

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 fourth 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

Global economic growth improved modestly to about 3% in the fourth quarter of 2012 following a slowdown in the first half of 2012. The main drivers behind the positive growth were emerging market economies, where economic activity picked up as expected, and the United States, where growth surprised on the upside, IMF 2012. Downside risks in the euro area and the United States are now expected to be lower; though recovery in the euro area, following the economic contraction, is expected to be delayed. Europe's slowdown and Japan's recession will be the major factors preventing a more rapid world growth in 2013, while expected higher growth in the U.S as well as Asian and Latin American economies is expected to drive the expected higher growth in 2013. Emerging market and developing economies are expected to grow by 5,5% in 2013 from 5,1% in 2012, but the downside risk is the weakness in advanced economies which is expected to have an effect on external demand and consequently, on commodity exports. (IMF, 2013)

World grain production for 2012/13 is forecast to decline by 3,9% (70 million tons) led by the decline in wheat (41 million tons) and maize (25 million tons). Southern hemisphere maize harvesting has been gathering pace, with record outturns in Brazil and Argentina. However, due to drought elsewhere, the 2012/13 world maize production is forecast to drop to 851 million tons in 2012/13 before rising to 939 million tons in 2013/14; while wheat production is expected to drop to 655 million tons in 2012/13 before rising to 680 million tons in 2013/14. World grain consumption is forecast to contract by 34 million tons to reach 1 817 million tons in 2012/13 before picking up to 1 875 million tons in 2013/14. World grain trade is expected to drop by 4,1% from 269 million tons in 2011/12 to 258 million tons in 2012/13.

The SA economy improved slightly in the fourth quarter of 2012, with a real GDP growth of 2,1% quarter-on-quarter (q/q) from 1,2% in the third quarter of 2012. The slight improvement was mainly due to improvement in the manufacturing sector which grew by 5% in the fourth quarter from 1,2% growth in the third quarter. However, the GDP growth was suppressed by the 9,3% contraction in the mining and quarrying sector which continues to be affected by labour disputes. The agriculture, forestry and fishing sector continued to outperform other sectors, growing by 10% in the fourth quarter of 2012 from 7,4% in the third quarter of 2012. Looking at the annual estimates for 2012, real GDP rose by 2,5% in 2012, slightly down from 3,5% in 2011. The agriculture, forestry and fishing sector grew by 2,3% year-on-year (y/y) in 2012, following a 0,1% y/y contraction in 2011. The two sectors that contracted in 2012 on a

y/y basis are the mining and quarrying sector (-4,0%) and the electricity, gas and water sector (-1,2%).

The unemployment rate in South Africa fell to 24,9% in the fourth quarter of 2012 from 25,5% in the third quarter of 2012, largely due to a decline in the labour force. However, the number of employed persons declined by 68 000 q/q in the fourth quarter of 2012 – the first time since 2008 that there is a decrease in employment during the fourth quarter of the year. The decrease in employment was largely attributable to job losses experienced in private households (down 48 000) and the trade industry (down 41 000). The number of people employed in agriculture increased by 24 000 q/q from 661 000 in the third quarter of 2012 to 685 000 in the fourth quarter of 2012. On a year-on-year (y/y) basis, employment in agriculture rose by 55 000 from 630 000 in the fourth quarter of 2011 to 685 000 in the fourth quarter of 2012. Compared to the fourth quarter of 2011, total employment in SA rose by 80 000 jobs with the largest number of jobs created in the community and social services sector (126 000); while the highest job losses were in the trade (139 000), manufacturing (59 000) and private households (42 000) sectors.

Gross farming income from all agricultural products increased by 11,7% from R36,6 billion in the fourth quarter of 2011 to R40,9 billion in the fourth quarter of 2012. The increase was largely supported by an increase in income from animal products which rose by 13,5% from R20,8 billion in the fourth quarter of 2011 to R23,6 billion in the fourth quarter of 2012. The main drivers behind the increase in income from animal products were income from ostrich feathers and products which rose by 29,1%; as well as income from poultry meat which rose by 25,4% in the fourth quarter of 2012 compared to the fourth quarter of 2011. Income from field crops rose by 13,8% while income from horticultural products rose by 11,2% during the period under review. The net farm income rose by 15,5% from R8,1 billion in the fourth quarter of 2011 to R9,3 billion in the fourth quarter of 2012.

The value of SA agricultural exports decreased by 3% from R12,7 billion to R12,3 billion between the fourth quarter of 2011 and the fourth quarter of 2012. Zimbabwe was SA's major export destination during this period, with SA gaining R1,5 billion in agricultural export revenue from the country. On the other hand, SA's import value of agricultural products increased by 6% from R13,6 billion to R14,5 billion between the fourth quarter of 2011 and the fourth quarter of 2012.

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

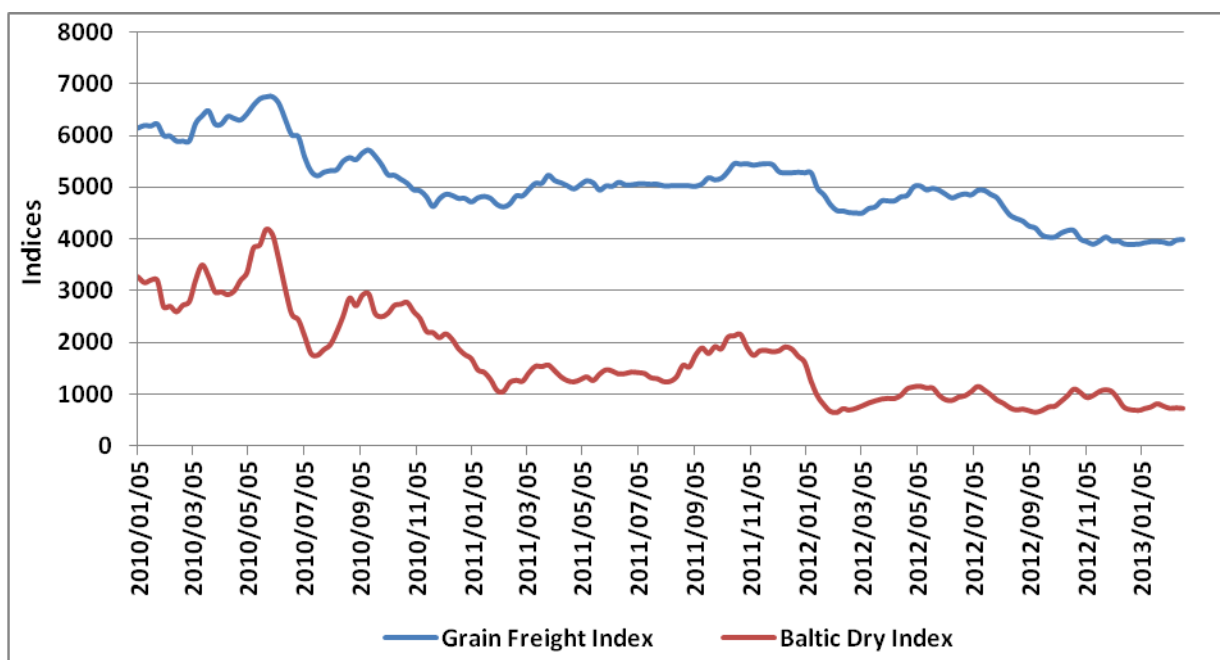
Global growth improved further in the fourth quarter of 2012 although the improvement in the third quarter is assumed to have been due to temporary factors when looking at the weak global trade and industrial production (IMF, 2013). The boost came from emerging market economies where economic activity improved as expected and also from the more than expected growth coming from the US. World growth is expected to average around 3,1% in 2013.

The euro area is still weak with spillovers expected to affect core euro countries- a downside risk to global recovery. Emerging market and developing economies are still expected to grow by 5,5% in 2013, but the downside risk is the weakness in advanced economies which is expected to have an effect on external demand affecting commodity exports.

According to the International Labour Organization (ILO); the unemployment growth is set to rise again although global output is expected to pick up in 2013-14. The number of unemployed persons worldwide is projected to rise by 5,1 million in 2013, to reach more than 202 million; increasing further by 3 million in 2014. A quarter of the increase of 4 million in global unemployment in 2012 has been in the advanced economies, while three quarters has been in other regions, with marked effects in East Asia, South Asia and Sub-Saharan Africa.

The spillover effects of the weak global economic growth are seen in weak international trade as reflected by the Baltic and Freight index below. The Baltic Dry and Grain freight is an index reflecting changes in the value of 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 indicates that trade, including grain trade, has been under pressure in 2012 compared to 2011 but it has worsened since October 2012 to date. The Grain and Baltic index averaged around 5 077 and 1 547 in 2011 compared to around 4 541 and 931 in 2012; a 10,6% and 39,8% decline respectively. Beginning of January 2013 until February, both indices averaged 3 933,8 and 753,3 which is 17,9% and 17,1%, respectively, below the figure obtained in the same period in 2012 and this reflects lacklustre trade.



**Figure 1: Baltic Dry and Grain Freight Indices**

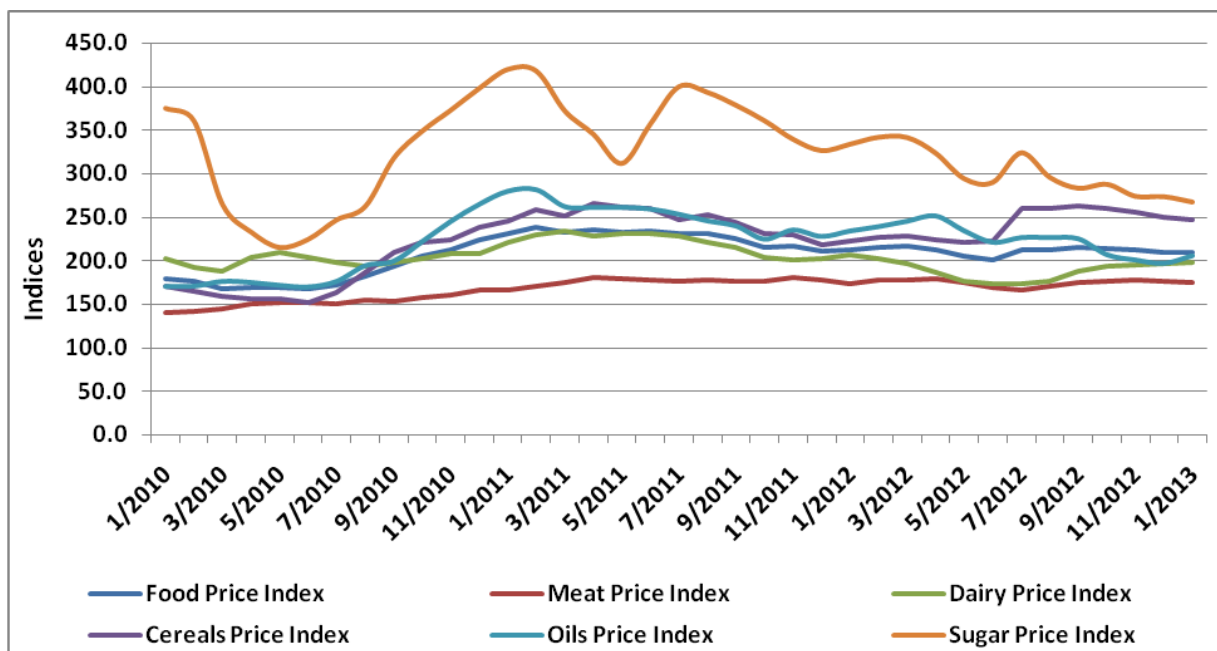
Source: International Grain Council

The low global economic activity, *inter alia*, seem to have resulted in a slowdown in commodity prices from their previous highs although on average, prices are still high (figure 2).

Food prices for the three months ending in January 2013 have declined by 1,7% compared to the three months ending in October 2012. The decline is mainly due to the decline in prices of oil seeds (8,4%), sugar (6%) and cereals (3,7%). On the other hand, dairy and meat prices increased. Year-on-year food prices have declined by 1,3% due to the decline in oilseed prices(13,5%); sugar(18,5%), meat(0,7%) and dairy prices(3,2), while cereal prices are still higher on an annual basis.

