Trends

in the

Agricultural Sector

2022

2023

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ECONOMIC REVIEW OF SOUTH AFRICAN AGRICULTURE FOR THE YEAR ENDED 30 JUNE 2022

Summary

Gross farming income from all agricultural products increased by R770 million (0,2%) to R368 438 million for the period ended 30 June 2022, against R367 668 million in the previous period. This was largely because of the increase in income from animal and horticultural products by 10,5% and 3,0%, respectively. The income derived from field crops decreased by 16,4%.

The average price received by the farmers for their agricultural products increased by 7,4% due to the increase in prices of field crops and animal products by 14,5% and 9,9%, respectively. The prices of horticultural products decreased by 1,7%.

The 14,5% increase in prices of field crops was driven by the increase in prices of oilseeds by 33,8%, dry beans by 21,9%, winter grains by 18,9%, summer grains by 12,5%, sugar cane by 7,4%, tobacco by 7,1% and cotton by 3,5%. The price of hay decreased by 5,0%.

The increase of 9,9% in prices of animal products was influenced by the increase in prices of pastoral products by 20,8%, slaughtered stock by 10,7%, dairy products by 9,3% and poultry meat by 8,2%.

The decrease in prices of horticultural products can be attributed to a decrease in prices of viticulture and fruit by 6,0% and 4,8%, respectively. The prices of vegetables showed an increase of 4,2%.

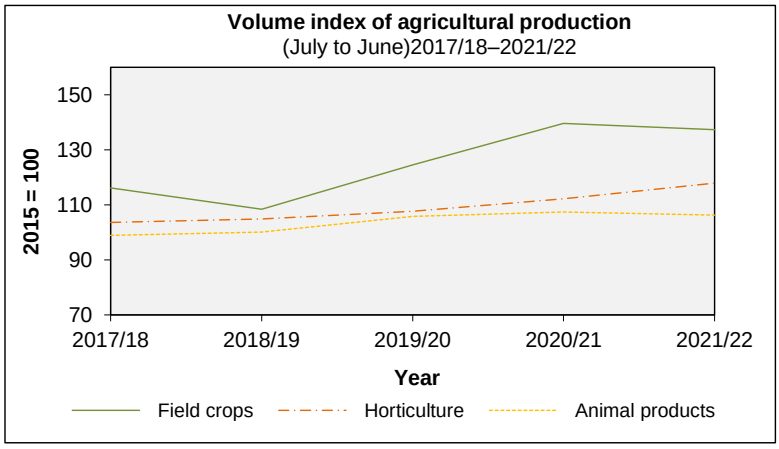
The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services increased by 9,9%, compared to 3,8% the previous period. The prices of fertilisers increased drastically by 35,9%, fuel by 10,9%, building material by 9,3%, fencing material by 6,6%, seeds by 5,9%, tractors by 5,4%, irrigation equipment by 4,9%, animal health and crop protection by 4,5%, packaging material by 4,2%, feed by 4,1% and trucks by 3,3%. The prices of maintenance and repairs of machinery and implements decreased by 14,3%.

The domestic terms of trade decreased by 2,0% due to the production costs which increased by 9,9%, against 7,4% increase in prices earned from agricultural products.

The net farming income showed a significant decrease of 14,2% and is estimated at R116 765 million for the period ended June 2022, compared to R136 022 million the previous period.

Volume of agricultural production

The estimated volume of agricultural production in 2021/22 was 0,4% more than in 2020/21.



The field crop production volume for 2021/22 decreased by 1,7%, mainly as a result of decreases in the production of summer crops (maize and sorghum) and winter crops (barley). Maize production decreased by

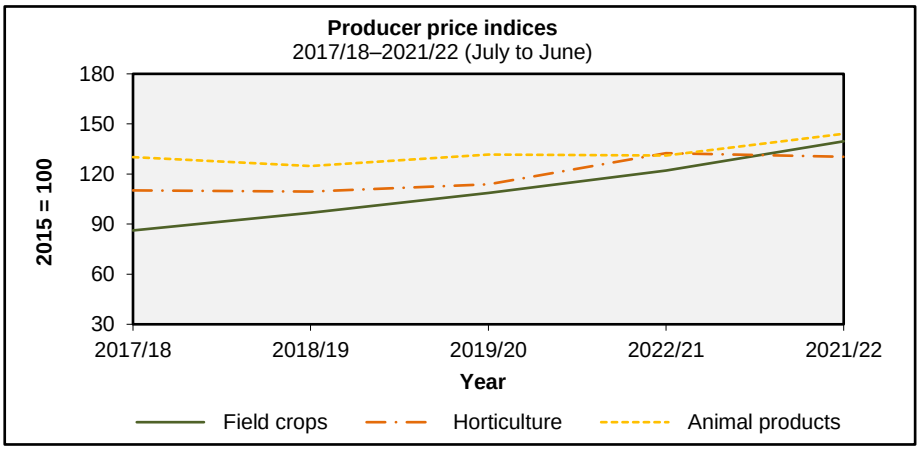
1,6 million tons (9,3%) and sorghum by 90 620 tons (36,6%) from 2020/21. Barley production decreased by 254 000 tons (43,2%) as compared to the previous season.

Horticultural production for 2021/22 increased by 5,1% from the previous season, which can mainly be attributed to increases in the production of citrus, deciduous and subtropical fruit. The production of oranges increased by 112 630 tons (7,5%), soft citrus by 105 044 tons (25,3%) and naartjes by 27 933 tons (32,8%), which all led to an increase in the production of citrus fruit from the previous season. The production of apples increased by 63 827 tons (5,7%), pears by 51 910 tons (11,5%), table grapes by 31 414 tons (8,4%) and peaches by 21 757 tons (12,9%), which all contributed to an increase in the production of deciduous fruit as compared to 2020/21. Furthermore, increases in the production of bananas by 60 360 tons (17,9%) and mangos by 16 315 tons (21,9%) contributed to an increase in the production of subtropical fruit as compared to the previous season.

Animal production decreased by 1,1%, mainly as a result of decreases in the production of eggs, poultry meat and wool for 2021/22. The production of eggs decreased by 18 832 tons (3,0%) and the production of poultry meat decreased by 17 769 tons (0,9%) as compared to 2020/21. Furthermore, the production of wool also show a decrease of 18 861 tons (42,5%) as compared to the previous season.

Producer prices of agricultural products

The average price received by the farmers for their agricultural products increased by 7,4%, largely because of the increase in prices of field crops and animal products by 14,5% and 9,9%, respectively. The prices of horticultural products decreased by 1,7%.



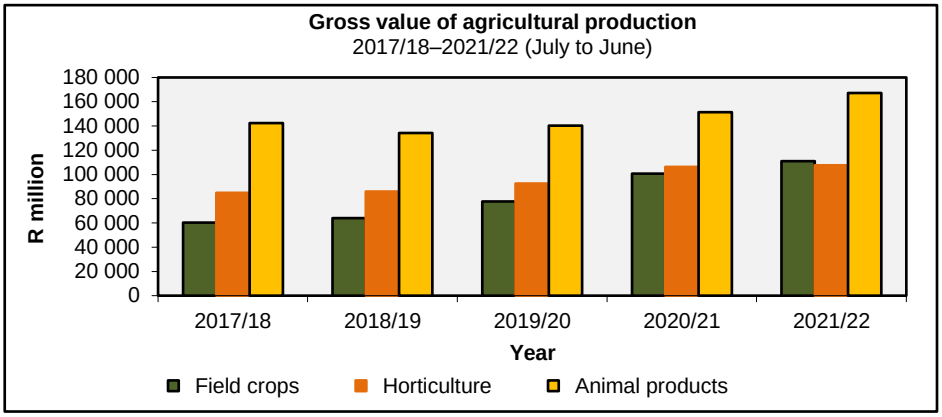
The 14,5% increase in prices of field crops was driven by the increase in prices of oilseeds by 33,8%, dry beans by 21,9%, winter grains by 18,9%, summer grains by 12,5%, sugar cane by 7,4%, tobacco by 7,1% and cotton by 3,5%. The price of hay decreased by 5,0%.

The increase of 9,9% in prices received from animal products was influenced by the increase in prices of pastoral products by 20,8%, slaughtered stock by 10,7%, dairy products by 9,3% and poultry meat by 8,2%.

The decrease in prices of horticultural products can be attributed to a decrease in prices of viticulture and fruit by 6,0% and 4,8%, respectively. The prices of vegetables showed an increase of 4,2%.

Gross value of agricultural production

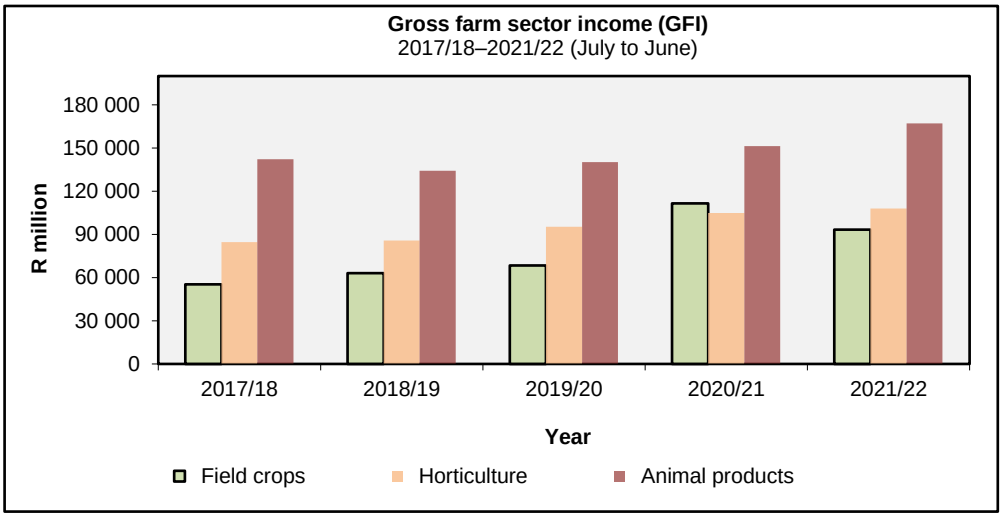
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2021/22 is estimated at R385 724 million, compared to R358 100 million the previous year—an increase of 7,7%. This increase can mainly be attributed to an increase in the value of animal products and field crops.



The gross value of animal products, field crops and horticultural products contributed 43,3%, 28,8% and 27,9%, respectively, to the total gross value of agricultural production. Maize and the poultry meat industry made the largest contribution with 15,3% and 14,0%, respectively, followed by cattle and calves slaughtered by 2,3%.

Farming income

The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) increased slightly by 0,2% to R368 438 million for the year ended 30 June 2022, compared to R367 668 million the previous year. This was influenced by the increase in income from animal and horticultural products by 10,5% and 3,0%, respectively.

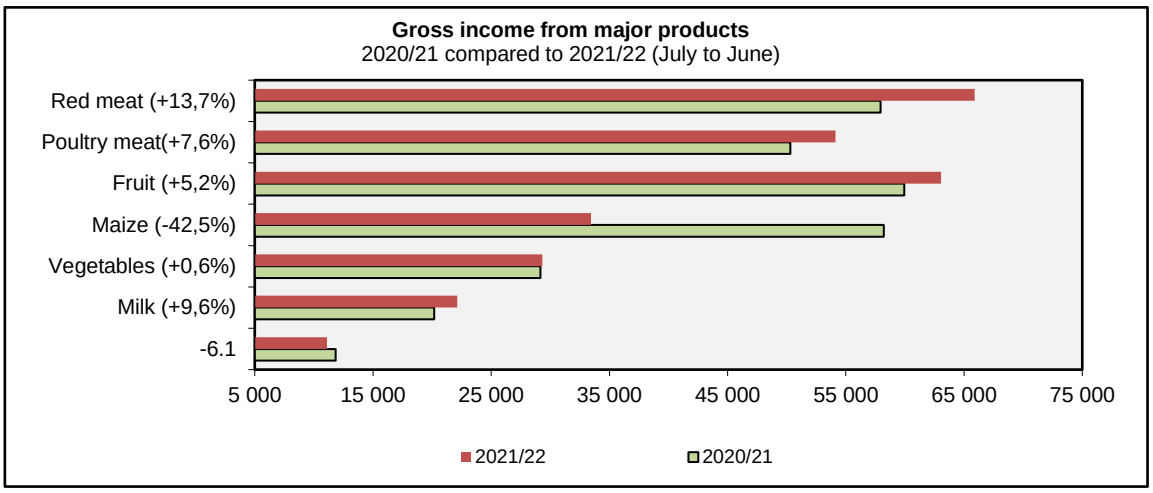


The *gross income from field crops* decreased significantly by 16,4% to R93 278 million for the year ended June 2022. This was largely due to a decrease in grain sorghum (48,3%), maize(42,5%), groundnuts (35,1%),

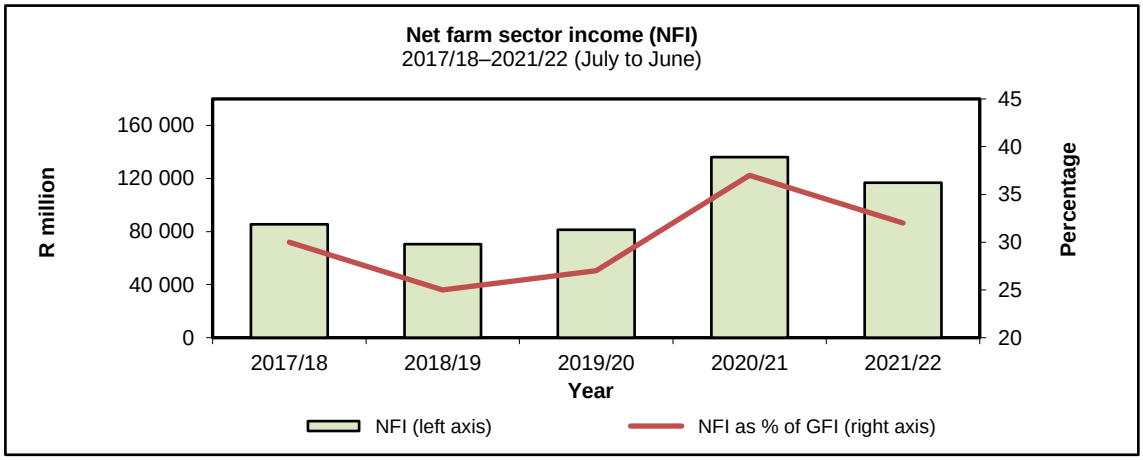
tobacco (33,3%), hay (10,1%) and sugar cane (6,1%). Income from sunflower seed increased by 41,3%, dry beans (14,6%) and wheat (14,0%).

The *gross income from horticultural products* increased by 3,0% to R107 983 million for the year ended June 2022, compared to R104 836 million the previous period. This can be attributed to the increase in income from deciduous and other fruits by 10,1%, subtropical fruits by 7,3%, vegetables by 0,6% and viticulture by 0,4%. The income derived from citrus fruit decreased slightly by 0,4%.

The *gross income from animal products* increased by 10,5% and amounted to R167 176 million for the year ended June 2022, compared to R151 254 million the previous period. This was due to the increase in income from cattle and calves slaughtered by R6 438 million (15,%), poultry meat by R3 816 million (7,6%), milk by R1 946 million (9,6%), pigs slaughtered by R1 342 million (16,9%), eggs by R996 million (9,5%) and wool by R961 million (19,2%).



The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) decreased significantly by 14,2% and amounted to R116 765 million for the period ended on 30 June 2022. Payments for salaries and wages, which represented 8,6% of the total farming costs,

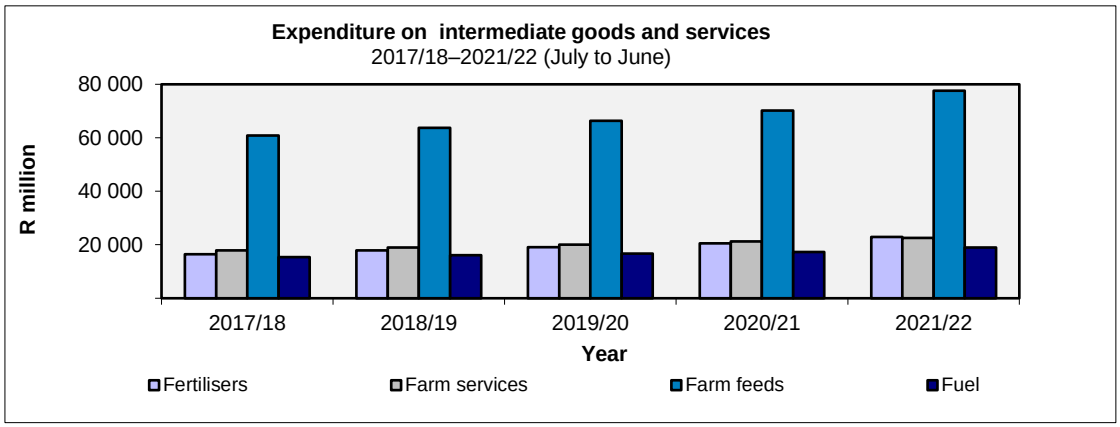


amounted to R22 148 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2022 is estimated at R13 472 million, or 5,2% of the total farming costs.

Expenditure on intermediate goods and services

Intermediate expenditure refers to the value of goods and services that were purchased for consumption as inputs during the production process.

Expenditure on intermediate goods and services showed an increase of 8,9% for the period ended June 2022, compared to 6,1% the previous period. Items that contributed to the increase in expenditure were fertilisers by 11,4%, farm feed by 10,5%, seeds and plants and building and fencing material by 10,0% each, fuel by 9,7%, maintenance and repairs of machinery and implements by 8,0%, farm services by 6,0%, animal health and crop protection by 4,6% and packaging material by 2,6%.

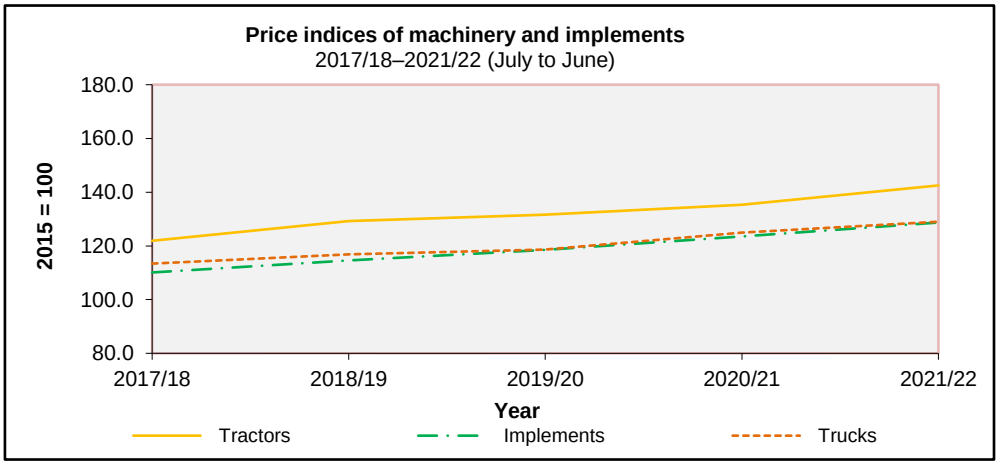


Farm feed accounted for the largest share of 36,1% as an expenditure item, followed by fertilisers by 10,7%, farm services (10,5%), fuel (8,8%), maintenance and repairs of machinery and implements (7,0%), seed and plants (6,7%), building and fencing material and animal health and crop protection (4,1%) each and packing material (3,8%).

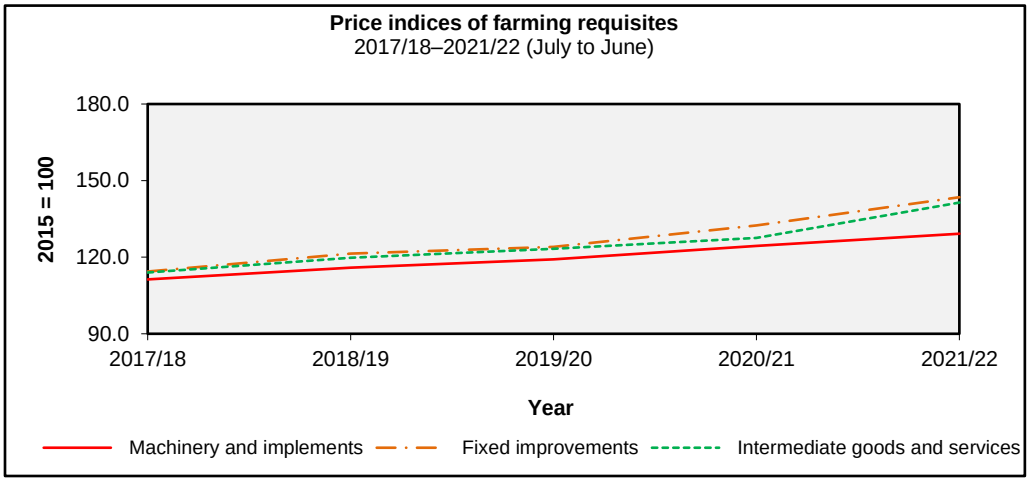
Prices of farming requisites

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services increased by 9,9% for the period ended June 2022, compared to 3,8% the previous period.

The prices of fertilisers increased drastically by 35,9%, fuel by 10,9%, building material by 9,3%, fencing material by 6,6%, seeds by 5,9%, tractors by 5,4%, irrigation equipment by 4,9%, animal health and crop protection by 4,5%, packaging material by 4,2%, feed by 4,1% and trucks by 3,3%. The prices of maintenance and repairs of machinery and implements decreased by 14,3%.



The combined price index of intermediate goods and services increased by 10,8%, materials for fixed improvements by 8,3% and machinery and implements by 3,8%.

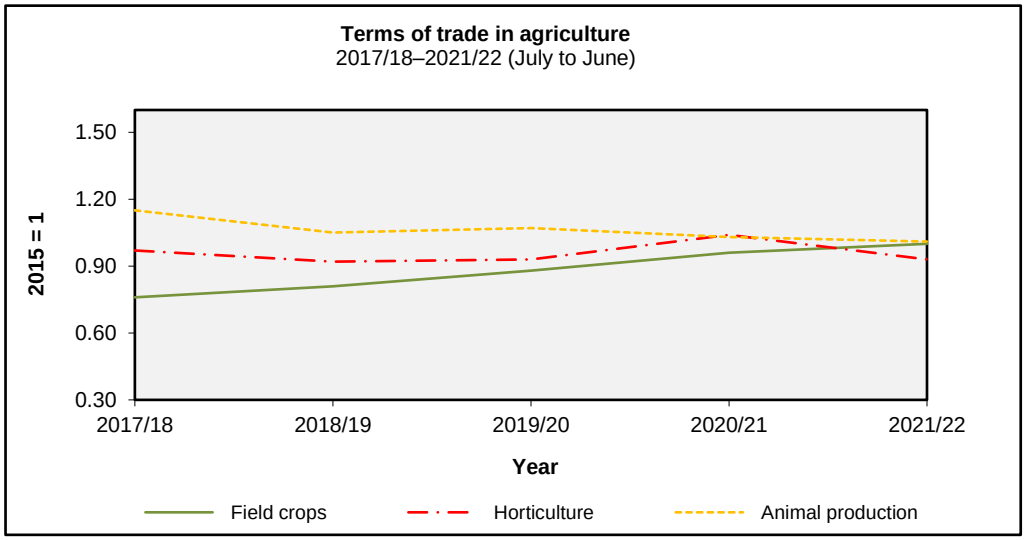


Domestic terms of trade in agriculture (2015 = 1)

The terms of trade indicate the extent to which producer prices received by farmers kept pace with the prices paid for farming requisites.

The domestic terms of trade decreased by 2,0% due to higher production costs which increased by 9,9%, against a 7,4% increase in prices received for agricultural products.

The terms of trade for field crops increased by 4,2% (from 0,96 to 1,00) while that of horticultural and animal products decreased by 10,6% and 1,9%, respectively.



Contribution of agriculture to value added at basic current prices

Value added is the value of total output less the value of intermediate consumption during the production period.

The contribution of agriculture to value added for the year ended 31 December 2021 is estimated at R129 886 million. This represents 2,3% of the total value added to the economy.

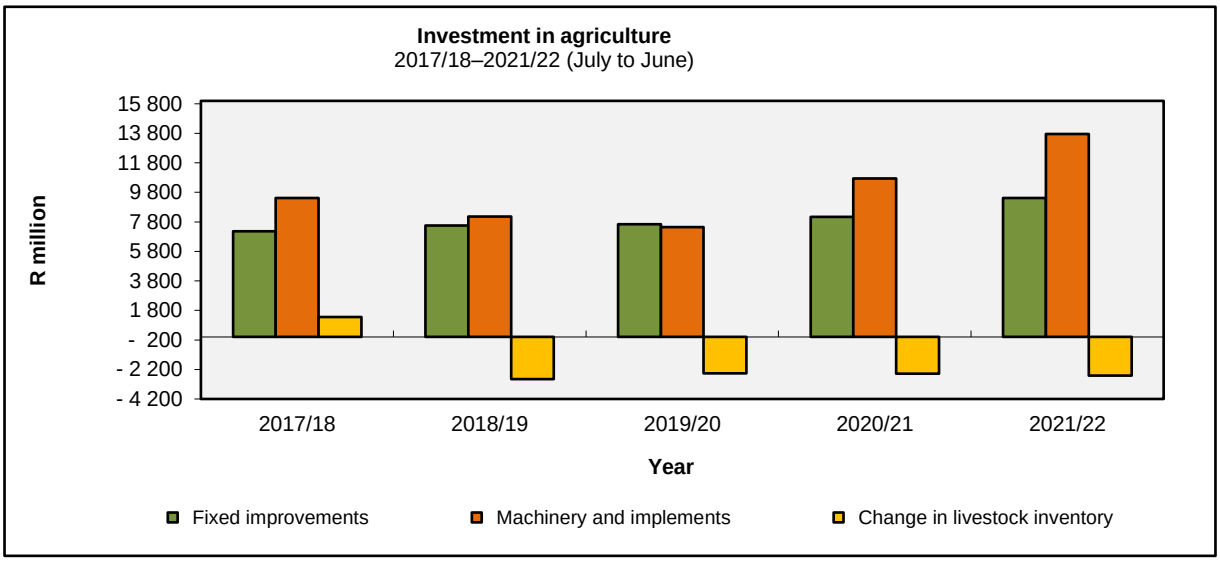
Year	Total value added R' million	Contribution of agriculture to value added R' million	Contribution of agriculture as percentage of total value added %
2012	3 236 488	59 922	1,9
2013	3 502 361	63 362	1,8
2014	3 738 791	74 695	2,0
2015	3 981 758	83 946	2,1
2016	4 288 841	97 669	2,3
2017	4 592 450	107 644	2,3
2018	4 816 888	103 234	2,1
2019	5 044 926	93 626	1,9
2020	5 029 575	119 060	2,4
2021	5 572 608	129 886	2,3

Capital assets and investment in agriculture

The value of capital assets in agriculture showed an increase of R43 554 million (7,7%) to R608 568 million for the period ended June 2022, compared to R565 014 million the previous corresponding period.

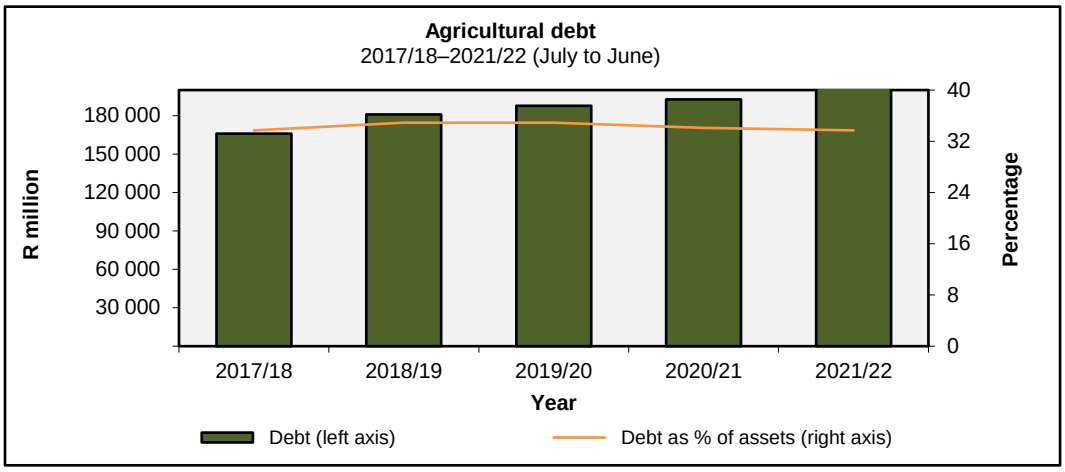
The proportion of land and fixed improvements to the total value of capital assets was R365 657 (60,1%), livestock (R142 608 million or 23,4%) and machinery and implements (R100 303 million or 16,5%).

The gross investment in machinery, implements and vehicles increased by 24,6% (R15 709 million) for the period ended June 2022. Implements increased by 28% to R13 751, fixed improvements by 15,7% (R9 421 million) and transport vehicles by 4,7% to R1 958. The livestock inventory was estimated 6,2% (R2 611 million) less than in the previous period.



