

Trends in the Agricultural Sector



2011



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Trends

in the

Agricultural Sector

2011

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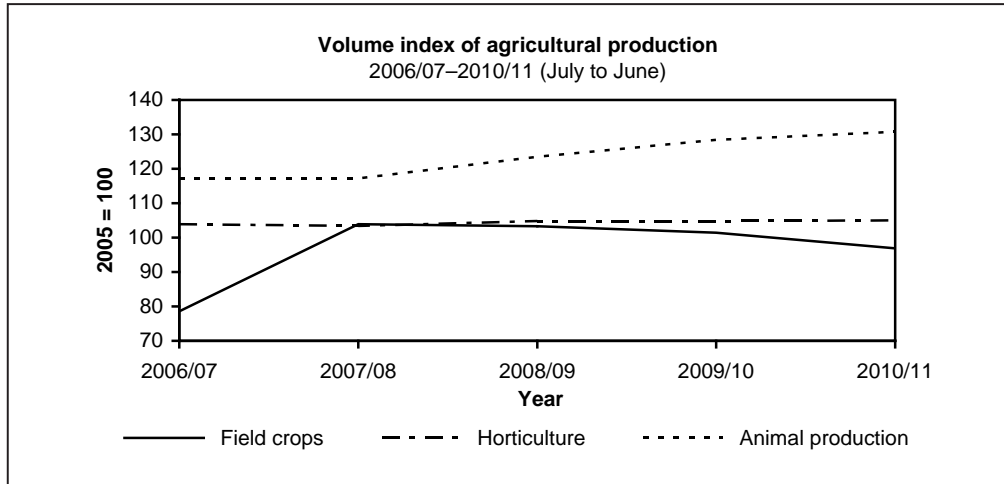
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Economic review for the 12 months that ended 30 June 2011

Volume of agricultural production

The estimated volume of agricultural production in 2010/11 was more or less the same as in 2009/10.



The volume of field-crop production reflected a 4,5% decrease as a result of a decline in the production of summer grains. Maize production decreased by 2,0 million tons or 15,0% from the previous season, followed by wheat with 530 000 tons or 27,0%. Sugar cane, on the other hand, showed an increase of 3,3%.

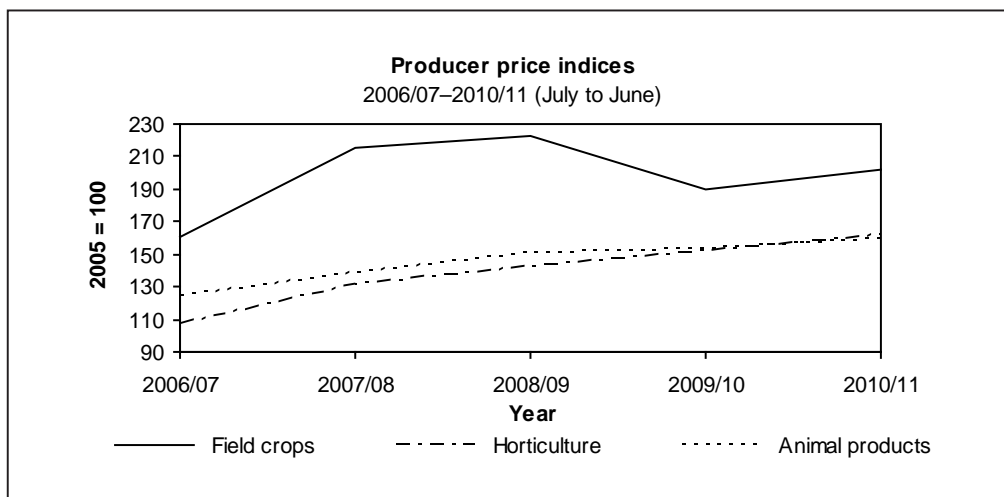
Horticultural production increased slightly by 0,2%, mainly because of increases in the production of vegetables and citrus fruit. The production of potatoes increased by 134 834 tons or 6,8% and that of onions by 71 214 tons or 14,6%. Citrus fruit, specifically grapefruit and lemons, increased by 31 744 tons or 5,9%.

Animal production also increased slightly by 1,8% as a result of increases of 3,6% (24 698 tons) in cattle and calves slaughtered and 3,3% (47 000 tons) in poultry slaughtered. However, sheep and goats slaughtered showed a decrease of 16,7% or 20 293 tons.

Producer prices of agricultural products

Producer prices of agricultural products decreased on average by 4,3% from 2009/10 to 2010/11.

The weighted average price of field crops increased by 6,7%. The price of winter grain increased by 38,3%, followed by oilseeds (25,6%), cotton (18,2%), sugar cane (14,8%), tobacco (3,2%) and summer grain (2,3%), while prices for hay and dry beans decreased by 18,6% and 14,1% respectively.

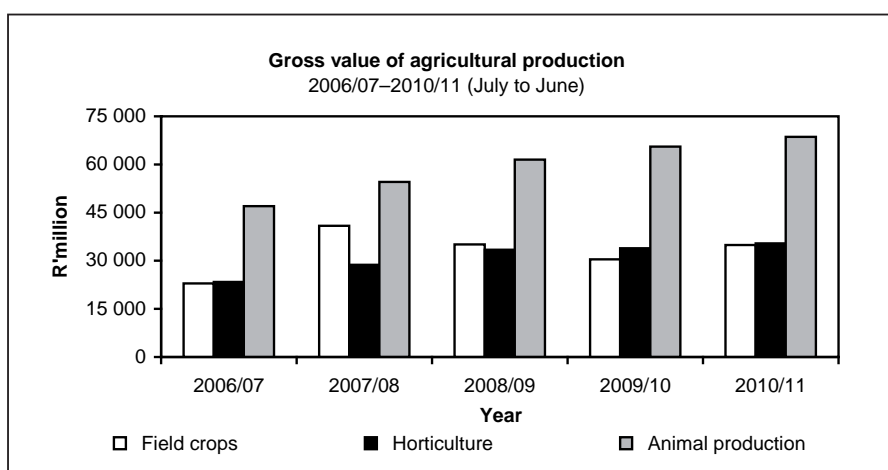


Producer prices of horticultural products rose on average by 3,1% from 2009/10. Prices of vegetables decreased by 7,2%, while prices of fruit increased by 13,3%. Prices for viticulture remained unchanged.

Prices of animal products increased by 3,6%. The average prices of pastoral products, slaughtered stock and poultry increased by 23,6%, 11,1% and 0,8% respectively, while the prices of dairy products decreased by 6,5%.

Gross value of agricultural production

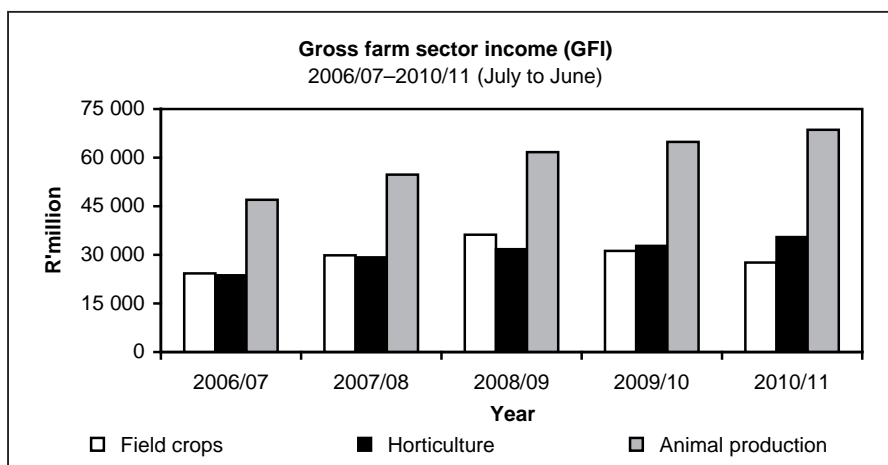
The total gross value of agricultural production (total production during the production season valued at the average basic prices received by producers) for 2010/11 is estimated at R138 904 million, compared to R129 883 million the previous year—an increase of 6,9%. This increase can be attributed mainly to an increase in the value of field crops. The gross value of animal products, horticultural products and field crops contributed 49,4%, 25,5% and 25,1%, respectively, to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 18,0%, followed by cattle and calves slaughtered with 11,4% and maize with 10,9%.



Farming income

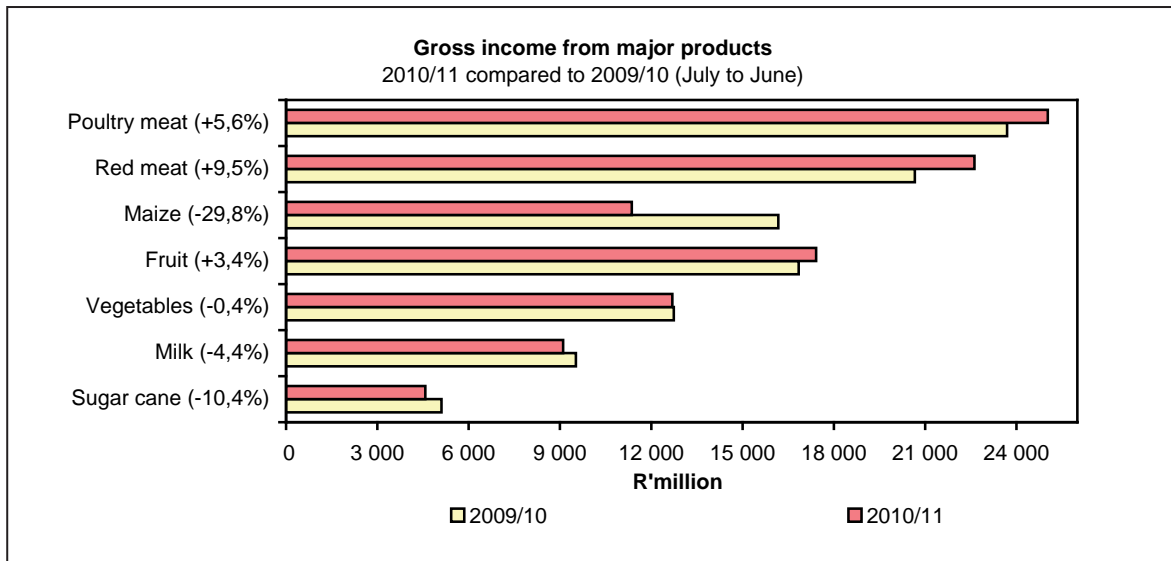
The gross income of producers (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 30 June 2011 amounted to R131 699 million, compared with R132 199 million the previous year, a decrease of 0,4%. The decrease in income can be ascribed mainly to a combination of small increases in prices that farmers received for their products, lower than expected production and slow deliveries of maize in particular.

The gross income from field crops decreased by 12,0% to R27 610 million for the year ended 30 June 2011. Income from maize at R11 360 million was R4 814 million or 29,8% less than in the previous year. Income from sugar cane at R4 578 million was R530 million or 10,4% lower than that of the previous 12 months. Income from groundnuts decreased by 51,9% to R361 million. Income from sunflower seed and soya beans showed substantial increases of 91,9% to R3 102 million and 57,0% to R2 238 million respectively.

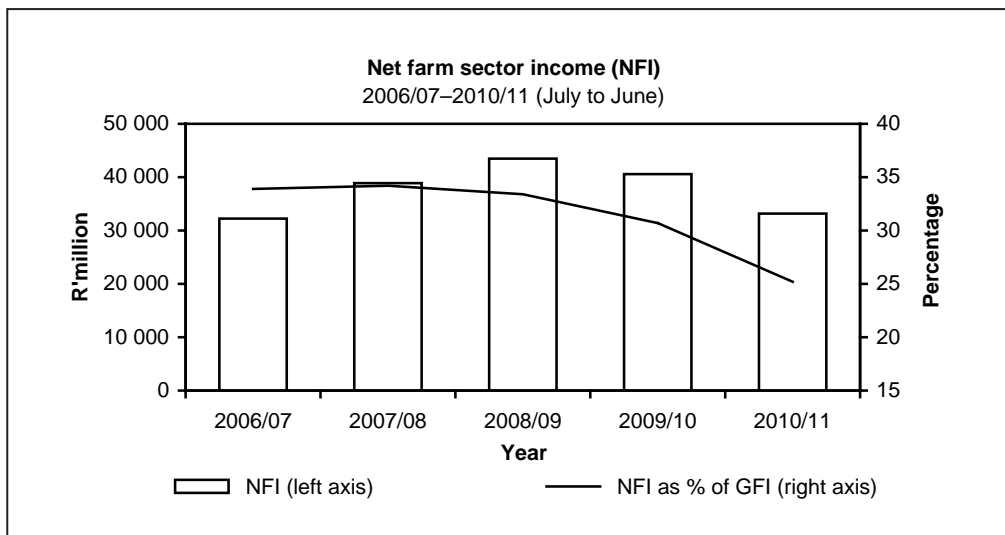


The gross income from horticultural products increased by only 0,7% to R35 490 million, from R35 261 million in 2009/10. Income from citrus and deciduous fruit increased by 8,9% and 2,1% and amounted to R6 529 million and R8 932 million respectively. Income from viticulture increased by 0,7% to R3 654 million. Income from subtropical fruit, however, declined by 6,8% to R1 953 million. Income from vegetable production also decreased, by 0,4% to R12 690 million.

The gross income from animal products was 4,7% higher than in 2009/10 and amounted to R68 599 million, compared to R65 550 million the previous year. Producers earned R15 775 million from slaughtered cattle and calves, as against the previous R14 185 million—an increase of 11,2%. Income from slaughtered sheep increased by 5,5% to R3 707 million. Income from poultry meat production rose by 5,7% to R25 031 million. However, income from egg production, at R6 676 million, was 2,2% lower than in the previous year. Producers earned R9 103 million from milk production, which is 4,4% less than in the previous year. Income from ostrich products also decreased, by 25,2% to R363 million.



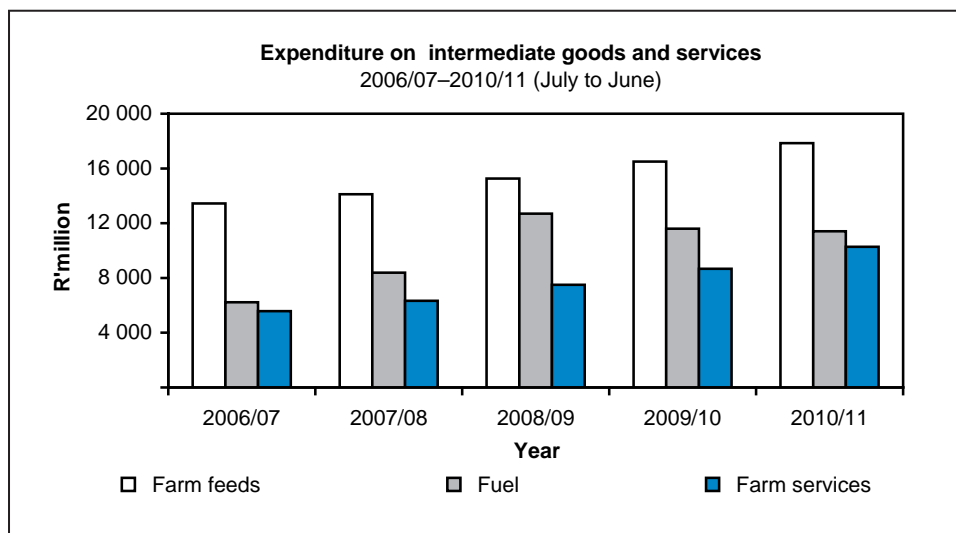
The net farm income (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R33 161 million for the 12 months that ended on 30 June 2011, which is 18,3% lower than in the previous 12 months. The decline in net farming income is the result of the decrease of 0,4% in gross farming income and an increase of 10,4% in expenditure on intermediate production inputs and services. Payments for salaries and wages, which represented 12,1% of the total farming costs, amounted to R12 443 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2011 is estimated at R5 001 million, or 4,9% of the total farming cost.



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.

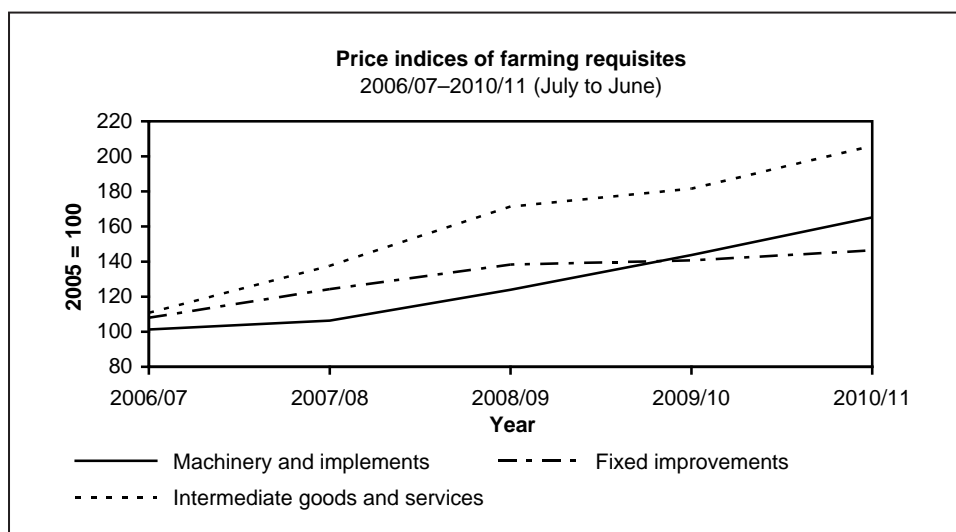
Expenditure on intermediate goods and services during 2010/11 is estimated at R79 416 million, which represents a rise of 10,4% from R71 955 million in 2009/10. Large increases occurred in expenditure on dips and sprays (20,5%), packing material (20,2%), farm services (18,5%) and seed and plants (18,0%).



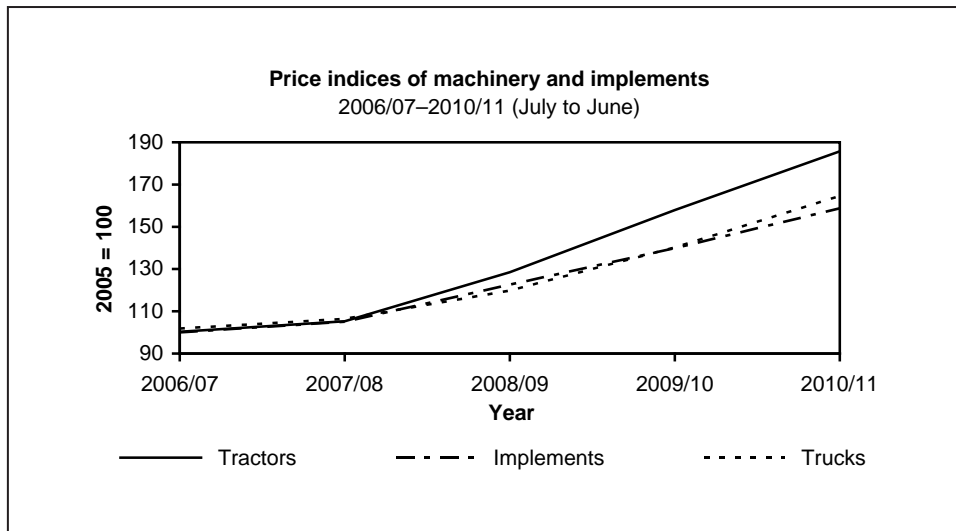
Expenditure on farm feeds remained the biggest expenditure item, accounting for 22,5% of total expenditure, followed by 14,4% for fuel, 12,9% for farm services and 10,6% for maintenance and repairs of machinery and implements.

Prices of farming requisites

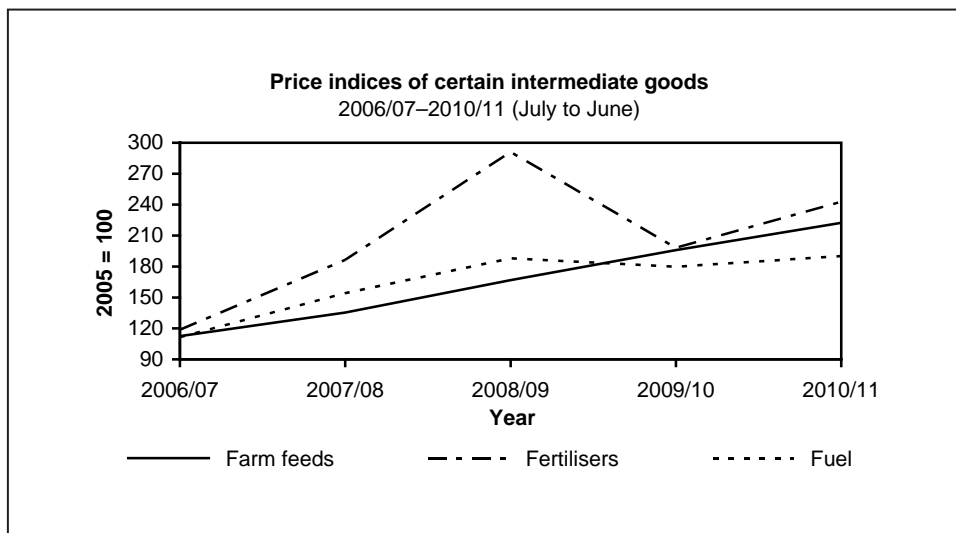
Prices of farming requisites rose by 13,3% in 2010/11, compared to an increase of 6,7% the previous year.



The price index of machinery and implements showed an increase of 15,0% for 2010/11. The price index of materials for fixed improvements increased by 4,0% and the combined index of prices of intermediate production inputs and services by 13,5%.



The increase of 22,5% in the price of fertilisers made the most significant contribution to the increase in the prices of intermediate goods and services.



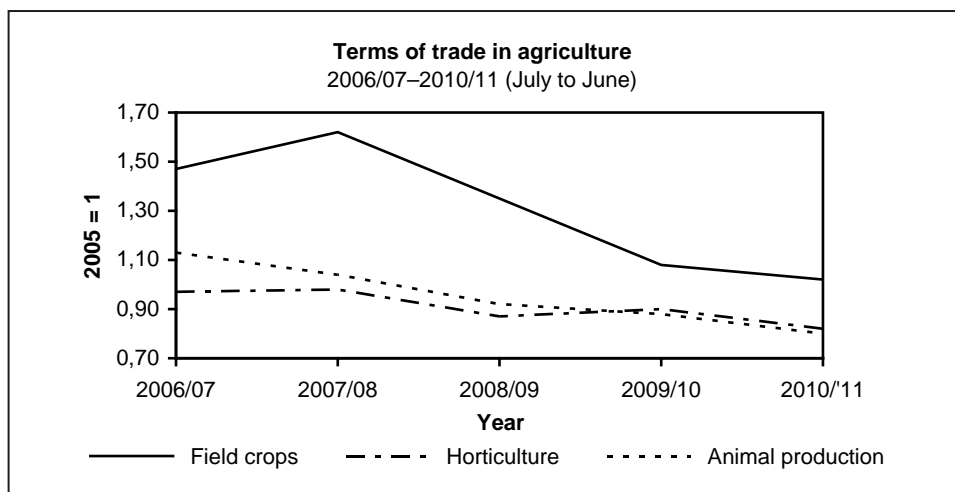
The prices of tractors, trucks, seeds and maintenance and repairs rose by 17,6%, 17, 4%, 16,2% and 14,2% respectively.

Domestic terms of trade in agriculture (2005 = 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 terms of trade in agriculture weakened by 7,9%, from 0,93 in 2009/10 to 0,86 in 2010/11.

The terms of trade for field crops decreased by 5,6%, from 1,08 in 2009/10 to 1,02 in 2010/11. In the case of the horticultural industry, the terms of trade decreased by 8,9%, from 0,90 to 0,82. The terms of trade for the animal production industry dropped by 9,1%, from 0,88 to 0,80.



Contribution of agriculture to value added at basic prices

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

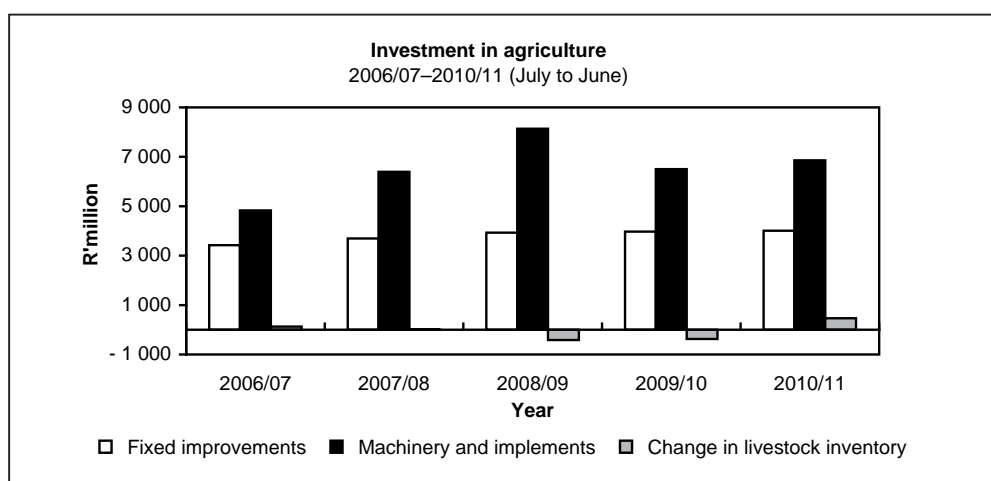
The contribution of agriculture to value added for the year ended 31 December 2010 is estimated at R59 543 million. This represents 2,5% of the total value added to the economy.

Year	Total value added	Contribution of agriculture to value added	Contribution of agriculture as % of total value added
	R' million	R' million	%
2005	1 401 067	30 213	2,2
2006	1 572 319	37 475	2,4
2007	1 792 056	45 152	2,5
2008	2 044 267	53 500	2,6
2009	2 176 597	53 040	2,4
2010 *	2 405 383	59 543	2,5

* Note: Figures are for agriculture, forestry and fisheries

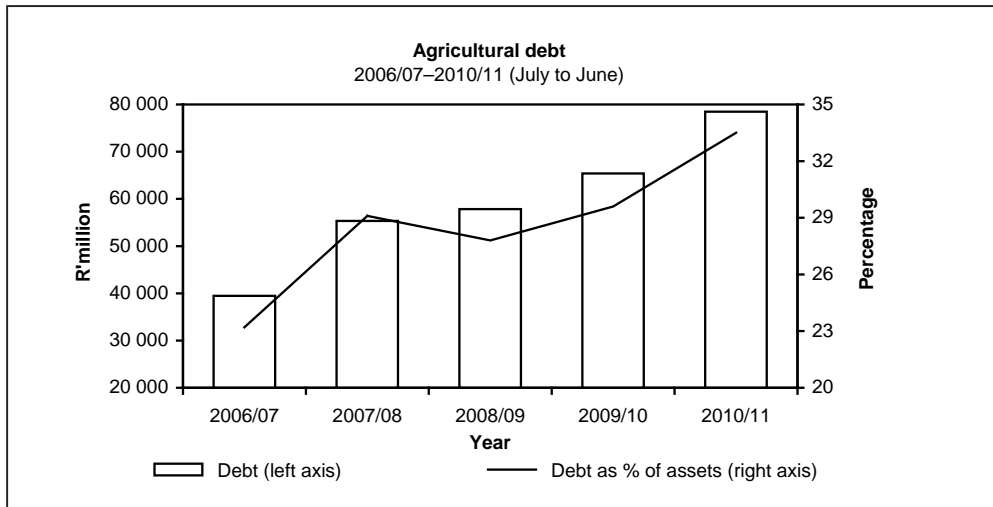
Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2011 is estimated at R234 132 million, as against R220 908 million at the end of June 2010—an increase of 6,0%. Land and fixed improvements constituted R138 088 million, machinery and implements R42 783 million and livestock R53 261 million of the total value of capital assets. The gross investment in fixed improvements for the year ended 30 June 2011 increased by 0,9% to R4 009 million. In the case of machinery, implements and vehicles, investment increased by 5,5% and amounted to R6 858 million. The livestock inventory rose by R468 million from the previous year.



