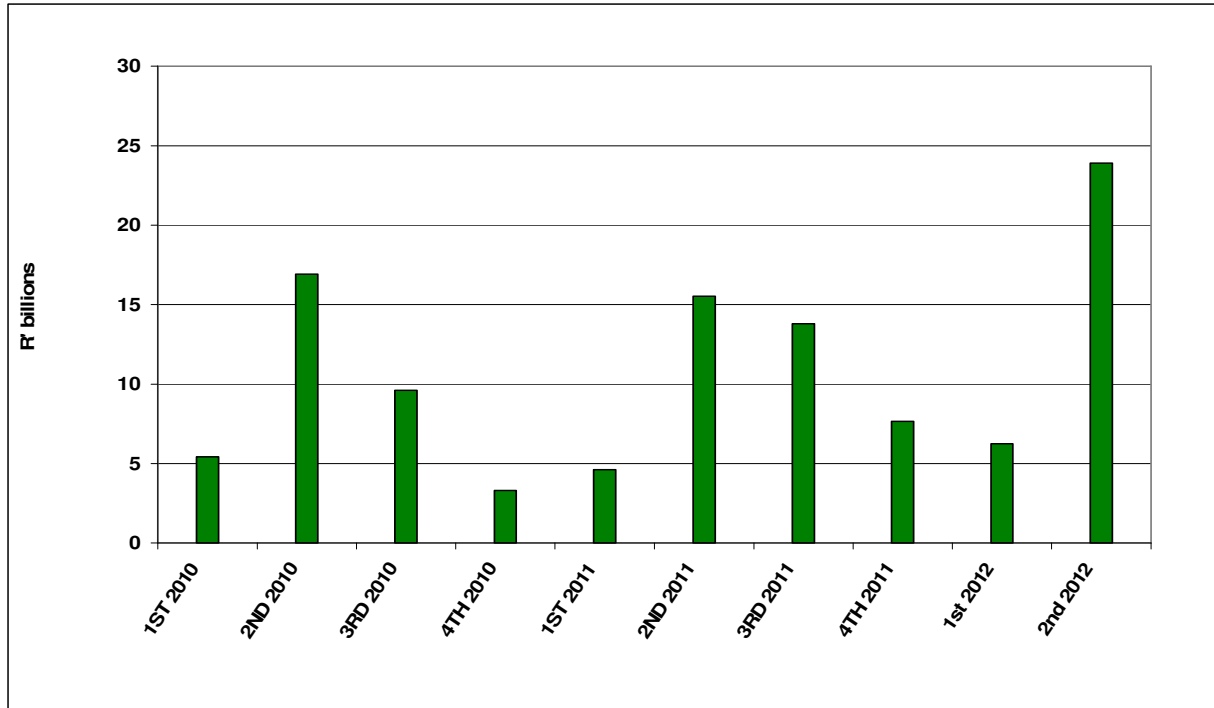


Figure 8: Trends in the net farm income between 2010 and 2011

Source: DAFF

Figure 8 shows that the net farm income in the second quarter of 2012 rose significantly compared to the net farm income recorded in the second quarter of 2011. The net farm income in the second quarter of 2012 was estimated at R23,9 billion, an increase of 54,0% compared to R15,5 billion in the second quarter of 2011, while it decreased by 8,2% compared to the second quarter of 2010. The increase in net farm income was boosted by the increase of 27,3% in income from all agricultural products which amounted to R52,0 billion in the second quarter of 2012 compared to the R40,9 billion reported in the second quarter of 2011.

2.6 Private consumption expenditure on agricultural products

During the second quarter of 2012, private expenditure on food reached R100,5 billion, an increase of 10,1% compared to the R91,3 billion reported for the second quarter of 2011. The main expenditure item was bread and grains with an increase of 15,8%. The expenditure on milk, milk products and eggs also increased by 13,3% while the expenditure on coffee, tea and other expenditure increased by 10,1% in the second quarter of 2012. The expenditure on meat and potatoes increased by 8,5% and 4,1% respectively, while the expenditure on fruit and vegetables increased slightly by 4,1%. The expenditure on oils and fats recorded a decrease of 3,6% while the expenditure on sugar also decreased slightly by 1,1% (Appendix A.3)

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

Trading of agricultural products slowed between the second quarter of 2011 and the second quarter of 2012 due to slowing global economic activity and the continuation of the Euro zone crisis, as well as less-than-optimal forecasts for South African growth in 2012 (BUSA, 19 July 2012). According to data on table A.4, the total export value of agricultural products decreased by 2%, from R13,3 billion to R13,0 billion between the second quarter of 2011 and the second quarter of 2012. During the second quarter of 2012, South Africa gained most of its agricultural export revenue from products exported to the United Kingdom. From this country alone, SA gained R1,3 billion of agricultural export revenue which represents 10% of the total export value. Netherlands was the second leading export destination for SA's agricultural exports with R1,1 billion of agricultural export revenue received, representing 8% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include Zimbabwe, Mexico, Mozambique, China, Germany, Angola, United Arab Emirates and the United States. According to data on table A.4, all of these countries accounted for 54% of the total export revenue received from agricultural products.

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

The total import value of agricultural products increased considerably between the second quarter of 2011 and the second quarter of 2012. According to data on Table A.6, the total import value of agricultural products increased by 10% from R9,6 billion to R10,6 billion between the second quarter of 2011 and the second quarter of 2012. The top ten leading sources of agricultural imports into South Africa during the second quarter of 2012 collectively accounted for 62% of the total import value of agricultural products (see Table A.6). Argentina, China, Brazil, and Thailand were the 4 leading sources of agricultural imports during the second quarter of 2012, accounting for 12%, 8%, 8% and 5% respectively, of the total import value of agricultural products. The four key agricultural products which contributed a considerable amount to the total import value include rice (11%), palm oil (8%), soybean oilcake (6%) and chicken cuts (5%), see table A.7. According to data on table A.7, all of these products accounted for 30% of the total import value of agricultural products.

2.7.2 Fisheries trade

Since late 2011 and early 2012, the world economy has entered a difficult phase characterized by significant downside risks and fragility, and key markets for fisheries trade have slowed sharply. Among the factors that might influence the sustainability and growth of fishery trade are the evolution of production and transportation costs and the prices of fishery products and alternative commodities, including meat and feeds. Owing to increased costs and continuous high demand, prices have started to rise again. With aquaculture accounting for a much larger share of total fish supply, the price swings of aquaculture products could have a significant impact on price formation in the sector, possibly leading to more volatility (State of world fisheries and aquaculture, 2012). According to the FAO (Food Outlook Report, May 2012), international trade is expected to grow by 9,4% in 2012, implying a slowing down compared with trade in 2011. According to data on table A.8, the total export value of fish and seafood decreased considerably by 46%, from R623 million to R339 million between the second quarter of 2011 and the second quarter of 2012. Major export destinations for South African fish and seafood were Italy, Spain, Hong Kong, Japan, Australia, United States, China, Netherlands, Germany and Mauritius which jointly accounted for 86% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the second quarter of 2012 include lobsters (live, fresh, chilled, salted or in brine), rock lobster and other sea crawfish (frozen), fish (prepared or preserved, whole or in pieces), cuttle fish and squid (frozen, dried, salted or in brine), and fish (prepared or preserved), see Table A.9.