In terms of agricultural production, total grain production is forecast to decline from 1 850 million tons in 2011/2012 to 1 780 million tons in 2012/2013. Severe droughts in the United States and across a large part of Europe into central Asia have been the main cause of the reduced production of wheat, maize and other grains in the 2012/13 season. However, increased production in Brazil offset the negative balances as farmers in the country took advantage of the high maize prices in the 2011/2012 season; resulting in high ending stocks and good 2012/13 final maize prospects in Brazil and Argentina





**Figure 2: International Food Prices**

Source: FAO

Wheat production is estimated at 655 mil/tons in 2012/13, which is 6,1% lower than during the 2011/12 season. Production is lowered for Kazakhstan and Brazil, but raised for Ukraine, South Africa, and Belarus. Wheat prices have dropped following slow export demand and the prospect of improved conditions for the US winter crop.

The global maize market is particularly tight with global end of season stocks expected to be down by 20 mil/tons y/y, which is a nine-year low. The severe drought in the US was offset by the rise in production in Brazil and Argentina and the high ending stocks in 2011/12. World maize production is estimated at 851 mill/tons, which is 3,1% lower than during the 2011/12 production season. Prices were initially supported by overly dry weather in Argentina, but they have now lowered due to, inter-alia, increased competition, sluggish sales – especially of US maize – and low maize required for ethanol production.

World soybeans production in 2012/13 is rose by 13% y/y from 238 mil/bushels in 2011/12 on prospects of bumper South American crops. Recent concerns over weather in Argentina and potential shipping delays in Brazil due to the strike in the country have pushed soybean prices higher, reversing earlier losses.

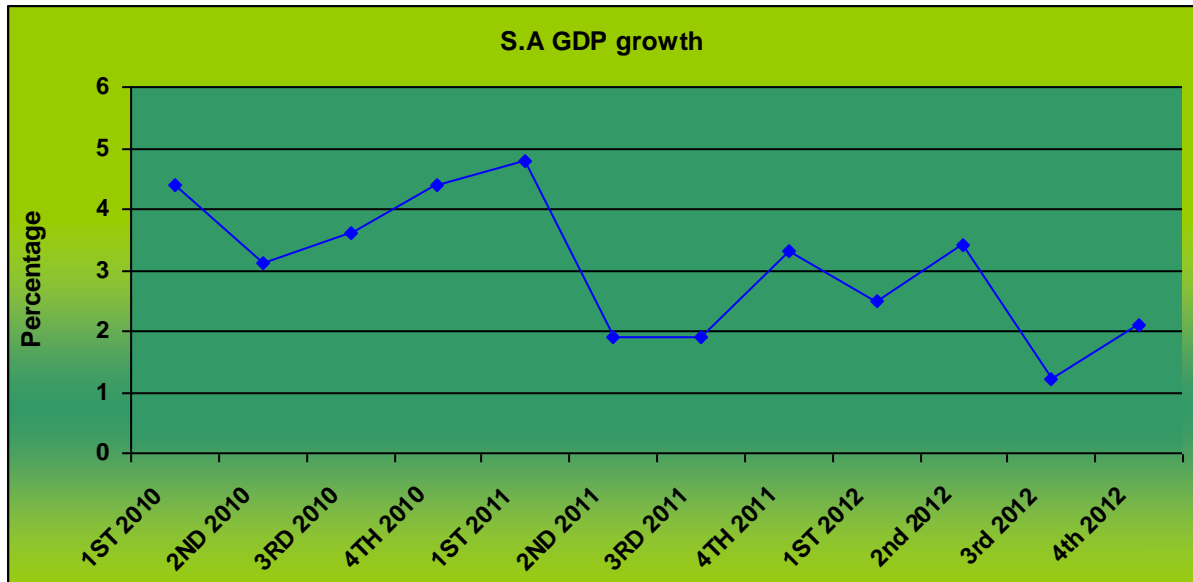
## 2. THE STATE OF THE DOMESTIC ECONOMY IN AGRICULTURE, FORESTRY AND FISHING

### 2.1 Growth

Economic growth pleasantly surprised the market with an unexpected increase in the last quarter of 2012, as agriculture and manufacturing industries supported growth. The seasonally adjusted real gross domestic product (GDP) at market prices for the fourth quarter of 2012 increased at an annualised rate of 2,1% compared with an increase of 1,2% in the third quarter of 2012. This resulted in the economy recording a moderate annual growth of 2,5% in 2012, down from 3,5% in 2011 – although this had been widely expected. The growth helped nominal GDP to reach an estimated R3 trillion for the year of 2012, R238 billion more than in 2011.

The largest contributions to the quarter-on-quarter growth of 2,1% were from the manufacturing sector which contributed 0,8 of a percentage point based on growth of 5,0%; finance, real estate and business services which contributed 0,6 of a percentage point based on growth of 2,9% and general government services which contributed 0,4 of a percentage point based on growth of 2,6%. The agriculture, forestry and fishing industry contributed 0,2 of a percentage point based on growth of 10,0%.

However, growth was negatively affected by poor growth in the mining and quarrying sector which reflected a decrease of 9,3% due to lower production in gold and other metal ores mining, including platinum. This was largely due to lag effects of wildcat strikes in the sector which continued into the final quarter of the year. The negative growth of 2,2% in the electricity, gas and water industry was due to lower consumption in electricity and water.

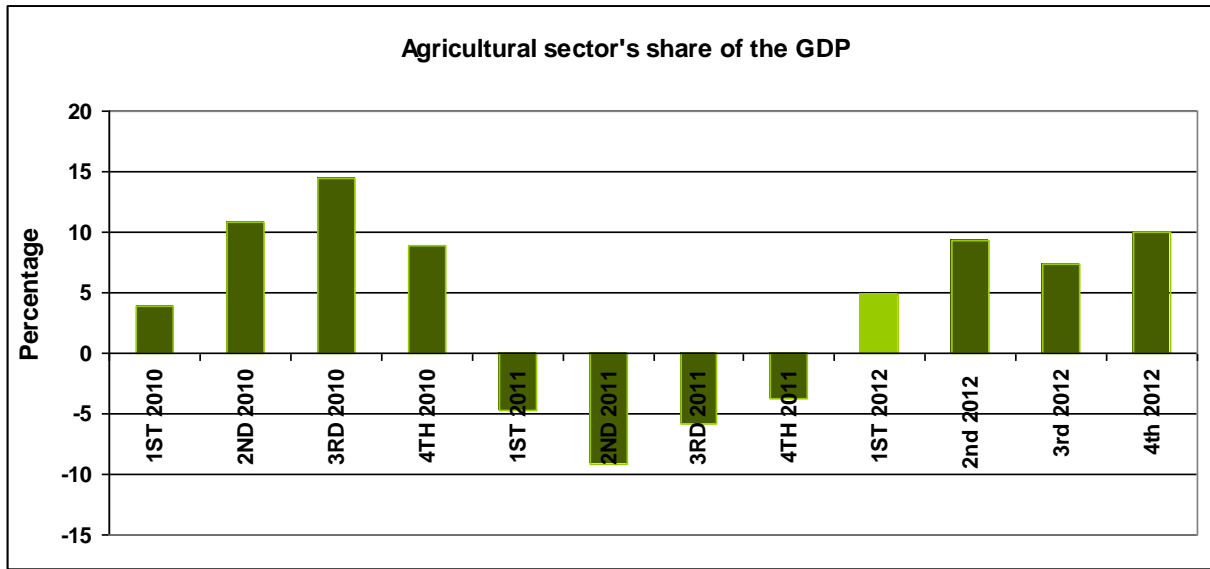


**Figure 3: Trends in the SA GDP growth between 2010 and 2012**

Source: Stats SA

Figure 3 shows trends in GDP growth since the first quarter of 2010. After reaching its lowest level in more than three years during the third quarter of 2012, GDP growth bounced back and surprised the market with an unexpected increase in the last quarter of 2012. Real gross domestic product (GDP) at market prices for the fourth quarter of 2012 increased at an annualised rate of 2,1% compared with an increase of 1,2% in the third quarter of 2012. For the whole of 2012 the economy recorded a moderate growth of 2,5% down from 3,5% in 2011.

The real value added by the agricultural sector gained some momentum in the last quarter of 2012, rising from 7,4% in the third quarter of 2012 to an annualised rate of 10,0% in the fourth quarter of 2012. Growth in the agriculture, forestry and fishing sector during the fourth quarter of 2012 was largely supported by gross income from animal products, which increased by 13,5% to R23,6 billion in the fourth quarter of 2012 compared to R20,8 billion in the fourth quarter of 2011. The largest income increase in this category was recorded by Ostrich feathers and products and poultry meat which increased by 29,1% and 24,8% respectively in the fourth quarter of 2012. Growth was also boosted by gross income increased of 9,2% and 8,5% from field crops and horticulture. Figure 4 shows the agriculture, forestry and fishing sector quarter-on-quarter growth between 2010 and 2012.



**Figure 4: Agriculture, forestry and fishing GDP growth between 2010 and 2012**  
 Source: Stats SA

After moderating from 7,4% in the third quarter of 2012 growth in the real value added by the agriculture, forestry and fishing sector gained some momentum in the last quarter of 2012 increasing by an annualised rate of 10,0%. Growth in the agriculture, forestry and fishing sector averaged 7,9% in 2012.

While the firmer growth is a pleasant development, Nedbank warned that 2013 would be much the same as real GDP is forecast to grow by a moderate 2,6%. The pace of economic activity remains modest and unbalanced. Although domestic spending moderated, it continued to outpace production despite improvements in agriculture and manufacturing output. This suggests that the underlying pressure on the current account and the rand is unlikely to ease in the near future. The strain on the mining and manufacturing sectors will probably continue. Producers and exporters face another difficult year as the recession in the eurozone is forecast to continue and local operating conditions are expected to remain challenging given high electricity costs, strained labour relations, fading productivity and inadequate economic infrastructure (Business Day).

According to the OECD, growth in South Africa’s economy slowed to 2,5% in 2012, from 3,5% in 2011. The OECD expect the economy to expand by 2,8% this year and 3,8% in 2014; more optimistic than the Treasury’s latest forecast of 2,7% for 2013 and 3,5% for 2014, down from their optimistic growth prospects in the medium-term budget policy statement in October

2012 where the growth forecast was 3% for 2013, rising to 4,1% in 2015. The South African Reserve Bank expects the economy to grow by 2,6% in 2013 from an earlier forecast of 2,9%.

## **2.2 Inflation**

The consumer price index (CPI) rose by 5,7% y/y in December 2012 in line with expectations but slightly up from the 5,6% during both October 2012 and November 2012. On average prices increased by 0,2% between November 2012 and December 2012 mainly due to administered costs in housing and transport, such as higher rates and taxes as well as increases in long-distance bus fares. The official average annual inflation rate was 5,6% for the year 2012 (i.e. the average CPI for all urban areas for the year 2012 compared with that for the year 2011). This average annual inflation rate of 5,6% was 0,6 of a percentage point higher than the corresponding average annual inflation rate of 5,0% for the year 2011 and 4,3% in 2010.

The food and non-alcoholic beverages index increased by 0,2% between November 2012 and December 2012. The annual rate decreased to 6,9% in December 2012 from 7,0% in November 2012. The following components in the food and non-alcoholic beverages index increased: fruit increased by 4,9%, milk, eggs and cheese increased by 0,8%, hot beverages increased by 0,8%, cold beverages increased by 0,8%, oils and fats increased by 0,7%, meat increased by 0,4% and bread and cereals increased by 0,2%. The following components decreased: vegetables decreased by 2,4%, fish decreased by 0,6%, other food decreased by 0,3% and sugar, sweets and desserts decreased by 0,2%. Housing and utilities increased by 0,5% between November 2012 and December 2012, mainly due to a 0,8% increase in actual rentals for housing and a 0,7% increase in owners' equivalent rent. The annual rate was unchanged at 6,0% in December 2012. The transport index increased by 0,3% between November 2012 and December 2012, mainly due to a 26,6% increase in long distance bus fares. The annual rate was unchanged at 5,5% in December 2012.