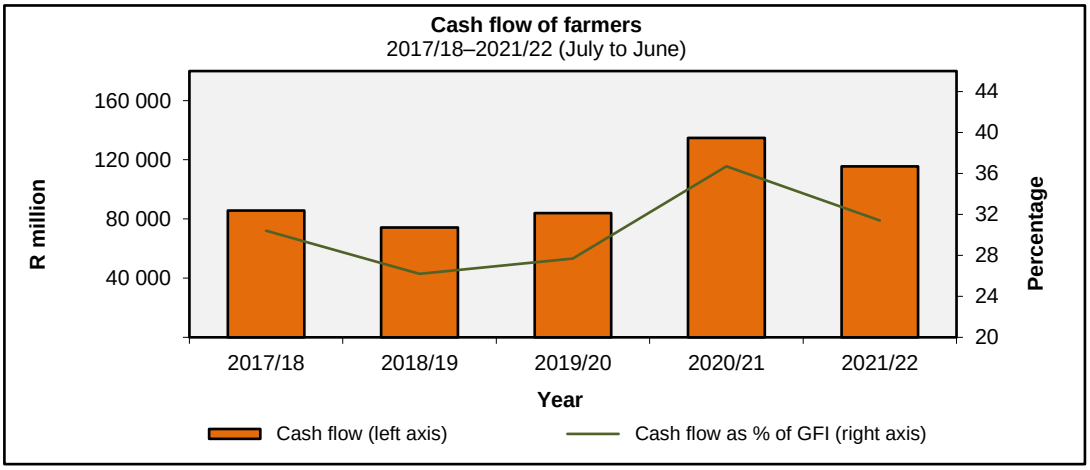
Farming debt

The total farming debt has increased by 6,4% and is estimated at R204 930 million for the year ended June 2022, compared to R192 632 million at the end of June 2021.



Cash flow of farmers

The farmers' cash flow also decreased significantly by 14,2% and is estimated at R115 655 million for the period ended June 2022, compared to R134 760 million the previous period. This was mainly influenced by the higher production costs which increased by 9,9% as opposed to the increase of 7,4% in prices of agricultural commodities, as well as lower production volumes, especially of field crops (27,9%) and animal products (2,0%).



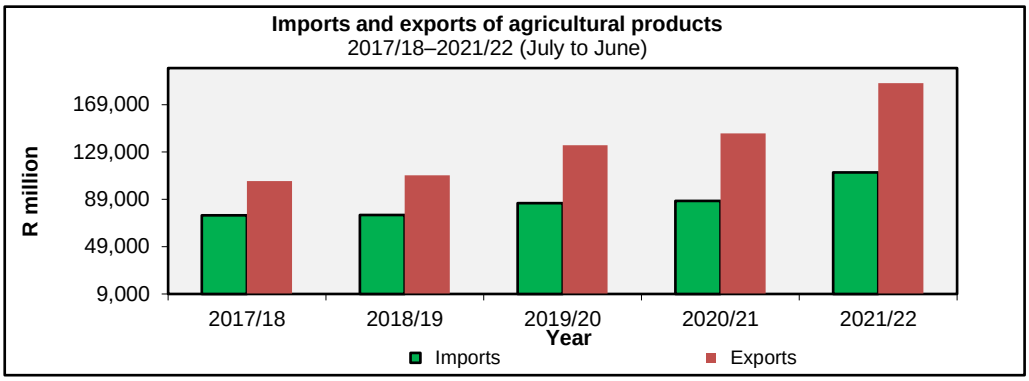
Consumer prices

The consumer prices of all agricultural products increased by 5,7% for the year ended June 2022. The consumer prices of meat increased by 9,1%, food (6,9%), non-food items (5,5%), milk, eggs and cheese (4,9%) and grain products (4,4%).

The consumer prices of fats and oils increased by 23,1%, fish (5,1%), vegetables (4,7%) and sugar (4,3%). The consumer prices of fruit decreased by 1,4%.

Imports and exports of agricultural products

The estimated value of imports for 2021/22 amounted to R111 809 million, an increase of 27,6% from R87 646 million in 2020/21. The value of exports increased by 29,3%, from R144 687 million in 2020/21 to R187 126 million in 2021/22.



According to the 2021/22 export values, maize (R12 128 million), fresh grapes (R11 604 million), oranges (R10 754 million), apples (R7 745 million) and wine (R7 275 million) were the most important agricultural export products.

Palm oil (R9 256 million), wheat and meslin (R8 666 million), milled rice (R7 343 million), sunflower seeds (R3 481 million) and sugar cane (R2 959 million) accounted for the highest imports in terms of value.

During 2021/22, the Netherlands, with exports to the value of R21 527 million, the United Kingdom (14 474 million), Botswana (R11 796 million), Namibia (R10 868 million) and China (R9 657 million) were the five largest trading partners of South Africa in terms of export destinations for agricultural products.

The five largest trading partners for South Africa's imported agricultural products during 2021/22 were Indonesia (R8 046 million), Brazil (R7 180 million), China (R6 285 million), Thailand (R6 050 million) and Argentina (R6 005 million).

Branches of the industry

FIELD CROP HUSBANDRY

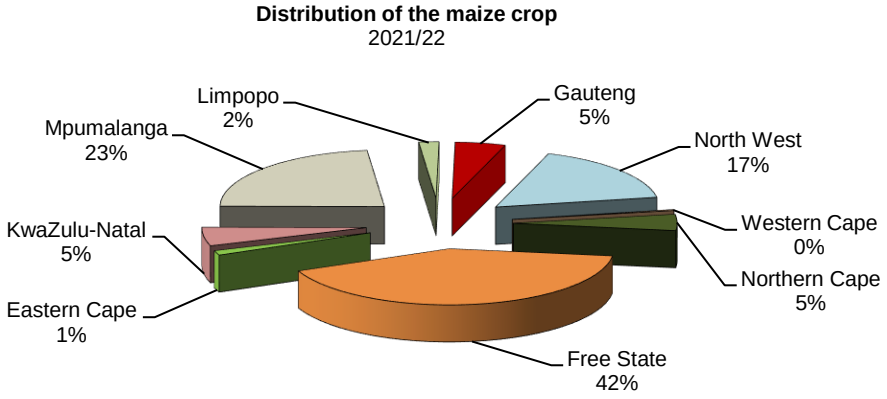
Maize

Maize is the most important grain crop in South Africa, being both the major feed grain and the staple food of the majority of the South African population. About 50,8% of maize produced in South Africa is white and the remaining 49,2% is yellow maize (2022). White maize is primarily used for human consumption, while yellow maize is mostly used for animal feed production.

The gross value of agricultural production is determined by the quantity produced and prices received by producers.

The largest contributor towards the gross value of field crops for 2021/22 is maize (51,8%), followed by soya beans (12,9%), sugar cane (9,0%), wheat (9,6%) and sunflower seed (6,9%). The gross value of maize for 2021/22 amounts to R64 143 million, which is 35,3% or R16 750 million more than the R47 392 million for 2020/21.

The contribution by provinces to maize production during the 2021/22 production season is depicted in the following figure.



White maize is generally produced in the western parts of the maize belt, while yellow maize is planted in the eastern parts.

The two main white maize-growing provinces in South Africa, namely Free State and North West, produced about 75% of the white maize harvest in 2022, whereas Free State and Mpumalanga produced about 67% of the yellow maize harvest.

Maize is planted during late spring/early summer, with optimal planting times in November and December. However, planting can start as early as October and extend to January. In a particular season, the rainfall pattern and other weather conditions determine the planting period as well as the length of the growing season. Most of the maize is harvested from late May up to the end of August.

The present ratio of areas planted is 60,0% white maize to 40,0% yellow maize. An estimated 4,1% of the area planted to white maize is under irrigation and 95,9% is dryland, while the estimate for yellow maize is 14,7% under irrigation and 85,3% is dryland.

About 90,0% of South Africa's maize production is grown with GM seeds.

Area planted and production

In terms of the 2021/22 production season, South Africa had an excellent start to the season, with carry-over soil moisture and widespread rains during October and November 2021 ensuring maize producers could start plantings two to four weeks earlier than usual. Although good weather conditions continued throughout November and December 2021, some growing regions received excessive rainfall that negatively impacted yields. Excessive rainfall in parts of the western Free State and North West led to flooding, which destroyed maize fields. In addition, the sandy water-table soils were saturated, causing damage to waterlogged planted crops. Many areas in Free State recorded historically high rainfall figures. However, the adverse effects of the excessive summer rain were largely mitigated by a warmer and drier January and February 2022, providing conducive growing conditions that positively affected anticipated yields.

The estimated area that South African commercial producers planted to maize during the 2021/22 season is 2,623 million ha. This is 4,8% or 132 400 ha less than the 2,755 million ha planted the previous season and 4,0% or 100 170 ha more than the five-year average of 2,523 million ha planted up to 2020/21.

The decline in the maize area was mostly driven by delayed plantings and crop damage in certain regions due to excessive rains, as well as record high fertiliser prices that began to threaten production profitability, which spilled over into changes in planted hectares.

Commercial white and yellow maize plantings for 2021/22 were 1 575 000 ha and 1 048 000 ha, respectively. This represents a decrease of 6,9% for white maize and 1,5% for yellow maize.

The commercial maize crop for the 2021/22 production season is estimated to be 15,329 million tons, with an estimated yield of 5,84 t/ha. The production represents an increase of 6,0% from the previous season (2020/21), which was estimated at 16,315 million tons.

The production estimate for white maize is 7,790 million tons, which is 9,4% or 810 250 tons less than the 8,600 million tons of 2021 and 0,5% or 39 950 tons less than the average of the five years (7,830 million tons) up to 2021. The estimated yield for white maize is 4,95 t/ha, compared to 5,08 t/ha the previous season.

In the case of yellow maize, the production estimate for 2022 is 7,539 million tons, which is 2,3% or 175 650 tons less than the 7,715 million tons the previous season and 14,0% or 925 050 tons more than the five-year average (6,614 million tons) up to 2021. The estimated yield for yellow maize was 7,19 t/ha, compared to 7,25 t/ha in 2021.

For the 2021/22 season, 73,0% of the deliveries of white maize were grade WM1, compared to 96,4% of the 2020/21 crop and 92,4% of the yellow maize deliveries were grade YM1, compared to 97,6% of the 2020/21 crop.

Plantings, production and yields of commercial maize from 2017/18 to 2021/22 are as follows:

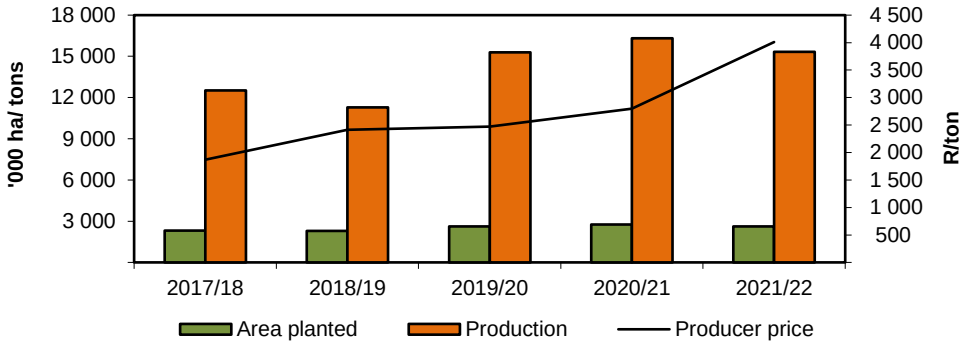
Season	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
Plantings (ha)	2 318 850	2 300 500	2 610 800	2 755 400	2 623 000
Production (t)	12 510 000	11 275 000	15 300 000	16 315 000	15 329 100
Yield (t/ha)	5,39	4,90	5,86	5,92	5,84

The estimated yield for maize is 5,84 t/ha for 2021/22, which is 1,4% or 0,08 t/ha less than the 5,92 t/ha the previous season. South Africa's three largest maize crops on record were produced in the past five years (2016/17, 2020/21 and 2021/22), driven mainly by increased yields.

South Africa's maize yields have more than doubled in the past 30 years, substantiating the positive impact that adoption of new production technologies, such as genetically engineered seed and more efficient and effective farming practices, including precision and conservation farming, have on production output.

The area planted, production and producer prices of maize are depicted in the following graph:

Maize: Area planted, production and producer prices
2017/18–2021/22



In South Africa, the breadbasket of the southern African region, the maize sector comprises both commercial and non-commercial farmers; the latter being mostly in Eastern Cape, Limpopo, Mpumalanga and northern KwaZulu-Natal.

The area planted to maize by the non-commercial sector during 2021/22 is estimated at 378 800 ha, which comprises 296 950 ha of white maize and 81 850 ha of yellow maize. Production by the non-commercial sector is estimated at 667 000 tons: 482 000 tons of white maize and 185 000 tons of yellow maize. Maize grown by this sector is mainly for own use and contributes only approximately 4,2% to total production.

Prices

Since the deregulation of the South African agricultural market in 1996, the maize market has essentially been an open market in which a number of basic factors play a role in determining prices. These factors include:

- International maize prices
- Exchange rates
- Local production (influenced by weather conditions and area planted)
- Local consumption
- Production levels in the Southern African Development Community region (South Africa is usually the main source of white maize for these countries in times of shortage)
- Stock levels (both domestic and international).

Based on domestic stock levels, the domestic prices of maize fluctuate within a band that is determined by world prices, the exchange rate and local maize production. Because of the erratic weather conditions in the country, substantial variations in local production occur.

During periods of shortages, the rand price of maize tends to increase towards import parity, which is the international maize price *plus* transport and other costs, multiplied by the exchange rate. During surplus periods, the rand price tends to move towards export parity, which is the price of maize on the international market *minus* transport and other costs, multiplied by the exchange rate.

Currently, the prices of maize differ from one area to another and can fluctuate daily. Producers can manage their price risk by negotiating spot, contract or futures prices on SAFEX, based on market conditions.

The average producer price of maize increased by 43,4%, from R2 795,83/t in 2020/21 to R4 009,92/t in 2021/22, mostly because of the change in the exchange rates, as well as events abroad like the Russia-Ukraine war. In the months after the war started, prices of some products increased to record highs.

The average producer prices of maize from 2017/18 to 2021/22 are as follows:

Season	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	R/ton				
Producer price	1 868,54	2 414,19	2 470,58	2 795,83	4 009,92

The South African maize market has matured considerably since the deregulation of marketing. Producers, traders and other intermediaries interact freely in the marketing of maize.

Supply and Demand

Most of the maize produced in South Africa is consumed locally; as a result, the domestic market is very important to the industry.

Considering the 2022/23 marketing season (May to April), the total supply of maize is projected at 17,127 million tons (9,194 million tons white and 7,933 million tons yellow). This includes an opening stock (on 1 May 2022) of 2,124 million tons (1,465 million tons white and 658 682 tons yellow) and local commercial deliveries of 14,689 million tons (7,560 million tons white and 7,129 million tons yellow). No maize imports are projected for the 2022/23 season.

The total demand, local and exports, for maize is projected at 14,791 million tons (7,856 million tons of white and 6,935 million tons of yellow maize). The total local demand is projected at 11,391 million tons (6,776 million tons white and 4,615 million tons yellow). A projected export quantity of 3,400 million tons (1,080 million tons white and 2,320 million tons yellow) is expected for the 2022/23 marketing season. The projected closing stock level by 30 April 2023 is estimated at 2,336 million tons (1,338 million tons white and 998 172 tons yellow).

Trade balance

In the case of a product such as maize, millers (who are the main buyers of the maize crop) have the option of importing maize instead of buying locally produced maize. In a deregulated market, the decision whether to buy from domestic or foreign sources is influenced by, among other factors, transport costs, price and quality. When the product is imported, the exchange rate plays an important role in the actual rand price.

Depreciation in the value of the rand against relevant foreign currencies makes import products, such as maize, wheat and oilseeds more expensive in rand terms, thereby providing some protection for South African farmers and an incentive to increase production in the longer term. However, if South African producers are unable to

meet the needs of the processors, or if processors are uncertain about local supplies, foreign sources can be considered.

South African producers, on the other hand, will consider the export market if local processors are unwilling to pay the prevailing local market price. In this manner, the market sets “natural” floor and ceiling prices, i.e., a price band within which such products trade. The price-setting mechanism for these crops is the JSE Security Exchange of South Africa’s Agricultural Products Division.

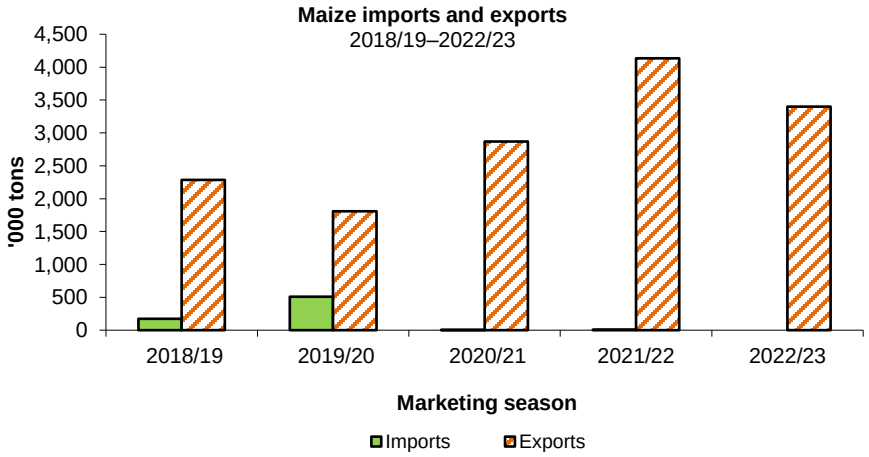
South Africa will remain a net exporter of maize for the 2022/23 marketing season on an estimated second consecutive bumper maize crop that will see commercial production exceeding local consumption. Up to 4 November 2022, about 2,089 million tons of maize, of which 387 108 tons were white maize and 1,702 million tons yellow maize, had been exported since May—approximately 61,0% of the estimated whole maize exports of 3,400 million tons.

For the 2022/23 marketing season, Botswana (119 122 tons), Italy (89 060 tons) and Portugal (52 500 tons) were the major markets for South Africa’s white maize exports. South Africa, with amble white maize stocks, is in the perfect position to continue supplying the region with maize.

The bulk of the yellow maize exports for the current season, up to 4 November 2022, was characterised by exports to Taiwan (34,5% or 587 799 tons), Japan (32,6% or 555 000 tons), Vietnam (20,7% or 352 689 tons) and Korea (6,2% or 104 797 tons), amongst others.

Normally, the window of opportunity for exports of domestic maize lasts only until the end of October, when the harvesting of the US crop and US exports start.

The following graph shows the imports of maize to and exports from South Africa during the past five marketing seasons (May to April).



Projection

Vulnerability and Food Security Assessments – SADC

Food and nutrition insecurity in the SADC region continues to be unacceptably high, requiring concerted efforts for the region to build resilience to address the multiple and increasing shocks it faces. As a result of the complex interaction between persistent structural issues and recent shocks (soaring inflation and fuel prices, agricultural inputs and food prices due to the Russia-Ukraine war, as well as high rate of unemployment experienced in the region), the number of food insecure people is estimated to be 55,7 million during the period from 1 April 2022 to 31 March 2023 in the 12 Member States that provided data for the 2022 Regional Synthesis Report, released in August 2022 on the status of food and nutrition security in southern Africa.

The 2021/22 rainfall season started poorly across most parts of the region, as cumulative rainfall amounts were below average by December 2021. In the second half of the season, the rainfall amounts improved in such a way that the region has experienced a record of six destructive weather-related systems that included two tropical storms and four cyclones. These directly impacted Madagascar, Malawi, Mozambique and Zimbabwe. In April 2022, the Republic of South Africa also experienced heavy rainfall and destructive flash flooding that caused colossal damage to infrastructure and led to loss of lives in KwaZulu-Natal.

Together with the caseloads in Malawi (3,8 million), Zimbabwe (3,8 million), Madagascar (2,1 million)) and Angola (1,6 million), these six countries account for nearly 93% of the estimated food insecure population in the region.

Staple cereal production for the 2021/22 summer season is generally estimated to be lower compared to last season's crop in most SADC Member States. This is mainly due to the sub-optimal rainfall that was experienced during the season.

South Africa, the region's largest maize producer and exporter, estimates its production at about 15,996 million tons (commercial and non-commercial) this year compared to last year's crop of about 16,951 million tons. Zambia's maize harvest is expected to come in at about 2,706 million tons, down from last year's production of 3,620 million tons. In Malawi, maize production is estimated to be 13,0% below the past 5-year average. Maize production in Zimbabwe is also expected to be 43% lower than the previous season. In contrast, Eswatini is expecting a 27,0% increase in maize production with the 2022 harvest estimated at about 127 000 tons.

Prospects

As we approach the summer crop planting season from October 2022, the weather forecasts show strong prospects of above-normal rainfall (another La Niña phenomenon) over most parts of the country in the 2022/23 summer season, which is likely to bring positive impacts on crop production.

In October 2022, the intended maize plantings of South African farmers were 2,591 million ha for the 2022/23 production season, which is 1,2% less than the 2,623 million ha planted during 2021/22.

The Crop Estimates Committee will release its first production forecast on 28 February 2023. If the intended maize area plantings of 2,591 million ha materialise and the weather remains favourable as expected to be, the potential maize crop for the 2022/23 season should be around 15,3 million tons.

Maize tariff

The import tariff on maize is another domestic factor that could have an impact on the local price of maize. The import tariff on maize, as published in the *Government Gazette* of 8 December 2006, is zero.

World maize situation

According to the October 2022 report of the United States Foreign Agricultural Services, world maize production in 2022/23 (October to September) was forecast at 1,169 billion tons, which is 4,0% or 48,6 million tons less than the 1,217 billion tons produced during 2021/22. The US contributed 30,2% (353,0 million tons), China 23,4% (274,0 million tons), Brazil 10,8% (126,0 million tons) and the European Union 4,8% (56,2 million tons) to world production. The remaining 30,8% is made up by Argentina, Ukraine, Mexico, India and South Africa, among others.

Global consumption in 2022/23 was expected to be 1,175 billion tons—28,0 million tons less than in the previous year. Global ending stocks at the end of August 2023 were expected to be 301,2 million tons, which is 6,5 million tons or 2,1% less than in the previous year.

Marketing, information and research

No statutory levies are applicable and the marketing of maize is free from statutory intervention.

The information function is performed by the Department of Agriculture, Land Reform and Rural Development through the Directorate: Statistics and Economic Analysis and Grain South Africa, which promote the interests of maize producers and SAGIS, a section 21 company funded by, among others, the maize industry.

Research is financed with income from the Maize Trust and performed by the Agricultural Research Council, the Council for Scientific and Industrial Research and other organisations.

Sorghum

Plantings and production

Sorghum is an indigenous crop in Africa and regarded as the fifth most important cereal in the world. There are two types of sorghum, namely, bitter and sweet sorghum cultivars. Preference is given to the sweet cultivars. Bitter sorghum is planted in areas where birds are a problem because it contains tannin, which leaves a bitter taste and consequently birds tend to avoid feeding on it.

Sorghum is mainly cultivated in low and erratic rainfall areas, especially in shallow and heavy clay soils. Sorghum is planted mainly between mid-October and mid-December. The rainfall pattern and other weather conditions of the particular season can determine the planting period in addition to the length of the growing season to a large extent.

During the last production season, an estimated 37 200 ha were planted to sorghum for commercial use, representing a decrease of 24,4% from the 49 200 ha planted for the 2021 season.

Sorghum for commercial purposes was produced mainly in Mpumalanga (40,6%), followed by Limpopo (31,2%), Free State (15,5%) and North West (11,3%). For the past five seasons until 2021, South Africa produced an average of 153 400 tons of sorghum per annum, which is relatively small compared to domestic maize and wheat production.

During the 2022 production season, sorghum contributed only approximately 0,6% to the gross value of field crops. The estimated average annual gross value of sorghum for the five years up to 2021/22 amounts to R515 million.

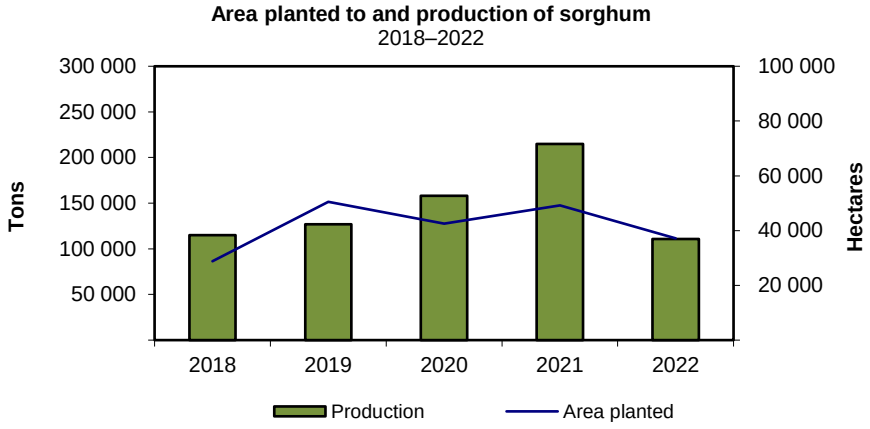
South Africa's 2021/22 planting season was characterised by extreme weather conditions that prevailed from the start of the plantings until harvest time. Rain delayed plantings in some provinces at the beginning of the season and also led to water damage in certain areas. This has caused some crop damage in sorghum harvests.

The commercial sorghum crop for the 2022 season is estimated at 110 700 tons, which is 48,5% less than the 215 000 tons of the previous season and 27,8% less than the five-year average production of 153 400 tons up to 2021. The yield for 2022 is estimated at 2,98 t/ha, which is 17,2% less than the five-year average yield of 3,60 t/ha up to 2021.

Plantings, production and the yields of sorghum from 2018 to 2022 are as follows:

Season	2018	2019	2020	2021	2022
Plantings (ha)	28 800	50 500	42 500	49 200	37 200
Production (t)	115 000	127 000	158 000	215 000	110 700
Yield (t/ha)	3,99	2,51	3,72	4,37	2,98

The following graph shows the area planted to and the production of sorghum in South Africa.



The non-commercial agricultural sector contributed approximately 16 605 tons, which was about 13,0% of the total sorghum production in South Africa during 2022.

Consumption

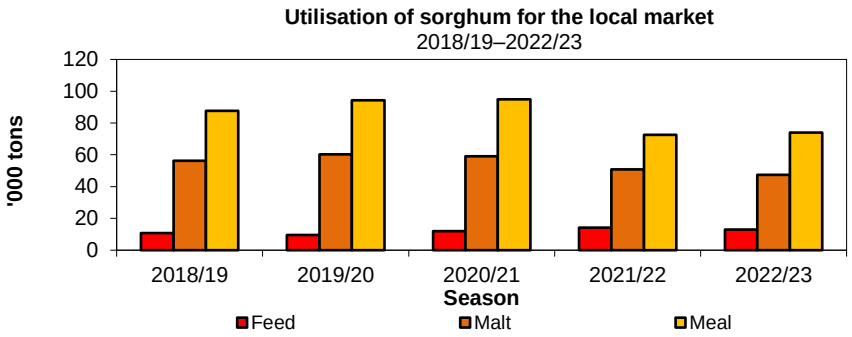
Sorghum, like other grains, has two basic markets that it serves, i.e., the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income increases.

Expectations are that a total of 110 000 tons of sorghum will be available for local consumption during the 2022/23 marketing season (March to February), compared to 215 000 tons the previous season. The total domestic supply of 228 607 tons estimated for this season comprises of carry-over stocks as of 1 March 2022 amounting to 106 157 tons, plus producer deliveries of 110 000 tons at commercial structures, imports of 2 000 tons and a surplus of 10 450 tons.

The projected commercial utilisation of sorghum for the 2022/23 marketing season is approximately 168 105 tons, of which 134 500 tons are for human consumption (malt, meal and other uses) and 19 855 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Other uses (released to end-consumers, withdrawn by producers, etc.) amounts to 3 550 tons. Projected exports during the 2022/23 marketing season are 10 200 tons.

Considering the above, carry-out stocks on 28 February 2023 are expected to be about 60 502 tons.

The following graph depicts the utilisation of sorghum in South Africa (marketing seasons):



Projection

Producer prices

Local producer prices of sorghum increased by 16,5%, from R3 337,55/t in 2021 to R3 889,48/t in the 2022 season.

Season	2018	2019	2020	2021	2022
	R/t				
Producer price	2 644,14	2 919,18	2 639,36	3 337,55	3 889,48

Imports and exports

During 2022 season, South Africa imports mainly from Botswana, Ukraine and Turkey.