According to data on Table A.10, the total import value of fish and seafood increased considerably by 48% from R259 million to R383 million between the second quarter of 2011 and the second quarter of 2012. The 10 major sources of imports, which accounted for 92% of the total import value of fish and seafood in the second quarter of 2012, include Thailand, China, Spain, Norway, United States, United Kingdom, Falkland Islands, Philippines, Indonesia and Uruguay. Imported products which accounted for 90% 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), cuttle fish and squid (frozen, dried, salted or in brine), salmonidae (fresh or chilled) and fish (prepared or preserved, whole or in pieces) see Table A.11.

2.7.3 Forestry trade

Trading of forestry products increased marginally between the second quarter of 2011 and the second quarter of 2012. The global economic situation is still a challenge and the South African forestry sector continues to remain under pressure. According to Forestry South Africa, the cost of doing business continues to affect the sustainability of forestry operations which causes great concern for businesses to remain competitive in the local and international markets. The total export value of forestry products increased by 5%, from R2,3 billion to R2,4 billion between the second quarter of 2011 and the second quarter of 2012 (Table A.12). Export destinations for forestry products during the second quarter of 2012 include Indonesia, China, India, Zimbabwe, Thailand, United Kingdom, Belgium, Mozambique, Zambia and Germany which jointly accounted for 69% of the total export revenue from forestry products. The most important forestry products which accounted for 78% of the total export revenue of forestry products include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda etc, N Dis BI and BI nonconif), newsprint (in rolls or sheets) and cartoons, boxes and cases (corrugated, paper and paper boards) etc see Table A.13.

The total import value of forestry products decreased slightly by 2% from just below R1,6 billion to reach slightly above R1,6 billion between the second quarter of 2011 and the second quarter of 2012 (Table A.14).

SA's major forestry import sources include China, United Kingdom, United States, Germany, Sweden, France, Finland, Indonesia, Italy, and Austria which jointly accounted for 73% of the total import value of forestry products. The major forestry products imported during the second quarter of 2012 include printed books, brochures etc, paper or paper boards (light weight writing etc, clay coated over 10mech), paper/paper boards (cellulose wadd etc), chemical woodpulp (soda etc, N Dis S BI and BI conif) and plywood, veneer panels & similar lam wood, see Table A.15. All of these products accounted for 40% of the total import value of forestry products.

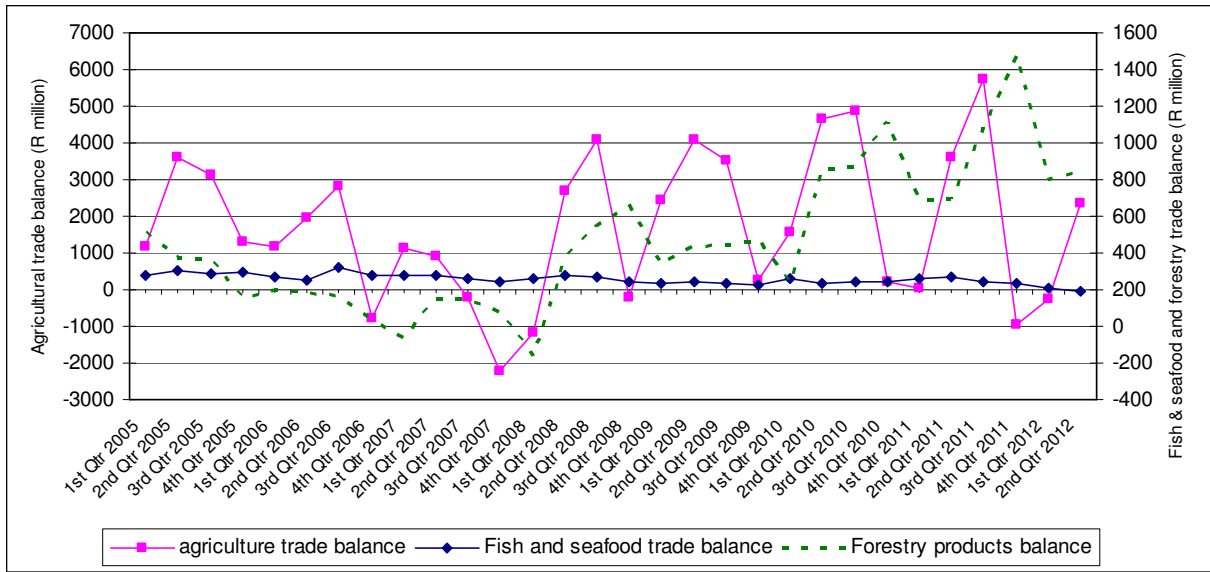


Figure 9: Trends in trade balances for agriculture, fish and seafood and forestry products.
 Source: South African Revenue Services

Figure 9 shows trends in the trade balances of agricultural, fish and seafood as well as forestry products. Between the first quarter of 2005 and the second quarter of 2012, 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. Since 2009, agriculture trade improved significantly, entering positive territory from the first quarter of 2009 until 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 due to continued weakness in the global economy and domestic structural constraints. With 2012 set to be a challenging year, agriculture’s trade balance entered negative territory in the first quarter of 2012 but recovered considerably to move to a positive territory during the second quarter of 2012. Though the global economic situation is still challenging, with heightened risks of a severe downturn, the Reserve Bank cut interest rates to support economic recovery and to assist in boosting investment, consumption and business confidence (BUSA, 19 July 2012).

The fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the second quarter of 2012 but has been in positive territory until the second quarter of 2012 when fish and seafood trade balance entered the negative territory. With the world economy currently in a difficult phase, there has been significant fragility within the domestic fisheries industry and key markets for fisheries trade have slowed sharply.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the second quarter of 2012, 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 R 842 million in the second quarter of 2012.

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. Despite below-average rains during the second half of the production season (January-April), an expansion in the area planted to maize resulted in an increase in the 2012 output to 10,8 million tons, marking a year-on-year increase of 4,6% (Crop prospects and food situation, June 2012 and Food security bulletin, July 2012).

Notwithstanding an increase in the 2012 maize output, higher exports together with smaller than initially anticipated 2012 maize crop paved the way for significant reduction in projected 2012 ending stocks after the completion of the 2012 harvest (BFAP, 2012).