The provinces with an annual inflation rate lower than or equal to headline inflation were Free State (5,7%), Western Cape (5,6%), KwaZulu-Natal (5,6%), Gauteng (5,5%) and Eastern Cape (5,3%). The provinces with an annual inflation rate higher than headline inflation were Northern Cape (6,5%), North West (6,4%), Mpumalanga (6,2%) and Limpopo (6,2%).

The South African Reserve Bank expect inflation to average 5,8% in 2013. The inflation forecast of the Bank reflects a further deterioration in the inflation outlook for 2013 compared

with the previous forecast. Having averaged 5,6% in 2012, inflation is now expected to average 5,8% in 2013, and 5,2% in 2014 compared with previous forecasts of 5,5% and 5,0% for the respective years. Inflation at South Africa's factories was again steady in December compared with the same period in 2011, suggesting benign producer price pressures. Inflation as measured by the producer price index (PPI) remained at 5,2% y/y in December, the same level as in October and November, and well below consensus estimates for a 5,5% increase. Higher prices for mining and quarrying, other manufactures, non-electrical machinery and equipment were counteracted by decreases in food at manufacturing, agriculture, and basic metals. The latest producer inflation figures bode well for consumer inflation. Food inflation was very well behaved and contained with grain and meat prices falling at the agricultural and manufacturing levels. During the month of December, the PPI fell 0,1%, mainly due to decreases in the price indices of mining and quarrying as well as electricity.

These decreases were partially counteracted by increases in the price indices of products of petroleum and coal, and chemicals and chemical products. Despite the contained producer inflation, forecasts are for increases in coming months. The December reading was lower than expected, but the weak rand exchange rate will affect the PPI numbers further down the line. In 2012, the average PPI for domestic output was 6,2% compared with an annual increase of 8,4% in the average PPI for domestic output in 2011.

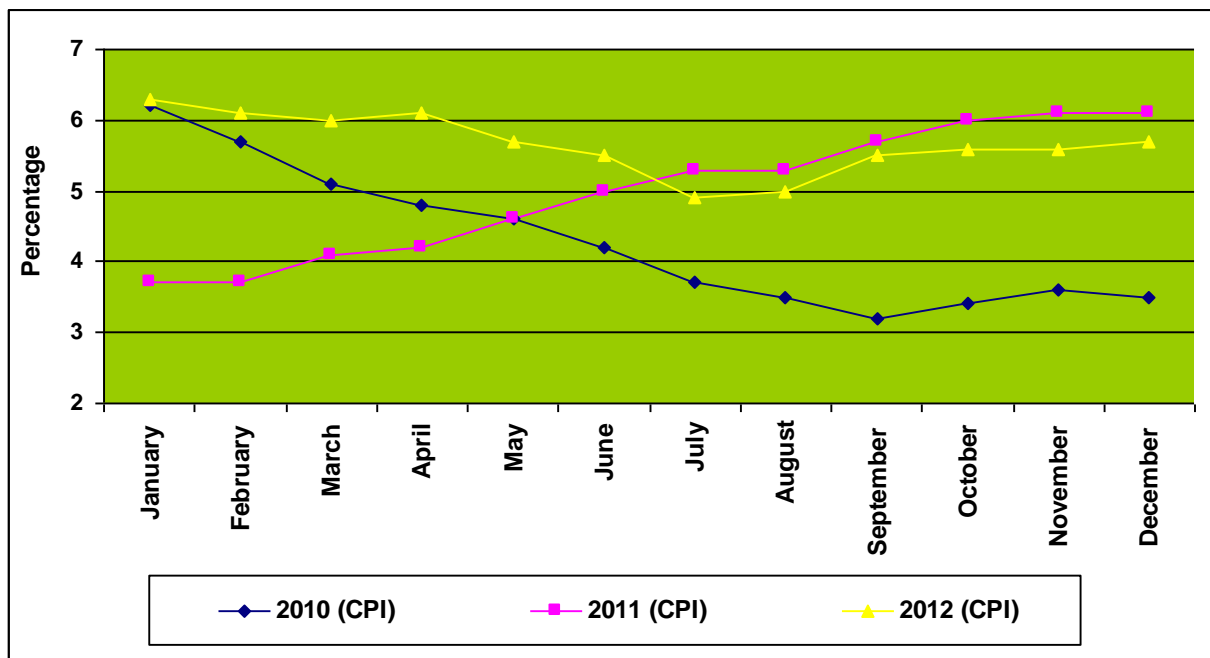


Figure 5: Consumer Price Index (CPI) trends between 2010 and 2012

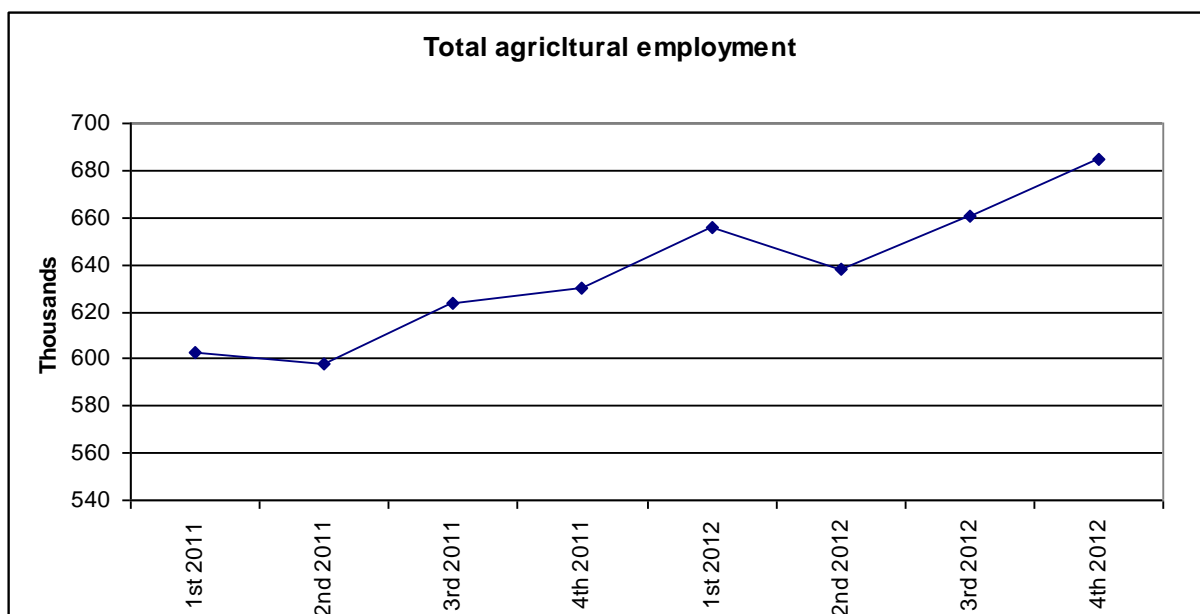
Source: Stats SA

## 2.3 Employment

SA's unemployment rate fell unexpectedly in the last quarter of 2012, declining to 24,9% of the labour force in the fourth quarter of 2012 from 25,5% in the third quarter of 2012, Statistics South Africa reported on its quarterly labour force survey. It is the first time since the inception of the survey that there was a decrease in employment in the fourth quarter of a year. The labour force decreased by 235 000 persons between the third quarter of 2012 and the fourth quarter of 2012. This decrease was reflected in a decrease in the number of both unemployed persons (166 000) and employed persons (68 000), which saw the unemployment rate decline by 0,6 of a percentage point from 25,5% to 24,9% in fourth quarter of 2012. A decrease in employment was attributed to job losses experienced in the formal sector (down by 52 000) and private households (down by 8 000). Employment in agriculture and in the informal sector increased by 24 000 (3,6%) and 8 000 (0,4%) respectively. The number of discouraged work-seekers increased by 87 000 between the two quarters, while other not economically active persons increased by 259 000.

Compared to a year ago, employment increased by 0,6% (80 000), unemployment increased by 6,1% (257 000), the number of discouraged work-seekers decreased by 2,5% (58 000) and other (not economically active) increased by 1,4% (180 000), resulting in a net increase of 121 000 in the not economically active population in the fourth quarter of 2012. Therefore over the past year, the SA economy has added a mere 80 000 jobs. This is still massively below the key target level of 500 000 year, but it reflects some improvement relative to the more than a million jobs that were lost in the 2009 recession.

Figure 6 shows that between 2011 and 2012 employment in agriculture has shown an upward trend on a quarter-on-quarter basis, with only second quarters of both 2012 and 2011 showing a decline in employment.



**Figure 6: Total Agricultural Employment**

Source: Stats SA

The number of people employed in agriculture rose by 24 000 in the fourth quarter of 2012, from 661 000 persons in the third quarter of 2012 to 685 000 persons in the fourth quarter of 2012. On a year-on-year basis, 55 000 more people were employed in agriculture, from 630 000 in the fourth quarter of 2011 to 685 000 in the fourth quarter of 2012.

Of the 24 000 new jobs created in agriculture in the fourth quarter of 2012 (quarter-on-quarter), 18 000 were occupied by men, while women occupied 6 000. This is contrary to what happened in the third quarter of 2012 where women occupied more jobs than men. In total, the agricultural sector comprised of 227 000 women and 458 000 men in the fourth quarter of 2012 compared to 221 000 women and 440 000 men in the third quarter of 2012. However, agriculture employment will be affected by the new minimum wage agreement coming into effect on the 01 March 2012. According to farmers union TAU SA, a total of 2,000 farm workers were issued with retrenchment notices in February as the agricultural sector shed jobs ahead of the implementation of a new minimum wage. Agriculture has shed hundreds of thousands of jobs since minimum wages were first implemented in 2000. Analysts warn that thousands more jobs will be lost when the new wage comes into effect.

The Western Cape provincial agriculture again had the highest number (129 000) of people employed in the fourth quarter of 2012; followed by Limpopo (117 000), KwaZulu-Natal (99 000) and Mpumalanga (95 000). The North West provincial employment in agriculture declined by 3 000, from 31 000 in the third quarter of 2012 to 28 000 in the fourth quarter of

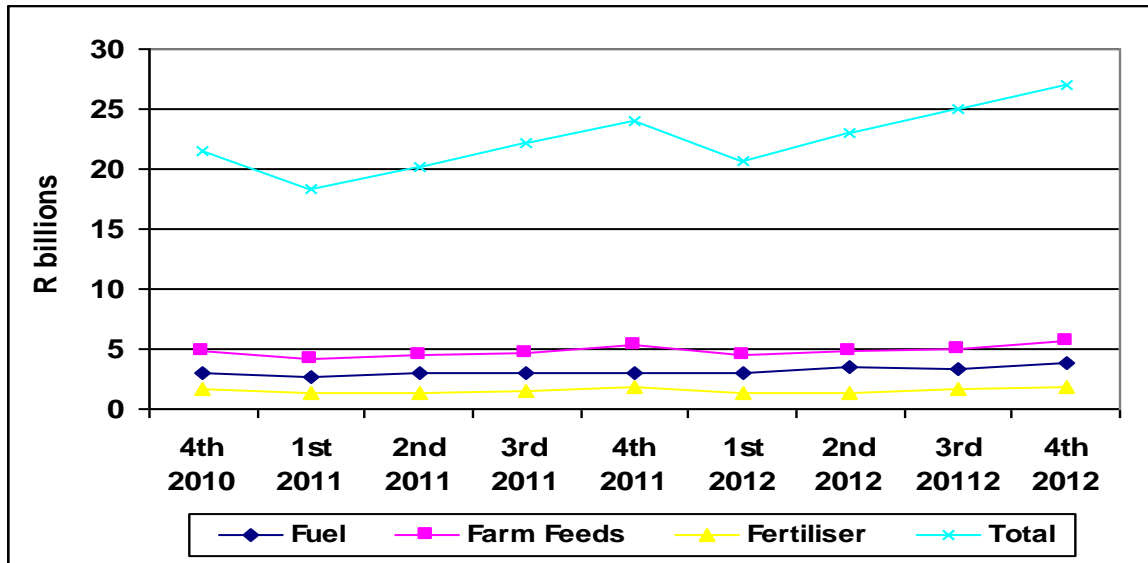


2012; followed by Gauteng with a decline of 4 000 from 49 000 in the third quarter to 45 000 in the fourth quarter of 2012. Free State employment in agriculture declined by 5 000 from 68 000 in the third quarter of 2012 to 63 000 in the fourth quarter of 2012. However, KwaZulu-Natal created the highest number of jobs (10 000), followed by both Limpopo (8000), Mpumalanga (8 000) and Western Cape (6 000) in the fourth quarter of 2012 compared to the third quarter of 2012. On a year-on-year basis, the highest number of jobs were created in the Western Cape Province (35 000) followed by Limpopo which created 27 000 new jobs.