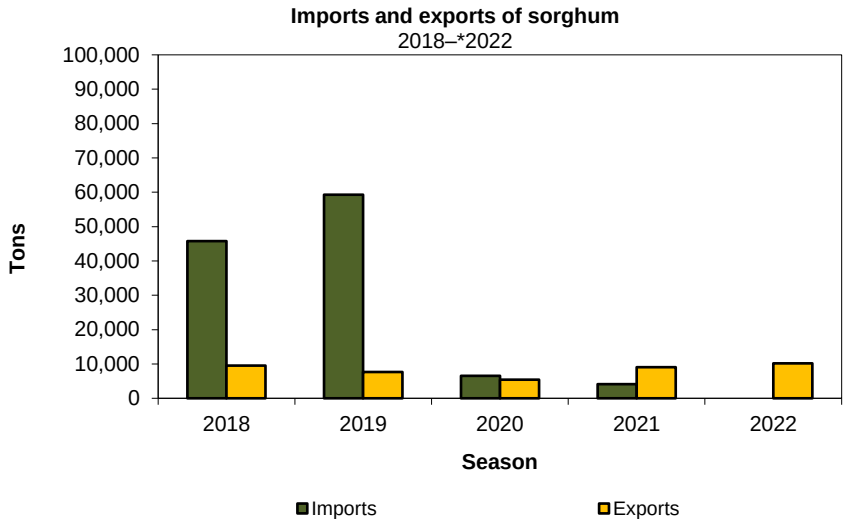
When it comes to exports, South Africa exports small quantities of sorghum to key markets in southern Africa, i.e., Botswana, Namibia and Eswatini, but at an increasing rate. In 2022, exports amounted to 10 200 tons, which is 12,6% or 1 142 tons more than the previous year.

Imports and exports of sorghum from 2018 to 2022 are as follows:

Season	2018	2019	2020	2021	2022*
	Tons				
Imports	45 739	59 253	6 546	4 147	2 000
Exports	9 482	7 643	5 380	9 058	10 200

**Projection*

Projected exports of sorghum for 2022 is 10 200 tons, which is 12,6% more than the 9 058 tons of 2021. In 2022, 2 000 tons of sorghum was imported.



**Projection*

Per capita intake

Indigenous cereals such as sorghum make only a small contribution to the starch-rich staple food complex in South Africa. The average estimated annual per capita intake (2018 to 2022) remains dominated by maize (70 kg/capita) and wheat (47 kg/capita), followed by potatoes (45 kg/capita) and rice (15 kg/capita), while sorghum intake was significantly lower at a mere 7 kg/capita.

World sorghum situation

According to the FAS/USDA report released in October 2022, world production of sorghum decreased by 3,2%, from 62,10 million tons in 2021 to 60,13 million tons in 2022. The contribution to world production by selected countries is as follows: Nigeria contributed 11,6% (7,0 million tons), the United States 10,3% (6,2 million tons), Sudan 8,3% (5,0 million tons), Mexico 8,1% (4,8 million tons) and Ethiopia at 7,5% (4,5 million tons). The balance of 54,2% was made up by other remaining countries.

Cooperation

The Sorghum Forum, consisting of all the participating parties in the sorghum industry (producers, traders, silo owners, processors, labour, consumers and the ARC), meets regularly to discuss various issues relevant to the industry.

The Sorghum Trust provides funding for research on sorghum, the maintenance and improvement of quality standards and the storing and updating of information required by the sorghum industry.

SAGIS, an independent section 21 company collects, collates and publishes market information on sorghum.

The Southern African Grain Laboratory, incorporated under Section 21 (Association Not for Gain), analyses the quality of grain.

The Crop Estimates Committee plays an important role in providing up-to-date market information on which important decisions and actions can be based.

On a national basis, the ARC is responsible for research and development in the agricultural sector.

Wheat

In terms of value of production, wheat is the third most important field crop produced in South Africa. In the 2021/22 season, this crop contributed approximately 10% to the gross value of field crops. The annual gross value of wheat amounts to R11 919 million, compared to R64 143 million for maize, which is the most important field crop.

Wheat is mainly planted between mid-April and mid-June in the winter rainfall area and between mid-May and the end of July in the summer rainfall area. The crop is harvested from November to January. Most of the wheat produced in South Africa is bread wheat, with small quantities of durum wheat being produced in certain areas.

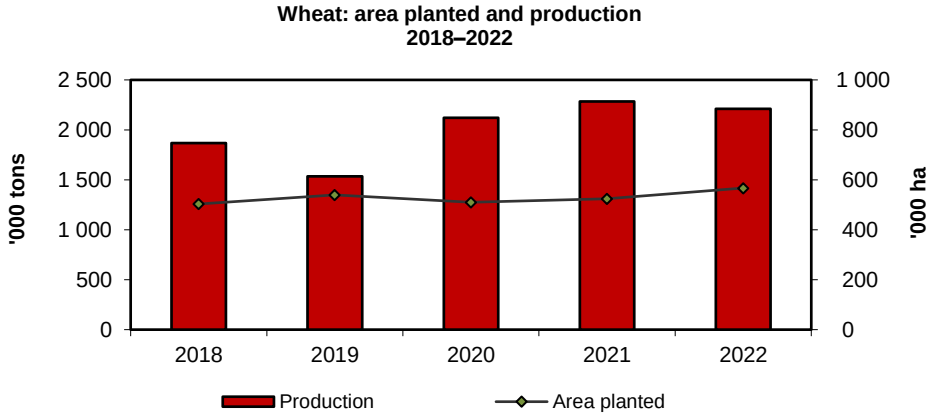
Wheat is generally classed as “hard” or “soft.” Hard wheat tends to have higher protein content than softer wheat and is used mainly for bread. Soft wheat, on the other hand, is more suitable for confectionery.

Areas planted and production

The estimated area planted to wheat for the 2022 season is 566 800 ha, which is 8,3% more than the 523 500 ha of the previous season. The area planted to wheat in Western Cape is 360 000 ha (64%), which is the same as planted in the previous season. In Free State, the area planted is 96 000 ha (17%), which is 26 000 ha more than the previous seasons’ area of 70 000 ha. The main reason for the increase in the area planted can be ascribed to expanded plantings, especially in Free State and Northern Cape.

For the 2022 production season, weather conditions across South Africa’s wheat growing areas were quite favourable. Rainfall during April to October 2022 was below-normal over the winter rainfall region’s production areas. Therefore, the wheat in Western Cape was delayed by three to four weeks to a normal season due to dry conditions. The late start of the winter growing season put constrains on the yield expectations.

The areas planted to and production of wheat is depicted in the following graph:



Based on conditions prevailing towards the end of October 2022, the expected commercial wheat crop for 2022 was 2,210 million tons. The expected production in Western Cape was 972 000 tons (44%), in Free State 470 400 tons (21%) and in Northern Cape 352 500 tons (16%). The expected average yield was 3,90 t/ha. This is the third-highest yield ever recorded.

Plantings, production and yields from 2018 to 2022 are as follows:

Season	2018	2019	2020	2021	2022
Plantings (ha)	503 350	540 000	509 800	523 500	566 800
Production (t)	1 868 000	1 535 000	2 120 000	2 285 000	2 210 095
Yield (t/ha)	3,71	2,84	4,16	4,36	3,90

Consumption

According to the Supply and Demand Estimates Committee (S&DEC), a total of 4,330 million tons of wheat (commercial) were available for local consumption during the 2021/22 marketing season (October to September). This comprised carry-over stocks as of 1 October 2021 of 467 404 tons, producer deliveries of 2,264 million tons, a surplus of 4 448 tons and imports of approximately 1,594 million tons.

The total demand for wheat for the 2021/22 marketing season is estimated at approximately 3,709 million tons, of which 296 722 tons were exported. Carry-out stocks as of 30 September 2022 are estimated to be 621 358 tons.

For the 2022/23 marketing season, the total supply of wheat is forecasted at 4,331 million tons (expected producer deliveries of 2,170 million tons, together with the carry-over stocks of 621 358 tons, a surplus of 9 500 tons and expected imports of 1,530 million tons).

The demand for wheat (exports included) is estimated at 3,628 million tons. Carry-out stocks at the end of September 2023 are expected to amount to 702 553 tons.

Imports

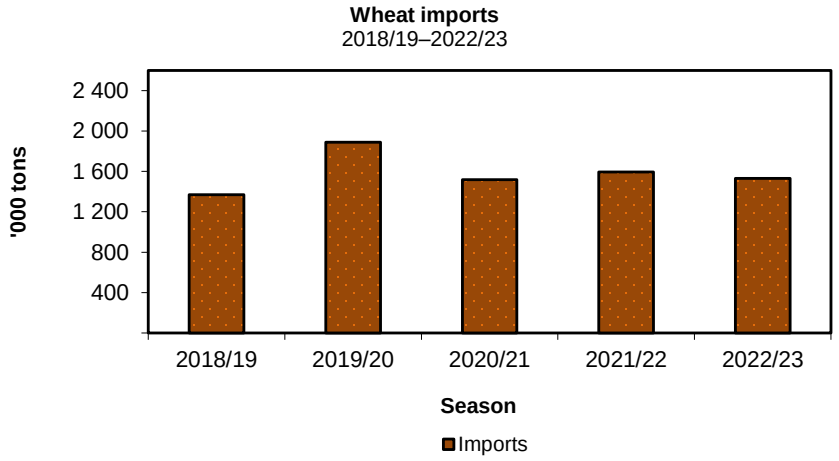
South Africa, a net importer of wheat, relies on imports from Germany, Australia, Poland and Lithuania, amongst other countries, to meet its domestic demand. It is expected that for the 2022/23 marketing season, 44% or 1,530 million tons of the wheat required for domestic consumption will have to be imported.

Wheat imports from 2018/19 to 2022/22 are as follows:

Season	2018/19	2019/20	2020/21	2021/22	2022/23
	Tons				
Imports	1 368 097	1 889 868	1 516 995	1 594 181	1 530 000

Projection for the 2022/23 marketing season
Source: SAGIS

The following graph shows the imports of wheat during the past five seasons (October to September).



There are mainly two factors that affect local wheat prices—the value of the rand against the dollar and international prices. The average producer price of wheat increased by 19,4%, from R5 193,31/ton in 2021/22 to R6 200,00/ton in 2022/23.

The average producer prices of wheat from 2018/19 to 2022/23 are as follows:

Season	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	R/ton				
Producer price	3 759,53	4 086,49	4 864,03	5 193,31	6 200,00

Marketing

The South African wheat market was deregulated on 1 November 1997 and wheat can therefore be traded freely. The only government intervention in the market is the tariff on wheat imports. On 2 July 2021, a free wheat tariff was published in the *Government Gazette.*

World wheat situation

According to the October 2022 report of the United States Foreign Agricultural Services, the global wheat production in 2022/23 is projected at 781,7 million tons, up by 0,2% or 1,9 million tons from the 2021/22 record. This improvement was supported by expected large yields in Russia, Canada, Kazakhstan, China, Turkey and the UK. The large harvest in these countries overshadowed the expected decline in the harvest in the EU, Australia, Ukraine, Argentina and India.

According to expectations, China would contribute 18% (138,0 million tons), the European Union 17% (134,8 million tons), India 13% (103,0 million tons) and Russia 12% (91,0 million tons) to world production during 2022/23. The balance of 40% is made up by the US, Canada, Australia and Pakistan, among others.

Global consumption is expected to be 790,2 million tons during 2022/23—4,0 million tons less than the previous year. Global ending stocks are expected to decline to 267,5 million tons by the end of June 2023, which is 8,5 million tons or 3,1% less than the previous year.

Research and information

The Winter Grains Trust is responsible for the allocation of funding and appraisal of relevant research projects in the winter grains industry. Since 1998, statutory levies on sales of winter cereals have been used to finance the Winter Grains Trust.

The ARC-Small Grain Institute in Bethlehem conducts the research on wheat and other winter grains.

The South African Grain Information Service (SAGIS), a section 21 company funded by, among others, the wheat industry, administers the information function for the wheat industry.

Accurate crop forecasts and estimates also play an important role by providing up-to-date information upon which important decisions and measures can be based. The crop estimates are a result of the collated inputs of, and consensus reached by, the various members of the Crop Estimates Committee.

Malting barley

Plantings and production

Barley is one of the most important grain crops in South Africa, surpassed only by wheat and maize and is, following wheat, the most important small grain type.

The cultivation area for malting barley under dryland conditions is at present restricted to a very specific region, namely, the Southern Cape, which stretches from Bot River in the west to Heidelberg in the east. It would not be economically viable to cultivate malting barley on dryland in an area that does not receive 350 mm of well-distributed rainfall during the growing season (April to October). At present, five varieties are recommended for malting barley production in the Southern Cape, viz., SabbiErica, SabbiNemesia, Disa, Agulhas and Hessekwa.

The concentration of the production of a relatively minor commodity, for instance malting barley, in a specific area has various advantages, e.g., it facilitates transport, storage, control, extension and research, which also implies cost advantages.

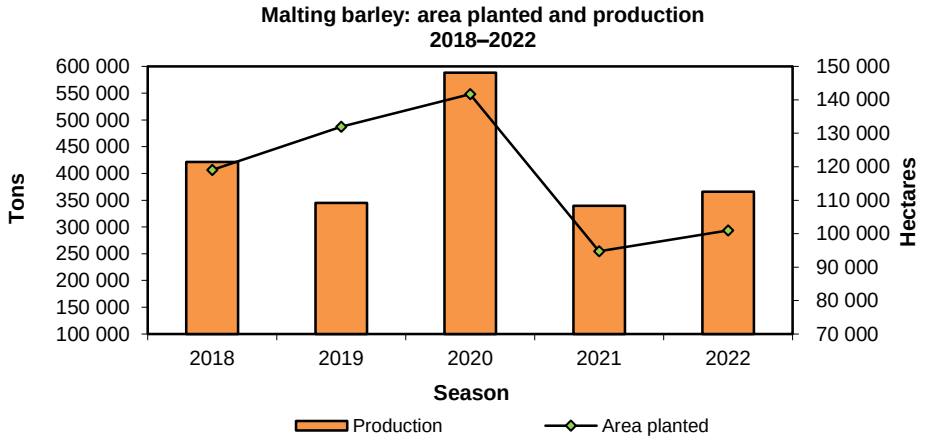
However, because of the risk of unpredictable weather conditions in the Southern Cape, barley production has also been introduced to the cooler central irrigation areas in Northern Cape. There are also farmers in other areas of South Africa, such as North West, Limpopo and Free State, who plant small quantities of malting barley under irrigation.

Malting barley under irrigation has a higher yield and is more stable than in the Southern Cape, where the crop is dependent on rainfall.

Barley is planted over a relatively short period of time (from three weeks in certain areas to five weeks in others). The earlier plantings generally have a higher yield potential. This results in greater yield increases with disease and pest control programmes in earlier plantings. Barley planted later than the optimum planting period is therefore at greater risk in terms of both yield and quality.

Barley is mainly used for the production of malt (for brewing beer), animal feed and pearl barley. However, the Crop Estimates Committee's barley estimates only involve malting barley, therefore excluding barley for animal feed.

The area planted to malting barley for the 2022 season is estimated at 101 000 ha. This is an increase of 6,6% or 6 270 ha from the plantings of 94 730 ha during 2022. It is also 14,2% or 16 676 ha less than the five-year average of 117 676 ha planted up to 2022. Of the 101 000 ha planted in 2022, 90 000 ha (89,1%) are in Western Cape, 6 500 ha (6,4%) are in Northern Cape, 2 200 ha (2,2%) are in Limpopo, 1 500 ha (1,5%) are in North West and only 800 ha (0,8%) are in Free State.



A total crop of 365 850 tons of malting barley is expected for the 2022 season. This is an increase of 9,5% more than the production of 334 000 tons in the previous season and 11,0% or 45 020 tons less than the average production of 410 870 tons per annum over the five years up to 2022. The expected average yield for 2022 is 3,6 t/ha.

Plantings, production and yield of malting barley from 2018 to 2022 are as follows:

Season	2018	2019	2020	2021	2022
Plantings (ha)	119 000	131 960	141 690	94 730	101 000
Production (t)	421 500	345 000	588 000	339 800	365 850
Yield (t/ha)	3,54	2,61	4,15	3,59	3,62

Consumption

The processing of barley into malt is done mainly in Caledon in the Southern Cape, but also in Alrode near Johannesburg. Malt barley is all about taste and is mainly used to flavour beer. It is also used around the world in many foods.

The total supply of malting barley for the 2021/22 marketing season (October to September) is estimated at 670 100 tons (imports included). Carry-over stocks as of 1 October 2021 amounted to 335 600 tons. Production for the 2021/22 season was 334 500 tons, not imports.

For the 2021/22 marketing season, the total demand for malting barley was estimated at 468 300 tons, including 30 000 tons of exports. Carry-out stocks of 30 September 2022 were 201 700 tons.

For the 2022/23 marketing season, the total supply of malting barley is expected to be 567 600 tons, comprising the expected crop of 201 700 tons, carry-over stocks of 365 900 tons and no imports are expected. The domestic demand is estimated at 452 800 tons, including 25 900 tons of exports. Carry-out stocks at the end of September 2022 are expected to amount to 114 800 tons.

Producer prices and value of the crop

The average producer price of barley increased by 11,1%, from R2 515,69/ton in 2020 to R2 795,48/ton in 2021.

The average producer prices of malting barley from 2017 to 2021 are estimated as follows:

Season	**2017**	**2018**	**2019**	**2020**	**2021**
	R/ton				
Producer price	2 823,99	3 398,63	3 039,82	2 515,69	2 795,48

The average annual gross value of malting barley for the past five years up to 2021/22 amounts to R1 152 million, compared to the R5 296 million of wheat and R40 742 million of maize.

Marketing

Malting barley is different from most, if not all, other agricultural commodities as there is only one major buyer in South Africa, namely, South African Breweries Maltings (SABM), which supplies its major shareholder, South African Breweries Limited (SAB) with malted barley. Barley producers have a guaranteed market (there is a written commitment to source locally) and fixed-price forward contracts. The malt barley industry is significant in South Africa's national economy, with barley playing a crucial role in the crop rotation systems used by farmers.

Imports

Variability in rainfall can cause wide fluctuations in barley quality and yields in South Africa. Whenever the local crop has fallen short of requirements, South Africa depends on imports from Australia, France and the Ukraine.

Barley and malt imports from 207/18 to 2021/22 are as follows:

Season	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	Tons				
Imports – Barley	78 705	12 953	0	44 800	0
– Malt	117 670	83 083	99 730		

Source: SAGIS; customs & excise

Outlook

The South African Breweries (SAB) has completed the construction of a new greenfield malting plant in Alrode.

The new plant produces 110 000 tons to 150 000 tons of malt per year. This means malt is almost completely manufactured in South Africa, creating more jobs in the country. The new plant allows SAB to reduce the amount of barley it imports.

A condition of the AB InBev acquisition of SABMiller is for SAB to invest R1 billion into the South African economy by the end of 2021 as part of the five-year merger. SAB has also uplifted women, developing and capacitating 51%, or 475 women farmers, from a 920 intake of 2016, which increased production of barley by 63%. SAB has been able to maintain a 95% local sourcing ratio and as a result plays a major role in jobs and supply chain investments in South Africa.

World barley situation

Global production in the 2022/23 marketing season is mainly driven by the larger crops in the European Union (51,30 million tons) and Russia (21,00 million tons).

According to the December 2022 report of the United States Foreign Agricultural Services, world barley production is estimated at 149,00 million tons for the 2022/23 marketing year, while global consumption is expected to be 149,23 million tons. Global ending stocks at the end of June 2022 are expected to be 18,00 million tons.

Research and information

The ARC-Small Grain Institute (SGI) in Bethlehem and the South African Barley Breeding Institute (Sabbi) near Caledon conducts research on and breeding of barley in South Africa, which is financed by statutory levies on barley sales**.**

The ARC-SGI is one of the crop institutes of the ARC which has, under the Agricultural Research Act of 1990 (Act No. 86 of 1990), the mandate to perform research, development and transfer of technology within the RSA to the advantage of all agricultural and agriculture-related industries and therefore improve the quality of life of all South Africans.

On the other hand, Sabbi's Research and Development mission is to ensure sustainable barley production for the benefit of the SAB, SABM and the producer through innovative research and development. Producers need better quality, higher yields and more resistant varieties in addition to increased knowledge of enhanced agricultural production practices in order to be more competitive with global competitors.

The SAGIS, a section 21 company funded by, among others, the barley industry, administers the information function for the barley industry.

Sunflower seed

Sunflower seed can be planted from the beginning of November to the end of December in the eastern parts of the production areas and up to the middle of January in the western part. Sunflowers grow best when planted in midsummer to ensure that less moisture is lost from the soil during the crucial growing phases. Compared to other crops, sunflower performs well under dry conditions. This is probably the main reason for the crop’s popularity in the marginal production areas of South Africa. A close link exists between the area planted to maize and the area planted to sunflower seed because farmers can easily switch to sunflower if the normal period for maize planting has passed.

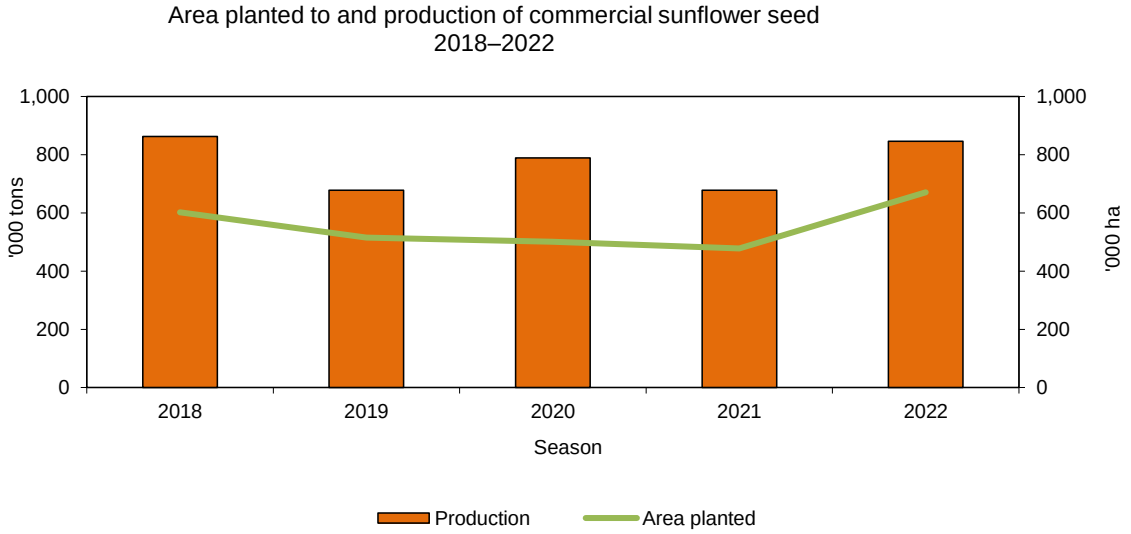
Plantings and production

During the 2022 production season, the bulk of the crop was produced in Free State (53,2%), North West (29,1%) and Limpopo (16,4%).

The contribution of sunflower seed to the gross value of field crops during the 2021/22 season is approximately 6,7%, compared to 51,8% of maize, the largest contributor to field crops. The average annual estimated gross value of sunflower seed over the period 2016/17 to 2020/21 amounts to R5 198 million compared to the R40 742 million of maize.

The annual plantings of sunflower show remarkable variation over the past two decades, varying from 667 510 ha planted in 2002, a high of 718 500 ha planted in 2016, and 670 700 ha in 2022. The area planted to sunflower seed for commercial use during the 2022 production season increased by 40,4% to 670 700 ha, from an estimated 477 800 ha the previous season. This is also 22,8% more than the five-year average of 546 140 ha up to 2020/21. The increase in the 2022 sunflower plantings can mainly be attributed to the

favourable weather conditions during October and November 2021, ensuring that oil seed producers could start planting on time.



Commercial sunflower seed production during 2022 is approximately 845 550 tons, which is 24,7% more than the previous season (678 000 tons) and 8,9% more than the average of 776 100 tons for the previous five years. The increase in production can mainly be attributed to the increase in area planted. The average yield for 2022 is approximately 1,26 t/ha, which is 11,3% less than 1,42 t/ha during the previous season and the five-year average up to 2021.

Non-commercial agriculture contributed an estimated 33 572 tons (3,8%) to the total sunflower seed production in South Africa during 2022.

Commercial plantings, production and yields of sunflower seed from 2018 to 2022 are as follows:

Season	**2018**	**2019**	**2020**	**2021**	**2022**
Plantings (ha)	601 500	515 350	500 300	477 800	670 700
Production (t)	862 000	678 000	788 500	678 000	845 550
Yield (t/ha)	1,43	1,32	1,58	1,42	1,26

Producer prices

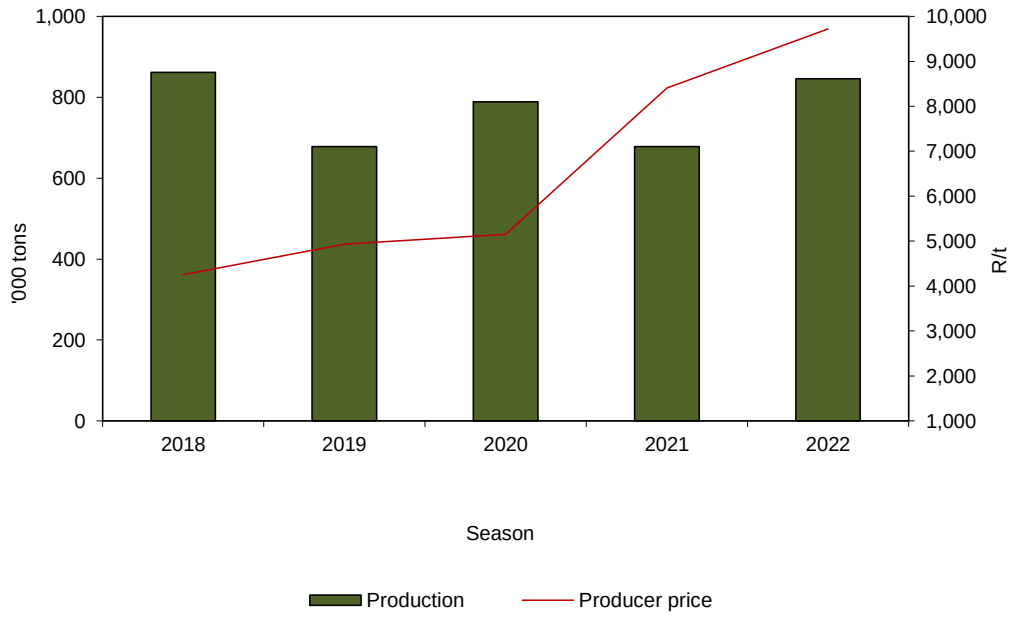
The average producer price increased by 15,6%, from R8 408,47/ton in 2021 to R9 720,76/ton in 2022. In terms of soya bean and sunflower seed prices, the interaction with the global market is different as South Africa is a net importer of these commodities. This means the domestic market tends to be sensitive to global developments.

Global oil seed prices are rising mainly due to the uncertainty in the market created by the Russia-Ukraine war. South Africa's agricultural industries operate in a relatively open-market environment, where local and international factors have an impact on domestic oilseed prices. Local oilseed prices will continue to move with export parity levels for the rest of the season and will be influenced by the uncertainty created by global trade disruptions caused by variations in the international price of oilseeds, planting progress in the United States, local productions, the Russia-Ukraine war, and South Africa's volatile exchange rate. As a result, local sunflower seed prices are currently trading 16% higher than a year ago.

The average producer prices of sunflower seed from 2018 to 2022 are as follows:

Season	**2018**	**2019**	**2020**	**2021**	**2022**
	R/ton				
Producer price	R4 254	R4 932	R5 155	R8 409	R9 721

Commercial production and producer prices of sunflower seed
2018–2022



Consumption

The National Agricultural Marketing Council (NAMC) established the South African Grain and Oilseeds Supply and Demand Estimates Committee (S&DEC) in 2013. The Committee was formed to address the specific need for accurate information pertaining to the supply of and demand for the major grain and oilseed crops, namely, white and yellow maize, wheat, sorghum, sunflower seed and soya beans.

The sunflower seed marketing season in South Africa commences on 1 March and ends on 28 February. The estimated sunflower seed crop of 845 550 tons for the 2022/23 marketing season, together with carry-over stocks of about 31 790 tons on 1 March 2022, a surplus of 7 000 tons and projected imports of 7 000 tons, leaves the domestic supply of commercial seed at an estimated 891 340 tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 820 000 tons in 2022) for oil and oilcake production. The estimated domestic demand of seed for the 2022/23 marketing year is approximately 832 350 tons, including 7 600 tons for human and animal consumption. Other consumption is estimated at 4 400 tons. The projected exports during 2022 are 350 tons. Carry-out stocks on 28 February 2022 are expected to be approximately 58 990 tons.

Trade

Regarding exports, phytosanitary requirements and quality standards must be adhered to and a Perishable Products Export Control Board (PPECB) certificate must be obtained. For 2022, South African imports were mainly from Botswana, as well as Malawi and Argentina. On the other hand, South African exports were mainly to Botswana, as well as Namibia and Eswatini.

Imports and exports of sunflower seed from 2018 to 2022.

Year	**2018**	**2019**	**2020**	**2021**	**2022***
	Tons				
Imports	1 324	457	471	1 256	7 000
Exports	515	576	1 140	217	350

**Projection*

International overview

The November 2022 report by the United States of Foreign Agricultural Services (FAS) indicated that the global harvested area increased by 7,3% (2,0 million ha) in 2021/22 compared to 2020/21, to a figure of 28,8 million ha.

