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Economic Overview of the Agriculture, Forestry and Fisheries Sector

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PREFACE

The core business of the Directorate: Statistics and Economic Analysis is to provide economic and statistical services to monitor the economic performance of the Agriculture, Forestry and Fisheries (AFF) sector. To support this important task, the Economic and Statistical Research division/unit conducts economic analyses of the performance of and external impact on the AFF sector and its industries.

This publication, the *Quarterly Economic Overview of the Agriculture, Forestry and Fisheries sector*, was developed because of a need within the Department of Agriculture, Forestry and Fisheries (DAFF) to be regularly informed on developments and expected economic trends in the agriculture sector. The quarterly report has now been established as a regular feature in the directorate's work plan. Since the beginning of 2004 the report has also been published for outside use to add value to a number of regular economic publications on the agriculture sector. It is our vision to maintain it as indispensable reading for everyone interested in developments in the AFF and the South African AFF sector.

This issue looks at the economic developments in the first quarter of 2013 as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to face economic uncertainties.

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

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EXECUTIVE SUMMARY

Global growth improved marginally to 2,8% in the first quarter of 2013 from 2,5% during the second half of 2012. This was below market expectations and the underperformance was largely due to disappointing growth in major emerging market economies; the recession in the euro area which was deeper than expected; as well as the weaker growth in the US. The euro area is forecast to remain in recession throughout 2013 before experiencing marginal growth of just under one percent in 2014 (IMF, 2013). Global growth is projected to remain relatively flat at just above 3% in 2013 amid weaker domestic demand and slower growth in several key emerging market economies. Growth in emerging market and developing economies is forecast at 5% in 2013 as prospects remain weaker across all regions. The outlook for many commodity exporters has also deteriorated due to lower commodity prices.

World grain production for 2013/14 is expected to increase by 130 million tons (7,3%) from the estimated 1 786 million tons in 2012/13 to the forecasted 1 916 million tons in 2013/14. Following a drop in maize production in 2012/13 due to drought in some key producing areas, maize production is forecast to pick up in 2013/14, increasing by 10,4% (89 million tons) compared to the previous season. World trade in maize is forecast to rise by 3 million tons in 2013/14 while maize consumption will rise by 52 million tons supported mainly by the rise in demand for feed and industrial use. Wheat production is forecast to increase by 27 million tons (4,1%) in 2013/14 while wheat consumption is expected to rise by 6 million tons (1%). Wheat prices have softened in recent months as supplies are expected to be ample in 2013/14.

The SA economy grew by just 0,9% quarter-on-quarter (q/q) during the first quarter of 2013 – its lowest level in three and a half years. The lower than expected growth during the first quarter of 2013 was mainly due to contractions in the Manufacturing (7,9%); Agriculture, forestry and fishing (4,9%) as well as the Electricity, gas and water (3,0%) sectors. However, the growth rate was cushioned from a sharp fall by the rebound in the Mining and quarrying sector which grew by 14,6% after two consecutive contractions the previous two quarters. After an impressive performance during the four quarters of 2012, the Agriculture, forestry and fishing sector contracted by 4,9% in the first quarter of 2013. This can be partly attributed to strikes by farm workers in the Western Cape towards the end of 2012 during which some of the wine fields were destroyed. However, on a year-on-year (y/y) basis, the Agriculture, forestry and fishing sector grew by 4%.

The SA unemployment rate rose to 25,2% in the first quarter of 2013, from 24,9% in the fourth quarter of 2012. The rise in the unemployment rate was mainly the result of the increase in the labour force which increased by 144 000 persons between the fourth quarter of 2012 and the first quarter of 2013. However, employment increased by 44 000 persons in the first quarter of 2013 compared to the fourth quarter of 2012. This was the first employment increase during the first quarter of a year since the inception of the Quarterly Labour Force Survey (QLFS) and can be attributed to the decline in employment in the fourth quarter of 2012 which also marked the first such decline in the fourth quarter of the year. Employment declined in four of the ten industries during the first quarter of 2013, with the largest declines in the Trade (66 000) and Construction (41 000) industries. The largest increase in employment during the first quarter was observed in Agriculture (54 000), followed by Community and social services (44 000). Compared to a year ago, 199 000 jobs were created in SA between the first quarter of 2013 and the first quarter of 2012. The largest y/y increase in employment was observed in Community and social services (181 000), followed by Agriculture (83 000) while Trade lost the largest number (202 000) of jobs.

Gross farming income from all agricultural products increased by 8,9% from R31,3 billion in the first quarter of 2012 to R34,1 billion in the first quarter of 2013. The increase was largely boosted by the increase in income from field crops which rose by 4,1% from R2,6 billion in the first quarter of 2012 to R3,7 billion in the first quarter of 2013. Income from field crops was largely supported by sharp increases in income from sunflower seed and canola while income from maize also provided support, increasing by 55% during the period under review. Income from horticultural products rose by 20,2% while income from animal products rose by 5,3% during the same period. The net farm income increased marginally by just a little over one percent in the first quarter of 2013 compared to the same quarter of 2012.

The value of SA agricultural exports increased significantly by 26% from R10,8 billion to R13,7 billion between the first quarter of 2012 and the first quarter of 2013. During this period, the Netherlands was SA's major export destination with SA gaining R2,0 billion in agricultural export revenue from this country. Exports of agricultural products improved amid weak global demand, however, the total import value of agricultural products decreased marginally between the first quarter of 2012 and the first quarter of 2013. This could be largely attributed to the weaker rand which made SA exports more competitive while imports became more expensive.

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

According to the IMF, the year 2012 was unsatisfactory as far as global economic activity is concerned, for the most part in the advanced economies. Economic activity in advanced economies declined slightly in the final quarter of 2012 as a result of contractions registered in the United Kingdom (UK), the euro area and Japan. Real output in the US moderated drastically to 0,1% in the fourth quarter of 2012 after expanding by 3,1% in the prior quarter. Positive contributions from individual consumption, fixed investment and imports were offset by a marked contraction in US government's military expenditure, with more negative contributions from inventory disinvestment and exports.

Global economic growth decelerated from over 5% in the first half of 2010 to around 2,5 percent in the final quarter of 2012. Global growth is projected to remain at just above 3% in 2013 amid weaker domestic demand and slower growth in several key emerging market economies. In the sub-Saharan Africa region, economic growth is expected to pick up to 5,8% in 2013 before moderating marginally to 5,7% in 2014. Oil-exporting countries (such as Angola, Cameroon, Chad, Equatorial Guinea and Ghana) are projected to benefit from rising oil production, while innovative mining production in countries such as Niger and Sierra Leone would also be positive for growth.

In a present mixed global picture, Sub-Saharan Africa stands out as a success story. In the almost five years since the 2008 economic crisis, the region has expanded faster than in the years prior to the crisis. Regional production increased by 5,1% last year, and it is likely to accelerate to 5,4% in 2013 and 5,7% in 2014. However, growth has been stronger in the oil-exporting and low-income countries. Middle-income countries like South Africa and its neighbours have grown much slowly—in some cases due to lower European demand and in others because of domestic structural problems.

Despite lower global economic activity, SA's agricultural trade balance improved during the first quarter of 2013 supported mainly by the weaker rand. SA agricultural exports increased, while SA agricultural imports decreased as SA products became more competitive on the international market while it became more expensive to import from other countries. Global trade of total grains is expected to remain relatively flat in 2013/14, increasing by less than 1% (2 million tons) as delays to planting due to overly wet weather in the US is expected to

heavily influence trade in maize and soybeans amid rising speculation of potentially lower yields and the possibility of some area product switching. World Grain production is forecast to increase by 130 million tons (7,3%) from 1 786 million tons in 2012/13 to 1 916 million tons in 2013/14. This increase is largely supported by the rebound in maize production following a decline in world maize production during 2012/13 due to drought in the US and some other major production areas. Maize production is forecast to increase by 89 million tons (10,4%) in 2013/14 while wheat production is expected to rise by 25 million tons (3,8%) during the same period.

According to the FAO, global food prices at the end of April 2013 were 1% higher than at the end of April 2012. The price increase was largely due to a sharp increase in global dairy prices. The FAO dairy price index rose by 14,9% month-on-month (m/m) in April 2013 largely due to a sharp decline in New Zealand's milk production; following an abnormally prolonged dry period at the beginning of 2013 leading to farmers drying off or culling milk cows early. This also caused a reduction in the processing of dairy products. Meat prices remained relatively flat since the second half of last year, rising slightly m/m in April. However, meat prices overall remain high by historical standards. Global oil and fats prices declined by 1,5% m/m in April 2013 mainly led by declines in palm and soy oil. The decline in soy oil prices indicates good progress in South America's record soybean harvest; more than anticipated stock levels in the US and initial forecasts of a record US soybean crop later this year. Figure 1 shows the FAO global food price trends.

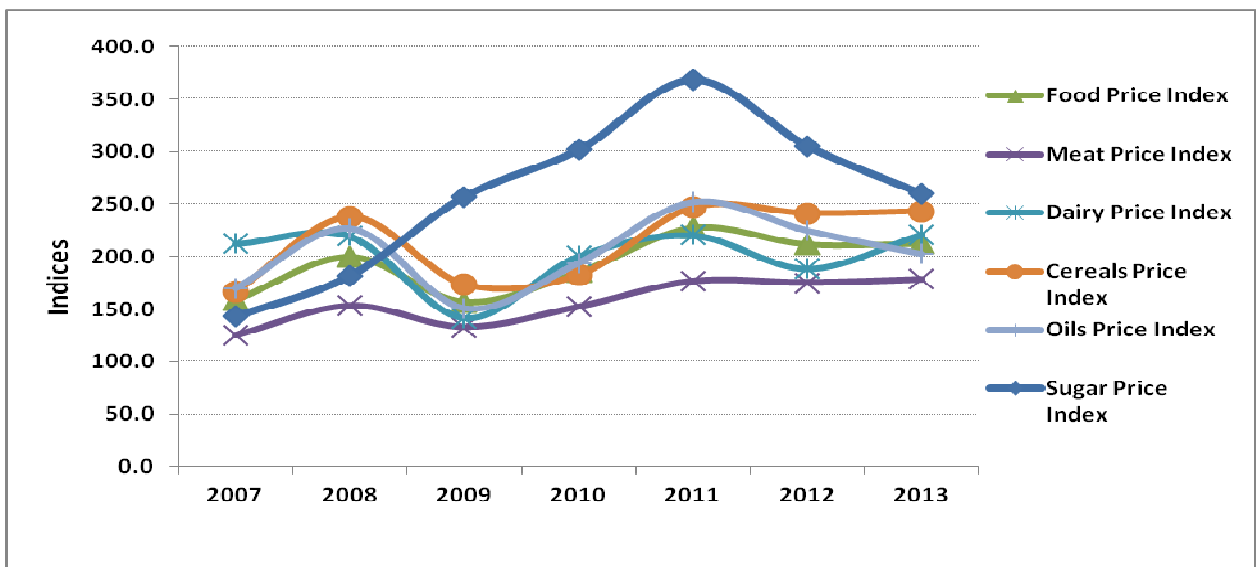


Figure 1: International Food Prices

Source: FAO

Global inflation moderated from around mid-2011 decreasing slowly until mid-2012. Regardless of the high oil price levels, inflation pressures remained limited, particularly in the advanced economies where large output gaps moderated price and wage behaviours. International prices of a number of food-related commodities softened somewhat in the last months of 2012 (FAO, 2012). Global headline inflation moved sideways in the second half of 2012 registering 3,4% in December 2012. Inflation in both advanced and emerging-market economies has been moving downwards since peaking at 3,1% and 7,6% respectively, around mid-2011. According to the January 2013 *World Economic Outlook Update*, the IMF anticipate inflation in advanced economies to move at a slower pace to 1,6% and to remain unchanged at 6,1% in emerging-market and developing countries during 2013.

