



Trends in the Agricultural Sector 2015



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

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Printed and published by
Department of Agriculture, Forestry and Fisheries
Pretoria

Design and layout
Directorate: Communication Services

Obtainable from
Department of Agriculture, Forestry and Fisheries
Resource Centre
Directorate Information and Knowledge
Management
Private Bag X144
PRETORIA 0001

ISSN 1025-5028

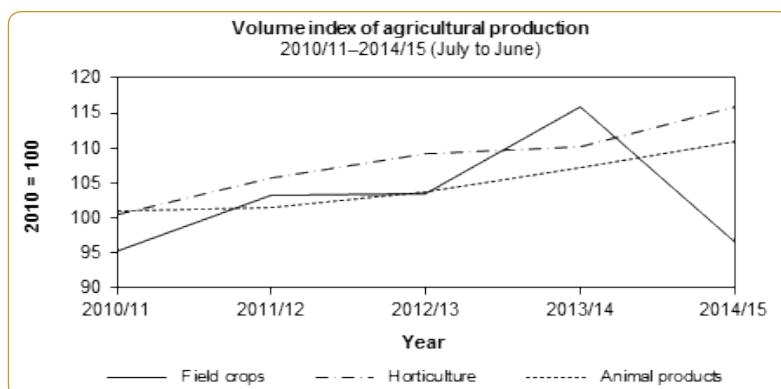
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ECONOMIC REVIEW FOR THE 12 MONTHS THAT ENDED ON 30 JUNE 2015

Volume of agricultural production

The estimated volume of agricultural production in 2014/15 was 1,2% less than in 2013/14.



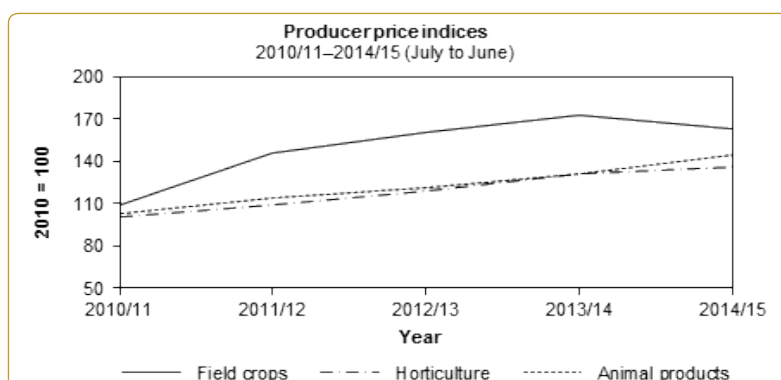
The field crop production volume decreased by 16,9%, mainly as a result of decreases in the production of summer crops (maize, sorghum and dry beans), winter crops (wheat and oats) as well as oilseed crops (sunflower seed and groundnuts) and sugar cane. Maize production decreased by 4,5 million tons (30,1%), sorghum by 172 845 tons (56,7%) and dry beans by 9 614 tons (10,6%) from the previous season. Wheat production decreased by 120 533 tons (6,4%) and oats by 4 600 tons (16,3%) from 2013/14. Sunflower seed production decreased by 182 157 tons (21,1%), groundnut production by 20 170 tons (23,9%) and sugar cane production by 2,7 million tons (15,2%).

Horticultural production for 2014/15 showed an increase of 5,0% from the previous season, which can mainly be attributed to increases in the production of deciduous fruit, vegetables and citrus fruit. The increase in the production of plums by 83 000 tons (119,2%), apples by 58 107 tons (7,3%) and table grapes by 41 528 tons (17,0%) led to an increase in deciduous fruit production. In the case of vegetables, the production of potatoes increased by 92 213 tons (4,2%) and onions by 55 253 tons (8,9%). Regarding citrus fruit, lemon production increased by 75 421 tons (29,3%) and that of soft citrus by 21 561 tons (13,3%) from 2013/14.

The production of animal products increased by 3,3% as a result of increases in the number of stock slaughtered (by 464 954 carcasses or 4,4%), followed by poultry meat (by 33 086 tons or 2,0%), fresh milk (by 225 993 litres or 7,1%) and eggs (by 5 934 tons or 1,0%) from 2013/14.

Producer prices of agricultural products

Producer prices of agricultural products increased on average by 4,0% from 2013/14 to 2014/15.



