

QUARTERLY

# Economic Overview of the Agriculture, Forestry and Fisheries Sector

January 2012 to March 2012

Volume 10, Number 1, June 2012



agriculture,  
forestry & fisheries

Department:  
Agriculture, Forestry and Fisheries  
REPUBLIC OF SOUTH AFRICA

## PREFACE

The core business of the Directorate: Statistics and Economic Analysis is to provide economic and statistical services to monitor the economic performance of the Agriculture, Forestry and Fisheries (AFF) sector. To support this important task, the 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 first 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.

Ms Ellen Matsei  
Directorate: Statistics and Economic Analysis  
Pretoria

Compiled by the Economic and Statistical Research Unit  
in consultation with the Director

Directorate: Statistics and Economic Analysis  
4th Floor – Sefala Building  
503 Belvedere Street, Arcadia, South Africa

All correspondence can be addressed to:  
The Director: Statistics and Economic Analysis  
Private Bag X246, Pretoria 0001, South Africa

---

***Disclaimer: The Department of Agriculture, Forestry and Fisheries did everything to ensure the accuracy of the information reported in this publication. The department will, however, not be liable for the results of actions based on this publication.***

## TABLE OF CONTENTS

<b>Preface</b> .....	<b>i</b>
<b>List of tables</b> .....	<b>iii</b>
<b>Executive summary</b> .....	<b>iv</b>
<b>1. Global overview of the agriculture, forestry and fishing economy</b> .....	<b>1</b>
<b>2. The state of the domestic economy in agriculture, forestry and fisheries</b> .....	<b>4</b>
2.1 Growth.....	4
2.2 Inflation.....	5
2.3 Employment.....	8
2.4 Expenditure on intermediate goods and services by the agricultural sector .....	8
2.5 Nominal gross farm income and net farm income from agricultural products....	9
2.6 Private consumption expenditure on agricultural products.....	11
2.7 Trade of agricultural, forestry and fisheries products.....	11
2.8 Review of agricultural markets.....	15
<b>3. Outlook of the agricultural economy</b> .....	<b>22</b>
3.1. Production.....	22
3.2. Employment.....	23
3.3. Inflation.....	23
3.4. Exchange rate.....	24
<b>4. Conclusion</b> .....	<b>25</b>
<b>Reference</b> .....	<b>26</b>
<b>Appendix A: Agricultural economic variables</b> .....	<b>27</b>
<b>Appendix B: Review of agricultural markets</b> .....	<b>37</b>
<b>Appendix C: Descriptions of forestry import and export products</b> .....	<b>41</b>

## List of tables

Table A.1: Intermediate expenditure on goods and services by agriculture.....	27
Table A.2: Nominal gross income from agricultural products between 2010 and 2012.....	27
Table A.3: Private consumption expenditure on food between 2010 and 2012.....	28
Table A.4: Export values of agricultural products by destination between 2009 and 2012.....	29
Table A.5: Export values of agricultural products by product between 2009 and 2012.....	30
Table A.6: Import values of agricultural products by exporting country between 2009 and 2012.....	30
Table A.7: Import values of agricultural products by product between 2009 and 2012.....	31
Table A.8: Export values of fish and seafood by destination between 2009 and 2012.....	32
Table A.9: Export values of fish and seafood by product between 2009 and 2012.....	32
Table A.10: Import values of fish and seafood by exporting country between 2009 and 2012.....	33
Table A.11: Import values of fish and seafood by product between 2009 and 2012.....	33
Table A.12: Export values of forestry products by destination between 2009 and 2012.....	34
Table A.13: Export values of forestry products by product between 2009 and 2012.....	35
Table A.14: Import values of forestry products by product between 2009 and 2012.....	35
Table A.15: Import values of forestry by product between 2009 and 2012.....	36
Table B.1: Proxies of grain supply and consumption and grain prices.....	37
Table B.2: Prices of selected fruits traded at the FPM.....	38
Table B.3: Quantities of selected fruits traded at the FPM.....	38
Table B.4: Prices of selected vegetables traded at the FPM.....	38
Table B.5: Quantities of selected vegetables traded at the FPM.....	39
Table B.6: Beef market statistics .....	39
Table B.7: Poultry market statistics.....	39
Table B.8: Eggs market statistics.....	39
Table B.9: Milk market statistics.....	40
Table C.1: Descriptions of forestry import and export products.....	41

## EXECUTIVE SUMMARY

Global economic prospects are gradually strengthening after suffering a major setback in 2011 though downside risks remain elevated. Improved activity in the United States during the second half of 2011 and better policies in the euro area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. Global growth is projected to drop from about 4% in 2011 to about 3,5% in 2012 due to weak global activity during the second half of 2011 and the first quarter of 2012 (IMF, WEO, April 2012). However, activity is expected to remain relatively solid in most emerging and developing economies while recovery in major advanced economies remains weak.

World grain production is estimated at 1 842 million tons in 2011/2012 and is forecast to increase by 26 million tons to 1 868 million tons in 2012/2013. Currently, grains are performing well, boosted by concerns over weather conditions for northern hemisphere crops, particularly US maize and Black Sea region wheat. Also, the deteriorating yield prospects outweigh the volatile concerns over the euro area and the wider global economy. World grain consumption during 2011/2012 is estimated at 1 844 million tons which implies a grain deficit of 2 million tons during 2011/2012, and is forecast to worsen to an 8 million deficit in 2012/2013 with a consumption forecast of 1 876 million tons in 2012/2013. World grain trade is forecast to remain flat at 265 million tons in 2012/2013.

The South African economy slowed during the first quarter of 2012 with a seasonally-adjusted and annualised GDP growth of 2,7% from a 3,2% rise in the fourth quarter of 2011. The sharp contraction in the mining industry contributed to the slowdown although the surprise jump in the manufacturing output ensured that the slowdown was not as bad as the 2,4% growth rate projected by analysts. After four quarters of contraction, the agriculture, forestry and fishing sector pulled out of recession, expanding by a seasonally-adjusted and annualised growth of 3,4% in the first quarter of 2012. The construction sector also put in a good performance in the first quarter of 2012, rising by 3,8%, its biggest rise in two-and-a-half years.

The unemployment rate in South Africa rose to 25,2% in the first quarter of 2012 from 23,9% in the fourth quarter of 2011; with 75 000 jobs lost between the two quarters. However, on a year-on-year basis, employment in SA increased by 304 000 in the first quarter of 2012 compared to the first quarter of 2011. Employment in agriculture increased by 26 000 on a

quarter-on-quarter basis which is an expected trend as more people are likely to be hired for the harvesting of summer crops. On a year-on-year basis, employment in agriculture increased by 53 000. The construction and manufacturing sectors were the worst performers in terms of job cuts losing 71 000 and 67 000 jobs, respectively, during the first quarter of 2012 compared to the fourth quarter of 2011.

Gross farming income from all agricultural products amounted to R30,8 billion in the first quarter of 2012, an 11% increase from R27,8 billion in the first quarter of 2011. Gross income from field crops was once again the main contributor, recording a significant increase of 39,9% from R1,7 billion in the first quarter of 2011 to R2,5 billion in the first quarter of 2012 as income from maize more than doubled during that period. Gross income from animal products increased by 11,1% to reach R19,2 billion in the first quarter of 2012 while gross income from horticultural products increased by 5,1% to R9,2 billion during the same period. The net farming income increased slightly by 6,3% from R4,8 billion in the first quarter of 2011 to R5,1 billion in the first quarter of 2012.

Trading of agricultural products increased marginally between the first quarter of 2011 and the first quarter of 2012, mainly as a result of the slowing global economy. The value of SA agricultural exports increased by less than 1% from R10,7 billion in the first quarter of 2011 to R10,8 billion in the first quarter of 2012; with fresh grapes and wine being the top earners of agricultural foreign income. The import value of agricultural products also increased moderately by 4% from R10,7 billion to R11,1 billion between the first quarter of 2011 and the first quarter of 2012. The value of exported fish and seafood decreased considerably by 30% from R625 million in the first quarter of 2011 to R440 million in the first quarter of 2012. The value of imported fish and seafood, on the other hand, increased considerably by 24% from R334 million to R416 million between the first quarter of 2011 and the first quarter of 2012. The export value of forestry products increased by 3% to reach R2,5 billion in the first quarter of 2012 while the forestry import value decreased by 3% to reach R1,7 billion in the first quarter of 2012.

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

The euro zone escaped a technical recession due to unexpectedly high growth in Germany in the first quarter of this year (Reuters, 2012), however, the growth outlook for Europe remains the weakest of the major economic regions (BER; 2012). Eurostat shows that unemployment in the euro zone reached 11% in April, with Spain and Greece recording unemployment rates of 24,3% and 21,7%, respectively. The EU has struggled with the debt crisis for three years, with spending cuts and tax hikes causing economies to shrink over the euro zone. There is growing fear that Greece will drop out of the euro zone and other countries might follow, while the UK economy is caught in the second recession in two years.

There was expectation that the US will boost global growth, with real output increasing in the last quarter of 2011. However, hope has been slightly dented by the latest data which show that the US unemployment is not recovering as expected.

The developing economies led by China, India and Brazil – which have boosted global recovery since 2009 – are also deteriorating. Chinese manufacturing weakened in May 2012; India is experiencing the lowest growth in nine years; and the Brazilian economy stalled in the first quarter of 2012. On the other hand, Japan seems to be rebounding from the Tsunami and earthquake, growing at an annual rate of 4% as the country rebuilds.

Global grain production points to a good start to the season with a steep increase in maize only partly offset by a cut in the wheat production. World grain production is forecast to increase by 26 million tons in 2012/2013 while maize plantings and yields are projected to reach new records. World wheat production is anticipated to fall by 3,6% to reach 675 million tons in 2012, with the largest declines projected for Ukraine, followed by Kazakhstan, China, Morocco and the EU (FAO, 2012). However, a slight reduction in demand is also expected in the 2012/13 season.

According to the FAO, global oil crop production will not be sufficient to satisfy growing demand for oils and meals. A modest growth is expected in oil crop planting in the Northern hemisphere in 2012/13, implying a strong reliance on South America for an improvement in

the global supply situation. Global soybean production is estimated to decrease by almost 10%, while total oil crop production should drop by 4% from last season.