World output of sunflower seed during 2021/22 increased by 8,1 million tons or 16,5% from 49,2 million tons in 2020/21 to 57,3 million tons in 2021/22. The increase in production can mainly be attributed to favourable climatic conditions for spring crops in 2021. Furthermore, it is important to note that the Ukraine and Russia, as two of the main sunflower seed exporting countries in the world, are expecting crops of 17,5 million tons and 15,6 million tons, respectively, in 2021/22. This represents an increase of 24,1% or 3,4 million tons in the Ukraine and an increase of 17,4% or 2,3 million tons in the case of Russia.

The FAS November 2022 report projected that global sunflower seed production will reach 51,3 million tons in 2022/23—a decrease of 10,5% or 6,02 million tons compared to 57,3 million tons during 2021/22. Sunflower seed production in the Ukraine is expected to decrease by 7,40 million tons or 42,3% to 10,1 million tons. Sunflower seed production in Russia is expected to increase by 1,4 million tons or 9,2% to 17,0 million tons.

Marketing, information and research

No statutory levies are applicable and the marketing of oilseeds is free from statutory intervention.

The information function is performed by the Department of Agriculture, Land Reform and Rural Development, through the Directorate: Statistics and Economic Analysis; Grain South Africa, which promotes the interests of oilseed producers and the SAGIS, a section 21 company funded by, among others, the oilseeds industry.

Research is financed with income from the Oilseeds Trust and performed by the ARC, the CSIR and other organisations.

Soya beans

Various soya bean cultivars have adapted quite well to South African conditions. Depending on prevailing local conditions, soya beans are usually planted in November and December. On ripening, the leaves turn yellow and the seeds' moisture content decreases – from about 65% to 14% within 14 days – provided hot, dry weather occur.

It is a relatively difficult crop to grow and not all areas are suitable for soya bean cultivation. These plants thrive in warm, fertile, clayish soil and are mainly cultivated under dry land conditions.

Soya beans contributed approximately 15,2% to the gross value of field crops during 2021/22. The estimated average annual gross value of soya beans for the past five seasons up to 2021/22 amounts to R10 691 million.

Plantings and production

The plantings of soya beans ranged between 100 130 ha and 925 300 ha over the past 20 years.

During the 2022 season, soya beans were grown primarily in Free State (415 000 ha or 44,9%), Mpumalanga (300 000 ha or 32,4%), North West (100 000 ha or 10,8%), Gauteng (45 000 ha or 4,9%) and KwaZulu-Natal (39 000 ha or 4,2%). The main factors contributing to this positive trend in soya bean planting include investments in new oilseed processing plants, an improved affinity by farmers to use soya beans as a rotational crop with maize and better soya bean prices.

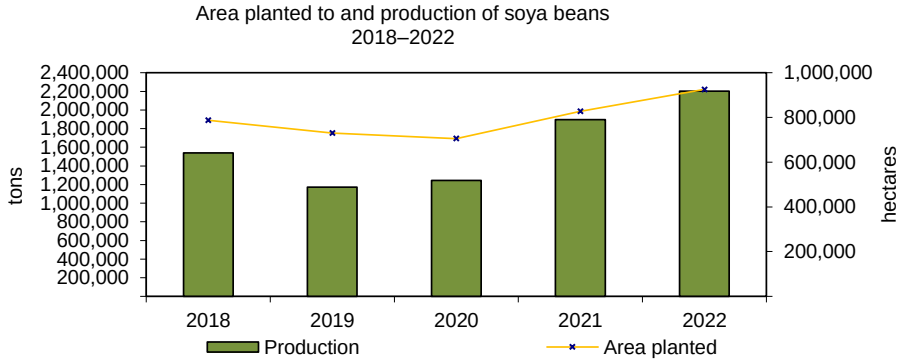
During the 2022 season, an estimated 925 300 ha were planted for commercial use, compared to an estimated 827 100 ha the previous season. This represents an increase of 11,9% and is 27,7% more than the five-year average of 724 750 ha up to 2021.

South Africa had an excellent start to the 2021/22 season, with carry-over soil moisture and widespread rains during October and November 2021, ensuring oilseed producers could start planting on time. Although good weather conditions continued through November and December 2021, some growing regions received excessive rainfall that negatively impacted yields. Excessive rainfall in parts of the western Free State and North West led to flooding which destroyed planted fields. In addition, the sandy water-table soils were saturated, causing damage to waterlogged planted crops. Many areas in Free State recorded historically high rainfall figures. However, the adverse effects of the excessive summer rain were largely mitigated by a warmer and drier January and February 2022, providing conducive growing conditions that positively affected anticipated yields.

The crop of an estimated 2,201 million tons in 2022 (the highest on record) represents an increase of 16,0% from the 2021 crop of 1,897 million tons. It is also 53,5% higher than the average of 1,434 million tons for the five years up to 2021. The average yield of 2,38 t/ha is 3,7% more than the 2,29 t/ha of the previous season. Following the introduction of the statutory levy on soya beans that will support the availability of new technology to South African producers, the average yield of soya beans is projected to increase over time.

Plantings, production and yields of soya beans from 2018 to 2022 are as follows:

Season	**2018**	**2019**	**2020**	**2021**	**2022**
Plantings (ha)	787 200	730 500	705 000	827 100	925 300
Production (t)	1 540 000	1 170 345	1 245 500	1 897 000	2 201 000
Yield (t/ha)	2,29	1,96	1,60	2,29	2,38



Producer prices

The international market mainly influences the local soya bean market. Local soya beans prices are mainly determined by import and export parity prices, as well as the derived price of oil and oil cake prices. The oilseeds market is very complex in this regard as the products that are obtained through the processing of soya beans, namely, the oil and oilcake, can be imported separately, thereby adding a third factor to the price formation mechanism of oilseeds, namely the derived price. The derived price is the calculated price that takes into account the value of the oil and oilcake imports.

The average local producer price of soya beans for 2022 is approximately R8 753/ton, which is 20,7% more than the price for 2021. Local soya bean prices are, among other factors, influenced by international soya bean and vegetable oil prices. Other factors include the level of soya bean production in South America, the demand for imported soya in China, marine freight rates and the rand/dollar exchange rate.

The average producer prices of soya beans from 2018 to 2022 are as follows:

Year	**2018**	**2019**	**2020**	**2021**	**2022**
	R/ton				
Producer price	4 594	4 680	6 325	7 254	8 753

Consumption

The National Agricultural Marketing Council established the South African Grain and Oilseeds Supply and Demand Estimates Committee (S&DEC) in 2013 after an extensive consultation process. The committee was formed to address the specific need for accurate information that relates to grain imports and exports to be made available timely to all stakeholders. In addition, there was also a need for the release of official supply and demand figures for the major grain and oilseed crops, namely, white and yellow maize, wheat, sorghum, sunflower seed and soya beans.

The soya bean marketing season in South Africa commences on 1 March and ends on 28 February. An estimated total of 2,350 million tons of soya beans were available for utilisation during the 2022 marketing season. It comprises carry-over stocks on 1 March 2022 amounting to 168 387 tons, the estimated production (excluding retentions by producers) of 2,169 million tons, a surplus of 2 500 tons and projected imports of 10 000 tons.

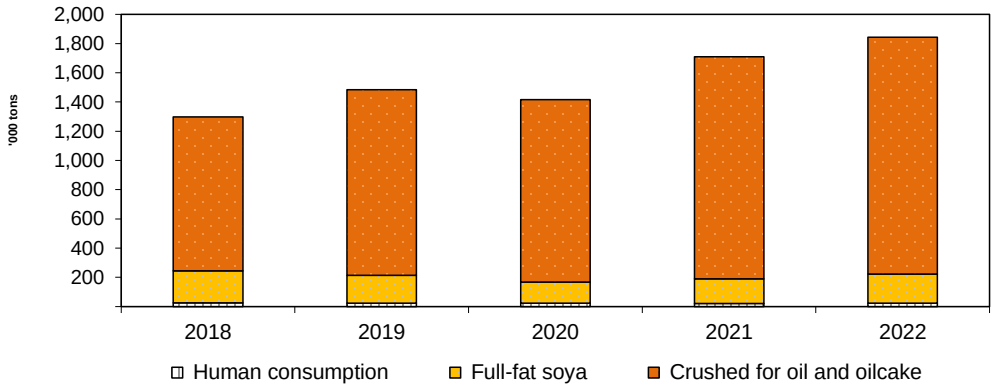
In South Africa, soya beans are mainly used for animal feed. The local demand for soya bean meal, as the preferred source of protein for animal feed, has increased in correlation with the increase in poultry production in South Africa and more than doubled over the past decade. As local production of soya bean meal was limited in the past, almost all of the local consumption had to be imported. With the expansion of the local soya bean crushing industry and soya bean production, imports as a percentage of local consumption is expected to show a decreasing trend.

The local commercial consumption of soya beans for 2022 is projected at 1,856 million tons—200 000 tons for feed (full-fat soya), 1,620 million tons for oil and oilcake and 23 000 tons for human consumption. Other consumption is estimated at 12 700 tons.

The projected exports during 2022 are 220 000 tons. Carry-over stocks on 28 February 2023 are expected to be approximately 274 187 tons.

The following graph illustrates the commercial consumption of soya beans.

Commercial consumption of soya beans
2018–2022



Trade

During the first nine months of 2022, South African exports of soya beans were mainly to Malaysia and Zimbabwe, as well as Mozambique. South African imports for the mentioned period were mainly from the Zambia.

The imports and exports of soya beans from 2018 to 2022 are as follows:

Year	**2018**	**2019**	**2020**	**2021**	**2022***
	Tons				
Imports	6 900	9 100	116 100	13 400	10 000
Exports	32 800	5 300	1 100	42 300	220 000

**Projected*

International overview

According to the World Agricultural Supply and Demand Estimate (WASDE) report released in November 2022, world production of soya beans decreased slightly by 3,5%, from 368,5 million tons for the 2020/21 season to 355,6 million tons for 2021/22. The decrease in world production can mainly be attributed to the smaller crops in Brazil, Argentina and China. Brazil contributed 35,7% (127,0 million tons), Argentina contributed 12,3% (43,9 million tons) and China 4,6% (16,4 million tons) to world production. However, for the same period, an increase is projected for the United States, where soya bean production is expected to increase by 6,8 million tons to 121,5 million tons and India with an increase of 14 million tons to 11,9 million tons.

Outlook

Total soya bean processing capacity in South Africa (crush and full fat) is derived from a combination of dedicated soya bean processing facilities, as well as plants with the ability to switch between soya beans and sunflower seed. A return to longer-term trend yields and the substantial area expansion projected in 2022 is expected to be sufficient for dedicated soya bean processing facilities to reach a benchmark utilisation rate of 80%. Combined with dual plants, however, total capacity is more than 2 million tons, suggesting that South Africa has ample capacity to process (crush and full fat) the projected volumes until 2026, if crush margins are sufficient to induce switching of dual plants into soya bean crushing.

Role players in the soya bean industry had, through the Sunflower and Soybean Forum, requested the Minister of Agriculture, Forestry and Fisheries to impose a statutory levy on soya beans. The purpose of the levy is to

compensate breeders of soya bean varieties for their contribution to benefit the soya bean industry in South Africa through the successful procurement and utilisation of improved international and local agricultural intellectual property.

The Minister of Agriculture, Forestry and Fisheries approved the statutory levy on soya beans on 22 June 2018, according to which seed companies can be compensated for their performance in the soya bean seed market.

The Breeding and Technology levy on soya beans has been approved for a further two years with effect from 1 March 2023. The levy is R66,00 per ton for the first year and R92,00 per ton for the second year. These values are calculated at 1,2% of the previous marketing year's average soya bean price and will be payable when producers sell their soya beans.

The soya bean levy will be administered by the SA Cultivar and Technology Agency (SACTA) and paid to seed companies according to their market share. SACTA is a non-profit company established to administer seed levies for all open-pollinated crops. Levies on wheat and barley for this purpose have already been collected and paid by SACTA for a second year.

It is expected that the positive trend in local soya bean plantings will continue in the 2023 season. The current high input cost environment will also contribute to an expansion in soya bean plantings. In general, soya beans uses fewer farming inputs, especially fertiliser, compared to maize, so many producers will choose to plant oilseeds in the next season. As of February 2022, the cost of fertiliser and herbicides more than doubled for South African producers driven by increased global prices. With Russia a being leading exporter of fertiliser materials, the Russia-Ukraine war is adding upside risks on fertiliser prices and availability. This disruption could push fertiliser prices even higher than the spikes experienced in the past 18 months and could limit an expansion in the maize area in favour of oilseeds.

In October 2022, the intended soya bean plantings of South African farmers were 1,076 million ha for the 2023 season, which is 16,2% more than the 925 300 ha planted during 2022.

The November 2022 WASDE report projected the global production of soya beans for the 2022/23 marketing season at 390,5 million tons—an increase of 9,8% or 34,9 million tons from 355,6 million tons in 2021/22. Increases are projected for Brazil, Argentina, China and Paraguay. This increase in world production can mainly be attributed to the larger expected crops of Brazil with an increase of 25,0 million tons to 152,0 million tons, followed by Argentina with an increase of 5,6 million tons to 49,5 million tons, China with an increase of 2,0 million tons to 18,4 million tons and Paraguay with 5,8 million tons to 10,0 million tons. However, for the same period, a decrease is projected for the United States, where soya bean production is expected to decrease by 3,3 million tons to 118,3 million tons and India with a decrease of 400 000 tons to 11,5 million tons.

Research and information

Locally, the ARC, the CSIR and other organisations financed by income from the Oil and Protein Seeds Development Trust, perform research on soya beans.

The Department of Agriculture, Land Reform and Rural Development through the directorate performs the information function: Statistics and Economic Analysis, by Grain South Africa and by SAGIS, a section 21 company funded by the four-grain trusts. SAGIS collects, collates and publishes highly factual and reliable market information (stocks, imports, exports, producer deliveries and consumption) once a month. Since February 2018, SAGIS has started to report on weekly producer deliveries for soya beans and sunflower seed.

Accurate crop forecasts and estimates also play an important role by providing up-to-date information, upon which important decisions and measures can be based. The crop estimates are a result of the collated inputs of and consensus reached by the various members of the Crop Estimates Committee.

Groundnuts

Plantings and production

The normal planting time for groundnuts is mid-October to mid-November. Groundnuts are a high value crop produced mainly in the north-western regions of South Africa, particularly the western and north-western parts of Free State, in North West and in Northern Cape. Groundnuts are also produced in Limpopo, KwaZulu-Natal and Mpumalanga, but to a lesser extent.

During the 2021/22 production season, 46,1% of the plantings were in North West, 43,8% in Free State and 5,5% in Northern Cape. The remaining 4,6% of plantings were in Limpopo.

Groundnuts contributed approximately 0,3% to the value of local field crops in 2021/22, while the average annual gross value of groundnuts for the five years up to 2021/22 amounts to approximately R420 million.

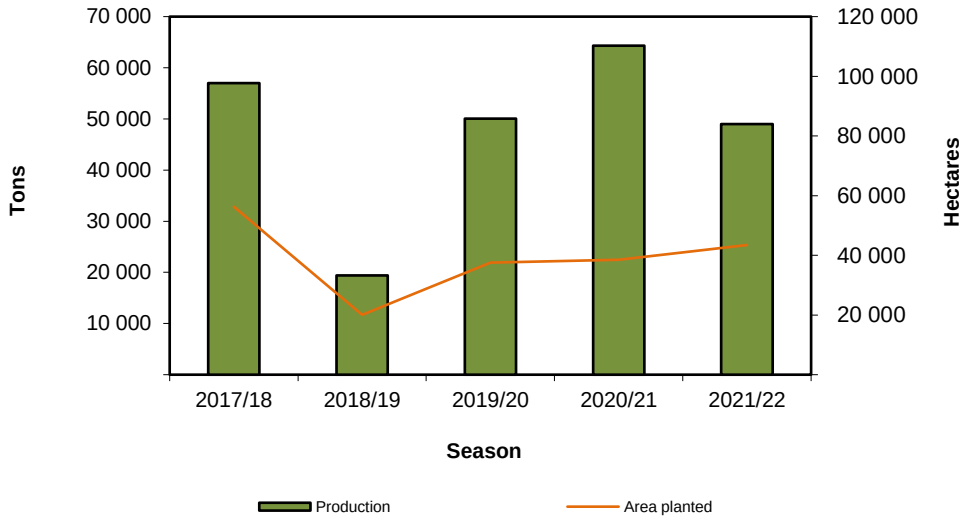
An estimated 43 400 ha were planted to groundnuts for commercial use, compared to 38 550 ha planted during 2020/21. This represents an increase of 12,6% and is 4,1% more than the average of 41 680 ha planted during the five years up to 2020/21.

An estimated commercial crop of 49 000 tons of groundnuts was produced during 2021/22. This represents a decrease of 23,8% from the 2020/21 crop of 64 300 tons. The 2021/22 crop is 13,4% less than the five-year average of 56 566 tons up to 2020/21. The average yield for 2021/22 was 1,13 t/ha, which is 32,3% less than the 1,67 t/ha of the previous season and 16,8% less than the five-year average of 1,36 t/ha up to 2020/21.

Plantings, production and the yield of groundnuts from 2017/18 to 2021/22 are as follows:

Season	2017/18	2018/19	2019/20	2020/21	2021/22
Plantings (ha)	56 300	20 050	37 500	38 550	43 400
Production (t)	57 000	19 400	50 080	64 300	49 000
Yield (t/ha)	1,01	0,97	1,34	1,67	1,13

Area planted to and production of groundnuts
2017/18–2021/22



Producer prices

Groundnuts are traditionally an export commodity and local prices are determined mainly by export parity.

The average producer prices of groundnuts from the 2018/19 to 2022/23 marketing seasons were as follows:

Season	2018/19	2019/20	2020/21	2021/22	2022/23*
	R/ton				
Producer price	7 812	7 858	7 934	7 831	7 874

**Preliminary*

The average producer price for groundnuts shows a slight increase of 0,55%, from R7 831/ton in 2021/22 to R7 874/ton in 2022/23.

Trade balance

The SA Groundnut Forum has requested all role players to comply with legally prescribed standards for permissible levels of chemical residue on groundnuts destined for export in order to maintain the market share of South African groundnuts, especially in the European Union and Japan. These regulations are based on the principle of Critical Good Agricultural Practices (CGAP).

South Africa generally applies an import duty of 10,0% ad valorem on imports of groundnuts. However, imports of groundnuts from Member Countries of the following regional structures may enter South Africa free of duty: SACU, the European Union and SADC. This is due to free trade agreements that exist between South Africa and abovementioned regional structures.

Imports of groundnuts to and exports from South Africa during the five marketing seasons (March to February) up to 2021/22 are as follows:

Season	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23***
	Tons				
Imports	10 300	33 700	30 300	23 900	15 000
Exports	10 400	4 900	7 700	6 800	7 000

**Projections*

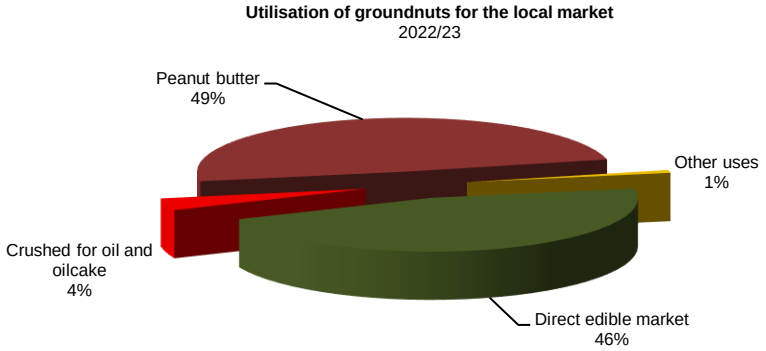
It is expected that the South African groundnuts imports could decrease by 37,2%, from 23 900 tons in 2021/22 to 15 000 tons in the 2022/23 marketing season. During the first seven months of the abovementioned marketing season, South African imports of groundnuts were mainly from Argentina, Brazil, Zambia, China and Namibia.

The expected groundnuts exports show an increase of 2,9%, from 6 800 tons in 2021/22 to 7 000 tons in 2022/23. The major export destinations for South African groundnuts are Japan, Mozambique, the Netherlands and Belgium.

Consumption

An estimated 86 700 tons of groundnuts will be available for utilisation during the 2022/23 marketing season. Carry-over stocks on 1 March 2022 amounted to 22 700 tons and the estimated production is 49 000 tons. Projected imports amount to approximately 15 000 tons.

In South Africa, groundnuts are mainly consumed in two forms, i.e., as edible nuts and processed peanut butter. The local commercial consumption of groundnuts for 2022/23 is estimated at 69 800 tons—2 500 tons for oil and oilcake, 34 000 tons for peanut butter, 32 000 tons for the direct edible market and 1 300 tons as pods. Other consumption (released to end consumers, seed, etc.) amounts to 600 tons. The projected exports during 2022 are 7 000 tons. Carry-over stocks on 28 February 2023 are expected to be approximately 9 300 tons.



The per capita consumption for the 2022/23 marketing season is projected at 0,62 kg, which is 10,7% more than the 0,56 kg in the previous season.

International overview

During 2021/22, Asia accounted for 56% of the world production of groundnuts, followed by Africa which accounted for 30%, North and South America accounted for 6% and 4%, respectively, and other continents accounted for 4%.

The world production of groundnuts shows a slight increase of 0,2% (0,12 million tons), from 50,26 million tons in 2020/21 to 50,38 million tons in 2021/22. This increase can mainly be attributed to the 1,5% (0,41 million tons) increase in Asia's groundnut production, from 27,79 million tons in 2020/21 to 28,20 million tons in 2021/22. However, Africa's groundnut production decreased by 4,3% (0,68 million tons), from 15,69 million tons in 2020/21 to 15,01 million tons in 2021/22.

The increase in the production of groundnuts in Asia is mainly due to the increase in China's production of groundnuts. China's production of groundnuts increased by 1,8% (0,32 million tons), from 17,99 million tons in 2020/21 to 18,31 million tons in 2021/22.

The decrease in the production of groundnuts in Africa is mainly due the decrease in Sudan's production of groundnuts. Sudan's production of groundnuts decreased by 14,8% (0,41 million tons), from 2,77 million tons in 2020/21 to 2,36 million tons in 2021/22. Burkina Faso, Senegal, Mali, Ghana, Niger, Uganda, Cote d'Voire (Ivory Coast) and South Africa also contributed to the decrease in the production of groundnuts in Africa.

The world production of groundnuts is expected to decrease by 0,2% (0,11 million tons), from 50,38 million tons in 2021/22 to 50,29 million tons in 2022/23. The decrease can mainly be attributed to the expected decreases in North America, Asia and South America's production of groundnuts. North America's production of groundnuts is expected to decline by 9,1% or 0,27 million tons, followed by Asia with an expected decline of 0,5% or 0,13 million tons and South America with an expected decline of 2,9% or 0,06 million tons in 2022/23. Despite the decline in production of the previously mentioned countries, Africa's production of groundnuts is expected to increase by 2,7% or 0,4 million tons in 2022/23.

The expected decline in the production of groundnuts in North America is mainly due to the expected decrease of 9,3% or 0,27 million tons in the United States in 2022/23. The expected decline in Asia is mainly due to the expected decrease of 2,2% or 0,15 million tons in India and the expected decline in South America is mainly due to the expected decrease of 6,7% or 0,09 million tons in Argentina in 2022/23. The expected increase in Africa's production of groundnuts for 2022/23 is mainly due to the expected increase in Nigeria and Sudan's groundnut production of 6,4% or 0,27 million tons and 5,9% or 0,14 million tons, respectively.

Canola

Canola was developed in the early 1970s using traditional plant breeding techniques by Canadian plant breeders to remove the anti-nutritional components (erucic acid and glucosinolates) from rapeseed to assure its safety for human and animal consumption. The canola plant produces seeds with a very low level of saturated fat.

Local and international investors in the oilseed-crushing sector are boosting South Africa's capacity to process local oilseed crops such as soya beans, canola and sunflower seed. This forms part of efforts to meet growing domestic demand for proteins and to be less dependent on imports of these crops.

Almost the entire canola crop in South Africa is produced in Western Cape, particularly in the Southern Cape. Over time, there were also farmers in other areas of South Africa, such as Northern Cape, Free State, Eastern Cape, KwaZulu-Natal, Limpopo and North West, who started to plant small quantities of canola.

Plantings and production

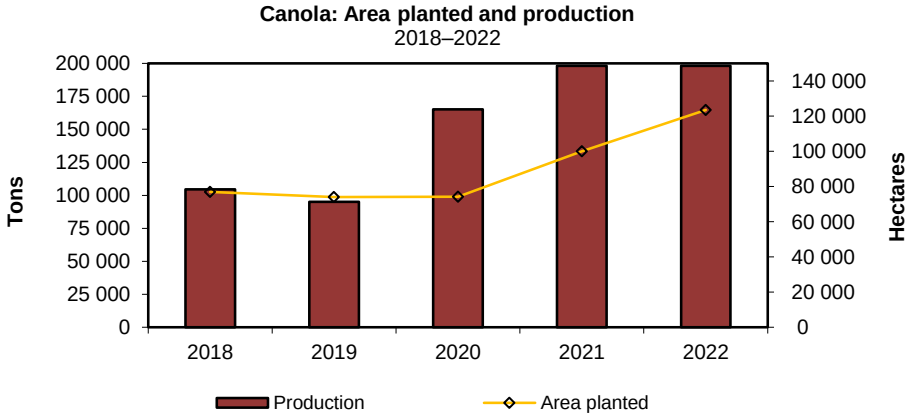
While the estimated area planted to canola increased by 23,5%, from 100 000 ha in 2021 to 123 510 ha in 2022, production was expected (October 2022) to increase by 0,1%, from 198 100 tons to 198 230 tons. The crop's rapid growth can be attributed to favourable prices as well as higher yields obtained during the past two seasons. This is the largest expected canola crop ever recorded for South Africa.

The expected average yield decreased by 19,2%, from 1,98 t/ha in 2021 to 1,60 t/ha in 2022. This is mainly due to rainfall deficits since the start of planting in May in Western Cape, the largest canola producing province, that hampered yields. However, this is the third highest yield ever recorded.

Estimated plantings, production and yields of canola from 2018 to 2022 are as follows:

Season	**2018**	**2019**	**2020**	**2021**	**2022**
Plantings (ha)	77 000	74 000	74 120	100 000	123 510
Production (t)	104 500	95 000	165 200	198 100	198 230
Yield (t/ha)	1,36	1,28	2,23	1,98	1,60

The areas planted to and production of canola is depicted in the following graph.



The planting of canola as an alternative to small grain crops has become an important part of crop rotation practices in Western Cape. It is particularly the herbicide-resistant cultivars that make it possible for canola to be included in crop rotation systems with wheat in many regions. In such crop rotation systems, canola usually causes an increase in the yields of the subsequent crops.

Consumption

Canola oil is the healthiest commodity oil available to consumers, the food service industry and food processors. Canola oil contains the least amount of saturated fat (7%) of any common edible oil, with the remaining 93% being healthy monounsaturated and polyunsaturated fats. The polyunsaturated fats in canola oil are essential omega-3 and omega-6 fatty acids. The omega-3, alpha-linolenic acid, may help prevent heart attacks and strokes. The omega-6, linoleic acid, is important for the brain and essential for the growth and development of infants.

Canola meal is used as an animal feed for dairy cows, pigs and poultry. Its unique characteristics are especially valuable in the dairy industry, where it has been shown that by including 20% canola meal in a feed ration improves milk production by one litre per cow per day.

Canola is primarily used for the manufacturing of canola oil and oilcake. On the local market, canola competes with other oilseeds such as sunflower seed and soya beans. The market for soft oils (oils that are liquid at room temperature), including canola oil, is a huge one and applications for this market are typically bottled oil for household use, e.g., soft margarine, mayonnaise, salad oil and various industrial uses.

The total supply of canola is projected at 215 280 tons for the 2021/22 marketing season. This includes an opening stock as from 1 October 2021 of 17 340 tons, domestic production of 197 940 tons and no imports this marketing season. Total demand for canola for the 2021/22 marketing season was approximately 139 330 tons, while carry-out stocks on 30 September 2022 were approximately 43 650 tons.

For the 2022/23 marketing season, the total supply of canola is estimated at 241 880 tons (the estimated canola crop of 198 230 tons, together with carry-over stocks of 43 650 tons). Domestic demand for canola is estimated at 123 810 tons, while carry-out stocks at the end of September 2023 is expected to reach 87 070 tons.

Prices

As a large percentage of the local demand for vegetable oil is imported, the international oilseed prices largely determine the local prices of oilseeds and therefore the price of soya bean oilcake. The price of canola oil is based on the local price of sunflower oil and soya bean oilcake. Prices paid to producers vary, depending on the protein content and whether it is delivered for the feed market or to be crushed for oil.