During the second quarter of 2011, the average opening stock for white and yellow maize was 1,7 million tons and 799 000 tons respectively, while the average total opening stock (white maize plus yellow maize) was 2,4 million tons. During the second quarter of 2012, the expected production of maize was reduced significantly due to below-average rains that negatively impacted on potential yields (Crop prospects and food situation, June 2012). Thus during the second quarter of 2012, the average opening stock for white and yellow maize was 903 000 tons and 810 000 tons respectively, while the average total opening stock (white maize and yellow maize) was 1,7 million tons, approximately 30% less than in the second quarter of 2011. Consumption of maize in South Africa totaled 2,2 million tons in the second quarter of 2011. Of this total, 1,6 million tons were white maize while 680 000 tons were yellow maize. Consumption of maize during the second quarter of 2012 totaled 2,1 million tons, 4% less than in the second quarter of 2011. Of this total, 1,1 million tons were white maize while 1,0 million tons were yellow maize. The total maize exported during the second quarter of 2012 reached 370 000 tons which was 439 000 tons less than 809 000 tons of maize exported during the second quarter of 2011. According to Grain SA, trade expectations indicate that maize exports may reach 400 000 tons between May and August 2012.

Internationally, wheat production remained a relatively attractive option for producers around the globe in 2012, reflecting continuing high prices, and thus encouraging planting to be maintained. However, unfavourable weather has lowered winter crop survival in some major producing areas and average yields are expected to be lower after record levels last year (BFAP, 2012). Domestically, local wheat producers planted a total of 605 000 hectares of wheat during 2011, which was 8% more than in 2010 due to an increase in wheat plantings in the summer rainfall area. The higher acreage together with above trend yields resulted in a 33% increase in local wheat production and fewer imports were needed to bridge the supply gap in 2011. However, regardless of higher 2011 wheat prices and good yields, producers in the summer rainfall area are expected to decrease plantings by 17% in 2012 because of the higher maize planting and less favourable soil moisture conditions at the onset of the 2012 wheat planting season. On the other hand, producers in the winter rainfall areas are expected to keep wheat planting unchanged from 2011 during the new season (BFAP, 2012). According to the Food security Bulletin (July 2012), early indications are that producers intend to plant 546 700 hectares of wheat for the 2012 season which is 58 000 (9,6%) hectares less than the area planted to wheat in 2011.

During the second quarter of 2011, the average opening stock of wheat for human consumption was 1,1 million tons while the average opening stock of wheat for animal feeds reached 12 000 tons. The average opening stock of wheat for human consumption during the second quarter of 2012 increased by 28% to reach 1,4 million tons, meanwhile, the average opening stock of wheat for animal feeds increased marginally but still remained at 12 000 tons. The average total opening stock of wheat increased by 27% from 1,1 million tons to 1,4 million between the second quarter of 2011 and the second quarter of 2012.

Consumption of wheat in the second quarter of 2011 amounted to 727 000 tons. Of this total, 718 000 tons were for human consumption while the rest was kept at producer level as seed for the next planting season. During the second quarter of 2012, consumption of wheat increased by 8% to reach 784 000 tons. Of this total, 751 000 tons were used for human consumption, 27 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season. According to BFAP (2012), local wheat consumption is expected to increase by 2% annually over the next decade due to a growth in the population as well as an increase in per capita consumption.

Following the tightening of world oilseed stock during 2011, world oilseed prices were pushed higher in the past season. The world market anticipated that world stocks would be replenished by the expansion in soybean acreage in USA. However, due to the current drought that has a detrimental impact on soybean yields, crop estimates are lowered (BFAP, 2012).

Locally, due to prospective good returns on maize production and unfavourable planting conditions during the 2012 summer grain planting season, a 30% drop in sunflower planting has been projected. Soybean planting on the other hand increased by 13% due to strong soybean prices obtained in 2011 and the superior crop rotation benefits of soybean. The decline in sunflower plantings and the further increase in soybean plantings resulted in soybean overtaking sunflower seed as the most important oilseed crop produced in South Africa in 2012 (BFAP, 2012). During the second quarter of 2012, the total opening stock of sunflower averaged 184 000 tons which was 29 000 tons (13%) less than the recorded 213 000 tons in the second quarter of 2011. Consumption of sunflower increased by 5% from 167 000 tons to 176 000 tons between the second quarter of 2011 and the second quarter of 2012. Imports of this commodity increased to 1 000 tons in the second quarter of 2012 from no sunflower seed being imported in the second quarter of 2011. Meanwhile, the average opening stock of soya beans averaged 373 000 tons in the second quarter of 2012, approximately 55% more than 241 000 tons recorded for the second quarter of 2011. Consumption of soya beans increased by 39% from 114 000 tons to 158 000 tons between the second quarter of 2011 and the second quarter of 2012.

The domestic prices of white and yellow maize averaged R1 685/ton and R1 708/ ton respectively, in the second quarter of 2011 while wheat, sunflower and soya bean prices averaged R 3 120/ton, R 4 001/ton and R3 228/ton respectively, during the same period. In the second quarter of 2012, the price of white and yellow maize increased by 27% and 21% to average R2 136/ton and R2 061/ton respectively. During the same period, the price of sunflower and soya beans increased by 20% and 29% to average R4 786/ton and R4 166/ton respectively. On the contrary, the price of wheat decreased by 10% to average R2 823/ton. According to BFAP (2012), local maize prices have not yet traded below export parity prices as was in 2011. Nevertheless, even with sufficient ending stock levels, the average 2012 local maize prices are projected to be higher than the 2011 averages as world prices are significantly higher. With regard to wheat, local wheat prices will be dictated by the international wheat price and exchange rate fluctuations. According to BFAP (2012), the

SAFEX wheat price is projected to increase in 2012 while oilseed prices are expected to remain at record levels in 2012.

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 first quarter of 2010, 2011 and 2012.

Between the second quarter of 2011 and the second quarter of 2012, the average prices of apples, pears and grapes increased by 7%, 8% and 5% respectively, despite an increase in the quantities supplied to markets. During the same period, the average price of bananas increased by 10% on a combination of reduced supplies and good uptake across most markets. On the other hand, the average prices of avocados, oranges and mangoes decreased by 10%, 3% and 11% respectively, between the second quarter of 2011 and the second quarter of 2012, on improved supplies across markets.

The quantity of selected fruits traded through FPMs increased significantly between the second quarter of 2011 and the second quarter of 2012, except for bananas which decreased by 8% due to limited supplies in markets. The quantity of apples, avocados, oranges, pears, mangoes and grapes increased by 5%, 31%, 1%, 5%, 163% and 19% respectively during the period under review due to improved supplies across markets. According to BFAP (2012), demand for grapes in the domestic market remains strong as prices on average increased by 10% in 2010/11, despite the 10% increase in volume traded. Supply to the local market is estimated slightly higher in 2011/12 compared to the previous season with price increases of roughly 6%. With regard to apples, the area planted to bearing apple trees is projected to continue its upward trend, increasing by 470 hectares in 2012. Total apple production is projected to reach 790 830 tons in 2012, up 3% from the previous year. Meanwhile, the price of pears sold locally is estimated to increase by 7% in 2012, supported by lower supply and relatively high prices for processing pears. Growth in the quantities of mangoes supplied to FPMs is on account of good weather conditions and higher yields expected per hectare (ARC Economic outlook report, March 2012).