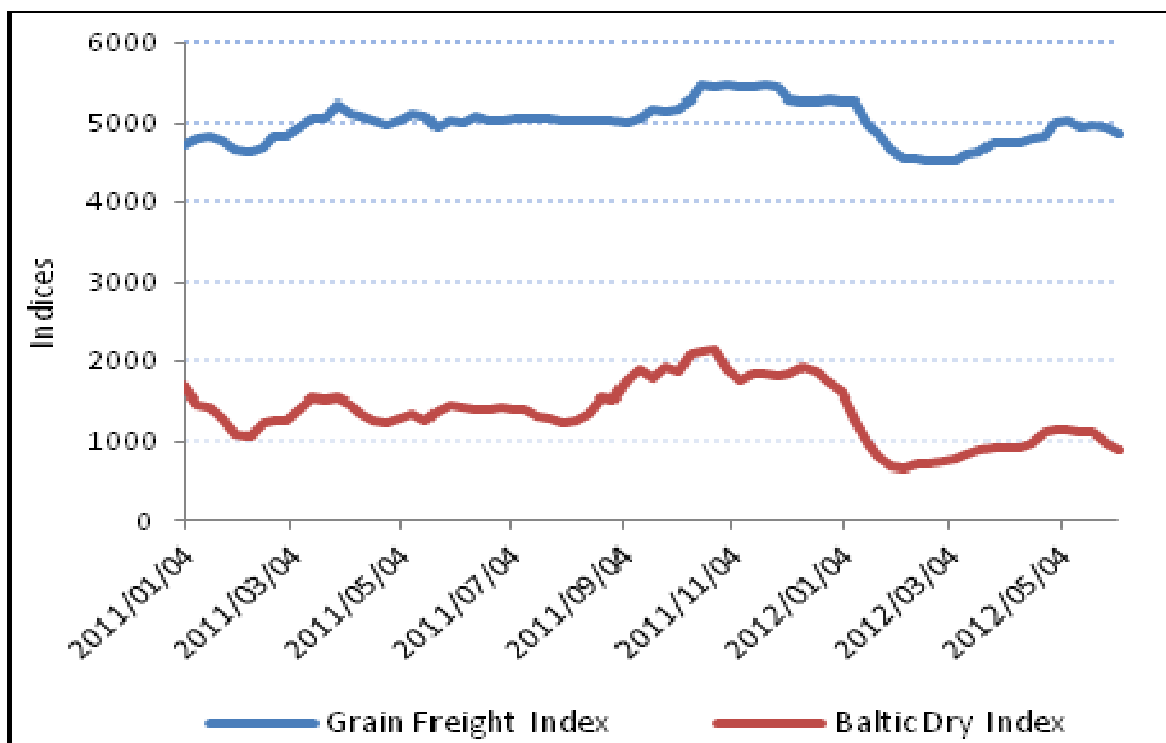
Driven exclusively by gains in poultry and pig meat production, global meat output is expected to increase by nearly 2% to 302 million tons in 2012. Most of the sector growth is likely to originate in the developing countries, as developed countries may witness a second year of decreasing output due to high input costs, a stagnation in domestic meat consumption and severe competition from developing countries.

World milk production in 2012 is forecast to grow by 2,7% to 750 million tons. Asia is expected to account for most of the increase, but higher output is anticipated in most regions. The overall production of fish and fishery products for 2012 is expected to grow by 2,1% to 157 million tons due to a 5,8% increase in aquaculture output which more than offsets a small decline in captured fisheries following limitations on catches of small pelagic species in the Pacific.

Global consumer price inflation seemed likely to slow in the medium-term, with an easing of demand in both advanced and emerging economies. Commodity prices are also expected to stabilize in the medium-term. Annual real food price index is expected to decline by 2,7% in 2012 compared to 2011(FAO, 2012). Declines are expected in cereals (6%), dairy (7,5%), oilseeds(1,1%) and sugar(6,2%). On the other hand, the meat price index is expected to increase in 2012. Following price increases in the previous months, global food prices dropped sharply in May 2012 largely as a result of favourable supplies and growing global economic uncertainties. Dairy, cereals and sugar prices contributed the most to the decline in monthly food prices.

Looking at trade, the Grain freight and the Baltic freight indices declined by 1% and 40% respectively, during the first quarter of 2012 compared to the first quarter 2011 as shown in figure 1. 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 (Blackseagrain, 2011).





**Figure 1: IGC Grain freight Index**

Source: Sagis

World trade in cereals is forecast to remain relatively flat in 2012/13. Most of the increase will be on maize trade, more than offsetting an anticipated contraction in wheat, while rice trade is forecast to remain stable. Several countries, especially in Asia, are likely to resume importing maize rather than wheat, especially as their prices may become lower as the season proceeds due to expected abundant supplies.

Global trade in oils/fats is forecast to expand by an average rate of 4%. Meat and meat products trade is expected to slow due to, inter-alia, slowing demand in developed countries and production increases in key importing countries. World trade in dairy products is expected to continue expanding in 2012 with Asia remaining the main market, followed by North Africa, the Middle East, Latin America and the Caribbean.

International trade in fish and fish products is expected to increase by 9,4% in 2012 compared to 2011. Behind the strong demand for fish lies an increase in average per capita food fish consumption, which grew by 1,1% in 2011 and is expected to rise by a further 2,6% in 2012, reaching 19,2 kg per year.

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

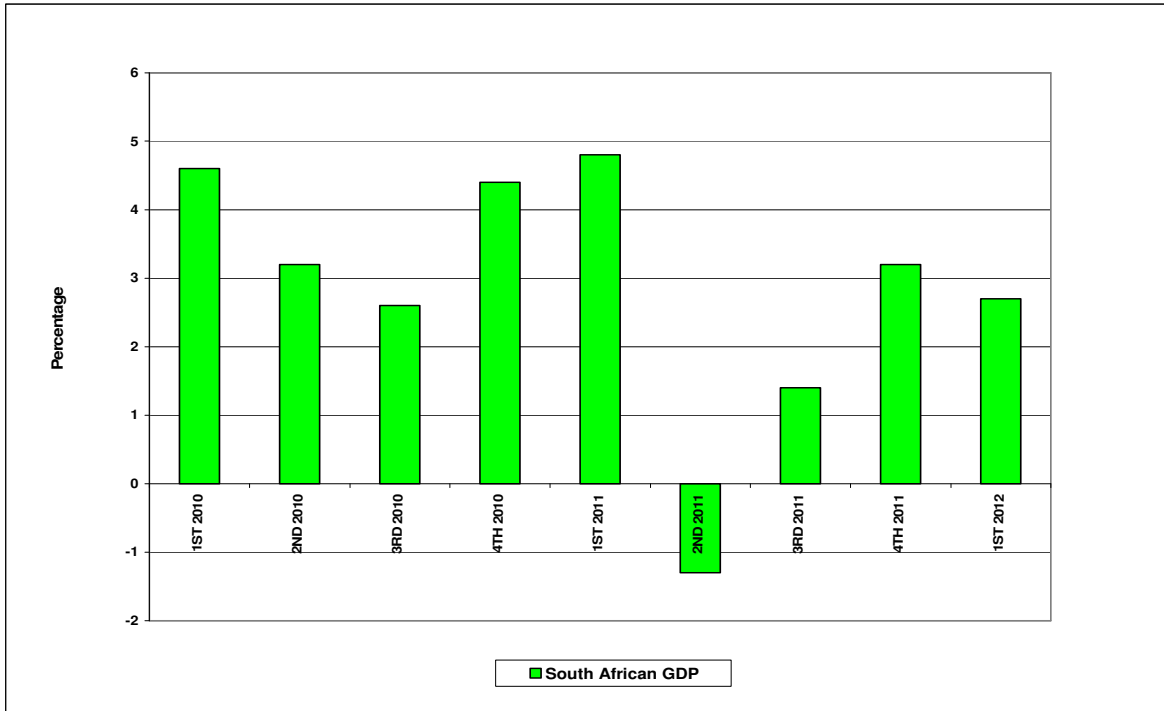
### 2.1 Growth

South Africa's economic growth slowed in the first quarter of 2012, hit by a sharp contraction in mining, but manufacturing showed surprising resilience, suggesting that the Reserve Bank might not need to cut interest rates to stimulate output. In the first quarter of 2012 the SA economy grew by 2,7% on a seasonally-adjusted and annualised basis, compared to a 3,2% rise in the fourth quarter of 2011. The slowdown in the economy was not as bad as the 2,4% growth rate expected by analysts for the first quarter of 2012.

The rise was largely driven by a surprising jump in manufacturing output, which rose by 7,7% compared to the 4,2% increase in the final quarter of 2011. The Rand's depreciation should help to support manufacturing over the rest of the year, as it makes local exports more competitive and dampens demand for imports. But the economy's second-biggest sector will be constrained by the global slowdown as well as the likelihood of further industrial action and electricity shortages.

In the other hand, mining production contracted significantly by 16,8%, mainly due to the prolonged strike at Impala Platinum, which stalled activity at the world's second-biggest platinum producer for about six weeks. The wider mining industry was also hit by reduced demand from Europe due to the debt crisis in that region. Economic growth remains hesitant after the continent's largest economy, South Africa, came out of its first recession in nearly two decades in 2009. On an unadjusted year-on-year basis, economic growth was at 2,1% in the first quarter of 2012 from 2,9% in the fourth quarter of 2011.

Data showed that agriculture pulled out of a recession which lasted the whole of 2011, expanding by a seasonally adjusted and annualised 3,4% during the first quarter of 2012. The construction sector also put in a good performance, rising by 3,8%, its biggest rise in two-and-a-half years. Growth in the financial sector quickened to 4,1% in the first quarter of 2012 from 2,3% in the previous quarter. Wholesale, retail and motor trade along with accommodation slowed to 3% from 5,2% in the first quarter. This backs the view that consumer spending which has been the economy's main engine, will moderate this year unless the Reserve Bank cuts the repo rate even further.



**Figure 2: Trends in the GDP growth between 2010 and 2011**

Source: Stats SA

Figure 2 shows trends in GDP growth for first quarters of 2012, 2011 and 2010. The GDP growth in the first quarter of 2012 was lower compared to first quarters of both 2011 and 2010. After reaching 3,2% in the fourth quarter of 2011, GDP stood at 2,7% in the first quarter of 2012 compared to 4,8% in the same quarter of 2010, largely hit by a sharp contraction in the mining industry.

South Africa remains vulnerable to the anticipated recession in the euro zone which is a key trading partner for SA with the region having accounted for more than a quarter of export sales in 2011. The euro zone also takes a third of locally manufactured exports. The South African Reserve Bank expects the country's economy to grow by 2,9% in 2012, down from its previous estimate of 3%, while the International Monetary Fund and the Finance Ministry expect the economy to grow by 2,7%.

## 2.2 Inflation

Inflation increased consistently during the course of the year in 2011. After accelerating to 6,3% year-on-year (y/y) in January 2012, consumer inflation moderated somewhat to 6,1% y/y in February. In line with market expectations, inflation decelerated further to 6,0% y/y in March, reaching its lowest level since October 2011.

CPI inflation slowed to 6% y/y in March, down from 6,1% and 6,3% recorded in February and January respectively. This rate was 0,1 percentage point lower than the corresponding annual rate of 6,1% in February 2012. On average, prices increased by 1,1% between February 2012 and March 2012.