The average producer prices of canola from 2018 to 2022 are as follows:

Season	**2018**	**2019**	**2020**	**2021**	**2022**
	R/ton				
Producer price	5 503,50	5 350,00	6 200,00	8 933,00	10 668,00

The average producer price of canola increased by 19,4%, from R8 933, 00/ton in 2021 to R10 668, 00/ton in 2022. It is evident that the canola industry has been experiencing an upward trend in producer prices for the past couple of years

International overview

Global canola production has grown rapidly over the past 40+ years, rising from the sixth largest oil crop (soya beans, canola/rapeseed, sunflower seed, peanuts, cotton seed, palm kernel and copra) to the second largest. During 2022/23, canola production is expected to contribute 13,0% to world oil crop production. During the same period, soya bean production, which is the largest oilseed crop, is expected to contribute 60,5% of the world oilseed crop production.

The USDA Foreign Agricultural Service indicated in October 2022 that world production of canola/rapeseed increased by 13,5%, from 73,8 million tons in the 2021/22 marketing season to 83,8 million tons in the 2022/23.

The key global canola producers during the 2022/23 marketing year are Canada contributing 23,3% (19,5 million tons), the European Union contributing 22,9% (19,2 million tons), China contributing 17,5% (14,7 million tons), India contributing 13,1% (11,0 million tons) and other countries contributing 23,2% (19,4 million tons) to world production.

The European Union, Japan and China are the primary importers (62,0%) of canola seed, while Canada accounts for 45,5% of canola seed exports.

Global canola consumption is expected to reach 80,3 million tons for 2022/23, compared to 75,2 million tons for the 2021/22 season—an increase of 6,7%.

Global ending stocks for 2022/23 are expected to increase by 2,4 million tons, from 4,9 million tons in 2021/22 to 7,3 million tons in 2022/23.

Research and information

The Western Cape Department of Agriculture conducts research and cultivar trials on canola. The Protein Research Foundation (PRF) funds this research and it is the task of the canola-working group of the PRF to promote the local canola industry.

The information function for canola is performed by the SAGIS; a section 21 company funded by, among others, the oilseeds industry.

Cotton

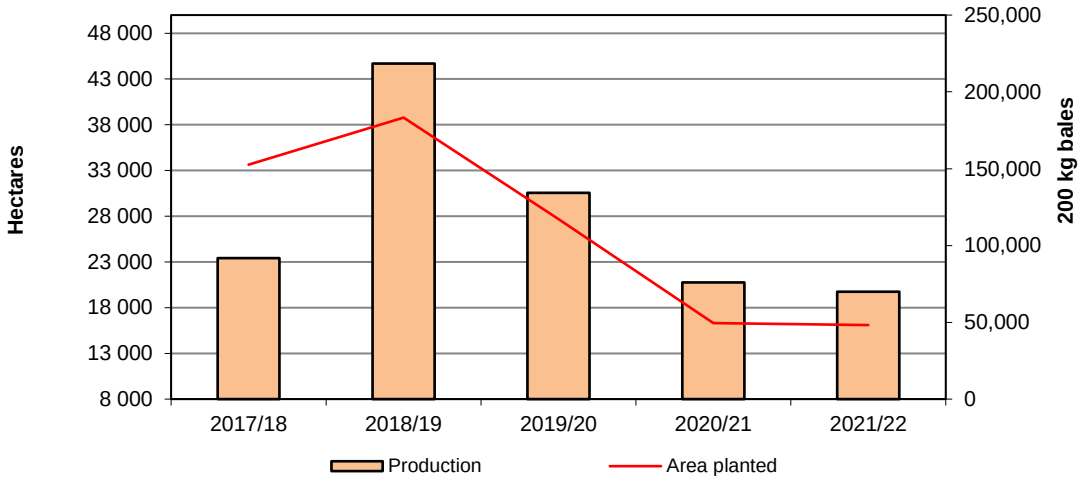
In South Africa, cotton is grown in the warm regions of Limpopo, Mpumalanga, Northern Cape, North West and KwaZulu-Natal where minimum night temperatures are at least 15 °C during the growing season. Cotton is planted mainly during October, although planting can be done until the second half of November.

The cotton industry is labour intensive and provides work for roughly one worker per hectare of cotton planted. Oil extracted from cottonseed can be used for cooking and salad dressings. Extracted seed can also be used as a fertiliser or as feed for livestock, poultry and fish.

Area planted and production

The total area planted to cotton in South Africa for the 2021/22 production season is estimated at 16 095 ha, which is a decrease of 1, 3% from 16 313 ha of the previous season.

Area planted to cotton and production of cotton lint in the RSA
2017/18–2021/22



Source: Cotton SA

Yields per hectare under irrigation are 4,1% more than on dry land. An estimated average yield of 4 366 kg/ha seed cotton was realised on irrigated land during the 2021/22 production season, compared to 1 059 kg/ha realised on dryland.

During 2021/22, an estimated 58, 6% of the total area planted to cotton was on dryland, as against 35, 6% in the previous season. The area under irrigation also decreased by 36, 5% from 2020/21 to 2021/22.

The domestic production of cotton lint for the 2021/22 marketing season (April to March) is estimated at 69 937 bales of 200 kg each, which is a decrease of 8,0% from the 76 009 bales produced during the 2020/21 season.

Areas planted to cotton and the production of cotton lint from the 2017/18 to 2020/21 production seasons by the RSA and Eswatini compare as follows:

RSA

Production season	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
Total RSA plantings (ha)	33 628	38 785	27 675	16 313	16 095
Dryland (ha)	14 355	16 020	16 132	5 802	9 424
Irrigation (ha)	19 273	22 765	11543	10 511	6 671
Production of cotton lint (200 kg bales) from RSA-grown cotton	91 742	218 430	134 230	76 009	69 937

Eswatini

Production season	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
Total Eswatini plantings (ha)	1 000	1 750	1 417	1 585	1 660
Dryland (ha)	1 000	1 750	1 417	1 585	1 660
Irrigation (ha)	0	0	0	0	0
Production of cotton lint (200 kg bales) from produce Eswatini - grown cotton	2 636	4710	3800	4 260	4 490

** Estimates (September 2020)*

Source: Cotton SA

World cotton production for 2021/22, as forecast by the International Cotton Advisory Committee (ICAC), is expected to be 25,7 million tons. The mill use is expected to remain robust during the 2021/22, while stocks are believed to be sufficient to meet increasing demand.

The international reference price of cotton, as measured by the Cotlook A-index, has risen dramatically during the previous season and this trend continues in the current season.

Cotton is an agricultural product and the uncertainties in production, consumption, weather condition and pest pressures all contribute to the price volatility surrounding these uncertainties.

The average producer price for seed cotton (lint and seed derived from the boll of the cotton plant before it is ginned) for the 2020/21 marketing season (April to March) was 772 c/kg, while the price for 2021/22 is projected to remain a constant 886 c/kg. In South Africa, the price of cotton normally emulates global price trends.

The average South African producer prices for seed cotton and cotton lint compare as follows:

Marketing year	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23***
	c/kg				
Seed cotton	798	799	772	886	829
Cotton lint	2 191	2 269	2 156	2537	2 347

**Projections*

Consumption

Consumption of cotton lint by RSA and Eswatini spinners for the 2021/22 marketing year is estimated at 97 400 bales of 200 kg, compared to the 60 270 bales of the 2020/21 year—an increase of 60, 9%.

Consumption of cotton lint by South African and Eswatini spinners compared as follows:

Marketing year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22***
	200 kg bales				
Consumption	108 320	94 795	85 400	60 270	97 400

**Projection*

Marketing arrangements, information and research

In terms of the free trade agreement between countries within the SADC region that has been in force since 2000, there has been no duty on cotton imports since 1 January 2004.

Locally, either the seed cotton is sold to a ginner who gins and sells lint to spinners and seed to processors, or a producer may contract a ginner to gin at a fee, in which case the lint will be sold either by the producer or by the contracted ginner on the producer's behalf.

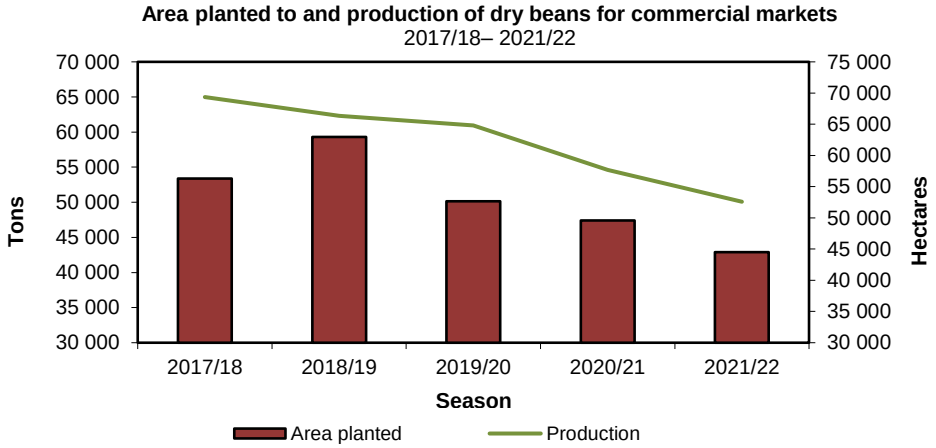
After the Cotton Board was dissolved in 1998, stakeholders in the cotton industry formed a section 21 company named Cotton SA. A statutory levy, which was introduced in April 2004 in terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), is applicable to finance research and the other functions of Cotton SA, namely information, promotion and grading. Research is coordinated by Cotton SA and performed by the ARC.

Dry beans

Areas planted and production

According to the Crop Estimates Committee, an estimated 42 900 ha were planted to dry beans for commercial markets during the 2021/22 production season, compared to 47 390 ha planted in 2020/21. This represents a decrease of 9,5% and 16,0% less than the average of 51 050 ha planted during the five years up to 2020/21. The estimated commercial crop of 52 590 tons for 2021/22 is 8,8% less than the previous crop of 57 672 tons. The 2021/22 crop is 19,5% less than the five-year average of 65 342 tons up to 2020/21. The average yield for the 2021/22 crop is approximately 1,23 t/ha—an increase of 0,7% from the 1,22 t/ha of the previous season.

Limpopo produced 34,6% (18 200 tons) of the 2021/22 commercial crop, followed by Free State with 26,5% (13 950 tons), North West with 16,6% (8 750 tons) and Mpumalanga with 12,6% (6 600 tons). The remaining 9,7% (5 090 tons) was produced in the other provinces.



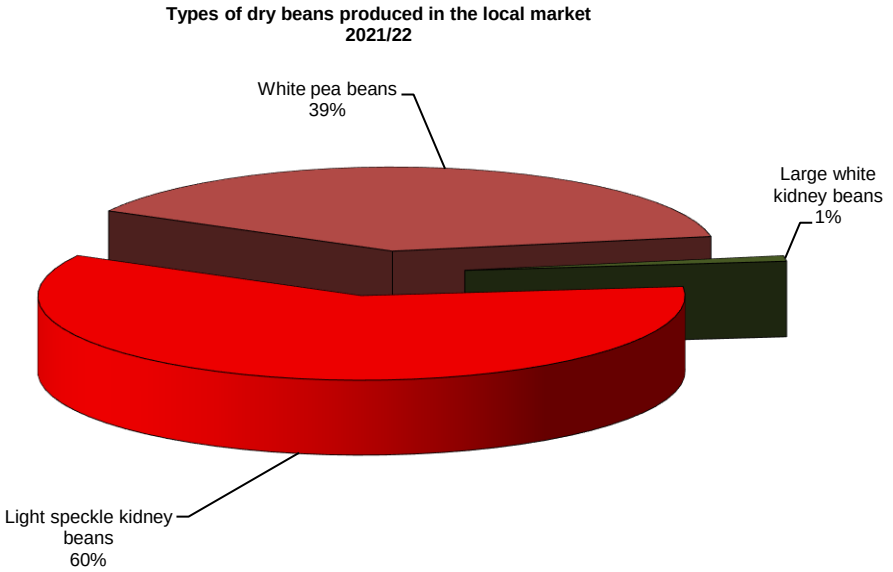
Production in the provinces and their share of the 2021/22 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Western Cape	150	0,29
Northern Cape	1 080	2,05
Free State	13 950	26,53
Eastern Cape	300	0,57
KwaZulu-Natal	2 760	5,25
Mpumalanga	6 600	12,55
Limpopo	18 200	34,61
Gauteng	800	1,52
North West	8 750	16,64
Total	52 590	100,00

Dry beans contributed an estimated amount of R1 092 million to the gross value of field crops for the 2021/22 season, which is 19,8% more than the R912 million of the previous season, while the average annual gross value of dry beans for the five years up to 2021/22 amounts to approximately R954 million.

The contribution of different types of dry beans to total local production in 2021/22 is estimated to be as follows:

Light speckled kidney beans – 31 139 tons (59,6%), white pea beans – 20 500 tons (39,2%), large white kidney beans – 550 tons (1,1%) and other dry beans – 40 tons (0,1%), mainly cariocas.



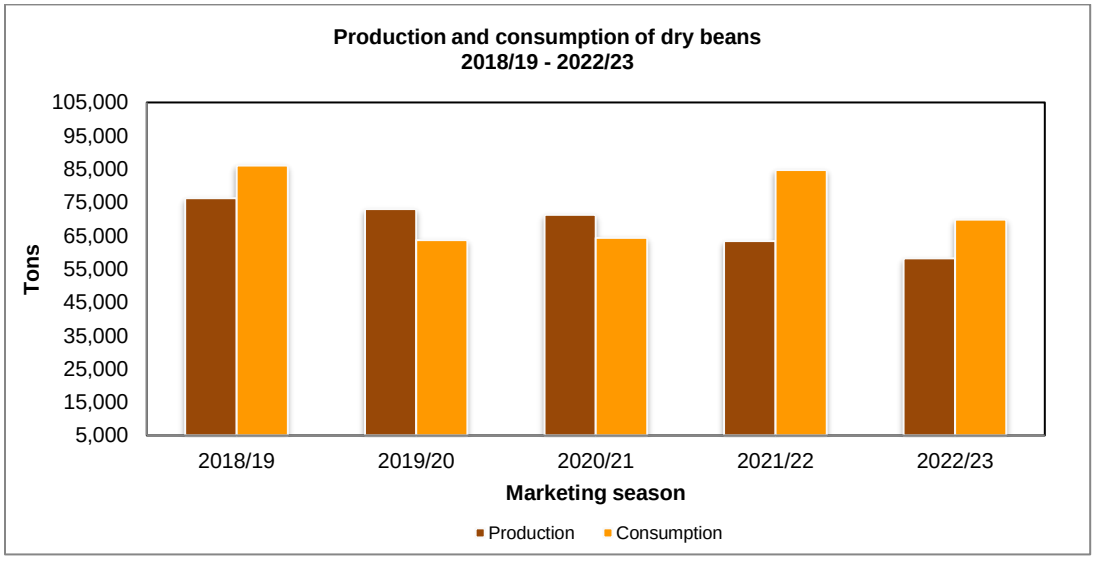
The most extensive seed production takes place in the Lowveld area of Mpumalanga, followed by Limpopo and Northern Cape.

In an attempt to improve profitability for producers and to meet the increase in protein demand, new cultivars with higher yields have been developed by the Dry Bean Producers' Organisation in cooperation with the ARC's Grain Crops Institute. These cultivars are suited for most soil types, have greater resistance to diseases and can be grown successfully in different areas.

Consumption

An estimated amount of 69 807 tons of dry beans is expected to be consumed locally during the 2022/23 marketing season (April to March), which is 17,6% less than the 84 743 tons in 2021/22. The projected per capita consumption for 2022/23 is 1,02 kg, which is 19,7% less than the 1,27 kg in 2021/22.

According to the Department of Agriculture, Land Reform and Rural Development, the quantities of dry beans produced and consumed from the 2018/19 to the 2022/23 marketing season were as follows:



Producer prices

The average prices received by producers for dry beans from the 2017/18 to 2021/22 production season are as follows:

Production season	2017/18	2018/19	2019/20	2020/21	2021/22
	R/t				
Producer price	13 137	11 544	12 892	14 396	19 210

The average producer price of dry beans increased by 33,4%, from R14 396/ton in the 2020/21 production season to R19 210/ton in the 2021/22 production season. The producer price of dry beans in South Africa is derived mainly from import parity from China and local supply and demand has little to no effect on price determination.

Trade balance

Imports of dry beans to and exports from South Africa during the five marketing seasons from 2018/19 up to 2022/23 are as follows:

Marketing season	2018/19	2019/20	2020/21	2021/22	2022/23*
	Tons				
Imports	28 232	17 279	27 380	43 148	35 500*
Exports	18 484	26 652	34 332	21 735	22 883*

**Projection*

The expected imports of dry beans show a decrease of 17,7%, from 43 148 tons in 2021/22 to 35 500 tons in 2022/23. Imports of dry beans during the first nine months of the 2022/23 marketing season were mainly from Mozambique and Malawi.

The projected exports of dry beans increased by 5,3%, from 21 735 tons in 2021/22 to 22 883 tons in the 2022/23 marketing season. During the first nine months of the 2022/23 marketing season, exports of dry beans were mainly to Vietnam and Taiwan.

Research and information

The Dry Bean Producers' Organisation is the national commodity organisation promoting the interests of the dry bean producers in the country. The main objectives of the organisation are to provide production and market information, support product and market research and ensure the supply of disease-free certified seed to producers.

Sugar

Sugar cane is a ratoon crop, which means that after cropping, new shoots emerge from the roots. It yields up to 10 crops from the original rootstock, after which it is uprooted and the field is replanted. This is done on a rotational basis, with approximately 10% of the area under sugar cane being replanted each season. Planting usually coincides with the first spring rains.

In the cooler production areas, sugar cane is harvested 18 to 24 months after re-sprouting. Late harvesting maximises growth and the sucrose content of the cane. In the coastal areas, where the crop grows faster, it is harvested at an average age of approximately 12 months, usually from April to December.

Industry overview

The South African Cane Growers' Association, established in 1927, administers the sugar cane growing industry in South Africa. The industry is regulated in terms of the Sugar Act, 1978 (Act No. 9 of 1978) and the Sugar Industry Agreement (SIA 2000), which are binding on all sugar cane growers and producers of sugar products.

The cane-growing sector comprises approximately 21 926 registered sugar cane growers farming predominantly in KwaZulu-Natal (KZN) and Mpumalanga.

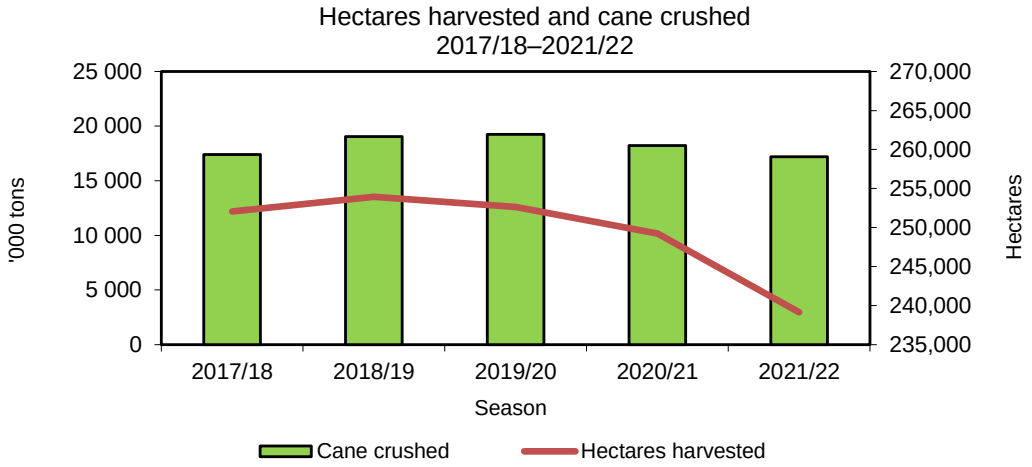
Six milling companies manufacture sugar with 14 sugar mills operating in the cane growing regions.

The R14 billion South African industry is cost effective, consistently ranking in the top 15 out of approximately 120 sugar-producing countries worldwide. The industry combines sugar cane production and production of sugar (raw or refined), syrup and some by-products.

Employment within the industry is estimated at 435 000 people (direct and indirect) and the industry have produced an average of approximately 2,2 million tons of sugar per season.

Production and price of sugar cane

The production of sugar cane decreased by 5,6% to 17,2 million tons from 2017/18 to 2021/22, while production for the 2022/23 season at 18,3 million tons is expected to be 6,3% higher than in 2020/21.



The average cane production over the past decade (from the 2012/13 to the 2021/22 season) is 17,6 million tons per annum, with the yield of harvested cane averaging 69,5 t/ha over the same period. The yield stands at 73,1 t/ha for the 2020/21 season. The area harvested decreased by 4,1%, from 249 250 ha in 2020/21 to 239 152 ha in 2021/22.

The producer price of sugar cane increased by 5,1%, from R613.28 in 2020/21 to R644.63 in 2021/22.

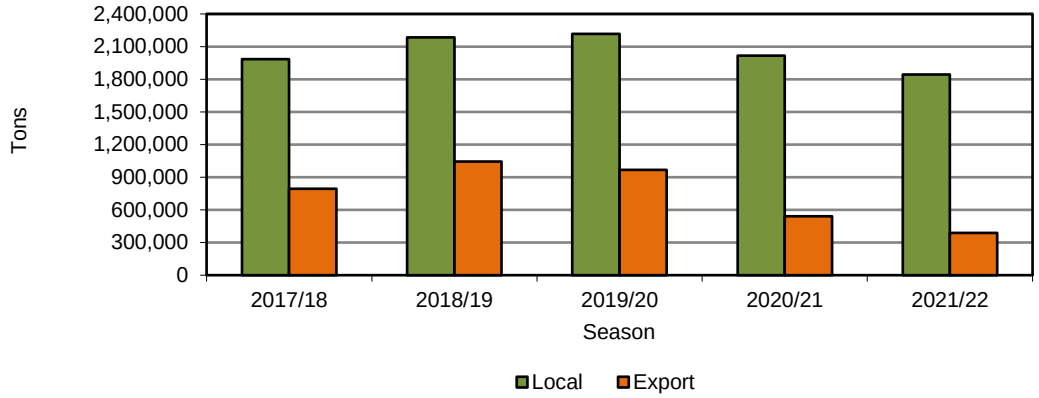
The average producer prices of sugar cane from 2017/18 to 2021/22 were as follows:

Year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	R/ton				
Producer price	544,46	451,58	517,38	613,28	644,63

Production and consumption of sugar

The local production of sugar reached a record level of 2,76 million tons during the 2002/03 season. For 2021/22, production is estimated at 1,84 million tons. The quantity of cane crushed to produce one ton of sugar stands at 9,33 tons for the 2021/22 season.

Production of sugar for local and export markets
2017/18–2021/22



Marketing

The Sugar Act, 1978 (Act No. 9 of 1978) and the Sugar Industry Agreement (SIA 2000), endorse a regulatory provision within which the pricing of refined sugar in South Africa takes place. The combination of the regulatory provisions allows the sugar industry to maintain a domestic sugar price that is at or near the import parity price, including the tariff that eradicates price discrimination and anti-competitive practises within the industry. With sugar prices pushed up close to import parity price, the country's sugar industry can maximise profit that will impact positively on the economy.

South Africa continues to be one of the world's most cost competitive producers of high quality sugar and the key drivers of excellence is its export infrastructure, world-renowned agriculture, industry research platforms and efficient industry organisation.

The raw sugar exports are handled at the Sugar Terminal in Durban. The terminal provides storage and handling facilities for the sugar industry's export production of bulk raw and bagged (raw and refined) sugar. It also houses a unique molasses mixing plant, which coats bulk raw sugar at the time of loading to produce variable levels of quality, as specified by the international buyers.

A total of 389 285 tons of sugar were produced for the international market during the 2021/22 season. About 60% of this sugar is marketed in the Southern African Customs Union (SACU) and the remainder is exported to markets in Africa, Asia and the Middle East. The total supply of 1,84 million tons of sugar to the Southern African Customs Union (SACU) during 2021/22 represents a decrease of 8,7% from the 2,02 million tons supplied in 2020/221.

The local production and sales of sugar to the SACU from 2016/17 to 2020/21 were as follows:

Year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	'000 tons				
Production	1 986	2 183	2 217	2 018	1 842
Sales to SACU	1 190	1 141	1 249	1 476	1 453

Research, training and other information

In order to improve the quality of the cane produced and the profitability of cane production, the South African Sugarcane Research Institute is tasked with developing new sugar cane varieties and the improvement of crop management and farming systems, which are then made available to cane farmers. This information includes improving soil quality, minimising the occurrence of pests and diseases and research on the optimal choice in the use of fertilisers, water and ripening and weed-control agents.

Currently, modern biotechnological approaches are deployed to develop systems for rapid bulking and distribution of high-quality cane seed and investigate the biological basis of sucrose accumulation in sugar cane, with a view to enhance the process. The quality of cane deliveries to the mills is determined by the Cane Testing Services, while Umthombo Agricultural Finance assists small-scale cane farmers with regard to credit and savings facilities.

HORTICULTURE

Deciduous fruit

Production areas

The main deciduous fruit producing areas of South Africa are situated in Western Cape and Eastern Cape, mostly in areas where warm, dry summers and cold winters prevail. According to the HORTGRO Tree Census of 2021, the area under deciduous fruit production during the 2021/22 season is estimated at 53 692 ha, a decrease of 1 127 ha (2,1%) compared to 54 819 ha the previous year.

The area planted in hectares (ha) per fruit type, over the past five seasons compares as follows:

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	Hectares				
Apples	24 156	24 176	24 930	25 272	24 956
Pears	12 265	12 319	12 674	12 913	12 743
Table grapes	21 067	21 798	21 100	20 564	20 379
Peaches and nectarines	9 066	8 686	8 171	8 049	7 686
Apricots	2 808	2 737	2 448	2 371	2 187
Plums	5 248	5 486	5 319	5 451	5 348

Production

In South Africa, there are about 863 producers of stone fruit and 638 producers of pome fruit.

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	Tons				
Apples	841 124	893 479	997 255	1 144 771	1 221 399
Pears	393 053	401 401	428 007	456 238	515 376
Table grapes	420 828	315 393	328 819	374 390	390 275
Peaches and nectarines	152 848	145 774	163 235	168 239	190 576
Apricots	30 949	26 307	15 538	33 195	24 406
Plums	75 184	61 585	65 373	101 969	102 054
Total	1 913 986	1 844 912	1 998 226	2 275 202	2 444 086

The production (tons) per fruit type, which excludes dried fruit, over the past five seasons compares as follows: The production of deciduous fruit increased by 7,4%, from 2,275 million tons in 2020/21 to 2,444 million tons in 2021/22. The production of all fruits showed an increase, except apricots which had a decrease of 8 789 tons (26,5%), from 33 195 tons in 2020/21 to 24 406 tons in 2021/22. Apples showed a big increase of 76 628 tons (6,9%), followed by pears with 59 138 tons (13,0%), peaches and nectarines with 22 337 tons (13,3%), grapes with 15 885 tons (4,4%) and plums with 85 tons (0,1%) increase.

Marketing

During 2021/22, deciduous fruit contributed approximately 27,6% to the gross value of horticultural products.

Approximately 367 567 tons of deciduous fruit were sold locally on the major fresh produce markets, other markets and directly to retailers during the 2021/22 season, representing an increase of 8,4% from the 339 005 tons sold during the 2020/21 season.

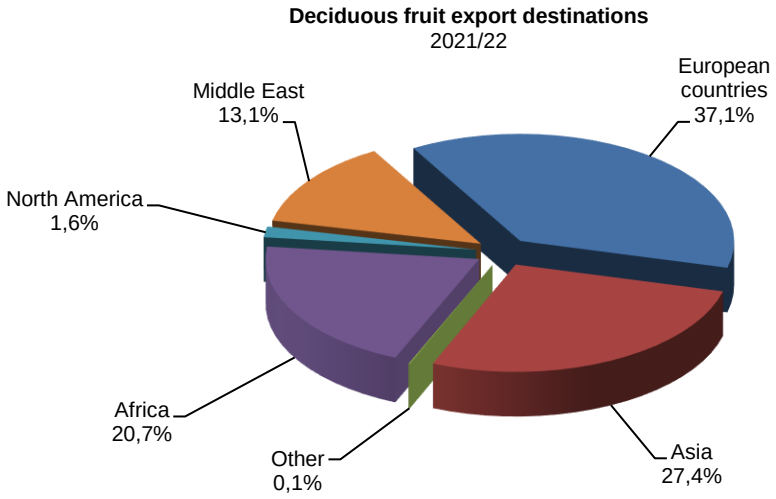
The average prices (R/ton) realised for deciduous fruit on the major fresh produce markets during the period 2017/18 to 2021/22 were as follows:

Fruit type	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	R/ton				
Apples	6 904	7 591	7 454	7 590	7 420
Pears	6 549	7 174	7 127	7 192	7 087
Table grapes	14 973	15 121	19 981	17 447	18 763
Peaches and nectarines	12 979	15 514	14 571	15 294	14 733
Apricots	13 198	15 845	18 065	15 326	17 114
Plums	7 431	9 666	9 524	8 669	8 202

The price of apricots showed the biggest increase of R1 788/ton (11,7%), followed by grapes with R1 316/ton (7,5%), while pears showed the least decrease of R105/ton (1,5%), followed by apples with R170/ton (2,2%), plums with R467/ton (5,4%), then peaches and nectarines with R561/ton (3,7%).