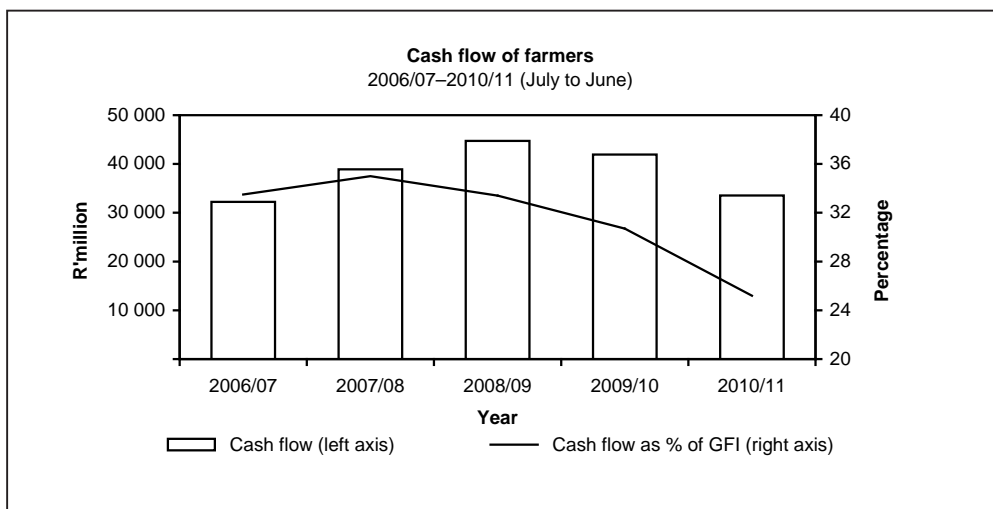
Farming debt

The total farming debt as at the end of June 2011 is estimated at R78 463 million (R65 392 million), an increase of 20,0%.



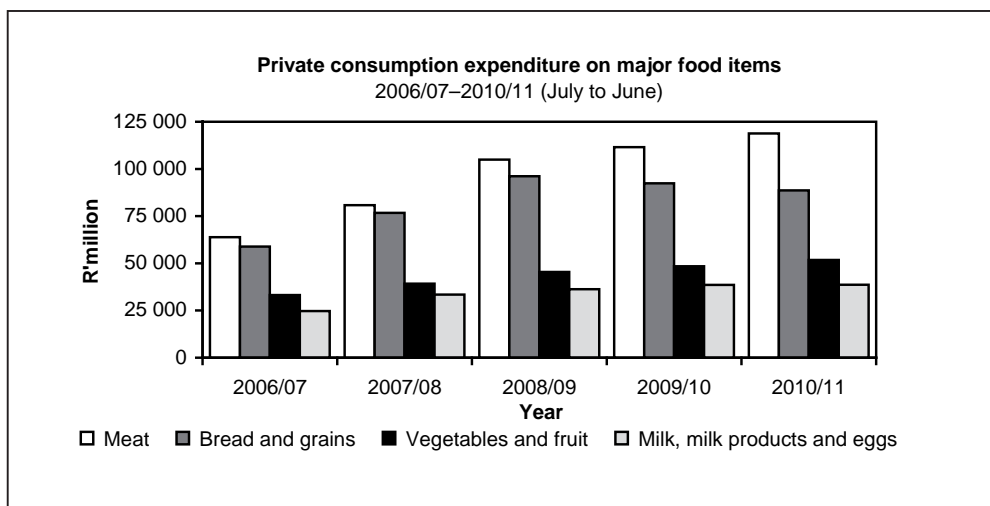
Cash flow of farmers

The cash flow of farmers amounted to R33 536 million for the year ended 30 June 2011, compared to the previous R41 921 million, a decrease of 20,0%. This was the result of a drop in the gross income of producers.



Consumption expenditure on food

The consumption expenditure on food for the year ended 30 June 2011 increased by 2,7% and amounted to R353 105 million, as against the R343 892 million of the previous year. Expenditure on meat increased by 6,5% to R118 799 million, on sugar by 7,7% to R5 616 million, on fruit and vegetables (including potatoes) by 7,0% to R51 811 million, on oils and fats by 9,6% to R7 942 million and on milk, milk products and eggs by 0,2% to R38 612 million. Expenditure on bread and grain products decreased by 4,0% to R88 658 million.



Meat represented 34% of the expenditure on the food component; bread and grains 25%; fruit and vegetables (including potatoes) 15%; milk, milk products and eggs 11%; and sugar and oils and fats 2% each.

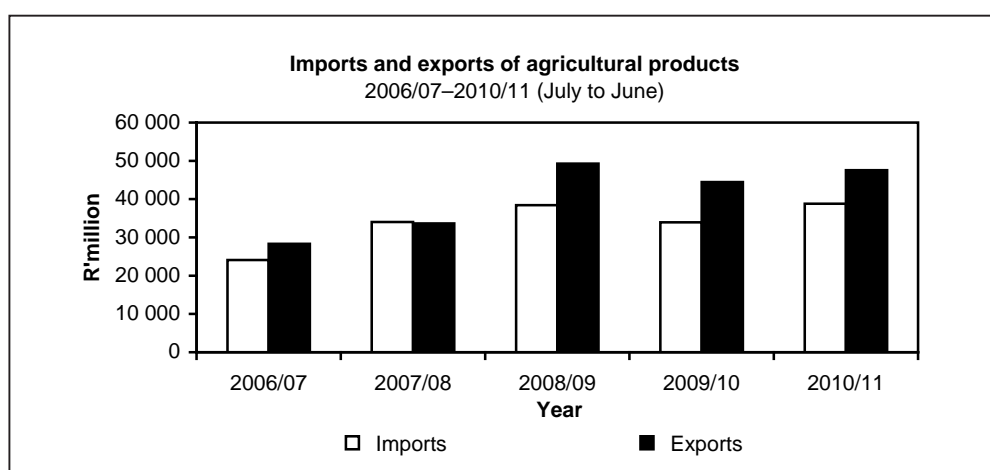
Consumer prices

The consumer price index (with base year 2005 = 100) of all items increased by 3,8%, from 137,5 to 142,8, during the year ended 30 June 2011, as the CPI of food increased by 3,2%, from 151,4 to 156,2, and that of non-food items increased by 2,0%, from 127,3 to 129,8.

Meat prices rose by 4,8%, from an index figure of 147,9 to 155,1, while the prices of grain products decreased by 2,2%, from 163,4 to 167,0. The consumer price index of vegetables increased by 2,9%, from 154,9 to 159,4, and that of fruit increased by 3,3%, from 141,4 to 146,1. In the case of dairy products and eggs, prices dropped by 0,9 %, from an index of 158,2 to 156,8, while an increase of 5,9% was recorded for sugar and related products, from 143,5 to 151,9.

Imports and exports of agricultural products

The estimated value of imports of agricultural products during 2010/11 came to R38 815 million, an increase of 14,3% from R33 946 million for 2009/10. The value of exports increased by 6,9%, from R44 469 million in 2009/10 to R47 561 million in 2010/11.



According to the 2010/11 export values, citrus fruit (R6 976 million), wine (R5 385 million), maize (R4 054 million), grapes (R3 530 million) and apples, pears and quinces (R3 223 million) were the most important agricultural export products. Wheat and meslin (R3 188 million), rice (R2 986 million), oil cake (R2 966 million), palm oil (R2 705 million) and undenatured ethyl alcohol (R2 449 million) accounted for the highest imports in terms of value.

During 2010/11, the Netherlands, the United Kingdom, Zimbabwe, Mozambique and Germany were the five largest trading partners of South Africa in terms of export destinations for agricultural products, with export values of R5 295 million, R4 358 million, R3 465 million, R2 429 million and R1 816 million respectively. About 20,3% of the total value of agricultural exports for the period July 2010 to June 2011 went to the Netherlands and the United Kingdom.

The five largest trading partners for South Africa's imported agricultural products during 2010/11 were Argentina, Thailand, the United States, Brazil and the United Kingdom, with import values of R5 760 million, R2 767 million, R2 652 million, R2 545 million and R2 343 million respectively.

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 staple food of the majority of the South African population. About 58% of maize produced in South Africa is white and the remaining 42% is yellow maize. White maize is primarily used for human consumption, while yellow maize is mostly 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 the past five seasons is maize (47,2%), followed by sugar cane (13,9%), wheat (12,2%), hay (8,7%) and sunflower seed (6,5%). The gross value of maize for 2010/11 amounts to R15 086 million.

Concerning the 2010 summer planting season, rains began late in South Africa, particularly in the western parts of the maize-producing areas, where in some regions rainfall started as late as early December. The delayed onset of the rainfall, mainly as a result of the initial El Niño meteorological phenomenon, postponed planting in many areas, especially in the western regions. However, since mid-December, heavy rains have fallen in South Africa (La Niña has taken over), particularly in the central/eastern parts of the country, which greatly boosted crop development in the vegetative to early grain-filling stages. Waterlogged fields from excessive mid-January rains were also reported in the south-western parts of the Free State Province, but the abundant January rains were generally considered to be beneficial for crop growth.

The eastern part of the country experienced a prolonged dry spell from mid-February through early March, which reduced yield expectations for Mpumalanga Province. During June, above-normal rainfall was received over most parts of the country, which contributed to yield losses and harvesting difficulties. In some areas producers used manual labour, because the soil was too saturated for the entering of harvesters. However, Mpumalanga and Limpopo received normal to below-normal rainfall during June.

The contribution by provinces to maize production during the 2010/11 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 towards the eastern parts.

Maize is planted during late spring/early summer, with optimal planting times between 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% white maize to 40% yellow maize. An estimated 5,3% of the area planted to white maize is under irrigation and 94,7% is dryland, while the estimate for yellow maize is 14,1% under irrigation and 85,9% dryland.

Area planted and production

The estimated area that South African commercial producers planted to maize during the 2010/11 season is 2,372 million ha. This is 13,5% or 370 100 ha less than the 2,742 million ha planted the previous season and 2,1% or 51 880 ha less than the five-year average of 2,424 million ha planted up to 2009/10.

Commercial white and yellow maize plantings for 2010/11 were 1 418 300 ha and 954 000 ha respectively. This represents decreases of 17,5% and 6,7%. The drop in area planted is mainly in response to the high level of stocks and low prices for maize at planting time.

The commercial maize crop for the 2010/11 production season is estimated to be 10,679 million tons, with an estimated yield of 4,50 t/ha. The production represents a decrease of 16,7% compared to the 2009/10 crop, which was estimated at 12,815 million tons.

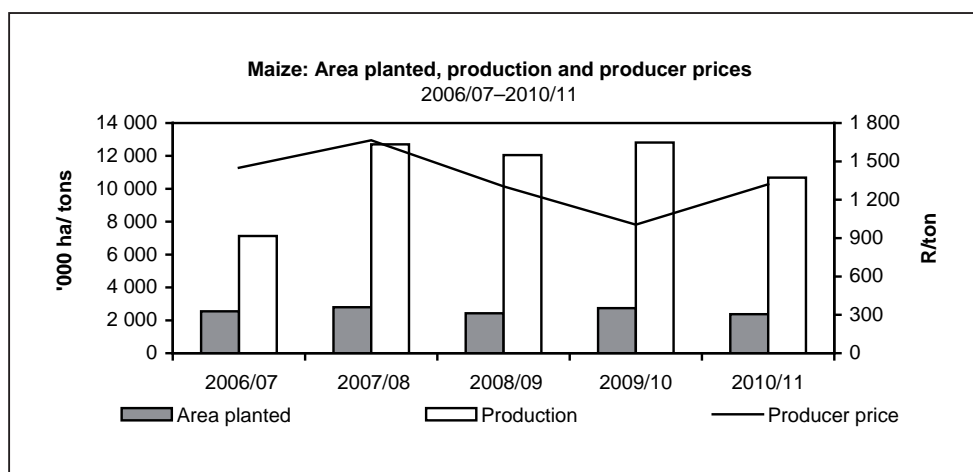
For the 2010/11 season, approximately 91% of the deliveries of white maize was grade WM1, compared to 90% of the 2009/10 crop, and approximately 93% of the yellow maize deliveries was grade YM1, compared to 84% of the 2009/10 crop.

Plantings, production and yields of commercial maize from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
Plantings (ha)	2 551 800	2 799 000	2 427 500	2 742 400	2 372 300
Production (t)	7 125 000	12 700 000	12 050 000	12 815 000	10 679 400
Yield (t/ha)	2,79	4,54	4,96	4,67	4,50

The estimated yield of 4,50 t/ha for 2010/11 is 9,3% below the record yield of 4,96 t/ha realised in 2008/09. It is also 3,6% lower than the yield of 4,67 t/ha estimated for 2009/10, mainly because of the above-average rainfall that occurred during the growing season, as well as during harvesting time, which also adversely affected the quality of the crop in some areas.

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



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

The area planted to maize by the noncommercial sector during 2010/11 is estimated at 486 760 ha, which comprises 346 917 ha of white maize and 139 843 ha of yellow maize. Production by the noncommercial sector is estimated at 564 335 tons – 395 887 tons of white and 168 448 tons of yellow maize. Maize grown by this sector is mainly for own use and contributes only approximately 5% to total production.

Genetically modified (GM) maize

Plantings of GM maize in South Africa have increased dramatically after more than 10 years of production. During the 2010/11 production season, GM maize contributed 80% or 1,9 million ha of the total commercial area planted to maize. White GM maize contributed about 80% or 1,1 million ha of the total white maize plantings, while yellow GM maize plantings also contributed 80% or 759 000 ha of the total yellow maize plantings.

Prices

Since the deregulation of the South African agricultural market in 1996, the maize market has essentially been an open one 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, based on market conditions, on SAFEX.

The average producer price of maize increased by 31,5%, from R1 004,87/ton in 2009/10 to R1 321,25/ton in 2010/11. The increase was caused by a combination of factors, such as higher world prices as a result of lower world stocks, a surplus supply of local maize, and exchange rates.

The average producer prices of maize from 2006/07 to 2010/11 are as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	1 450,20	1 665,61	1 304,94	1 004,87	1 321,25

Consumption

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. 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 2010/11 commercial maize crop of 10,679 million tons (6,2 million tons white and 4,479 million tons yellow), together with carry-over stocks of about 2,336 million tons (1,609 million tons white and 727 000 tons yellow) from the previous season, the domestic supply of maize for the 2011/12 marketing season (May to April) is estimated at 13,015 million tons (7,809 million tons white and 5,206 million tons yellow).

The domestic demand for commercial maize is estimated at 9,956 million tons—5,868 million tons of white and 4,088 million tons of yellow maize. Projected exports amount to 2,070 million tons (1,270 million tons of white and 800 000 tons of yellow maize). Carry-out stocks on 30 April 2011 are expected to be approximately 990 000 tons—672 000 tons white and 318 000 tons yellow. Considering pipeline requirements (45 days of commercial consumption) of 1,108 million tons of maize, it is likely that SA will be importing maize by the beginning of 2012 to meet local demand.

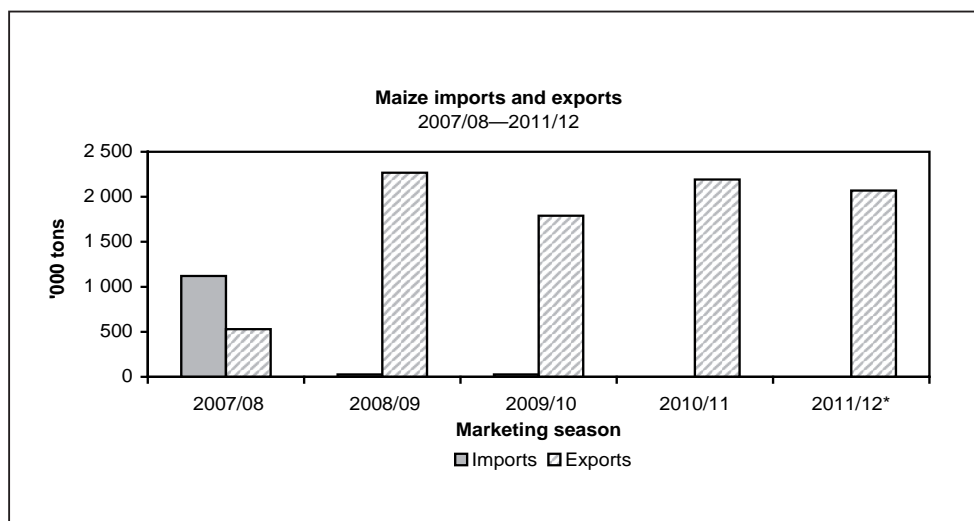
Trade balance

In the case of a product such as white maize, millers (who are the main buyers of the maize crop) have the option of importing maize rather than 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 Agricultural Products Division of the JSE Security Exchange of South Africa.

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



* Projection

Important export destinations are the BLNS countries (Botswana, Lesotho, Namibia and Swaziland), Zimbabwe and Mozambique. The first half of the 2011/12 season also shows exports to, *inter alia*, Mexico, Korea, Taiwan, Somalia and Japan.

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 Famine Early Warning Systems Network (FEWS NET) of USAID reported that vulnerability assessments released in July 2011 show that the total number of people in need of humanitarian assistance in seven SADC member states—Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe had increased from 2,67 million in the 2010/11 marketing year to 2,86 million in 2011/12.

Food insecurity was also expected to worsen in these countries as the lean season approached by October/November 2011. Many poor households in the affected areas are dependent on markets to meet their food needs and as a result, price increases have started to emerge, a factor that is likely to have a negative effect on food access for poor households. Donor assistance is required in some of the countries.

South Africa normally has the capacity to meet the maize import needs of neighbouring countries experiencing shortages.

Prospects

In October 2011, South African farmers intended to plant 2,60 million ha of maize for the 2011/12 production season, which is 10% more than the 2,37 million ha planted during 2010/11. Late or excessive rainfall could, however, influence farmers to plant other summer grain crops instead.

Farmers indicated that the main reason for the intended increase in maize plantings was favourable maize prices compared to the same period a year ago. The current higher producer price levels are a result of high maize export volumes since the start of the 2011/12 marketing season, which have lowered the local supply and supported local prices.

Maize tariff

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

World maize situation

According to the September 2011 report of the United States Foreign Agricultural Services, world maize production in 2011/12 (September to August) is forecast at 854,7 million tons, which is 3,7% or 30,7 million tons more than the 824,0 million tons produced during 2010/11. The US contributed 37% (317,4 million tons), China 21% (178,0 million tons), and the EU-27 and Brazil 7% (61,0 million tons) each to world production. The remaining 28% is made up by, inter alia, Mexico, India, Argentina and South Africa.

Global consumption in 2011/12 is expected to be 861,6 million tons—18,0 million tons more than in the previous year. Global ending stocks at the end of August 2012 are expected to decrease to 117,4 million tons, which is 6,9 million tons or 5,6% 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, Forestry and Fisheries, through the Directorate Agricultural Statistics; Grain South Africa, which promotes the interests of maize producers, and the South African Grain Information Services, 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 indigenous to Africa. 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 gives a bitter taste and consequently birds tend to avoid feeding on it.

Sorghum is cultivated mainly on low-potential, shallow soils with a high clay content that are not suitable for maize cultivation. Sorghum is planted mainly between mid-October and mid-December. The rainfall pattern

and other weather conditions of a particular season to a large extent determine the planting period as well as the length of the growing season.

During the 2010/11 production season (April to March), sorghum for commercial purposes was produced mainly in the Free State (62,1%), followed by Mpumalanga (18,8%), Limpopo (11,6%) and the North West (5,8%). An estimated 69 200 ha were planted to sorghum for commercial use, representing a decrease of 20,2% compared to the 86 675 ha planted during 2009/10.

For the past five seasons, South Africa produced on average 200 000 tons of sorghum per annum, which is relatively small compared to the average domestic maize and wheat production.

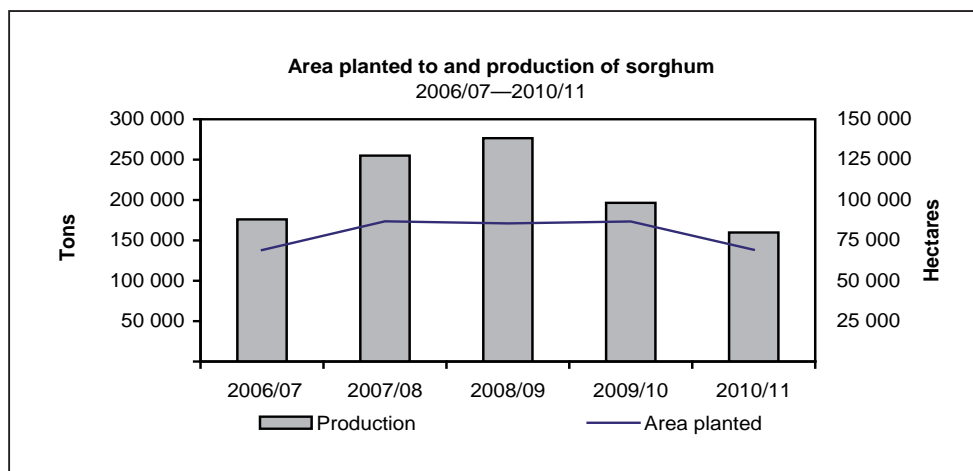
During the 2010/11 production season, sorghum contributed only approximately 0,9% to the gross value of field crops. The estimated average annual gross value of sorghum for the five seasons up to 2009/10 amounts to R348 million.

The commercial sorghum crop for the 2010/11 production season is estimated at 159 700 tons, which is 18,7% lower than that of the previous season and 20,2% lower than the five-year average production of 200 000 tons up to 2009/10. The yield for 2010/11 is 2,31 t/ha, which is 15,7% lower than the five-year average yield of 2,74 t/ha up to 2009/10.

Plantings, production and the yields of sorghum from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
Plantings (ha)	69 000	86 800	85 500	86 675	69 200
Production (t)	176 000	255 000	276 500	196 500	159 700
Yield (t/ha)	2,55	2,94	3,23	2,27	2,31

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



The five-year average, up to 2009/10, of sorghum produced by the non-commercial agricultural sector for its own use is assumed to be approximately 22 000 tons, which is about 11,0% of the average commercial sorghum crop of 200 000 tons.

Consumption

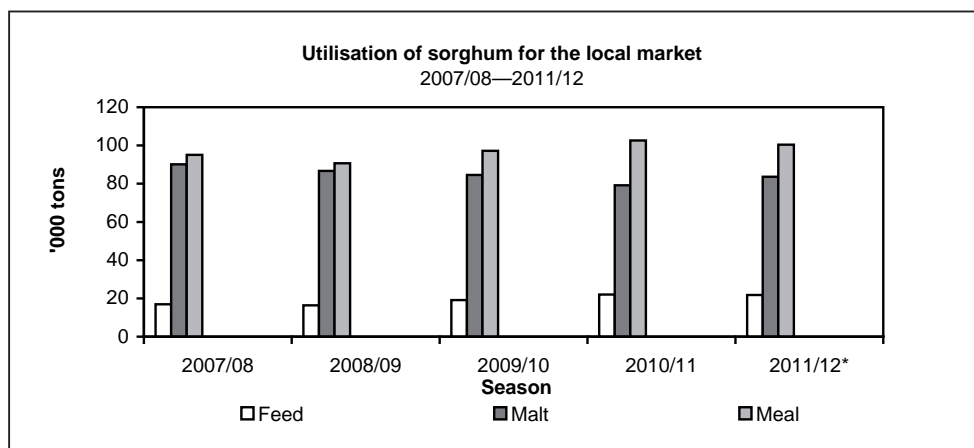
Sorghum, like other grains, has two basic markets that it serves, namely the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income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

Expectations are that a total of 260 000 tons of sorghum will be available for local consumption during the 2011/12 marketing season (April to March), compared to 285 000 tons the previous season. This comprises carry-over stocks as at 1 April 2011 amounting to 58 100 tons, domestic production of 159 700 tons and imports of 42 200 tons.

The commercial utilisation (for human and animal consumption) of sorghum for the 2011/12 marketing season is approximately 207 000 tons, of which 186 000 tons are for human consumption (malt, meal and other uses) and 21 000 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Projected exports during the 2011/12 marketing season are 25 000 tons.

Considering the above, carry-out stocks at 31 March 2012 are expected to be about 28 000 tons.

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



* Projection

Producer prices

Local producer prices of sorghum increased by 12,0%, from R1 383,49/t in 2009/10 to R1 549,23/t, for the 2010/11 production season.

Season	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	1 483,43	1 774,43	1 494,65	1 383,49	1 549,23

The JSE introduced a sorghum contract from Wednesday, 19 May 2010, with the following expiries: July 2011, September 2011, December 2011 and July 2012. This will provide a better view of what is happening in the sorghum market, as sorghum is traded with relevant fundamental factors discounted in the price.

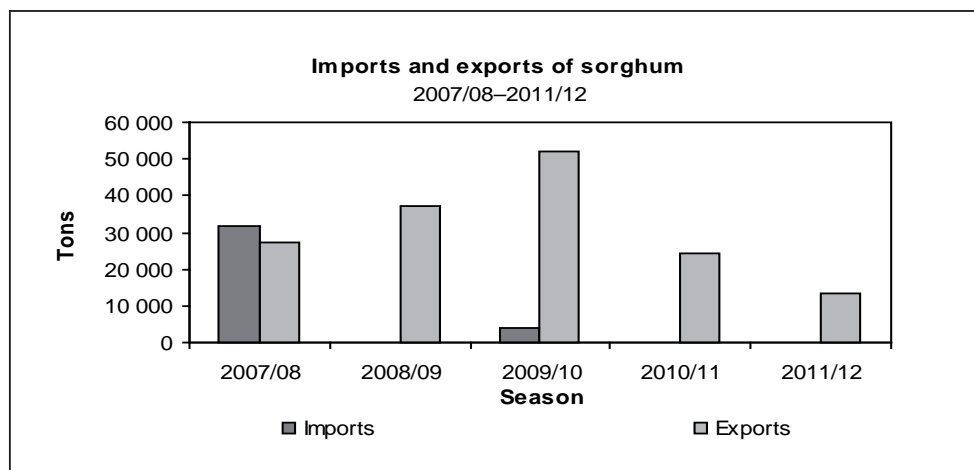
Imports and exports

Imports and exports of sorghum from 2007/08 to 2011/12 (marketing seasons) were as follows:

Season	2007/08	2008/09	2009/10	2010/11*	2011/12*
	Tons				
Imports	31 700	0	4 000	0	42 200
Exports	27 300	37 100	52 000	24 200	25 000

* Projection

The exports of 25 000 tons for the 2011/12 marketing season are 3,3% more than the 24 200 tons of the previous season.