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

2.1 Growth

Domestic economic growth rose marginally by just 0,9% q/q during the first quarter of 2012, marking its lowest level in three-and-a-half-years. This was largely due to contractions in the Manufacturing (7,9%); Agriculture, forestry and fishing (4,9%) as well as the Electricity, gas and water (3,0%) sectors. However, after two consecutive quarters of contractions, the mining and quarrying sector rebounded during the first quarter of 2013, recording a positive growth of 14,6%. The mining and quarrying sector's rebound was crucial in averting the domestic economy's contraction during the first quarter of 2013. On a year-on-year basis, the SA economy grew by 1,9% in the first quarter of 2013 compared with the first quarter of 2012.

The agriculture, forestry and fishing sector started the year on a negative note after an impressive performance in 2012. The sector contracted by 4,9% during the first quarter of 2013 after a double-digit growth rate of 10,0% in the fourth quarter of 2012 (Figure 2).

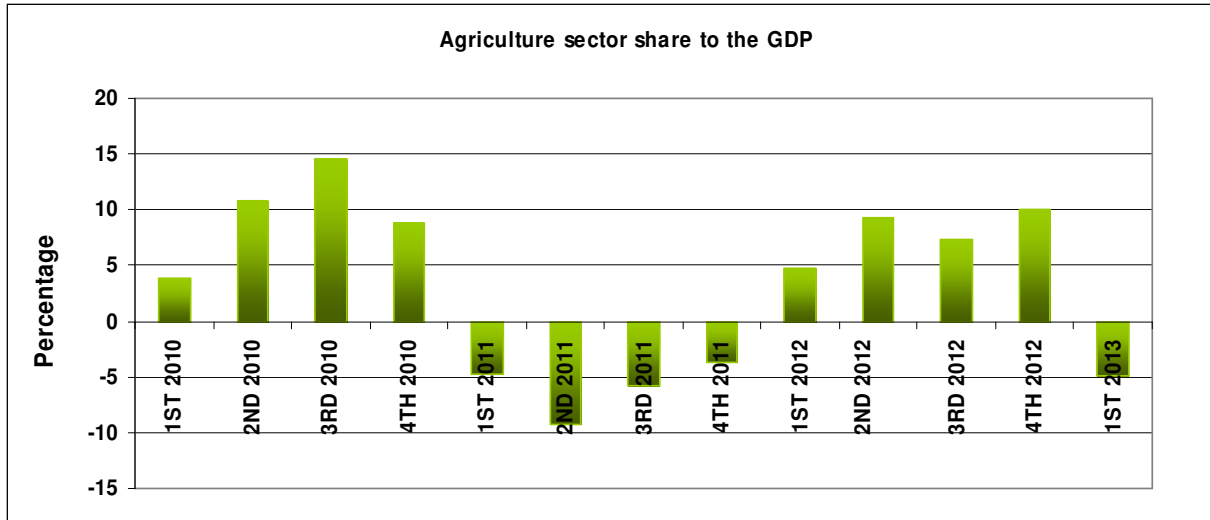


Figure 2: Agriculture, forestry and fishing GDP growth between 2010 and 2013

Source: Stats SA

SA producers and exporters are facing another difficult year as the recession in the eurozone is anticipated to continue and local operating conditions are expected to remain challenging given high electricity costs, strained labour relations, fading productivity and inadequate economic infrastructure. These constraints are generally expected to offset most of the benefits of the current weaker rand.

2.2 Inflation

The headline consumer price index (CPI) annual inflation rose by 5,9% in March 2013, threatening to breach the upper band of the Reserve Bank’s 3% – 6% target range. The March inflation rate was the same as the February rate, though slightly higher than the 6,0% rate recorded at the end of March 2012. On average, prices increased by 1,2% between February 2013 and March 2013. On a year-on-year basis, the highest price increase was recorded by vegetables, rising by 11,1% between March 2013 and March 2012. The second highest price increase was recorded by electricity and other fuels, rising by 10,2% between March 2013 and March 2012. However, on average, food inflation remained fairly stable with the CPI for food at 5,9% year-on-year in March 2013 although prices for milk, eggs and cheese also rose significantly by 7,5% y/y in March 2013.

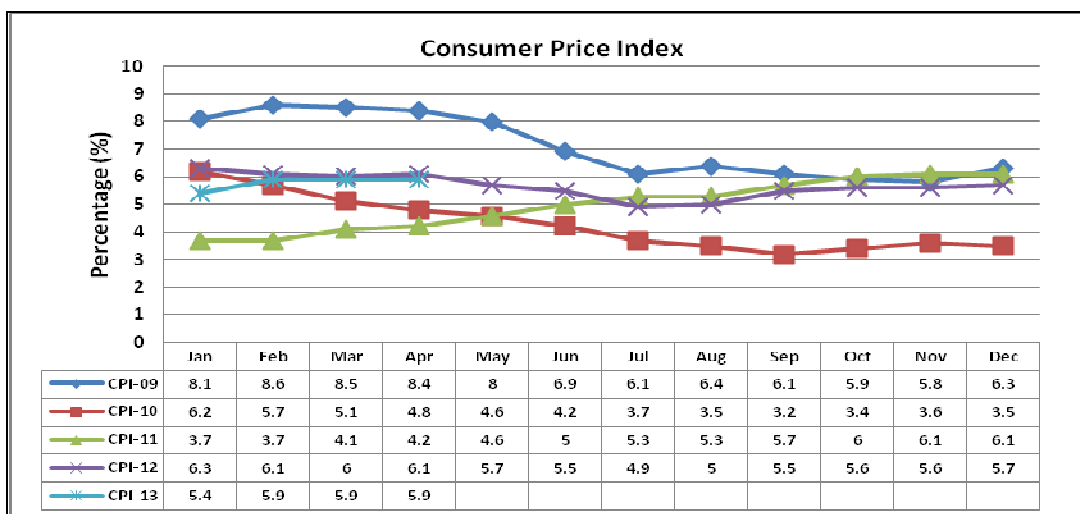


Figure 3: SA Consumer Price Index (CPI)

Source: Stats SA

The headline producer price index (PPI) for final manufactured goods in SA rose by 5,7% in March 2013. The annual percentage change in the PPI for agriculture, forestry and fishing was 0,4% in March 2013, however, on a month-on-month basis, the PPI for agriculture, forestry and fishing declined by 1,2% between March 2013 and February 2013. The main contributor to the 0,4% annual increase in the PPI for agriculture, forestry and fishing was forestry which rose by 1,4% while the main contributor to the monthly decline of 1,2% was agriculture which declined by 1,9% y/y. The PPI for agriculture declined by 0,2% y/y in March, largely due to the 16,0% y/y decline in producer prices for live animals; while producer prices for fruit and vegetables rose significantly by 14,3% y/y in March 2013. This could be an indication that consumer prices of fruits and vegetables will rise in the near future while meat prices may ease off as there is usually a lag effect between producer prices and consumer prices.

2.3 Employment

Figures released by Statistics South Africa (Stats SA) showed that the unemployment rate increased to 25,2% in the first quarter of 2013 from 24,9% in the fourth quarter of 2012. This marked a rise of 100 000 in the number of unemployed people to 4,6 million. The labour force grew by 144 000 persons between the fourth quarter of 2012 and the first quarter of 2013. The increase in the number of unemployed people outstripped the rise in the number of employed persons (up by 44 000) leading to a 0,3 percentage point increase in the unemployment rate to 25,2%. The unemployment numbers are high, reflecting a country that is in a state of distress. The decline in employment during the fourth quarter of 2012 was the first time

employment had contracted during the final quarter of a year since the inception of the quarterly labour force survey and the increase in employment during the first quarter of 2013 was the first employment increase during the first quarter of the year.

During the first quarter of 2013, both the formal sector and the informal sector saw decreases in employment by 25 000 and 13 000 persons respectively, while employment increased in agriculture and private households by 54 000 and 29 000 persons respectively. Between the fourth quarter of 2012 and first quarter of 2013, the number of discouraged job-seekers increased by 73 000, while other (not economically active) persons decreased by 106 000 resulting in a net decrease of 33 000 among the not economically active population. Compared to a year ago, employment in the first quarter 2013 increased by 1,5% (199 000), unemployment increased by 1,7% (75 000), the number of discouraged work-seekers decreased slightly by 0,2% (5 000) and other (not economically active) increased by 1,5% (185 000), resulting in a 1,2% (179 000) increase in the not economically active population.

Manufacturing added 23 000 jobs which is a positive surprise, while the construction industry shed 41,000 jobs. The retail sector lost 66 000 jobs, which was also a negative surprise. Financial and other business sectors lost 23 000 jobs; which was also more than expected. The economy is facing a lot of downside pressures and the unemployment rate is likely to be up for the rest of the year which is not good for the growth of the domestic economy.

There were noticeable declines in employment in four of the country's nine provinces. In Limpopo, employment declined by 39 000, North West by 16 000, Western Cape by 14 000 and Northern Cape by 6 000. Employment increases were observed mainly in the Eastern Cape (51 000), KwaZulu-Natal (27 000) and Free State (22 000). Employment in Mpumalanga continued to increase, though the increase (11 000) observed in first quarter of 2013 is lower than the 31 000 increase in the fourth quarter of 2012. Compared to the year ended March 2012, employment increased in seven of the nine provinces with Limpopo and Mpumalanga both increasing by 57 000, respectively, and Gauteng by 44 000. There were no changes in employment in the Northern Cape, while the only decline in employment was in the Western Cape (37 000).

Figure 4, shows that from the second quarter of 2012, employment in agriculture showed an upward trend on a quarter-on-quarter basis, surpassing the 700 000 mark in the first quarter of 2013. The agricultural sector beat market expectations, as it was expected to lose more jobs after the new minimum wage agreement came into effect on the 01 March 2013.



Figure 4: Total Agricultural Employment

Source: Stats SA

The number of people employed in agriculture rose by 54 000, from 685 000 persons in the fourth quarter of 2012 to 739 000 persons in the first quarter of 2013. On a year-on-year basis, 83 000 more people were employed in agriculture, from 656 000 in the first quarter of 2012 to 739 000 in the first quarter of 2013. Of the 54 000 new jobs created in agriculture in the first quarter of 2013 (quarter-on-quarter), 33 000 were occupied by men, while women occupied 21 000. In total, the agricultural sector comprised of 248 000 women and 491 000 men in the first quarter of 2013 compared to 227 000 women and 458 000 men in the fourth quarter of 2012.

The Western Cape provincial agriculture again had the highest number (126 000) of people employed in the sector during the first quarter of 2013, followed by Limpopo with 114 000. However, both provinces lost 3 000 jobs, respectively, in first quarter of 2013 compared to the fourth quarter of 2012. Kwazulu-Natal had 99 000 persons and Mpumalanga had 96 000 persons in the first quarter of 2013. Eastern Cape provincial agriculture and Free State provincial agriculture both created more jobs in first quarter of 2013 compared to the fourth quarter of 2012 (32 000 and 26 000 respectively). The North West provincial employment in agriculture increased by 6 000, from 28 000 in the fourth quarter of 2012 to 34 000 in the first quarter of 2013. Gauteng provincial employment in agriculture declined by 2 000 from 45 000 in the fourth quarter of 2012 to 43 000 in first quarter of 2013. Northern Cape employment in

agriculture declined by 3 000, from 49 000 persons in the fourth quarter of 2012 to 46 000 persons in the first quarter of 2013. On a year-on-year basis, the highest number of jobs were created in the Eastern Cape Province (45 000), followed by Limpopo which created 26 000 new jobs.

The Quarterly Labor Force Survey (QLFS) also indicated that 1,9 million people were involved in subsistence farming during the first quarter of 2013 compared to 1,8 million in the fourth quarter of 2012; an increase of 106 000 persons on a quarter-on-quarter basis and a decline of 179 000 persons on a year-on-year basis. KwaZulu-Natal had the highest number (687 000) of people involved in subsistence farming in the first quarter of 2013, followed by Eastern Cape (555 000), Limpopo (243 000) and Mpumalanga with 164 000.