Prices of a number of vegetables traded through the FPMs decreased significantly between the second quarter of 2011 and the second quarter of 2012 on sluggish demand, improved supplies and weak uptake across most markets. The prices of beetroot, carrots, lettuce,

onions, potatoes, spinach, and tomatoes decreased by 9%, 24%, 34%, 5%, 1%, 24% and 13% respectively (Table B.4). During the same period, the prices of cucumber, cabbage, green beans and sweet potatoes increased by 63%, 36%, 7% and 13% respectively, due to a combination of reduced supplies and good uptake across most markets.

During the period under review, quantities of most vegetables traded through FPMs increased significantly with the quantities of beetroot, carrots, lettuce, onions, potatoes, spinach, tomatoes, green beans and sweet potatoes increasing by 16%, 23%, 8%, 6%, 6%, 47%, 16%, 1% and 6% respectively, on improved supplies across markets. During the same period, the quantities of cucumber remained the same as the second quarter of 2011 while cabbage decreased by 8% due to limited supplies across most markets.

2.8.3 Meat Industry Review

According to the FAO, the struggle for markets is expected to intensify in 2012 as increased production in key importing countries slows down global meat trade expansion.

Global meat prices recovered significantly from the 2009 decline, following positive economic signals. According to BFAP, beef prices were the most affected by the economic crisis, as consumers switched to cheaper animal protein, resulting in chicken markets remaining relatively strong throughout the crisis. However, the recovery of prices has been greater in the beef market due to a contraction in supply. World stock numbers have declined and the US cattle herd numbers are at its lowest since 1960. Extremely dry conditions in the US have prevented the industry from responding normally to the recovery in prices. Higher profits over these past two years have allowed a number of countries to rebuild herds. FAO on the other hand indicates that global meat output is set to expand by nearly 2% in 2012.

Locally, the domestic meat market remains vulnerable to any significant drop in economic growth. According to BFAP, the price margins between various types of meat changed continuously as the impact of key exogenous drivers differed from one industry to the next. The outbreak of the Rift Valley Fever in 2011 and more recently foot and mouth disease has also influenced the behaviour of role players in the market.

Between the second quarter of 2011 and the second quarter of 2012, the gross production value of beef increased slightly by 1% to R4,1 billion. During the same period, the average

price of beef decreased by 2% from R 25,94/kg to R 25,54/kg. While rising food prices have constrained growth expectations for meat consumption, beef prices have been under pressure due to seasonal weakness in consumer demand as a result of the winter period (FNB, Agri weekly newsletter, 25 May 2012). In the Meantime, the number of cattle slaughtered decreased by 1% between the second quarter of 2011 and the second quarter of 2012 from 561 239 to 555 661 (Table B.6).

Globally, according to the FAO, growth of the poultry sector is being dampened by high feed prices and on going trade disputes. BFAP (2012) indicates that the profit margins of pork and chicken farmers came under pressure in 2011 due to spiralling feed prices. While pork prices grew strongly along with feed costs, chicken prices failed to keep up, placing significant pressure on farmer's margins.

Domestically, commercial production of poultry decreased by 26%, from 355 855 metric tons to 264 596 metric tons between the second quarter of 2011 and the second quarter of 2012. According to BFAP (2012), if increased consumption could be met with local production, imports would be less. In the meantime, the import parity of imported whole birds originating from Argentina and Brazil is still trading significantly below the domestic price for whole frozen chicken and if this trend continues, increased imports are set to continue. Between the second quarter of 2011 and the second quarter of 2012, the gross production value of poultry increased by 11% from R 6,3 billion to R7,0 billion. During the same period, the average price of poultry per ton increased by 9% from R 17 013/ton to R 18 517/ton.

2.8.4 Eggs and dairy Industry Review

2.8.4.1 Eggs

Despite exceptional volatility in the domestic egg market, the producer price of eggs has on average increased at a faster rate than feed costs (maize). This positive output-input price ratio supports the expansion of the local industry in order to match the increase in per capita consumption (BFAP, 2012). Between the second quarter of 2011 and the second quarter of 2012, the gross production value of eggs increased by 9% from R 1,7 billion to R 1,9 billion. During the same period, the average price per dozen of eggs increased by 4% from R 8,91/

dozen to R 9,26/dozen. Total production of eggs between the second quarter 2011 and the second quarter of 2012 increased by 5% from 194,8 million dozens to 204,5 million dozens.

2.8.4.2 Milk

International dairy markets have been characterised by extreme volatility due to changes in supply and demand balance. According to the FAO Food outlook report (May, 2012), world milk production is forecast to grow by 2,7% in 2012, with dynamic domestic demand being the main engine stimulating growth. Locally, a tight balance existed between the production and the utilisation of fluid milk for many years. Recently, according to the Milk Producer's Organization (MPO), milk production increased by 3,1% during the first four months of 2012 as compared to the same period last year. According to the MPO, the main reasons for higher production were the adverse production conditions in 2011 and the more favourable climatic conditions during the first four months of 2012. More specialised dairy farmers also contributed to the higher production.

The MPO also reported that total dairy exports in May 2012 exceeded imports by 7 560 tons while total exports of milk from January to April 2012 exceeded imports. According to MPO Economist, Dr Koos Coetzee, strong export performance together with strong local demand will result in a favourable supply/ demand situation. Between the second quarter of 2011 and the second quarter of 2012, the gross production value of milk increased by 23%, from R 2,1 billion to R2,5 billion. During the same period, the average price per litre of milk increased by 21% from R 2,89/ℓ to R3,50/ℓ. Total production of milk between the second quarter 2011 and the second quarter of 2012 increased by 2% from 713,7 million litres to 724,8 million litres.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

Normal to near normal rainfall was received in June 2012 over most parts of the country but was below normal in Limpopo. Rainfall decreased in July with only the Eastern Cape, parts of Western and Northern Cape Provinces receiving above normal rainfall while the remainder of the country received near normal to below normal rainfall.

Rainfall Forecast: No enhanced probabilities for above- or below-normal rainfall totals are expected for South Africa during the second to the third quarters of 2012. Only during November-December (2012) and in January (2013) are enhanced probabilities for below-normal rainfall totals expected for most parts of South Africa.

Rainfall is anticipated to remain climatology over most parts at the beginning of summer, which means that farmers should plan their activities in accordance with weather conditions usually associated with that particular period/ season in their areas. Maximum temperatures are anticipated to be below normal in the central interior while minimum temperatures are expected to be above normal in Southern parts but below normal in the North. Farmers are encouraged to utilize 7 day weather forecasts for short term planning (National Agrometeorological Committee, 2012).

Crop outlook: Hectares allocated to maize and soybeans production have been increased in 2012 compared to 2011, while hectares allocated to other crops have declined with others like sorghum and sunflower declining significantly. The hectares allocated to maize production have increased by 12,5% in 2012 from 2,372 million hectares in 2011. Hectares allocated to white and yellow maize plantings have increased by 15,4% and 11,4% respectively, mainly due to attractive maize prices. Hectares allocated to soybeans production increased by 12,9% during the same period.

SA maize production is expected to average 11 192 million tons, up from 10 837 million tons in the July 2012 forecast; which is 8% higher from the 2011 figure. White and yellow maize tons for the 2012 season are expected to average 6 362 and 4 829 million tons, a 5,1% and 12,1% increase, respectively. The forecast has been adjusted upward for both white and yellow maize compared to the July forecast.