Outlook

A survey conducted in mid-October 2011 showed that producers intended to decrease sorghum plantings by 31,8%, from 69 200 ha planted in the 2010/11 production season to 47 200 ha in 2011/12. Using a five-year average yield of 2,67 t/ha and the intended plantings of 47 200 ha, a production of 125 900 tons of sorghum could be expected during the 2011/12 production season.

World sorghum situation

World production increased by 10,3%, from 59,26 million tons in 2009/10 (marketing year) to 65,36 million tons in 2010/11. Nigeria contributed 17,9% (11,7 million tons), the United States 13,4% (8,8 million tons), India 10,3% (6,7 million tons) and Mexico 9,7% (6,3 million tons) to world production. The balance of 48,7% was made up by, *inter alia*, Sudan, Argentina, China, Ethiopia and Australia.

The world total production in 2011/12 is forecast at 60,8 million tons, which is 4,56 million tons or 7,0% less than the 65,36 million tons produced in 2010/11.

Nigeria, the largest producer of sorghum in Africa, expects to produce 11,7 million tons in 2011/12, India and Mexico are expected to produce 6,8 million tons each and the United States 6,2 million tons.

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 second most important field crop produced in South Africa. In the 2010/11 season, this crop contributed approximately 9% to the gross value of field crops. The average annual gross value of wheat for the past five years up to 2010/11 amounts to R3 850 million, compared to R15 510 million for maize, which is the most important field crop.

Wheat is planted mainly 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.

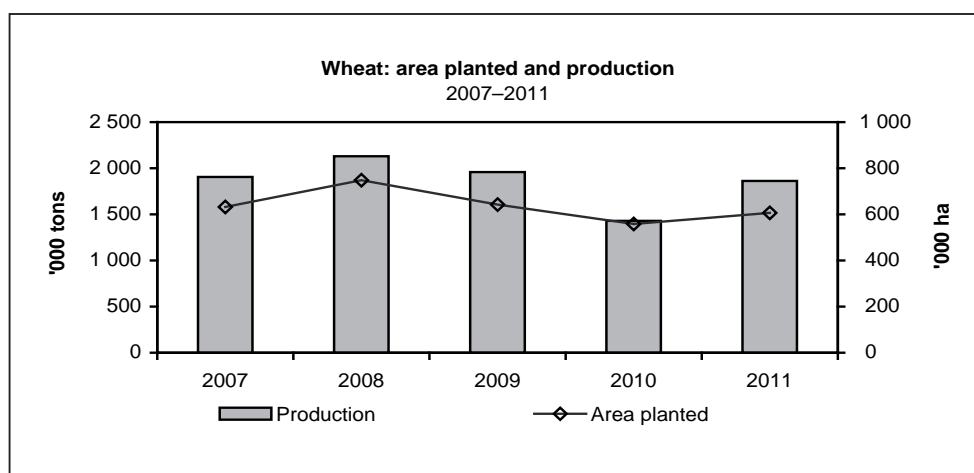
Wheat is generally classed as “hard” or “soft”. Hard wheat tends to have a higher protein content than softer wheat and is used mainly for bread. Soft wheat, on the other hand, is more suitable for confectionery.

Areas planted and production

The estimated area planted to wheat for the 2011 season is 606 700 ha, which is 8,7% more than the 558 100 ha of the previous season. Apart from the previous season, this is the second smallest area planted to wheat since the early 1900s. Of this area, 265 000 ha (44%) are in the Western Cape and 235 000 ha (39%) are in the Free State. According to producers, the increase in wheat plantings can mainly be attributed to prices that are better than the previous season.

In the Western Cape winter rainfall region, the start to the 2011 production season for wheat was marked by favourable conditions over the Rûens region, but unfavourable conditions over the Swartland region, compared to the situation during the last 12 years. Above-average rainfall occurred over most of the winter grain producing areas during June.

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



The expected commercial wheat crop for 2011 is 1,862 million tons, of which 662 500 tons (36%) are from the Western Cape, 587 500 tons (32%) from the Free State and 273 000 tons (15%) from the Northern Cape provinces. The expected average yield is 3,07 t/ha. This is the highest yield ever recorded.

Plantings, production and yields from 2007 to 2011 are as follows:

Season	2007	2008	2009	2010	2011
Plantings (ha)	632 000	748 000	642 500	558 100	606 700
Production (t)	1 905 000	2 130 000	1 958 000	1 430 000	1 861 880
Yield (t/ha)	3,01	2,85	3,05	2,56	3,07

Consumption

A total of 3,695 million tons of wheat were available for local consumption during the 2010/11 marketing season (October to September). This comprised carry-over stocks as at 1 October 2010 of 579 000 tons, domestic production, including the non-commercial sector, of 1,436 million tons, and imports of approximately 1,680 million tons.

The total demand for wheat for the 2010/11 marketing season is estimated at approximately 3,192 million tons, of which 205 000 tons were exported. Carry-out stocks as at 30 September 2011 are estimated to be 503 000 tons.

For the 2011/12 marketing season, the total supply of wheat is forecast at 3,871 million tons (the estimated wheat crop of 1,868 million tons, including the non-commercial sector, together with the carry-over stocks of about 503 000 tons and expected imports of 1,5 million tons). The demand for wheat (exports included) is estimated at 3,239 million tons. Carry-out stocks at the end of September 2012 are expected to amount to 632 000 tons.

Imports

South Africa, a net importer of wheat, relies on imports from, inter alia, Argentina, the US and Australia to meet its domestic demand. During the 2010/11 season, approximately 57% of the wheat that was needed for domestic consumption was produced locally, while an estimated 1,7 million tons were imported.

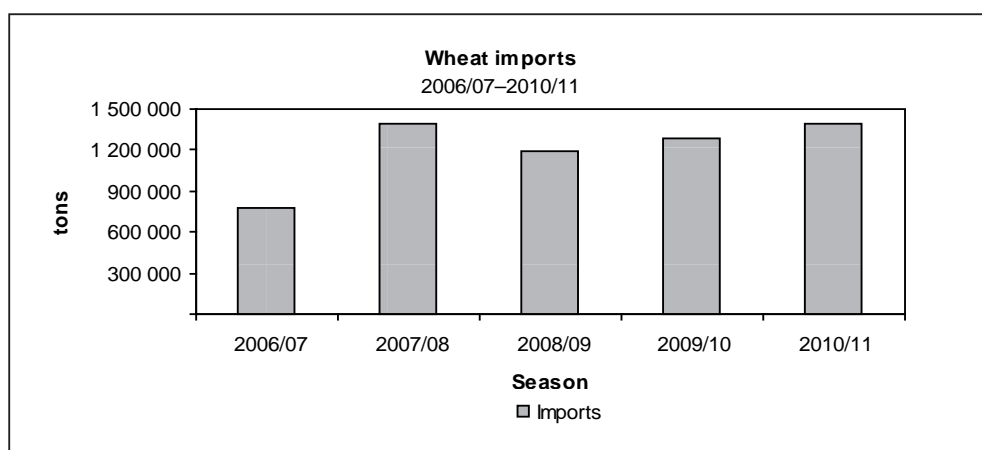
Wheat imports from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11*
	Tons				
Imports	777 000	1 396 000	1 192 000	1 285 000	1 680 000

* Projection for the 2010/11 marketing season

Source: SAGIS

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



Prices

Wheat prices in South Africa remain largely at the mercy of international markets and, unavoidably, to global trends in commodity prices.

The average producer price of wheat increased by 35,7%, from R1 602,54/ton in 2009/10 to R2 174,64/ton in 2010/11. This was mainly the result of Russia's decision to stop exporting grain owing to fires and drought conditions since August 2010, which caused an increase in the global wheat price and reflected on the local market. Helping to prevent a more pronounced surge in grain prices was the increased availability of cheaper Black Sea supplies and the generally negative sentiment in financial markets. Several importers took advantage of Black Sea milling and feed wheat, priced at discounts of up to \$50 to other comparable origins.

The average producer prices of wheat (grade 1) from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	1 524,19	2 505,58	2 307,46	1 602,54	2 174,64

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. The Winter Grain 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.

World wheat situation

World wheat supply and demand are forecast to be broadly balanced in 2011/12, with an increase in production matched by higher consumption. With winter wheat harvests nearing completion in the northern hemisphere, better than expected production in Russia, Kazakhstan, the Ukraine and India outweigh the somewhat reduced prospects in the US, Australia and Argentina.

According to the September 2011 report of the United States Foreign Agricultural Services, world wheat production in 2011/12 (July to June) is forecast at 678,1 million tons, which is 4,6% or 29,9 million tons more than the 648,2 million tons produced during 2010/11. China contributed 18% (115, 2 million tons), India 12% (80,8 million tons) and the United States 9% (60,1 million tons) to world production during 2010/11. The balance of 61% is made up by, inter alia, the EU-27, the Russian Federation, Pakistan and Australia.

Global consumption is expected to be 676,9 million tons—22 million tons more than the previous year. Global ending stocks are expected to increase to 194,6 million tons by the end of June 2012, which is 1,2 million tons or 0,6% more than the previous year.

Research and information

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, after 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 the 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 (March to October).

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

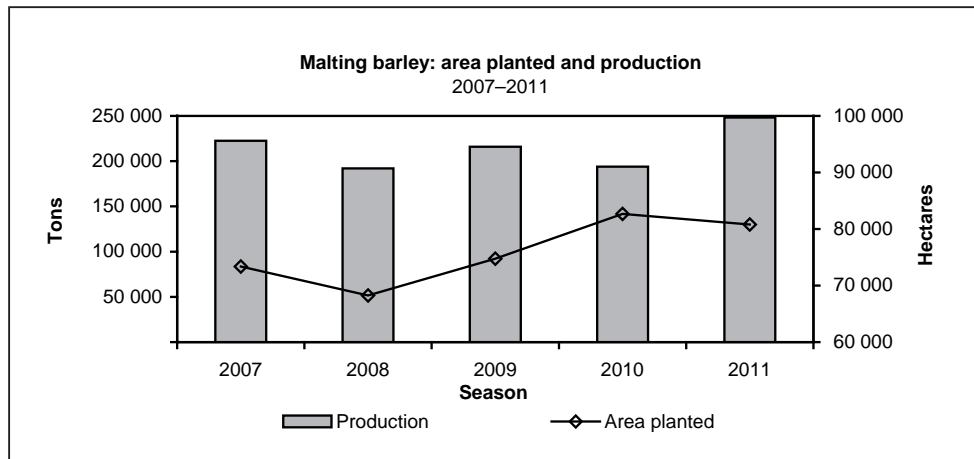
Because of the risk of unpredictable weather conditions in the Southern Cape, barley production has been introduced to the cooler central irrigation areas of the Northern Cape Province. Malting barley under irrigation has a higher yield and is more stable than in the Southern Cape, where the crop is dependent on rainfall.

Barley is planted over a relatively short period (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 date 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 plantings of malting barley for the 2011 season are estimated at 80 800 ha. This is 2,3% or 1 870 ha lower than the plantings of 82 670 ha during 2010, but 3,9% or 3 037 ha more than the five-year average of

77 763 ha planted up to 2010. Of this 80 800 ha, 72 000 ha (89%) are in the Western Cape, 7 850 ha (10%) in the Northern Cape and 850 ha (1%) in the North West Province.



A total crop of 248 290 tons of malting barley is expected for the 2011 season. This is 28,0% higher than the estimated production of 194 000 tons in the previous season. It is also 17,1% or 36 190 tons more than the average production of 212 100 tons per annum over the five years up to 2010. The expected average yield is 3,07 t/ha, which is the highest yield ever realised in South Africa.

Plantings, production and yield of malting barley from 2007 to 2011 were as follows:

Season	2007	2008	2009	2010	2011
Plantings (ha)	73 360	68 245	74 760	82 670	80 800
Production (t)	222 500	192 000	216 000	194 000	248 290
Yield (t/ha)	3,03	2,81	2,89	2,35	3,07

Consumption

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

The total supply of malting barley for the 2010/11 marketing season (October to September) was estimated at 377 500 tons (imports included). Carry-over stocks as at 1 October 2010 amounted to 108 500 tons. Production for the 2010/11 season was 194 000 tons, while 75 000 tons were imported.

For the 2010/11 marketing season, the total demand for malting barley is estimated at 287 800 tons. Carry-out stocks at 30 September 2011 were 89 700 tons. This is more than double the required 3-month-pipeline stock of 35 200 tons.

For the 2011/12 marketing season, the total supply of malting barley is expected to be 391 900 tons, comprising the expected crop of 248 300 tons, carry-over stocks of 89 700 tons and expected imports of 53 900 tons. The domestic demand is estimated at 297 100 tons, including 4 000 tons of exports. Carry-out stocks at the end of September 2012 are expected to amount to 94 800 tons.

Producer prices and value of crop

The average producer prices of malting barley from 2006 to 2010 were estimated to be as follows:

Season	2006	2007	2008	2009	2010*
	R/ton				
Producer price	1 576,42	1 381,40	2 300,31	2 035,58	2 083,27

* Preliminary

The average annual gross value of malting barley for the past five years up to 2010/11 amounts to R408 million, compared to the R3 850 million of wheat and R15 510 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 SAB Maltings, 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 barley-malting 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, SAB Maltings imported barley (mainly from Canada, the United States, Australia and Argentina) and malt (mainly from Canada, the US, Sweden and France).

Barley and malt imports from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
	Tons				
Imports — barley	51 100	96 600	98 700	53 500	75 000
— malt	75 900	40 400	61 900	82 400	63 200

Source: SAGIS

World barley situation

According to the September 2011 report of the United States Foreign Agricultural Services, world barley production is estimated at 132,6 million tons for the 2011/12 marketing year, while global consumption is expected to be 137,1 million tons. Global ending stocks at the end of September 2012 are expected to be 21,6 million tons.

Research and information

The South African Barley Breeders' Institute (SABBI) near Caledon and the ARC-Small Grain Institute in Bethlehem conduct research on and breeding of barley in South Africa, which is financed by statutory levies on barley sales.

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

Sunflower seed

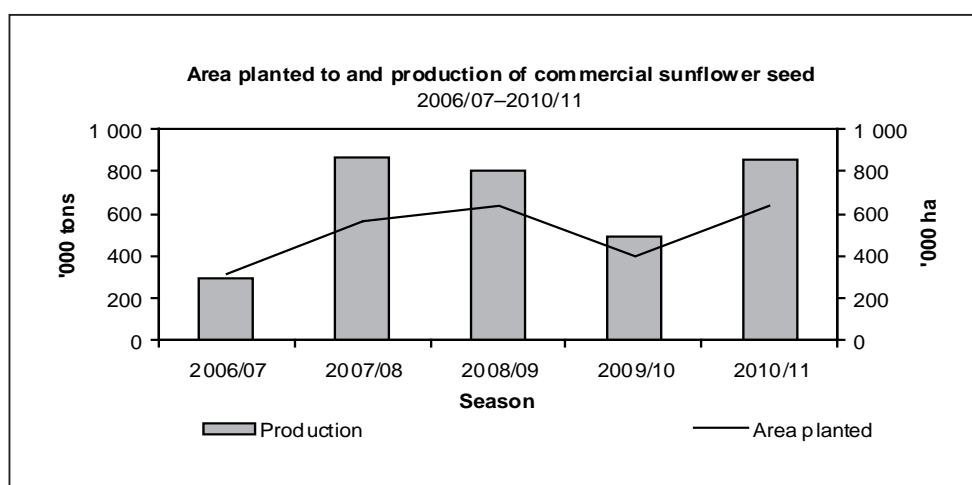
Sunflower seed can be planted from the beginning of November to the end of December in the eastern part of the production areas, and up to the middle of January in the western part. Sunflowers grow best when planted in mid-summer to ensure that less moisture is lost from the soil during the crucial growing 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 optimum date for maize planting has passed.

During the 2010/11 production season, the bulk of the crop was produced in the Free State (47%) and North West (36%) provinces. The contribution of sunflower seed to the gross value of field crops during the season is approximately 9,2%, compared to the 43,3% of maize, the largest contributor. The average annual estimated gross value of sunflower seed for the five years up to 2010/11 amounts to R2 349 million, compared to the R15 510 million of maize.

Plantings and production

The yearly plantings of sunflower show remarkable variation, between as low as 316 000 ha and as high as 828 000 ha during the past two decades. The area planted to sunflower seed for commercial use during the 2010/11 season increased by 61,6% to 642 700 ha, from an estimated 397 700 ha the previous season. This is also 34,6% higher than the 5-year average of 477 326 ha up to 2009/10. The increase in plantings can be attributed mainly to higher prices during planting time.

Commercial seed production during 2010/11 was approximately 861 770 tons, which is 75,9% higher than the previous season and also 44,4% higher than the average of 596 600 tons for the previous five years. The increase in production can be attributed mainly to an increase in the area planted to sunflower seed. The average yield for 2010/11 is approximately 1,34 t/ha, which is 8,9% higher than the 1,23 t/ha during the previous season, and 7,2% higher than the 5-year average of 1,25 t/ha up to 2009/10. The increased yield can, among other factors, be attributed to improved cultivars that are self-pollinating and not that dependent on insects like in the past.



Subsistence agriculture contributed an estimated 32 635 tons (3,8%) to the total sunflower seed production in South Africa during 2010/11.

According to a report by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, after a sharp increase in sunflower seed plantings for in the 2010/11 production season, a decrease of approximately 8,2% in plantings of sunflower seed could be expected for the 2011/12 production season.

Commercial plantings, production and yields of sunflower seed from 2006/07 to 2010/11 were as follows:

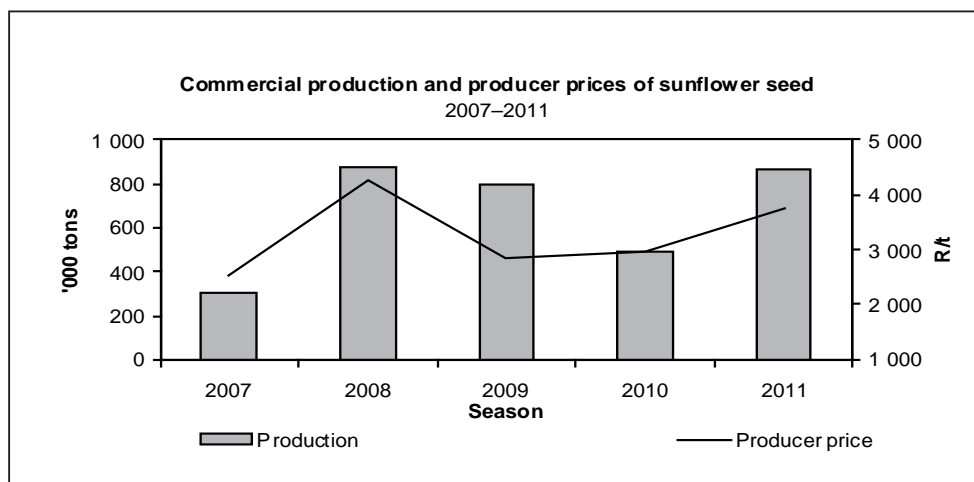
Season	2006/07	2007/08	2008/09	2009/10	2010/11
Plantings (ha)	316 350	564 300	635 800	397 700	642 700
Production (t)	300 000	872 000	801 000	490 000	861 770
Yield (t/ha)	0,95	1,55	1,26	1,23	1,34

Producer prices

The average producer prices of sunflower seed from 2007 to 2011 are as follows:

Season	2007	2008	2009	2010	2011
	R/ton				
Producer price	2 547	4 272	2 855	2 953	3 739

The average producer price increased by 26,6%, from R2 953/ton in 2010 to R3 739/ton in 2011. The upward trend in world sunflower seed prices continued into 2011, with prices trading close to the 2008 peaks. The renewed surge in international prices mainly reflects a progressive tightening in global supplies, combined with steady demand growth and robust buying interest by the major importing countries. These international factors also impacted positively on the local sunflower seed price for 2011.



Consumption

The sunflower seed marketing season in South Africa commences on 1 January and ends on 31 December. The seed is used for the manufacturing of sunflower oil and oilcake. The oil is marketed in the form of refined oil for domestic and industrial cooking and baking purposes, and is processed into margarine and other consumer products. Oilcake is an important protein ingredient of balanced animal feed.

The estimated sunflower seed crop of 861 770 tons for the 2011 marketing season, together with carry-over stocks of about 47 600 tons on 1 January 2011 and estimated imports of 3 000 tons, leaves the domestic supply of commercial seed at an estimated 912 370 tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 97,6% or 608 500 tons in 2011) for oil and oilcake production. The estimated commercial consumption of seed for the 2011 marketing year is approximately 623 200 tons. No exports were projected for the 2011 season. South Africa's stock situation has improved since the previous season, and the country has enough seed available to meet local demand for 2011. Carry-out stocks on 31 December 2011 are expected to be approximately 289 170, which is almost double the required 3-month-pipeline stock of approximately 152 901 tons.

Trade

With regard to exports, phytosanitary requirements and quality standards must be adhered to and a Perishable Products Export Control Board (PPECB) certificate must be obtained. During the first six months of 2011, South African imports were limited and were mainly from Romania.

Year	2007	2008	2009	2010	2011*
	Tons				
Imports	9 200	1 500	69 400	62 200	3 000
Exports	0	79 400	0	100	0

*Projection

International overview

According to the September 2011 report of the United States Foreign Agricultural Services, preliminary indications pointed to an increase of 9,6% or 2,1 million ha in the global harvested area, to a record of 24,5 million ha for 2010/11.

World output of sunflower seed is also expected to increase by around 3,7 million tons or 11,9%, to 34,8 million tons. The increase in production can mainly be ascribed to the higher global plantings. It is also important to note that Russia, as one of the main sunflower seed exporting countries, is expecting a crop of 8,3 million tons, which represents an increase of 55,1% or almost 3 million tons.

Marketing, information and research

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

The information function is performed by the Department of Agriculture, Forestry and Fisheries, through the Directorate: Agricultural Statistics; Grain South Africa, which promotes the interests of oilseed producers; and the South African Grain Information Service, a section 21 company funded by, among others, the oilseeds industry.

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

Soya beans

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

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

Soya beans contribute approximately 6,4% to the gross value of field crops, and the estimated average annual gross value of soya beans for the past five seasons up to 2010/11 amounts to R1 388 million.

Plantings and production

The plantings of soya beans ranged between 46 000 and 418 000 ha over the past 20 years. For the last three consecutive seasons, the area dedicated to soya-bean production has increased rapidly.

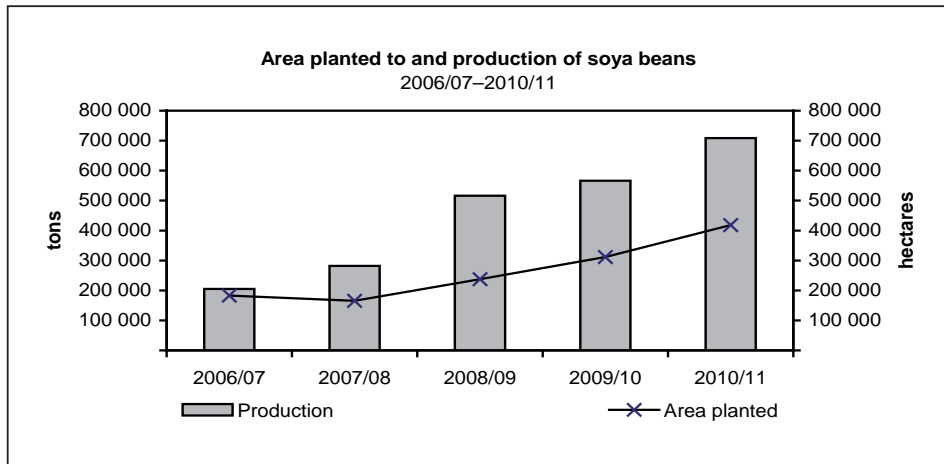
During the 2010/11 season, soya beans were grown primarily in Mpumalanga (45%), the Free State (32%), and KwaZulu-Natal (8%). Small plantings were found in Limpopo, Gauteng and the North West.

During the 2010/11 production season, an estimated 418 000 ha, the largest planting in two decades, were planted for commercial use, as against an estimated 311 450 ha the previous season. This represents an increase of 34,2% and is 83,6% higher than the five-year average of 227 634 ha up to 2009/10. The increase in plantings was mainly caused by the favourable price ratio of soya beans compared to maize during the 2010 planting season. More producers are also recognising the value of soya beans in a crop rotation system with maize. In addition, the production of soya beans is made relatively easier with the GM cultivars that are available in South Africa.

The record crop of an estimated 708 750 tons in 2010/11 (the highest during the past two decades) represents an increase of 25,2% over the 2009/10 crop of 566 000 tons. It is also 77,8% higher than the average of 398 600 tons for the five years up to 2009/10. The average yield of 1,70 t/ha is 6,6% lower than the 1,82 t/ha of the previous season. The lower yield for 2010/11 can be attributed mainly to excessive rainfall that occurred during the growing season, as well as during harvesting time, which also adversely affected the quality of the crop in certain production areas.

Plantings, production and yields of soya beans from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
Plantings (ha)	183 000	165 400	237 750	311 450	418 000
Production (t)	205 000	282 000	516 000	566 000	708 750
Yield (t/ha)	1,12	1,70	2,17	1,82	1,70



Producer prices

The main influences on soya-bean prices include the level of soya production in South America, the demand for imported soya in China, marine freight rates and the rand/dollar exchange rate.

The average local producer price of soya beans for 2011 is approximately R3 172/ton, which is 25,5% higher than the price for 2010. The increase can be attributed to an increase in international prices, directed mainly by the progressive tightening in global supplies, combined with a steady demand growth and robust buying interest by the major importing countries.

The average producer prices of soya beans from 2007 to 2011 are as follows:

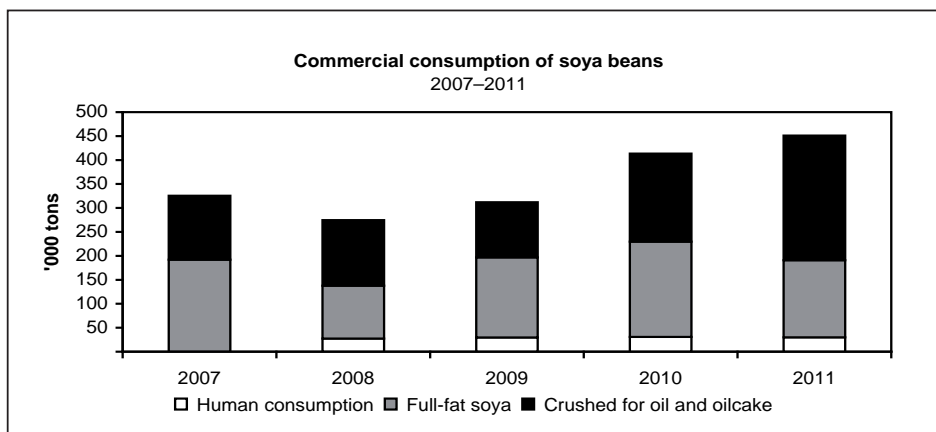
Year	2007	2008	2009	2010	2011
	R/ton				
Producer price	2 343	4 026	3 187	2 528	3 172

Consumption

An estimated total of 813 750 tons of soya beans are available for utilisation during the 2011 marketing season (January to December). It comprises carry-over stocks on 1 January 2011 amounting to 102 700 tons, the estimated production of 708 750 tons and projected imports of approximately 2 300 tons.