2.4 Expenditure on intermediate goods and services by the agricultural sector

The total expenditure on intermediate goods and services increased by 10,9% to reach R22,9 billion in the first quarter of 2013 compared to R20,7 billion in the first quarter of 2012. However, on a quarter-on-quarter basis, intermediate expenditure decreased by about 15% in the first quarter of 2013 compared to the fourth quarter of 2012 (Figure 5). Expenditure on seeds and plants recorded the largest percentage increase (17,9%). The expenditure on maintenance and repairs of machinery and implements increased by 15,0% while expenditure on farm feeds, insurance and electricity increased by 14,4%; 12,1% and 10,9% respectively.

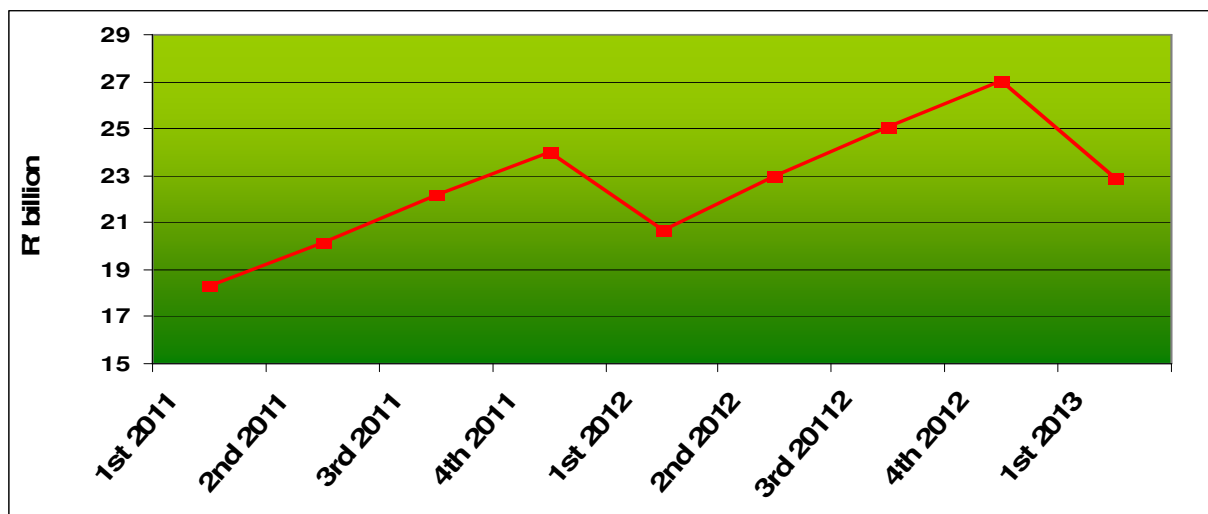


Figure 5: Total expenditure on intermediate goods and services

Source: Stats SA

Expenditure on farm services, fertilisers and fuel increased by 9,7%; 6,1% and 1,0% respectively, during the same period (Appendix A.1). Figure 6 shows the total expenditure on fuel, farm feeds and fertilizers between 2013 and 2011. Expenditure on fuel increased slightly by 1,0% to R3,1 billion in the first quarter of 2013 compared to the first quarter of 2012. Expenditure on farm feeds increased to R5,2 billion in the first quarter of 2013 compared to the R4,6 billion in the first quarter of 2012, an increase of 7,5%.

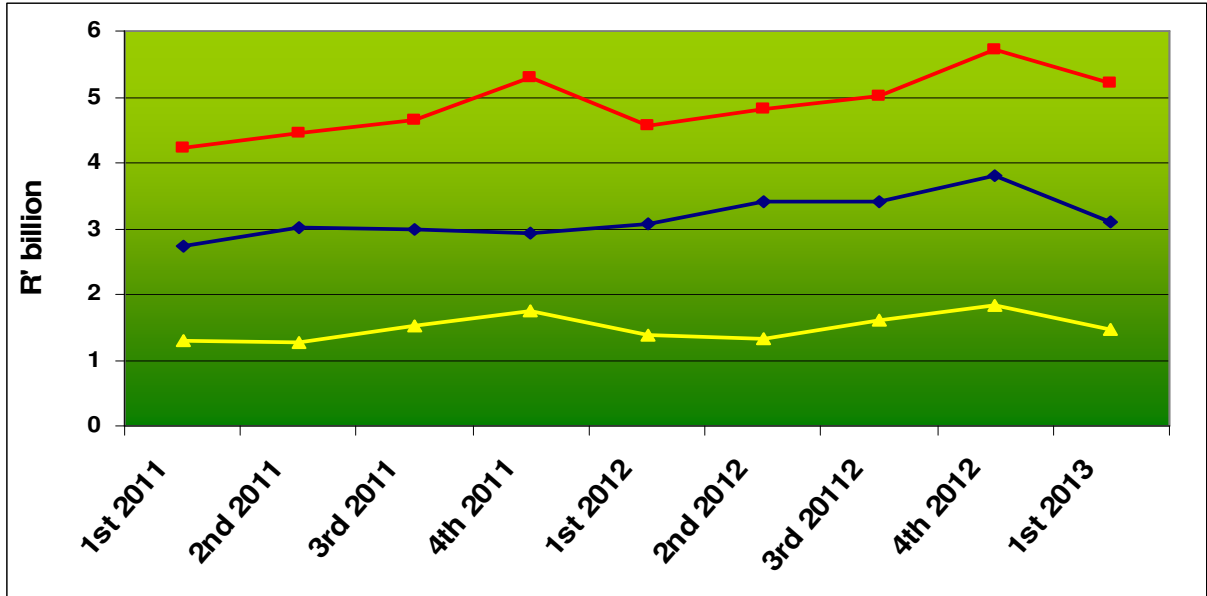


Figure 6: Trends in the expenditure on fuel, farm feeds and fertilisers between 2011 and 2013
Source: Stats SA

2.5 Gross farming income and net farm income from agricultural products

Gross farming income from all agricultural products amounted to R34,1 billion in the first quarter of 2013 from R31,3 billion reported in the first quarter of 2012, an increase of 8,9%. This increase was largely supported by a significant increase in gross income from field crops which increased by 38,2%. Horticulture and animal products also supported the increase with growth of 12,1% and 3,3% respectively. (Appendix A.2)

Gross income from field crops increased significantly by 38,5% from R2,6 billion in first quarter of 2012 to R3,7 billion in the first quarter of 2013. The large increase in income from field crops was boosted largely by the 44,7% increase in income from maize. Sunflower seed, canola and barley also increased sharply by 569,7%; 342,9% and 159,4% respectively. Gross

income from grain sorghum , maize, dry beans, wheat, soya beans and hay also increased by 45,2%, 44,7%, 40,9%, 29,7%, 23,2% and 12,9% respectively. On the other hand, gross income from chicory root, cotton, ground nuts and other field crops decreased by 53,0%, 38,6%, 22,7% and 21,2% respectively while gross income from wattle bark and oats also decrease by 19,7% respectively. Gross income from sugar cane, lucerne seed and tobacco decreased by 13,0%, 12,6% and 2,4% respectively.

Gross income from horticultural products increased by 12,5% to R10,8 billion in the first quarter of 2013 from R9,6 billion in the same quarter of 2012. This can be attributed to increases in gross income from dried fruit, rooibos tea and vegetables which rose by 51,3%, 33,5% and 28,3% respectively. Gross income from other horticultural products and subtropical fruit increased by 11,1% and 6,5% respectively. Gross income from deciduous fruit and other fruit also increased by 5,5% while the gross income from flowers and bulbs increased by 4,0% during the same period (Appendix A.2).

Gross income from animal products increased to R19,8 billion in the first quarter of 2013 from R19,1 billion in the first quarter of 2012, an increase of just 3,7%. The largest increase in income this category was recorded by karakul pelts which increased by 89,0%. Gross income from poultry meat, goats slaughtered, eggs and milk increased by 11,2%; 7,1%; 6,4% and 6,2% respectively. Gross income from other livestock products as well as cattle and calves slaughtered increased slightly by 4,5% and 0,7% respectively while gross income from wool decreased significantly by 58,4% during the same period. Gross income from ostrich feathers, sheep slaughtered and pig slaughtered decreased by 7,1%; 6,4% and 3,4% respectively (Appendix A.2). Figure 7 depicts the net farm income trends between 2010 and 2013. Net farm income increased marginally by just a little over one percent in the first quarter of 2013 compared to the same quarter of 2012.

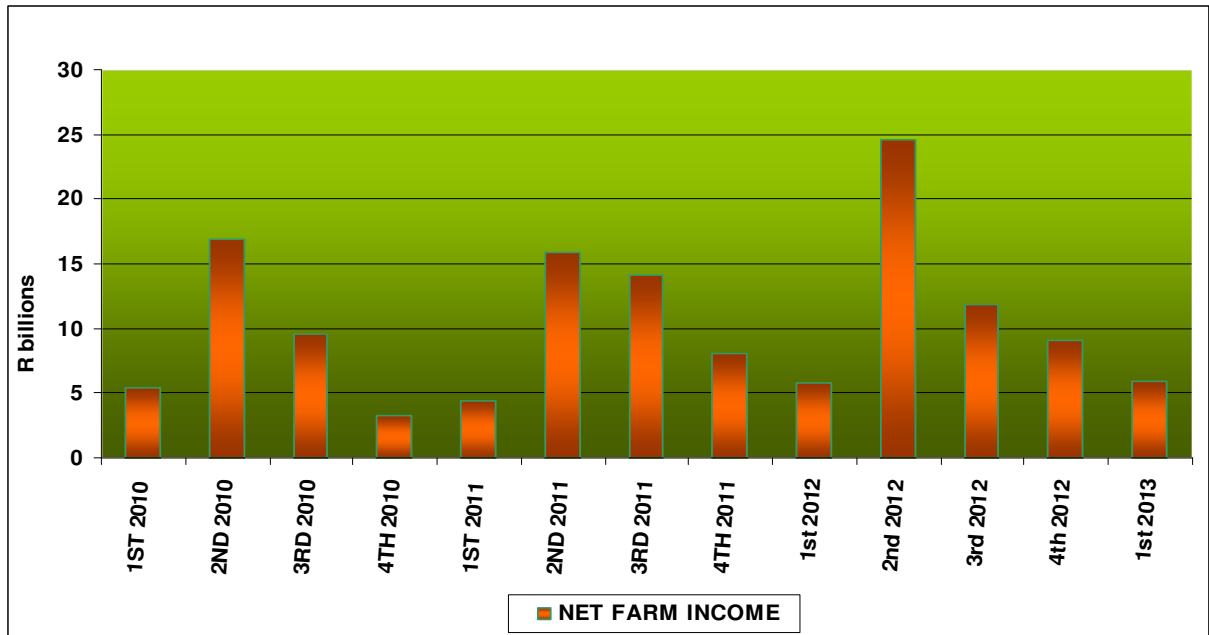


Figure 7: Trends in the net farm income between 2010 and 2013
Source: DAFF

2.6 Private consumption expenditure on agricultural products

During the first quarter of 2013, private consumption expenditure on food reached R106,2 billion, an increase of 5,5% compared to the R100,7 billion reported for the first quarter of 2012. The main expenditure item was fruit and vegetables which increased by 19,2% followed by expenditure on oils and fats which increased by 11,3%. Milk, milk products and eggs expenditure increased by 7,3% while expenditure on meat increased by 7,6%. The expenditure on bread and grain recorded a decrease of 2,6% while expenditure on sugar decreased by 4,6% during the same period (Appendix A.3).

2.7 Trade of agricultural, forestry and fisheries products

2.7.1 Agricultural trade

Dramatic changes have taken place in South Africa's trade with the world, while trade balances have slipped into large deficit positions. The gap between domestic demand and supply has been widening persistently while the supply side of the economy is still facing surplus production capacity in various segments; not only due to weak demand conditions

domestically and abroad, but also due to cost pressures and other competitiveness issues (IDC, February 2013).

Domestic agricultural trade is currently facing high levels of volatility with a stronger influence from factors outside of agriculture. Short-term fluctuations in agricultural commodity prices and higher frequency of severe weather conditions are all growing concerns for domestic agriculture. However, South Africa has been able to maintain its net exporter status.