Hectares allocated to sunflower, groundnuts, sorghum and dry beans decreased by 29,5%; 17,6%, 29,8% and 5,1% respectively, in 2012 compared to 2011. Sunflower, soybeans, groundnuts, sorghum and dry beans tons are expected to approximate 527 110; 646 950; 60 290; 137 150 and 47 695 tons.

The area allocated to wheat and malting barley plantings has been adjusted upward by 0,8% and 2% respectively, from the July forecast. Area allocated to wheat is still 8,8% lower than the 604 700 hectares in 2011, while hectares allocated to malting barley and canola plantations increased by 6% and 1,4% from 80 150 and 43 510 hectares in 2011. The production of wheat and malting barley is expected to decline by 12% and 3,6% respectively while canola production is estimated to increase by 12,5%.

Meat production outlook: Chicken production is expected to increase to 1,8 million tons over the next decade and SA is expected to remain a net importer of chicken meat as the annual average growth in production (2,8%) is outpaced by the growth in consumption (4,5%) over the outlook period 2012-2020 (BFAP,2012). The chicken to maize price ratio is one of the key indicators illustrating the potential profit in the industry; and currently maize prices are high and are likely to rise further due to expected maize shortages which might push the chicken price higher as feed costs rise.

Beef demand and supply is projected to grow at a constant rate, rising above previous year's outputs. Herd numbers are expected to increase on the back of significant increases in prices (BFAP, 2012). South Africa is expected to remain a net importer of pork. During periods of an appreciating exchange rate, cheaper imports pose a greater threat to the domestic industry (BFAP, 2012).

Milk production: According to the MPO, year-on-year milk production growth has slowed down from 6,9% in June to 3,9% in July 2012. Total milk production for July 2012 is estimated at 209-million litres. Feed and other input prices are at record high levels and the milk-to-feed price ratio has slowed down to the lowest level in 10 years. Farmers are experiencing price-cost squeezes and milk production growth may slow down further as a result. Local consumption is expected to continue outstripping production in 2012 as it did in 2011. Production is expected to be slightly higher than in 2012.

3.2 Employment

Employment in the primary agricultural sector declined in the second quarter of 2012 compared to the first quarter of 2012, although expectations were of employment in agriculture rising during the planting and harvesting of winter and summer crops respectively in the second quarter. Due to the seasonality of the sector, employment might decline further

as most of the winter crops are already on the ground. Employment in the sector is expected to rise in the fourth quarter of 2012 during the summer crop plantations.

3.3 Inflation

The headline CPI (for all urban areas) annual inflation rate in July 2012 was 4,9%. This rate was 0,6 of a percentage point lower than the corresponding annual rate of 5,5% in June 2012. The food and non-alcoholic index decreased in June compared to July 2012, with decreases coming from the cereals, fruit and meat indices.

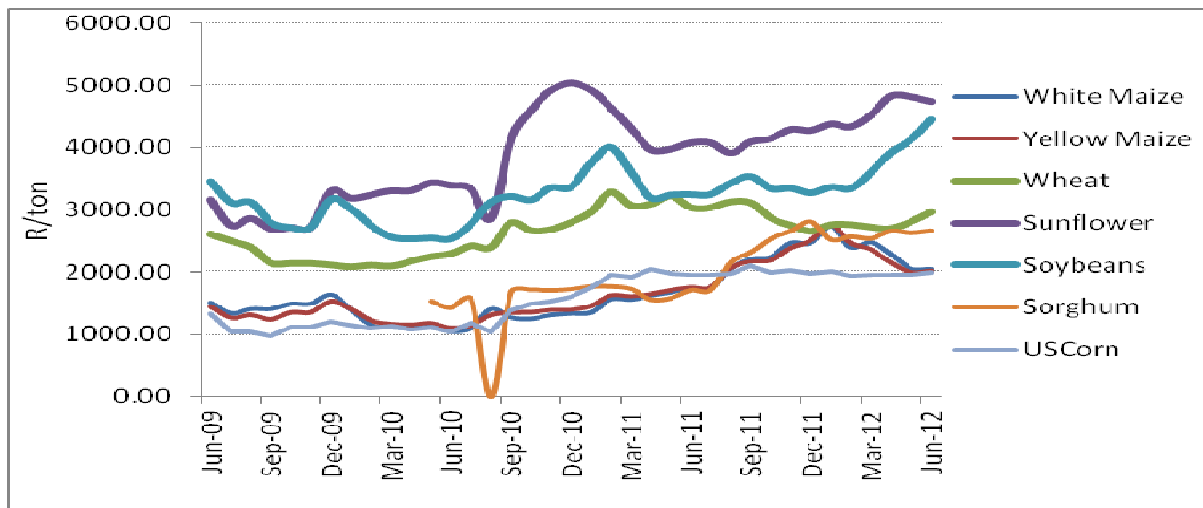


Figure 10: Grain Spot prices

Source: Safex

Figure 10 looks at Safex spot prices which are used as reference prices to most key crops. It is highly likely that most of the contracts for the 2010-2011 summer crop products were entered between planting and harvesting periods, which is between mid October to July of the following year. Prices of key crops were higher on average in the period between planting and harvesting in 2010-2011. As a result, the contribution of the bread and cereals index component of the food and non-alcoholic beverages index contribution to the CPI might rise in 2012, due to lag effects.

White and yellow maize prices between planting and harvesting in 2010/11 increased by 20% and 24,4% respectively compared to the same period in 2009/2010, averaging around R1 519.85/ton and R1 574.4/ton. In the 2011-2012 planting and harvesting seasons, white and yellow maize prices increased by 53,3% and 48,7%, averaging R2 374.8/ton and R2 340.8/ton respectively .

The price of other summer crops like sunflower, soybeans and sorghum averaged R4 446.8/ton; R3 417.7/ton and R1 690.6/ton between 2010/11, which are increases of 39,6%; 25,2% and 12,6% respectively, compared to the same period in 2009/10. Between 2011/2012 the prices averaged R4 537.4/ton; R3 803.2/ton and R2 641.1/ton which are increases of 2%, 11,3% and 56,2% respectively.

The price of wheat was 20% higher between planting and harvesting in 2011 (between April to December 2011 for winter crops planting and harvesting) compared to the same period in 2010. Currently in the four months since planting in mid-April and mid-June, prices have declined to average R2 973.8/ton in 2012 compared to R3 099.6/ton in 2011, although they have risen in July 2012 compared to June 2012.

Meat prices are also expected to be high due to the expected rise in feed costs while fruit prices might remain subdued due to the expected slow down in demand in some of the leading economies, which are major importers of SA fruits. High maize prices and other input costs are expected to constrain growth in milk production in South Africa in 2012, leaving it unchanged (FAO, 2012).

3.4 Exchange rate

The Rand exchange rate depreciated by 11,8% in the three months ending in July 2012 mainly due to risk aversion in emerging market economies.