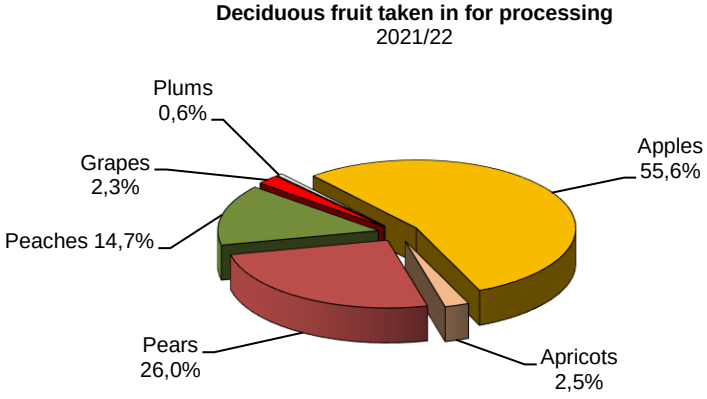
The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2021/22 season (October to September), about 51,5% of deciduous fruit produced was exported and approximately 83,6% of the gross value from deciduous fruit came from export earnings. Total exports amounted to 1 259 341 tons. This represents an increase of 3,5% from the 1 217 184 tons exported during 2020/21.

The following graph indicates deciduous fruit export destinations during 2021/22.



Intake of deciduous fruit for processing

During 2021/22, about 817 178 tons of deciduous fruit produced were utilised for processing—an increase of 13,7% from the 719 013 tons processed during 2020/21.



The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2021/22.
Over the past five seasons, most of the deciduous fruit was processed into juice, except for apricots and peaches, which were used mostly for canning.

During 2021/22, approximately 99,4% of apples taken in for processing was used for juice and 0,6% was used for canning, while 80,7% of pears was used for juice and 19,3% was canned. Producers received an average of R2 516 and R1 927 per ton for apples used for canning and for juice, respectively. In the case of pears used for canning and for juice, producers received an average of R2 795 and R1 866 per ton, respectively.

Domestic consumption

Local per capita consumption and total consumption of deciduous fruit over the past five years were as follows:

Season	2017/18	2018/19	2019/20	2020/21	2021/22
Per capita consumption (kg/year)	10.57	10.56	11.62	12.63	13.17
Total consumption (‘000 tons)	610	620	693	759	798

Prospects

The 2022/23 production season of stone fruits such as apricots, peaches and nectarines and plums are expected to increase by 4,0%, 7,0% and 4,0%, respectively. Indications are that the production for pome fruit will increase.

Viticulture

South Africa is the ninth-largest wine producer in the world, contributing 4,0% to the world’s wine production in 2021. The area under wine grape vineyards is estimated at 90 512 ha, which is 1,62% less than the 92 005 ha of the previous year.

The wine industry is labour intensive and provides employment to approximately 269 096 people directly and indirectly. The number of primary wine grape producers in South Africa is estimated at 2 613.

Wine is produced mainly in Western Cape and along parts of the Orange River in Northern Cape.

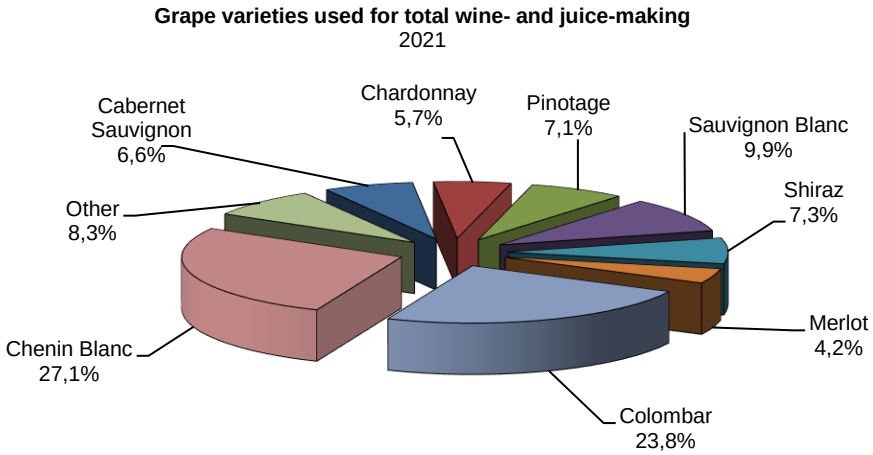
Production

Total production of wine, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages from 2017 to 2021, is as follows:

Year	2017	2018	2019	2020	2021
	Gross million litres				
Wine production	1 120	966	974	1 042	1 133

During 2021, wine production increased by 8,7%. Approximately 65,8% of the wine grapes utilised for winemaking purposes were white and 34,2% were red.

The use of different varieties of grapes during 2021 is depicted in the following graph:



Income of producers

The production of wine grapes and income of producers from 2017 to 2021 are as follows:

Year	2017	2018	2019	2020	2021
Wine-grape production ('000 tons)	1 437	1 244	1 248	1 342	1 460
Income of producers (R million)	5 827	6 298	6 161	5 785	6 649

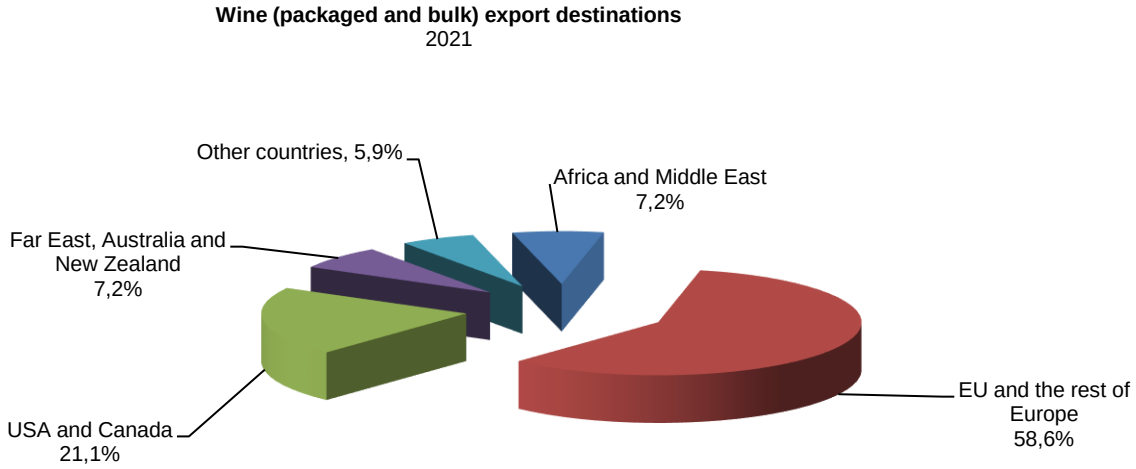
The producers' income increased by 14,9% in 2021, due to improved farm gate prices.

Total quantities of wine exported during the past five years are as follows:

Year	2017	2018	2019	2020	2021
	'000 litres				
Still wine	444 011	414 992	316 663	314 312	383 367
Fortified wine	315	351	174	221	229
Sparkling wine	4 059	4 820	2 945	3 418	4 381
Total	448 385	420 163	319 782	317 951	387 976

During 2021, 34,2% of the total wine produced was exported, compared to 30,5% during 2020.

The following graph depicts wine export destinations during 2021.



Consumption

The per capita consumption of wine on the domestic market from 2017 to 2021 is as follows:

Year	2017	2018	2019	2020	2021
	ℓ per capita				
Still wine	6,71	6,29	5,84	4,59	5,60
Fortified wine	0,54	0,57	0,53	0,28	0,38
Sparkling wine	0,15	0,15	0,19	0,14	0,18
Total	7,84	7,42	6,95	5,31	6,53

Information and administration

The SA Wine Industry Information and Systems NPC (SAWIS), a non-profit company under control and direction of the South African wine industry, is inter alia responsible for the collection, processing and dissemination of industry information and for the administration of the industry's Wine of Origin system.

Subtropical fruit

Measured in terms of value of production, the subtropical fruit industry earned R5 963 million in 2021/22—an increase of 10,0% from the 2020/21 figure of R5 427 million.

Production and production areas

The cultivation of some types of subtropical fruit is only possible in certain specific areas of the country because of climatic requirements. In general, subtropical fruit types need warmer conditions and are sensitive to large temperature fluctuations and frost. The best areas to produce these types of fruit in South Africa are in Limpopo, Mpumalanga and KwaZulu-Natal. Fruit types such as granadillas and guavas are also grown in Western Cape, while pineapples are cultivated in Eastern Cape and KwaZulu-Natal.

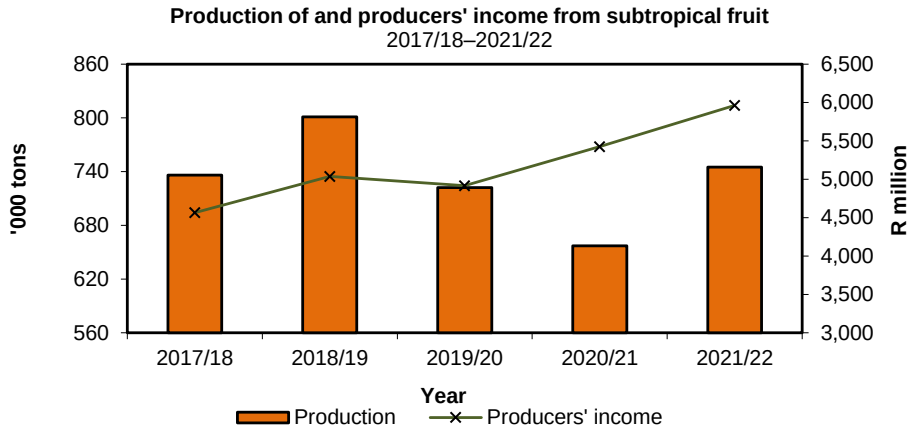
The total production area of avocados in 2021/22 is estimated at approximately 15 439 ha, mangoes at 5 252 ha and litchis at 1 549 ha.

The production of subtropical fruit from 2017/18 to 2021/22 is as follows:

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	'000 tons				
Avocados	87,0	116,1	86,5	87,8	87,3
Bananas	410,6	427,3	382,1	336,8	397,9
Pineapples	107,1	116,7	120,4	114,8	127,7
Mangoes	79,9	93,9	88,8	74,5	90,9
Papayas	14,2	11,6	14,0	9,4	8,6
Granadillas	0,6	0,8	1,0	0,7	1,3
Litchis	8,4	7,5	4,8	6,4	5,6
Guavas	27,8	26,9	24,3	27,0	26,1

The total production of subtropical fruit increased by 11,5%, from 657 476 tons in 2020/21 to 733 283 tons in 2021/22. Production of granadillas increased by 85,7%, mangoes by 22,0%, bananas by 18,1%, and pineapples by 11,2%.

However, the production of litchis dropped by 12,5%, papayas by 8,5%, guavas by 3,3%, and avocados by 0,6%.



Bananas, pineapples and mangoes contributed 53,4%, 17,1% and 12,2%, respectively, to the total production of subtropical fruit during the 2021/22 season.

Domestic sales

During 2021/21, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (76,0%), pineapples (7,8%), avocados (7,4%) and mangoes (6,3%), followed by papayas (1,5%) and guavas, litchis and granadillas combined (1,0%).

The quantities of avocados, mangoes, papayas, litchis and guavas sold on the major fresh produce markets decreased during 2021/22, while the quantities of bananas, pineapples and granadillas increased.

Total quantities of subtropical fruit sold on the major fresh produce markets (year ending 30 June) are as follows:

Fruit type	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	Tons				
Avocados	23 536	31 077	26 350	24 145	22 831
Bananas	241 171	249 528	222 625	195 963	233 370
Pineapples	27 833	23 703	24 441	20 918	23 993
Mangoes	23 035	29 621	22 541	19 259	19 220
Papayas	9 045	6 888	7 460	5 318	4 633
Granadillas	477	489	506	385	398
Litchis	1 450	1 422	984	1 653	986
Guavas	1 559	1 708	1 938	1 853	1 771
Total	328 106	344 436	306 845	269 494	307 202

Intake for processing

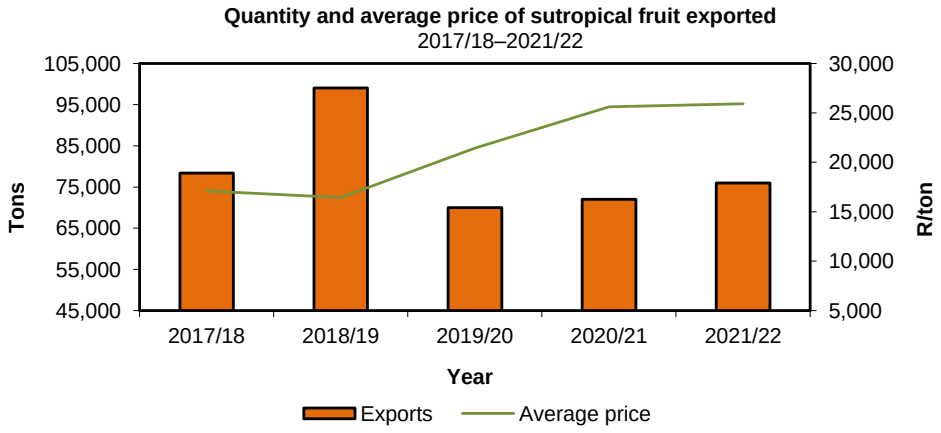
During 2021/22 (July to June), pineapples accounted for 50,4% of the total intake of subtropical fruit types for processing. The other two main contributors to the processing industry were mangoes (31,6%) and guavas (12,0%).

The quantities of pineapples, litchis, bananas, granadillas and papayas taken in for processing increased during 2021/22, while the intake of avocados and guavas decreased.

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	Tons				
Avocados	6 591	8 567	9 091	8 207	7 278
Bananas	1 028	443	643	342	799
Pineapples	71 436	87 181	91 062	90 754	100 765
Mangoes	46 782	51 042	56 305	47 030	63 139
Papayas	1 157	1 236	2 881	1 309	1 569
Granadillas	19	219	348	194	783
Litchis	1 056	1 878	949	1 688	1 724
Guavas	25 724	24 537	21 685	24 816	24 024
Total	153 793	175 103	182 964	83 586	200 081

Exports

From 2020/21 to 2021/22, total exports of subtropical fruit increased by 5,4%, from 72 059 tons to 75 959 tons and the average export price increased by 1,2%, from R25 612/t to R25 925/t.



The main subtropical fruit type being exported is avocados. During 2021/22, exports of avocados contributed 71,2% to the total value of exports of subtropical fruit. Other types that were exported were bananas, litchis, mangoes, pineapples and papayas.

Marketing and research

Research is largely funded through the relevant growers' associations. Organisations that carry out industry-funded research include the ARC-Institute for Tropical and Subtropical Crops (ITSC), universities and private research organisations.

Prospects

Expectations are that the production of most subtropical fruit types will increase during the 2021/22 production season.

Citrus fruit

Production areas

Citrus fruit is grown in Limpopo, Eastern Cape, Mpumalanga, Western Cape and KwaZulu-Natal in areas where subtropical conditions (warm to hot summers and mild winters) prevail.

The area under citrus production is estimated at 99 969 ha.

Production

Oranges contributed about 49,6% to the total production of citrus fruit in South Africa during 2021/22. Citrus fruit production increased by 8,8%, from 2 994 684 tons in 2020/21 to 3 257 047 tons in 2021/22. There has been an annual average decrease of 28,8% over the past five years in citrus production.

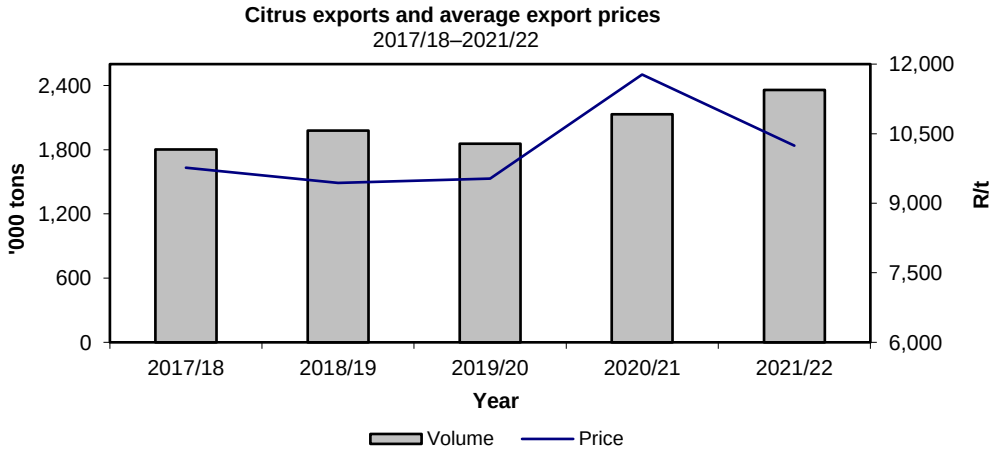
Citrus fruit production for the past five production seasons (1 February to 31 January) is as follows:

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	Tons				
Oranges	1 461 370	1 774 451	1 687 332	1 499 411	1 614 848
Grapefruit	325 470	445 351	379 173	349 453	352 618
Lemons	447 643	473 197	506 570	645 055	655 994
Naartjes	40 967	53 230	89 963	85 196	112 974
Soft citrus	249 991	285 504	326 942	415 569	520 613
Total	2 525 441	3 301 733	2 989 980	2 994 684	3 257 047

Exports

The citrus industry in South Africa is primarily export-orientated, with very small quantities being imported. South Africa is one of the major citrus fruit exporters in the world.

Exports decreased from 2 131 963 tons during 2020/21 to 2 357 614 tons during 2021/22—an increase of 10,6%. During 2021/22, the European Countries, East Asia and Pacific, Middle East, North and South America and Africa were South Africa's largest trading partners in terms of citrus fruit exports. About 173 061 tons of oranges (approximately 49,8% of the citrus crop) were exported.



Domestic sales

Citrus fruit sales on the major fresh produce markets in South Africa increased by 8,3%, from 153 903 tons during 2020/21 to 166 753 tons during 2021/22 and comprised about 5,1% of total citrus fruit production. Approximately 56,8% of the oranges production, 15,6% of lemon, 14,9% of naartjes and 10,8% of soft citrus were sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2017/18 to 2021/22 were as follows:

Fruit type	2017/18	2018/19	2019/20	2020/21	2021/22
	R/ton				
Oranges	3 607	3 363	3 639	4 908	3 994
Grapefruit	2 490	5 255	2 925	6 420	6 133
Lemons	7 655	6 519	6 494	6 886	5 364
Naartjes	6 690	7 127	5 288	6 654	6 437
Soft citrus	5 496	5 940	6 043	7 193	6 710

Processing

Approximately 17,4% of the total citrus fruit production was taken in for processing during 2021/22. Citrus fruit taken in for processing increased by 2,1%, from 555 617 tons in 2020/21 to 567 401 tons in 2021/22.

Consumption

Per capita consumption of citrus fruit from 2017 to 2021 was as follows:

Year	2017	2018	2019	2020	2021
	kg/year				
Per capita consumption	10,59	15,23	15,15	10,62	10,87

Research

The Citrus Research International (CRI) is mandated by the Citrus Growers' Association of Southern Africa (CGA) to maximise the long-term global competitiveness of the Southern African citrus growers through the development, support, coordination and provision of research and technical services. The CRI is a division of the CGA and research funding is primarily derived from levies on citrus exports.

Vegetables (excluding potatoes)

General

Vegetables are produced in most parts of the country. However, in certain areas farmers tend to concentrate on specific crops; for example, green beans are grown mainly in Kaapmuiden, Marble Hall and Tzaneen; green peas mainly in George and Vaalharts; onions mainly in Caledon, Pretoria and Brits and asparagus mainly in Krugersdorp and Ficksburg.

Production

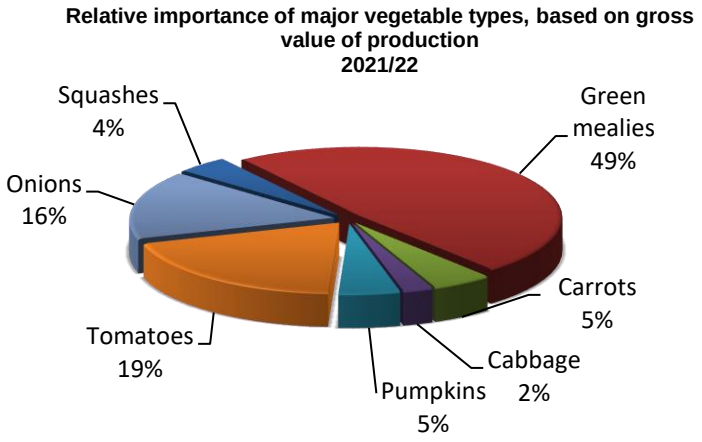
From 2020/21 to 2021/22 (July to June), the total production of vegetables (excluding potatoes) increased by 1,4%, from 3 001 952 tons to 3 043 205 tons. All the major vegetable types in terms of volumes produced increased, except for tomatoes, and green mealies and sweet corn that decreased by 1,5% and 0,7%, respectively.

The production of vegetables (excluding potatoes) in South Africa for the period 2017/18 to 2021/22 compares as follows:

Year	2017/18	2018/19	2019/20	2020/21	2021/22
	'000 tons				
Tomatoes	624	570	620	542	534
Onions	735	742	746	713	737
Green mealies and sweet corn	390	394	401	418	415
Cabbages	161	161	163	170	191
Pumpkins	264	265	275	271	274
Carrots	237	225	222	223	239
Other	695	687	686	665	653
Total	3 106	3 044	3 113	3 002	3 043

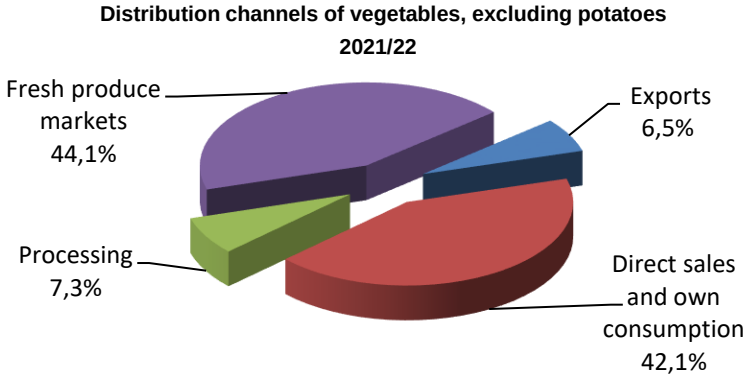
Relative importance of major vegetable types

The relative importance of the major vegetable types, according to gross value of production during the 12 months up to 30 June 2022, is depicted in the following graph:



Distribution channels

As depicted in the following graph, approximately 44% of the volume of vegetables produced is traded on the major fresh produce markets. The total volume of vegetables (excluding potatoes) sold on these markets during 2021/22 amounted to 1 341 050 tons, as against 1 312 824 tons sold during 2020/21, which represents an increase of 2,2%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2017/18 to 2021/22 were as follows:

Year	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**
	R'000				
Tomatoes	1 889 871	2 042 981	2 012 454	2 169 955	2 067 306
Onions	1 662 549	1 526 336	1 775 987	1 558 715	1 556 710
Green mealies and sweet corn	64 325	68 346	80 726	81 716	84 225
Cabbages	245 072	312 747	327 106	344 452	325 657
Pumpkins	120 885	129 210	134 430	149 622	158 504
Carrots	469 735	520 739	529 929	555 241	485 307
Other	2 353 787	2 603 387	2 748 981	3 052 497	2 878 868
Total	6 806 224	7 203 746	7 609 613	7 712 198	7 556 577

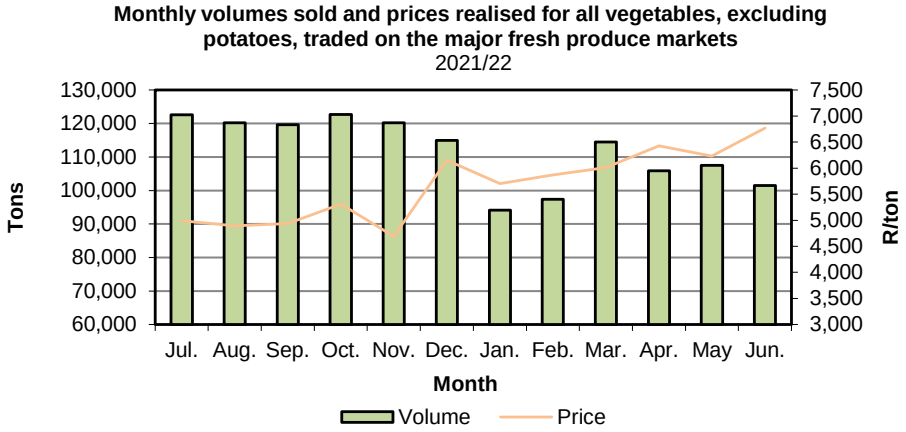
The value of the above vegetables increased during 2021/22 and the highest increase was for pumpkins with 11,3%.

Prices

The average prices of vegetables realised on the fresh produce markets for the period 2017/18 to 2021/22 were as follows:

Year	2017/18	2018/19	2019/20	2020/21	2021/22
	R/ton				
Tomatoes	6 048,16	6 953,33	6 627,85	8 619,14	8 276,66
Onions	4 093,11	3 817,59	4 415,52	4 082,92	3 951,71
Green mealies and sweet corn	15 987,82	18 483,06	18 663,99	19 062,68	22 380,91
Cabbages	2 061,65	2 617,44	2 695,27	2722,74	2 285,66
Pumpkins	2 257,70	2 485,99	2 332,78	2996,09	3 231,53
Carrots	3 373,42	3 878,89	4 025,06	4 243,73	3 468,65
Other	4 776,50	5 189,12	5 430,94	5 870,34	5 634,82

Of the major vegetable types, the price of green mealies and sweet corn increased by 17,4% and pumpkins by 7,9%. The price of carrots, cabbages, tomatoes and onions decreased by 18,3%, 16,1%, 4,0% and 3,2%, respectively.



Consumption

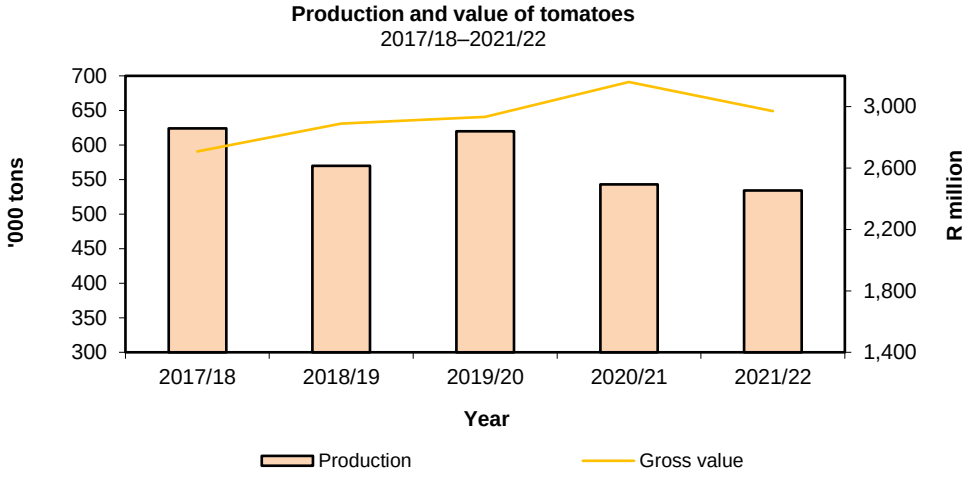
The importance of vegetables in a healthy diet is strongly promoted by all the stakeholders in the fresh produce marketing chain. The per capita consumption of fresh vegetables was 41,93 kg during 2021/22, approximately 2,7% lower than the 43,08 kg of 2020/21.

Tomatoes

Production and value

Production of tomatoes decreased by 1,6%, from 542 774 tons in 2020/21 (July to June) to 534 279 tons in 2021/22.

The gross value of production decreased by 6,0%, from R3 160 million in 2020/21 to R2 970 million in 2021/22.

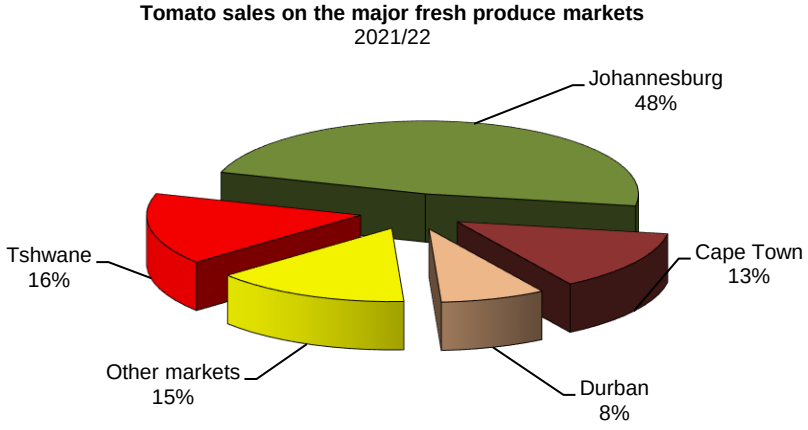


Sales

Sales on fresh produce markets constituted approximately 46,7% and direct sales approximately 26,0% of the total volume of tomato sales.