The weighted average price of field crops decreased by 5,6%. The prices of hay increased by 14,7%, tobacco by 13,8%, sugar cane by 11,9%, cotton by 7,4% and winter grains slightly by 0,7%. The prices of summer grains decreased by 13,2%, oilseeds by 8,6% and dry beans by 1,2%.

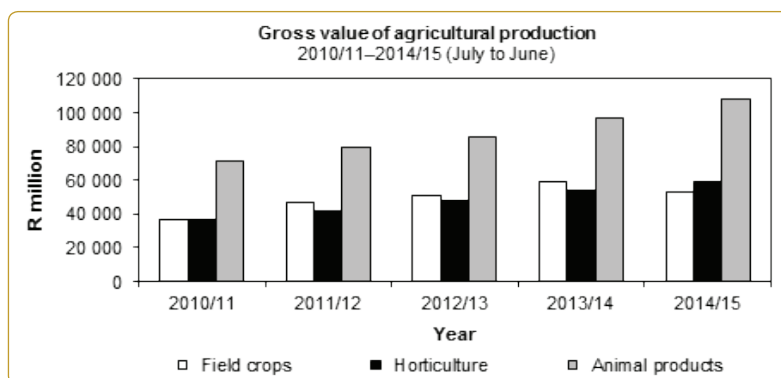
Horticultural products' prices increased on average by 3,5%. The prices of fruit increased by 7,8% and viticulture by 1,3%, while vegetables' prices decreased by 2,4%.

Animal products' prices increased by 10,0%. The average prices of dairy increased by 12,7%, slaughtered stock by 12,1%, poultry by 8,2% and pastoral products by 4,6%.

Gross value of agricultural production

The *total gross value of agricultural production* (the total production during the production season valued at the average basic prices received by producers) for 2014/15, is estimated at R221 302 million, compared to R210 093 million the previous year—an increase of 5,3%. This increase can be attributed mainly to an increase in the value of animal products.

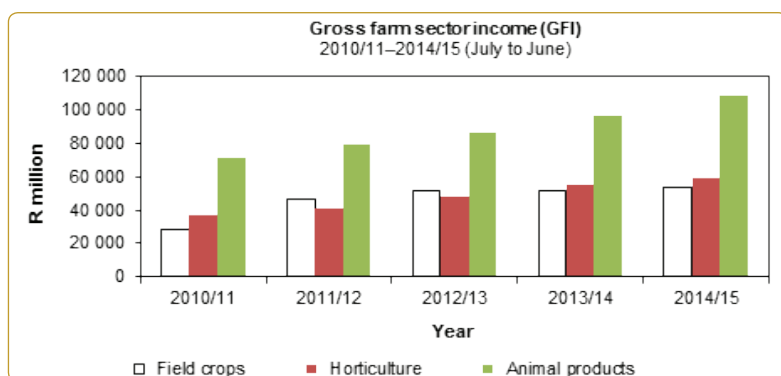
The gross value of animal products, horticultural products and field crops contributed 49,0%, 26,9% and 24,1% respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 16,5%, followed by cattle and calves slaughtered with 11,9% and maize with 10,5%.



Farming income

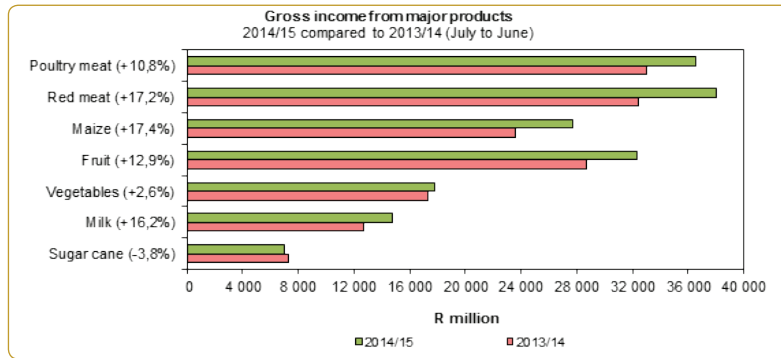
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 30 June 2015 amounted to R221 890 million, compared to R202 565 million the previous year—an increase of 9,5%. The increase can be ascribed mainly to increases in income from horticultural and animal products.

Smaller maize, sunflower seed, groundnut, grain sorghum and sugar cane crops are expected for the 2014/15 production season. Prices received for field crops, with the exception of maize, on the other hand, did not show significant improvement during the first half of the marketing period. This contributed to the lower than expected income generated by the field crop industries.