In South Africa, soya beans are mainly used for animal feed. The local commercial consumption of soya beans for 2011 is estimated at 471 600 tons—160 800 tons for feed (full-fat soya), 260 400 tons for oil and oilcake and 30 000 tons for human consumption. Onfarm consumption is estimated at 20 400 tons. The projected exports during 2011 are 120 500 tons. Carry-over stocks on 31 December 2011 are expected to be approximately 221 650 tons.

The following graph illustrates the commercial consumption of soya beans:



Trade

During the first six months of 2011, South African imports of soya beans were mainly from Canada and Malawi, while the exports were mainly to Malaysia, followed by Mozambique.

The imports and exports of soya beans from 2007 to 2011 are as follows:

Year	2007	2008	2009	2010	2011*
	Tons				
Imports	120 100	16 300	1 400	2 300	340
Exports	1 200	5 400	155 600	121 300	69 900

* Projected

International overview

Economically, the soya bean is the most important legume in the world, providing good-quality vegetable protein for millions of people and animals, as well as ingredients for numerous chemical products. Towards the end of the 20th century and into the present, soya beans played an important role in helping to alleviate world hunger.

According to the World Agricultural Supply and Demand Estimate (WASDE) Report released in September 2011, world production of soya beans increased by 1,3%, from 260,8 million tons for the 2009/10 marketing season to 264,1 million tons for 2010/11. The United States contributed 34,3% (90,6 million tons), Brazil 28,6% (75,5 million tons), Argentina 18,6% (49,0 million tons) and China 5,7% (15,1 million tons) to world production. The balance of 12,8% is made up by, *inter alia*, the EU-27, Japan, Mexico and Southeast Asia.

Outlook

According to a report by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, following the record plantings of 418 000 ha in 2010/11, an increase of only 1,4% in the local plantings of soya beans can be expected for the 2011/12 production season. The expansion in the soya-bean acreage is mainly driven by the relatively lower profitability of maize production, as well as lower input costs in the case of soya beans that can ease the pressure on the cash-flow position of farmers.

The WASDE projected the global production of soya beans for the 2011/12 marketing season at 259 million tons—a decrease of 1,9%. The decrease in production can be ascribed mainly to a decrease in the expected yield of the United States compared to the previous season.

The US branch of Pioneer in South Africa, Pioneer Hi-Bred International, recently announced that it was planning to introduce a new oleic-rich genetically modified soya-bean type in South Africa. The primary use of the bean is for cooking oil, under the Plenish brand, with secondary and tertiary applications as animal feed and industrial products.

The high-oleic soya-bean oil has no trans-fat and 20% less saturated fat than typical soya-bean oil. It also has increased mono-unsaturated fat, much like olive oil. These characteristics could ultimately reduce food costs for consumers by reducing production costs for cooking oil and other products. According to Pioneer, the high-oleic soya-bean oil can be a replacement for canola, traditional soya-bean oil and other partially hydrogenated oils in edible applications.

Pioneer's high-oleic genetically modified seed is likely three to four years from commercialisation. If commercialised, the introduction of a new soya-bean event with higher value oil and products in South Africa could increase soya-bean demand and stimulate continued growth in soya-bean production.

Research and information

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

The information function is performed by the Department of Agriculture, Forestry and Fisheries through the Directorate: Statistics and Economic Analysis, by Grain South Africa, and by the South African Grain In-

formation Service (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.

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 mainly produced in the north-western regions of South Africa, namely the western and north-western Free State, the North West Province, and the Northern Cape Province.

During the 2010/11 production season, 41,7% of the plantings were in the Free State Province, 39,9% in the North West Province and 13,6% in the Northern Cape Province.

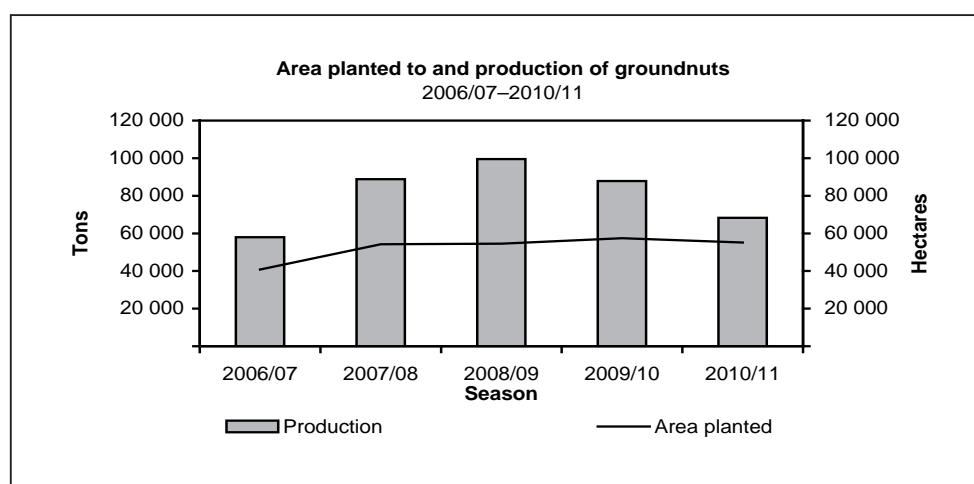
Groundnuts contributed approximately 1,3% to the value of field crops in 2010/11, while the average annual gross value of groundnuts for the five years up to 2010/11 amounts to approximately R521 million.

An estimated 55 150 ha were planted to groundnuts for commercial use, as against 57 450 ha planted during 2009/10. This represents a decrease of 4,0%, but is 7,9% higher than the average of 51 104 ha planted during the five years up to 2009/10.

An estimated commercial crop of 68 295 tons of groundnuts was produced during 2010/11. This represents a decrease of 22,4% from the 2009/10 crop of 88 000 tons. The 2010/11 crop is 16,4% lower than the five-year average of 81 660 tons up to 2009/10. The average yield for 2010/11 was 1,24 t/ha, which is 19,0% less than the 1,53 t/ha of the previous season and 22.5% less than the five-year average of 1,60 t/ha up to 2009/10.

Plantings, production and the yield of groundnuts from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
Plantings (ha)	40 770	54 200	54 550	57 450	55 150
Production (t)	58 000	88 800	99 500	88 000	68 295
Yield (t/ha)	1,42	1,64	1,82	1,53	1,24



Indications of producers' intentions for the 2011/12 season are that groundnut plantings will increase by approximately 5,2%.

Producer prices

Groundnuts are traditionally an export commodity and local prices are determined mainly by export parity. The average producer prices of groundnuts from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11*
	R/ton				
Producer price	5 514	6 122	6 361	4 659	5 076

* Preliminary

The average producer price for groundnuts shows an increase of 8,95%, from R4 659/ton in 2009/10 to R5 076/ton in 2010/11.

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).

Imports of groundnuts to and exports from South Africa during the five marketing seasons (March to February) up to 2011/12 are as follows:

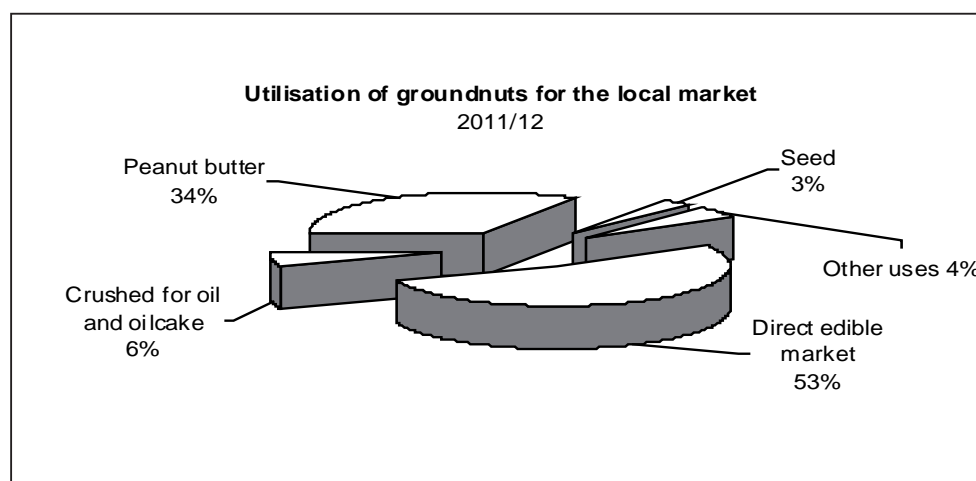
Season	2007/08	2008/09	2009/10	2010/11	2011/12*
	Tons				
Imports	21 400	10 900	6 000	1 200	12 000
Exports	11 300	22 600	15 600	28 700	20 000

* Projections

Consumption

An estimated total of 108 495 tons of groundnuts are available for utilisation during the 2011/12 marketing season. Carry-over stocks on 1 March 2011 amounted to 28 200 tons, and the estimated production is 68 295 tons. Projected imports amount to approximately 12 000 tons.

In South Africa, groundnuts are used mainly for human consumption. The local commercial consumption of groundnuts for 2011/12 is estimated at 69 700 tons—4 000 tons for oil and oilcake, 23 900 tons for peanut butter, 36 600 tons for the direct edible market, 2 000 tons for seed and 3 200 tons for other uses. The projected exports during 2011 are 20 000 tons. Carry-over stocks on 28 February 2012 are expected to be approximately 18 795 tons.



The *per capita* consumption for the 2010/11 marketing year is estimated at 0,92 kg, which is 14,8% less than the 1,08 kg in the previous season.

International overview

The world production of groundnuts increased by 4,5%, from 33,0 million tons in 2009/10 to 34,5 million tons in 2010/11. As a result of dry conditions in the US, the groundnut crop in the country deteriorated, but the crop for 2010/11 would still be up from last year, resulting from increased planting.

Research and information

The information function is performed by the South African Grain Information Service, a section 21 company funded by, among others, the oilseeds industry.

Research is managed by the SA Groundnut Forum, financed with funding received from the Oil and Protein Seeds Development Trust, and performed by the Agricultural Research Council, the Council for Scientific and Industrial Research and other organisations.

Canola

Canola is an oilseed crop that is grown mainly in the Western Cape Province, although there are farmers in other areas of South Africa, such as the Northern Cape, Free State and KwaZulu-Natal provinces, who also plant small quantities of canola from time to time.

Plantings and production

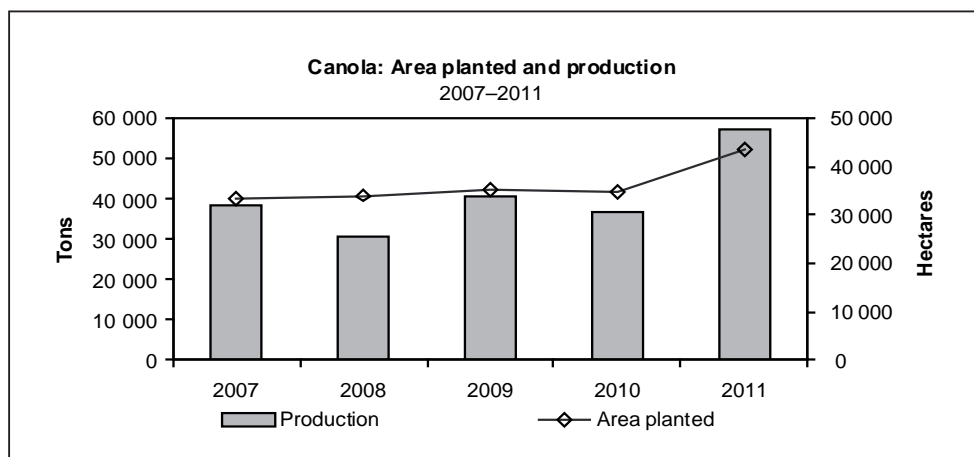
While the estimated area planted to canola increased by 25,0%, from 34 820 ha in 2010 to 43 510 ha in 2011, production is expected to increase by 55,4%, from 36 900 tons to 57 340 tons.

The Western Cape, where approximately 99% of the canola is planted, is experiencing favourable crop growing conditions for the 2011 season. The expected average yield of 1,30 t/ha is the highest ever recorded for the Western Cape.

Estimated plantings, production and yields of canola from 2007 to 2011 were as follows:

Season	2007	2008	2009	2010	2011
Plantings (ha)	33 200	34 000	35 060	34 820	43 510
Production (t)	38 150	30 800	40 350	36 900	57 340
Yield (t/ha)	1,15	0,91	1,15	1,06	1,32

The areas planted to and production of canola are 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 the Western Cape Province. 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. Where wheat was planted after canola, increases of up to 25% in yields have been observed. One of the reasons for this is the deep tap-root system of canola, which acts as a “biological plough” to facilitate root penetration for the crop planted after canola. This then improves infiltration of rain water and reduces water runoff and surface erosion. In addition, canola has a bio-fumigation effect on the soil, which reduces the manifestation of pests and diseases in the soil. Just prior to harvest time, the canola plants drop a large quantity of plant material that assists with the bio-fumigation but also returns a considerable quantity of nutrients and organic material to the soil.

Consumption

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, soft margarine, mayonnaise, salad oil and various industrial uses.

The unique fatty acid composition of canola oil makes it a healthy choice for human nutrition. Canola oil contains less saturated fat than the other frequently used plant oils, which makes it effective in lowering cholesterol levels. It also has a higher omega-3 fatty acid content than do the other oils. Omega-3 fatty acids are important for general health and have been proven to contain the development of cancer. It is therefore expected that the household consumption of canola will continue to increase. Canola, especially the oilcake part, is also a good source of protein in animal feed.

Altogether 46 400 tons of canola were available for local consumption during the 2010/11 marketing season (October to September). This comprised carry-over stocks as at 1 October 2010 amounting to 9 500 tons and domestic production of 36 900 tons. There were no canola imports or exports. The total demand for canola for the 2010/11 marketing season was approximately 37 230 tons.

For the 2011/12 marketing season, the total supply of canola is estimated at 66 510 tons (the estimated canola crop of 57 340 tons, together with carry-over stocks of 9 170 tons). The domestic demand for canola is expected to be 46 710 tons, and therefore carry-out stocks at the end of September 2011 are expected to come to 19 800 tons. No exports or imports are expected during the season.

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 also the price of soya bean oilcake. The price of canola, again, 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 crushed for oil.

The average producer prices of canola from 2006/07 to 2010/11 were as follows:

Season	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	2 660,00	2 700,00	3 100,00	2 800,00	2 700,00

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 South African Grain Information Services (SAGIS), a section 21 company funded by, among others, the oilseeds industry.

Cotton

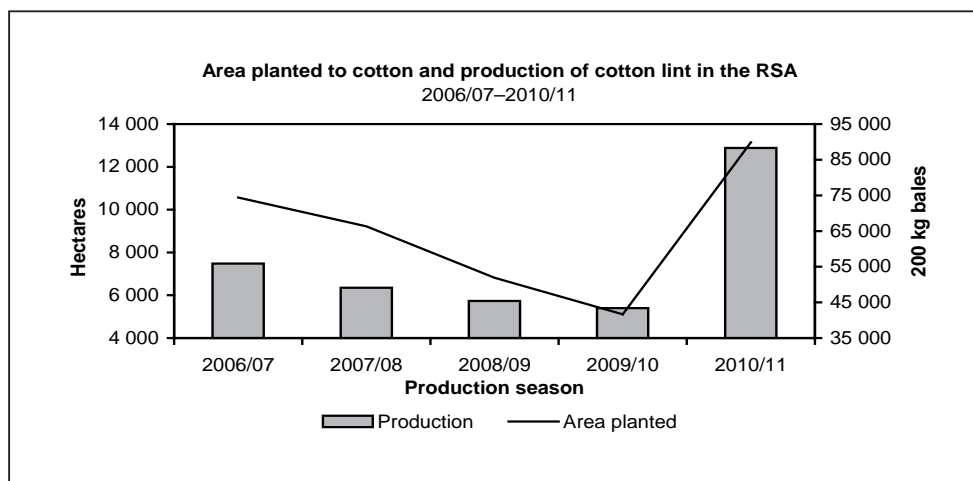
In South Africa, cotton is grown in the warm regions of the Limpopo, Mpumalanga, Northern Cape, North West and KwaZulu-Natal provinces where minimum night temperatures are at least 15 °C during the grow-

ing 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 cotton seed 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 2010/11 production season is estimated at 13 145 ha, which is an increase of 157,2% from the 5 111 ha of the previous season. The area planted to cotton reached its peak during the 1987/88 production season, when an estimated 181 676 ha were planted. Since then, plantings have decreased substantially.



Source: Cotton SA

An estimated 88,5% of the total area planted to cotton during the 2010/11 production season was under irrigation. Yields per hectare under irrigation are up to seven times higher than on dryland. An estimated average yield of 3 897 kg/ha seed cotton was realised on irrigated land during the 2010/11 season, compared to 757 kg realised on dryland.

The domestic production of cotton lint for the 2011/12 marketing season (April to March) is estimated at 85 135 bales of 200 kg each, which is an increase of 121,3% from the 38 470 bales produced for 2010/11.

As part of the cotton industry's objective to broaden participation by emerging farmers through a training programme established by Cotton SA and other stakeholders (including the private sector and government), a goal was set that 25% of the total local production should be from small-scale farmers by 2007, with a goal of 35% by 2014.

Areas planted to cotton and the production of cotton lint for the 2006/07 to 2010/11 production seasons by the RSA and Swaziland compare as follows:

RSA					
Production season	2006/07	2007/08	2008/09	2009/10	2010/11*
Total RSA plantings (ha)	10 563	9 221	6 814	5 111	13 130
Dryland (ha)	2 863	3 242	1 965	960	1 485
Irrigation (ha)	7 700	5 979	4 849	4 151	11 645
Production of cotton lint (200 kg bales) from RSA-grown cotton	55 865	49 100	45 385	43 410	88 315

Swaziland					
Production season	2006/07	2007/08	2008/09	2009/10	2010/11*
Total Swaziland plantings (ha)	4 000	1 500	3 000	3 900	4 000
Dryland (ha)	4 000	1 500	3 000	3 900	4 000
Irrigation (ha)	0	0	0	0	0
Production of cotton lint (200 kg bales) from Swazi- land-grown cotton	1 435	1 050	2 850	3 150	4 000

* Estimates (August 2011)

Source: Cotton SA

Prices

The average producer price for seed cotton (lint and seed derived from the boll of the cotton plant before it is ginned) for the 2010/11 marketing season (April to March) was 435 c/kg, while the price for 2011/12 is estimated at 450 c/kg—an increase of 3,4%. In South Africa, the price of cotton normally emulates global price trends.

According to the International Cotton Advisory Committee (ICAC), the international prices fell sharply after reaching a record level of \$2,44/lb in March this year. The main reason for the drop in prices is slowing demand from cotton spinners as a result of high raw material prices. World cotton production is forecast to increase by 8% to a record 26,9 million tons in 2011/12, driven by the high cotton prices received by farmers in 2010/11. An increase in cotton production is expected for most of the cotton-producing countries, with the exception of the US, where production is expected to be 12% down from the previous season, mainly because of severe drought conditions in Texas. Cotton production in India and Australia could reach record levels.

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

Marketing year	2007/08	2008/09	2009/10	2010/11	2011/12*
	c/kg				
Seed cotton	300	471	350	435	450
Cotton lint	924	1 235	1 120	1 204	1 800

* Estimates

Consumption

Consumption of cotton lint by RSA and Swaziland spinners for the 2011/12 marketing year is estimated at 100 000 bales of 200 kg, compared to the 112 500 bales of the 2010/11 year—a decrease of 11,1%.

During the 2010/11 marketing year, about 15,8% of the consumed cotton lint was imported from the Southern African Development Community (SADC) countries, which represented 95,9% of all the cotton imported. The two major suppliers were Zambia and Zimbabwe. Cotton lint exports for the 2010/11 season amounted to 6 371 tons.

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

Marketing year	2007/08	2008/09	2009/10	2010/11	2011/12*
	200 kg bales				
Consumption	233 985	213 205	129 210	113 870	100 000

* Estimate

Marketing arrangements, information and research

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

Locally, the seed cotton is either 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.

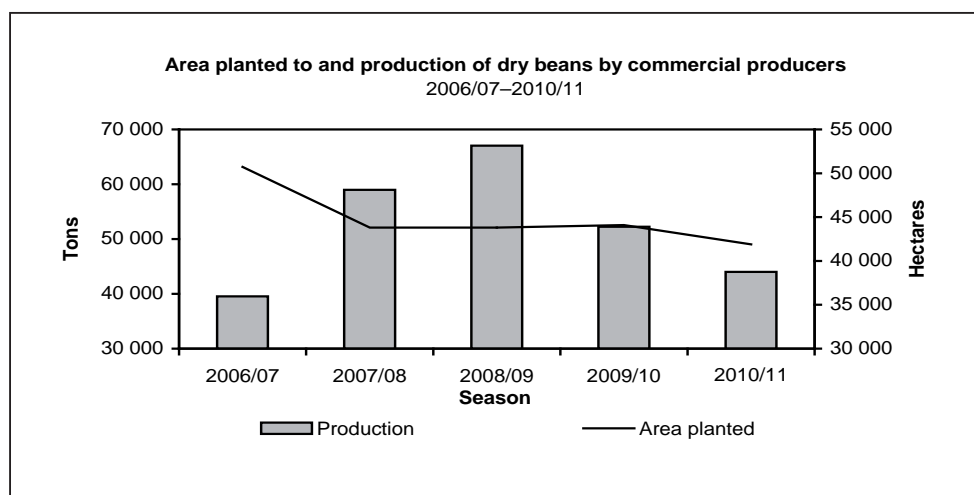
After the Cotton Board was dissolved in 1998, a section 21 company named Cotton SA was formed by stakeholders in the cotton industry. A statutory levy, which was introduced from April 2004 in terms of the Marketing of Agricultural Products Act, 1996, is applicable (currently it is 20 c/kg of cotton lint produced) to finance research and the other functions of Cotton SA, namely information, promotion and grading. Cotton SA also administers registration, records and returns.

Research is coordinated by Cotton SA and performed by the Agricultural Research Council.

Dry beans

Areas planted and production

According to the Crop Estimates Committee, commercial producers planted an estimated 41 900 ha to dry beans during the 2010/11 season,. This is 5,0% lower than the area planted in 2009/10. The estimated commercial crop of 44 000 tons for 2010/11 is 15,8% lower than the previous crop of 52 255 tons. The average yield for the 2010/11 crop is approximately 1,1 t/ha—a decrease of 8,3% from the previous season. The decrease in production can be ascribed largely to unfavourable weather conditions.



The Mpumalanga and Free State provinces are estimated to have produced 44,4% of the 2010/11 commercial crop. The remaining 55,6% was produced in the other provinces.

Production in the provinces and their share in the 2010/11 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Free State	10 500	23,9
Limpopo	9 880	22,4
Mpumalanga	9 000	20,5
North West	6 500	14,8
KwaZulu-Natal	4 800	10,9
Gauteng	1 900	4,3
Northern Cape	1 000	2,3
Western Cape	320	0,7
Eastern Cape	100	0,2
Total	44 000	100,0

The estimated gross value of dry beans for the 2010/11 production season amounts to R329 million—10,5% less than in the previous season.

Production per type during 2010/11 is estimated to be as follows: 28 550 tons (73,4%) red speckled, 9 100 tons (23,4%) small white canning, 1 000 tons (2,6%) large white kidney and the remainder (0,6%) other dry beans, mainly cariocas.

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

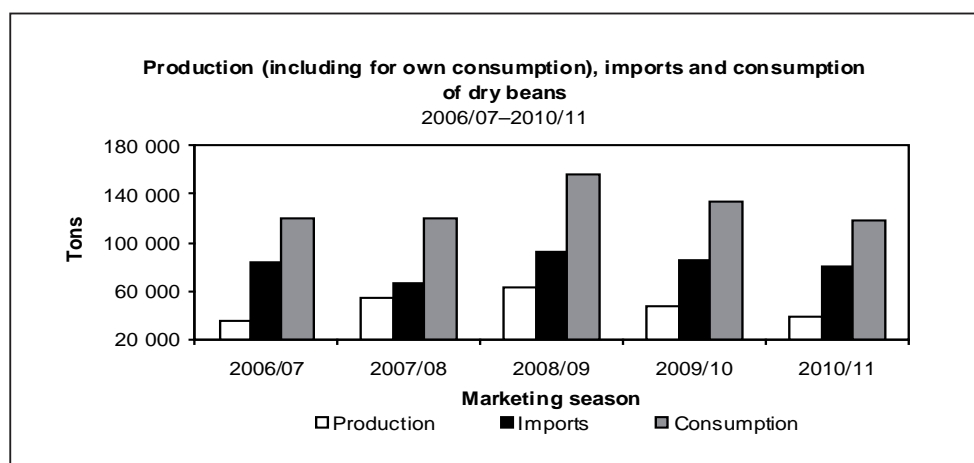
In an attempt to improve profitability for producers and to meet the increase in protein demand, cultivars that can yield up to 1,4 t/ha, as against 0,6 t/ha some 20 years ago, have been developed by the Dry Bean Producers' Organisation in partnership with the Agricultural Research Council. These cultivars are suited to most soil types, have greater resistance to diseases and can be grown successfully in different areas. The average yield for dryland production during the five years up to 2010/11 is 1,1 t/ha.

Consumption

An estimated 118 900 tons of dry beans were consumed locally during the 2010/11 marketing season (April to March). This represents a decrease of 10,8% from 2009/10. The estimated *per capita* consumption for 2009/10 is 2,4 kg, which is 11,1% less than in 2009/10.

Because the local demand is substantially higher than local production, large quantities of dry beans are imported each year, mainly from China.

The quantities of dry beans produced, imported and consumed from 2006/07 to 2010/11, based on information provided by the Dry Bean Producers' Organisation, were as follows:



Marketing season	2007/08	2008/09	2009/10	2010/11	2011/12*
	Tons				
Production	35 290	54 100	63 510	46 710	38 900
Imports	84 112	65 820	92 789	86 558	80 000
Consumption	119 402	119 920	156 299	133 268	118 900

* Preliminary

Producer prices

The average prices received by producers for dry beans from 2006/07 to 2010/11 were as follows:

Production season	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	6 193	7 305	6 958	6 392	6 795

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.

At present, the Oil and Protein Seed Centre (OPSC) in Potchefstroom and, to a lesser extent, the Plant Protection Research Institute (PPRI) in Pretoria, undertake most of the research on dry beans. The functions of the OPSC mainly comprise the breeding of dry bean cultivars and the evaluation of local cultivars. The PPRI is involved in pathological research, which is especially useful for the certification of dry bean seed.

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 eradicated and the field is replanted. This is done on a rotational basis, with approximately 10% of the area under 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 resprouting. The late harvest maximises growth and sucrose content. In the coastal areas, where the crop grows faster, it is harvested at an average age of approximately 12 months. Cane is harvested from April to December.