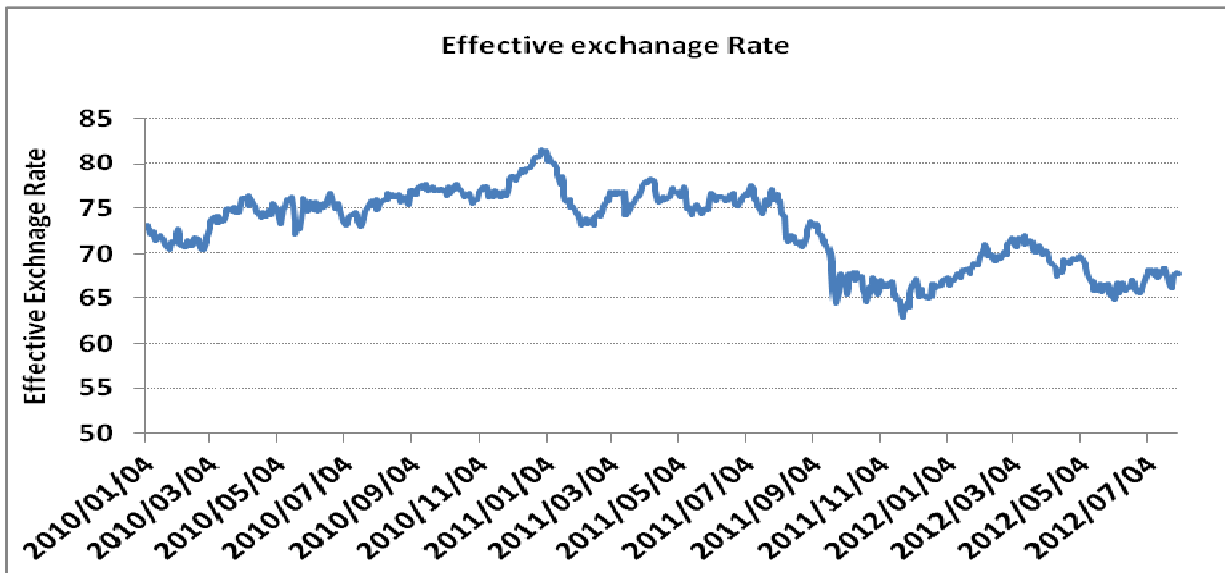


Figure 11: Effective Exchange Rate

Source: SA Reserve Bank

The Rand remained weaker in August 2012 averaging approximately R8 to the Dollar. According to the BER (2012) most of the drivers of the softer currency are likely to remain in place, which is likely to benefit what is normally considered safer currencies e.g the US dollar etc. The Rand is expected to trade around R8 to the Dollar in the whole of 2012, picking up next year (BER, 2012). The weaker Rand is expected to improve SA's international price competitiveness in 2012

4. CONCLUSION

The first quarter of 2012 was generally a positive one with marked improvement in market sentiments globally and this was reflected in the strengthening of economic activity in both developing and advanced countries. However, the second quarter saw the re-ignition of the euro debt jitters which resulted in declining prospects for economic growth, especially in advanced economies. Although economic activity remains solid in emerging and developing economies, reduced capital inflows are expected to keep economic growth weak in 2012. However, downside risks are expected to ease somewhat and global growth is expected to strengthen during 2013 and 2014 though GDP will grow less quickly than during the pre-crisis years.

Unemployment continues to be one of the major challenges facing both developing and advanced economies. South Africa's economic performance has remained solid, in line with growth in most developing economies, though SA GDP is expected to weaken somewhat due to weaker global demand and domestic issues, such as the ongoing labour disputes which have disrupted production in some sectors. The agricultural sector has rebounded from the 2011 contractions and the food shortage in some neighbouring countries is expected to increase demand for SA agricultural products.

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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
2 nd Qtr 2010	2 854	841	2 711	880	333	1 264	1 108	1 659	1 277	4 120	334	188	41	17 826
2 nd Qtr 2011	3 303	900	3 013	1 048	370	1 466	1 256	1 958	1 506	4 457	375	216	43	20 129
2 nd Qtr 2012	3 835	963	3 420	1 226	411	1 701	1 337	2 370	1 778	4 820	420	248	45	22 796
2 nd Qtr 2010 to 2 nd Qtr 2011	15.7%	7.0%	11.1%	19.1%	11.1%	16.0%	13.4%	18.0%	17.9%	8.2 %	12.3%	14.9%	4.9%	12.9%
2 nd Qtr 2011 to 2 nd Qtr 2012	16.1%	7.0%	13.5%	17.0%	11.1%	16.0%	6.4%	21.0%	18.1%	8.1 %	12.0 %	14.8%	4.7%	13.2%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2010 and 2012

Year	2010				2011				2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st	2 nd		
Real gross income from agricultural products (R billion)											
Field crops	12 331,46	9 065,12	4 812,18	1 791,48	12 473,87	14 131,17	7576,27	2488,40	21 696,91	1,2%	73,9%
Horticulture	11 161,95	9 284,39	6 971,79	8714,89	11 307,16	9738,63	8131,01	10 035,92	11 717,41	1,3%	3,6%
Animal products	16 369,65	15 827,05	17 747,64	17 123,37	17 070,19	17 165,03	20 662,15	19 181,37	18 606,74	4,3%	9,0%
Total	39 863,06	34 176,56	29 531,61	27 629,70	40 851,22	41 034,83	36 369,43	31 705,70	52 021,05	2,5%	27,3%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2010 and 2012

	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
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	29 308	22 738	1 057	9 209	1 183	3 002	9 187	2 557	7 568	85 809
2 nd Qtr 2011	30 383	24 594	1 666	8 964	2 111	3 520	9 317	2 722	8 055	91 332
3 rd Qtr 2011	30 269	27 404	1 782	10 382	2 408	3 456	10 113	2 900	8 581	97 295
4 th Qtr 2011	34 734	27 489	1 785	10 982	2 178	3 824	10 688	3 098	9 168	103 947
1 st Qtr 2012	32 555	27 996	1 363	10 281	2 081	3 569	9 953	2 967	8 780	99 544
2 nd Qtr 2012	32 961	28 490	1 648	10 154	2 035	3 663	9 701	2 996	8 865	100 513
2 nd Qtr 2011 to 2 nd Qtr 2012	8,5%	15,8%	-1,1%	13,3%	-3,6%	4,1%	4,1%	10,1%	10,1%	10,1%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	12 119	12 294	13 254	12 990	-	-	-	-
United Kingdom	1 323	1 222	1 130	1 294	9%	10%	9%	10%
Netherlands	1 167	1 313	1 514	1 101	11%	8%	20%	18%
Zimbabwe	800	825	844	1 073	6%	8%	26%	27%
Mexico	2	4	903	660	7%	5%	33%	32%
Mozambique	482	1 158	597	636	5%	5%	38%	37%
China	257	371	435	493	3%	4%	41%	40%
Germany	460	516	466	486	4%	4%	44%	44%
Angola	346	263	386	477	3%	4%	47%	48%
United Arab Emirates	415	343	375	446	3%	3%	50%	51%
United States	381	473	397	396	3%	3%	53%	54%