The food and non-alcoholic beverages index increased by 0,3% between February 2012 and March 2012. The annual rate decreased to 8,6% in March 2012 from 9,6% in February 2012. The following components in the food and non-alcoholic beverages index increased: sugar, sweets and desserts which increased by 3,6%; milk, eggs and cheese (2,3%); hot beverages (2,2%); fish (0,8%); cold beverages (0,3%); bread and cereals (0,2%) and vegetables (0,2%). On the other hand, the following components decreased: meat declined by 1,1%, oils and fats (0,2%); fruit (0,1%). The alcoholic beverages and tobacco index increased by 4,9% between February 2012 and March 2012 while the annual rate increased to 7,6% in March 2012 from 6,4% in February 2012. This was mainly due to increases in excise duties.

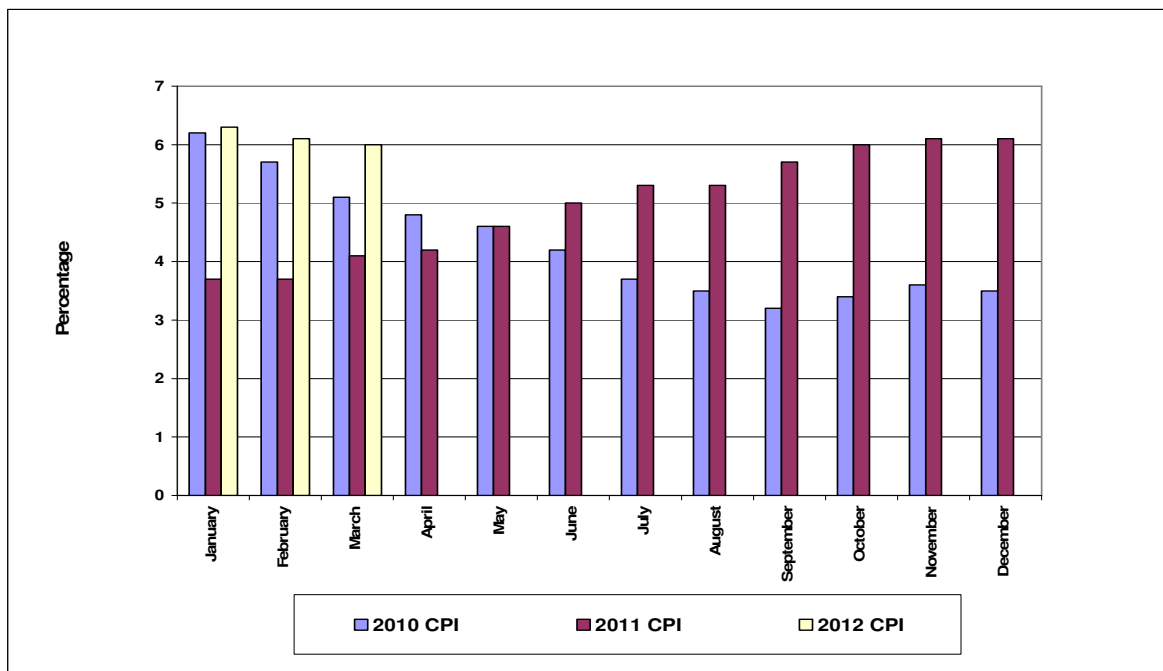
According to the BER, both goods and services prices rose in the region of 6% during March 2012. Goods inflation continued to be driven by the sharp rise in non-durable costs, mainly food and beverage prices, which gained 9,5% y/y. Food prices remain the major driver of annual inflation and month-on-month (m-o-m) declines in key categories such as meat, to a large degree, explained lower than expected February and March headline CPI outcomes. Durable and semi-durable prices were significantly lower, rising by 0,9% and 1,5% y/y, respectively, in March.

Just three categories, i.e. food and non-alcoholic beverages (FNAB), transport, as well as housing were responsible for 67% of the y-o-y CPI increase during March. This again emphasises the notable impact that rising food and petrol costs are having on domestic inflation. A worrying aspect of the data is that it shows that inflation for the poorest South Africans is the highest, at 7,7%, while for high-income earners it stood at just 5,5%. One of the reasons for the discrepancy is that the poor spend most of their income on food. The provinces with an annual inflation rate lower than or equal to headline inflation were Gauteng (5,8%) and Western Cape (5,5%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (7,7%), Eastern Cape (6,8%), KwaZulu-Natal (6,6%), Mpumalanga (6,6%), North West (6,5%), Limpopo (6,5%) and Free State (6,4%).

However, volatility in oil prices and the Rand may still put upward pressures on inflation in the months ahead. In March, petrol prices rose by more than 6%, while the Rand depreciated, a trend which raises the cost of imports.

Producer price inflation for domestic output fell by 0,1% m-o-m in March after rising by 0,9% m-o-m in February. This resulted in the corresponding year-on-year (y/y) figure declining to 7,2% y/y, well below the market expectation of 8% y/y. On a month-on-month basis, downward pressure emanated from the agriculture, mining and quarrying sectors as well as from basic metals manufacturing which contributed 0,1 percentage points each to the overall monthly figure. In terms of the annual contributions, electricity contributed 2,1 percentage points; mining and quarrying 1,4 percentage points; petroleum products 1,2 percentage points and food manufacturing 0,6 percentage points.

According to the BER, the Producer Price Index (PPI) is set to undergo larger changes with the new headline index more closely reflecting manufacturing input costs as opposed to the current broader measure that also directly captures commodity price movements. The new headline PPI should be a better leading indicator for the CPI. The latest information is that the new measure will be introduced from the second half of 2012. With commodity prices no longer directly influencing the PPI to such a large extent, the PPI is expected to moderate to 5% in 2013 from a projected 7,2% during 2012.



**Figure 3: Trends in the CPI between 2010 and 2012**

Source: Stats SA

Figure 3 shows trends in the CPI for 2012, 2011 and 2010. In January 2012 the CPI stood at 6,3%, which is above the Reserve Bank inflation target. However, inflation unexpectedly moderated downwardly to reach 6,0% in March 2012, from 6,1% in February 2012. The average inflation for the first quarter of 2012 was 6,1% compared to the average inflation of 3,8% in the first quarter of 2011. Inflation was above the Reserve Bank target in the first quarter of 2012, whereas it was way below the target in the same quarter of 2011.

### **2.3 Employment**

According to Statistics South Africa (Stats SA), the unemployment rate rose to 25,2% in the first quarter of 2012 from 23,9% in the fourth quarter of 2011. In releasing the Quarterly Labour Force Survey (QLFS), which is a household-based survey started in 2008, the survey found that in the first quarter of 2012, 4,5 million people were unemployed. Of the 4,5 million, 3,1 million or 67,8% have been looking for work for a year or longer. Meanwhile 59,6% of the job seekers did not have matric, while 44% have never worked before. In the first quarter of 2012, employment decreased by 75 000 and the decline was due to job losses in the formal and informal sectors. The formal sector shed 107 000 jobs while the informal sector lost 28 000 jobs. Agriculture and private households gained 26 000 and 33 000 jobs, respectively. However, this was not big enough to offset the decline observed in the formal sector. The construction and manufacturing sectors drove the net decline of 75 000 in employment having contracted by 6,7% and 3,7% respectively.

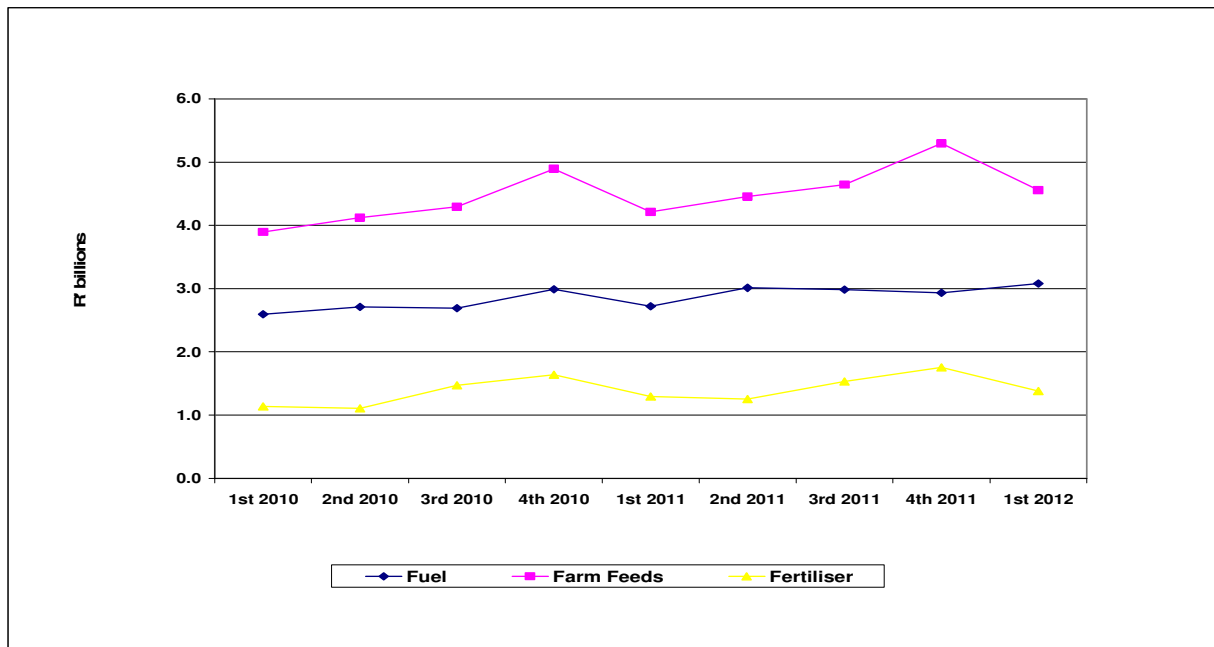
Compared to the fourth quarter of 2011, unemployment rose in all provinces, except the Northern Cape. The following provinces had unemployment rates higher than the national average: Free State (32,2%); followed by the Eastern Cape (28,3%); North West (26,2%) and Gauteng (26%).

### **2.4 Expenditure on intermediate goods and services by the agricultural sector**

During the first quarter of 2012, expenditure on intermediate goods and services increased by 12,6% to reach R20,4 billion, compared to R18,5 billion in the first quarter of 2011. The increase in intermediate expenditure was supported by significant increases in expenditure on seeds and plants which increased by 18,1%; expenditure on packing material which increased by 18,0% as well as expenditure on dips and spray which increased by 17,0%. The expenditure on farm services also increased markedly by 15%. The expenditure on electricity,

fuel and farm feeds increased by 11,1%, 10,7% and 8,1% respectively, while expenditure in fertilisers increased by 6,9%. (Appendix A.1)

Figure 4 shows the total expenditure on fuel, farm feeds and fertilizers between the first quarters of 2012, 2011 and 2010. The expenditure on fuel increased by 10,7% to R3,1 billion during the first quarter of 2012 compared to R2,7 billion in the first quarter of 2011. During the same period the expenditure on fertilizer increased by 6,9% to R1,4 billion in the first quarter of 2012 compared to R1,3 billion in the first quarter of 2011, while the expenditure on fertilizer increased by 13,4% compared to the same quarter of 2010. The expenditure on farm feeds also showed a similar trend increasing from R4,2 billion in the first quarter of 2011 to R4,6 billion in the first quarter of 2012.