Industry overview

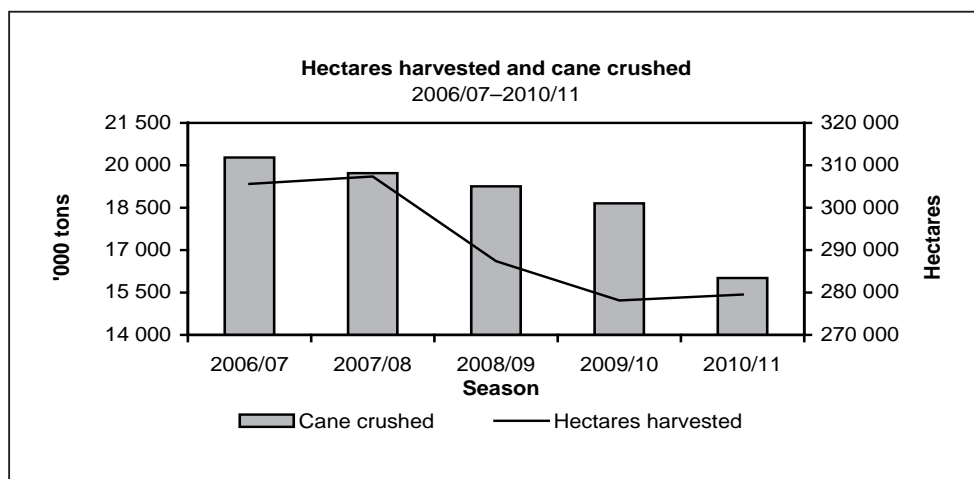
The sugar-cane-growing industry in South Africa is administered by the South African Cane Growers' Association, established in 1927. The industry is regulated in terms of the Sugar Act and the Sugar Industry Agreement, which are binding on all sugar-cane growers and producers of sugar products.

There are currently approximately 29 130 registered cane growers who produce on average approximately 19,9 million tons of sugar cane a year in areas extending from the Eastern Cape Province, with some operations, through KwaZulu-Natal, to Mpumalanga. Large-scale growers are responsible for approximately 84,7% of the total sugar-cane production, while 8,6% of the total crop is produced by small-scale farmers and 6,7% by milling companies.

The South African sugar industry is one of the most cost-competitive producers of high-quality sugar. 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 429 000 people (direct and indirect) and the industry has produced an average of approximately 2,1 million tons of sugar per season during the past five seasons.

Production and price of sugar cane

The production of sugar cane decreased by 14,1% to 16 million tons between the 2009/10 and 2010/11 seasons, while production for the 2011/12 season is expected to be 3,3% higher than in 2010/11.



The average cane production over the past decade (from the 2001/02 to the 2010/11 season) is 19,9 million tons per annum, with the yield of harvested cane averaging 64,8 t/ha over the same period. The yield stands at 57,3 t/ha for the 2010/11 season. The area harvested increased by 0,5%, from 278 133 ha in 2009/10 to 279 535 ha in 2010/11.

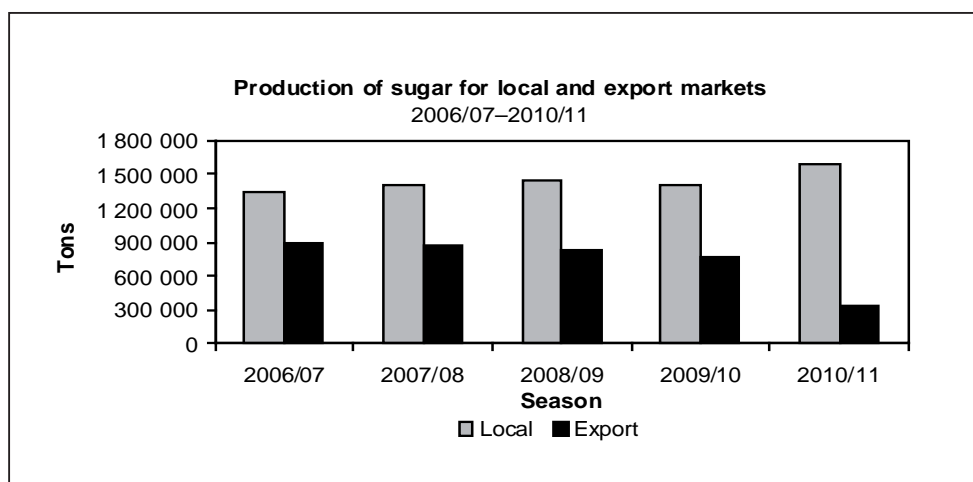
The producer price of sugar cane increased by 15,8% from 2009/10 to 2010/11. The average price over the five-year period indicated below is R226,30 per ton.

The average producer prices of sugar cane from 2006/07 to 2010/11 were as follows:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Producer price	179,89	196,77	210,61	252,10	291,88

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 2010/11, production is estimated at 1,92 million tons. The quantity of cane crushed to produce a ton of sugar was 10,02 tons in 1995/96, before declining over the years. It stands at 8,35 tons for the 2010/11 season.



A total of 325 779 tons of sugar were produced for the international market during the 2010/11 season, which is a 57,5% decrease from 2009/10. The decrease in exports resulted from an increase in local market demand—production for the national market increased by 12,2% to 1,6 million.

The total supply of 1,550 million tons of sugar to the Southern African Customs Union (SACU) during 2010/11 represents an increase of 3,5% from the 1,498 million tons supplied in 2009/10.

The local production and sales of sugar to the SACU from 2006/07 to 2010/11 were as follows:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
	'000 tons				
Production	2 227	2 273	2 260	2 178	1 919
Sales to SACU	1 346	1 363	1 427	1 498	1 550

Marketing

Approximately 17% of the locally produced sugar is for the world market, and it is sold at prices below the domestic sugar price because of subsidy-induced production in some major sugar-producing countries. However, government supports the industry through interventions such as tariff protection and the Sugar

Cooperation Agreement among SADC members. The raw sugar exports are handled at the Sugar Terminal in Durban.

The revenue from sugar sales during 2010/11 is estimated at approximately R7,2 billion, including foreign income estimated at R1,6 billion.

Land reform

Inkezo, a land reform company initiated and developed by the cane growers and milling companies in the South African sugar industry, was established in 2004. Although Inkezo was initially funded by the industry, it operates as an independent land reform entity. The primary objective of the company is to promote sustainable agricultural land reform in support of the national transformation goals of effecting 30% black ownership of sugar-cane land by 2014. The initiative will be aligned closely with the government objectives and initiatives relating to land reform, also adding to numerous projects and initiatives being undertaken by individual milling companies as well as the Cane Growers' Association.

Research, training and other information

In order to improve the quality of the cane produced, the South African Sugar-cane Research Institute is tasked with developing new sugar-cane varieties and other developments that are then made available to cane farmers to improve their profitability. The 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.

The quality of cane deliveries to the mills is determined by the Cane Testing Services, while Umthombo Agricultural Finance provides assistance for 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 the Western and Eastern Cape provinces, mainly in areas where warm, dry summers and cold winters prevail. According to the HORTGRO SERVICES Tree Census of 2010, the area under deciduous fruit production during the 2010 season is estimated at 75 025 ha.

Production

Although some producers grow fruit both for canning and fresh consumption, it is estimated that in South Africa there are about 2 250 producers of fruit for fresh consumption—1 088 producers of stone fruit, 1 200 producers of dry and table grapes and 729 producers of pome fruit.

The production per fruit type over the past five seasons compares as follows:

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	Tons				
Apples	708 952	748 418	796 866	779 924	703 075
Pears	337 145	336 399	340 306	363 183	337 352
Table grapes	284 835	269 910	270 094	279 675	262 328
Peaches and nectarines	168 937	174 391	152 374	155 345	159 887
Apricots	36 442	55 507	43 428	46 717	44 081
Plums	54 444	62 632	59 870	54 306	67 078
Total	1 590 755	1 647 257	1 662 938	1 679 150	1 573 801

The production of deciduous fruit decreased by 6,3%, from 1,679 million tons in 2009/10 to 1,573 million tons in 2010/11. Plums showed the biggest increase at 23,5%, followed by peaches and nectarines with

2,9%. The production of apples, pears, table grapes and apricots showed decreases of 9,9%, 7,1%, 6,2% and 5,6% respectively.

Marketing

During 2010/11, deciduous fruit contributed approximately 24,1% to the gross value of horticultural products.

Approximately 339 136 tons of deciduous fruit were sold locally on the major fresh produce markets and other markets and directly to retailers, representing a decrease of 5,6% from the 359 495 tons sold during the 2009/10 season.

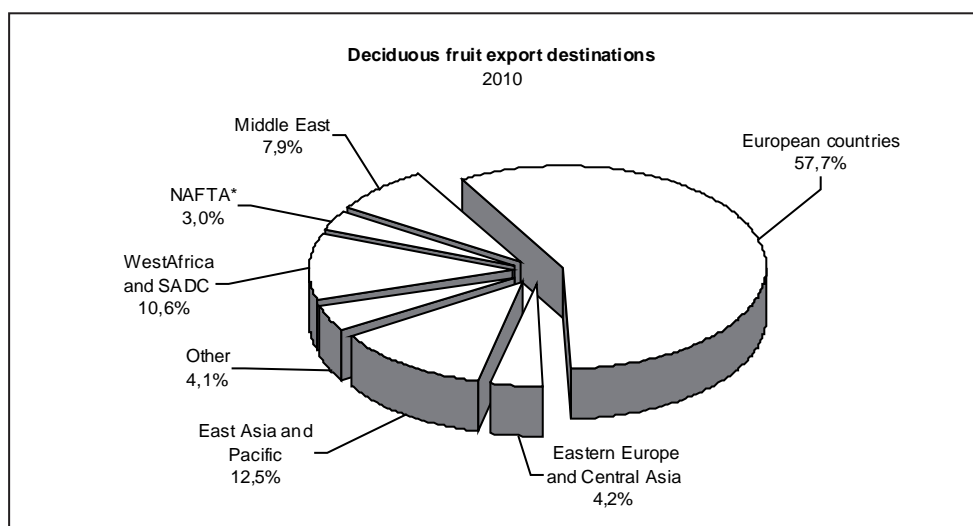
The average prices realised for deciduous fruit on the 19 major fresh produce markets during the period 2006/07 to 2010/11 were as follows:

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Apples	3 293	4 257	4 197	4 301	5 089
Pears	3 078	3 727	3 988	4 008	4 459
Table grapes	5 117	5 719	6 680	6 962	7 757
Peaches and nectarines	5 491	6 158	7 485	7 065	7 939
Apricots	4 499	4 653	6 138	6 052	6 621
Plums	3 548	3 614	4 622	4 531	4 801

The price of apples showed the biggest increase at 18,3%, followed by peaches and nectarines with 12,4%, table grapes with 11,4%, pears with 11,2%, apricots with 9,4% and plums with 5,9%.

The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2010/11 season (October to September), about 48,2% of deciduous fruit produced was exported and approximately 75,2% of the gross value from deciduous fruit came from foreign exchange export earnings. Total exports amounted to 758 760 tons. This represents a decrease of 5,9% from the 806 979 tons exported during 2009/10.

The following graph indicates deciduous fruit export destinations during 2010:

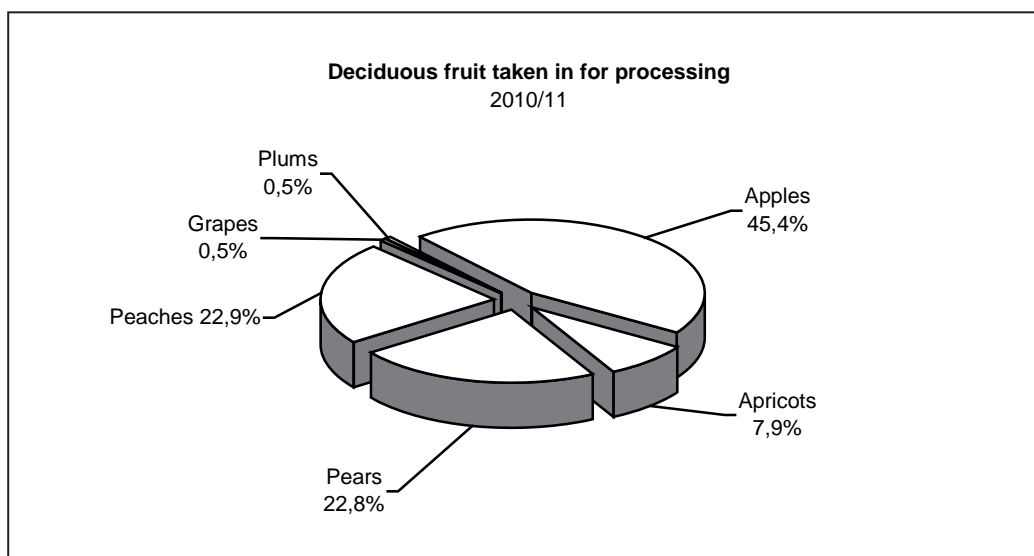


* Northern American Free Trade Agreement (United States, Canada and Mexico)

Intake of deciduous fruit for processing

During 2010/11, about 475 905 tons of deciduous fruit produced was taken in for processing—a decrease of 7,2% from the 512 916 tons taken in during 2009/10.

The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2010/11:



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 2010/11, approximately 97,7% of apples taken in for processing was used for juice and 2,2% was used for canning, while 60,0% of pears was used for juice and 40,0% was canned. Producers received an average of R1 104 and R718 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 R1 250 and R654 per ton respectively.

Domestic consumption

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

Season	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Per capita</i> consumption (kg/year)	9,88	12,04	12,73	12,16	12,62
Total consumption ('000 tons)	473	586	628	608	638

Prospects

The rate of plantings is expected to stabilise during 2012 as a result of profitability being under pressure because of the strength of the rand during the 2010/11 production season. The rand weakened considerably at the start of the 2011/12 export season and will hopefully result in better returns to growers. However, export prices are expected to remain under pressure, especially on small fruit sizes and in Europe on pears because of larger Northern Hemisphere stocks. This could lead to more pears being marketed locally or even processed. The quality of fruit is very good, realising good pack-outs. However, size remains an issue, which could potentially lead to increased volumes on the local market.

The 2011/12 production season started off positively, with good fruit set in most production areas. The Western Cape production area also experienced the coldest winter in 4 years in terms of cold units that influence fruit set positively, although relatively dry winter conditions prevailed. The total production of all deciduous fruit, except for pears and plums, is expected to increase. Export estimates for the 2011/12 season are as follows: apricots +30%, nectarines +18%, peaches +14%, plums -4%, apples +2%, while pear exports are expected to remain virtually unchanged.

Dried fruit

Production areas

Dried fruit is produced mainly in the western and southern parts of the Western Cape Province and the Lower and Upper Orange River areas in the Northern Cape Province. Tree fruit, as opposed to vine fruit, is dried mainly in the Western Cape.

The most important dried fruit products are Thompson seedless raisins, golden sultanas, unbleached sultanas, currants, peaches, apricots, pears and apples. The quantities of dried fruit produced vary per fruit type, depending on the factors that influence production and the opportunities offered by alternative marketing channels. Apricots are grown mainly in the Little Karoo and prunes are produced almost exclusively in the Tulbagh district in the Western Cape. Most raisins are produced in the area along the Lower Orange River and currants come mainly from the Vredendal district.

Production

Because of the unfavourable weather conditions and floods experienced along the Orange River production area during the 2011 production season, the total production of dried vine fruit and dried tree fruit decreased by 40,2%, from 56 842 tons in 2010 to 33 986 tons in 2011.

Production of dried vine fruit decreased by 43,3%, from 50 628 tons in 2010 to 28 700 tons in 2011, and that of dried tree fruit decreased by 14,9%, from 6 214 tons in 2010 to 5 286 tons in 2011.

Under the dried vine fruit, only currants showed an increase, from 2 300 tons in 2010 to 2 500 tons in 2011, and under the dried tree fruit, apples, pears and nectarines showed increases of 60,6%, 0,4% and 49,3% respectively.

During the past five years, the production trends of dried fruit types were as follows:

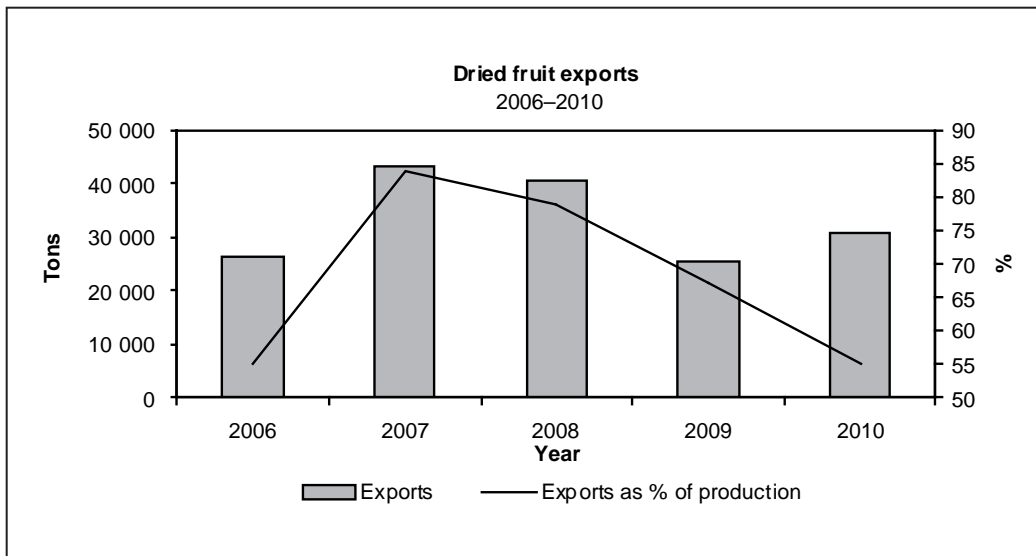
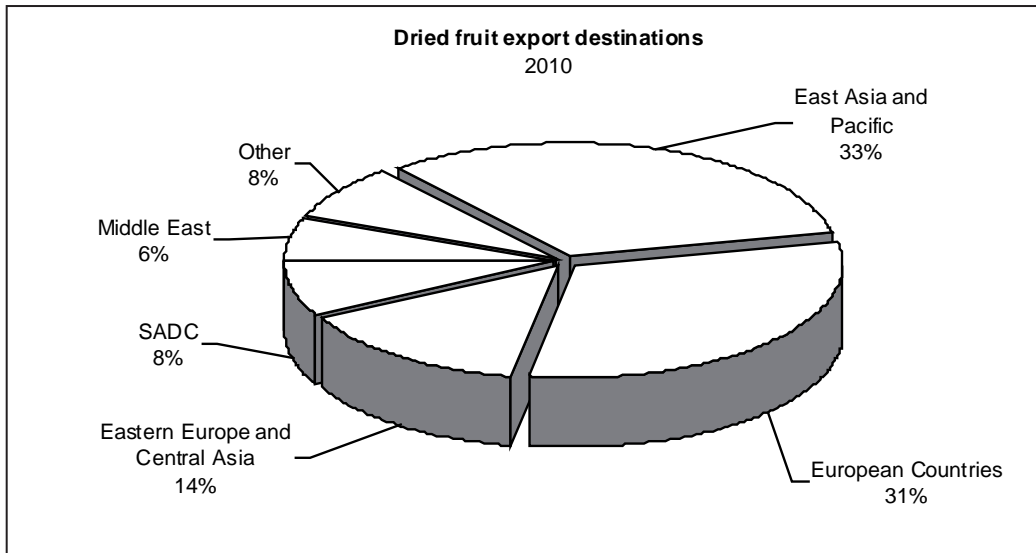
Fruit type	2007	2008	2009	2010	2011*
	Tons				
Sultana type					
Unbleached	4 435	8 790	1 800	7 269	3 637
Golden	13 054	12 210	12 800	17 734	7 021
Thompson seedless raisins	24 270	19 121	15 315	23 273	15 507
Currants	2 200	2 239	2 740	2 300	2 500
Raisins	73	80	64	52	35
Total vine fruit	44 032	42 440	32 719	50 628	28 700
Prunes	1 000	1 089	1 127	990	878
Apricots	1 351	1 143	1 329	1 912	1 265
Apples	122	172	112	99	159
Peaches	1 490	1 442	2 001	2 063	1 823
Pears	1 074	1 086	1 012	1 009	1 013
Nectarines	62	65	117	75	112
Other	0	0	14	66	36
Total tree fruit	5 099	4 997	5 712	6 214	5 286
Grand total	49 131	47 437	38 431	56 842	33 986

* Preliminary

Marketing

The Perishable Products Export Control Board (PPECB) is responsible for inspection of the exported dried fruit to ensure adherence to quality standards. Exporters are required to obtain a PPECB export certificate. More than 50% of dried fruit production is exported.

The following two charts depict dried fruit export destinations during 2010 and exports from 2006 to 2010 respectively:



Viticulture

South Africa is the eighth-largest wine producer in the world, with a contribution of 3,7% to the world's wine production in 2010. The area under wine grape vineyards is estimated at 101 016 ha, which is 0,2% less than the 101 259 ha of the previous year.

The wine industry is labour intensive and provides employment to approximately 275 606 people directly and indirectly. The number of primary wine grape producers in South Africa is estimated at 3 596.

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

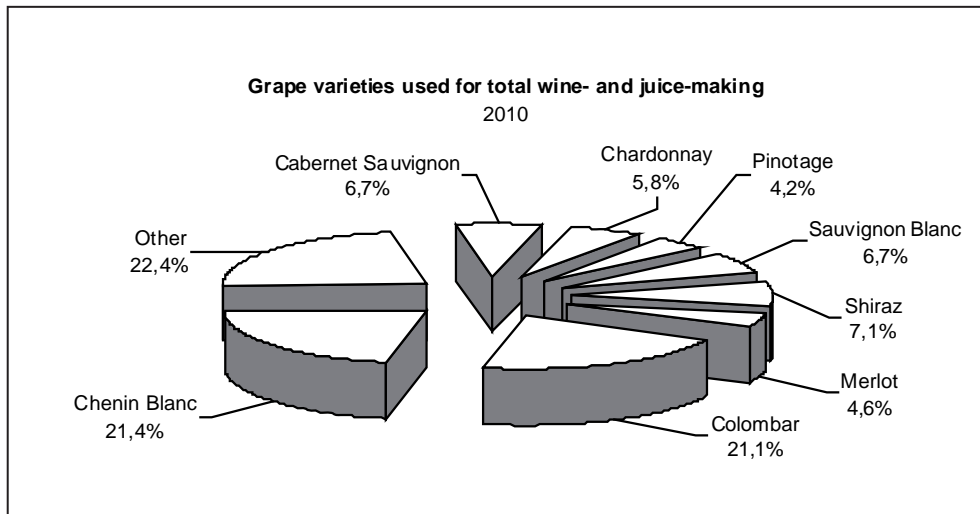
Production

Wine production, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages, from 2006 to 2010, was as follows:

Year	2006	2007	2008	2009	2010
	Gross million litres				
Wine production	1 013	1 043	1 089	1 033	985

During 2010, the production of wine decreased by 4,6%. Approximately 33,6% of the wine grapes utilised for wine-making purposes was red and 68,4% was white.

The use of different varieties of grapes during 2010 is depicted in the following graph:



Prices

Producer prices of wine from 2006 to 2010 were as follows:

Year	2006	2007	2008	2009	2010
	c/l @ 10% A/V				
Average price of:					
Good wine	338,4	334,9	340,7	384,2	365,6
Rebate wine	210,6	222,4	225,5	236,4	261,1
Distilling wine	97,1	93,4	95,5	97,8	109,7

Income of producers

The production of wine grapes and income of producers from 2006 to 2010 were as follows:

Year	2006	2007	2008	2009	2010
Wine grape production ('000 tons)	1 302	1 351	1 426	1 348	1 261
Income of producers (R million)	2 642	2 853	3 320	3 649	3 619

The producers' income decreased slightly by 0,8% during 2010. The decrease can mainly be attributed to a decrease in demand for wine by other countries, which has led to a decline in prices received for good wine by producers.

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

Year	2006	2007	2008	2009	2010
	'000 litres				
Natural wine	269 167	309 356	407 320	389 103	370 973
Fortified wine	487	406	423	283	402
Sparkling wine	2 018	2 779	3 952	6 207	7 175
Total	271 672	312 541	411 695	395 593	378 550

During 2010, 38,4% of the total wine produced was exported, compared with 38,3% during 2009.

The following graph depicts wine export destinations during 2010:



Consumption

The *per capita* consumption of wine on the domestic market from 2006 to 2010 was as follows:

Year	2006	2007	2008	2009	2010
	€ per capita				
Natural wine	6,31	6,52	6,43	6,04	6,18
Fortified wine	0,71	0,71	0,69	0,68	0,67
Sparkling wine	0,19	0,20	0,21	0,17	0,18
Total	7,21	7,43	7,33	6,89	7,03

Prospects

It is expected that the 2011 wine production, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages, will be around 1 004 million litres. This represents a 1,9% increase on the 2010 production.

Subtropical fruit

Measured in terms of value of production, the subtropical fruit industry earned R1 983 million in 2010/11—a decrease of 5,9% on the 2009/10 figure of R2 106 million.

Production and production areas

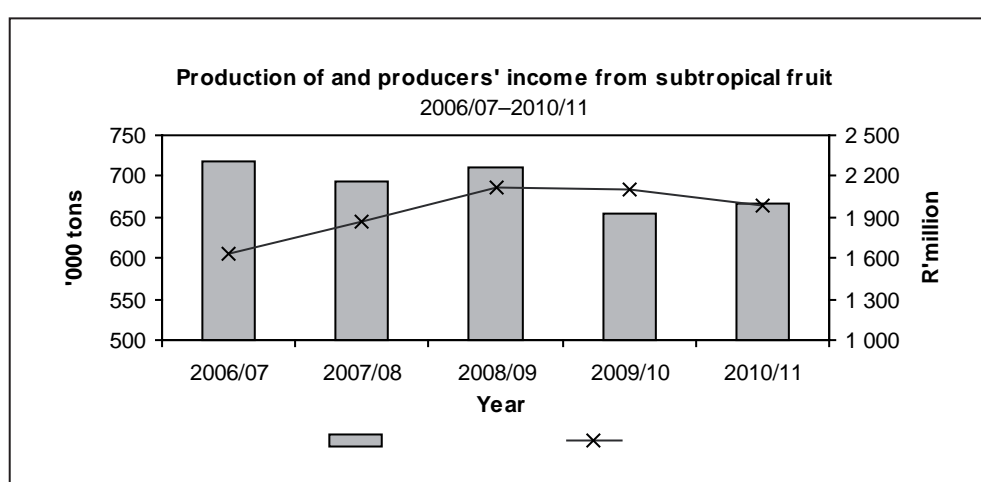
The cultivation of some types of subtropical fruit is only possible in certain specific areas of the country because of particular climatic requirements. In general, subtropical fruit types need warmer conditions and are sensitive to large temperature fluctuations and frost. The best areas for the production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

The total production areas of avocados, pineapples, bananas, mangoes and litchis during 2010/11 are estimated at approximately 13 250 ha, 12 195 ha, 5 800 ha, 7 583 ha and 1 163 ha respectively.