The Quarterly Labour Force Survey (QLFS) also indicated that 1,8 million people were involved in subsistence farming during the fourth quarter of 2012 compared to 1,5 million in the third quarter of 2012, which is an increase of 275 000 on a quarter-on-quarter basis and a decline of 4 000 on a year-on-year basis. KwaZulu-Natal had the highest number (647 000) of people involved in subsistence farming in the fourth quarter of 2012 followed by Eastern Cape (415 000), Limpopo (274 000) and Free State.

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

The expenditure on intermediate goods and services increased by 13,1% to reach R95,8 billion in the fourth quarter of 2012 compared to R84,6 billion in the fourth quarter of 2011. The increase in intermediate expenditure was mainly supported by the increase in expenditure on fuel (29,2%), seeds and plants (18,0%) as well as dips and spray (17,0). The expenditure on packing material increased by 16,0% while expenditure on water tax, insurance and electricity increased by 14,8%, 11,7% and 11,1% respectively. Expenditure on building and fencing material increased by 11,0%, while the expenditure on maintenance and repair of machinery and implements increased by 8,0%. Expenditure on farm feeds, farm services and fertilisers increased by 8,7%; 4,5% and 3,6% respectively, during the same period (Appendix A.1).



**Figure 7: Trends in the expenditure on fuel, farm feeds and fertilisers between 2010 and 2012**

Source: Daff

Figure 7 shows the total expenditure on fuel, farm feeds and fertilizers between the third quarters of 2010, 2011 and 2012. The expenditure on fuel during the fourth quarter of 2012 increased by 31,0% to R3,8 billion, from R2,9 billion in the fourth quarter of 2011. During the same period the expenditure on fertilisers remained at R1,8 billion. The expenditure on farm feed increased to R5,7 billion in the fourth quarter of 2012 from R5,3 billion in the fourth quarter of 2011, an increase of 7,5%. The total expenditure on intermediate goods and services maintained an upward trend from the first quarter of 2012, increasing from R20,7 billion in the first quarter of 2012 to R27,0 billion in the fourth quarter of 2012.

## 2.5 Gross farming income and net farm income from agricultural products

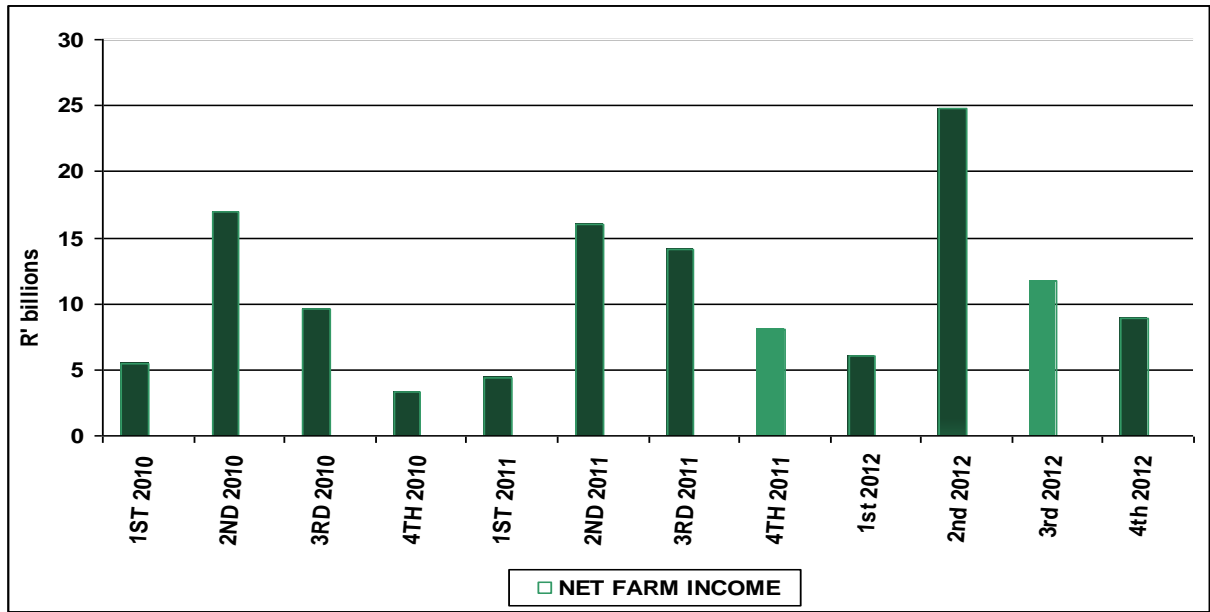
Gross farming income from all agricultural products amounted to R40,9 billion in the fourth quarter of 2012 from the R36,6 billion reported in the fourth quarter of 2011, an increase of 11,7%. This increase was largely supported by an increase in gross income from animal products which increased by 13,5%. Field crops and horticulture increased by 9,4% and 8,7% respectively. (Appendix A.2)

The gross income from animal products increased by 13,5% from R20,8 billion in the fourth quarter of 2011 to R23,6 billion in the fourth quarter of 2012. The largest income increase in

this category was recorded by ostrich feathers and products as well as poultry meat which increased by 29,1% and 24,8% respectively in the fourth quarter of 2012. Gross income from wool and milk also increased by 15,8% and 15,3% respectively. Gross income from other livestock products, pig slaughtered and eggs increased by 12,8%, 9,6% and 9,0% respectively. Cattle and calves slaughtered increased slightly by 3,8%, while gross income from goats slaughtered and sheep slaughtered decreased by 15,0% and 3,1% respectively.

The gross income from field crops increased to R8,3 billion in the fourth quarter of 2012 from R7,6 billion in fourth quarter of 2011, an increase of 9,2%. The increase was boosted by increases in dry beans, soya beans, canola and other filed crops which increased by 86,7%, 83,4%, 78,2% and 37,9% respectively. Gross income from maize, wattle bark, wheat, groundnuts and hay increased by 21,0%, 14,6%, 11,7%, 10,8% and 9,9% respectively. Gross income from barley slightly increased by 3,8%, whilst the income from grain sorghum, sunflower seed and oats decreased significantly by 44,2%, 34,6% and 19,1% respectively. Gross income from lucerne seed, sugar cane and tobacco also decreased by 15,6%, 10,3% and 0,8% respectively.

Gross income from horticultural products increased by 8,5% to R8,9 billion in the fourth quarter of 2012 from R8,2 billion in the same quarter of 2011. This can be attributed to a significant increase of 259,8% in income from tea. Gross income from citrus fruit, vegetables, other horticultural products and viticulture increased by 21,8%, 14,0%, 11,0% and 10,9% respectively. Income from nuts and subtropical fruit also increased by 8,5% and 5,9% respectively while income from dried fruit decreased significantly by 78,8% during the same period. On the other hand, gross income from deciduous fruit and other fruit decreased slightly by 1,8% (Appendix A.2). Figure 7 depicts the net farm income trends between 2010 and 2012.



**Figure 8: Trends in the farming net farm income between 2010 and 2012**  
 Source: DAFF

The net farm income for the fourth quarter of 2012 is estimated at R40,9 billion, an increase of 11,7% compared to R36,6 billion recorded in the fourth quarter of 2011. The increase in net farm income in the fourth quarter of 2012 was due to the marginal increase (11,7%) in gross income from all agricultural products although the expenditure on intermediate goods and services also increased significantly by 13,1%.

**2.6 Private consumption expenditure on agricultural products**

During the fourth quarter of 2012, private expenditure on food reached R117,4 billion, an increase of 10,6% compared to the R106,1 billion reported for the fourth quarter of 2011. The main expenditure item was fruit and vegetables which increased by 24,2%. Expenditure on oils and fats increased by 22,4%. Milk, milk products and eggs expenditure increased by 13,2% while the expenditure on coffee, tea and other increased by 10,6% respectively, in fourth quarter of 2012. The expenditure on meat increased by 8,8%, whilst expenditure on bread and grains recorded an increase of 8,1%. The expenditure on sugar and potatoes decreased slightly by 2,4% and 1,2% respectively (Appendix A.3).

## **2.7 Trade of agricultural, forestry and fisheries products**

### **2.7.1 Agricultural trade**

While world growth in 2012 is expected to have slowed to 2,4% and trade growth to have declined by an estimated 2%, a sharp decline from a 7% growth in 2011 (USDA, 2012), the dampening effect of slow growth in developed worlds still casts a shadow across the global economy while output in developing economies remained relatively solid in 2012 (ARC Economic outlook, December 2012). Domestically, SA's trade account has been in deficit since the beginning of 2012, showing the extent to which exports were affected by the global economic slowdown. The trade account balance swelled to a record R21, 2 billion deficit in October 2012, narrowed to R7,94 billion deficit in November and improved drastically to R2,7 billion deficit in December 2012. In the meantime, government took a decision to expand the domestic procurement programme in an effort to warrant sufficient domestic reserves and to mitigate potential upward pressure from higher international prices, resulting in lower exportable supplies (Crop prospects and food situation, October 2012). According to data on table A.4, the total export value of agricultural products decreased by 3%, from R12,7 billion to R12,3 billion between the fourth quarter of 2011 and the fourth quarter of 2012. During the fourth quarter of 2012, South Africa gained most of its agricultural export revenue from products exported to Zimbabwe. From this country alone, SA gained R1,5 billion of agricultural export revenue which represents 12% of the total export value. United Kingdom was the second leading export destination for SA's agricultural exports with R1,0 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 the Netherlands, China, Mozambique, Angola, Mexico, Zambia, Germany and Russia. According to data on table A.4, all these countries accounted for 60% of the total export revenue received from agricultural products. Agricultural products which contributed a considerable amount to the total agricultural export value include wine in 2 litre bottles (8%), wool (7%), fresh grapes (6%), fresh oranges (5%) and wine (5%), see Table A.5.

While exports struggled in 2012 due to a weak global demand, the total import value of agricultural products increased somewhat between the fourth quarter of 2011 and the fourth quarter of 2012. According to data on Table A.6, the total import value of agricultural products increased by 6% from R 13,6 billion to R 14,5 billion between the fourth quarter of 2011 and the fourth quarter of 2012. The top ten leading sources of agricultural imports into South Africa during the fourth quarter of 2012 collectively accounted for 66% of the total import value of

agricultural products (see Table A.6). Argentina, China, Netherlands, and Brazil were the 4 leading sources of agricultural imports during the fourth quarter of 2012, accounting for 11%, 10%, 8% and 7% respectively, of the total import value of agricultural products. The 4 key agricultural products which contributed a considerable amount to the total import value include rice (13%), palm oil (8%), soybean oilcake (6%) and chicken cuts (6%), see table A.7. According to data on table A.7, all of these products accounted for 33% of the total import value of agricultural products.

### **2.7.2 Fisheries trade**

Since fishery trade is closely tied to the overall economic situation, world fish trade was hit by an economic crisis the last few months of 2011 which continued into 2012. Among other risks, geopolitical tension influenced oil supplies which impacted on increasing costs of capture fisheries. However, despite the renewed economic instability, fish trade expanded in key markets the first few months of 2012 and the long-term trend for fish trade remains positive, with a growing share of fish production entering international markets (State of world fisheries and aquaculture, 2012). Furthermore, FAO indicated that the world production of fish in 2012 was anticipated to rise by 1,3%, less than the 5% expansion registered in 2011. Furthermore, international trade of fish and fish products was expected to expand by 2,5% in 2012, a slow down compared with trade in 2011 (FAO Food outlook, November 2012). According to data on table A.8, the total export value of fish and seafood decreased considerably by 45%, from R623 million to R344 million between the fourth quarter of 2011 and the fourth quarter of 2012. Major export destinations for SA fish and seafood were Italy, Spain, United States, Australia, Germany, Netherlands, Greece, Portugal, Hong Kong, and Japan, which jointly accounted for 85% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the fourth quarter of 2012 include cuttle fish and squid (frozen, dried, salted or in brine), fish (prepared or preserved, whole or in pieces), rock lobster and other sea crawfish (frozen), fish (prepared or preserved), and albacore or longfinned tunas (excluding fish fillet and other fish meat such as pacific salmon), see Table A.9.