**Figure 4: Trends in the expenditure on fuel, farm feeds and fertilisers between 2009 and 2011**

Source: DAFF

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

Gross farm income from all agricultural products amounted to R30,8 billion in the first quarter of 2012 compared to the R27,8 billion reported in the first quarter of 2011, an increase of 11,0%. The increase was mainly boosted by the significant increase of 39,9% in gross income from field crops from R1,7 billion reported in the first quarter of 2011 to R2,5 billion recorded in the first quarter of 2012. The significant increase in field crops is as a result of large increases

in income from grain sorghum, other field crops, sugar cane, maize, and barley, which surged by 411,0%, 154,2% 138,4%, 115,3% and 94,1%, respectively. (Appendix A.2)

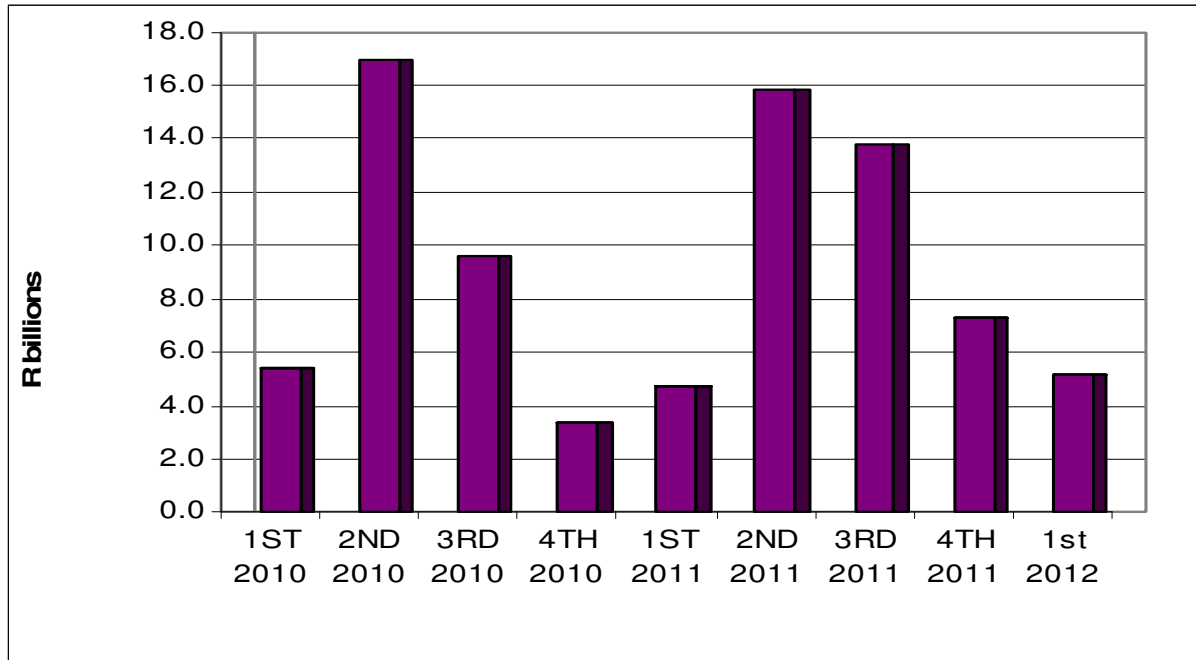
Other huge increases in income from field crops were recorded in crops such as soya beans, oats, dry beans and cotton, which increased by 77,7%, 48,0%, 45,9% and 36,1% respectively. Gross income from wheat also increased markedly by 21,7% while gross income from sunflower seed and canola decreased significantly by 67,3% and 61,4% respectively.

Gross income from animal products increased slightly by 11,1% to R19,2 billion in the first quarter of 2012 from R17,2 billion in the first quarter of 2011. This was largely supported by gross income from wool which increased significantly by 47,5% in the first quarter of 2012. Gross income from pig slaughtered, goats slaughtered, and milk also contributed to the increase by 28,3%, 17,9% and 15,3% respectively. Income from poultry meat, eggs and other livestock products increased by 10,7%, 8,8% and 8,1% respectively. Gross income from sheep slaughtered increased slightly by 7,6%, while income from cattle and calves slaughtered also increased slightly by 5,2%. Gross income from mohair decreased significantly by 39,6% while gross income from ostrich feathers and products also decreased by 27,6%.

Gross income from horticultural products increased by 5,1%, to R9,2 billion in the first quarter of 2012 from R8,7 billion in the same quarter of 2011. This increase was largely attributed to significant increases from both rooibos tea and dried fruit which increased by 30,8% and 20,9%, respectively. Income from vegetables and other horticulture products increased by 11,5% and 6,7% respectively. Gross income from citrus fruit and tea decreased significantly by 37,0% and 36,8% respectively. (Appendix A.2)

Figure 5 shows that the net farm income in the first quarter of 2012 was slightly higher compared to the net farm income for first quarter of 2011 but lower compared to the same quarter in 2010. The net farm income in the first quarter of 2012 was R5,1 billion, an increase of 6,3% compared to R4,8 billion in the first quarter of 2011, while it decreased by 5,6% compared to the first quarter of 2010. The increase in net farm income during the first quarter of 2012 was mainly as a result of an increase of 11,0% in income from all agricultural products.





**Figure 5: Trends in the net farm income between 2010 and 2011**

Source: DAFF

## 2.6 Private consumption expenditure on agricultural products

During the first quarter of 2012, private expenditure on food reached R99,6 billion, an increase of 15,9% compared to the R85,9 billion reported for the first quarter of 2011. The main expenditure item was oils and fats with a significant increase of 75,9%. The expenditure on bread and grains also contributed a noticeable increase of 25,7% in same quarter of 2012. The expenditure on potatoes and meat increased by 18,9% and 10,5% respectively, while expenditure on coffee, tea and other items increased by 16,0%. The expenditure on sugar increased by 11,0%, while the expenditure on milk, milk products and eggs also increased by 9,0%. The expenditure on fruit and vegetables increased slightly by 8,3%. (Appendix A.3)

## 2.7 Trade of agricultural, forestry and fisheries products

### 2.7.1 Agricultural trade

Trading of agricultural products increased marginally between the first quarter of 2011 and the first quarter of 2012 on account of slow economic growth. Farmers have also been experiencing a cost squeeze due to significant increases in input costs, placing a constraint on

profitability, reported Ernst Janovsky, Head of AgriBusiness at Absa. According to data on table A.4, the total export value of agricultural products increased by less than 1%, from R10,7 billion to R10,8 billion between the first quarter of 2011 and the first quarter of 2012. During the first quarter of 2012, South Africa gained most of its agricultural export revenue from products exported to the Netherlands. From this country alone, SA gained R1,6 billion of agricultural export revenue which represents 15% of the total export value. United Kingdom was the second leading export destination for SA's agricultural exports with R1,1 billion of agricultural export revenue received, representing 10% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include Zimbabwe, China, Mozambique, Germany, Mexico, Angola, United Arab Emirates and Hong Kong. According to data on table A,4, all of these countries accounted for 61% of the total export revenue received from agricultural products.

Agricultural products which contributed a considerable amount to the total agricultural export value include fresh grapes (23%), wine (7%), wool (6%), maize (4%) and fresh plums, prune plums and sloes (4%), see Table A.5.

The total import value of agricultural products increased moderately between the first quarter of 2011 and the first quarter of 2012. According to data on Table A.6, the total import value of agricultural products increased by 4% from R 10,7 billion to R 11,1 billion between the first quarter of 2011 and the first quarter of 2012. The top ten leading sources of agricultural imports into South Africa during the first quarter of 2012 collectively accounted for 59% of the total import value of agricultural products (see Table A.6). Argentina, China, Brazil, and United Kingdom were the 4 leading sources of agricultural imports during the first quarter of 2012, accounting for 9%, 8%, 8% and 6% 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 (8%), palm oil (7%), soybean oilcake (6%) and chicken cuts (5%), see table A.7. According to data on table A.7, all of these products accounted for 26% of the total import value of agricultural products.

### **2.7.2 Fisheries trade**

Sustained demand for fish and fishery products is boosting aquaculture production worldwide and is pushing prices higher, despite some consumer resistance in more traditional markets (FAO Food outlook report, May 2012). The overall production in 2012 is expected to grow by

2,1%, with a 6% increase in aquaculture output which more than offset a small decline in captured fisheries following limitations on catches of small pelagic species in the Pacific. According to the FAO, international trade is expected to grow by 9,4% in 2012, implying a slowdown compared with trade in 2011. According to data on table A.8, the total export value of fish and seafood decreased considerably by 30%, from R625 million to R440 million between the first quarter of 2011 and the first quarter of 2012. Major export destinations for South African fish and seafood were Spain, Italy, Hong Kong, United States, China, Australia, Germany, Greece, Portugal and the Netherlands which jointly accounted for 84% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the first quarter of 2011 include cuttle fish and squid (frozen, dried, salted or in brine), lobsters (live, fresh, chilled, salted or in brine), albacore or longfinned tunas (frozen), rock lobster and other sea crawfish (frozen) and fish (prepared or preserved, whole or in pieces), see Table A.9.

According to data on Table A.10, the total import value of fish and seafood increased considerably by 24% from R334 million to R416 million between the first quarter of 2011 and the first quarter of 2012. The 10 major sources of imports which accounted for 94% of the total import value of fish and seafood in the first quarter of 2012 include Thailand, China, Peru, Spain, Norway, Falkland Islands, Uruguay, Philippines, United States and India. Imported products which accounted for 89% 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), fish (prepared or preserved, whole or in pieces) and Mackerel (prepared or preserved and not minced) see Table A.11.