Source: South African Revenue Services

Table A.5: Export values of agricultural products by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	12 119	12 294	13 254	12 990	-	-	-	-
Apples, Fresh	845	767	884	1 057	7%	8%	7%	8%
Oranges, Fresh	674	769	1 012	950	8%	7%	14%	15%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	1 091	1 062	917	901	7%	7%	21%	22%
Corn (Maize), Other Than Seed Corn	1 010	234	1 238	720	9%	6%	31%	28%
Grapefruit, Fresh Or Dried	442	441	621	593	5%	5%	35%	32%
Mandarins (Inc Tanger Etc) & Citrus Hybr Fr Or Dri	359	414	451	480	3%	4%	39%	36%
Wool, Not Carded Or Combed, Greasy, Shorn	249	307	569	469	4%	4%	43%	40%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	394	380	384	445	3%	3%	46%	43%
Ethyl Alcohol, Udenat, Alcohol Not Un 80% By Volum	232	756	158	436	1%	3%	47%	47%
Lemons And Limes, Fresh Or Dried	289	411	357	390	3%	3%	50%	50%

Source: South African Revenue Service

Table A.6: Import values of agricultural products by exporting country between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	7	7 502	9 636	10 622	-	-	-	-
Argentina	918	724	1 523	1 264	16%	12%	16%	12%
China	617	457	497	876	5%	8%	21%	20%
Brazil	928	698	718	858	7%	8%	28%	28%
Thailand	614	442	540	565	6%	5%	34%	34%
Malaysia	321	351	450	533	5%	5%	39%	39%
United Kingdom	324	446	510	529	5%	5%	44%	44%
United States	305	407	882	522	9%	5%	53%	48%
Netherlands	358	443	314	508	3%	5%	56%	53%
Indonesia	273	314	404	495	4%	5%	61%	58%
India	171	236	300	470	3%	4%	64%	62%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	7 810	7 502	9 636	10 622	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	839	515	537	1 185	6%	11%	6%	11%
Palm Oil, Refined But Not Chemically Modified	407	446	622	828	6%	8%	12%	19%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	536	370	780	602	8%	6%	20%	25%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	400	306	356	548	4%	5%	24%	30%
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	67	185	44	544	0%	5%	24%	35%
Soybean Oil, Refined, And Fractions, Not Modified	32	318	318	414	3%	4%	28%	39%
Whiskies	264	398	400	358	4%	3%	32%	42%
Food Preparations Nesoi	241	223	248	287	3%	3%	34%	45%
Tobacco, Partly Or Wholly Stemmed/Stripped	264	263	187	270	2%	3%	36%	47%
Cane/Beet Sug Chem Pure Sucrose Refind Nesoi	52	67	98	178	1%	2%	37%	49%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	650	527	623	339	-	-	-	-
Italy	104	83	99	54	16%	16%	16%	16%
Spain	133	116	132	47	21%	14%	37%	30%
Hong Kong	76	54	48	45	8%	13%	45%	43%
Japan	43	21	22	29	4%	9%	48%	52%
Australia	14	6	14	28	2%	8%	51%	60%
United States	48	41	42	28	7%	8%	57%	68%
China	3	18	50	24	8%	7%	65%	75%
Netherlands	0	1	5	17	1%	5%	66%	80%
Germany	15	15	21	11	3%	3%	70%	83%
Mauritius	17	16	9	8	1%	2%	71%	86%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	650	527	623	339	-	-	-	-
Lobsters, Live, Fresh,Ch, Dried, Saltd Or In Brine	61	61	67	63	11%	19%	11%	19%
Rock Lobster And Other Sea Crawfish, Frozen	59	48	53	61	9%	18%	19%	37%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	1	18	44	45	7%	13%	26%	50%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	117	103	117	43	19%	13%	45%	63%
Fish, Prepared Or Preserved, Nesoi	4	3	11	34	2%	10%	47%	73%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	413	346	259	383	-	-	-	-
Thailand	266	170	103	261	40%	68%	40%	68%
China	29	30	42	33	16%	9%	56%	77%
Spain	3	14	1	12	0%	3%	56%	80%
Norway	12	14	18	11	7%	3%	63%	83%
United States	2	5	10	9	4%	2%	67%	85%
United Kingdom	2	2	3	8	1%	2%	68%	87%
Falkland Islands	8	8	0	7	0%	2%	68%	89%
Philippines	3	1	1	4	0%	1%	69%	90%
Indonesia	4	9	2	4	1%	1%	69%	91%
Uruguay	1	2	4	4	2%	1%	71%	92%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	413	346	259	383	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	214	126	60	179	23%	47%	23%	47%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	60	49	51	98	20%	26%	43%	72%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	22	44	33	48	13%	13%	56%	85%
Salmonidae, nesoi, fresh or chilled	0	0	0	9	0%	2%	56%	87%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	0	1	0	9	0%	2%	56%	90%

Source: South African Revenue Services

Table A.12: Export values of forestry products by destination between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	1 898	2 337	2 282	2 395	-	-	-	-
Indonesia	348	562	399	483	17%	20%	17%	20%
China	173	159	263	302	12%	13%	29%	33%
India	13	58	69	147	3%	6%	32%	39%
Zimbabwe	94	124	142	139	6%	6%	38%	45%
Thailand	87	167	152	128	7%	5%	45%	50%
United Kingdom	156	151	151	111	7%	5%	52%	55%
Belgium	15	39	77	101	3%	4%	55%	59%
Mozambique	80	73	79	90	3%	4%	58%	63%
Zambia	47	56	59	83	3%	3%	61%	66%
Germany	78	164	104	75	5%	3%	66%	69%

Source: South African Revenue Services

Table A.13: Export values of forestry by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	1 898	2 337	2 282	2 395	-	-	-	-
Chemical Woodpulp, Dissolving Grades	694	1 104	1 129	1 188	49%	50%	49%	50%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	260	346	357	413	16%	17%	65%	67%
Chem Woodpulp, Soda Etc, N Dis S Bl & Bl Nonconif	152	262	220	132	10%	6%	75%	72%
Newsprint, In Rolls Or Sheets	57	84	70	69	3%	3%	78%	75%
Cartons, Boxes & Cases Corrugated Paper & Paperbd	39	44	52	58	2%	2%	80%	78%

Source: South African Revenue Services

Table A.14: Import values of forestry products by exporting country between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	1 461	1 473	1 587	1 553	-	-	-	-
China	159	208	220	253	14%	16%	14%	16%
United Kingdom	239	185	214	200	13%	13%	27%	29%
United States	214	189	195	196	12%	13%	40%	42%
Germany	156	117	148	153	9%	10%	49%	52%
Sweden	43	58	73	82	5%	5%	54%	57%
France	45	42	56	56	4%	4%	57%	61%
Finland	46	39	48	56	3%	4%	60%	64%
Indonesia	53	48	45	55	3%	4%	63%	68%
Italy	27	34	45	46	3%	3%	66%	71%
Australia	36	22	48	33	3%	2%	69%	73%