The production of subtropical fruit from 2006/07 to 2010/11 was as indicated in the following table:

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	'000 tons				
Avocados	72,3	72,1	95,9	64,0	80,9
Bananas	357,2	334,2	405,0	382,3	397,3
Pineapples	160,1	144,8	117,4	110,2	92,0
Mangoes	80,1	90,6	48,4	55,1	52,8
Papayas	14,4	17,4	13,7	13,5	12,1
Granadillas	0,7	0,7	0,6	0,5	0,6
Litchis	5,8	5,8	4,6	4,9	3,8
Guavas	27,0	27,5	26,3	23,9	27,5

The total production of subtropical fruit increased by 1,9%, from 654 494 tons in 2009/10 to 666 833 tons in 2010/11. Production dropped by 22,4% for litchis, by 16,5% for pineapples, by 10,4% for papayas, and by 4,2% for mangoes. However, production of avocados, granadillas, guavas and bananas rose by 26,4%, 20,0%, 15,1% and 3,9% respectively.



Bananas, pineapples and avocados contributed 59,6%, 13,8% and 12,1% respectively to the total production of subtropical fruit during 2010/11.

Domestic sales

During 2010/11, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (76,6%), avocados (7,1%), pineapples (6,7%), mangoes (4,2%) and papayas (2,7%).

The quantities of all subtropical fruit types sold on the major fresh produce markets increased during 2010/11, except for pineapples, mangoes and papayas.

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

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	Tons				
Avocados	21 537	18 679	23 809	20 408	22 112
Bananas	213 904	200 204	242 271	229 096	241 944
Pineapples	24 064	23 529	22 861	20 895	20 875
Mangoes	20 098	18 984	14 367	15 141	13 093
Papayas	10 182	13 005	10 144	8 948	8 291
Granadillas	611	582	474	405	431
Litchis	2 368	2 612	1 702	1 772	1 975
Guavas	2 804	2 466	2 553	2 516	2 679
Total	295 568	280 061	318 181	299 181	311 400

Intake for processing

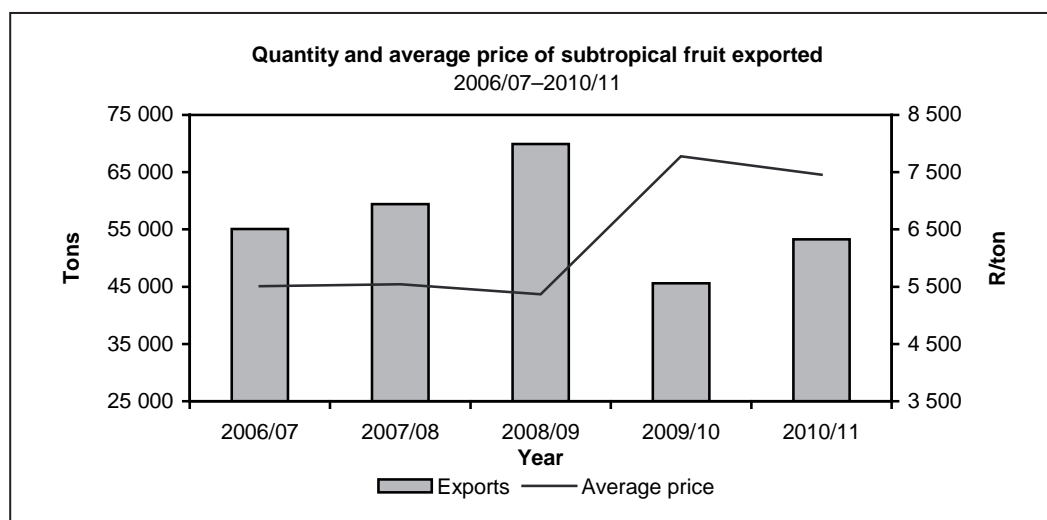
During 2010/11 (July to June), pineapples accounted for 49,1% of the total intake of subtropical fruit for processing. The other two main contributors to the processing industry were mangoes (27,2%) and guavas (17,9%).

The quantities of avocados, mangoes, guavas and bananas taken in for processing increased during 2010/11, while the intake of the other subtropical fruit types decreased.

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	Tons				
Avocados	4 786	4 054	6 431	4 539	5 524
Bananas	684	531	1 131	510	658
Pineapples	128 727	115 247	89 218	81 516	66 613
Mangoes	51 086	61 248	28 610	34 987	36 881
Papayas	928	238	297	1 437	829
Granadillas	9	13	2	2	0
Litchis	350	80	25	974	753
Guavas	23 681	24 565	23 270	20 928	24 297
Total	210 251	205 976	148 984	144 893	135 555

Exports

From 2009/10 to 2010/11, total exports of subtropical fruit increased by 16,8%, from 45 595 tons to 53 255 tons, and the average export price decreased by 4,2%, from R7 779/t to R7 456/t.



The main subtropical fruit type exported is avocados. During 2010/11, exports of avocados contributed 84,4% to the total value of exports of subtropical fruit. Other types that were exported are pineapples, mangoes and litchis.

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 slightly during the 2011/12 production season.

Citrus fruit

Production areas

Citrus fruit is grown in the Limpopo, Eastern Cape, Mpumalanga, Western Cape and KwaZulu-Natal provinces in areas where subtropical conditions (warm to hot summers and mild winters) prevail. The area under citrus production is estimated at 58 101 ha.

Production

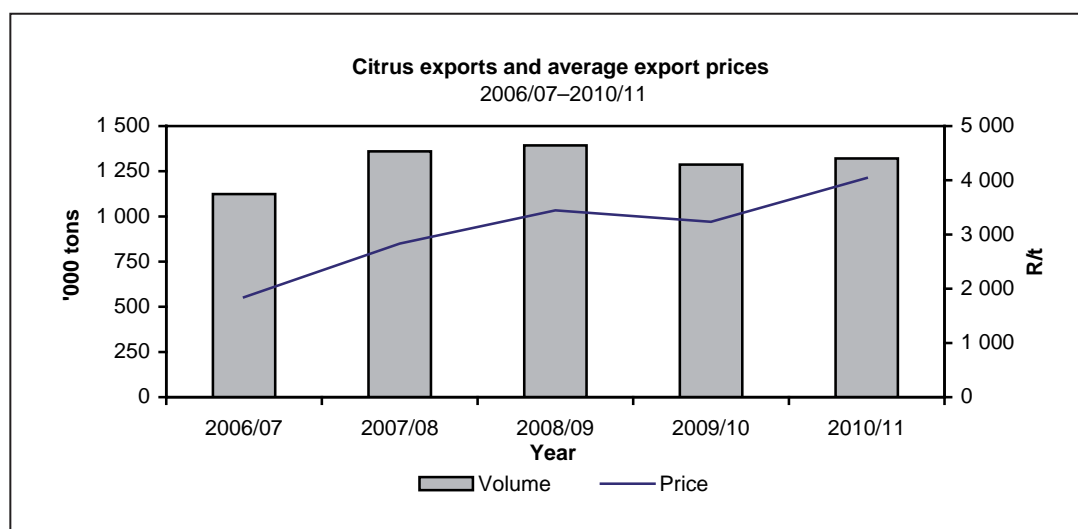
Oranges contributed about 65,8% to the total production of citrus fruit in South Africa during 2010/11. Citrus fruit production increased slightly, from 2 151 395 tons in 2009/10 to 2 151 652 tons in 2010/11. From 2006/07 to 2010/11, there has been an annual average increase of 1,6% in citrus production.

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

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	Tons				
Oranges	1 347 330	1 407 830	1 523 203	1 367 706	1 415 447
Grapefruit	354 120	388 785	340 787	406 694	343 028
Lemons	214 063	195 176	230 757	203 073	216 513
Naartjes	45 836	35 380	30 289	32 625	30 909
Soft citrus	126 737	143 331	158 726	141 297	145 755
Total	2 088 086	2 170 502	2 283 762	2 151 395	2 151 652

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. During 2010/11, the Netherlands was South Africa's largest trading partner in terms of citrus fruit exports. Exports increased from 1 287 240 tons during 2009/10 to 1 321 369 tons during 2010/11—an increase of 2,7%. During 2010/11, about 880 003 tons of oranges (approximately 41% of the citrus crop) were exported.



Domestic sales

Citrus fruit sales on the major fresh produce markets in South Africa increased by 2,3%, from 170 044 tons during 2009/10 to 173 979 tons during 2010/11, and comprised about 8,1% of total citrus fruit production.

Approximately 40,6% of the naartje production, 9,5% of oranges and 6,2% of soft citrus was sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2006/07 to 2010/11 were as follows:

Fruit type	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Oranges	1 026	1 283	1 435	1 479	1 605
Grapefruit	1 499	1 791	2 269	1 855	1 454
Lemons	1 863	2 495	3 143	3 432	4 064
Naartjes	2 571	3 151	4 053	4 186	4 570
Soft citrus	2 133	2 531	3 043	3 044	3 811

Processing

Approximately 22,5% of the total citrus fruit production was taken in for processing during 2010/11. Citrus fruit taken in for processing showed a decrease of 7,7%, from 525 788 tons in 2009/10 to 485 347 tons in 2010/11

Consumption

Year	2006	2007	2008	2009	2010
	kg/year				
<i>Per capita</i> consumption	6,99	12,14	12,73	7,14	11,73

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 owned by 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

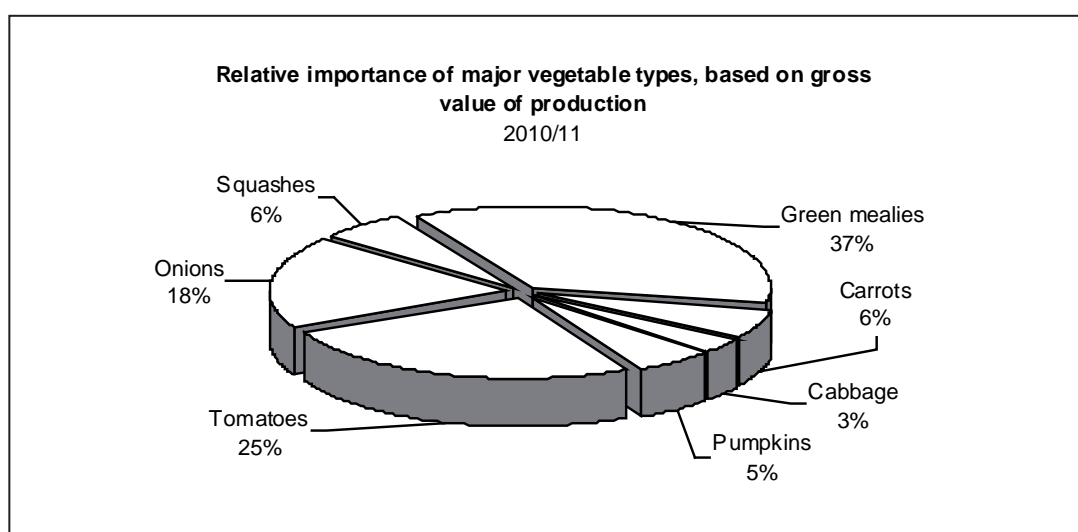
From 2009/10 to 2010/11 (July–June), the total production of vegetables (excluding potatoes) increased by 1,0%, from 2 520 724 tons to 2 550 121 tons. Concerning the major vegetable types in terms of volumes produced, the production of onions rose by 75 145 tons or 15,3% and that of cabbages by 13 559 tons or 9,2%. The production of tomatoes decreased by 53 087 tons or 9,2%.

The production of vegetables (excluding potatoes) in South Africa for the period 2006/07 to 2010/11 compares as indicated in the following table:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
	'000 tons				
Tomatoes	528	500	515	575	522
Onions	475	445	472	489	564
Green mealies	319	324	337	339	340
Cabbages	146	150	141	141	154
Pumpkins	232	230	229	234	237
Carrots	146	144	164	151	152
Other	543	563	570	592	581
Total	2 389	2 356	2 428	2 521	2 550

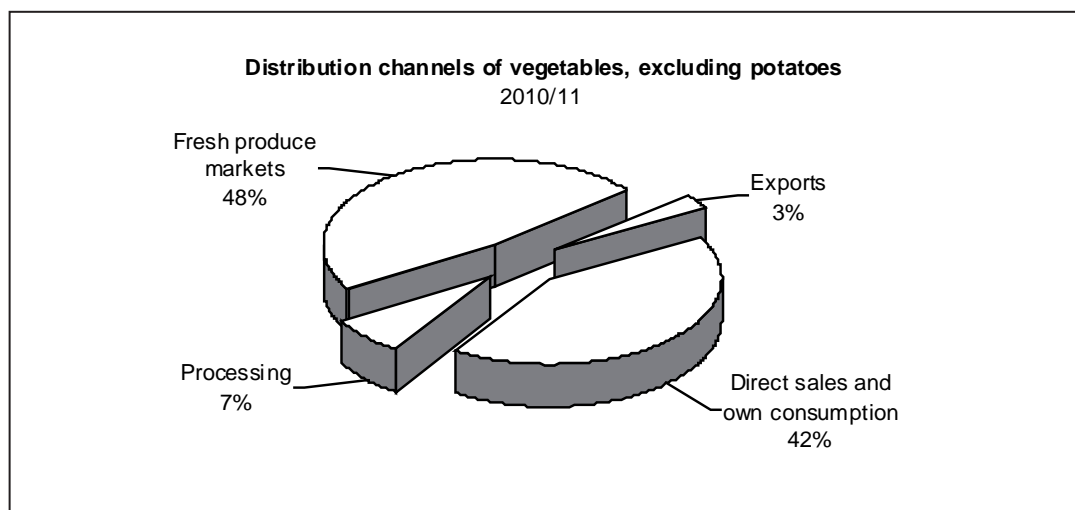
Relative importance of major vegetable types

The relative importance of the major vegetable types, according to gross value of production, during the 12 months up to 30 June 2011, is depicted in the following graph:



Distribution channels

As depicted in the following graph, approximately 48% 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 2010/11 amounted to 1 202 935 tons, as against 1 156 128 tons sold during 2009/10, which represents an increase of 4,0%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2006/07 to 2010/11 are as follows:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
	R'000				
Tomatoes	738 837	880 038	1 057 462	1 070 134	1 123 199
Onions	546 277	778 592	733 117	887 961	802 249
Green mealies	21 748	26 016	29 414	32 353	34 356
Cabbages	107 624	136 880	162 417	144 465	166 082
Pumpkins	66 520	70 168	75 519	74 404	83 336
Carrots	165 497	194 075	234 253	250 849	275 391
Other	890 938	1 008 185	1 175 045	1 217 991	1 347 740
Total	2 537 441	3 093 954	3 467 227	3 678 157	3 832 353

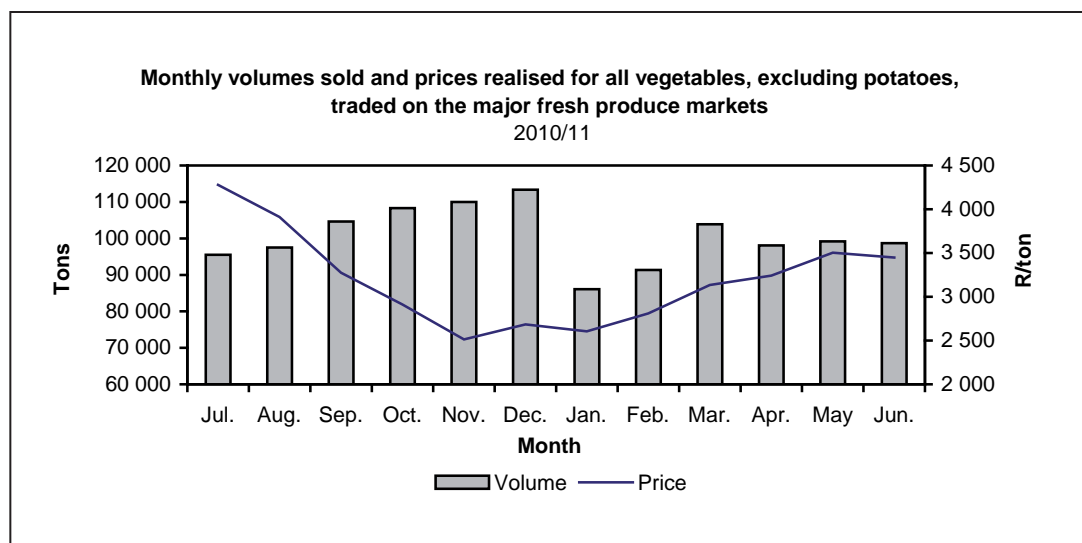
The value of cabbages showed an increase of 15,0% from 2009/10 to 2010/11, followed by pumpkins with 12,0% and carrots with 9,8%. The value of onions decreased by 9,7%.

Prices

The average prices of vegetables realised on the fresh produce markets for the period 2006/07 to 2010/11 were as follows:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
	R/ton				
Tomatoes	2 828,45	3 603,06	4 267,31	4 111,97	4 332,00
Onions	1 927,41	2 941,64	2 495,80	2 985,15	2 397,90
Green mealies	6 772,37	7 193,85	7 142,14	8 464,98	9 044,03
Cabbages	960,96	1 217,78	1 534,60	1 377,53	1 437,58
Pumpkins	1 099,52	1 265,54	1 454,57	1 406,43	1 577,09
Carrots	1 945,23	2 263,97	2 497,89	2 713,03	3 020,07
Other	2 821,91	3 087,03	3 621,04	3 536,96	3 898,19

Of the major vegetable types, the price of pumpkins showed the largest increase, namely 12,1%, from 2009/10 to 2010/11, followed by carrots with 11,3% and green mealies with 6,8%. The prices of onions dropped significantly by 19,7%.



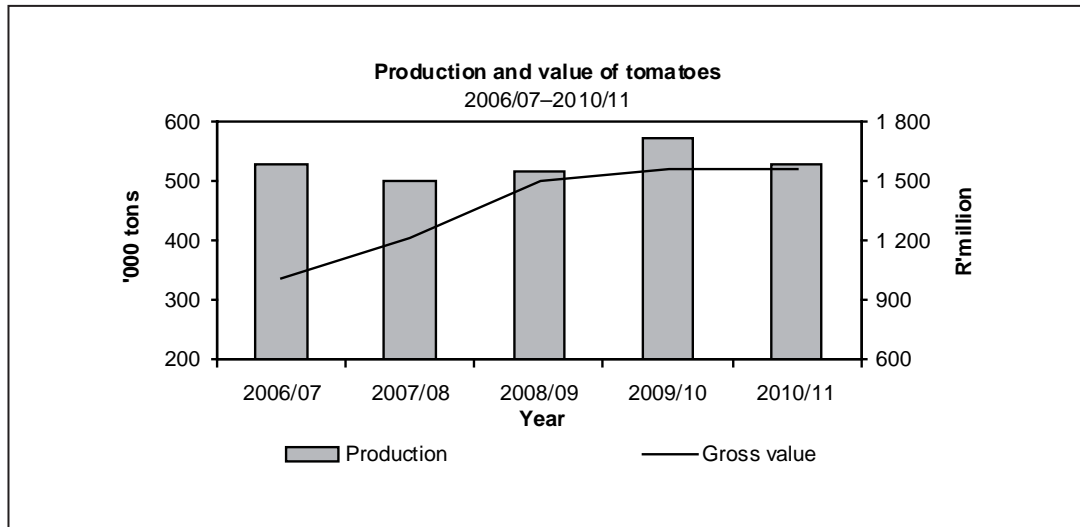
Consumption

The importance of vegetables in a healthy diet is being strongly promoted by all the stakeholders in the fresh produce marketing chain. The *per capita* consumption of fresh vegetables was 44,87 kg during 2010/11, approximately 0,1% lower than the 44,93 kg of 2009/10.

Tomatoes

Production

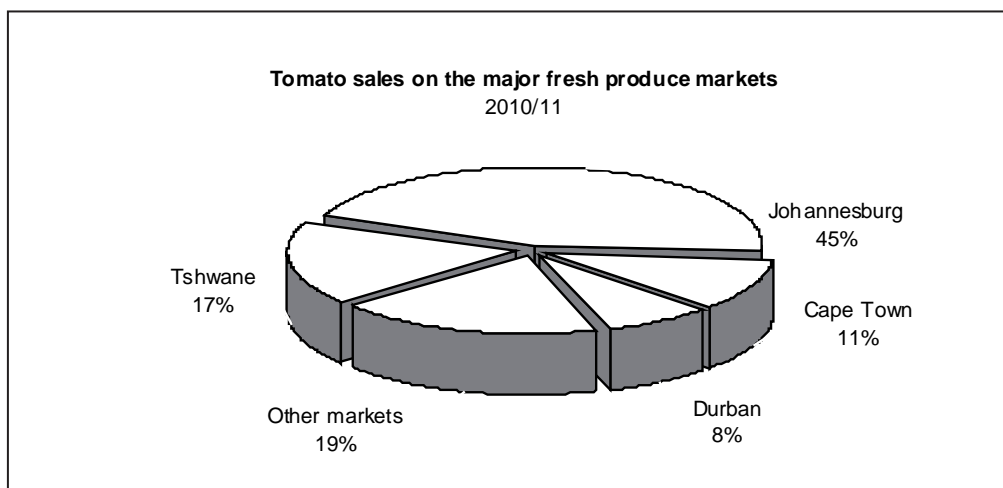
Approximately 521 776 tons of tomatoes were produced during 2010/11, which is a decrease of 9,2 % from the 574 863 tons of the previous season. The gross value of production decreased slightly by 0,4% to R1 549 million.



Sales

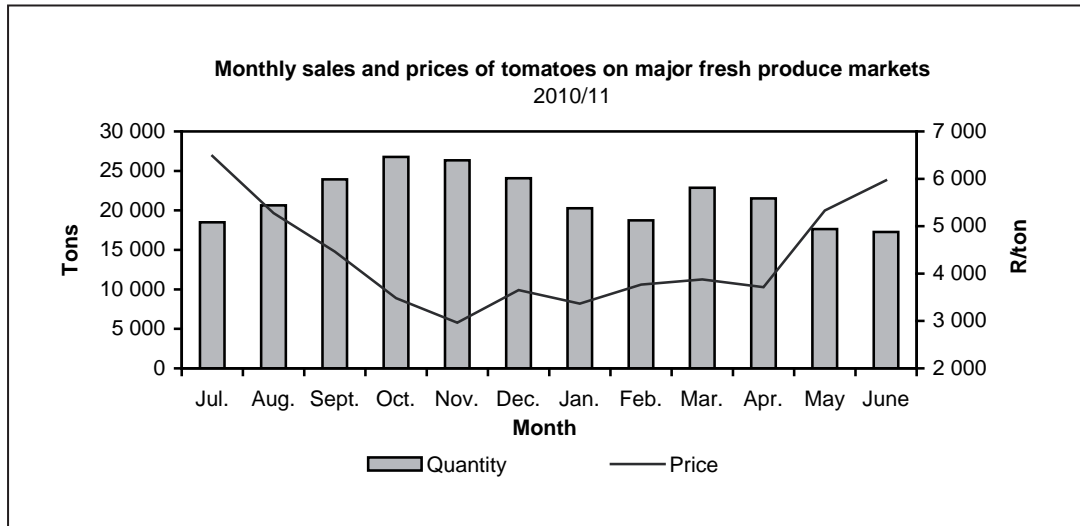
Sales on fresh produce markets and direct sales constitute approximately 69,2 % of the total volume of tomato sales. Tomatoes are mainly produced for the local market, with limited exports to the Seychelles, Zimbabwe, Zambia and Mozambique. Owing to the geographic distribution and production of tomatoes, 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 19 major fresh produce markets decreased slightly (by 0,2%), from 263 215 tons in 2009/10 to 262 581 tons in 2010/11.



Prices

The average price of tomatoes sold on the major fresh produce markets decreased by 4,1%, from R4 437,00 per ton during 2009/10 to R4 269,07 per ton in 2010/11. The decrease was mainly the result of lower volumes. Tomatoes are subject to large seasonal price fluctuations, and consequently there is a high price risk involved.



Exports

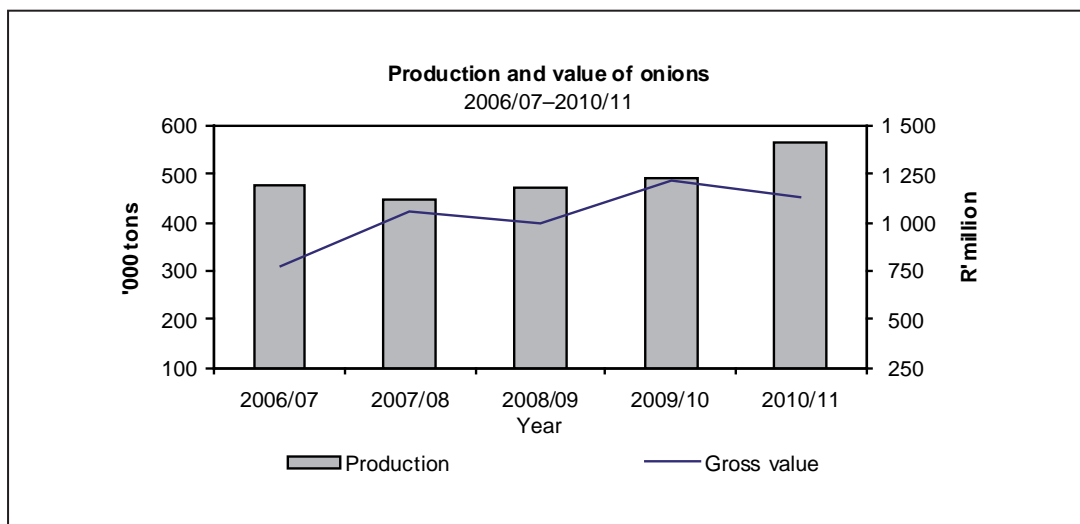
The quantity of tomatoes exported increased by 29,3%, from 16 411 tons in 2009/10 to 21 221 tons in 2010/11. Approximately 94% of total tomato exports during 2010/11 were to Mozambique, Angola, Zambia and Zimbabwe.

Onions

Production

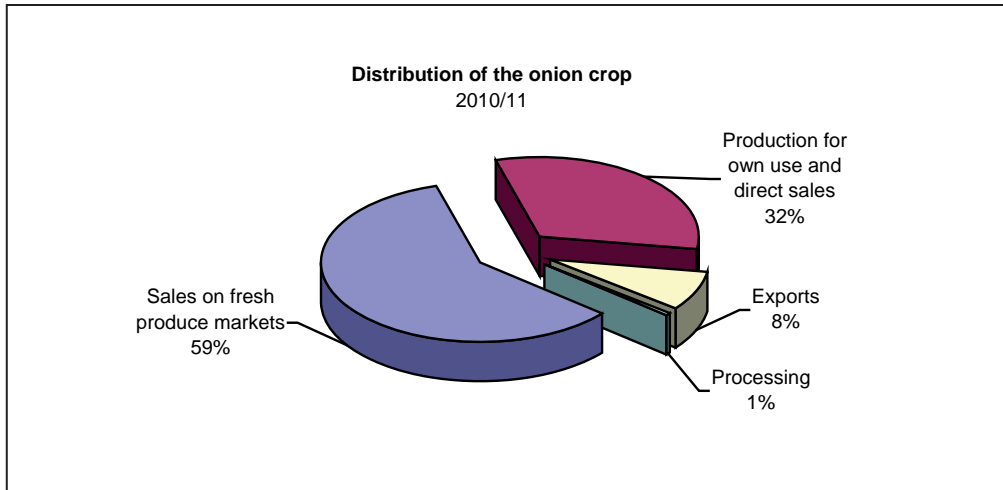
Onions are produced in almost all the provinces of South Africa.