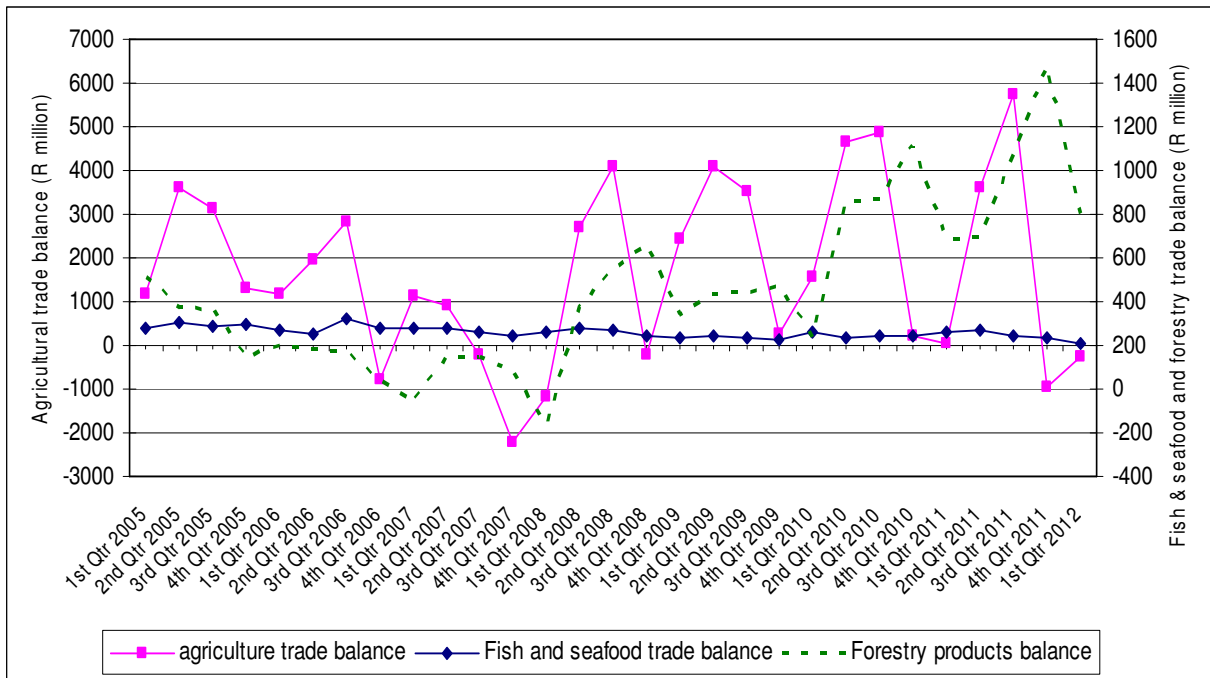
### **2.7.3 Forestry trade**

Trading of forestry products increased marginally between the first quarter of 2011 and the first quarter of 2012. According to Forestry South Africa, the cost of doing business continues to affect the sustainability of forestry operations, with increasing tariffs imposed on the sector and scant regard for inflationary indices. Sawmilling margins are being further squeezed and last year, major decisions were taken by local pulp and paper companies which will result in a major swing from softwood to hardwood production over the next few years. The total export value of forestry products increased by 3%, from R2,4 billion to R2,5 billion between the first quarter of 2011 and the first quarter of 2012 (Table A,12). Export destinations of forestry products during the first quarter of 2012 include Indonesia, China, Zimbabwe, United

Kingdom, Belgium, India, Thailand, Mozambique, Netherlands and Zambia which jointly accounted for 70% of the total export revenue from forestry products. The most important forestry products which accounted for 80% 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 printed books, brochures, etc see Table A.13.

The total import value of forestry products decreased by 3% from R1,8 billion to R 1,7 billion between the first quarter of 2011 and the first quarter of 2012 (Table A.14).

South Africa’s major forestry import sources include United States, United Kingdom, China, France, Germany, Sweden, Indonesia, Italy, Finland and Austria which jointly accounted for 73% of the total import value of forestry products. The most important forestry products imported during the first quarter of 2012 include printed books, brochures etc, casks, barrels, vats ets and parts of wood, paper or paper boards (light weight writing etc, clay coated over 10mech), chemical woodpulp (soda etc, N Dis S BI and BI conif) and paper/paper boards (cellulose wadd etc), see Table A.15. All of these products accounted for 44% of the total import value of forestry products.



**Figure 6: Trends in trade balances for agriculture, fish and seafood and forestry products.**

Source: South African Revenue Services

Figure 6 shows trends in the trade balances of agricultural, fish and seafood as well as forestry products. Between the first quarter of 2005 and the first 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. The year 2009 marked the beginning of significant improvement in agriculture's trade when agriculture's trade balance entered 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 due to the continued weakness in the global economy and domestic structural constraints. With 2012 set to be a challenging year, growth in the South African economy threatens to hold back (BUSA, 2012). Subsequently, agriculture's trade balance for the first quarter of 2012 recorded a negative trade balance.

The fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the first quarter of 2012 but remained in positive territory throughout. The trade balance for fish and seafood reached R24 million during the first quarter of 2012, the steepest drop since the first quarter of 2005.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the first 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 803 million in the first 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. The overall crop prospects remain satisfactory this season despite dry conditions in October and November 2011 that undermined and delayed planting activities (Crop prospects and Food Situation, March 2012). Prolonged dry spells, followed by intense rainy periods contributed to yield losses for most crops while producers also experienced difficulties harvesting (Food Security Bulletin, November 2011).

Notwithstanding adversely dry conditions that compromised production in some areas and flooding that may have suppressed productivity in other areas, the production forecast for grains indicate a 5% increase in output with a total of 12,8 million tons of crop expected for the

2011/2012 production season. According to the FAO food outlook report, larger plantings more than offset a drop in yields.

During the first quarter of 2011, the average opening stock for white and yellow maize was 3,6 million tons and 1,5 million tons respectively, while the average total opening stock (white maize plus yellow maize) was 5,2 million tons. During the first quarter of 2012, the expected production of maize was reduced significantly mainly due to a mid-season dry spell that prevailed during February and March 2012, affecting crop yields negatively (Food Security Bulletin, March 2012). Thus during the first quarter of 2012, the average opening stock for white and yellow maize was 1,7 million tons and 840 000 tons respectively, while the average total opening stock (white maize and yellow maize) was 2,6 million tons, approximately 50% less than in the first quarter of 2011.

Consumption of maize in South Africa totaled 2,2 million tons in the first quarter of 2011. Of this total, 1,5 million tons were white maize while 662 000 tons were yellow maize. Consumption of maize during the first quarter of 2012 totaled 2,1 million tons, 3% less than in the first quarter of 2011. Of this total, 1,3 million tons were white maize while 818 000 tons were yellow maize. The total maize exported during the first quarter of 2012 reached 321 000 tons which was 325 000 tons less than 646 000 tons of maize exported during the first quarter of 2011. According to Grain SA, more than 2,3 million tons of maize is expected to be exported for the 2011/12 season. Currently, large quantities of white maize have already been exported while subsequently, yellow maize had to be imported to provide for the feed market.

Internationally, the latest world wheat production forecast points to a 3,6% reduction from the record 2011 harvest. According to FAO food outlook report, even though planting may have increased or is forecast to increase in many countries in response to continuing strong prices, a return to average yields is expected in areas where record highs were achieved last year. Domestically, following significant declines in wheat plantings in the previous season due to deteriorating profit margins, the area estimate for wheat planting this season is projected at 604 700 hectares, 8,3% more than 558 100 hectares planted the previous season. The expected production of wheat is 1,92 million tons, approximately 33,2% more than 1,43 million tons of the previous season. Yields are also expected to increase by 3,54t/ha against 2,56 t/ha of the previous season (Food Security Bulletin, February 2012).

During the first quarter of 2011, the average opening stock of wheat for human consumption was 1,3 million tons while the average opening stock of wheat for animal feeds reached 9 000

tons. The average opening stock of wheat for human consumption during the first quarter of 2012 increased by 32% to reach 1,7million tons, meanwhile, the average opening stock of wheat for animal feeds increased by 79% to reach 17 000 tons. The average total opening stock of wheat increased by 32% from 1,3 million tons to 1,7 million between the first quarter of 2011 and the first quarter of 2012.

Consumption of wheat in the first quarter of 2011 amounted to 704 000 tons. Of this total, 691 000 tons were for human consumption, 1 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season. During the first quarter of 2012, consumption of wheat increased by 15% to reach 807 000 tons. Of this total, 739 000 tons were used for human consumption, 52 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season. According to AFMA, the feed industry is currently experiencing raw material shortages with limited supply this season. On the other hand, the availability of raw materials is the strongest driver of animal feed prices. With a sharp rise of 52 000 tons of wheat used for the animal feed market in the first quarter of 2012 as compared to 1 000 tons of wheat used for animal feed market in the first quarter of 2011, AFMA anticipates a difficult year for the animal feed industry with few or no prospects for volume increases during times of high raw material prices. While 2012 started off on a difficult note, AFMA expects the situation to worsen before improvements show their face during the last quarter of 2012.

After two seasons of ample supplies of oilseeds and derived products, FAO indicates that in 2011/12, the market for oilseeds and derived products is set to tighten again. According to the FAO, global oilseed production will not be sufficient to satisfy growing demand for oils and meals. Global soybean production is estimated to decrease by almost 10%, one of the steepest year-on-year falls on record. Global meal supplies, on the other hand, given their dependence on soybeans, are forecast to experience a definite drop. With respect to demand, global consumption of oil is expected to expand, further reflecting a rise in demand from the biodiesel industry. In general, FAO indicates that consumption growth could only be satisfied by drawing from inventories with a conspicuous reduction in global stocks of oilseeds, especially meals, likely to be necessary. This will in return push global stock-to-use ratio for both product groups to historically low levels. Consequently, following last few months' rise in international quotations for oilseeds and derived products, continued firmness in prices seems likely. Adding to market concerns is the prospect of only a modest growth in 2012/13

aggregate oilseed production in the Northern Hemisphere, which would imply a strong reliance on South America for an improvement in global supply situation.

Locally, after a sharp increase in sunflower seed plantings in 2010/11, sunflower seed production declined by 31,0% to reach 443 300 hectares in 2012. Soybean planting on the other hand increased by 12,9% to reach 472 000 hectares in 2012. During the first quarter of 2012, the total opening stock of sunflower averaged 169 000 tons which was 139 000 tons (458%) more than the recorded 30 000 tons in the first quarter of 2011. Consumption of sunflower increased by 302% from 42 000 tons to 169 000 tons between the first quarter of 2011 and the first quarter of 2012. Imports of this commodity decreased by 67%, from 300 tons to no sunflower seed being imported between the first quarter of 2011 and the first quarter of 2012. According to BFAP (2011), since growth in production is expected to outpace the growth in consumption, South Africa will import less sunflower seed over the next decade and is expected to be self sufficient by 2020. The average opening stock of soya beans averaged 265 000 tons in the first quarter of 2012, approximately 254% more than 75 000 tons recorded for the first quarter of 2011. Consumption of soya beans increased by 45% from 91 000 tons to 132 000 tons between the first quarter of 2011 and the first quarter of 2012.

The domestic prices of white and yellow maize averaged R 1 495/ton and R 1 568/ ton respectively, in the first quarter of 2011 while wheat, sunflower and soya bean prices averaged R 3 106/ton, R 4 618/ton and R 3 788/ton respectively, during the same period. In the first quarter of 2012, the prices of white and yellow maize increased by 70% and 62% to average R 2 540/ton and R 2 536/ton respectively. On the contrary, the price of wheat, sunflower and soya bean decreased by 12%, 5% and 9% to average R2 742/ton, R 4 407/ton and R 3 439/ton respectively. According to the FNB Agri-weekly newsletters (23 March and 30 March 2012), the smaller expected maize production and tight ending stocks will help support the domestic market in the medium to long term. With regard to wheat prices, external factors will continue to play a major role in influencing market direction in the short to medium term. Oilseed prices on the other hand will be influenced by the tight domestic and world balance sheet which will help support the domestic market in the medium term.