According to data on table A.4, the total export value of agricultural products increased by 26%, from R10,8 billion to R13,7 billion between the first quarter of 2012 and the first quarter of 2013. During the first quarter of 2013, South Africa gained most of its agricultural export revenue from products exported to Netherlands. From this country alone, SA gained R2,0 billion of agricultural export revenue which represents 15% of the total export value. The UK was the second leading export destination for SA's agricultural exports with R1,4 billion of agricultural export revenue received, representing 10% of the total export value. Other countries from which a considerable amount of agricultural export revenue was received include the China, Zimbabwe, Mozambique, Angola, Germany, United Arab Emirates, Italy and Zambia. According to data on table A.4, all of these countries accounted for 60% of the total export revenue received from agricultural products. Agricultural products which contributed a considerable amount to the total agricultural export value include fresh grapes (22%), maize (8%), wine in 2 Litre bottles (7%), wool (6%) and wine (5%), see Table A.5.

While exports of agricultural products improved in the midst of weak global demand, the total import value of agricultural products decreased marginally between the first quarter of 2012 and the first quarter of 2013. According to data on Table A.6, the total import value of agricultural products decreased by 0,2% from R11,1 billion to just below R11,1 billion between the first quarter of 2012 and the first quarter of 2013. The top ten leading sources of agricultural imports into South Africa during the first quarter of 2013 collectively accounted for 65% of the total import value of agricultural products (see Table A.6). Argentina, China, United Kingdom, and Brazil were the 4 leading sources of agricultural imports during the first quarter of 2013, accounting for 14%, 12%, 7% 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 (11%), soybean oilcake (8%) chicken cuts (5%), and whiskies (5%), see table A.7. According to data on table A.7, all of these products accounted for 29% of the total import value of agricultural products.

2.7.2 Fisheries trade

Since late 2011 and early 2012, the world economy entered a difficult phase characterized by risks and great uncertainty on how markets will evolve in the medium-term. Amongst other factors, was the evolution of production and transportation costs as well as prices of alternative meats and feeds (State of world fisheries and aquaculture, 2012). According to data on table A.8, the total export value of fish and seafood decreased by 17%, from R440 million to R364 million between the first quarter of 2012 and the first quarter of 2013. Major export destinations for SA fish and seafood were Italy, Spain, Australia, United States, Greece, Portugal, Germany, Netherlands, Mauritius, and Croatia which jointly accounted for 87% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the first quarter of 2013 include cuttle fish and squid (frozen, dried, salted or in brine), fish (prepared or preserved, whole or in pieces), fish (prepared or preserved), rock lobster and other sea crawfish (frozen), and albacore or longfinned tunas (excluding fish fillet and other fish meat such as pacific salmon), see Table A.9.

With the strong increase in the availability of fish to most consumers, consumption of fish increased between the first quarter of 2012 and the first quarter of 2013. According to data on Table A.10, the total import value of fish and seafood increased considerably by 49% from R416 million to R620 million between the first quarter of 2012 and the first quarter of 2013. The 10 major sources of imports, which accounted for 97% of the total import value of fish and seafood in the first quarter of 2013, include Thailand, China, Norway, Falkland Islands, United States, Spain, Poland, United Kingdom, Portugal, and Mozambique. 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), Atlantic and Danube salmon with bones (frozen), and salmon (prepared or preserved, whole or pieces) see Table A.11.

2.7.3 Forestry trade

Trading of forestry products increased marginally between the first quarter of 2012 and the first quarter of 2013; while the South African forestry sector continues to remain under pressure, raising concerns for the sustainability of forestry operations. Thus, the total export value of forestry products increased by 0,4%; from just below R2,5 billion to R2,5 billion between the first quarter of 2012 and the first quarter of 2013 (Table A.12). Export destinations for forestry products during the first quarter of 2013 include Indonesia, China,

India, United Kingdom, Zimbabwe, Thailand, Mozambique, Belgium, Germany and Zambia which jointly accounted for 72% of the total export revenue from forestry products. The most important forestry products which accounted for 80% of the total export revenue of forestry products include chemical woodpulp (dissolving grades), kraftliner (uncoated, bleached, in rolls or sheets), chemical woodpulp (soda or sulphate, not dissolving grades), newsprint (in rolls or sheets), and cartons, boxes and cases, corrugated paper and paper boards see Table A.13.

The total import value of forestry products increased by 23% from R1,7 billion to R 2,1 billion between the first quarter of 2012 and the first quarter of 2013 (Table A.14). SA's major forestry import sources include United States, China, United Kingdom, France, Germany, Sweden, Austria, Indonesia, Australia, and Italy which jointly accounted for 73% of the total import value of forestry products. The most important forestry products imported during the first quarter of 2013 include printed books, brochures, leaflets & similar printed matter, casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves, paper, paper boards and articles thereof, chemical woodpulp (soda or sulphate, not dissolving grades), and paper or paper boards (ex light weight writing etc, clay coated over 10mech), see Table A.15. All of these products accounted for 43% of the total import value of forestry products.

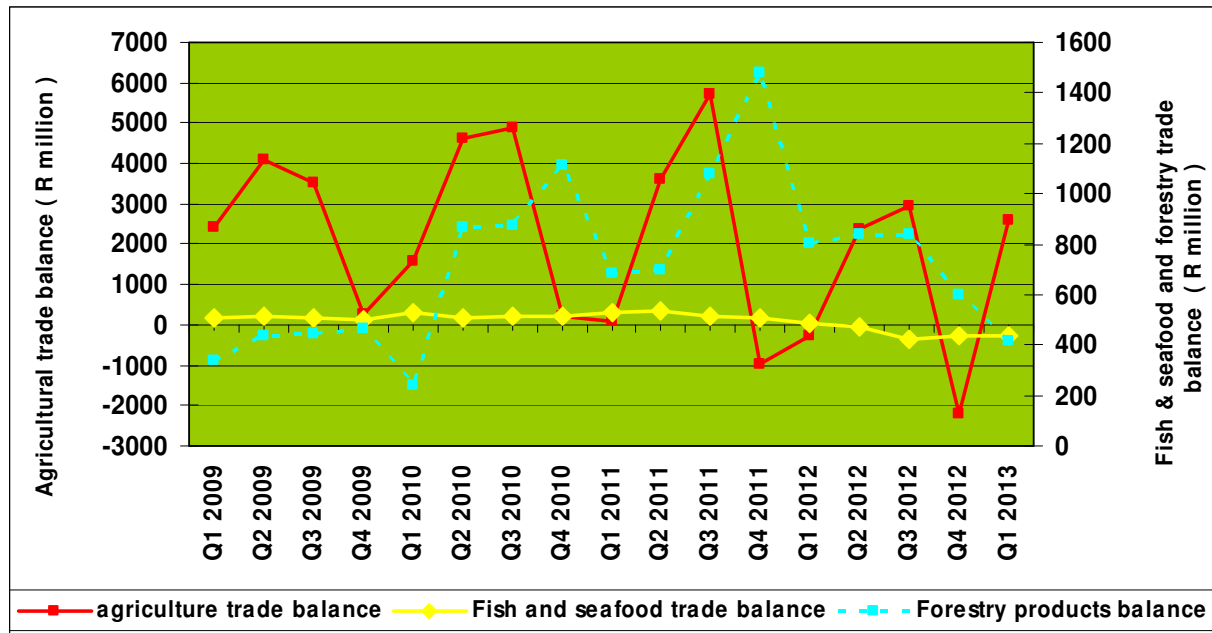


Figure 8: Trends in trade balances for agriculture, fish and seafood and forestry products.

Source: South African Revenue Services

Figure 8 shows trends in trade balances for agriculture, fish and seafood as well as forestry products. Between the first quarter of 2009 and the first quarter 2013, agriculture's trade

balance fluctuated significantly, experiencing negative trade balances in eight 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, the first quarter of 2012 and the fourth quarter of 2012. During the first quarter of 2013 agriculture's trade balance bounced back to its positive healthy levels showing more resilience to the economic slowdown than most industries.

Fish and seafood trade balance fluctuated significantly between the first quarter of 2005 and the first quarter of 2012; however, it remained in positive territory between the first quarter of 2005 and the first quarter of 2012. Due to challenging global economic conditions and great uncertainty on how the markets will evolve, the second quarter of 2012, the third quarter of 2012, the fourth quarter of 2012 and the first quarter of 2013 experienced negative trade balances.

The trade balance for forestry products fluctuated significantly between the first quarter of 2005 and the first quarter of 2013, 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 411 million in the first quarter of 2013.

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. During May 2013, the Crop Estimates Committee (CEC) revised the final crop production figures due to actual deliveries being more than what projections allowed for. According to the CEC, the expected maize crop for 2012 is now set at 12 121 million tons, which is 290 656 tons more compared to 11 830 million tons calculated in November 2012. For white maize, the recalculated crop size is set at 6 903 million tons, approximately 2,43% more than 6 740 million tons calculated in November 2012. Meanwhile for yellow maize, the recalculated crop size is 5 217 million tons, which is 2,50% more than 5 090 million tons calculated in November 2012. In addition, the CEC has set the maize crop for 2013 at 11 562 million tons, which is 4,61% less than 12 121 million tons recently revised for 2012 (CEC, May 2013).

During the first quarter of 2012, the average opening stock for white and yellow maize was 1,7 million tons and 837 000 tons respectively, while the average total opening stock (white maize plus yellow maize) was 2,6 million tons. During the first quarter of 2013, the average opening stock for white and yellow maize was 2,1 million tons and 1,3 million tons respectively, while the average total opening stock (white maize and yellow maize) was 3,4 million tons, approximately 33% more than in the first quarter of 2012 due to higher production figures for the 2012/2013 season.

Consumption of maize in South Africa totalled 2,1 million tons in the first quarter of 2012. Of this total, 1,3 million tons were white maize while 829 000 tons were yellow maize. Consumption of maize during the first quarter of 2013 totalled nearly 2,1 million tons, approximately 2% less than in the first quarter of 2012. Of this total, 1,3 million tons were white maize while 748 000 tons were yellow maize. According to the Absa maize outlook for 2012/2013, consumption of maize in the longer-term is expected to increase with new broiler projects in the pipeline. Meanwhile, total maize exports during the first quarter of 2013 reached 424 000 tons which was 103 000 tons more than 321 000 tons of maize exported during the first quarter of 2012.

Internationally, according to FAO's early prospects for the 2013 cereal crops, world wheat production in 2013 is forecast to increase by 4,3% from the 2012 harvest, with the increase expected mostly in Europe driven by an expansion in area planted in response to high prices and a recovery in yields from below-average levels in some parts last year (Crop Prospects and food situation, March 2013).

Domestically, soil moisture reserves were severely affected by the dry summer heat wave in some major producing areas and more rain was needed to ensure satisfactory planting conditions. Consequently, local wheat producers planted a total of 511 200 hectares during 2012 which is 15,5% less than 604 700 hectares planted the previous season. The final wheat crop for 2012 is set 1 915 million tons, which is 4,5% less than 2 005 million tons the previous season.

Recently, with the favourable rainfall patterns in the Western Cape and parts of the interior, early indications are that producers intend to plant 516 600 hectares of wheat for 2013, which is 5 400 hectares or 1,1% more than the area planted to wheat in 2012. The current wheat price is also higher which could encourage producers to expand production. In the interior,

despite the favourable planting conditions and higher wheat prices, producers intend to reduce their wheat plantings for 2013 (Food Security Bulletin, April 2013)

During the first quarter of 2012, the average opening stock of wheat for human consumption was 1,7 million tons; while the average opening stock of wheat for animal feeds reached 17 000 tons. The average opening stock of wheat for human consumption during the first quarter of 2013 decreased by 1% to reach 1,7 million tons, while the average opening stock of wheat for animal feeds decreased considerably by 61% to reach 7 000 tons. The average total opening stock of wheat decreased by 1% from nearly 1,8 million tons to 1,7 million tons between the first quarter of 2012 and the first quarter of 2013.