Approximately 564 054 tons of onions were produced during the 2010/11 season (July to June). This is 15,4% higher than the production of 488 909 tons during the previous season. The industry experienced an average annual increase of 4,5% in production from 2006/07 to 2010/11.



Sales

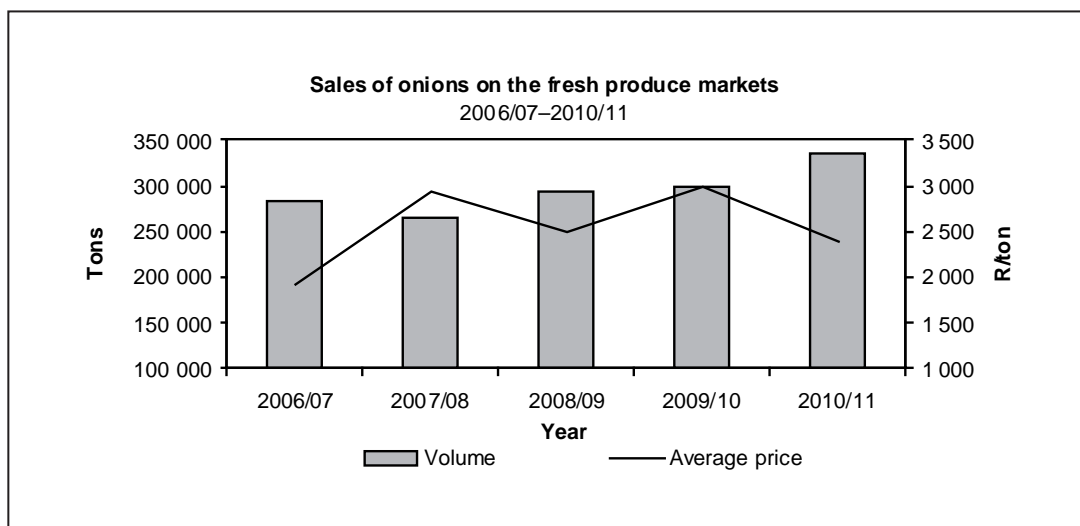
The fresh produce markets remain an important marketing channel for onions. Approximately 59% of the total production during the 2010/11 season was sold on the major fresh produce markets, while 8% was exported. The remainder comprises producers' own consumption and direct sales to supermarkets and chain stores (32%), and a small quantity (1%) sold to processing factories.



During the period 2006/07 to 2010/11, the sales of onions on the fresh produce markets increased by an average annual rate of 4,6% from 283 425 to 334 565 tons, with an increase of 12,4%, from 297 532 tons to 334 565 tons, between 2009/10 and 2010/11.

Prices

The average price of onions sold on the fresh produce markets decreased by 19,7%, from R2 984 per ton in 2009/10 to R2 397 per ton in 2010/11. This was mainly the result of an increase in the volumes of onions supplied on the markets.



Processing

Only 1,0% of the total production of onions was taken in for processing during the 2010/11 season. There has been a decrease in the total processing of onions since the 2006/07 season, when 4 334 tons were taken in for processing, to 3 669 tons in the 2010/11 season. During 2010/11, about 28,4% of processed onions was dehydrated, 58,3% was canned, and the remaining 13,3% was frozen.

Exports

During the 2010/11 season, the volume of onions exported represented approximately 7,9% of the total onion crop. The volume of exports increased by 68,5%, from 26 732 tons in 2009/10 to 45 046 tons during 2010/11.

Potatoes

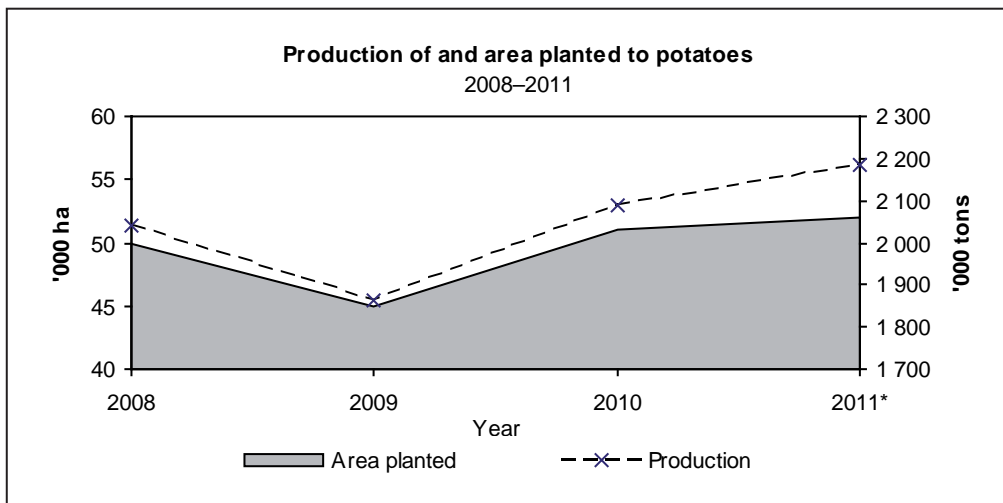
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in the Free State, Western Cape, Limpopo and Mpumalanga provinces. Potatoes are planted at different times because of climate differences in the production areas, resulting 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 approximately 80% of plantings are under irrigation.

Area planted

Plantings for 2011 are estimated at around 52 563 ha, which is 12,9% higher than the previous year.

Production

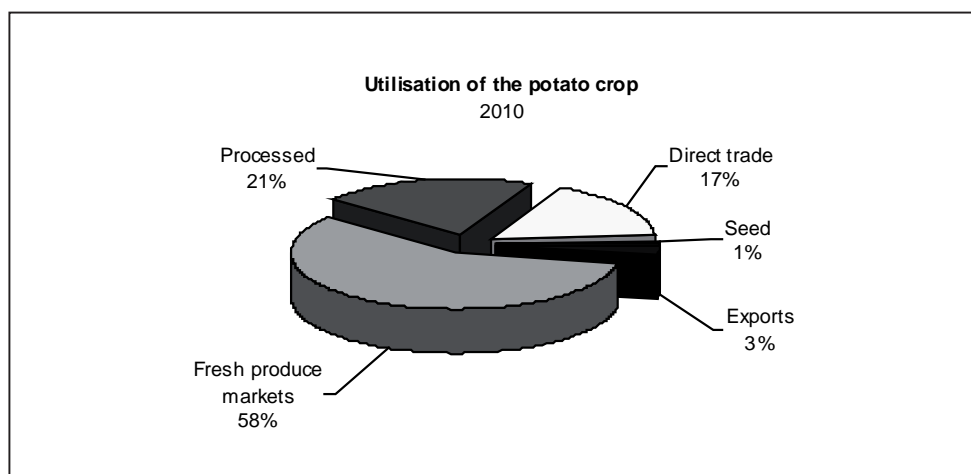
Potatoes constituted approximately 45% of the total gross value of vegetables produced during 2010. In 2009, the average yield was approximately 4 142 x 10-kg pockets per hectare, compared to 4 117 x 10-kg pockets per hectare in 2010, which is a decrease of 0,6%.



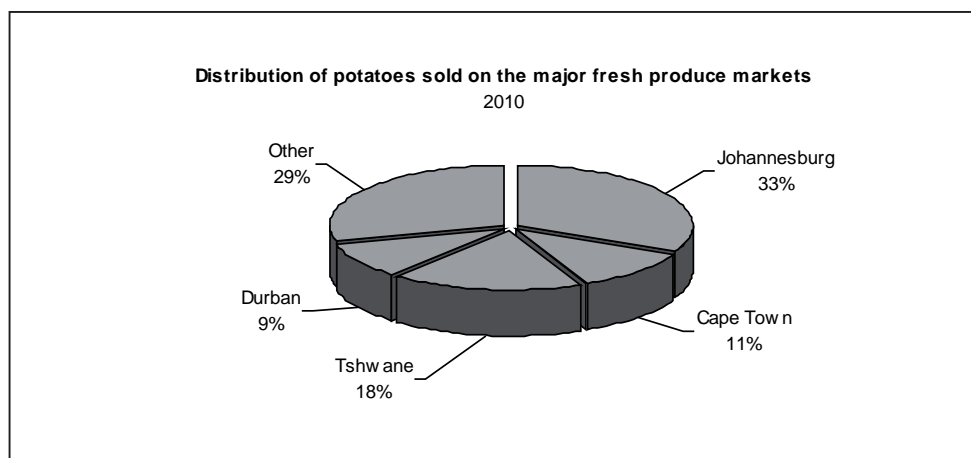
* Forecast

Sales

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



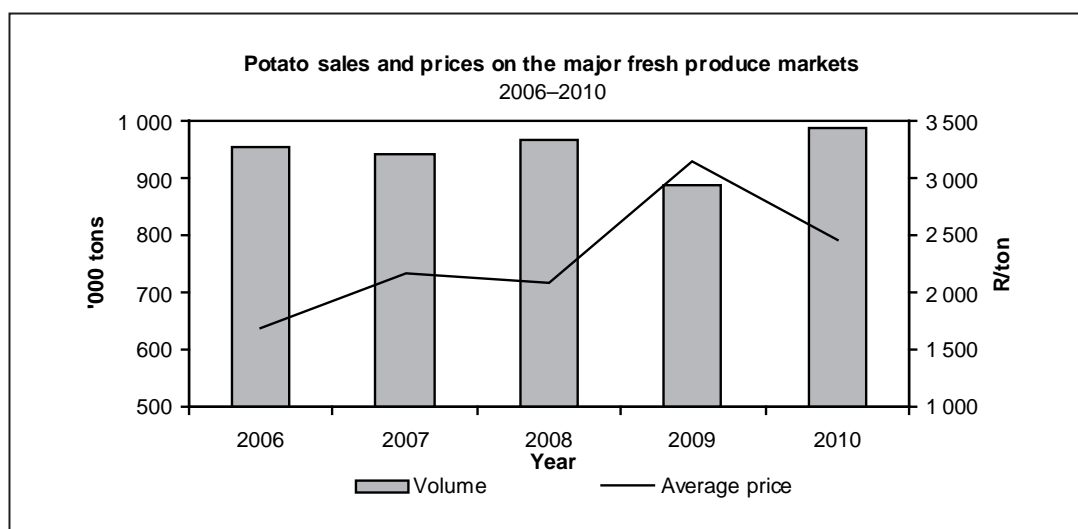
During 2010, approximately 209 million x 10-kg pockets of potatoes were sold on the 19 major fresh produce markets, as against 186 million in 2009—an increase of 10,6%. The Johannesburg fresh produce market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the 5 years from 2005 to 2009, potato sales on the major fresh produce markets on average showed an increase of approximately 0,5% per annum.



Prices

Between 2006 and 2010, potato prices realised on the major fresh produce markets increased significantly by an average of 7,3 % per annum, from R1 926 per ton in 2006 to R2 491 per ton in 2010.

The average price decreased by 21,6 %, from R3 141 per ton in 2009 to R2 463 per ton in 2010. This decrease was mainly caused by higher volumes being supplied at the fresh produce markets.



Processing

During 2010, approximately 19,0% of the total potato production was taken in for processing. About 97,5% of this was processed into potato chips, both fresh and frozen. The remaining 1,1% was used for canning, mixed vegetables and other purposes. The processing of potatoes decreased by 4,6%, from 372 534 tons in 2009 to 355 336 tons in 2010.

Exports

More than 42 278 tons, approximately 2,6 %, of the total local potato production was exported during 2010. The quantities of potatoes exported decreased by 9,4% from 2009. During 2010, 97,0% of total potato ex-

ports went to Eastern, Southern and Western Africa. Exports showed an average annual decrease of 5,3% from 2005 to 2009.

Prospects

It is expected that there will be a 5% increase in the production of potatoes in 2011, to a total crop of approximately 219 million x 10-kg pockets.

ANIMAL PRODUCTION

Livestock numbers

Approximately 80% of the agricultural land in South Africa is suitable mainly for extensive livestock farming. However, livestock are also found in areas where the animals are kept in combination with other farming enterprises.

In South Africa, the area involved in cattle, sheep and goat farming is approximately 590 000 km². This represents 53% of all agricultural land in the country and includes the vast Karoo areas of the Northern and Western Cape provinces as well as the mixed veld types of the Eastern Cape and the southern Free State. Commercial sheep farms also occur in other areas such as the Kgalagadi, the winter rainfall area and the grasslands of Mpumalanga, the eastern Free State and KwaZulu-Natal, where other farming enterprises such as cattle farming are also found.

As rainfall plays a major role in the availability of fodder and grazing, it is logical that a good correlation would exist between rainfall and the size of the national herd, particularly cattle.

Cattle

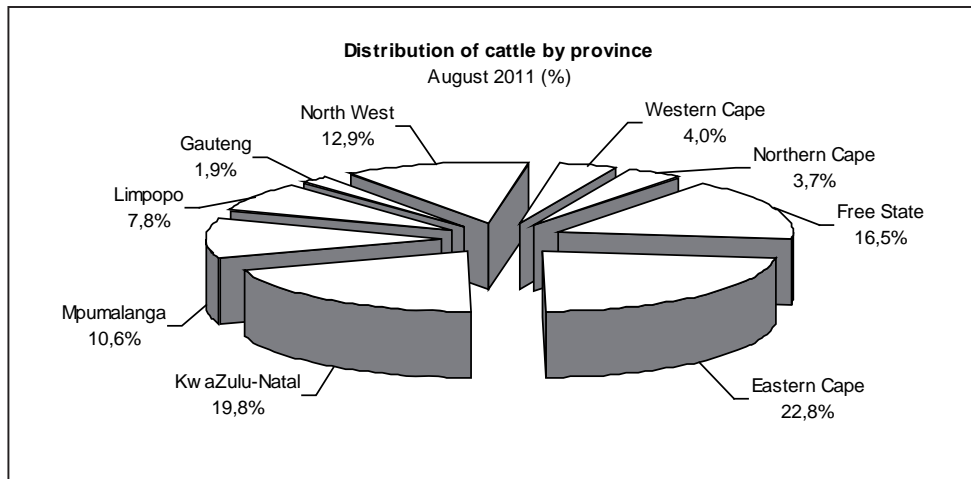
Cattle are found throughout the country, but mainly in the Eastern Cape, KwaZulu-Natal, Free State and North West provinces. Herd sizes vary according to type of farming. In the case of dairy cattle, it varies between less than 50 and 300 (average approximately 110). Beef cattle farms range from fairly small (less than 20 head of cattle) to large farms and feedlots (more than 1 000). The production of weaners for the feedlot industry is the most frequent form of cattle farming in South Africa. Feedlots account for approximately 75% of all beef produced in the country.

The total number of cattle in South Africa at the end of August 2011 is estimated at 13,87 million, comprising various international dairy and beef cattle breeds as well as indigenous breeds such as the Afrikaner and the Nguni. The number is approximately 1,0% higher than the estimate of 13,73 million as at the end of August 2010. Beef cattle contribute approximately 80% of the total number of cattle in the country, while dairy cattle make up the remaining 20%.

Cattle numbers per province since 2007 were estimated to be as follows:

Province	2007	2008	2009	2010	2011*
	'000 head (August)				
Western Cape	566	576	576	572	556
Northern Cape	492	511	509	509	515
Free State	2 306	2 312	2 306	2 292	2 298
Eastern Cape	3 136	3 140	3 078	3 056	3 157
KwaZulu-Natal	2 901	2 763	2 773	2 726	2 741
Mpumalanga	1 497	1 491	1 457	1 473	1 468
Limpopo	1 025	1 071	1 064	1 056	1 088
Gauteng	257	258	266	259	261
North West	1 731	1 744	1 731	1 788	1 787
Total	13 911	13 866	13 761	13 731	13 871

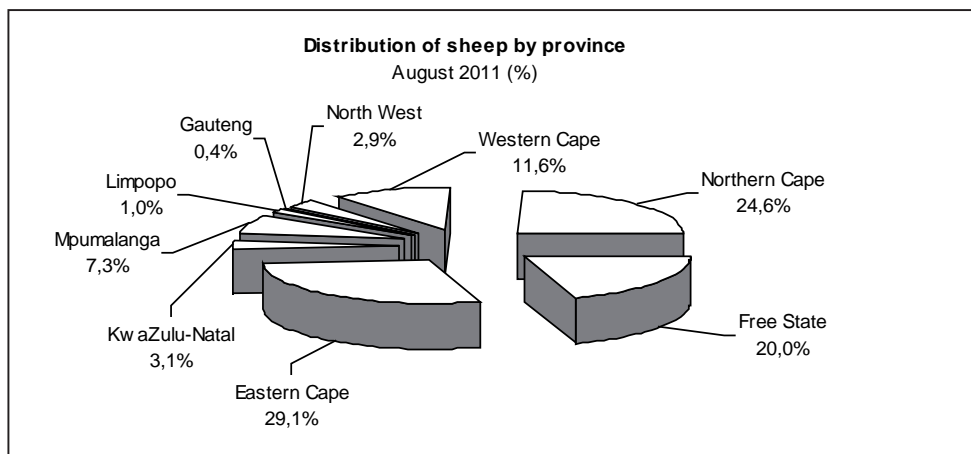
* Projection



There are various breeders' organisations representing most international and indigenous cattle breeds. Most of the organisations are affiliated to 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

Although sheep farms are found in all provinces, these are concentrated in the more arid parts of the country. The total number of sheep in South Africa at the end of August 2011 is estimated at 24,60 million—0,4% higher than the estimated 24,50 million as at the end of August 2010. For August 2011, the largest numbers of sheep were estimated to be in the Eastern Cape (29,1%), Northern Cape (24,6%), Free State (20,0%) and Western Cape (11,6%) provinces.



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

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.

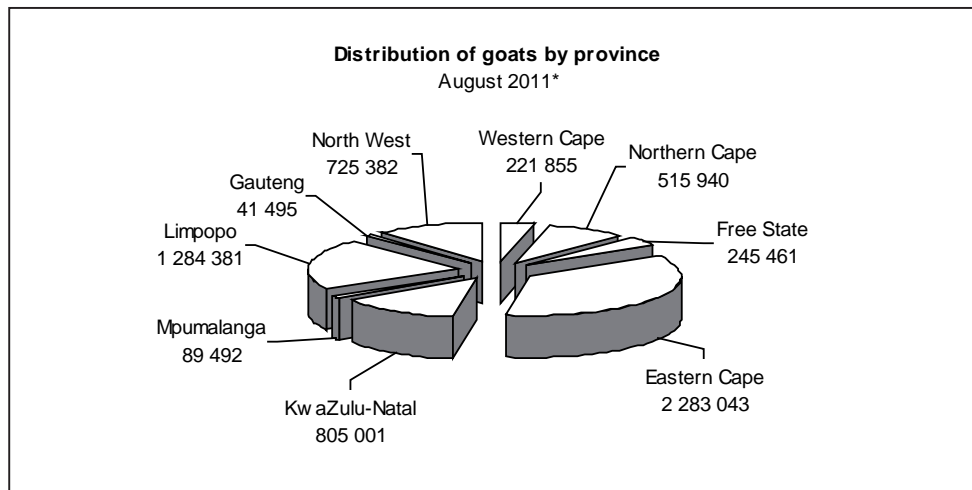
The number of sheep in the various provinces since 2007 was estimated to be as reflected in the following table:

Province	2007	2008	2009	2010	2011*
	'000 head (August)				
Western Cape	2 817	2 831	2 814	2 790	2 849
Northern Cape	6 244	6 279	6 295	6 210	6 045
Free State	4 900	4 895	4 876	4 860	4 914
Eastern Cape	7 488	7 422	7 354	7 281	7 150
KwaZulu-Natal	787	785	781	772	778
Mpumalanga	1 793	1 787	1 778	1 760	1 793
Limpopo	244	272	266	262	260
Gauteng	94	103	105	102	105
North West	715	720	720	713	710
Total	25 082	25 094	24 989	24 750	24 603

* Projection

Goats

Goats are found mainly in the Eastern Cape, Limpopo, KwaZulu-Natal and North West provinces. Estimates indicate that there was a decrease of 1,0% in the number of goats from 6,274 million in August 2010 to 6,212 million in August 2011.

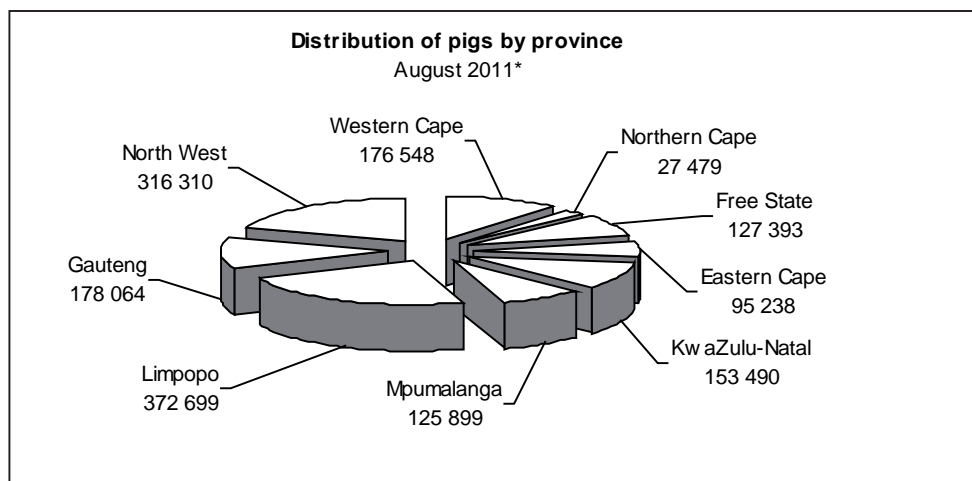


* Projection

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. There are also farmers who have adopted a market differentiating strategy by producing goat's milk.

Pigs

Pigs are found predominantly in the Limpopo, North West, Gauteng and Western Cape provinces. There are approximately 400 commercial pork producers and 19 stud breeders in South Africa. It is estimated that pig numbers decreased by 1,3%, from 1,594 million in August 2010 to 1,573 million in August 2011.



* Projection

The South African Pork Producers' Organisation is the official mouthpiece of 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 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 16,3% to the gross value of agricultural production in the RSA during 2010/11. While sheep farming is mainly extensive, a large percentage of beef animals are supplied by feedlots.

Slaughtering

It is estimated that the total number of cattle slaughtered increased by 5,1% and the number of pigs slaughtered increased by 3,7%, while the number of sheep (including lambs) slaughtered decreased by 17,6% from 2009/10 to 2010/11.

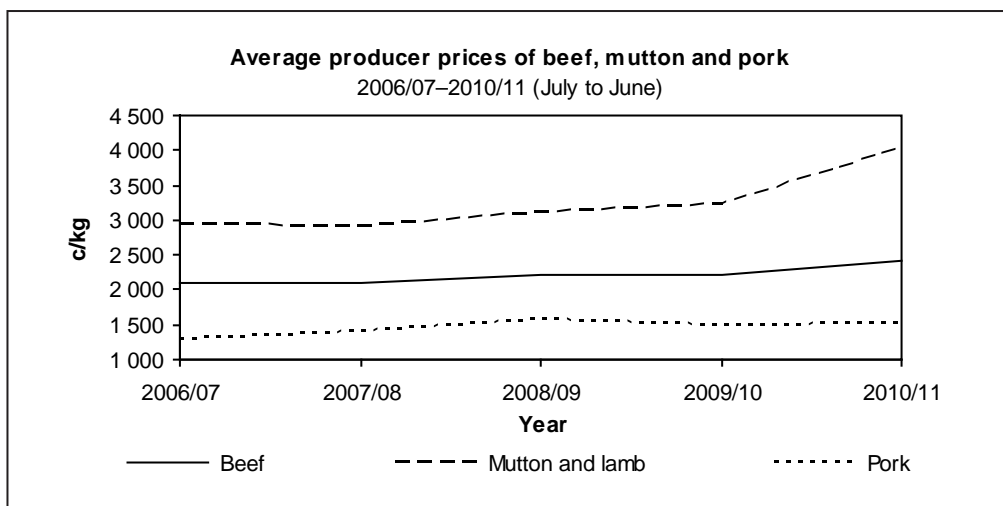
Commercial slaughtering of red-meat-producing livestock types over the past five years were as follows:

Year	2006/07	2007/08	2008/09	2009/10	2010/11
Cattle	2 368 084	2 086 733	2 222 803	2 189 417	2 301 802
Sheep and lambs	4 608 815	4 404 843	4 944 293	5 298 448	4 365 463
Pigs	2 321 114	2 249 841	2 266 841	2 326 454	2 413 312

Auction prices

The prices for red meat are mainly determined by the interaction between demand and supply, which 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 2010/11 amounted to R24,32/kg (average for all classes on all auction markets), which represents an increase of 9,7% from the average price of R22,17/kg for 2009/10.



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 24,6%, from R32,28/kg in 2009/10 to R40,23/kg in 2010/11.

The average producer price for pork increased by 1,9%, from R14,96/kg in 2009/10 to R15,26/kg in 2010/11.

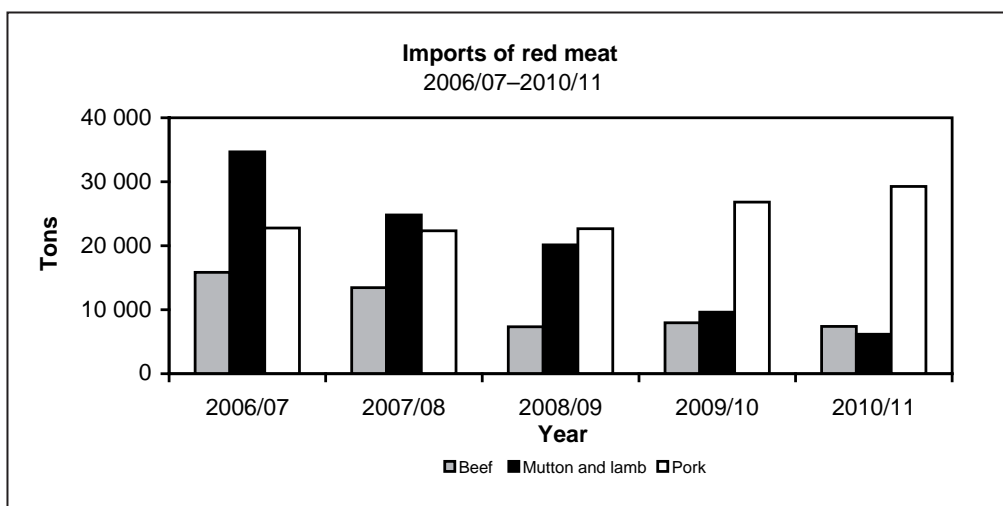
Imports

Imports of red meat decreased by 3,5%, from 44 378 tons in 2009/01 to 42 818 tons in 2010/11 (21,1% lower than the average of approximately 54 239 tons for the five years up to 2010/11).

Beef imports amounted to 7 381 tons, which is a decrease of 7,3% from the 7 961 tons imported during 2009/10, and 29,0% lower than the five-year average of 10 396 tons up to 2010/11.