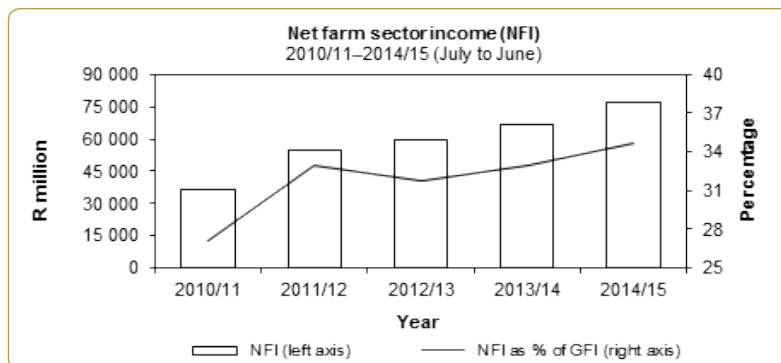
The *gross income from field crops* increased by 5,6% to R54 108 million for the year ended 30 June 2015. Maize income amounted to R27 701 million, 17,4% more than the R23 590 million of the previous 12 months. Cotton income increased by 124,9% to R296 million. Income from sunflower seed decreased by 12% to R3 260 million and that from groundnuts by 25% to R490 million and grain sorghum by 54,3% to R339 million. Soya bean income decreased by 6,5% to R4 860 million. Income from sugar cane at R7 039 million, was 3,8% lower than that of the previous 12 months.

The *gross income from horticultural products* increased by 8,4%, from R54 745 million in 2013/14 to R59 354 million in 2014/15. Income from deciduous fruit increased by 17,2% and amounted to R16 402 million and that of citrus fruit increased by 9,9% and amounted to R12 327 million. Income from subtropical fruit increased by 5,4% to R3 641 million. Income from vegetable production increased only moderately by 2,6% to R17 801 million.



The *gross income from animal products* was 12,2% higher in 2014/15 and amounted to R108 429 million, compared to R96 598 million in 2013/14. Producers earned R26 335 million from slaughtered cattle, compared to the previous R22 718 million—an increase of 15,9%. Income from slaughtered sheep increased by 23,3% to R6 238 million. Income from poultry meat production rose by 10,8% to R36 589 million and income from egg production, at R9 439 million, was 6,3% higher than in the previous year. Producers earned R14 775 million from milk production, which is 16,3% more than in the previous year. Income from ostrich products increased by 26,7% to R433 million. Income from wool, however, decreased by 4% to R2 631 million and that of mohair by 8,9% to R372 million.

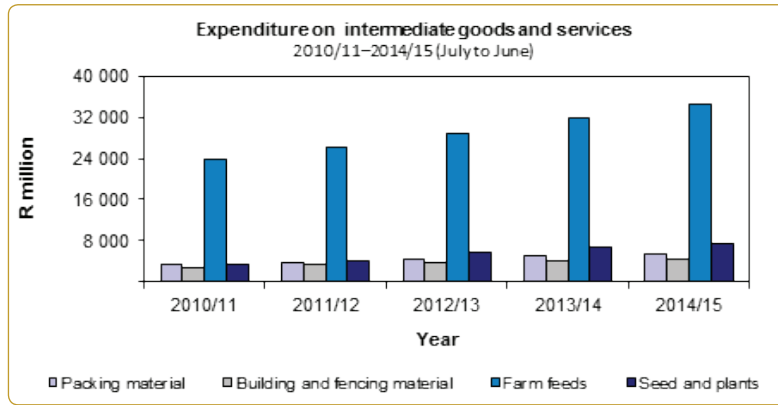
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R77 063 million for the 12 months that ended on 30 June 2015, which is 15,3% more than in the previous 12 months. Payments for salaries and wages, which represented 10,6% of the total farming costs, amounted to R15 940 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2015 is estimated at R7 299 million, or 4,9% of the total.



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 2014/15 is estimated at R118 212 million, which represents a rise of 6,4% from R111 059 million in 2013/14. Large increases occurred in expenditures on building and fencing material (10,5%), seed and plants (10,0%), packing material (9,0%), farm feeds (8,0%), farm services (6,0%) and animal health and crop protection (6,0%).