Notwithstanding the strong increase in the availability of fish to most consumers, world fish consumption increased from an average of 9,9 kg per capita fish consumption in the 1960's to 18,6 Kg per capita fish consumption in 2010 (State of world fisheries and aquaculture, 2012). Moreover, FAO anticipates world fish consumption to increase by 2,6% in 2012, prompting a 1,5% gain in per capita food consumption to 19,2 kg (FAO Food outlook, November 2012).

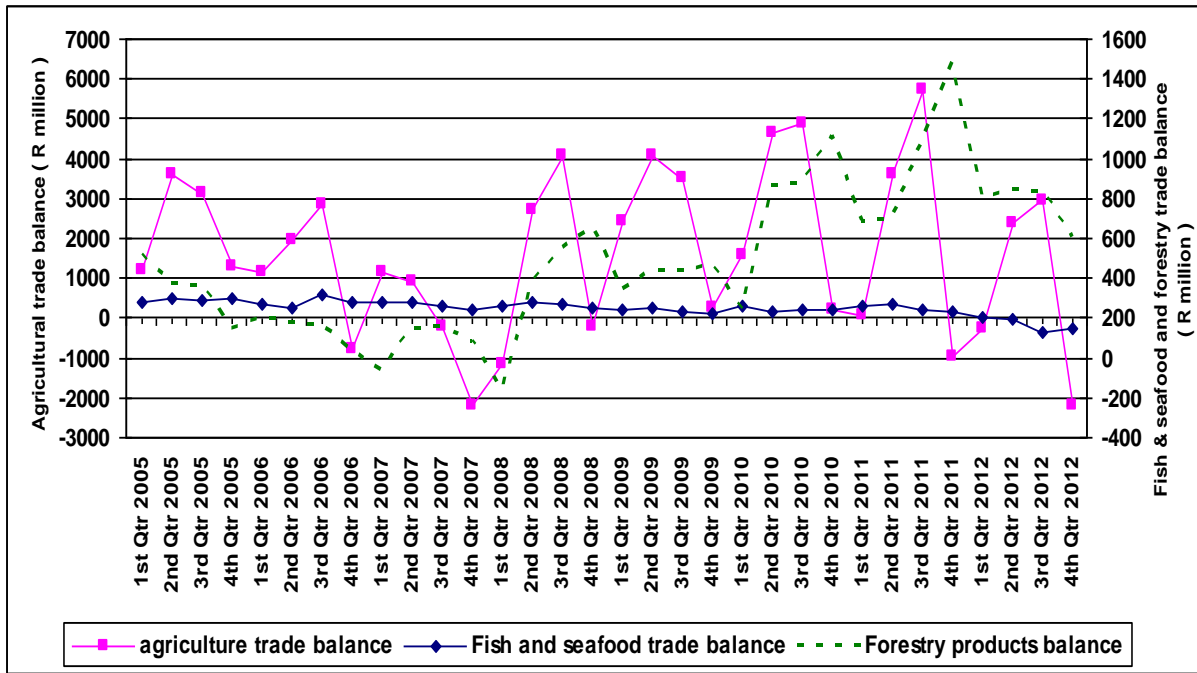
According to data on Table A.10, the total import value of fish and seafood increased considerably by 30% from R455 million to R591 million between the fourth quarter of 2011 and the fourth quarter of 2012. The 10 major sources of imports which accounted for 96% of the total import value of fish and seafood in the fourth quarter of 2012 include Thailand, China, Philippines, Norway, Indonesia, Spain, Portugal, United Kingdom, Falkland Islands and United States. Imported products which accounted for 95% 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 fillet (dried, salted, or in brine but not smoked), and cod (dried, whether or not salted but not smoked) see Table A.11.

### **2.7.3 Forestry trade**

Trading of forestry products decreased considerably between the fourth quarter of 2011 and the fourth quarter of 2012 due to reduced demand globally. Moreover, forest industries face increasingly integrated and competitive international markets (globalization), excess production capacity and competition for resources all of which reflect long-term, broad-scale trends in the sector (State of world's forest report, 2012). The total export value of forestry products decreased significantly by 17%, from R3,0 billion to R2,5 billion between the fourth quarter of 2011 and the fourth quarter of 2012 (Table A,12). Export destinations of forestry products during the fourth quarter of 2012 include Indonesia, China, United Kingdom, Zimbabwe, Thailand, Belgium, Mozambique, India, Zambia and Netherlands which jointly accounted for 71% of the total export revenue from forestry products. The most important forestry products which accounted for 75% of the total export revenue of forestry products include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda or sulphate, not dissolving grades), newsprint (in rolls or sheets), and cartons, boxes and cases, corrugated paper and paper boards see Table A.13.

Imports of forestry products have been limited largely because South Africa is self sufficient in the supply of fibrous raw material for the production of pulp, paper and board, wood and wood products (Economic Sector Review, wood and paper products, December 2009). The total import value of forestry products decreased by 2% from R2,0 billion to R 1,9 billion between the fourth quarter of 2011 and the fourth quarter of 2012 (Table A.14).

SA's major forestry import sources include China, United Kingdom, United States, Germany, Sweden, Indonesia, Austria, Italy, Finland, and Brazil, which jointly accounted for 73% of the total import value of forestry products. The most important forestry products imported during the fourth quarter of 2012 include printed books, brochures, leaflets & similar printed matter, paper, paper boards and articles thereof, paper or paper boards (ex light weight writing etc, clay coated over 10mech), chemical woodpulp (soda or sulphate, not dissolving grades) and sack kraft paper (uncoated, unbleached, in rolls or sheets), 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 trade balances for agriculture, fish and seafood as well as forestry products. The trade balance for agriculture fluctuated significantly between the first quarter of 2005 and the fourth quarter 2012. Having experienced negative trade balances in seven quarters, i.e the fourth quarter of 2006, the third quarter of 2007, the fourth quarter of 2007, the first quarter of 2008, the fourth quarter of 2008, the fourth quarter of 2011 and the first quarter of 2012, agriculture's trade balance struggled for the second time in 2012 to end the year with a negative trade balance. Apart from the global economic crisis which reduced demand globally, government's decision to expand the domestic procurement programme to warrant sufficient domestic reserves reduced exportable supplies.

Fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the fourth quarter of 2012. However, it remained in positive territory between the first quarter



of 2005 and the first quarter of 2012. Due to a slowdown in fisheries trade and the heightened downside risk and fragility as a result of challenging world economic conditions, the second, third and fourth quarters of 2012 experienced negative trade balances. Moreover, the faltering import demand put international prices of fish and fish products under downward pressure in 2012 while importers took advantage of falling prices to step up purchases ahead of the festive season.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the fourth quarter of 2012, experiencing a negative trade balance 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 601 million in the fourth 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. Between October and December 2012, South Africa recorded below-normal to above-normal rainfall events in various parts of the country. Furthermore, when comparing the final calculated crop figures in November 2012 with those recently revised by the Crop Estimates Committee during February 2013, the expected maize crop is now 12,354 million tons, which is 4,43% more than the final crop estimate figure of 11,830 million tons. For white maize, the recalculated crop size is now 6,750 million tons, which is 0,14% more than 6, 740 million tons of the previous season. Meanwhile, the recalculated yellow maize crop size is 5,605 million tons, which is 10,11% more than 5, 090 million tons of the previous season (Crop Estimate Committee, February 2013).

During the fourth quarter of 2011, the average opening stock for white and yellow maize was 3,3 million tons and 1,8 million tons respectively, while the average total opening stock (white maize plus yellow maize) was 5,1 million tons. During the fourth quarter of 2012, the average opening stock for white and yellow maize was 3,5 million tons and 2,3 million tons respectively, while the average total opening stock (white maize and yellow maize) was 5,8 million tons, approximately 13% more than in the fourth quarter of 2011.

Consumption of maize in South Africa totalled 2,2 million tons in the fourth quarter of 2011. Of this total, 1,2 million tons were white maize while 1,0 million tons were yellow maize.

Consumption of maize during the fourth quarter of 2012 totalled 2,1 million tons, approximately 4% less than in the fourth quarter of 2011. Of this total, 1,2 million tons were white maize while 921 000 tons were yellow maize. Meanwhile, the total maize exported during the fourth quarter of 2012 reached 330 000 tons which was 340 000 tons less than 670 000 tons of maize exported during the fourth quarter of 2011. According to the FAO Food outlook (November 2012), the reduction of exports in 2012/13 reflects the need for South Africa to rebuild its depleted stocks.

Globally, The World Bank anticipates the 2012/13 wheat production forecast to drop by more than 5% compared to the 2011/12 record crop. Meanwhile, FAO's latest forecast indicates that world wheat inventories are expected to fall by 11% from their opening level and 2% less than what was reported in November 2012 (Crop prospects and food situation No 4, December 2012). Domestically, unfavourable weather and soil moisture conditions lowered the area planted to wheat in some major producing areas in 2012. Local wheat producers planted a total of 511 200 hectares during 2012 which was 15,46% less than 604 700 hectares planted the previous season. The recently revised commercial wheat crop is 1,915 million tons which is 4,49% less than 2,005 million tons the previous season. The higher yields resulted in 1, 915 million tons expected despite a 15,46% decline in the area planted to wheat (Crop Estimate Committee, February 2013).

During the fourth quarter of 2011, the average opening stock of wheat for human consumption was 737 000 tons while the average opening stock of wheat for animal feeds reached 4 000 tons. The average opening stock of wheat for human consumption during the fourth quarter of 2012 increased by 25% to reach 919 000 tons, while the average opening stock of wheat for animal feeds increased considerably by 91% to reach 7 000 tons. The average total opening stock of wheat increased by 25% from 740 000 tons to 926 000 tons between the fourth quarter of 2011 and the fourth quarter of 2012.

Consumption of wheat in the fourth quarter of 2011 amounted to 786 000 tons. Of this total, 779 000 tons were for human consumption while 4 000 tons was kept at producer level as seed for the next planting season. During the fourth quarter of 2012, consumption of wheat increased by 2% to reach 800 000 tons. Of this total, 752 000 tons were used for human consumption, 10 000 tons were for the animal feed market while 38 000 tons was kept at producer level as seed for the next planting season. According to BFAP (2012), local wheat

consumption is expected to increase annually by 2% over the next decade due to population growth and an increase in per capita consumption.

Globally, world oilseed output during the 2012/13 season started with very low opening stocks. FAO indicates that production shortfall in the US is likely to limit global export availabilities over the first half of the current season. Overall, the 2012/13 outlook for the oilseed crop points to an improvement in the global supply and demand balance. Furthermore, with higher prices expected this current season, growth in demand for oils/fats could be contained by a lower uptake of vegetable oils by the biodiesel industry (FAO food outlook, November 2012).

Locally, the revised soybean crop production forecast indicate that soybean planting increased by 9,11% to reach 515 000 hectares this current season compared to 472 000 hectares planted the previous season. The expected soybean crop is 914 350 tons, which is 40,67% more than 650 000 tons of the previous season. Meanwhile, the revised area estimate for sunflower seed production is 504 500 hectares, which is 11,28% more than 453 350 hectares planted the previous season. The expected sunflower seed crop is 624 210 tons, which is 19,58% more than 522 000 tons the previous season (Crop Estimate Committee, February 2013).