Consumption of wheat in the first quarter of 2012 amounted to 816 000 tons. Of this total, 746 000 tons were used for human consumption, 52 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season. During the first quarter of 2013, consumption of wheat decreased by 13% to reach 709 000 tons. Of this total, 682 000 tons were used for human consumption, 10 000 tons were for the animal feed market while the rest was kept at producer level as seed for the next planting season.

Internationally, global oilseed production during the 2012/13 season started with very low opening stocks but may be larger than expected. Global oilseed production for 2012/13 is projected at a record 465,8 million tons, up 2,8 million tons due to increases for soybean, cottonseed, peanuts, and sunflower seed. Meanwhile, global soybean production is projected at 269,4 million tons, up 1,7 million tons due to gains in the United States and Brazil. Other changes include increased sunflower seed production in India and the United States.

Locally, the area estimate for sunflower seed is 504 700 hectares, which is 11,33% more than 453 350 hectares planted the previous season. Furthermore, the production forecast for sunflower seed is 554 500 tons, which is 6,23% more than 522 000 tons of the previous season. Meanwhile, for soya-bean planting, the area estimate is 516 500 hectares, which is 9,43% more than 472 000 hectares planted last season. The production forecast for soya-bean is 851 000 tons, which is 30,92% more than 650 000 tons of the previous season (Food Security Bulletin, April 2013).

Domestic prices of white and yellow maize averaged R2 540/ton and R2 536/ ton respectively, in the first quarter of 2012; while wheat, sunflower and soya bean prices averaged R2 742/ton,

R4 407/ton and R3 439/ton respectively, during the same period. The weather played a critical role in determining maize prices (FNB Agri-weekly, 08 March 2013). Moreover, maize prices weakened due to spill over pressure from the international market (FNB Agri-weekly, 29 March 2013). During the first quarter of 2013, the price of white and yellow maize decreased by 14% and 12% to average R 2 195/ton and R 2 232/ton respectively. Nevertheless, during the same period, the price of wheat, sunflower and soya bean increased by 26%, 18% and 41% to average R 3 458/ton, R 5 185/ton and R 4 859/ton respectively. It is expected that maize prices will move downwards in the short-term as harvesting season comes nearer (Absa Agri trends, 05 April 2013). Meanwhile, wheat, sunflower seed and soya bean prices will continue to follow international market prices in an upward movement in the short-term with a possible upward movement into medium-term due to higher international prices (Absa Agri-trends, 15 March 2013).

2.8.2 Fruit and vegetable market review

Table B.2 shows quarterly average prices of various fruits that were traded at Fresh Produce Markets (FPMs) during the first quarters of 2011, 2012 and 2013.

Between the first quarter of 2012 and the first quarter of 2013, the average prices of apples, pears and grapes increased by 18%, 15% and 10% respectively, due to reduced quantities supplied to markets. In 2012, the average prices of apples were higher than pears while the average domestic consumption of apples exceeded consumption of pears (SA fruit Trade flow, March 2013). Meanwhile, during the period under review, the average prices of bananas and oranges increased by 6% and 13% respectively, despite an increase in quantities supplied to markets; while the average prices of avocados and mangoes decreased by 24% and 28% respectively, due to increased quantities supplied to markets.

The quantity of selected fruits traded through FPMs increased significantly between the first quarter of 2012 and the first quarter of 2013, except for apples, pears and grapes which decreased by 13%, 7% and 5% respectively. The November 2012 farm workers' strike that started in De Doorns (main producing area for table grapes) will likely have a negative impact on the estimated volumes of table grapes. Already, about 50 hectares of table grapes were destroyed during labour unrests, while certain vineyard activities were interrupted (SA fruit trade flow, January 2013). During the period under review, the quantities of bananas, oranges,

avocados and mangoes increased by 3%, 16%, 27% and 19% respectively. Since 2008, the packed volume of oranges increased by an average of 2% per annum while in the first two months of 2013, avocado volumes were slightly higher than in the previous year (SA fruit trade flow, January 2013).

Prices of a number of vegetables traded through the FPMs increased significantly between the first quarter of 2012 and the first quarter of 2013. The prices of beetroot, carrots, cucumber, lettuce, onions, potatoes, and tomatoes increased by 115%, 32%, 26%, 19%, 46%, 25% and 62% respectively (Table B.4), due to reduced quantities supplied to markets. During the same period, the prices of spinach, cabbage, green beans and sweet potatoes increased by 8%, 8%, 9% and 4% respectively, held up by good uptake across most markets (FNB Agri-weekly, 22 February and 29 March 2013).

During the same period, quantities of most vegetables traded through FPMs decreased significantly with quantities of beetroot, carrots, cucumber, lettuce, onions, potatoes and tomatoes decreasing by 20%, 1%, 11%, 11%, 16%, 1% and 18% respectively. Meanwhile, quantities of spinach, cabbage, green beans and sweet potatoes increased by 7%, 8%, 7% and 27% respectively supported by a combination of good demand and good uptake across most markets (FNB Agri-weekly, 22 February and 29 March 2013).

2.8.3 Meat Industry Review

Almost all of the meat sector growth in 2012 stemmed from the feed-dependent poultry and pork meat sectors, as gains both in beef and mutton meat were anticipated to be modest. Moreover, concerns about the profitability of the meat sector have been compounded by the weakening of export growth (UECBV, 2013).

Domestically, competition from cheap meat imports proved challenging to the South African livestock producers, resulting in a subdued outlook for meat production in 2013 (ARC Economic outlook, March 2013). Meanwhile, the operating environment for poultry producers remains challenging due to cheap poultry imports which are held responsible for dragging down local prices and threatening jobs.

Between the first quarter of 2012 and the first quarter of 2013, the gross production value of beef increased slightly by 1% from nearly R4,2 billion to R4,2 billion. During the same period, the average price of beef decreased by 1% from R29,07/kg to R28,85/kg. Due to tight margins for beef producers and the mere fact that red meat is least preferred compared to poultry due to its high prices, Business Monitor International forecast beef production to fall by 1,9% in 2012/13 (ARC Economic outlook, March 2013). Meanwhile, the number of cattle slaughtered increased by 3% between the first quarter of 2012 and the first quarter of 2013 from 519 791 to 533 350 (Table B.6).

The business environment for poultry meat production is expected not to improve in 2013 due to high maize and soybean prices which are key cost drivers in poultry feed (USDA, 2013). Domestically, South Africa imported substantial volumes of chicken meat in 2012 which dragged down the poultry industry. Meanwhile, slower economic growth and high feed prices resulted in growth of less than 2% per annum. As a result, the future of local poultry producers is being put at risk by a large and rapid increase in the volume of imports of "extremely low-priced" frozen poultry meat (USDA, 2013).

Between the first quarter of 2012 and the first quarter of 2013, the gross production value of poultry increased by 11% from R6,9 billion to R7,7 billion. During the same period, the average price of poultry per ton increased by 6% from R18 547/ton to R19 583/ton. Commercial production of poultry increased by 5% from 357 517 metric tons to 376 597 metric tons between the first quarter of 2012 and the first quarter of 2013 (Table B.7).

2.8.4 Eggs and dairy Industry Review

2.8.4.1 Eggs

Global egg production has grown rapidly in recent years. It has since tripled from 1970 when global output was about 20 million tons compared with almost 60 million tons in 2007. Experts from the International Egg Commission expect that within a few years, the production volume of eggs will be greater than that of beef and veal, assuming growth rates will remain fairly constant (FAO, 2010)

Between the first quarter of 2012 and the first quarter of 2013, the domestic egg market experienced exceptional volatility with positive growth patterns recorded. During the same period, the gross production value of eggs increased by 6% from R1,9 billion to R2,0 billion. Meanwhile, the average price per dozen of eggs increased by 11% from R9,12/ dozen to

R10,12/dozen. Total production of eggs between the first quarter 2012 and the first quarter of 2013 decreased by 4% from 210,8 million dozens to 202,3 million dozens.

2.8.4.2 Milk

The international supply outlook deteriorated sharply since January 2013, mainly as result of drought in New Zealand. Meanwhile, milk production estimates for 2013 were adjusted downwards while product prices have reached new record levels (MPO, March 2013).

Domestically, milk production has slowed, reaching negative growth at the beginning of 2013. Production is expected to remain at low levels during the first half of 2013 while higher producer prices may result in production recovery in spring 2013 or later on. In spite of weak consumer sentiment and slow growth in consumer expenditure, the demand for dairy continues to grow at more than 4% annually. The combination of higher international prices, a weak currency and slow production growth will put more pressure on the total supply of milk and dairy products, which, according to MPO, will result in more sustainable producer prices in the near future (MPO, March 2013).

Between the first quarter of 2012 and the first quarter of 2013, the gross production value of milk increased by 6%, from R 2,6 billion to R2,7 billion. During the same period, the average price per litre of milk increased by 8% from R 3,30/l to R3,55/l. According to MPO, the current level of producer prices is not sustainable and prices are still below the peak experienced in March 2012. Meanwhile, input prices increased continuously since 2010 while the milk: feed price ratio, which is an important indicator of the relative profitability of the primary dairy industry is at a historic low. MPO indicated that the slowdown in milk production growth experienced since Mid-2012 may soon result in negative growth unless South African producers receive a substantial price increase in the near future (MPO newsletter, 22 February 2013). Total production of milk between the first quarter 2012 and the first quarter of 2013 decreased marginally, by 1% from 784,2 million litres to 773,8 million litres. MPO is concerned about the decline in the country's milk production which is in contrast with the estimated market growth of 4-5% over the past number of years. Milk producers delivered 223 million litres of milk in January 2013 which is almost 3% lower compared to January 2012 and is the lowest levels since 2010. In February 2013, milk delivered was 4,2% lower than the same time last year. According to MPO, the situation might have serious consequences for the industry in the coming winter months (MPO, 01 March 2013).

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

Weather Outlook: During March, above-normal rainfall was received over most of the western half of the country while the eastern half received mainly near-normal rainfall. In April, rainfall decreased in the west resulting in near-normal to below-normal rainfall but was above-normal in the east. For the period July 2012 to April 2013, most central parts received near-normal to below-normal rainfall while above-normal rainfall was received over much of the western and southern regions as well as parts of the north-eastern regions of the country.

The forecasting system indicated enhanced probabilities for above-normal rainfall conditions over the central and north-eastern parts of South Africa during the period spanning from June to August 2013. For the southern and the extreme western parts of the country, rainfall is forecast to remain below-normal. Further in late winter, the forecasting system indicates elevated probabilities for below-normal rainfall conditions particularly over the winter rainfall regions (Western Cape and Southern Coast), although there is some indication for above-normal rainfall over the forecast area going into early spring. The likelihood of mid-winter maximum temperatures is to remain below-normal throughout South Africa except for the extreme western parts.

Field Crop production: The fourth production outlook for 2013 shows a feeble outlook for maize, which has been hit by drought, while the outlook for all other major crops is relatively stable. Maize production forecast has been reduced due to the severe droughts in the North West and Free State Provinces. The tons expected from maize production were reduced further by 121 750 tons in the 4th production forecast after being reduced by 189 600 tons in the 3rd production forecast. The area estimated remained the same at 2 781 million hectares. The tons expected for white maize have been reduced further by 129 000 tons after being reduced by 151 500 tons in the 3rd production forecast, while yellow maize tons have been adjusted upwards by 7 250 after being reduced by 38 100 tons in the previous forecast. Compared to the 2012 season, maize production has been reduced by 680 406 tons, while white maize production has been reduced by 877 456 tons. Yellow maize production is expected to increase by 197 050 tons.

Maize seems to have been more affected by the drought compared to other crops. The fourth production forecast shows that sunflower and sorghum production remained the same while the production forecast for all other crops declined. Sunflower and sorghum production estimates remained at 554 500 tons and 168 114 tons respectively. Compared to last season, this is an increase of 6,2% and 24,1% respectively, resulting from an increase in hectares allocated to production and the competitive prices offered by the industries.