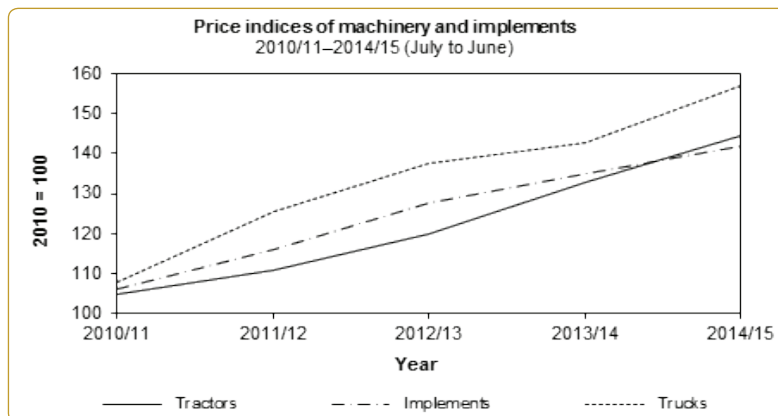
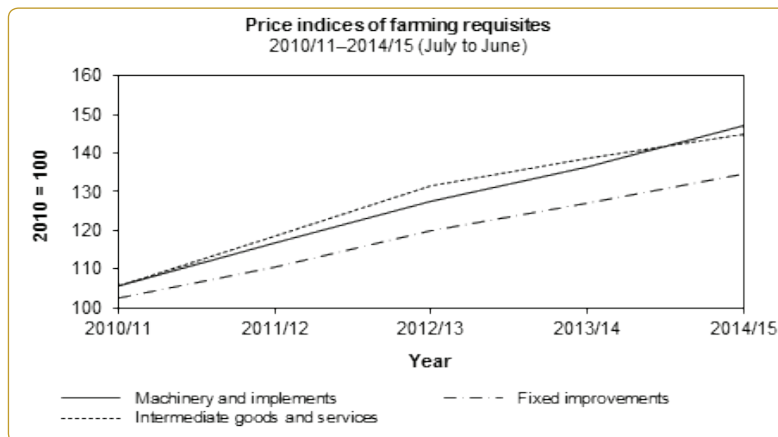


Expenditure on farm feeds remained the biggest expenditure item, accounting for 29,1% of the total overheads, followed by maintenance and repairs of machinery and implements (14,3%), farm services (12,7%) and fuel (7,5%).

Prices of farming requisites

Prices of farming requisites rose by 4,8% in 2014/15, compared to an increase of 5,9% the previous year. Prices of trucks increased on average by 10,0%, tractors by 8,9%, fencing material by 6,0%, building material by 5,8%, feeds and animal health and crop protection by 5,4% each, packing material by 5,2%, maintenance and repairs by 4,8% and fertilisers by 2,5%. Fuel prices remained unchanged.

The combined index of machinery and implements' prices showed an increase of 8,0% for 2014/15. The price index of materials for fixed improvements increased by 5,9% and the index of intermediate goods and services increased by 4,3%.

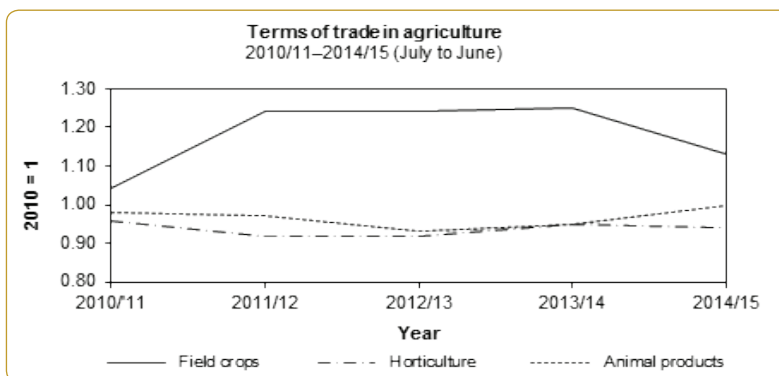


Domestic terms of trade in agriculture (2010 = 1)

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 decreased slightly by 1,0%, from 1,02 in 2013/14 to 1,01, in 2014/15.

The terms of trade for field crops decreased by 9,6%, from 1,25 to 1,13, and horticultural products by 1,1%, from 0,95 to 0,94, while that for animal products increased by 5,3%, from 0,95 to 1,00.



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.