### **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 first quarter of 2011 and the first quarter of 2012, the average prices of avocados, bananas and pears increased by 46%, 6% and 9% respectively, due to limited supplies in markets. During the same period, the average prices of mangoes and grapes increased by 7% and 7% respectively, despite an increase in the quantities supplied to markets. On the other hand, the average prices of apples and oranges decreased by 6% and 17% respectively, between the first quarter of 2011 and the first quarter of 2012 even though there was a slight decrease in the quantities supplied to markets.

The quantity of selected fruits traded through FPMs decreased significantly between the first quarter of 2011 and the first quarter of 2012 except for apples, mangoes and grapes which increased by 21%, 18% and 7% respectively. According to the ARC Economic Outlook report (March 2012), the volume of apples sold at National Fresh Produce Markets increased at an average of 10% per annum over the last three years. The total volume of apples sold at FPMs reached 148 930 tons in 2011 compared to 146 998 tons in 2010. Growth in the quantities of mangoes supplied to FPMs was on account of good weather conditions and higher yields expected per hectare. On the other hand, growth in the quantities of grapes supplied to FPMs was due to good growing conditions in the Western Cape and good production prospects for the 2011/12 production season. The quantity of avocados, bananas, oranges and pears decreased by 6%, 6%, 4% and 9% respectively, during the period under review on account of lower stock levels.

Prices of a number of vegetables traded through the FPMs increased significantly between the first quarter of 2011 and the first quarter of 2012 on a combination of reduced supplies and good uptake across most markets. The prices of beetroot, cucumber, potatoes, spinach, and sweet potatoes increased by 23%, 9%, 20%, 11% and 42% respectively (Table B.4). On the other hand, the price of tomatoes remained unchanged between the first quarter of 2011 and the first quarter of 2012, although there was a slight increase in the quantities supplied to markets. During the same period, the prices of cabbage and green beans increased by 34% and 27% respectively, on account of limited supplies on markets. On the contrary, the prices of carrots, lettuce and onions decreased by 1%, 7% and 1% respectively, due to improved supplies across markets.

During the period under review, quantities of most vegetables traded through FPM increased significantly with the quantities of beetroot, carrots, cucumber, lettuce, onions, potatoes,

spinach, tomatoes and sweet potatoes increasing by 3%, 18%, 10%, 7%, 7%, 2%, 5%, 7% and 4% respectively, on improved supplies and good uptake across markets.

### **2.8.3 Meat Industry Review**

According to the FAO Food Outlook report (May 2012), global meat output is set to expand by nearly 2% in 2012. The struggle for markets is expected to intensify in 2012 as increased production in key importing countries slow down global meat trade expansion. FAO indicates that disease outbreaks in 2011 and drought-reduced cattle inventories as well as high feed costs sustained international meat prices to near record levels in the first quarter of 2012. Indications of slowing import demand, especially for pork and poultry meats signify a potential moderation of meat prices in the coming months which, along with high feed costs, is raising concern about the profitability of the meat sector in 2012. Locally, consumption of meat and meat products remains vulnerable to any significant drop in economic growth. Presently, while rising food prices have constrained growth expectations for meat consumption, beef prices are expected to remain lower and weaken as we approach winter months while cost pressures for poultry production are building up and will in the medium term, place downward pressure on the market (FNB Agri- weekly Newsletter, 30 March 2012).

Between the first quarter of 2011 and the first quarter of 2012, the gross production value of beef increased by 5% from R 3,8 billion to R 4,0 billion. During the same period, the average price of beef trended higher, increasing by 11% from R 26,10/kg to R 29,07/kg. The number of cattle slaughtered decreased by 5% between the first quarter of 2011 and the first quarter of 2012 from 537 871 to 510 871 (Table B.6).

Globally, growth in the poultry sector is being dampened by high feed prices and on-going trade disputes. As a result, global output is forecast to rise by only 2% in 2012. Locally, the imposition of anti-dumping duties on poultry originating in the United States and Brazil is keeping local output on an upward trend. BMI predicts that poultry consumption will increase by 2,9% in 2012. Between the first quarter of 2011 and the first quarter of 2012, the gross production value of poultry trended higher, increasing by 12% from R 6,4 billion to R7,1 billion. During the same period, the average price of poultry per ton increased by 10% from R 17 210/ton to R 18 860/ton. According to the ARC Economic Outlook report (March 2012), a revised and extended forecast envisage poultry consumption to expand by 21,8% in the five years to 2016 while the extended forecast for poultry production envisage a strong growth of

21,4% in the five years to 2015/16, driven by strong GDP per capita growth and steady fall in unemployment.

## **2.8.4 Eggs and dairy Industry Review**

### **2.8.4.1 Eggs**

Despite high levels of volatility within the egg market, the rise in production between the first quarter of 2011 and the first quarter of 2012 was supported by a rise in the producer price of eggs. Between the first quarter of 2011 and the first 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 8,81/ dozen to R 9,12/dozen. Total production of eggs between the first quarter 2011 and the first quarter of 2012 increased by 5% from 193,4 million dozens to 203,3 million dozens.

### **2.8.4.2 Milk**

According to the 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. Domestically, shortages of some type of feed remain a constraint. High maize prices are expected to constrain growth in milk production in 2012, leaving it unchanged from last year.

Internationally, during March 2012, milk prices registered a sharp decline, reflecting favourable milk production season in the Southern Hemisphere and an equally positive opening in the Northern Hemisphere (FAO Food Outlook report, May 2012). Locally, producer prices of milk are currently very tight. Therefore, a decrease in global prices will probably not affect local producer prices negatively (MPO newsletter, 30 March 2012). Between the first quarter of 2011 and the first quarter of 2012, the gross production value of milk increased by 15%, from R 2,2 billion to R2,5 billion. During the same period, the average price per litre of milk increased by 14% from R 2,87/ℓ to R3,28/ℓ. Total production of milk between the first quarter 2011 and the first quarter of 2012 increased by 1% from 765,7 million litres to 771,4 million litres.

### 3. OUTLOOK OF THE AGRICULTURAL ECONOMY

#### 3.1 Production

March 2012 experienced generally near normal rainfall, while in April 2012 the central and eastern half of the country received below normal rainfall and the western, mainly near normal rainfall. The beginning of May 2012 experienced dry and below normal rainfall conditions, but near normal rainfall was received in winter rainfall areas. The majority of the central parts and winter rainfall areas experienced drier conditions from mid-winter 2011 until the end of April 2012, while the south coast and areas adjacent received above normal rainfall. Vegetation activity over the rest of the country was near normal to above normal.

Enhanced probabilities for above-normal rainfall totals are expected during the period between June and August 2012 for parts of Northern Cape, KwaZulu-Natal and Eastern Cape. Enhanced probabilities for below-normal rainfall totals are expected for parts of Limpopo. From July until September 2012, enhanced probabilities for above-normal rainfall totals are expected for parts of North-West, Northern Cape, Free State, KwaZulu-Natal and Eastern Cape.

Enhanced probabilities for above-normal rainfall totals are expected between August and October for parts of Limpopo, North-West, Mpumalanga, Northern Cape, Free State, KwaZulu-Natal and Eastern Cape while enhanced probabilities for below-normal rainfall totals are expected for parts of Eastern Cape. Enhanced probabilities for below-normal maximum temperatures are expected for parts of Northern Cape between June and August 2012 while no enhanced probabilities for above- or below-normal maximum temperatures are expected for South Africa between July and September 2012. Enhanced probabilities for above-normal maximum temperatures are expected for parts of Limpopo between August and October 2012. This weather forecast is likely to have an effect on agricultural production in the country.

Crop production outlook: The fourth 2011/2012 production forecast for summer crops shows that the total tons expected from summer crop production will be 2,8% higher compared to the 2010/11 season. The production forecast for maize is 6,7% higher than in the previous season. White and yellow maize production is expected to increase by 5,1% and 9% respectively, compared to the previous season. The area planted to maize in the non-commercial agricultural sector is estimated at 442 114 hectares, which represents a decrease

of 9,2% compared to the 486 760 hectares planted the previous season. The expected maize crop from this sector is 638 463 tons, which is 13,1 % higher than the 564 335 tons of last season. The increase in production can mainly be attributed to the higher yield of maize for the Eastern Cape, as compared to the previous season. 60% of the maize planted in the non-commercial sector is planted in the Eastern Cape.

A decline in production is expected in sunflower, soybeans and sorghum production. The tons expected for sunflower are expected to decline by 38,7%, while sorghum and soybeans are expected to decline by 9% and 2,7% respectively. The declines are due to, inter-alia, a decline in the hectares allocated and the bad weather. Final winter cereals estimation shows that, wheat production tons are expected to increase by 40,2% compared to the 2010/2011 season. Final tons expected for malting barley are expected to increase by 60,8% and Canola crop tons by 59,3% in the same period. The rise in winter cereals crop expectations are due to, inter-alia, increases in area allocation and good weather.

### **3.2 Employment**

Seasonal employment is expected to increase in primary agriculture as producers are likely to add more workers as summer crops harvesting and winter crops planting resume in the second quarter of 2012. As a result, employment in primary agriculture might rise as the number of seasonal workers is increased. The downward risks might result from the reduction in costs due to the weakening global demand, thus producers might want to minimize costs by hiring fewer workers than usual.

### **3.3 Inflation**

A welcome development in the last number of months is that the rate of increase for input costs, measured by Stats SA's producer price index for manufacturing and the price index of the Kagiso PMI, is moderating (BER, 2012). A slowing euro demand and the declining oil price which is currently below the \$100 mark will help reduce the upside potential for the CPI. According to the governor of the Reserve Bank, the high oil price was the main upside to the inflation rate.

The food and non-alcoholic beverages index was stable between March 2012 and April 2012. The current global economic uncertainty and the declining oil prices are likely to be major offsets, which amongst others, are likely to put downward pressure on food prices in 2012.

Expectations are that wheat usage for feed will decline due to an increase in the maize used for feed. If demand behaves to the contrary then wheat prices might rebound. News supporting wheat price increases, such as a further decline in anticipated production in major wheat producing countries and, locally, the weakening Rand might also boost prices.

The prices of local sunflower and soybeans has increased by 4,9% and 3,1% respectively, in the five months ending in May 2012 compared to the same period last year. Expectation of a fall in oil seed production driven by a major fall in soybean production tons are some of the variables supporting a prospective rise in the price of oilseeds. Expected rise in the biodiesel industry will boost demand for oilseeds. But overall, the points mentioned above point to an overall decline in the cereals and bread index of the CPI in the coming months.

Global output of meat and meat products is expected to increase, and this is expected to put downward pressure on prices. However, this will also depend on the prices of inputs, animal diseases and world meat demand which is expected to decline. The good supply outlook for milk and milk products in 2012 will continue to put downward pressure on milk prices.

### **3.4 Exchange rate**

The Rand averaged R/\$ 7,76 to the dollar in the first quarter of 2012, compared to R/\$ 7,02 in the same quarter in 2011. In the two months ending in May 2012 the Rand averaged a trade of R/\$ 7,99 compared to R/\$ 6,80 in the same period last year.