Soybeans and groundnuts production has been reduced by 25 400 tons and 7 300 tons respectively in the 4th forecast compared to the previous forecast, while compared to last season, production has been increased by 27% for soybeans and reduced by 14,2% for groundnuts.

The CEC's estimate for winter cereals shows that the area allocated to wheat and canola plantings has increased by 1,1% and 24,3% respectively. The area estimate for malting barley planting has been reduced by 7,3% for 2013 from 84 950 hectares in 2012.

Dairy Production: The Milk Producers Organisation (MPO)'s report stated that milk production in the first quarter of 2013 is expected to be lower compared to last year. Production in January 2013 amounted to 226 million litres which is 2,9% lower than in January 2012, the lowest level since 2010. The declining trend continued in February and March 2013. In February, 199 million litres were produced which is 4,2% lower than in the same month in 2012, whilst in March 2013 production is expected to be 0,7% lower than in March 2012.

The production of fresh dairy products; butter, cheese and skim powder milk is expected to increase by 2%; 2%; 1,1% and 2% respectively, in 2013 compared to 2012, while whole milk powder production is expected to decline by 2,4%. The market demand for dairy products continues to grow at more than 4% per year. During the first quarter of 2013, dairy products equivalent to 48 million litres were imported and 103 million litres exported, resulting in net exports of 55 million litres (MPO, 2013). Figure 9 shows the OECD-FAO outlook of SA dairy production.

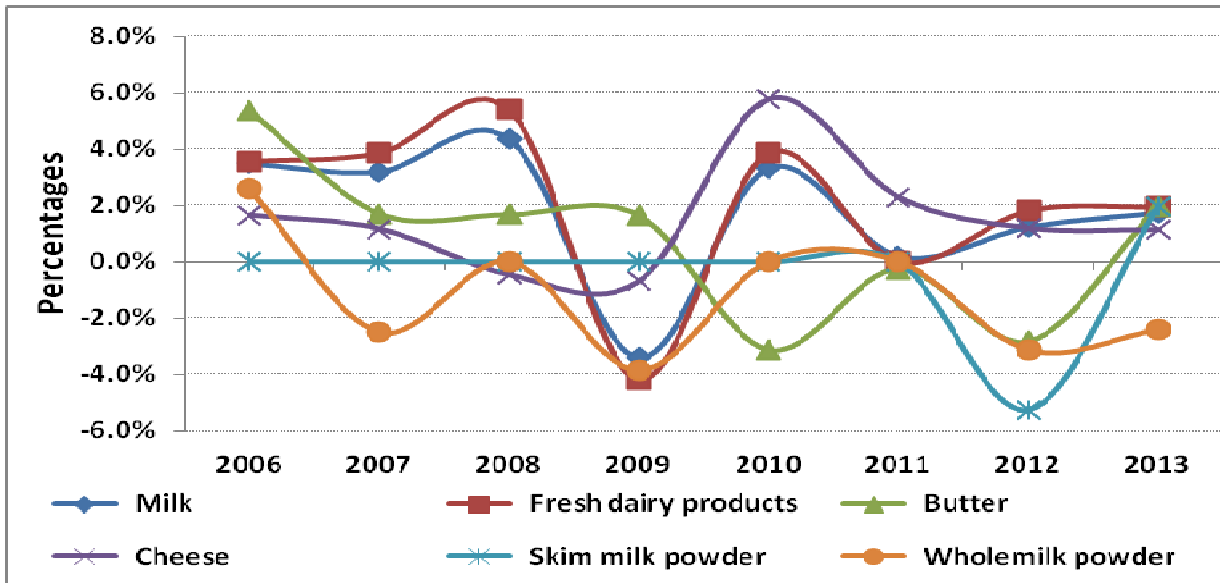


Figure 9: Dairy Products
Source: OECD-FAO Outlook

Meat Production: Between 2005 and 2008 the poultry industry grew by 28%, but from 2009 to 2012 there was a slowdown with growth averaging 7,7% over the period. According to SA Poultry, volatility in profitability is inherent in the broiler industry due to diseases as well as increases in feed, electricity and fuel costs, among others, compounded by the weak global economy which contributes to weak demand thus affecting production growth. The slowdown in the SA poultry industry growth is still forecast for 2013. SA is expected to remain a net importer of poultry meat as the 2,8% annual average growth in production is outpaced by the 4,5% growth in consumption over the outlook period. Chicken production will increase to 1,8 million tons over the next decade.

Beef and veal production is expected to increase by 1,1% in 2013 compared to 2012, while sheep meat production is expected to decrease by 0,6% as shown in figure 10.

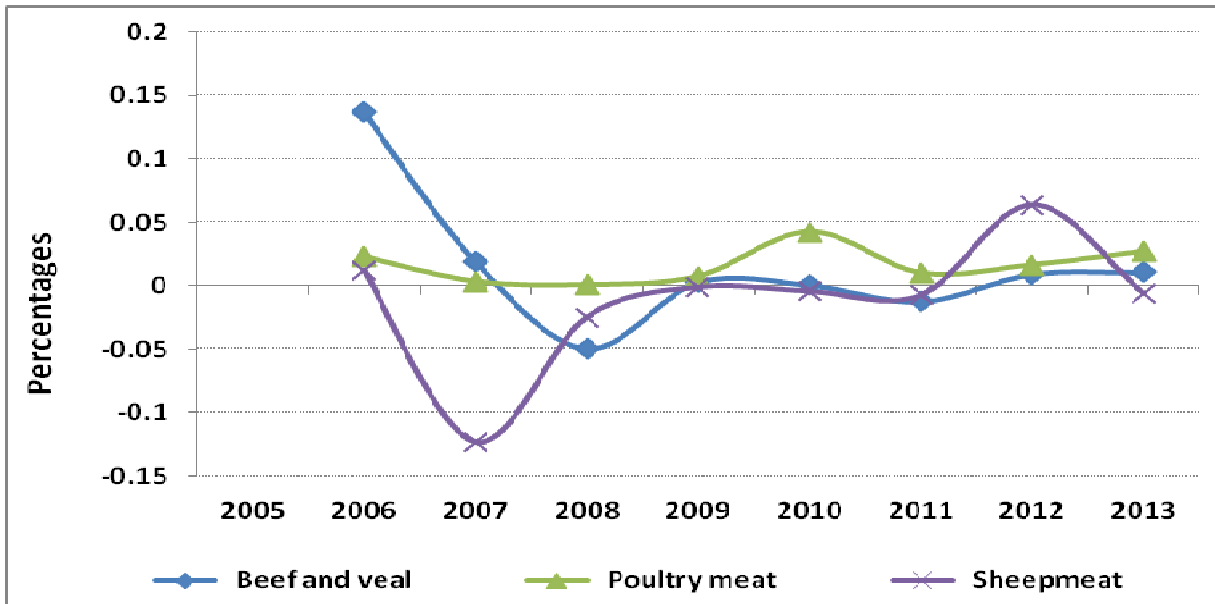


Figure 10: Meats
Source: OECD-FAO

Fish production: Fish production in SA is expected to increase by 7,4% in 2013 compared to 2012. Captured fish and fish meal are expected to increase by 7,5% and 10,7% respectively, while fish from aquaculture is expected to remain stable in 2013 compared to 2012. Figure 11 shows the fish production estimate by the FAO-OECD.

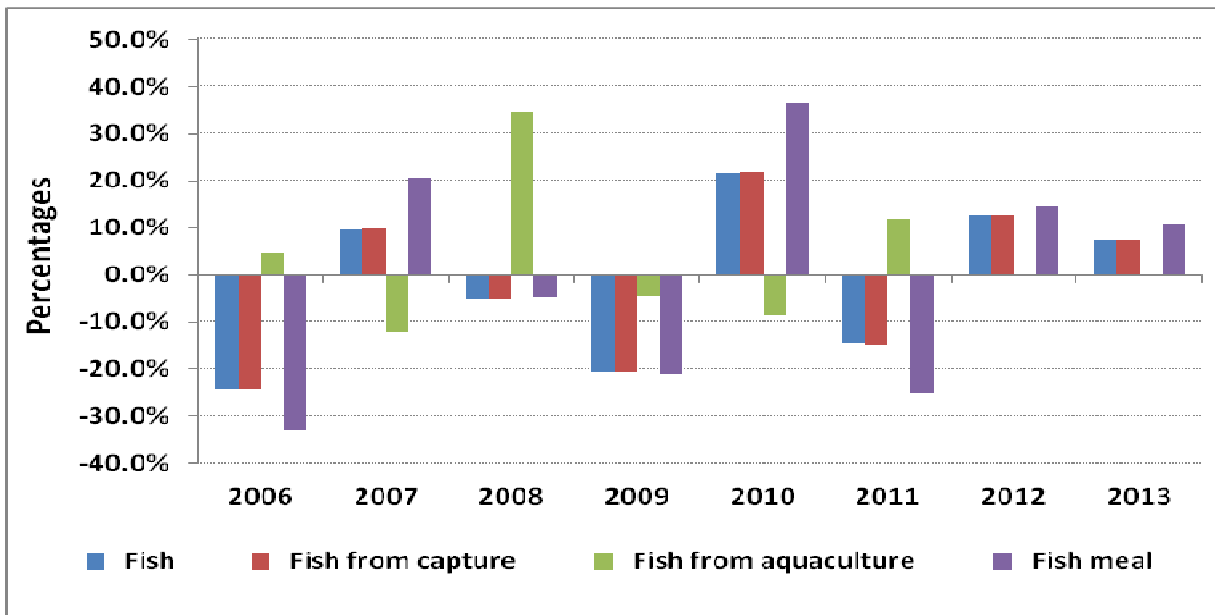


Figure 11: Fish Products
Source: OECD-FAO

Vegetables: Lower supplies are anticipated in 2013 for cabbage, onions, potatoes and tomatoes, while lower demand and bulk supplies are expected for carrots (ABSA, 2013).

Wine: The 2013 wine grape crop is expected to reach 1 491 432 tons according to the latest estimate of the SA Wine Industry Information and Systems (Sawis). This exceeds the 2012 crop by 5,4% and is 4,6% higher than the previous record crop in 2008. With the exception of Robertson, the rest of the nine wine districts had bigger crops than in 2012 with record crops in Olifants River, Bredekloof and Worcester. The 2013 wine harvest, including juice and concentrate for non-alcoholic purposes, wine for brandy and distilling wine, is expected to amount to 1 152 million litres, calculated at an average recovery of 773 litres per ton of grapes.

3.2 Employment

Whilst employment in agriculture has increased by 54 000 in the first quarter of 2013 compared to the fourth quarter of 2012, and by 83 000 year-on-year, it is expected that employment will be negatively affected by the 50% minimum wage increase in the long-term. In the short-term, seasonal work might increase in the second quarter of 2013 as the planting and harvesting of winter and summer crops resume.

3.3 Inflation

The food and non-alcoholic beverages index increased by 0,5% between March 2013 and April 2013. The annual rate increased to 6,2% in April 2013 from 5,7% in March 2013. The food and non-alcoholic beverages index increased in the first quarter of 2013 as per fundamentals which pointed to a rise in food prices. The surprise came from the decline in the meat price index, as it is usually expected that the rise in feed and fuel costs will push the price of meat up.

An indication of a rebound in maize production in the US seems to have placed a downward pressure on maize prices. The prices of SA white and yellow maize declined by 13,7% and 12% respectively, in the first quarter of 2013 compared to the same period last year tracking the falling international prices; while prices of other major grains increased. The prices of wheat, sunflower, soybeans and sorghum increased by 26,2%;17,8%; 41,6% and 16,7% respectively.

White and yellow maize prices decreased further by 6% and 3% respectively; in April 2013 compared to April 2012 while wheat, sunflower, soya and sorghum prices increased by 25%; 8,3%; 17,5% and 9,4% respectively. The latest FAO report indicates that wheat prices may decline as the second largest wheat crop is anticipated for 2013. The rise in wheat prices in the past year was due to supply shortages. Overall, the FAO estimates a favorable 2013 cereal production outlook and if this outlook remains positive, *ceteris paribus*, then food prices may decline during the course of the year. Figure 12 shows the local crop prices, including the US maize price which seems to be currently trading above the local maize price.