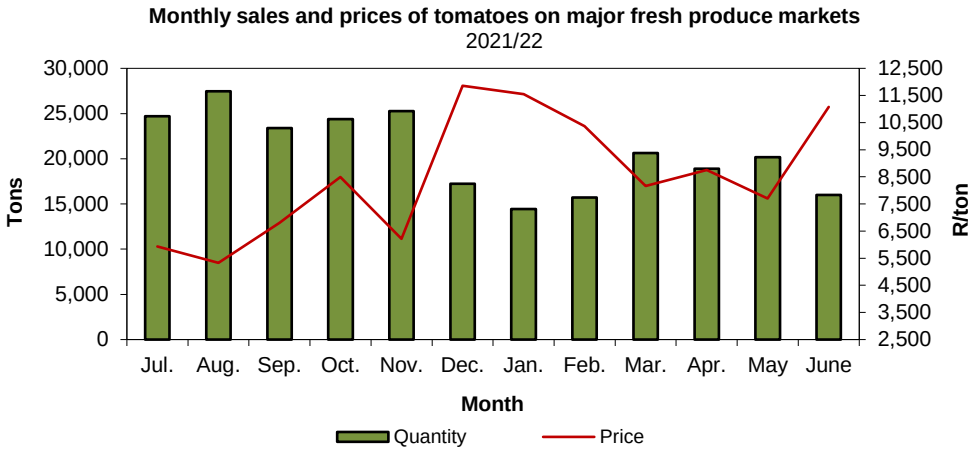
Owing to the geographic distribution and production of tomatoes, a sufficient volume of good quality tomatoes is normally being produced almost throughout the year to meet the daily demand.

The quantity of tomatoes sold on the 18 major fresh produce markets decreased by 0,8%, from 251 760 tons in 2020/21 to 249 775 tons in 2020/21.



Prices

The average price of tomatoes sold on the major fresh produce markets decreased by 4,0%, from R8 619,14 per ton during 2020/21 to R8 276,66 per ton during 2021/22.



*Exports**

The quantity of tomatoes exported decreased by 7,1%, from 19 083 tons in 2020/21 to 17 732 tons in 2021/22.

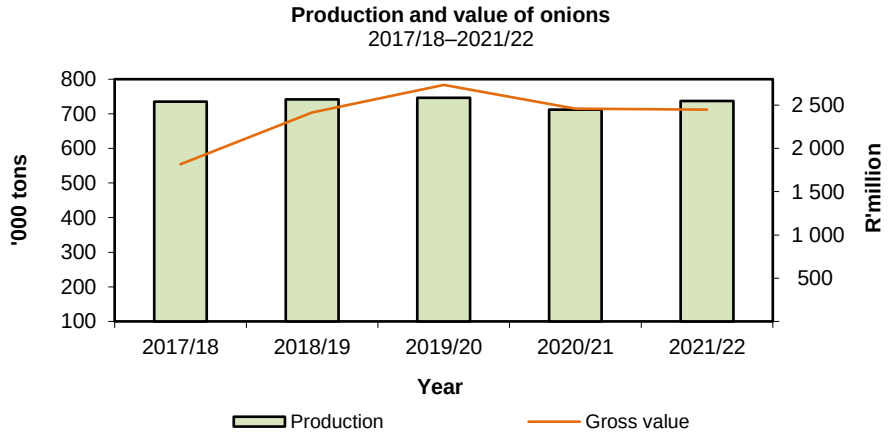
*Source: *Customs and Excise*

Onions

Production

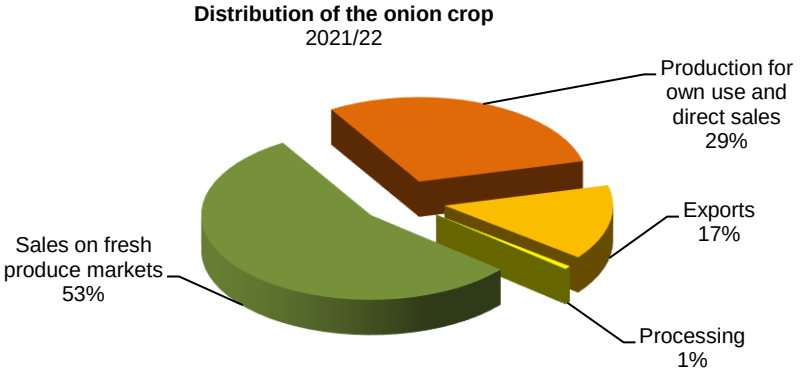
Onions are produced in almost all of South Africa's provinces.

Approximately 737 475 tons of onions were produced during the 2021/22 season (July to June). This is 3,5% more than the 712 642 tons of the previous season. The industry experienced an average annual decrease of 0,1% in production from 2017/2018 to 2021/2022.

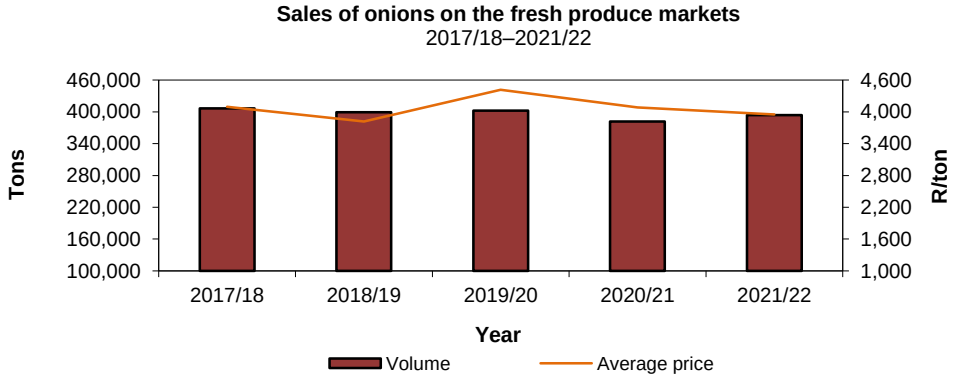


Sales

The fresh produce markets remain an important marketing channel for onions. Approximately 53% of the total production during the 2021/22 season was sold on the major fresh produce markets, while 17% was exported. The remainder comprises of producers' own consumption and direct sales to supermarkets and chain stores (29%) and a small quantity, less than 1%, was sold to processing factories.



The sales of onions on the fresh produce markets increased by 3,2%, from 381 765 tons in 2020/21 to 393 933 tons in 2021/22.



Prices

The average price of onions sold on the fresh produce markets decreased by 3,2%, from R4 083 per ton in 2020/21 to R3 952 per ton in 2021/22.

Processing

Approximately 1% of the total production of onions was taken in for processing during the 2021/22 season. There has been a significant decrease of 38,6% in the total processing of onions since the 2017/18 season, when 6 379 tons were taken in for processing compared to 3 921 tons in the 2021/22 season. During 2021/22, about 95,2% was canned and the remaining 4,8% was frozen.

*Exports**

During the 2021/22 season, the volume of onions exported represented approximately 17% of the total onion crop. The volume of exports increased by 5,0%, from 120 884 tons in 2020/21 to 126 895 tons during 2021/22.

* Source: *Customs and Excise*

Potatoes

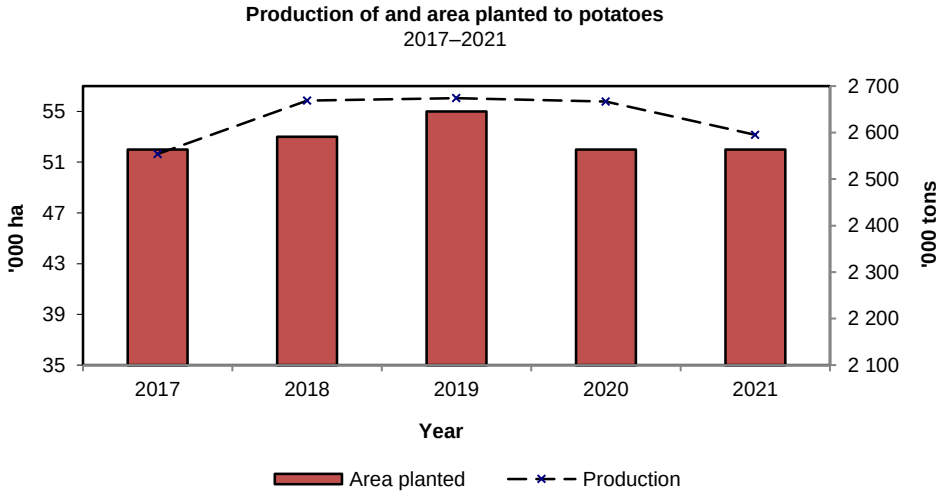
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in Free State, Western Cape, Limpopo and Mpumalanga. Potatoes are planted at different times because of climate differences in the production areas, resulting in fresh potatoes being available throughout the year. In the early 1990s, there was a major shift in production from dryland to irrigation and currently almost 80% of plantings are under irrigation.

Area planted

Plantings for 2021 were 52 355 ha, which was 1,6% higher than the 51 538 ha of the previous year.

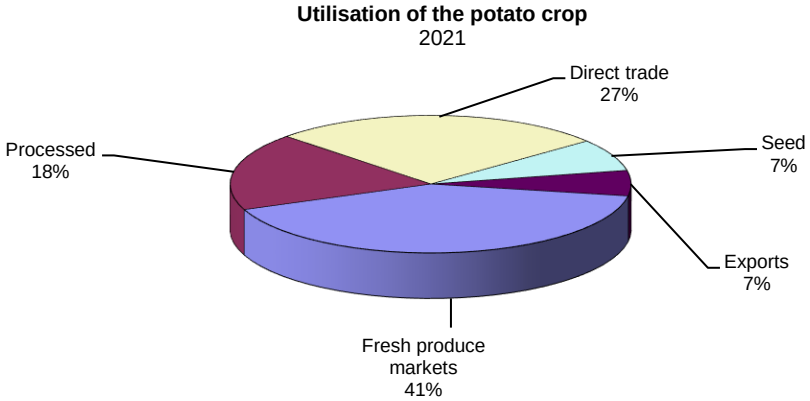
Production

In 2021, the average yield was approximately 4 957 x 10 kg pockets per hectare, compared to 5 175 x 10 kg pockets per hectare in 2020, which is a decrease of 4,2%.



Sales

The major fresh produce markets remain an important channel for the sale of potatoes.

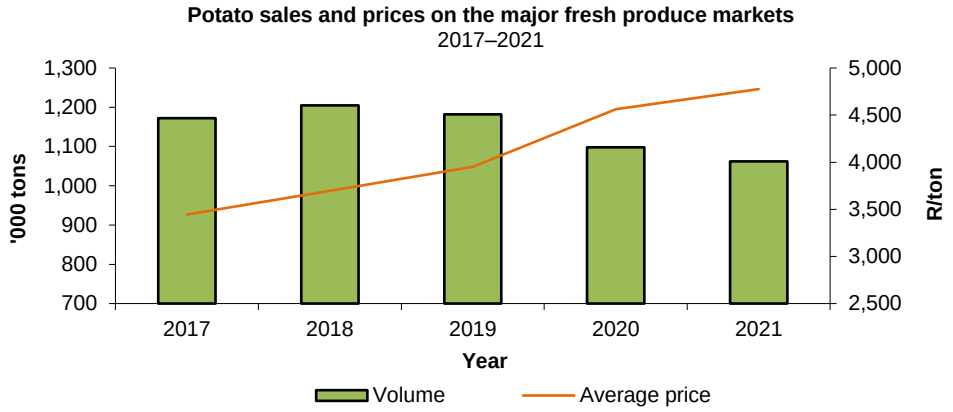


During 2021, approximately 106 million x 10 kg pockets of potatoes were sold on the major fresh produce markets, as against 110 million in 2020—a decrease of 3,6%. The Johannesburg Fresh Produce Market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the five years from 2017 to 2021, potato sales on the major fresh produce markets on average showed a decrease of approximately 2,9%.

Prices

Between 2017 and 2021, potato prices realised on the major fresh produce markets increased by an average of 2,9% per annum, from R3 445 per ton in 2017 to R4 775 per ton in 2021.

The average price increased by 4,7%, from R4 562 per ton in 2020 to R4 775 per ton in 2021.



Processing

During 2021, approximately 18,3% of the total potato production was taken in for processing. About 91,0% of these potatoes were processed into potato chips, both fresh and frozen. The remaining 8,0% and 1,0% was used for freezing and canning, respectively. The processing of potatoes showed a decrease of 2,8%, from 488 058 tons in 2020 to 474 551 tons in 2021.

*Exports**

In 2021, 181 464 tons, approximately 7,0% of total local potato production, was exported. The quantities of potatoes exported increased from 173 038 tons in 2020. During 2021, 98,0% of total potato exports went to Africa.

*Source: *Customs and Excise*

Consumption

The total gross human consumption of potatoes decreased by 3,5% and the per capita consumption decreased by 1,6 kg to about 35,38 kg.

Year	2017	2018	2019	2020	2021
Total production (‘000 tons)	2 554	2 670	2 674	2 669	2 595
Gross human consumption (‘000 tons)	2 108	2 220	2 213	2 205	2 128
Per capita consumption (kg p.a.)	37,29	38,45	37,65	36,98	35,38

Prospects

It is expected that there will be a decrease in the production of potatoes in 2022 with a total crop of approximately 249,5 million x 10 kg pockets.

ANIMAL PRODUCTION

Livestock numbers

Extensive livestock farming is vast in the country, approximating four-fifths of the agricultural land in South Africa. However, livestock farming is also found in areas where it is combined with other farming enterprises.

Below normal rainfall over the recent years has meant that the area involved in cattle, sheep and goat farming (approximately 590 000 km^2) has been negatively affected, further affecting grazing area which is 53% of all agricultural land in the country. Livestock conditions were reasonable to good in most provinces in recent years. Commercial sheep farms also occur in other areas such as the Kgalagadi, the winter rainfall area and the grasslands of Mpumalanga, as well as the eastern Free State and KwaZulu-Natal, with challenges of wild animals and stock theft threatening the successful farming thereof.

Foot-and-mouth disease is still prevalent in some parts of Limpopo, KwaZulu-Natal, Gauteng, North West and Free State, with movement restrictions in place for identified locations and biosecurity measures encouraged. Other diseases that continue to affect the industry are African Swine Fever, Lameness and eye infection.

Cattle

Cattle are found throughout the country, but mainly in Eastern Cape, KwaZulu-Natal, Free State and North West. Herd sizes vary according to type of cattle, ranging between less than 50 and 300 for dairy cattle, while beef cattle herds range from small (less than 20 head of cattle) to large farms and feedlots (more than 4 000 head). Some farms in North West and Gauteng have been found to have some of the largest cattle herds in the country. The production of weaners for the feedlot industry is the main form of cattle farming – feedlots account for approximately 75% of all beef produced in the country. Prices (R/kg) for weaners and live animals are lower for the first half of the year in comparison to 2018 (Source: SA Feedlot Association).

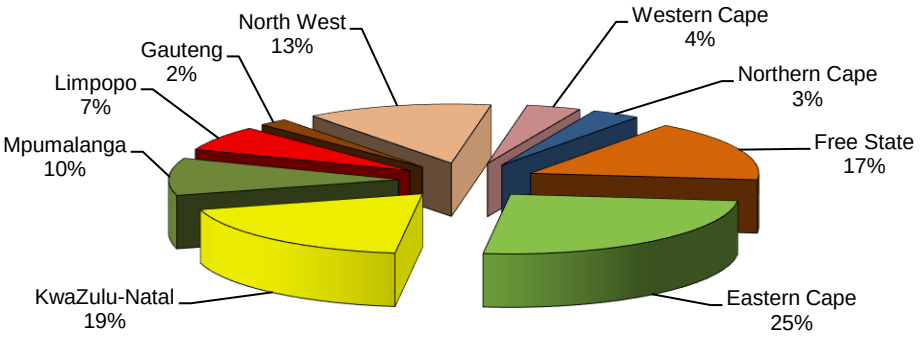
The total number of cattle in South Africa at the end of August 2022 is estimated at 12,20 million, comprising various international dairy and beef cattle breeds in addition to indigenous breeds such as the Afrikaner and the Nguni. The number is approximately 0,25% lower than the estimate of 12,23 million as at the end of August 2021. Beef cattle contribute approximately 80% to the total number of cattle in the country, while dairy cattle make up the remaining 20%. Holstein-Friesian, Jersey, Guernsey and Ayrshire are the four major dairy breeds found in South Africa.

Cattle numbers per province since 2018 are estimated as follows:

Province	**2018**	**2019**	**2020**	**2021**	**2022***
	'000 (August)				
Western Cape	507	488	466	467	465
Northern Cape	442	433	419	419	419
Free State	2 178	2 109	2 054	2 030	2 042
Eastern Cape	3 145	3 082	3 050	3 068	3 068
KwaZulu-Natal	2 481	2 481	2 380	2 339	2 294
Mpumalanga	1 279	1 243	1 248	1 247	1 240
Limpopo	936	898	860	841	834
Gauteng	246	246	246	246	246
North West	1 574	1 578	1 576	1 576	1 595
Total	12 788	12 558	12 299	12 233	12 203

* *Preliminary*

Distribution of cattle by province
August 2022* (%)

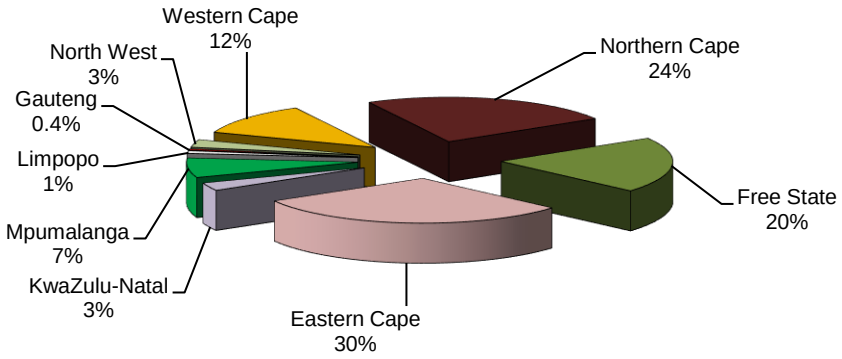


There are various breeders' organisations representing most international and indigenous cattle breeds. Most of the organisations are affiliated with the South African Studbook and Animal Improvement Association. The Milk Producers' Organisation (MPO) is the most prominent producer organisation in the South African dairy sector. The Red Meat Producers' Organisation (RPO) and the National Emergent Red Meat Producers' Organisation (NERPO) represent producers in the commercial and emerging agricultural sectors, respectively.

Sheep

Sheep farming is found in all provinces, however, these are mostly concentrated in the more arid parts of the country. The total number of sheep in South Africa at the end of August 2022 were estimated at 21,39 million, 0,33% lower than the estimated 21,46 million as at the end of August 2021. For August 2022, the largest numbers of sheep were estimated to be in Eastern Cape (30%), Northern Cape (24%), Free State (20%) and Western Cape (12%).

Distribution of sheep by province
August 2022* (%)



Flock sizes vary between less than 50 and 1 800 animals. Sheep flocks in Eastern Cape, Western Cape and Northern Cape tend to be much larger than those in the other provinces, including Free State.

The animals are kept mainly for wool and mutton production and the industry is therefore represented by organisations from the mutton as well as the wool industry. The sheep industry also has various breeders' associations, with the Dorper Sheep Breeders' Society of South Africa and Merino SA being the most prominent. Western Cape, the inland Karoo and Overberg produce wool, mutton, and the pedigree Merino breeding stock.

According to RPO, mutton producer prices were higher in December 2020, year-on-year, approximately 16%, 25% and 31% for Class A, B, and C, respectively, due to lower numbers and declining slaughter figures.

The number of sheep in the various provinces since 2018 was estimated to be as follows:

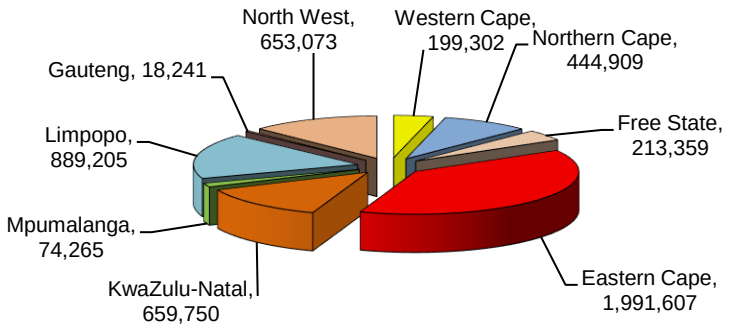
Province	2018	2019	2020	2021	2022*
	'000 (August)				
Western Cape	2 663	2 623	2 545	2 540	2 515
Northern Cape	5 496	5 305	5 182	5 172	5 133
Free State	4 510	4 518	4 330	4 309	4 310
Eastern Cape	6 630	6 531	6 513	6 442	6 435
KwaZulu-Natal	680	656	628	617	611
Mpumalanga	1 606	1 554	1 527	1 512	1 513
Limpopo	213	204	199	192	192
Gauteng	90	87	84	84	84
North West	611	607	596	596	595
Total	22 499	22 085	21 604	21 464	21 388

** Preliminary*

Goats

Goats are found mainly in Eastern Cape, Limpopo, KwaZulu-Natal and North West. Estimates indicate that there was a decrease of 0,12% in the number of goats, from 5,150 million in August 2021 to 5,144 million in August 2022.

Distribution of goats by province
August 2022*



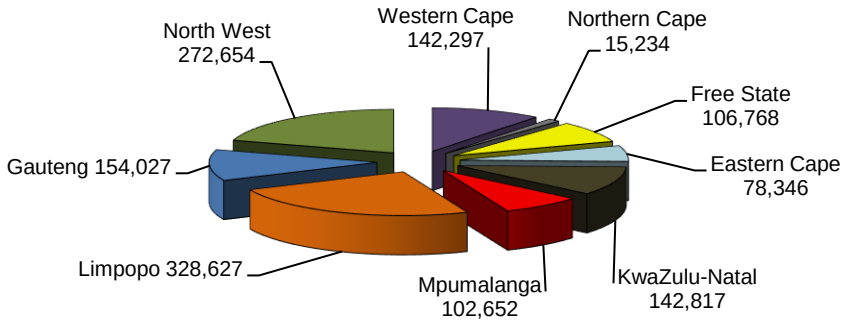
**Preliminary*

Flocks of goats intended for meat production are usually smaller than sheep flocks, averaging approximately 300 goats per farm. Angora goats are kept primarily for mohair production, while Boer goats are mainly for meat production. According to the SA Milch Goat Breeders' Society, there are also farmers who have adopted a market differentiating strategy by producing goat's milk and these are increasing in numbers.

Pigs

Pigs are found in high numbers in Limpopo, North West, Gauteng and Western Cape. There are approximately 400 commercial pork producers and 19 stud breeders in South Africa. It is estimated that pig numbers decreased from 1,344 million in August 2021 to 1,343 million in August 2022, a decrease of 0,66%.

Distribution of pigs by province
August 2022*



**Preliminary*

The South African Pork Producers' Organisation (SAPPO) is the official mouthpiece for pork producers in South Africa. The organisation is primarily concerned with administration, liaison with government, the promotion of pork and pork products and matters of national interest such as health and research. The organisation is also concerned with consumer education, as well as business development for sustainable, economic viability and profit maximisation of producers.

According to SAPPO, most pork meat imports originate from Europe and Brazil, while a few SA neighbouring countries are export destinations. The total number of employees in the formal pork production industry in South Africa is estimated to be approximately 10 000, comprising about 4 000 farm workers and 6 000 workers in the processing and abattoir sectors.

Red meat

The red meat industry is one of the most important growing industries in the South African agricultural sector. It contributed approximately 16,6% to the gross value of agricultural production in the RSA during 2021/22. While sheep farming is mainly extensive, a large percentage of beef animals are supplied by feedlots.

Livestock slaughtering

It is estimated that the total number of cattle slaughtered decreased by 2,5%, sheep (including lambs) slaughtered decreased by 2,7% and pigs slaughtered increased by 9,2% from 2020/21 to 2021/22.

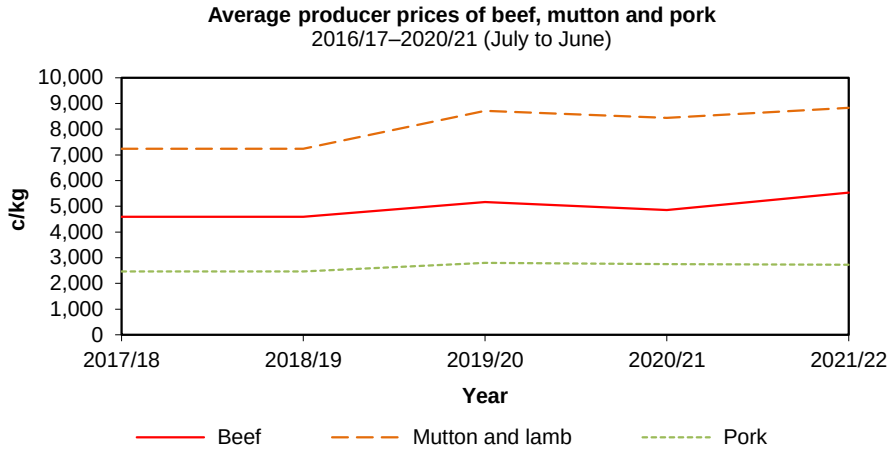
Commercial slaughtering of red meat producing livestock categories over the past five years were as follows:

Year	2017/18	2018/19	2019/20	2020/21	2021/22
Cattle	2 653 789	2 445 125	2 592 605	2 629 884	2 565 266
Sheep and lambs	4 231 571	3 657 328	4 464 404	3 920 889	3 815 807
Pigs	3 134 360	3 227 306	3 503 896	3 610 230	3 942 994

Auction prices

The prices for red meat are mainly determined by the interaction between demand and supply (the latter two are affected by the level of the consumers' disposable income, the prices of substitute products and import parity prices, etc.). In the case of mutton, for example, the level of wool prices also influences the domestic supply of mutton.

The average producer price of beef for 2021/22 amounted to R55,32/kg (average for all classes on all auction markets), which represents an increase of 13,9% from the average price of R48,56/kg for 2020/21.



In view of the ever-strong influence of international trade on the local mutton industry, both the cyclical and seasonal price patterns for mutton were influenced by imports. The average producer price for mutton and lamb increased by 4,7%, from R84,39/kg in 2020/21 to R88,32/kg in 2021/22.

The average producer price for pork decreased by 1,1%, from R27,54/kg in 2020/21 to R27,25/kg in 2021/22.

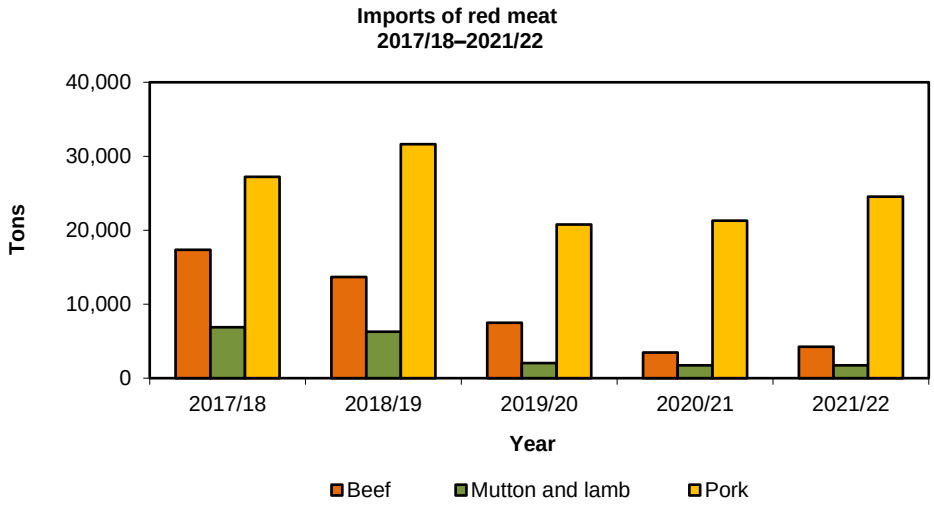
Imports

Imports of red meat increased by 48,1%, from 39 378 tons in 2020/21 to 58 309 tons in 2021/22 (22,9% lower than the average of approximately 75 641 tons for the five years up to 2021/22).

Beef imports amounted to 4 226 tons, which is an increase of 21,3% from the 3 485 tons imported during 2020/21 and 54,3% lower than the five-year average of 9 255 tons up to 2021/22.