March consensus forecast is for the Rand weakening from R/\$7,80 at the end of 2012 to R/\$ 8 in December 2013 (BER;2012). The BER expects the Rand to trade at an average of around R/\$ 7,60 during the fourth quarter of 2012, before strengthening somewhat in 2013 to average R/\$7,50 during the final quarter of 2013. The local currency is also forecast to post some gains versus the Euro to an average of R/€ 9.68 in the fourth quarter of 2013.

## 4. CONCLUSION

The global economic slowdown is no longer expected to be as sharp as initially thought and the domestic and global economic performance during the first quarter of 2012 supports this view. The projections for global economic growth have improved while the SA economic performance during the first quarter of 2012 was better than market expectations. The agriculture, forestry and fishing sector also showed significant improvement, recording its first positive growth rate since the fourth quarter of 2010. However, the global economy is not out of the red yet as recent improvements are very fragile and downside risks remain elevated. Domestically, the stable inflation rate might bring positive results in the economy if the Reserve Bank cuts the interest rate further as this will increase consumer spending which will in turn boost economic growth.

## References

Bureau of Economic Research, (2012): Economic Prospects, 2012. Available online: <http://www.ber.ac.za/>.

Department of Agriculture Forestry and Fisheries, (2012): Crop Estimates. Available online: <http://www.daff.gov.za>

Department of Agriculture Forestry and Fisheries, (2012): International Trade. Email Communication

Department of Agriculture, Forestry and Fisheries, (2012): Weather Advisory. Available online: <http://www.daff.gov.za>

Food and Agricultural Organization, (2012): Food Outlook. Available online: <http://www.fao.org>

Food and Agricultural Organization, (2012): FAO Food Price Indices, May 2012. Available online: <http://www.fao.org>

International Grains Council, (2012): Grain Market Report, June 2012. Available online: <http://www.igc.org>

International Monetary Fund, (2012): World Economic Outlook, April 2012. Available online: <http://www.imf.org>.

South African Grain Information Service (Sagis) 2012, The Baltic and Freight Index: E-mail Communication

Safex (2012). Commodity Derivatives. Available at: <http://www.jse.co.za/markets>

South African Reserve Bank (2012): Monetary Policy Review. Available online: <http://www.resbank.co.za>

South African Reserve Bank (2012): Statistical and Economic data. Available online: <http://www.resbank.co.za>

Statistics South Africa (Stats SA) (2012): Consumer Price Index (CPI), April 2012: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA) (2012): Gross Domestic Product (GDP), First Quarter 2012: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2012): Producer Price Index (PPI), April 2012: Available at <http://www.statssa.gov.za>

Statistics South Africa (Stats SA), (2012): Quarterly Labour Force Survey, Quarter 1, 2012: Available at <http://www.statssa.gov.za>



**Appendix A: Agricultural economic variables**

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

<b>Expenditure on intermediate goods and services (R million)</b>														
	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
1 <sup>st</sup> Qtr 2010	1 812	548	2 596	1 371	333	1 619	1 138	8 226	1 277	3 895	223	188	39	16 162
1 <sup>st</sup> Qtr 2011	2 084	598	2 723	1 631	370	1 862	1 291	9 706	1 506	4 213	250	216	41	18 086
1 <sup>st</sup> Qtr 2012	2 397	669	3 080	1 909	411	2 104	1 380	11 454	1 778	4 556	280	248	43	20 363
1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	15.0%	9.1%	4.9%	19.0%	11.1%	15.0%	13.4%	18.0%	17.9%	8.2 %	12.1%	14.9%	5.1%	11.9%
1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012	15.0%	11.9%	10.7%	17.0%	11.1%	13.0%	6.9%	18.0%	18.1%	8.1 %	12.0 %	14.8%	4.9%	12.6%

Source: DAFF

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

Year	2010				2011				2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>		
<b>Real gross income from agricultural products (R billion)</b>											
Field crops	1740,11	12 331,46	9065,12	4827,64	1791,48	12 471,87	14 131,17	7580,98	2488,57	<b>3,0%</b>	<b>39,9%</b>
Horticulture	8214,06	11 161,95	9284,09	6971,48	8748,04	11 484,31	9667,92	7889,55	9191,19	<b>6,5%</b>	<b>5,1%</b>
Animal products	16 672,15	16 372,98	15 830,39	17 751,06	17 236,32	17 163,48	17 257,93	20 540,81	19 152,75	<b>3,4%</b>	<b>11,1%</b>
<b>Total</b>	<b>26 626,31</b>	<b>39 866,40</b>	<b>34 179,60</b>	<b>29 550,17</b>	<b>27 775,99</b>	<b>41 119,65</b>	<b>41 057,02</b>	<b>36 011,34</b>	<b>30 832,51</b>	<b>4,3%</b>	<b>11,0%</b>

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
1 <sup>st</sup> Qtr 2010	28 303	22 332	1 208	9 404	1 678	3 096	8 584	2 521	7 460	84 586
2 <sup>nd</sup> Qtr 2010	28 065	22 187	1 348	9 015	1 779	3 186	8 996	2 520	7 457	84 556
3 <sup>rd</sup> Qtr 2010	27 322	24 338	1 376	10 028	1 904	3 180	10 075	2 643	7 822	88 688
4 <sup>th</sup> Qtr 2010	29 510	24 013	1 546	10 536	1 907	3 769	9 677	2 803	8 295	94 053
1 <sup>st</sup> Qtr 2011	29 310	22 738	1 057	9 292	1 183	3 002	9 187	2 560	7 577	85 906
2 <sup>nd</sup> Qtr 2011	30 386	24 586	1 666	8 990	2 111	3 520	9 329	2 723	8 059	91 368
3 <sup>rd</sup> Qtr 2011	30 271	27 395	1 782	10 423	2 408	3 456	10 113	2 901	8 585	97 335
4 <sup>th</sup> Qtr 2011	34 702	27 480	1 853	11 027	2 178	3 824	10 688	3 100	9 175	104 028
1 <sup>st</sup> Qtr 2012	32 400	28 579	1 173	10 125	2 081	3 569	9 953	2 969	8 788	99 636
1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012	10,5%	25,7%	11,0%	9,0%	75,9%	18,9%	8,3%	16,0%	16,0%	15,9%

Source: DAFF

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	11 995	10 241	10 766	10 833	-	-	-	-
Netherlands	1 524	1 540	1 559	1 589	14%	15%	14%	15%
United Kingdom	1 184	1 048	1 081	1 115	10%	10%	25%	25%
Zimbabwe	1 163	890	822	921	8%	8%	32%	33%
China	320	448	204	528	2%	5%	34%	38%
Mozambique	459	398	499	515	5%	5%	39%	43%
Germany	501	504	495	422	5%	4%	43%	47%
Mexico	1	3	74	408	1%	4%	44%	51%
Angola	414	261	282	393	3%	4%	47%	54%
United Arab Emirates	295	306	304	369	3%	3%	49%	58%
Hong Kong	143	206	445	344	4%	3%	54%	61%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	<b>Export values by product (R millions)</b>				<b>Export value as % of total export value</b>		<b>Cumulative %</b>	
Total	11 995	10 241	10 766	10 833	-	-	-	-
Grapes, Fresh	1 972	2 027	2 016	2 496	19%	23%	19%	23%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	978	931	750	789	7%	7%	26%	30%
Wool, Not Carded Or Combed, Greasy, Shorn	299	423	421	692	4%	6%	30%	37%
Corn (Maize), Other Than Seed Corn	1 269	373	1 022	482	9%	4%	39%	41%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	347	321	317	463	3%	4%	42%	45%
Plums, Prune Plums And Sloes, Fresh	340	294	385	414	4%	4%	46%	49%
Apples, Fresh	278	299	324	384	3%	4%	49%	53%
Food Preparations Nesoi	190	147	232	256	2%	2%	51%	55%
Cigarettes Containing Tobacco	219	221	166	210	2%	2%	52%	57%
Ethyl Alcohol, Udenat, Alcohol Not Un 80% By Volum	210	193	192	174	2%	2%	54%	59%

Source: South African Revenue Service

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	<b>Import values by exporting country (R millions)</b>				<b>Import value as % of import value</b>		<b>Cumulative %</b>	
Total	9 561	8 678	10 702	11 107	-	-	-	-
Argentina	1 448	1 304	1 988	967	19%	9%	19%	9%
China	528	537	482	904	5%	8%	23%	17%
Brazil	963	803	686	846	6%	8%	29%	24%
United Kingdom	366	383	556	652	5%	6%	35%	30%
Malaysia	463	332	560	602	5%	5%	40%	36%
Netherlands	363	419	436	598	4%	5%	44%	41%
Thailand	1 063	887	873	509	8%	5%	52%	46%
Indonesia	453	349	499	499	5%	4%	57%	50%
Germany	281	594	450	498	4%	4%	61%	55%
United States	378	296	597	443	6%	4%	67%	59%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	9 561	8 678	10 702	11 107	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	859	838	709	886	7%	8%	7%	8%
Palm Oil, Refined But Not Chemically Modified	669	442	784	785	7%	7%	14%	15%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	585	642	721	645	7%	6%	21%	21%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	219	263	366	587	3%	5%	24%	26%
Whiskies	329	306	436	465	4%	4%	28%	30%
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	41	241	536	343	5%	3%	33%	33%
Food Preparations Nesoi	249	236	289	328	3%	3%	36%	36%
Corn (Maize) Seed, Certified, Excluding Sweet Corn	12	0	0	324	0%	3%	36%	39%
Soybean Oil, Refined, And Fractions, Not Modified	241	366	494	323	5%	3%	41%	42%
Tobacco, Partly Or Wholly Stemmed/Stripped	408	337	185	242	2%	2%	42%	44%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	634	704	625	440	-	-	-	-
Spain	162	209	127	108	20%	25%	20%	25%
Italy	143	130	126	78	20%	18%	41%	42%
Hong Kong	60	54	36	40	6%	9%	46%	51%
United States	48	45	30	35	5%	8%	51%	59%
China	3	17	34	28	5%	6%	57%	65%
Australia	14	16	23	22	4%	5%	60%	70%
Germany	4	10	16	17	2%	4%	63%	74%
Greece	17	17	16	15	3%	3%	65%	78%
Portugal	28	39	42	15	7%	3%	72%	81%
Netherlands	4	2	2	15	0%	3%	72%	84%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	634	704	625	440	-	-	-	-
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	131	187	183	168	29%	38%	29%	38%
Lobsters, Live, Fresh,Ch, Dried, Salted Or In Brine	47	65	62	61	10%	14%	39%	52%
Albacore/Longfinned Tunas Ex Fillet/Lvr/Roe Frozen	33	93	14	51	2%	11%	42%	64%
Rock Lobster And Other Sea Crawfish, Frozen	53	46	42	49	7%	11%	48%	75%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	1	8	35	38	6%	9%	54%	83%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	448	382	334	416	-	-	-	-
Thailand	301	185	157	247	47%	59%	47%	59%
China	21	60	40	47	12%	11%	59%	71%
Peru	7	3	2	27	1%	6%	60%	77%
Spain	6	9	9	21	3%	5%	62%	82%
Norway	13	13	22	14	7%	3%	69%	85%
Falkland Islands	2	2	5	10	1%	2%	70%	88%
Uruguay	1	1	6	8	2%	2%	72%	90%
Philippines	3	1	0	7	0%	2%	72%	91%
United States	1	8	8	6	2%	2%	75%	93%
India	9	6	13	5	4%	1%	78%	94%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	448	382	334	416	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	198	167	88	206	26%	50%	26%	50%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	120	58	75	71	23%	17%	49%	67%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	16	24	31	56	9%	13%	58%	80%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	0.5	5	0.9	26	0%	6%	58%	86%
Mackerel, Prepared Or Preserved, Not Minced	0.3	6	4	12	1%	3%	60%	89%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	2 354	2 031	2 446	2 514	-	-	-	-
Indonesia	292	377	447	440	18%	18%	18%	18%
China	224	164	274	423	11%	17%	30%	34%
Zimbabwe	79	94	126	149	5%	6%	35%	40%
United Kingdom	152	132	112	138	5%	5%	39%	46%
Belgium	47	42	81	134	3%	5%	43%	51%
India	33	101	183	131	7%	5%	50%	56%
Thailand	58	141	113	119	5%	5%	55%	61%
Mozambique	75	68	76	84	3%	3%	58%	64%
Netherlands	76	26	71	74	3%	3%	61%	67%
Zambia	61	45	74	72	3%	3%	64%	70%