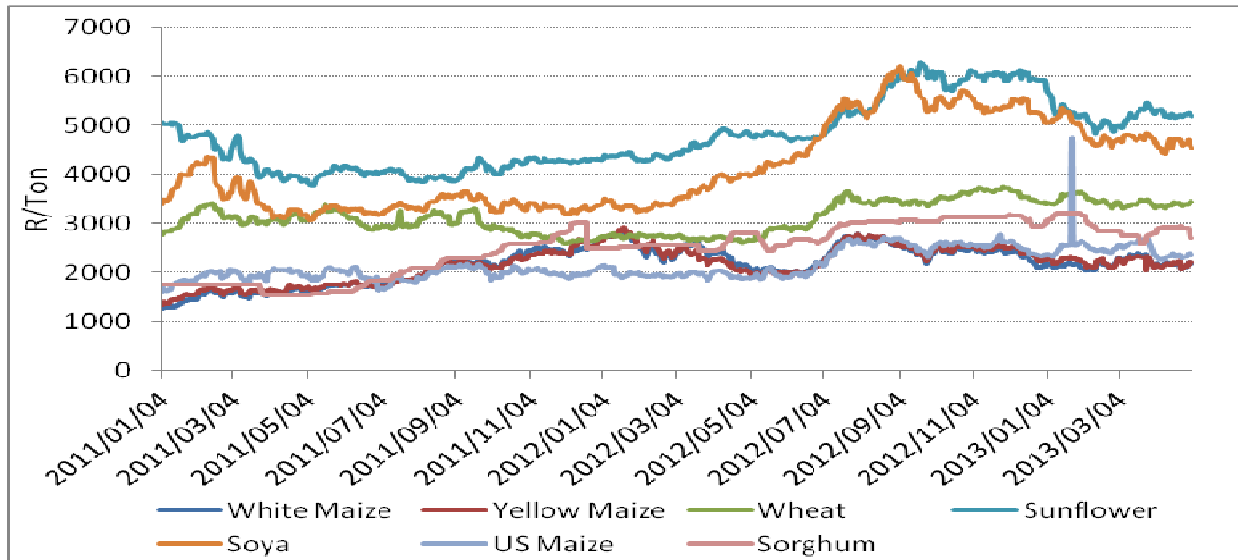


Figure 11: Major Commodity Prices

Source: Safex

Vegetables: Absa economists forecast an increase in the prices of cabbages, onions, potatoes and tomatoes in the short-run due to lower supplies. The price of carrots is expected to move downwards due to excess supplies and weak demand.

The depreciation of the rand is a major risk to the inflation outlook which might cause the inflation rate to exceed the target range. However, weak domestic consumption and the large current account deficit may prevent a restrictive monetary policy.

3.4 Exchange rate

According to Reuters, the rand was the worst performer among emerging market currencies, falling by almost 10% in the first half of 2013 to reach a four-year low against the US Dollar. The Monetary Policy Committee (MPC) of the SA Reserve Bank is increasingly concerned about the deteriorating outlook for the South African economy, citing a number of critical

domestic issues that need to be urgently addressed as they are contributing to the vulnerability of the economy. These include the financing of the current account deficit, the fractious labour relations environment and the associated risks of protracted work stoppages and excessive wage increases; electricity supply constraints; upside risks to inflation; downside risks to growth and employment creation in a context of high unemployment; and declining domestic and foreign investor confidence which could impact directly on capital flows.

The rand traded at R10,28 to the US dollar in the beginning of June 2013, its weakest level since March 2011. All fundamentals point to a weak SA currency this year if some of the factors negatively impacting the rand continue. ABSA forecast the rand to average R9,36 to the US dollar in the second quarter of 2013, then R9,55 in the third quarter of 2013, ending the year at R9,42 to the US dollar. Standard Bank has revised downward its forecast for the rand; from R9,20 to R9,35 against the US dollar in mid 2013, while it expects the rand to end the year at an average of R9,00 to the US dollar from a previous forecast of R8,90 to the dollar.

There are positives and negatives on the weakness and strengthening of the rand. For example, on the 13th of March 2013 the wool market benefited once again from the weak rand and the Cape Wools Merino indicator gained 1,9% compared to the previous week . On the other hand, a weak rand is normally blamed for high input prices.

4. CONCLUSION

The global economy continues to perform below expectations mainly as a result of slower growth in several key emerging market economies which have in recent years cushioned the global economy from sharp contractions as advanced economies struggle to recover from the global economic recession. Domestic demand remains weak and a more protracted recession in the euro area remains a downside risk to global growth prospects. Growth in Sub-Saharan Africa is expected to remain weaker as some of its largest economies (South Africa and Nigeria) struggle with domestic problems and weaker external demand. The SA economy has weakened amid domestic labour unrests and weaker global demand. The SA's Agriculture,

forestry and fishing sector also started the year on a negative note, with sector growth entering the negative territory in the first quarter of 2013, which can largely be attributed to losses incurred towards the end of 2012 when some wine fields were destroyed during strikes by farm workers. Higher labour costs are also expected to remain a challenge for the sector amid rising input costs as fuel, electricity and feed costs, *interalia*, continue to rise.

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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
1 st Qtr 2011	2 084	598	2 723	1 631	370	1 862	1 291	970	1 506	4 213	250	216	41	183 074
1 st Qtr 2012	2 637	678	3 080	1 909	411	2 123	1 380	1 174	1 778	4 556	280	248	43	206 595
1 st Qtr 2013	2 894	770	3 110	2 081	456	2 441	1 464	1 351	2 097	5 214	314	286	43	229 189
1 st Qtr 2011 to 1 st Qtr 2012	26.5%	13.4%	13.1%	17.0%	11.1%	14.0%	6.9%	21.0%	18.1%	8.1 %	12.0%	14.8%	4.9%	12.8%
1 st Qtr 2012 to 1 st Qtr 2013	9.7%	13.6%	1.0%	9.0%	10.9%	15.0%	6.1%	15.1%	17.9%	14.4 %	12.1 %	15.3%	0%	10.9%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2011 and 2013

Year	2011				2012				2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Quarter	1 st	2 nd	3 rd	4 th	1 st	2 nd	3 rd	4 th	1 st		
Real gross income from agricultural products (R billion)											
Field crops	1 791,52	12 472,88	14 130,61	7 630,95	2 589,75	21 569,24	12 361,25	8 364,92	3 578,83	44,6%	38,2%
Horticulture	8 689,79	11 703,74	10 124,74	8 176,07	9 611,96	12 535,51	10 795,50	9 152,02	10 774,64	10,6%	12,1%
Animal products	17 139,23	17 093,33	17 096,12	20 800,98	19 135,52	18 613,82	19 114,90	23 561,19	19 768,62	11,6%	3,3%
Total	27 620,55	41 269,95	41 351,46	36 608,01	31 337,23	52 718,57	42 271,66	41 078,12	34 122,09	13,5%	8,9%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2011 and 2013

	Private consumption expenditure on food (R million)									
	Meat	Bread and grain	Sugar	Milk, milk products and eggs	Oils and fats	Potatoes	Fruit and veg.	Coffee, tea	Other	Total food
1 st Qtr 2011	29 308	22 738	1 057	10 365	1 208	2 990	9 187	2 597	7 685	87 134
2 nd Qtr 2011	30 383	24 594	1 666	10 094	2 136	3 517	9 317	2 761	81 71	92 639
3 rd Qtr 2011	30 269	27 404	1 782	11 519	2 435	3 463	10 112	2 939	8 698	98 622
4 th Qtr 2011	35 132	27 534	1 785	12 424	2 210	3 835	10 688	3 163	9 361	106 132
1 st Qtr 2012	32 554	27 762	1 363	11 475	2 102	3 574	9 953	3 000	8 878	100 662
2 nd Qtr 2012	32 696	28 679	1 633	11 597	2 057	3 667	9 701	3 042	9 003	102 074
3 rd Qtr 2012	32 914	31 148	1 776	12 801	2 280	3 681	10 711	3 221	9 531	108 062
4 th Qtr 2012	37 748	30 357	1 783	14 095	2 704	3 789	13 277	3 506	10 375	117 634
1 st Qtr 2013	35 038	27 054	1 300	12 308	2 340	3 751	11 860	3 164	9 365	106 181
1 st Qtr 2012 to 1 st Qtr 2013	7,6%	-2,6%	-4,6%	7,3%	11,3%	5,0%	19,2%	5,5%	5,5%	5,5%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	10 182	10 701	10 833	13 667	-	-	-	-
Netherlands	1 540	1 558	1,589	2 048	15%	15%	15%	15%
United Kingdom	1 048	1 081	1 115	1 367	10%	10%	25%	25%
China	448	204	528	892	5%	7%	30%	32%
Zimbabwe	888	820	921	883	9%	6%	38%	38%
Mozambique	396	498	515	739	5%	5%	43%	43%
Angola	260	282	393	646	4%	5%	47%	48%
Germany	494	480	422	500	4%	4%	51%	52%
United Arab Emirates	306	304	369	395	3%	3%	54%	55%
Italy	143	329	152	384	1%	3%	55%	57%
Zambia	180	214	313	375	3%	3%	58%	60%

Source: South African Revenue Service

Table A.5: Export values of agricultural products by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	10 182	10 701	10 833	13 667	-	-	-	-
Grapes, Fresh	2 027	2 016	2 496	3 048	23%	22%	23%	22%
Corn (Maize), Other Than Seed Corn	373	1 022	482	1 039	4%	8%	27%	30%
Wine, Fr Grape Nesoi & Gr Must W Alc, Nov 2 Liters	931	750	789	950	7%	7%	35%	37%
Wool, Not Carded Or Combed, Greasy, Shorn	422	421	692	839	6%	6%	41%	43%
Wine, Fr Grape Nesoi & Gr Must With Alc, Nesoi	321	317	463	673	4%	5%	45%	48%
Plums, Prune Plums And Sloes, Fresh	294	385	414	583	4%	4%	49%	52%
Apples, Fresh	299	324	384	485	4%	4%	53%	56%
Cane/Beet Sug Chem Pure Sucrose Refind Nesoi	195	94	99	286	1%	2%	54%	58%
Food Preparations Nesoi	147	232	256	270	2%	2%	56%	60%
Cigarettes Containing Tobacco	221	166	210	209	2%	2%	58%	61%