Imports of pork amounted to 24 554 tons, an increase of 15,4% from the 21 280 tons imported during 2020/21 and 2,1% lower than the five-year average of 25 089 tons up to 2021/22.

Imports of mutton during 2021/22 amounted to 1 726 tons—a small decrease of 1,0% from the 1 744 tons imported the previous year and 53,8% lower than the average of 3 735 tons for the five years up to 2021/22.



Poultry

The poultry industry consists of the day-old chick, the broiler and the egg supply. The Southern African Poultry Association (SAPA) represents both commercial and non-commercial poultry farmers within these three subsectors.

This article focuses on the broiler and the egg industry, as the chick supply is an input into both.

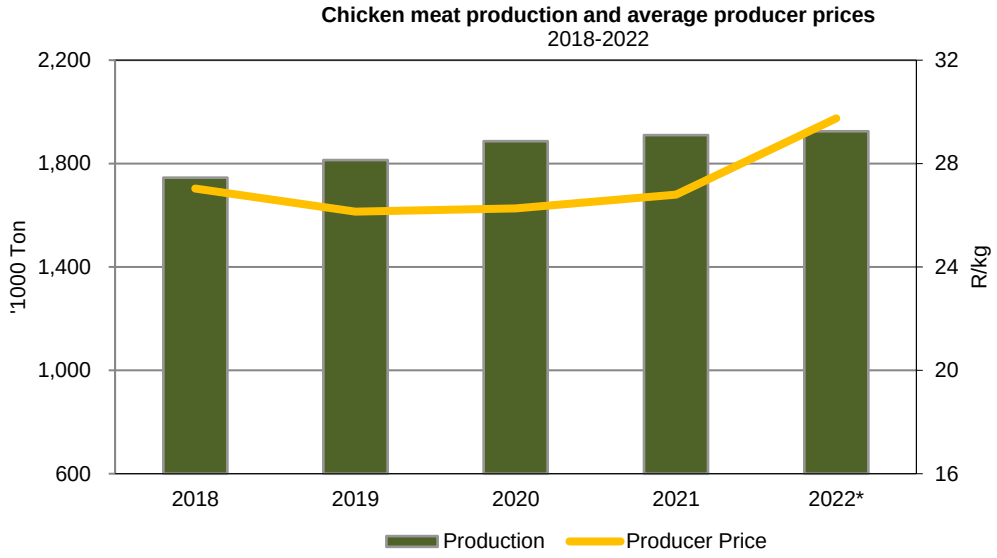
Broiler industry

The broiler industry continues to dominate the agricultural sector in South Africa as the main supplier of animal protein.

Production

The distribution of broiler birds (including broiler breeders) per province is as follows: North West (23,8%), Mpumalanga (21,9%), Western Cape (13,1%), Free State (12,1%), Gauteng (10,5%), KwaZulu-Natal (8,4%), Eastern Cape (6,3%), Limpopo (3,5%) and Northern Cape (0,2%).

In 2021, a total of 1 140 million day-old chicks were hatched, an increase of 1,2% compared to the previous year. The average number of broilers slaughtered for commercial markets during 2021 was estimated at 1 089,4 million. This is 1,9% more than the 1 069, 6 million slaughtered during 2020. Annual production of chicken meat totalled 1,909 million tons in 2021. This includes broilers for commercial markets, production by subsistence farming and meat from the sale of spent broiler breeder hens and cocks and spent hens from the egg industry.



* Expected production for 2022 and average producer price for the first nine months of 2022

Prices received by producers

The average weighted basic gross price (before rebates, advertising and distribution costs are deducted) received by producers of broilers decreased by 11,0%, from R26,80/kg in 2021 to R29,75/kg in 2022.

Average weighted producer prices of broilers from 2018 to 2022 are as follows:

Year	2018	2019	2020	2021	2022*
	R/kg				
Price of broilers	27,31	25,92	26,54	26,16	28,38

** Preliminary: January to September 2022*

Consumption

Consumption of poultry meat accounted for 60,1% of the total meat consumed (beef, mutton, goat, pork and poultry) in 2021 compared to 59,6% of the previous year. The per capita consumption of poultry meat decreased slightly by 1,8%, from 38,8 kg in 2020 to 38,1 kg in 2021.

Per capita consumption of commercially produced poultry meat from 2017 to 2021 is as follows:

Year	2017	2018	2019	2020	2021
	kg/year				
Per capita consumption	38,1	39,2	39,1	38,8	38,1

Imports

In 2021, poultry imports totalled 432 307 tons, a year-on-year decrease of 53 236 tons or 11,0%. The value of imports amounted to R5,4 billion.

Brazil was the main country of origin of imports in 2021, accounting for 66,6%, or 287 880 tons of total poultry imports into South Africa. The USA was the second-largest importer with 15,6%, followed by the Spain with 8,6%. The EU and Argentina were at fourth and fifth positions with 8,3% and 5,5% of imports, respectively.

Prospects

The forecasting model used to predict broiler breeder bird numbers and number of broilers slaughtered was updated in 2021. The hatcheries projected 21, 83 million chicks per week, which increased by 1,2% as compared to the 21,58 million during 2020. Based on the number of day-old parent pulled placed, the size of the breeder laying flock is expected to increase by 1,2% or 6, 95 million during the first four months of 2022.

Egg industry

Based on information provided by SAPA, the distribution of layers per province is as follows: Gauteng (28,5%), Western Cape (17,0%), Free State (12,9%), KwaZulu-Natal (12,5%), North West (11,1%), Limpopo (8,0%), Mpumalanga (6,8%) Eastern Cape (2,9%) and Northern Cape (0,3%).

The number of layers decreased by 7,1%, from 28,89 million in 2020 to 26,85 million in 2021. An average flock of 27,58 million layers is projected for the first four months of 2022, this will be a decrease of 1,0% compared to the same period in 2021.

The average price received by egg producers during 2022 was 15,2% more than the average price received during the same period of 2021.

The average weighted producer prices of eggs from 2018 to 2022 are as follows:

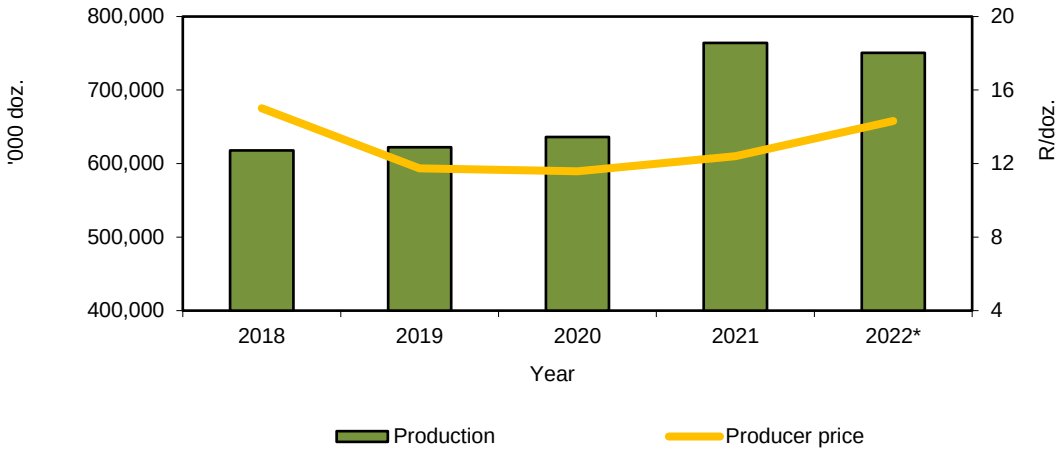
Year	2018	2019	2020	2021	2022*
	R/dozen				
Price of eggs	15,01	11,74	11,58	12.42	14.31

** Preliminary: January to September 2022*

Production

Egg production showed a year-on-year decrease of 7,2% in 2021. The average number of cases produced per week was 451 800 compared to 486 900 cases per week in 2020. The total production of eggs for human consumption in 2021 was 707 million dozen, a decrease of 7,5% as compared to 764 million dozen of the previous year.

Production of eggs and prices received by producers
2018–2022



* *Preliminary: January to September 2022*

Consumption

The per capita consumption in 2021 was 146,0 eggs or 8,95 kg compared to 159,0 eggs or 9,73 kg in 2020. During 2021, the annual turnover was R12,60 million, an increase of 5,9% as compared to R11,90 million in 2020. By the end of 2021, the industry had returned to a more favourable position with reduced imported volumes. Eggs are still an affordable animal protein source compared to meat.

Prospects

New breed standards have been applied to the model and the laying cycle has been extended by to 78 weeks. These changes resulted in an increase in the estimated size of the national laying flock in terms of the number of cases of eggs produced and the mean egg weight. Hen numbers decreased from 28,89 million at the end of December 2020 by 7,1%, or 26,85 million, during the same period of 2021. Consequently, egg production is expected to decrease by 0,6% or 463 800 cases per week during the first four months of 2022.

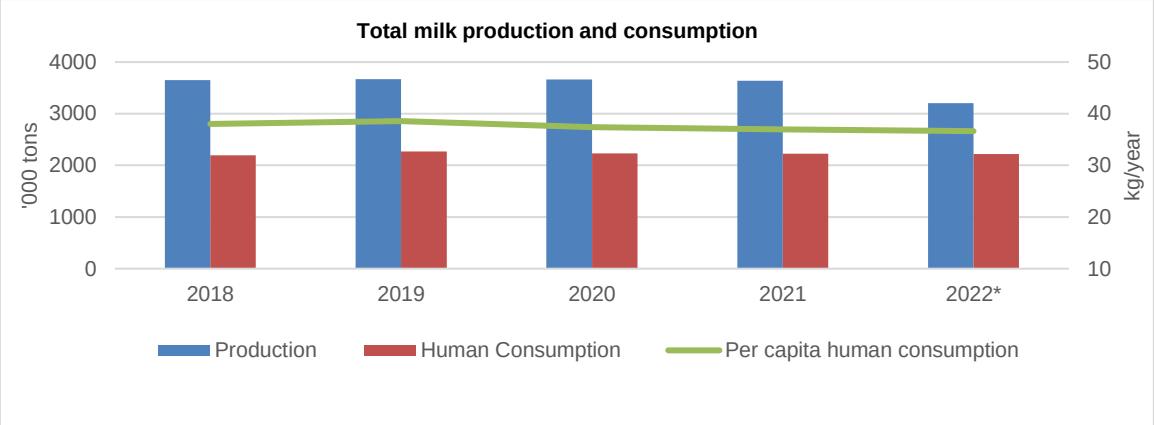
Milk

Milk production in South Africa is concentrated largely in the coastal regions because of their mild temperatures and good rainfall conditions, which assures good quality, natural and artificial pastures. MPO estimates showed Western Cape as the largest milk producer in 2021, accounting for 30,6% of the total commercial milk production, followed by KwaZulu-Natal (27,8%), Eastern Cape (27,0%), Free State (4,8%), Gauteng (4,0%), Mpumalanga (3,6%), North West (1,7%) and Limpopo (0,5%).

According to the Milk Producers' Organisation (MPO), the number of commercial milk producers in South Africa decreased substantially by 850 (46,3%), from 1 834 in January 2015 to 984 producers in January 2022. Despite a decrease in the number of milk producers, the commercial milk production increased by 1,6% on average per year since 2015.

South Africa's share of production to the world milk production is estimated to be 0,4%, however, in terms of the value of agricultural production, the milk industry is the seventh largest domestic agricultural industry. The gross value of milk produced in 2021, including milk for the producer's own consumption and on-farm usage, increased by 12,2% to R21 165 million, compared to R18 861 million in 2020, which resulted from higher prices.

South Africa produces sufficient milk for local demand because shortages are rarely reported every year. Total milk production (*which includes production from commercial, informal and subsistence farms*) decreased by 0,7% to 3 740 million litres in 2021 from 3 766 million litres in 2020.

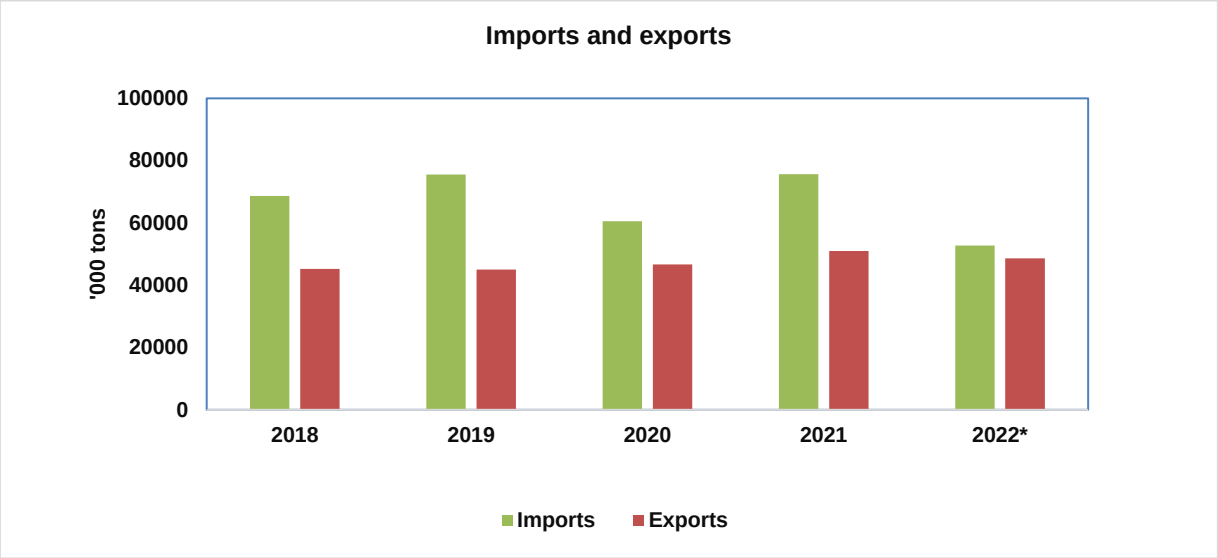


Source: Milk Producers' Organisation and Dalrrd

* Preliminary

Imports and exports of dairy products

According to the data obtained from Milk Producers' Organisation (MPO), South Africa is a net exporter of milk, with an average exports of 2,807 million litres per year since 2018, as compared to 2,302 million litres of imported milk. In 2021, South Africa imported an estimated 52 749 tons of daily products, which is 30,2% less than 75 619 tons imported in 2021. The daily products exported in 2022 decreased by 4,7%, from 50 991 tons to 48 586 tons in 2021.



Source: SAMPRO

Projected

Prices

Producer prices of milk increased by 6,0% to R6,07/ℓ during the first nine months of 2022, compared to R5,73ℓ during the same period in 2021 due to lower production.

Production season	**2018**	**2019**	**2020**	**2021**	**2022***
Average producer price	4,53	4,39	5,01	5,68	6,07

Source: MPO

**January to September*

Wool

Areas of production

Wool is produced throughout South Africa; however, the main production areas are in the drier regions of the country. Based on annual sales of producer lots, Eastern Cape was the largest wool-producing province during 2021/22 with 17,7 million kg, followed by Free State with 8,5 million kg, Western Cape with 7,9 million kg, Northern Cape with 4,6 million kg and Mpumalanga with 1,9 million kg, while 1,0 million kg were produced in the remaining four provinces.

Production

South Africa, like Australia, produces mainly apparel wool, while the bulk of the wool of the other major producers, such as New Zealand, China, Uruguay and Argentina, is the coarse type used in the manufacturing of carpets and interior textiles. The main fibres competing with wool are cotton and man-made fibres such as polyester, nylon and acrylic.

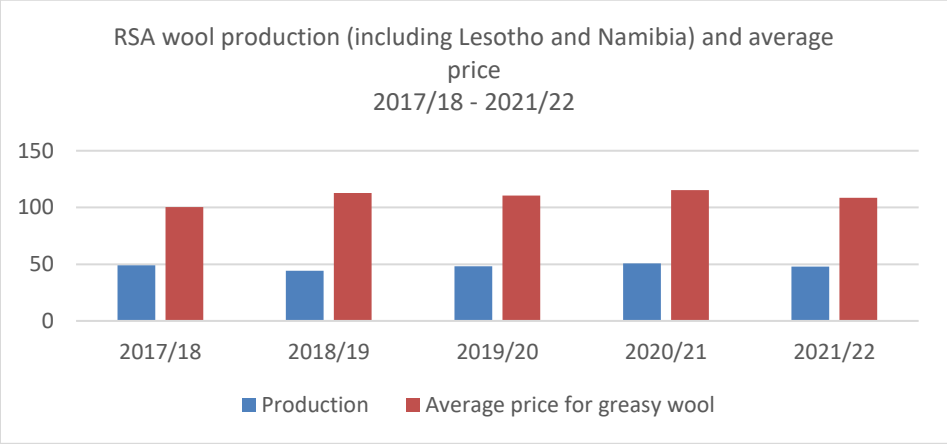
Total receipts for 2021/22 decreased to 47,9 million kg, a decrease of 5,3% from 2020/21. The decrease was mainly due to decreased volumes by 13% offered for sale by Lesotho producers.

Marketing

An excess of 90% of all greasy wool sold in South Africa is traded by means of weekly auctions taking place from August to June. Normally, there is considerable volatility in prices during and between auctions. The price of wool is determined by a complex set of variables, including the level of the market in Australia on a specific day, exchange rate fluctuations, quantities offered for sale at auctions, the specific demand for different wool

types at various times, the extent and timing of contract commitments by local buyers for delivery to clients and the prevailing economic conditions in wool-consuming countries.

South Africa produces mainly a Merino clip, which comprises more than 80% of all lots offered for sale. Mean fibre diameter is the major price determinant for Merino wool, with finer micron categories normally commanding a premium over medium and strong wool.



Marketing arrangements

Wool marketing in South Africa is free from statutory intervention. Wool is traded primarily via the open-cry auction system. Wool auctions are centralised in Port Elizabeth and runs from August of one year to June the next year. Alternative selling mechanisms, such as contract growing, forward deliveries and futures, have not been established in the South African wool industry.

The global price for apparel wool is determined in Australia, where the largest volumes of wool are traded. South Africa, with its small clip, is therefore a market follower or price-taker.

Numerous sellers and few buyers are typical of wool auctions. Buyers normally have to compete for wool over a number of auctions to make up processing batches to meet their clients' contract specifications in terms of price, quantity and delivery date. Contracts in foreign currencies, such as the euro or the US dollar, have to be converted into buying limits in Rand and the buyer carries the risk.

Cape Wools of South Africa promotes the interests of the South African wool industry. It is a non-profit company established and owned by farmers and other directly-affected industry groups registered with the Wool Forum, which represents all role players in the industry. The Board of Directors proportionately represents these groups. Cape Wools started operating on 1 September 1997.

Cape Wools' service portfolio comprises market information and statistics; research and development; transfer of wool production and promotion of wool. The Wool Trust from funds transferred from the former Wool Board funds Cape Wools.

Exports

Wool is an export product with approximately 94% of total production being shipped overseas, in either greasy or semi-processed form (scoured and wool top). Main export destinations for the year under review were China, the Czech Republic and Italy.

During 2021/22, the major export destinations for South African wool were as follows:

Wool shipments to the five top export destinations – July 2021 to June 2022								
Country	Greasy		Scoured		Top and noils		Total	% of total FOB value
	Value R1 000	Volume Kg	Value R1 000	Volume Kg	Value R1 000	Volume Kg	Value R1 000	
China/Macau/ Hong Kong	2 068 992	27 816	0	0	0	0	2 068 992	54,8
Czech Republic	856 399	8 992	0	0	0	0	856 399	22,7
Italy	359 477	8 086	1 908	10	0	0	361 498	9,6
India	168 038	1 515	0	0	0	0	168 038	4,5
Egypt	165 624	1 224	0	0	0	0	165 624	4,4

Outlook

Despite the challenges that the world was facing due to the global COVID-19 outbreak, there is a strong demand that the wool sector have seen over the past months that shows sustainability and recovery and these will result in further price improvement for 2022 wool clip.

Mohair

Production

Mohair production in South Africa mainly occurs in Eastern Cape and the adjacent part of Western Cape.

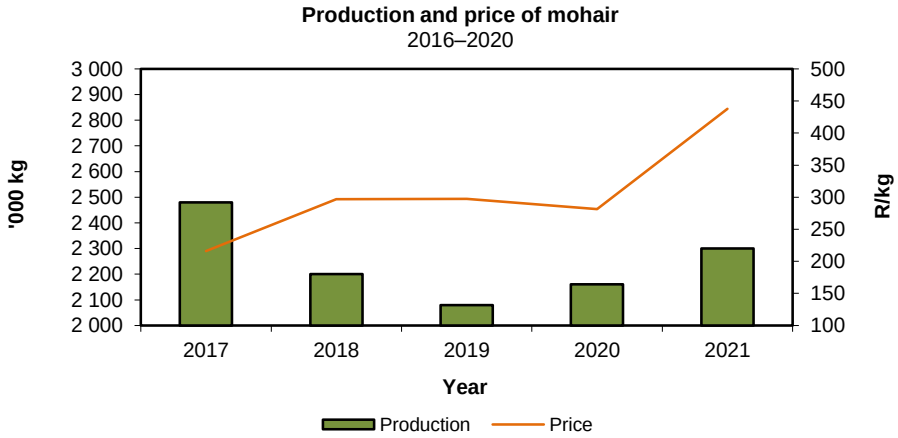
South Africa produces approximately 53% of the world mohair clip. In realising the responsibility involved in being the most reliable source of mohair, Mohair South Africa was established to perform functions aimed at the advancement of the entire mohair industry. Through selective breeding and farming techniques, the Angora goat farmer plays a crucial role in promoting the constant availability of quality natural fibres.

South Africa's mohair production showed a downward trend of 2,2 and 2,1 million kg in 2018 and 2019 respectively, from a high of 2,5 million kg in 2017. However, the trend has gone up in 2020 and 2021.

Production of mohair by South Africa during the period 2017 to 2021 is as follows:

Year	**2017**	**2018**	**2019**	**2020**	**2021**
	Million kg				
Production	2,5	2,2	2,1	2,2	2,3

Prices



The average auction price of mohair increased by 55,4%, from R281,62 in 2020 to R437,75 in 2021. Although the kid sector experienced some downward pressure, the rest of the clip had good demand. Average auction prices of mohair for the period 2016 to 2020 are as follows:

Year	2017	2018	2019	2020	2021
	R/kg				
Price	215,70	297,00	297,48	281,62	437,75

Imports and exports

Most of the world mohair production is imported to South Africa for further processing, after which it is exported together with locally- (including Lesotho) produced mohair. Italy became the leader in mohair imports from South Africa in 2020/2021, followed by China and UK.

Mohair exports decreased by 9,1% from 2019 to 2020 at an estimated 0,2 million kg.

Year	2017	2018	2019	2020	2021
	Million kg				
Imports	1,3	1,3	1,3	1,3	1,3
Exports	3,0	3,3	3,3	3,0	3,2

Prospects

Mohair South Africa launched an internationally recognized standard in March 2020, called the Responsible Mohair Standard (RMS). This standard ensures that South Africa offers an ethically and sustainably certified product. The beginning of 2021 saw the first RMS-certified mohair being offered to buyers, which increased the demand for South African mohair, therefore the increased price from 2021 compared to 2020. Currently, 70% of the South African mohair is RMS certified.

Ostriches

Commercial ostrich farming in the country started in 1864 with large-scale exports of feathers to Europe. The industry flourished during what was referred to as the second ostrich feather boom between 1900 and 1914. At this stage, ostriches were only farmed for their feathers and a handful of feathers were enough to buy a farm. Soon afterwards, the industry virtually collapsed because of changes in world fashion trends, the introduction of the motor car as a means of transport (ladies struggled to get into the cars while wearing their

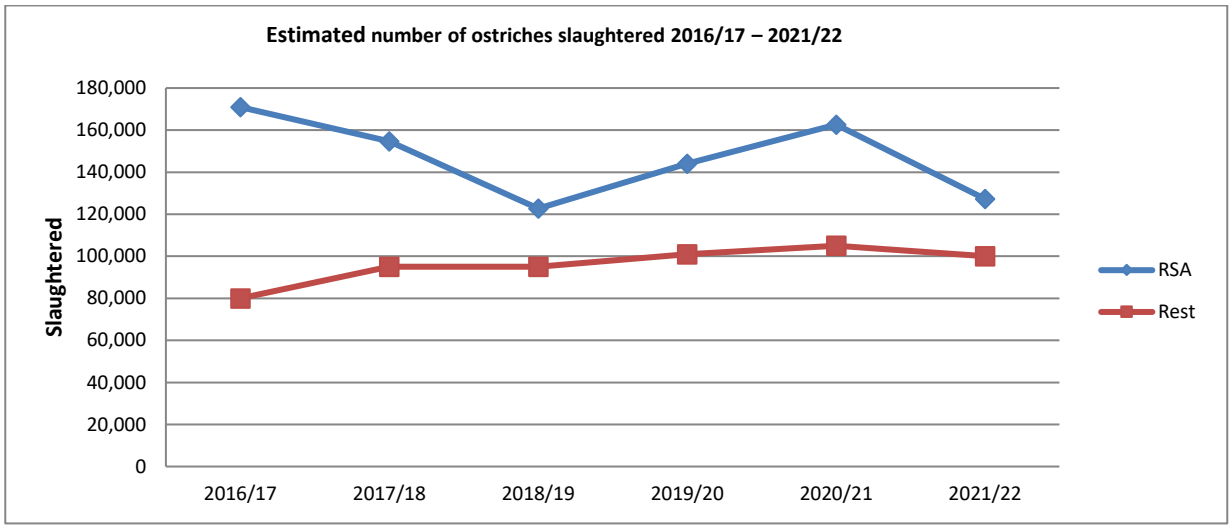
hats with long ostrich feathers) and the First World War.

During the 1960s, the industry was transformed into an intensively managed farming activity. The emphasis shifted from feather to leather production.

More recently, ostrich meat became popular because of health benefits, and compared with beef and chicken meat, it has almost no fat and lower cholesterol, a slightly higher protein content but lower energy and calcium content, while rich in iron. The greater focus on a healthy lifestyle resulted in a growing demand for ostrich meat worldwide, and South Africa is normally the main supplier.

Currently, all major stakeholders in the industry are affiliated to either the National Ostrich Processors of South Africa (NOPSA) or the South African Ostrich Producers' Organisation (SAOPO). Both these organisations are key members of the South African Ostrich Business Chamber (SAOBC). The objective of the SAOBC is to facilitate the sustainability and profitability of the ostrich industry in South Africa.

The ostrich production season in South Africa runs from 1 July to 30 June and therefore the statistics provided cover this period annually.



According to the SAOBC, the number of ostriches slaughtered worldwide is estimated at approximately 227 000 for the 2021/22 production season. 127 234 (56%) were slaughtered in South Africa. The production of ostriches for slaughter in RSA was lower due to serious drought conditions continuing in the major ostrich production areas and the rise in production cost. The profitability of ostrich farming enterprises is a huge challenge and therefore production in RSA will only slightly increase by about 8% to 10% for the next slaughter season.

Worldwide, the demand for ostrich meat decreased because of the devastating effect of travel bans on the tourism and the hospitality industries due to COVID-19. This trend is changing after the travel bans were lifted, and ostrich meat should still benefit from the healthy lifestyle trend—ostrich meat is a tasty red meat. As mentioned before, it contains almost no fat or cholesterol and is high in protein.

Demand and price for feathers is recovering with the return of the carnivals and cabaret shows worldwide after the lifting of travel bans due to COVID-19 regulations.

The demand for the very high-quality ostrich leather for the fashion industry is good and the activity in other segments of the exotic leather market recovered to the volume before the impact of COVID-19 on these markets. Currently, around 51% of the total income for the producers per ostrich will be for leather, about 24% for meat and approximately 25% for feathers. The income for the meat still suffers because of the ban on export of fresh ostrich meat due to avian influenza regulations. The export of heat-treated ostrich meat is still possible from some farms and the demand for the products is increasing.

The ostrich industry's aim is the supply of mainly higher-grade leather to the market. Various research programmes and projects regarding quality and genetic improvement are therefore being conducted.

Prospects

The continued drought in the main ostrich production areas had a huge impact on production costs and ostrich feed still accounts for more than 70% of input costs.

New markets need to be developed for leather and heat-treated meat for the export market, therefore the SAOBC partnered with the Department of Trade, Industry and Competition to grow the industry's earnings in foreign revenue for South Africa, as well as safeguard the remaining direct jobs in the rural, drier areas of the country.

This industry had to employ various strategies during the past two years to prevent further job losses, as the export and movement bans have left most producers in a negative cash flow situation. The biggest risk for the sustainability of the industry lies in the potential outbreaks of animal diseases such as avian influenza, therefore, the industry collaborates with the government to ensure compliance with international requirements in this regard. This is being done via the SAOBC, which is the representative body for the entire South African ostrich industry.

During 2020, the South African Ostrich Industry implemented the new SAOBC Ostrich Standards, which address all the animal welfare and environmental challenges for the whole production chain. NSF, an independent, international and experienced third-party auditing firm audits all farms, hatcheries and abattoirs. This initiative is welcomed by all clients in the value chain and will play a major role in the long-term sustainability of the South African Ostrich Industry.