Source: South African Revenue Services

Table A.15: Import values of forestry by product between 2009 and 2012

	2 nd Qtr 2009	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2011	2 nd Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1 461	1 473	1 587	1 553	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	299	273	300	323	19%	21%	19%	21%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	75	83	76	91	5%	6%	24%	27%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	45	43	70	89	4%	6%	28%	32%
Chemical Woodpulp, Soda Etc. N Dis S BI & BI Conif	75	116	67	75	4%	5%	32%	37%
Plywood, Veneer Panels & Similar Lam Wood, Nesoi	34	32	38	48	2%	3%	35%	40%

Source: South African Revenue Services

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

	Apr 2011	May 2011	Jun 2011	2 nd Qtr 2011	Apr 2012	May 2012	Jun 2012	2 nd Qtr 2012	2 nd Qtr 2011 to 2 nd Qtr 2012 % change
	Volumes (1000 tons)								
White maize opening stock*	2 334	1 609	1 007	1 650	798	518	1 394	903	-45%
Yellow maize opening stock*	918	727	751	799	478	476	1 477	810	1%
Total maize opening stock*	3 252	2 336	1 758	2 449	1 276	994	2 871	1 714	-30%
White maize processed for local consumption	509	536	518	1 563	389	414	338	1 141	-27%
Yellow maize processed for local consumption	192	220	268	680	295	352	356	1 003	48%
Total maize processed for local consumption	701	756	786	2 243	684	766	694	2 144	-4%
Total white maize exports	264	247	185	696	65	62	205	332	-52%
Total yellow maize exports	21	67	25	113	11	13	14	38	-66%
Total maize exports	285	314	210	809	76	75	219	370	-54%
Wheat opening stock: human market*	1 218	1 079	947	1 081	1 533	1 396	1 212	1 380	28%
Wheat opening stock: feed market*	13	13	10	12	15	13	9	12	3%
Wheat opening stock*	1 231	1 092	957	1 093	1 548	1 409	1 221	1 393	27%
Wheat consumption: human consumption	220	236	262	718	237	258	256	751	5%
Wheat consumption: animal feed	0	0	0	0	15	11	1	27	-
Total wheat consumption	223	240	264	727	256	270	258	784	8%
Wheat imports (for human consumption only)	73	118	202	393	115	91	62	268	-32%
Wheat exports	14	17	14	45	14	23	30	67	49%
Average opening sunflower stock*	59	151	428	213	87	145	320	184	-13%
Sunflower seed imports	0	0	0	0	0.4	0.1	1.6	1	-
Total processed sunflower for consumption	37	63	67	167	45	62	69	176	5%
Average soya bean opening stock*	50	155	517	241	172	415	533	373	55%
Soya bean consumption	33	44	37	114	48	58	52	158	39%
	Market prices (R/ton)								
White maize	1 625	1 682	1 748	1 685	2 293	2 059	2 055	2 136	27%
Yellow maize	1 650	1 715	1 759	1 708	2 159	2 000	2 025	2 061	21%
Wheat	3 092	3 228	3 039	3 120	2 697	2 805	2 967	2 823	-10%
Sunflower	3 959	3 972	4 071	4 001	4 819	4 806	4 733	4 786	20%
Soya bean	3 191	3 245	3 249	3 228	3 917	4 128	4 454	4 166	29%

* Quarterly figures are reported in averages and where there is no asterisk, 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	
	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Apples	4 002	4 243	4 539	6%	7%
Avocados	5 819	6 181	5 567	6%	-10%
Bananas	3 614	4 095	4 512	13%	10%
Oranges	1 662	1 819	1 767	9%	-3%
Pears	3 679	4 120	4 459	12%	8%
Mangoes	6 451	8 337	7 389	29%	-11%
Grapes	6 859	6 004	6 283	-12%	5%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Apples	41 565	41 597	43 649	0%	5%
Avocados	6 100	6 049	7 923	-1%	31%
Bananas	54 990	53 587	49 382	-3%	-8%
Oranges	58 519	54 437	55 221	-7%	1%
Pears	13 793	12 922	13 565	-6%	5%
Mangoes	717	330	868	-54%	163%
Grapes	5 730	6 509	7 765	14%	19%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Beetroot	3 021	2 672	2 440	-12%	-9%
Carrots	4 204	3 408	2 606	-19%	-24%
Cucumber	4 869	2 214	3 602	-55%	63%
Lettuce	3 927	5 365	3 526	37%	-34%
Onions	3 513	2 821	2 694	-20%	-5%
Potatoes	2 590	2 469	2 438	-5%	-1%
Spinach	4 330	4 613	3 521	7%	-24%
Tomatoes	5 462	5 004	4 363	-8%	-13%
Cabbage	1 375	1 445	1 960	5%	36%
Green beans	5 380	5 729	6 105	6%	7%
Sweet potatoes	1 705	2 208	2 485	30%	13%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Beetroot	7 163	8 424	9 732	18%	16%
Carrots	18 446	21 713	26 668	18%	23%
Cucumber	62	106	106	71%	0%
Lettuce	6 059	5 263	5 671	-13%	8%
Onions	68 815	85 391	90 743	24%	6%
Potatoes	226 067	248 088	263 765	10%	6%
Spinach	2 206	2 002	2 950	-9%	47%
Tomatoes	54 408	56 426	65 729	4%	16%
Cabbage	27 721	28 138	25 840	2%	-8%
Green beans	3 248	3 211	3 228	-1%	1%
Sweet potatoes	9 104	7 816	8 281	-14%	6%

Source: DAFF

Table B.6: Beef

	Units	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Gross value	R'000	3 892	4 119	4 144	6%	1%
Average price	R/kg	23,64	25,94	25,54	10%	-2%
Total slaughtering	Heads	541 043	561 239	555 661	4%	-1%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry

	Units	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Gross value	R'000	6 096	6 316	6 989	4%	11%
Average price	R/Mt	16 570	17 013	18 517	3%	9%
Commercial Production	Mt	352 545	355 811	264 596	1%	-26%

Source: DAFF

Table B.8: Eggs

	Units	2 nd Qtr 2010	2 nd Qtr 2011	2 nd Qtr 2012	2 nd Qtr 2010 to 2 nd Qtr 2011	2 nd Qtr 2011 to 2 nd Qtr 2012
Gross value	R'000	1 702	1 736	1 893	2%	9%
Average price	R/dozen	8,85	8,91	9,26	1%	4%
Total Production	1000 dozen	192 248	194 843	204 503	1%	5%

Source: DAFF

Table B.9: Milk

	Units	2nd Qtr 2010	2nd Qtr 2011	2nd Qtr 2012	2nd Qtr 2010 to 2nd Qtr 2011	2nd Qtr 2011 to 2nd Qtr 2012
Gross value	R'000	2 203	2 065	2 537	-6%	23%
Average price received by farmers	R/litre	3,10	2,89	3,50	-7%	21%
Total Production	1000 liter	710 760	713 713	724 814	0%	2%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

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

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