During the fourth quarter of 2012, the total opening stock of sunflower averaged 195 000 tons, which was 186 000 tons (49%) less than the recorded 381 000 tons in the fourth quarter of 2011. Locally, consumption of sunflower decreased by 44% from 248 000 tons to 139 000 tons between the fourth quarter of 2011 and the fourth quarter of 2012. Imports of this commodity decreased by 65%, from 6 000 tons to 2 000 tons between the fourth quarter of 2011 and the fourth quarter of 2012. Meanwhile, the average opening stock of soya beans averaged 273 000 tons in the fourth quarter of 2012, approximately 27% less than 374 000 tons recorded for the fourth quarter of 2011. Consumption of soya beans increased by 47% from 102 000 tons to 150 000 tons between the fourth quarter of 2011 and the fourth quarter of 2012.

The domestic prices of white and yellow maize averaged R 2 395/ton and R 2 368/ ton respectively, in the fourth quarter of 2011 while wheat, sunflower and soya bean prices averaged R 2 755/ton, R 4 230/ton and R 3 320/ton respectively, during the same period.

Whereas all indications were that grain market prices would decline towards the end of 2012, grain prices spiralled with local prices following the higher international grain prices due to lower world stocks, a weaker exchange rate and scattered rains over certain grain producing areas. In the fourth quarter of 2012, the price of white and yellow maize increased by less than a percentage and 4% to average R 2 404/ton and R 2 471/ton respectively. During the same period, the price of wheat, sunflower and soya bean increased by 30%, 41% and 63% to average R 3 591/ton, R 5 979/ton and R 5 423/ton respectively. It is expected that grain prices will remain strong in the short- and medium-term due to the renewed rand weakness and spill over gain on the international markets (FNB, Agri-Weekly, 02 November & 14 December 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 fourth quarters of 2010, 2011 and 2012.

Between the fourth quarter of 2011 and the fourth quarter of 2012, the average prices of apples, bananas and oranges increased by 7%, 5% and by less than a percentage respectively, due to reduced quantities supplied to markets. According to BFAP (2012), it is unlikely the price increases for apples will be sustainable over the long run while price increases are projected to soften over the next decade. During the same period, the average prices of pears and mangoes decreased by 7% and 21% respectively, due to increased quantities supplied to markets while the average price of grapes decreased despite a decline in the quantities supplied to markets. BFAP (2012) indicates that sluggish demand for grapes fuelled price declines.

The quantity of selected fruits traded through FPMs decreased significantly between the fourth quarter of 2011 and the fourth quarter of 2012, except for avocados, pears and mangoes which increased by 130%, 14% and 109% respectively. According to ARC, the high volume of mangoes supplied to markets could be attributed to higher yields expected per hectare while the subtropical industry, specifically avocado producers, expects the annual production to increase beyond the current level of 110 000 tons per year, due to new plantings that took place (South African trade flow, June 2012). During the same period under review, the quantities of apples, bananas, oranges and grapes decreased by 6%, 1%, 6% and 5% respectively, due to reduced supplies across markets.

Prices of a number of vegetables traded through the FPMs increased significantly between the fourth quarter of 2011 and the fourth quarter of 2012. The prices of beetroot, cucumber, lettuce, onions, spinach, tomatoes and cabbage increased by 6%, 66%, 98%, 91%, 21%, 36% and 27% respectively (Table B.4) due to reduced quantities supplied to markets. During the same period, the prices of carrots, potatoes, green beans and sweet potatoes increased by 13%, 7%, 9% and 7% respectively held up by good uptake across most markets (FNB Agri-weekly, 14 December 2012).

During the period under review, quantities of most vegetables traded through FPMs decreased significantly with the quantities of beetroot, cucumber, lettuce, onions, spinach, tomatoes and cabbage decreasing by 1%, 37%, 9%, 5%, 10%, 7% and 9% respectively. During the same period, the quantities of carrots, potatoes, green beans and sweet potatoes increased by 5%, 2%, 2% and 23% respectively buoyed by good uptake across most markets.

### **2.8.3 Meat Industry Review**

Global meat sector growth in 2012 is forecast to stem from the white meat industry as gains in the red meat industry are expected to be modest.

Domestically, the pasture season started on a positive note with good rains received across most production areas. However, despite the positive news, Business Monitor International (BMI, 2013) forecast beef production to fall by 1,9% in 2012/13 due to tight margins from beef production and the mere fact that beef is least preferred due to higher costs compared to poultry ( ARC Economic outlook, December 2012).

Between the fourth quarter of 2011 and the fourth quarter of 2012, the gross production value of beef increased slightly by 4% from R 5,4 billion to R 5,6 billion. During the same period, the average price of beef increased by 1% from R 31,39/kg to R 31,58/kg. The recovery in beef prices has already induced a phase of rebuilding stock number of which over the long run, production will expand in order to match consumption (BFAP, 2012). In the Meantime, the number of cattle slaughtered increased by 2% between the fourth quarter of 2011 and the fourth quarter of 2012 from 644 655 to 659 074 (Table B.6).

World poultry meat production in 2012 is expected to grow by 2%, down from 3,4% in 2011 thus reflecting a loss of momentum in both developing and developed countries (FAO Food outlook, November 2012).

Domestically, improved seasonal demand and tightening supplies due to cost squeeze pressures forced a cut back on production. Nevertheless, the sustained rand weakness provided support as imports slowed (FNB Agri-weekly newsletter, 05 October 2012). Between the fourth quarter of 2011 and the fourth quarter of 2012, the gross production value of poultry increased by 25% from R 7,0 billion to R8,7 billion. During the same period, the average price of poultry per ton increased by 23% from R 18 860/ton to R 23 110/ton. Commercial production of poultry decreased by 2% from 355 654 metric tons to 348 900 metric tons between the fourth quarter of 2011 and the fourth quarter of 2012 (Table B.7).

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

### **2.8.4.1 Eggs**

Between the fourth quarter of 2011 and the fourth quarter of 2012, the domestic egg market experienced exceptional volatility with positive growth patterns recorded. During the same period, the gross production value of eggs increased by 9% from approximately R 2,0 billion to R 2,1 billion. Meanwhile, the average price per dozen of eggs increased by 3% from R 9,22/dozen to R 9,53/dozen. Total production of eggs between the fourth quarter 2011 and the fourth quarter of 2012 increased by 6% from 186,1 million dozens to 197,8 million dozens.

### **2.8.4.2 Milk**

International dairy markets remain sensitive to sudden changes in milk production and availabilities of milk products are anticipated to be finally balanced until at least the end of year, as output in the Northern Hemisphere is now trending seasonally downwards and only limited growth is anticipated during the new production year in the Southern Hemisphere (FAO, food outlook, November 2012).

Meanwhile, the Milk Producer's Organisation (MPO) indicated that the global dairy outlook has improved substantially since June 2012 while drought in the central and western parts of the US resulted in a 0,5% decrease in the milk production in September compared to the same time last year. Since then, production slowed and has now fallen below the 2011 levels. In

the near future, positive global supply and demand trends are expected to impact South Africa especially if the rand remains weak ( MPO newsletter, 2 November 2012).

Between the fourth quarter of 2011 and the fourth quarter of 2012, the gross production value of milk increased by 15%, from R 2,6 billion to R3,0 billion. During the same period, the average price per litre of milk increased by 14% from R 3,01/ℓ to R3,43/ℓ. Total production of milk between the fourth quarter 2011 and the fourth quarter of 2012 increased marginally, by 1% from 872,4 million litres to 882,6 million litres.

### 3. OUTLOOK OF THE AGRICULTURAL ECONOMY

#### 3.1 Production

Rainfall is anticipated to be above normal in most areas towards the end of summer, decreasing to below normal in Mpumalanga, parts of Limpopo and Northern Cape in autumn. Maximum and minimum temperatures are expected to remain cooler than normal over most parts of the country until end of summer. Weather is an important indicator in estimating crop prospects. Hectares allocated to commercial maize productions have decreased by a percentage point in the 2013 production season compared to the previous year. An estimated 1,620 mil/hectares have been allocated to white maize production, while 1,160 mil/ hectares have been allocated to yellow maize production, compared to 1,636.2 mil/hectares and 1063 mil/hectares allocated to both maize respectively in 2012.

Soybeans: 529 000 hectares were allocated to soybeans production, a 12% increase compared to 2012. Soybean prices are high internationally making it a good prospect for increased planting.

Sunflower production: An expected 485 000 hectares are estimated to have been planted for sunflower production in 2013 compared to 453 350 hectares in 2012, a 7% increase. Oil seeds products still offer competitive prices.

**Groundnuts:** There has been a 3% decline in the hectares allocated to groundnuts production in 2013 compared to 45 450 hectares allocated in 2012.

**Sorghum:** The hectares allocated to sorghum production increased by 25,6% in 2013 to 61 000 compared to 2012. The price of sorghum has been increasing ever since the JSE's Safex division introduced the commodity in the exchange. Currently the price trades around 3 200/ton its highest level ever since its introduction at the JSE, making it a good prospect for planting.

**Horticulture Production:** The SA Horticulture industry is export-orientated and as a result, rand movements will play a huge role in global competitiveness.

**Wine:** According to SAWIS, global inventories appear to be at their lowest point in many years due to, inter-alia, small 2012 european grape harvest. Consumption is expected to increase in emerging markets rather than the traditional destinies. Crop and sales estimate of wine indicates that domestic natural wine sales increased by 2,9% during the period January to December 2012. Exports of natural wine in bulk increased by 47,7% and exports of packaged natural wine decreased by 8,4% during the period February 2012 to January 2013 which marks an overall increase of 19,7%. Lower estimated production in other regions is balanced out by higher estimated production in other regions. According to Rabobank, one of the largest agricultural banks in the world, beverage manufacturers used to be more concerned with buying their inputs at the lowest price, but in today's world of tightening supply and price volatility, security of supply has emerged as a key concern for many manufacturers. The wine industry will face tighter availability of global wine inventories amid a lackluster demand.

**Apples:** Strong demand from developing countries continues to boost the prices of apples; and demand is expected to increase further in developing countries. Apple production is expected to increase by 4% to 65,2 mil/tons. Locally it is estimated that 800 000 tons will be produced in the 2011/12 season.

**Pear Industry:** World pear production in 2011/12 is expected to reach a record 23,6 mil/tons, an increase of 3,4% from the previous year. Locally, during 2011/12, unfavorable conditions affected the pear fruit in SA although the effect was minimal.



Citrus: World citrus production growth was on the back of higher demand and consumption, with oranges accounting for 61% of the citrus production. Ever since the global economic crisis, there has been a relaxed demand for citrus products resulting in reduced growth of the sector and declining prices. However, SA is one of the leading producers in the Northern Hemisphere and competing for markets with other major producers. The improvement in the global economic sector and a bounce in demand will increase the demand for citrus products.

Potatoes: About 30 000 hectares have already been planted or is currently being planted for the 2013 season, which is about 2 400 hectares less than the same time last year. It is anticipated that hectares will not decrease by more than 3 000 hectares. The major regions whose 2013 hectares planted data is not available as yet are the Sandveld and Limpopo. In January 2013, the average market price was about R10 per bag, higher than in January last year. The declining price trend since the beginning of January is considered normal for this time of the year. The long term price trend indicates that prices will follow a declining trend from beginning of January until the end of March. However, the average price levels until March should be higher than last year. Unfavorable weather conditions can accelerate the downward trend.

Tomatoes: Over the year, production has increased due to improved genetics resulting in low prices. The increased yields and new technologies will result in further increases in production which will have a downward pressure on prices.

Onions: Higher yields were experienced in 2012, as farmers switched from maize to onion production, resulting in lower prices. The high grain prices will result in farmers switching back to maize production and this, amongst others, will result in an upward reversal in prices.

Carrot: Higher production in 2012 as farmers switched from grain to carrot production. A switch to grains will result in a rebound in prices.

Cabbage: Stable production is expected to be maintained as cabbage does not fit into a rotational crop program with grains

Milk Production: High grain prices, amongst others, have depressed milk prices affecting milk production growth in many countries (MPO, 2013). South Africa is also said to be facing similar challenges with the SA feed ratio is at its lowest and farmers struggling with low

producer prices. Growth in milk production experienced since February 2012 has slowed down since October 2012. Milk production growth dropped to 0,1% in December 2012, down from the previous month's 2,4% growth. Total production for 2012 is estimated at 2 686 million litres, up 2,7% on 2011 and 2,3% more than in 2010 (MPO,2013). The slowdown in production is expected to continue during the first half of 2013, unless producer prices adjust upward. The expectation of an increase in prices from March 2013 is expected to bring some relief but will not be enough to encourage production (MPO, 2013).