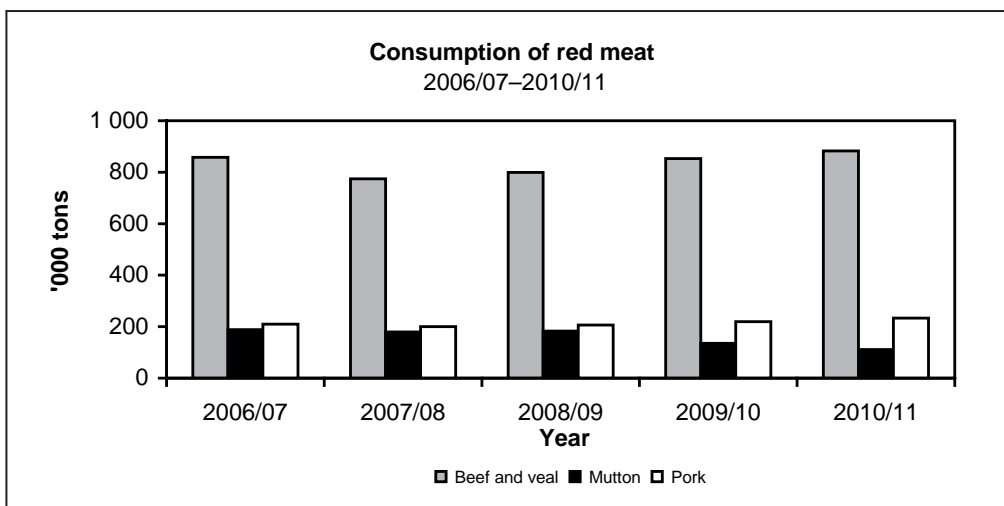
Imports of pork amounted to 29 263 tons, an increase of 9,1% on the 26 811 tons imported during 2009/10 and 18,2% more than the five-year average of 24 764 tons up to 2010/11.

Imports of mutton during 2010/11 amounted to 6 173 tons—a decrease of 35,7% from the 9 606 tons imported the previous season and 67,6% lower than the average of 19 079 tons for the five years up to 2010/11.



Consumption

Consumption of beef and veal showed an increase of 3,5%, from 852 780 tons in 2009/10 to 882 980 tons in 2010/11, that of mutton decreased by 18,2%, from 135 440 tons to 110 770 tons, and that of pork increased by 6,3%, from 219 170 tons to 232 970 tons.



Poultry

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

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

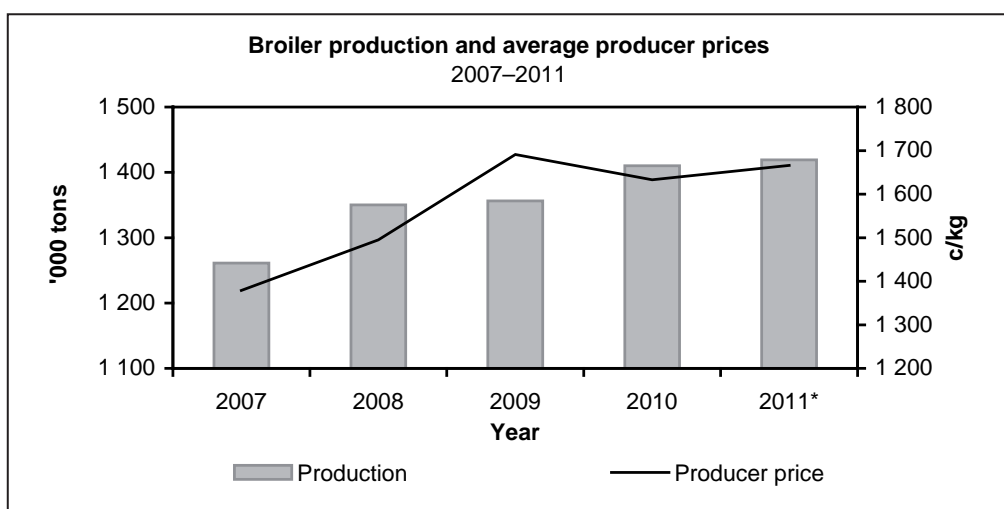
BROILER INDUSTRY

The broiler industry continues to dominate the agricultural sector in South Africa as the main supplier of animal protein. About 13 large producers supply more than 70% of the total broiler production in South Africa, while many small production units and the informal sector are responsible for the remaining 30%.

According to SAPA, 25% of broiler production takes place in the North West Province, 22% in the Western Cape Province, 18% in Mpumalanga, 16% in KwaZulu-Natal, 7% in the Eastern Cape and 5% each in Gauteng and the Free State. The Limpopo and Northern Cape provinces account for the remaining 2%.

Production

The number of broilers slaughtered for commercial markets during 2010 is an estimated 969 million units. This is 4,1% more than the estimated 931 million units slaughtered during 2009. It is expected that approximately 979 million units, or 1% more, will be slaughtered during 2011. The producer value of broilers slaughtered during 2011 is expected to be around R24 869 million.



* Expected production for 2011 and average producer price for the first nine months of 2011

Prices received by producers

The average weighted price received by producers of broilers increased by 2%, from R16,33/kg in 2010 to R16,66/kg in the first nine months of 2011.

Producer prices of broilers from 2007 to 2010 were as follows:

Year	2007	2008	2009	2010	2011*
	c/kg				
Price of broilers	1 379	1 495	1 691	1 633	1 666

* Preliminary: January to September 2011

Consumption

During 2010, an estimated 18% of local consumption of poultry meat consisted of poultry meat imports.

The consumption of poultry meat in 2010 accounted for approximately 57% of total consumption of meat (beef, mutton, goat, pork and poultry) in South Africa.

Per capita consumption of commercially produced poultry meat from 2006 to 2010 was as follows:

Year	2006	2007	2008	2009	2010
	kg/year				
<i>Per capita</i> consumption	29,5	29,8	30,2	30,9	32,8

Imports

In 2010, poultry meat imports increased to 265 791 tons—an increase of 14,9% from the 231 303 tons imported in 2009. The imports of broiler meat during the first six months, from January to June 2011, were 160 621 tons—an increase of 25,3% from the same period in 2010. During 2010, about 73% of poultry imports into South African originated from Brazil, 14% from Argentina and 7% from Canada.

Prospects

The opportunity for growth in the industry still exists, not only because of expected growth in demand for poultry meat, but also as imports make up a sizeable percentage of consumption.

Prices of maize and soya, being the main raw materials used in broiler feed, have remained high and are expected to increase during the remainder of 2011. The profit margins of the broiler producers are therefore expected to remain tight.

The broiler industry is also experiencing pressure because of increases in food prices in general and expected resistance in consumer spending.

EGG INDUSTRY

Based on information provided by SAPA, the distribution of layers per province is as follows: 24% in Gauteng, 19% in the Western Cape, 13% in KwaZulu-Natal, 17% in the Free State, 9% in North West, 6% in Mpumalanga, 5% each in the Eastern Cape and Limpopo provinces, and 2% in the Northern Cape Province.

The number of layers increased from an average of 22,2 million in 2009 to 23,1 million in 2010. This represents an increase of 4,1%. The average size of the national flock is expected to increase further by 3,7% during 2011 to reach around 23,9 million layers.

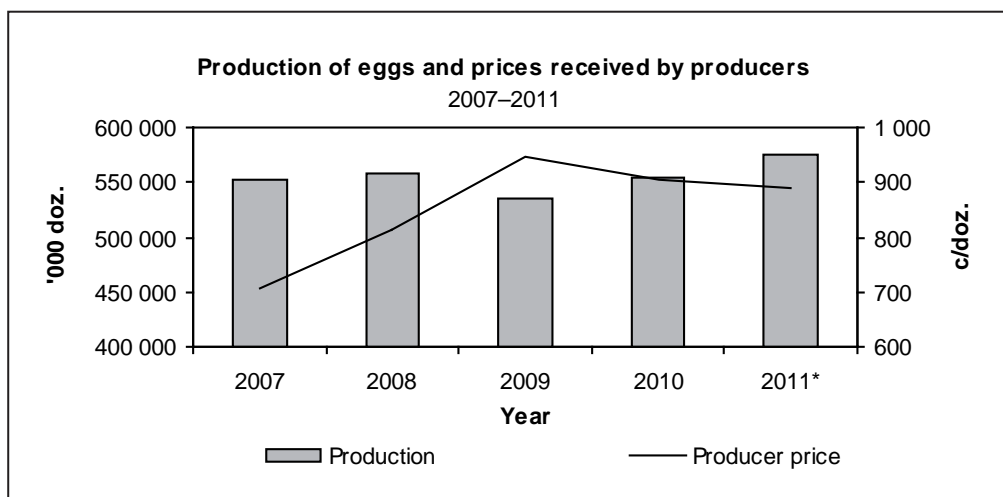
The average price received by egg producers during the first nine months of 2011 was 1,9% less than the average price received during 2010.

The average producer prices of eggs from 2007 to 2011 are as follows:

Year	2007	2008	2009	2010	2011*
	c/doz.				
Price of eggs	708	813	945	905	888

* Preliminary: January to September 2011

The production of eggs is expected to increase by 3,9% in 2011 to 576 million dozen eggs, from 554 million dozen in 2010.



* Expected production for 2011 and average producer price for the first nine months of 2011

Consumption

The *per capita* consumption for 2010 was 133 eggs, an increase of 1,9% from 2009. Considerable scope exists for the *per capita* consumption to increase, particularly in view of the competitive price of eggs as a protein source compared to other animal proteins.

Prospects

The biggest challenge for the egg industry is to continue producing a competitive product in an environment of increasing costs. Based on pullet placements, it is evident that egg production will rise further during the second half of 2011.

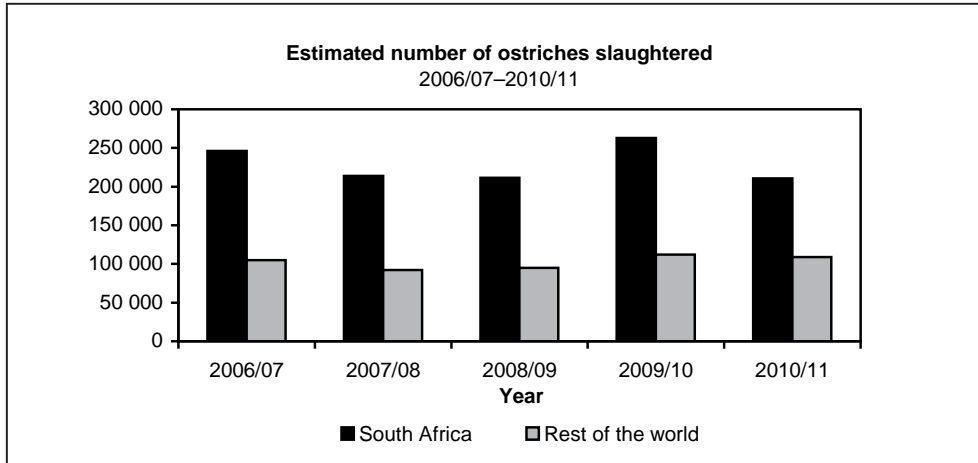
Ostriches

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 as a result 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—it has almost no fat or cholesterol and is rich in protein and iron. The greater focus on a healthy lifestyle is causing a growing demand for ostrich meat worldwide and South Africa is the main supplier.

Since the deregulation of the marketing of agricultural products in South Africa during the 1990s, ostrich farming has spread from the Little Karoo region to other parts of the country, as well as to several other countries. However, the industries in most other countries did not last longer than 10 years and South Africa has regained its position as world market leader with a share of more than 70% of the global market.

Today, 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.



The number of birds slaughtered worldwide during 2010/11 is estimated at approximately 320 000, of which about 211 000 were slaughtered in South Africa. This drop in slaughterings in South Africa (from 263 000 in the previous year) was caused by the detection of the H5N2 avian influenza virus among ostriches in the country in April 2011, which has led to a ban on meat exports.

Worldwide, the demand for ostrich meat increased to such an extent that the demand and supply were almost in balance during 2009/10. The primary reason for this increase is a rise in the healthy lifestyle trend—ostrich meat is a tasty red meat, and, as said before, it contains almost no fat or cholesterol and is high in protein. During 2010/11 the demand exceeded the supply.

During 2010/11, the contribution of ostrich meat to total income from ostriches dropped significantly because of the ban on exports, as well as a ban on the movement of ostriches between farms in South Africa and on slaughterings for a couple of months. Prior to the meat export ban, meat contributed approximately 65% of the income per ostrich. Income from leather increased, but because of the after-effects of the international economic recession, linked with the strong ZAR for most of the year under review, the income from leather was not sufficient to make up for the loss of income from meat. The result was that producers farmed with ostriches at a loss.

The SAOBC's aim is that only higher-grade leather be placed on the market. Various research programmes regarding quality improvement and genetics are therefore being launched. A producer earns approximately R700 for a raw first-grade skin and around R400 for a third-grade skin. The average prices that producers received during 2010/11 were R25/kg for ostrich meat and R150 for feathers per bird (depending on the quality). The South African currency started to weaken, which had a positive impact on export earnings, as approximately 90% of ostrich meat and 70% of ostrich leather are being exported.

Prospects

During the 2011/12 season, the number of ostriches slaughtered in South Africa is expected to be about 160 000 as a result of the culling of 40 000 ostriches (including 4 000 breeder birds) during the avian influenza disease control activities.

The long-lasting drought in the main ostrich production areas was finally broken in March 2011; however, ostrich feed still accounted for 70% of input cost.

The worldwide economic crisis since 2008 has also affected the ostrich leather industry, as these are luxury goods—the luxury goods segment was negatively affected in the established markets for ostrich leather products. New markets need to be developed, therefore the SAOBC partners with the Department of Trade and Industry to try to grow the industry's R2,1 billion earnings in foreign revenue for South Africa, as well

as to safeguard 20 000 direct jobs in the rural areas of the country. The industry had to employ various strategies during the year to prevent job losses, as the export and movement bans had landed the majority of producers in a negative cash flow situation.

The biggest risk for the sustainability of the industry lies in the potential outbreak of animal diseases such as avian influenza, and 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.

A big challenge for the industry remains the increasing Black Economic Empowerment and participation in the industry; however, the avian influenza crisis has halted almost all BEE projects. One abattoir in the Eastern Cape that was directly linked to a BEE project had to close its doors. In the Western Cape, the SAOBC joined the provincial Commodity Project approach to access government funding for BEE projects.

The industry's responsibility towards the natural environment is important and therefore a biodiversity management unit was established at the SAOBC, which has developed a long-term biodiversity management strategy for the industry. The unit also helps producers to ensure a balance between conservation and utilisation of the natural environment.

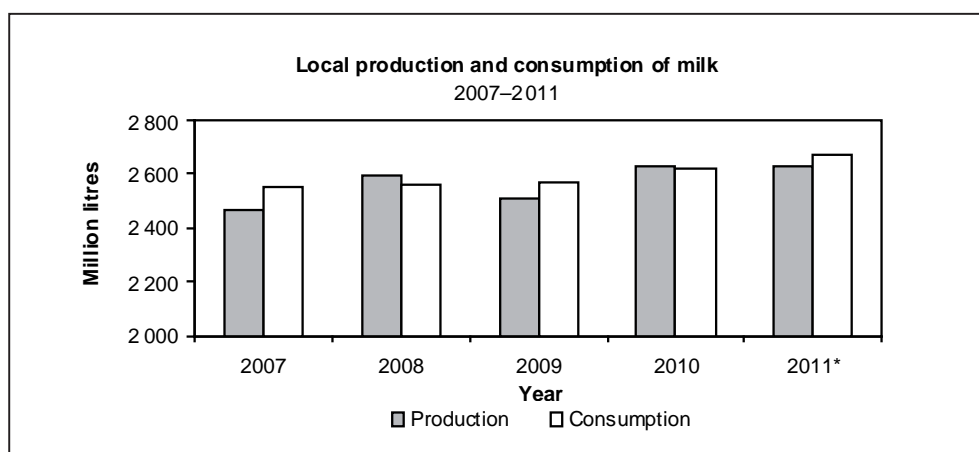
Milk

Milk is produced in nearly all regions of South Africa. However, the coastal areas are more suitable because of mild temperatures and good rainfall, ensuring good-quality natural and artificial pastures. In 2010, the Western Cape Province contributed 26,6% to total production, followed by Eastern Cape (24,5%), KwaZulu-Natal (23,6%), the Free State (13,2%), North West (4,8%) and Mpumalanga (3,8%), with the remaining three provinces contributing 3,5%. According to the Milk Producers' Organisation, the estimated number of commercial milk producers in the country in January 2011 was 2 686, compared to 3 551 in January 2009.

Milk production in South Africa makes a very small contribution to world milk production (approximately 0,5%). However, in terms of the value of agricultural production, it is the fourth largest agricultural industry in the country. The gross value of milk produced during 2010, including milk for the producer's own consumption and on-farm usage, is estimated at R9 322 million.

Traditionally, milk production in South Africa was fairly in line with demand and severe shortages were seldom reported. Production during 2011 is expected to be approximately 2 628 million litres, which is 0,1% higher than the 2 625 million litres produced in 2010 and 1,8% lower than the expected consumption of 2 675 million litres in 2011.

The local commercial production and consumption figures of milk from 2007 to 2011 are depicted in the following graph:



* Projected

Imports

The imports of milk and milk products decreased by 1,5%, from 36 389 tons in 2009 to 35 859 tons during 2010. In 2011, the imports of dairy products are expected to decrease by 64,9% to 12 077 tons, owing to an improvement in local milk production.

Prices

The average producer price of milk for the first half of 2011 is R2,88/ℓ, which is 12,1% higher than the R2,57/ℓ for the corresponding period the previous year. Prices were up because of a slight increase in demand during 2011.

Production season	2007	2008	2009	2010	2011*
	c/ℓ				
Average producer price	256	310	302	274	288

* Preliminary: January to June 2011

Prospects

Milk production in 2011 is expected to remain at more or less the same level as in 2010. Demand for milk is expected to increase by approximately 1% in 2011. The producer price of milk is expected to improve to around R2,95 during the second half of 2011.

Wool

Areas of production

Wool is produced throughout South Africa; however, the main production areas are in the drier regions of the country. On a provincial basis, the Eastern Cape was the largest wool-producing region during 2010/11 with 14,3 million kg, followed by the Free State with 9,7 million kg, the Western Cape with 7,9 million kg, the Northern Cape with 4,9 million kg, and Mpumalanga with 2,3 million kg, while 7 million kg were produced in the remaining five 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 manmade fibres such as polyester, nylon and acrylic.

Australia remains the largest supplier of apparel wool to the world textile market, with a share of approximately 46%. Trends in Australian production therefore direct global apparel wool production. Australian wool production is forecast by the Australian Wool Innovation Production Forecasting Committee to increase slightly to 345 million kg greasy wool during the 2010/11 season.

World production of apparel wool has declined significantly since 2000. However, according to estimates, production in 2010 has increased slightly, by 1,3% to 1 992 million kg clean, as a result of improved weather conditions, which resulted in higher fleece weights in some countries.

World sheep numbers fell in 2010 to an estimated 1 068 million head; however, the drop was only by 0,5%, which suggests that the long-term decline in sheep numbers may be nearing its end. Very strong lamb and sheep meat prices and, more recently, higher wool prices will help reverse this declining trend. While the number of sheep dropped in 2010 in China, Australia, the UK, Argentina and Uruguay, numbers rose in some other major countries, including Russia and other countries of the Commonwealth of Independent States (CIS) and New Zealand. In spite of this decline in 2010, sheep numbers in Australia and elsewhere could be on the way to recovery, boosted by greatly improved seasonal conditions and high meat and wool prices. However, not all countries may experience this recovery. It is expected that New Zealand and Argentina will record a decrease in sheep numbers in 2011.

Competition from other farming enterprises, such as cropping and sheep for meat in Australia, cropping in Argentina and dairying in New Zealand, together with drought, extreme weather conditions, stock theft and predators in some major wool-producing countries, were major reasons for the continued decline in sheep numbers in 2010,.

In South Africa, wool production declined by 4,4%, from 48,3 million kg in 2009/10 to 46,1 million kg in 2010/11, mainly because of drought in some areas and the incidence of Rift Valley fever.

Marketing

In 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 types of wool 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

The marketing of wool in South Africa is free from statutory intervention. Wool is traded primarily via the open-cry auction system. Alternative selling mechanisms, such as contract growing, forward deliveries and futures, have not been established in the South African wool industry yet.

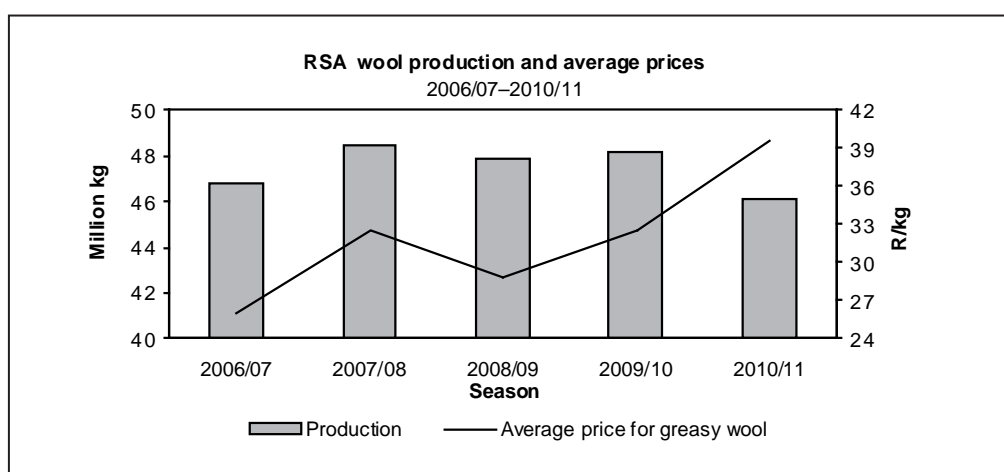
The global price for apparel wool is determined in Australia, where the largest volumes of wool are traded. South Africa with its small clip is therefore a market follower or price-taker.

Typical of wool auctions are numerous sellers and few buyers. 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 and is selected from the Forum. Cape Wools acts as the executive arm of the Forum and started operating on 1 September 1997.

The Minister has granted approval for the introduction of statutory measures for the collection of information, including statistics for the wool industry, enabling Cape Wools to create a wool statistics databank from which a national market indicator and other information regarding the industry can be made available locally as well as internationally.

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



Exports

Wool is an export product with approximately 98% of total production going to other countries in either greasy or semi-processed form (scoureds and wool top). Main export destinations for the year under review were China, the Czech Republic, Italy, Germany, India and the United Kingdom.

During 2010/11, the major export destinations for South African wool were as follows:

Country	Volume		Value	
	'000 kg (clean)	% of total	R'000	% of total
China	8 871	35,0	595 418	33,5
Czech Republic	5 580	22,0	384 982	21,7
Italy	3 518	13,9	250 484	14,1
India	3 256	12,8	200 200	11,2
Germany	1 157	4,6	78 126	4,4
Iran	551	2,2	43 887	2,5
Singapore	444	1,8	36 896	2,1
France	409	1,6	33 931	1,9
United Kingdom	378	1,5	26 113	1,5
Others	1 169	4,6	125 698	7,1
Total	25 333	100,0	1 775 735	100,0

Market movement

The 2010/11-wool season was one of the best seasons in decades and saw the Cape Wools Merino indicator gaining 68% from the commencement of the season to the closing sale to reach its highest level since the late 80s, following strong demand from Europe in the wake of improved economic conditions.

The recorded gross value of wool sold at first point of sale for the season came to R1,67 billion, compared to R1,15 billion in 2009/10—an increase of 45%.

Prospects

Global economic conditions, the availability of apparel wool and exchange rates will, to a large extent, determine demand in the new season. After strong activity in 2010, the pace of global economic growth moderated over the first half of 2011. Emerging economies, particularly in Asia, continued to underpin world economic growth, while weak private demand and renewed concerns over public debt levels weakened activity in major OECD economies.

The general expectation is that price levels will be maintained, underpinned by limited supplies and continued strong demand from China. In 2010/11, China processed 42% of total world wool production and 50% of all fibres produced.

Mohair

Production

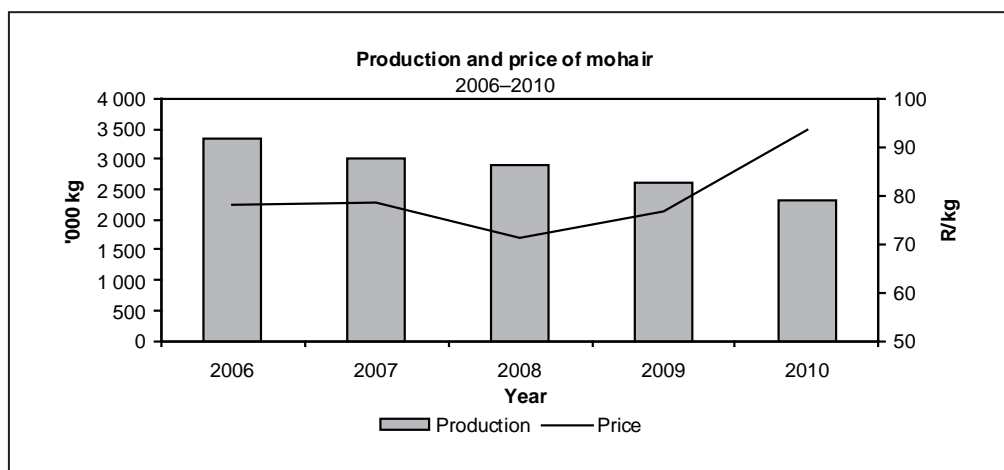
Mohair production in South Africa mainly occurs in the Eastern Cape Province as well as the adjacent part of the Western Cape Province.

South Africa produces approximately 48% of the world mohair clip. In realising the responsibility attached to 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 figures show a downward trend, from 3,4 million kg in 2006 to 2,3 million kg in 2010. This decline in production is, however, not unique to South Africa. In addition to common factors that affect world production, the size of the South African clip is also affected by factors such as predators; the expansion of game farms and labour shortages. Furthermore, the continuing drought experienced in a large part of the local production area negatively affected the quantity and length of the hair offered, as well as the number of newborn Angora goat kids.

Production of mohair by South Africa during the period 2006 to 2010 was as indicated in the following table:

Year	2006	2007	2008	2009	2010
	Million kg				
Production	3,4	3,0	2,9	2,6	2,3



Prices

The average auction price of mohair increased by 21,4%, from R76,91/kg in 2009 to R93,35 in 2010. The increase in prices was mainly directed by the demand for young goat as well as adult mohair. Average auction prices of mohair for the period 2006 to 2010 were as follows:

Year	2006	2007	2008	2009	2010
	R/kg				
Price	78,08	78,38	71,33	76,91	93,35

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.

Mohair exports decreased slightly by 5%, from an estimated 4,5 million kg in 2009 to 4,3 million kg in 2010.

Year	2006	2007	2008	2009	2010
	Million kg				
Imports	1,3	0,8	1,1	1,3	1,5
Exports	3,8	3,4	4,4	4,5	4,3

Prospects

The demand for kid mohair is expected to remain under pressure in the short term, as end-consumer markets, such as Japan, struggle. If the European crisis does not spiral out of control, the European market could compensate for the decline in the Japanese demand for kid mohair.

The demand for adult and young goat mohair is still good owing to a strong fashion demand, but prices might ease slightly later in 2011. The length of the hair should be far better the coming winter season as a result of good rains over most of the production area.

Notes

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