Source: South African Revenue Services



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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	2 354	2 031	2 446	2 514	-	-	-	-
Chemical Woodpulp, Dissolving Grades	714	888	1 150	1 162	47%	46%	47%	46%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	605	217	321	436	13%	17%	60%	64%
Chem Woodpulp, Soda Etc, N Dis S Bl & Bl Nonconif	246	200	346	283	14%	11%	74%	75%
Newsprint, In Rolls Or Sheets	74	62	63	75	3%	3%	77%	78%
Printed Books, Brochures, Etc., Nesoi	65	127	105	62	4%	2%	81%	80%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	2 015	1 793	1 760	1 712	-	-	-	-
United States	256	206	210	224	12%	13%	12%	13%
United Kingdom	247	227	223	219	13%	13%	25%	26%
China	171	163	181	214	10%	13%	35%	38%
France	213	161	141	151	8%	9%	43%	47%
Germany	219	123	149	137	8%	8%	51%	55%
Sweden	124	115	88	99	5%	6%	56%	61%
Indonesia	38	46	54	61	3%	4%	59%	65%
Italy	50	39	49	51	3%	3%	62%	68%
Finland	59	58	42	51	2%	3%	65%	71%
Austria	12	11	30	41	2%	2%	66%	73%

Source: South African Revenue Services

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

	1 <sup>st</sup> Qtr 2009	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	2 015	1 793	1 760	1 712	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	373	332	328	345	19%	20%	19%	20%
Casks, Barrels, Vats, Etc. And Parts, Of Wood	209	139	118	132	7%	8%	25%	28%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	88	64	60	97	3%	6%	29%	34%
Chemical Woodpulp, Soda Etc. N Dis S Bl & Bl Conif	48	74	46	97	3%	6%	31%	39%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	52	56	80	82	5%	5%	36%	44%

Source: South African Revenue Services

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

	Jan 2011	Feb 2011	Mar 2011	1 <sup>st</sup> Qtr 2011	Jan 2012	Feb 2012	Mar 2012	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012 % change
	<b>Volumes (1000 tons)</b>								
White maize opening stock*	4 206	3 653	3 019	3 626	2 240	1 717	1 265	1 741	-52%
Yellow maize opening stock*	1 851	1 507	1 228	1 529	1 079	837	603	840	-45%
Total maize opening stock*	6 057	5 160	4 247	5 155	3 319	2 554	1 868	2 580	-50%
White maize processed for local consumption	476	489	552	1 517	428	414	445	1 287	-15%
Yellow maize processed for local consumption	219	221	222	662	304	260	254	818	24%
Total maize processed for local consumption	695	710	774	2 179	732	674	699	2 105	-3%
Total white maize exports	56	158	139	353	110	69	97	276	-22%
Total yellow maize exports	123	60	110	293	16	15	14	45	-85%
Total maize exports	179	218	249	646	126	84	111	321	-50%
Wheat opening stock: human market*	1 332	1 324	1 276	1 311	1 778	1 732	1 673	1 728	32%
Wheat opening stock: feed market*	5	10	13	9	16	19	15	17	79%
Wheat opening stock*	1 337	1 334	1 289	1 320	1 794	1 751	1 688	1 744	32%
Wheat consumption: human consumption	209	224	258	691	252	228	259	739	7%
Wheat consumption: animal feed	1	0	0	1	10	19	23	52	5100%
Total wheat consumption	212	228	264	704	265	254	288	807	15%
Wheat imports (for human consumption only)	141	158	183	482	131	172	127	430	-11%
Wheat exports	16	11	15	42	37	28	28	93	121%
Average opening sunflower stock*	48	24	19	30	233	167	108	169	458%
Sunflower seed imports	0.1	0.1	0.1	0.3	0	0.1	0	0	-67%
Total processed sunflower for consumption	24	6	12	42	67	65	37	169	302%
Average soya bean opening stock*	103	75	46	75	306	262	226	265	254%
Soya bean consumption	29	30	32	91	46	38	48	132	45%
	<b>Market prices (R/ton)</b>								
White maize	1 354	1 567	1 564	1 495	2 739	2 399	2 481	2 540	70%
Yellow maize	1 459	1 630	1 614	1 568	2 765	2 473	2 369	2 536	62%
Wheat	2 964	3 288	3 066	3 106	2 757	2 757	2 713	2 742	-12%
Sunflower	4 918	4 635	4 300	4 618	4 372	4 330	4 519	4 407	-5%
Soya bean	3 749	4 010	3 604	3 788	3 367	3 344	3 606	3 439	-9%

\* 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	
	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Apples	4 818	5 977	5 613	24%	-6%
Avocados	5 373	6 655	9 705	24%	46%
Bananas	3 599	3 931	4 176	9%	6%
Oranges	3 836	3 752	3 121	-2%	-17%
Pears	3 637	3 885	4 246	7%	9%
Mangoes	5 536	6 062	6 484	10%	7%
Grapes	6 038	6 738	7 179	12%	7%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Apples	32 704	28 670	34 828	-12%	21%
Avocados	4 238	3 807	3 581	-10%	-6%
Bananas	59 779	62 793	58 838	5%	-6%
Oranges	3 875	4 633	4 462	20%	-4%
Pears	12 370	13 959	12 728	13%	-9%
Mangoes	10 641	10 335	12 239	-3%	18%
Grapes	12 888	11 786	12 634	-9%	7%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Beetroot	2 133	1 942	2 395	-9%	23%
Carrots	3 175	2 533	2 504	-20%	-1%
Cucumber	3 016	3 245	3 536	8%	9%
Lettuce	5 107	5 351	4 962	5%	-7%
Onions	2 240	2 063	2 052	-8%	-1%
Potatoes	2 403	1 990	2 390	-17%	20%
Spinach	4 584	4 532	5 025	-1%	11%
Tomatoes	3 587	3 669	3 672	2%	0%
Cabbage	1 395	1 419	1 900	2%	34%
Green beans	5 886	4 785	6 067	-19%	27%
Sweet potatoes	2 330	2 655	3 758	14%	42%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Beetroot	8 599	9 394	9 629	9%	3%
Carrots	19 734	22 281	26 363	13%	18%
Cucumber	126	85	93	-33%	10%
Lettuce	6 862	6 487	6 958	-5%	7%
Onions	73 732	79 822	85 757	8%	7%
Potatoes	217 610	245 665	249 868	13%	2%
Spinach	1 774	1 756	1 838	-1%	5%
Tomatoes	63 760	61 891	66 008	-3%	7%
Cabbage	21 574	23 554	21 943	9%	-7%
Green beans	2 517	3 065	2 885	22%	-6%
Sweet potatoes	6 763	5 365	5 576	-21%	4%

Source: DAFF

**Table B.6: Beef**

	Units	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Gross value	R'000	3 697	3 833	4 032	4%	5%
Average price	R/kg	22,56	26,10	29,07	16%	11%
Total slaughtering	Heads	538 871	537 244	510 871	0%	-5%

\*Heads refer to the number of cattle slaughtered

Source: DAFF

**Table B.7: Poultry**

	Units	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Gross value	R'000	6 054	6 358	7 130	5%	12%
Average price	R/Mt	16 457	17 210	18 860	5%	10%
Commercial Production	Mt	352 545	355 811	362 216	1%	2%

Source: DAFF

**Table B.8: Eggs**

	Units	1 <sup>st</sup> Qtr 2010	1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2010 to 1 <sup>st</sup> Qtr 2011	1 <sup>st</sup> Qtr 2011 to 1 <sup>st</sup> Qtr 2012
Gross value	R'000	1 770	1 704	1 854	-4%	9%
Average price	R/dozen	9,22	8,81	9,12	-4%	4%
Total Production	1000 dozen	191 976	193 448	203 366	1%	5%

Source: DAFF

**Table B.9: Milk**

	<b>Units</b>	<b>1<sup>st</sup> Qtr 2010</b>	<b>1<sup>st</sup> Qtr 2011</b>	<b>1<sup>st</sup> Qtr 2012</b>	<b>1<sup>st</sup> Qtr 2010 to 1<sup>st</sup> Qtr 2011</b>	<b>1<sup>st</sup> Qtr 2011 to 1<sup>st</sup> Qtr 2012</b>
Gross value	R'000	2 293	2 195	2 530	-4%	15%
Average price received by farmers	R/litre	3,03	2,87	3,28	-5%	14%
Total Production	1000 liter	755 882	765 666	771 403	1%	1%

Source: DAFF

## Appendix C: Descriptions of forestry import and export products

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

<p><b><u>Export products descriptions</u></b></p> <p><b>Fuel In Log;Chips,etc.:</b> 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><b>Wood Charcoal:</b> Wood charcoal (including shell or nut charcoal), whether or not agglomerated</p> <p><b>Blders' Joinry+Carpntr:</b> Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p> <p><b>Fibrbrd Of Wd/Ot Lign:</b> Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p><b>Rough,Not Sapwood:</b> Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared</p>
<p><b><u>Import product descriptions</u></b></p> <p><b>Lumber &gt; 6 mm thick:</b> 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><b>Cask,Barr,Vat,etc.+Pts:</b> Casks, barrels, vats, tubs and other coopers and apos; products and parts thereof, of wood, including staves</p> <p><b>Fibrbrd Of Wd/Ot Lign:</b> Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p><b>Plywood,Veneer,etc.:</b> Plywood, veneered panels and similar laminated wood</p> <p><b>Blders' Joinry+Carpntr:</b> Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p>