### **3.2 Employment**

The International Labour Organisation (ILO) stated that even with an acceleration of growth expected in 2013, the global unemployment rate is still expected to remain at 6% until 2017, due to inter-alia, the effects of recession lags. At the same time, the number of jobseekers is expected to rise while those who stopped searching because they think the situation is hopeless will rise further. An uncertain economic outlook, and the inadequacy of policy to counter this, has weakened aggregate demand, holding back investment and hiring. This, amongst others, has prolonged unemployment in many countries. Employment is a lagging indicator and although the global economy is projected to grow in 2013, unemployment is still expected to be higher in SA and globally.

In South Africa, household consumption which has been a major driver of growth in SA continued to slowdown due to, inter-alia, lower real disposable income as inflation eroded the rise in real wages. The lower wages will reduce consumption thus contributing to slower growth which in turn affects employment growth.

Employment in agriculture increased by 24 000, in quarter 4 of 2012 compared to the previous quarter and this can be attributed to, amongst others, the planting and harvesting of summer and winter crops in the 4<sup>th</sup> quarter of 2012.

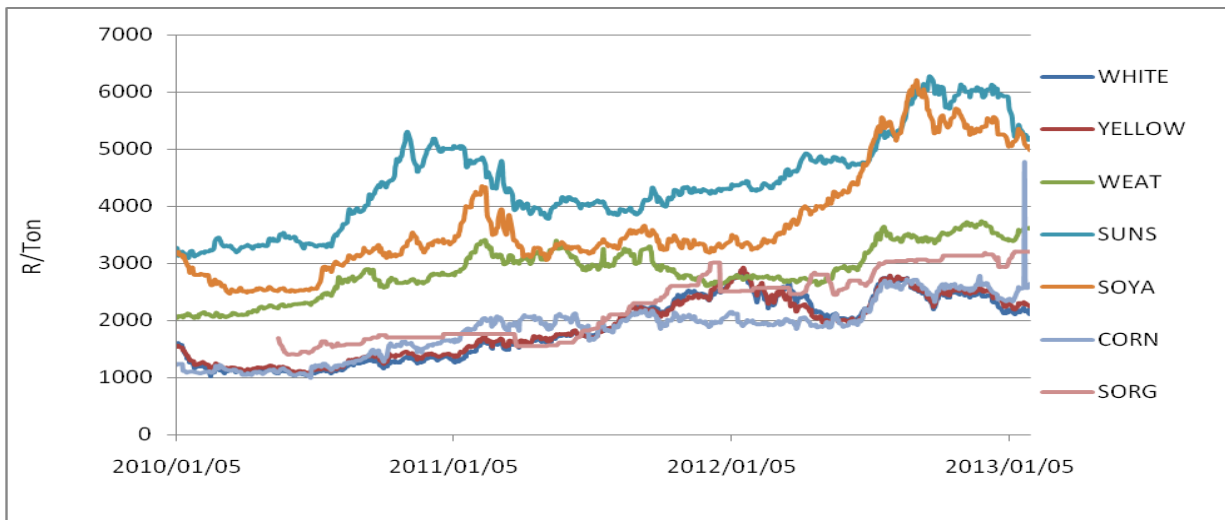
Agricultural employment is expected to be under pressure due to factors like the slowdown in local consumption, and the weak global demand. Other risks to agricultural employment growth will be the implementation of the minimum wage coming into effect in March 2013. The R105 minimum wage is expected to result in large scale unemployment in the sector as it is expected that mechanization will replace labour in the sector.

### 3.3 Inflation

The food and non-alcoholic beverages index increased by 0,9% between December 2012 and January 2013, driven by increases in vegetables: hot beverages, fish, other food, cold beverages, milk, eggs and cheese, sugar, sweets and desserts, bread and cereals, meat and oils and fats, while fruit prices decreased.

The prices of grains were high in the last quarter of 2012 compared to the same quarter in 2011. The price of white and yellow maize increased by 0,7% and 4,7% while the price of US maize increased by 28,1%. The price of local wheat, sunflower, soybeans and Sorghum increased by 30,2%; 41,3%; 63,4% and 17% respectively during the same period. These could inter-alia, explain the rise in the food and beverages index as the above also contribute to the rise in feed costs affecting amongst others, the rise in meat prices, dairy products etc.

In the early months of 2013 (January-February) the price of maize declined compared to the same period in 2012, while all other grain prices increased y/y in the same period. The prices of domestic white and yellow maize declined by 16,9% and 15,4% respectively but the price of US maize increased by 28,6%. The price of domestic wheat, sunflower, soybeans and sorghum increased by 26,5%, 19,5%; 46,7% and 20,4% respectively. This information points to a rise in the contribution of the bread and cereals index to the food and beverages index in the 2<sup>nd</sup> quarter of 2013 thus a rise in contribution to the CPI basket.



**Figure 10: Grain Prices**  
Source: JSE Safex Division

### **3.4 Exchange rate**

The SA agricultural sector is export-orientated and as a result rand movements will play a huge role in global competitiveness. Currently the rand is weaker, trading around R9,13 to the US Dollar. The rand has been the worst performing emerging market currency this year, falling 7,2% against the stronger US dollar.

Markets are concerned about labour unrests and also the widening current account deficit in South Africa. According to Rabobank associate director of foreign exchange strategy, Mr Christian Lawrence, the domestic environment previously played a lesser role in driving the rand/dollar movements but this has changed ever since the Marikana occurrences. Concerns over deteriorating labour relations in the mining sector are said to have kept the Rand on the back foot this year, currently the strike at coal miner Exxaro Resources which stopped production is also playing a great role in the rand movements.

According to Bidvest Chief Dealer, in the short term, the rand is likely to weaken and could trade between R9.20/\$ and R9.25/\$. This could be good news for exporters of agricultural products, but the downside risk is that, a weaker currency feeds into higher inflationary pressures, causing the monetary authorities to consider a restrictive policy.

## **4. CONCLUSION**

As recovery in advanced economies remain bumpy, emerging market and developing economies also experienced a noticeable slowdown during 2012 reflecting a sharp deceleration in demand from key advanced economies as well as investment booms in some of the major emerging market economies. However, resilient consumer demand in most emerging market and developing economies is expected to cushion economic growth from significant drops in the medium-term. The SA economy also rebounded in the fourth quarter of 2012 following a significant GDP drop in the third quarter of 2012. Labour disputes in key sectors of the domestic economy remain a downside risk to the country's economic growth. The agriculture, forestry and fishing sector performed beyond market expectations recording a double-digit growth in the fourth quarter of 2012 despite the increase in the minimum wage of farm workers and the strikes by farm workers where some of the wine fields in the Western Cape were destroyed.

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**Appendix A: Agricultural economic variables**

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

Expenditure on intermediate goods and services (R million)														
	Farm services	Building and fencing material	Fuel	Dips and sprays	Electricity	Maintenance and repair of machinery and implements	Fertilizers	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
4 <sup>th</sup> Qtr 2010	2 392	589	2 989	2 296	333	2 740	1 637	1 297	1 915	4 894	229	188	40	75 017
4 <sup>th</sup> Qtr 2011	2 751	653	2 934	2 732	370	3 233	1 754	1 510	2 260	5 293	257	216	42	84 631
4 <sup>th</sup> Qtr 2012	2 876	725	3 791	3 197	411	3 491	1 818	1 752	2 666	5 725	287	248	44	95 765
4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	15.0%	10.9%	-1.8%	19.0%	11.1%	18.0%	7.1%	16.4%	18.0%	8.2 %	12.2%	14.9%	5.0%	12.8%
4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012	4.5%	11.0%	29.2%	17.0%	11.1%	8.0%	3.6%	16.0%	18.0%	8.7 %	11.7 %	14.8%	4.8%	13.1%

Source: DAFF

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

Year	2010				2011				2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
	4 <sup>th</sup>	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>			
<b>Real gross income from agricultural products (R billion)</b>											
Field crops	4 839,65	1 791,49	12 473,58	14 131,16	7 630,84	2 589,95	21 592,55	12 271,83	8 349,98	<b>57,7%</b>	<b>9,4%</b>
Horticulture	6 972,29	8 689,79	11 703,74	10 124,74	8 176,07	9 609,45	12 535,50	10 71,93	8 884,99	<b>17,3%</b>	<b>8,7%</b>
Animal products	17 728,53	17 174,45	17 128,33	17 128,71	20 839,77	19 245,77	18 723,88	19 227,75	23 643,24	<b>17,5%</b>	<b>13,5%</b>
<b>Total</b>	<b>29 540,47</b>	<b>27 655,73</b>	<b>41 305,64</b>	<b>41 384,61</b>	<b>36 646,69</b>	<b>31 445,17</b>	<b>52 851,94</b>	<b>42 218,90</b>	<b>40 878,21</b>	<b>24,1%</b>	<b>11,5%</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
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	29 308	22 738	1 057	10 365	1 208	2 990	9 187	2 597	7 685	87 134
2 <sup>nd</sup> Qtr 2011	30 383	24 594	1 666	10 094	2 136	3 517	9 317	2 761	81 71	92 639
3 <sup>rd</sup> Qtr 2011	30 269	27 404	1 782	11 519	2 435	3 463	10 112	2 939	8 698	98 622
4 <sup>th</sup> Qtr 2011	35 132	27 534	1 785	12 424	2 210	3 835	10 688	3 163	9 361	106 132
1 <sup>st</sup> Qtr 2012	32 702	27 760	1 363	11 458	2 102	3 574	9 953	3 004	8 891	100 808
2 <sup>nd</sup> Qtr 2012	32 844	28 684	1 633	11 582	2 057	3 667	9 701	3 047	9 017	102 231
3 <sup>rd</sup> Qtr 2012	33 064	31 007	1 776	12 771	2 280	3 681	10 711	3 220	9 529	108 038
4 <sup>th</sup> Qtr 2012	38 218	29 766	1 742	14 058	2 704	3 789	13 277	3 499	10 355	117 408
4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012	8,8%	8,1%	-2,4%	13,2%	22,4%	-1,2%	24,2%	10,6%	10,6%	10,6%

Source: DAFF

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	10 033	10 257	12 674	12 325	-	-	-	-
Zimbabwe	807	999	1 322	1 470	10%	12%	10%	12%
United Kingdom	1 005	936	1 015	1 039	8%	8%	18%	20%
Netherlands	871	836	1 003	937	8%	8%	26%	28%
China	506	142	630	824	5%	7%	31%	35%
Mozambique	523	656	715	804	6%	7%	37%	41%
Angola	359	416	555	662	4%	5%	41%	47%
Mexico	6	9	1 306	448	10%	4%	52%	50%
Zambia	212	263	347	427	3%	3%	54%	54%
Germany	486	402	431	406	3%	3%	58%	57%
Russia	239	195	276	347	2%	3%	60%	60%

Source: South African Revenue Services



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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	10 033	10 257	12 674	12 325	-	-	-	-
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	1 144	991	1 077	1 043	8%	8%	8%	8%
Wool, Not Carded Or Combed, Greasy, Shorn	514	364	763	869	6%	7%	15%	16%
Grapes, Fresh	750	821	864	736	7%	6%	21%	21%
Oranges, Fresh	271	372	575	648	5%	5%	26%	27%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	344	333	476	641	4%	5%	30%	32%
Corn (Maize), Other Than Seed Corn	629	719	1 461	529	12%	4%	41%	36%
Apples, Fresh	183	196	306	386	2%	3%	44%	39%
Cane/Beet Sug Chem Pure Sucrose Refind Nesoi	291	205	165	301	1%	2%	45%	42%
Soybean Oil, Refined, And Fractions, Not Modified	15	82	200	283	2%	2%	46%	44%
Food Preparations Nesoi	179	222	314	273	2%	2%	49%	46%