Source: South African Revenue Service

Table A.6: Import values of agricultural products by exporting country between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	8 403	10 493	11 107	11 088	-	-	-	-
Argentina	1 303	1 987	967	1 502	9%	14%	9%	14%
China	489	463	904	1 285	8%	12%	17%	25%
United Kingdom	383	554	652	779	6%	7%	23%	32%
Brazil	802	686	846	737	8%	7%	30%	39%
India	208	248	434	600	4%	5%	34%	44%
United States	289	593	443	491	4%	4%	38%	49%
Netherlands	419	436	598	484	5%	4%	44%	53%
Thailand	704	716	509	469	5%	4%	48%	57%
Germany	593	450	498	439	4%	4%	53%	61%
Spain	77	446	340	434	3%	4%	56%	65%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	8 403	10 493	11 107	11 088	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	838	709	886	1,220	8%	11%	8%	11%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	642	721	645	894	6%	8%	14%	19%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	263	366	587	556	5%	5%	19%	24%
Whiskies	306	436	465	520	4%	5%	23%	29%
Food Preparations Nesoi	236	289	328	376	3%	3%	26%	32%
Palm Oil, Refined But Not Chemically Modified	442	784	785	366	7%	3%	33%	35%
Sunflower-Seed Or Safflower Oil, Crude, Fract, Etc	241	536	343	321	3%	3%	36%	38%
Kidney Beans & White Pea Beans, Dri Shel, Inc Seed	124	114	163	224	1%	2%	38%	40%
Apple Juice, Nesoi,Nt Fortified W Vitamins, Unferm	50	46	191	223	2%	2%	40%	42%
Soybean Oil, Refined, And Fractions, Not Modified	366	494	323	215	3%	2%	42%	44%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	704	625	440	364	-	-	-	-
Italy	130	126	78	84	18%	23%	18%	23%
Spain	209	127	108	57	25%	16%	42%	39%
Australia	16	23	22	43	5%	12%	47%	51%
United States	45	30	35	31	8%	9%	55%	59%
Greece	17	16	15	25	3%	7%	59%	66%
Portugal	39	42	15	22	3%	6%	62%	72%
Germany	10	16	17	18	4%	5%	66%	77%
Netherlands	2	2	14	14	3%	4%	69%	81%
Mauritius	19	20	8	12	2%	3%	71%	84%
Croatia	4	10	5	10	1%	3%	72%	87%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	704	625	440	364	-	-	-	-
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	187	183	168	138	38%	38%	38%	38%
Fish, Prepared Or Preserved, Whole Or Pieces Nesoi	8	35	38	62	9%	17%	47%	55%
Fish, Prepared Or Preserved, Nesoi	3	11	25	42	6%	12%	53%	66%
Rock Lobster And Other Sea Crawfish, Frozen	46	42	49	40	11%	11%	64%	77%
Albacore/Longfinned Tunas Ex Fillet/Lvr/Roe Frozen	93	14	51	36	12%	10%	75%	87%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	382	334	416	620	-	-	-	-
Thailand	185	157	247	455	59%	73%	59%	73%
China	60	40	47	87	11%	14%	71%	87%
Norway	13	22	14	21	3%	3%	74%	91%
Falkland Islands	2	5	10	9	2%	1%	76%	92%
United States	8	8	6	9	1%	1%	78%	94%
Spain	9	9	21	5	5%	1%	83%	95%
Poland	0	0	1	5	0%	1%	83%	95%
United Kingdom	2	4	3	4	1%	1%	84%	96%
Portugal	3	4	3	4	1%	1%	85%	97%
Mozambique	1	1	2	3	0%	0%	85%	97%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	382	334	416	620	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	167	88	206	373	50%	60%	50%	60%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	58	75	71	151	17%	24%	67%	85%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	24	31	56	31	13%	5%	80%	90%
Atlantic And Danube Salmon, With Bones, Frozen	0	0	4	21	1%	3%	81%	93%
Salmon, Prepared Or Preserved, Whole Or Pieces	9	4	3	15	1%	2%	82%	95%

Source: South African Revenue Services

Table A.12: Export values of forestry products by destination between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	2 031	2 446	2 514	2 524	-	-	-	-
Indonesia	377	447	440	423	18%	17%	18%	17%
China	164	274	423	358	17%	14%	34%	31%
India	101	183	131	169	5%	7%	40%	38%
United Kingdom	132	112	138	167	5%	7%	45%	44%
Zimbabwe	94	126	149	153	6%	6%	51%	50%
Thailand	141	113	119	144	5%	6%	56%	56%
Mozambique	68	76	84	121	3%	5%	59%	61%
Belgium	42	81	134	116	5%	5%	64%	65%
Germany	114	86	44	91	2%	4%	66%	69%
Zambia	45	74	72	75	3%	3%	69%	72%

Source: South African Revenue Services

Table A.13: Export values of forestry by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	2 031	2 446	2 514	2 524	-	-	-	-
Chemical Woodpulp, Dissolving Grades	888	1150	1162	1193	46%	47%	46%	47%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	217	321	436	468	17%	19%	64%	66%
Chem Woodpulp, Soda Etc, N Dis S BI & BI Nonconif	200	346	283	202	11%	8%	75%	74%
Newsprint, In Rolls Or Sheets	62	63	75	77	3%	3%	78%	77%
Cartons, Boxes & Cases Corrugated Paper & Paperbd	41	47	60	76	2%	3%	80%	80%

Source: South African Revenue Services

Table A.14: Import values of forestry products by exporting country between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	1 793	1 760	1 712	2 109	-	-	-	-
United States	206	210	224	268	13%	13%	13%	13%
China	163	181	214	267	13%	13%	26%	25%
United Kingdom	227	223	219	264	13%	13%	38%	38%
France	161	141	151	170	9%	8%	47%	46%
Germany	123	149	137	163	8%	8%	55%	54%
Sweden	115	88	99	104	6%	5%	61%	59%
Austria	11	30	41	104	2%	5%	63%	64%
Indonesia	46	54	61	73	4%	3%	67%	67%
Australia	26	58	29	70	2%	3%	69%	70%
Italy	39	49	51	58	3%	3%	72%	73%

Source: South African Revenue Services

Table A.15: Import values of forestry by product between 2010 and 2013

	1 st Qtr 2010	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2012	1 st Qtr 2013
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1 793	1 760	1 712	2 109	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	331	328	345	403	20%	19%	20%	21%
Casks, Barrels, Vats, Etc. And Parts, Of Wood	139	118	132	156	8%	7%	28%	28%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	56	80	82	118	5%	6%	33%	34%
Chemical Woodpulp, Soda Etc. N Dis S Bl & Bl Conif	74	46	97	106	6%	5%	38%	39%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	64	60	97	90	6%	4%	44%	43%

Source: South African Revenue Services

Appendix B: Review of agricultural markets

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

	Jan 2012	Feb 2012	Mar 2012	1 st Qtr 2012	Jan 2013	Feb 2013	Mar 2013	1 st Qtr 2013	1 st Qtr 2012 to 1 st Qtr 2013 % change
	Volumes (1000 tons)								
White maize opening stock*	2 239	1 717	1 261	1 739	2 603	2 169	1 648	2 140	23%
Yellow maize opening stock*	1 076	837	599	837	1 593	1 249	1 055	1 299	55%
Total maize opening stock*	3 315	2 554	1 860	2 576	4 196	3 418	2 703	3 439	33%
White maize processed for local consumption	430	420	456	1 306	423	452	468	1 343	3%
Yellow maize processed for local consumption	305	262	262	829	307	217	224	748	-10%
Total maize processed for local consumption	735	682	718	2 135	730	669	692	2 091	-2%
Total white maize exports	109	69	98	276	53	124	144	321	16%
Total yellow maize exports	16	15	14	45	19	20	64	103	129%
Total maize exports	125	84	112	321	72	144	208	424	32%
Wheat opening stock: human market*	1 790	1 747	1 690	1 742	1 772	1 741	1 686	1 733	-1%
Wheat opening stock: feed market*	16	19	16	17	8	6	6	7	-61%
Wheat opening stock*	1 806	1 766	1 706	1 759	1 780	1 747	1 692	1 740	-1%
Wheat consumption: human consumption	253	230	263	746	224	215	243	682	-9%
Wheat consumption: animal feed	10	19	23	52	3	3	4	10	-81%
Total wheat consumption	267	256	293	816	230	222	257	709	-13%
Wheat imports (for human consumption only)	130	172	127	429	87	165	161	413	-4%
Wheat exports	37	28	28	93	36	29	22	87	-6%
Average opening sunflower stock*	233	167	109	170	114	86	81	94	-45%
Sunflower seed imports	0	0.1	0	0.1	0	0	0	0	-100%
Total processed sunflower for consumption	67	65	38	170	29	23	23	75	-56%
Average soya bean opening stock*	306	262	226	265	176	121	62	120	-55%
Soya bean consumption	46	38	50	134	59	54	48	161	20%
	Market prices (R/ton)								
White maize	2 739	2 399	2 481	2 540	2 156	2 112	2 318	2 195	-14%
Yellow maize	2 765	2 473	2 369	2 536	2 263	2 161	2 272	2 232	-12%
Wheat	2 757	2 757	2 713	2 742	3 519	3 455	3 401	3 458	26%
Sunflower	4 372	4 330	4 519	4 407	5 354	5 027	5 173	5 185	18%
Soya bean	3 367	3 344	3 606	3 439	5 133	4 692	4 751	4 859	41%

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

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

	Average prices at FPM (R/ton)			Percentage changes	
	1 st Qtr	1 st Qtr	1 st Qtr	1 st Qtr 2011 to	1 st Qtr 2012 to
	2011	2012	2013	1 st Qtr 2012	1 st Qtr 2013
Apples	5 977	5 613	6 630	-6%	18%
Avocados	6 655	9 705	7 384	46%	-24%
Bananas	3 931	4 176	4 442	6%	6%
Oranges	3 752	3 121	3 538	-17%	13%
Pears	3 885	4 246	4 885	9%	15%
Mangoes	6 062	6 484	4 677	7%	-28%
Grapes	6 738	7 179	7 894	7%	10%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	1 st Qtr	1 st Qtr	1 st Qtr	1 st Qtr 2011 to	1 st Qtr 2012 to
	2011	2012	2013	1 st Qtr 2012	1 st Qtr 2013
Apples	28 670	34 828	30 188	21%	-13%
Avocados	3 807	3 581	4 540	-6%	27%
Bananas	62 793	58 838	60 765	-6%	3%
Oranges	4 633	4 462	5 176	-4%	16%
Pears	13 959	12 728	11 818	-9%	-7%
Mangoes	10 335	12 239	14 615	18%	19%
Grapes	11 786	12 634	11 962	7%	-5%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	1 st Qtr	1 st Qtr	1 st Qtr	1 st Qtr 2011 to	1 st Qtr 2012 to
	2011	2012	2013	1 st Qtr 2012	1 st Qtr 2013
Beetroot	1 942	2 395	5 143	23%	115%
Carrots	2 533	2 504	3 293	-1%	32%
Cucumber	3 245	3 536	4 443	9%	26%
Lettuce	5 351	4 962	5 881	-7%	19%
Onions	2 063	2 052	2 994	-1%	46%
Potatoes	1 990	2 390	2 998	20%	25%
Spinach	4 532	5 025	5 412	11%	8%
Tomatoes	3 669	3 672	5 940	0%	62%
Cabbage	1 419	1 900	2 047	34%	8%
Green beans	4 785	6 067	6 626	27%	9%
Sweet potatoes	2 655	3 758	3 899	42%	4%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Beetroot	9 394	9 629	7 692	3%	-20%
Carrots	22 281	26 363	26 018	18%	-1%
Cucumber	85	93	83	10%	-11%
Lettuce	6 487	6 958	6 187	7%	-11%
Onions	79 822	85 757	71 876	7%	-16%
Potatoes	245 665	249 868	248 380	2%	-1%
Spinach	1 756	1 838	1 968	5%	7%
Tomatoes	61 891	66 008	53 974	7%	-18%
Cabbage	23 554	21 943	23 618	-7%	8%
Green beans	3 065	2 885	3 101	-6%	7%
Sweet potatoes	5 365	5 576	7 087	4%	27%

Source: DAFF

Table B.6: Beef

	Units	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Gross value	R'000	3 833	4 153	4 182	8%	1%
Average price	R/kg	26,10	29,07	28,85	11%	-1%
Total slaughtering	Heads	537 244	519 791	533 350	-3%	3%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry

	Units	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Gross value	R'000	6 321	6 902	7 677	9%	11%
Average price	R/Mt	17 120	18 547	19 583	8%	6%
Commercial Production	Mt	354 665	357 517	376 597	1%	5%

Source: DAFF

Table B.8: Eggs

	Units	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Gross value	R'000	1 746	1 923	2 046	10%	6%
Average price	R/dozen	8,81	9,12	10,12	4%	11%
Total Production	1000 dozen	198 255	210 782	202 262	6%	-4%

Source: DAFF

Table B.9: Milk

	Units	1 st Qtr 2011	1 st Qtr 2012	1 st Qtr 2013	1 st Qtr 2011 to 1 st Qtr 2012	1 st Qtr 2012 to 1 st Qtr 2013
Gross value	R'000	2 197	2 586	2 746	18%	6%
Average price received by farmers	R/litre	2,87	3,30	3,55	15%	8%
Total Production	1000 liter	766 621	784 196	773 769	2%	-1%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

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

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