Source: South African Revenue Service

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	9 555	9 920	13 636	14 521	-	-	-	-
Argentina	1 321	1 182	1 236	1 616	9%	11%	9%	11%
China	517	490	723	1 482	5%	10%	13%	21%
Netherlands	539	332	592	1 096	4%	8%	18%	29%
Brazil	715	582	1 149	971	8%	7%	25%	36%
Thailand	987	844	949	884	7%	6%	32%	42%
United Kingdom	562	645	690	827	5%	6%	37%	47%
Indonesia	218	439	429	757	3%	5%	40%	53%
Malaysia	462	501	593	703	4%	5%	44%	57%
Germany	614	715	1 110	651	8%	4%	51%	62%
India	201	313	711	609	5%	4%	56%	66%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	9 555	9 920	13 636	14 521	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	1 186	914	1 420	1 920	10%	13%	10%	13%
Palm Oil, Refined But Not Chemically Modified	477	693	791	1 133	6%	8%	16%	21%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	619	763	765	898	6%	6%	22%	27%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	313	289	598	885	4%	6%	26%	33%
Soybean Oil, Refined, And Fractions, Not Modified	141	737	715	632	5%	4%	31%	38%
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	328	117	170	594	1%	4%	33%	42%
Whiskies	503	597	536	552	4%	4%	37%	46%
Food Preparations Nesoi	242	243	317	364	2%	3%	39%	48%
Cotton, Not Carded Or Combed	66	120	197	256	1%	2%	40%	50%
Kidney Beans & White Pea Beans, Dri Shel, Inc Seed	54	94	134	248	1%	2%	41%	52%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	587	521	623	344	-	-	-	-
Italy	84	76	99	74	16%	22%	16%	22%
Spain	189	156	123	59	20%	17%	36%	39%
United States	27	29	27	40	4%	12%	40%	50%
Australia	18	11	34	38	5%	11%	45%	61%
Germany	17	13	20	20	3%	6%	49%	67%
Netherlands	1	1	8	16	1%	5%	50%	72%
Greece	7	13	9	13	1%	4%	51%	76%
Portugal	29	30	58	12	9%	3%	61%	79%
Hong Kong	31	34	44	11	7%	3%	68%	82%
Japan	19	12	21	9	3%	3%	71%	85%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	587	521	623	344	-	-	-	-
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	97	110	93	137	15%	40%	15%	40%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	2	32	29	50	5%	15%	20%	54%
Rock Lobster And Other Sea Crawfish, Frozen	25	18	31	41	5%	12%	25%	66%
Fish, Prepared Or Preserved, Nesoi	9	8	29	36	5%	10%	29%	77%
Albacore/Longfinned Tunas Ex Fillet/Lvr/Roe Frozen	36	13	11	20	2%	6%	31%	83%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	453	296	455	591	-	-	-	-
Thailand	229	140	189	408	42%	69%	42%	69%
China	41	39	47	70	10%	12%	52%	81%
Philippines	5	6	22	26	5%	4%	57%	85%
Norway	16	19	27	21	6%	4%	63%	89%
Indonesia	14	2	1	15	0%	3%	63%	91%
Spain	10	13	5	8	1%	1%	64%	93%
Portugal	9	4	2	5	0%	1%	64%	94%
United Kingdom	2	3	3	5	1%	1%	65%	94%
Falkland Islands	1	6	3	5	1%	1%	66%	95%
United States	3	7	27	5	6%	1%	72%	96%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	453	296	455	591	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	199	118	181	410	40%	69%	40%	69%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	54	39	32	90	7%	15%	47%	85%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	32	29	56	36	12%	6%	59%	91%
Fish Fillets, Dried, Salted Or In Brine, Nt Smoked	0	0	0	15	0%	3%	59%	93%
Cod, Dried, Whether Or Not Salted But Not Smoked	6	5	3	8	1%	1%	60%	95%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	2 082	2 718	3 069	2 532	-	-	-	-
Indonesia	462	471	576	473	19%	19%	19%	19%
China	150	289	364	342	12%	14%	31%	32%
United Kingdom	124	161	171	177	6%	7%	36%	39%
Zimbabwe	96	145	192	153	6%	6%	42%	45%
Thailand	113	193	222	150	7%	6%	50%	51%
Belgium	63	110	121	119	4%	5%	54%	56%
Mozambique	109	95	106	115	3%	5%	57%	60%
India	113	130	145	115	5%	5%	62%	65%
Zambia	70	85	96	81	3%	3%	65%	68%
Netherlands	45	57	64	66	2%	3%	67%	71%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	2 082	2 718	3 069	2 532	-	-	-	-
Chemical Woodpulp, Dissolving Grades	960	1 232	1 455	1 182	47%	47%	47%	47%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	184	372	420	423	14%	17%	61%	63%
Chem Woodpulp, Soda Etc, N Dis S BI & BI Nonconif	146	339	310	167	10%	7%	71%	70%
Newsprint, In Rolls Or Sheets	63	83	83	69	3%	3%	74%	73%
Cartons, Boxes & Cases Corrugated Paper & Paperbd	47	59	63	68	2%	3%	76%	75%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	1 616	1 606	1 975	1 931	-	-	-	-
China	201	213	293	330	15%	17%	15%	17%
United Kingdom	268	249	274	273	14%	14%	29%	31%
United States	222	233	247	252	13%	13%	41%	44%
Germany	117	132	153	158	8%	8%	49%	52%
Sweden	87	72	101	106	5%	5%	54%	58%
Indonesia	49	28	74	73	4%	4%	58%	62%
Austria	9	28	28	69	1%	4%	59%	65%
Italy	39	45	53	54	3%	3%	62%	68%
Finland	40	52	46	54	2%	3%	64%	71%
Brazil	40	41	55	45	3%	2%	67%	73%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1 616	1 606	1 975	1 931	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	363	371	450	419	23%	22%	23%	21%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	46	68	83	119	4%	6%	27%	27%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	76	102	90	92	5%	5%	32%	32%
Chemical Woodpulp, Soda Etc. N Dis S BI & BI Conif	60	51	81	89	4%	5%	36%	37%
Sack Kraft Paper Uncoated Unbleached, Rolls/Sheets	16	29	39	69	2%	4%	38%	40%

Source: South African Revenue Services

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

	Oct 2011	Nov 2011	Dec 2011	4 <sup>th</sup> Qtr 2011	Oct 2012	Nov 2012	Dec 2012	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012% change
	<b>Volumes (1000 tons)</b>								
White maize opening stock*	3891	3296	2742	3310	3961	3510	3052	3508	6%
Yellow maize opening stock*	2141	1799	1404	1781	2622	2261	1920	2268	27%
Total maize opening stock*	6032	5095	4146	5091	6583	5771	4972	5775	13%
White maize processed for local consumption	435	401	371	1207	403	436	381	1220	1%
Yellow maize processed for local consumption	339	361	331	1031	343	309	269	921	-11%
Total maize processed for local consumption	774	762	702	2238	746	745	650	2141	-4%
Total white maize exports	258	199	161	618	110	83	73	266	-57%
Total yellow maize exports	17	19	16	52	20	24	20	64	23%
Total maize exports	275	218	177	670	130	107	93	330	-51%
Wheat opening stock: human market*	475	532	1203	737	645	667	1446	919	25%
Wheat opening stock: feed market*	3	3	5	4	6	6	9	7	91%
Wheat opening stock*	478	535	1208	740	651	673	1455	926	25%
Wheat consumption: human consumption	263	268	248	779	266	255	231	752	-3%
Wheat consumption: animal feed	0	0	4	4	4	3	3	10	-
Total wheat consumption	263	269	254	786	270	255	275	800	2%
Wheat imports (for human consumption only)	234	143	92	469	220	115	64	399	-15%
Wheat exports	12	21	23	56	21	22	18	61	9%
Average opening sunflower stock*	471	380	292	381	248	193	143	195	-49%
Sunflower seed imports	2.2	3.8	0	6	2.1	0	0	2	-65%
Total processed sunflower for consumption	93	93	62	248	58	50	31	139	-44%
Average soya bean opening stock*	405	373	343	374	324	277	218	273	-27%
Soya bean consumption	33	32	37	102	48	61	41	150	47%
	<b>Market prices (R/ton)</b>								
White maize	2245	2471	2469	2395	2452	2453	2308	2404	0%
Yellow maize	2196	2395	2513	2368	2490	2507	2417	2471	4%
Wheat	2868	2746	2650	2755	3534	3680	3558	3591	30%
Sunflower	4140	4286	4265	4230	5917	6020	5999	5979	41%
Soya bean	3342	3349	3268	3320	5510	5367	5393	5423	63%

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



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

	Average prices at FPM (R/ton)			Percentage changes	
	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Apples	6 191	5 994	6 395	-3%	7%
Avocados	7 549	12 599	7 448	67%	-41%
Bananas	3 816	4 521	4 741	18%	5%
Oranges	2 621	2 696	2 683	3%	0%
Pears	6 617	6 649	6 207	0%	-7%
Mangoes	5 882	7 612	6 034	29%	-21%
Grapes	14 442	23 258	21 716	61%	-7%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Apples	30 230	37 118	34 908	23%	-6%
Avocados	4 714	2 897	6 676	-39%	130%
Bananas	65 876	59 923	59 617	-9%	-1%
Oranges	12 550	17 635	16 539	41%	-6%
Pears	5 992	6 248	7 135	4%	14%
Mangoes	2 402	2 009	4 206	-16%	109%
Grapes	3 879	2 411	2 299	-38%	-5%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Beetroot	1 909	2 382	2 527	25%	6%
Carrots	2 671	2 745	3 106	3%	13%
Cucumber	3 415	3 305	5 483	-3%	66%
Lettuce	2 937	3 202	6 349	9%	98%
Onions	1 824	1 717	3 284	-6%	91%
Potatoes	2 243	3 114	3 347	39%	7%
Spinach	4 015	2 641	3 194	-34%	21%
Tomatoes	3 427	4 823	6 549	41%	36%
Cabbage	1 397	1 380	1 755	-1%	27%
Green beans	5 802	6 844	7 482	18%	9%
Sweet potatoes	2 699	6 174	6 626	129%	7%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Beetroot	13 065	12 145	12 051	-7%	-1%
Carrots	25 838	27 833	29 265	8%	5%
Cucumber	129	147	92	14%	-37%
Lettuce	7 176	7 632	6 948	6%	-9%
Onions	82 681	87 402	83 233	6%	-5%
Potatoes	270 665	261 702	266 728	-3%	2%
Spinach	3 344	3 464	3 130	4%	-10%
Tomatoes	75 776	68 570	63 541	-10%	-7%
Cabbage	28 148	27 155	24 666	-4%	-9%
Green beans	3 182	3 131	3 181	-2%	2%
Sweet potatoes	4 658	2 555	3 139	-45%	23%

Source: DAFF

**Table B.6: Beef**

	Units	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Gross value	R'000	3 867	5 377	5 581	39%	4%
Average price	R/kg	22,74	31,39	31,58	38%	1%
Total slaughtering	Heads	633 071	644 655	659 074	2%	2%

\*Heads refer to the number of cattle slaughtered

Source: DAFF

**Table B.7: Poultry**

	Units	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Gross value	R'000	6 350	7 002	8 738	10%	25%
Average price	R/Mt	17 260	18 860	23 110	9%	23%
Commercial Production	Mt	352 545	355 654	348 900	1%	-2%

Source: DAFF

**Table B.8: Eggs**

	Units	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Gross value	R'000	1 739	1 963	2 140	13%	9%
Average price	R/dozen	9,00	9,22	9,53	2%	3%
Total Production	1000 dozen	166 552	186 093	197 757	12%	6%

Source: DAFF

**Table B.9: Milk**

	Units	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2012	4 <sup>th</sup> Qtr 2010 to 4 <sup>th</sup> Qtr 2011	4 <sup>th</sup> Qtr 2011 to 4 <sup>th</sup> Qtr 2012
Gross value	R'000	2 515	2 628	3 030	4%	15%
Average price received by farmers	R/litre	2,85	3,01	3,43	6%	14%
Total Production	1000 liter	882 327	872 422	882 550	-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>