Agriculture, forestry and fisheries' contribution to value added for the year ended 31 December 2015 is estimated at R84 662 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 percentage of total value added
	R million	R million	%
2005	1 469 239	31 273	2,1
2006	1 642 222	34 478	2,1
2007	1 884 722	46 671	2,5
2008	2 137 190	57 656	2,7
2009	2 277 146	56 055	2,5
2010	2 494 860	52 001	2,1
2011	2 725 022	55 066	2,0
2012	2 939 640	59 713	2,0
2013	3 172 961	62 826	2,0
2014	3 404 495	84 662*	2,5

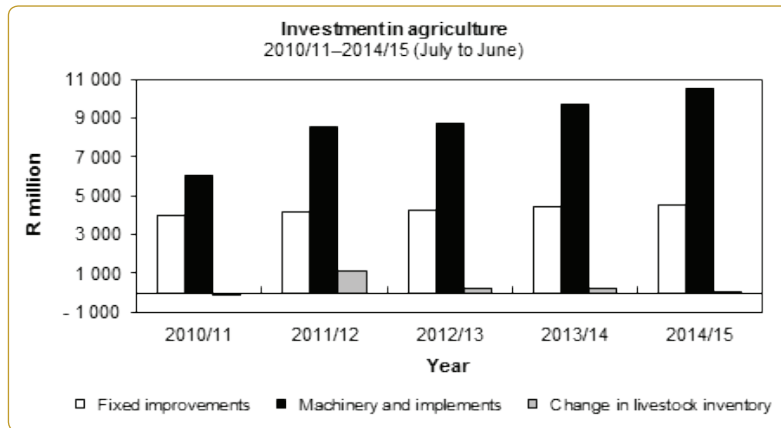
*Note: Figure is for agriculture, forestry and fisheries

Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2015 is estimated at R383 542 million, compared to R348 819 million at the end of June 2014—an increase of 10,0%.

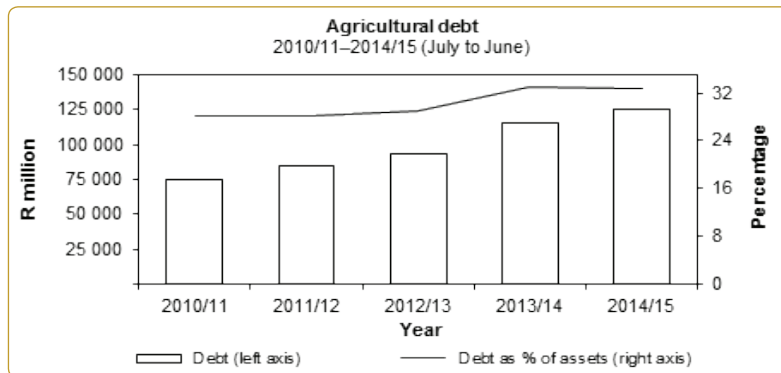
Land and fixed improvements constituted R201 257 million (52,5%), livestock R121 211 million (31,6%) and machinery and implements R61 074 million (15,9%) of the total value of capital assets.

The gross investment in respect of fixed improvements for the year ended 30 June 2015 increased by 1,4% to R4 495 million. Investment in machinery, implements and vehicles increased by 8,3% and amounted to R10 574 million. The livestock inventory was R49,9 million more than in the previous year.



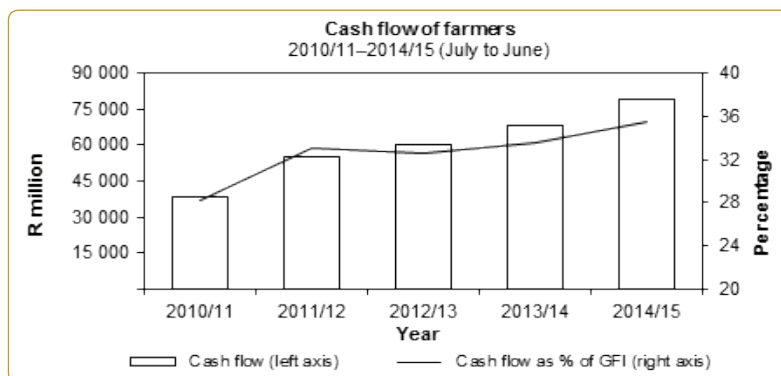
Farming debt

The total farming debt as at the end of June 2015 is estimated at R125 712 million, compared to R115 117 million at the end of June 2014—an increase of 9,2%.



Cash flow of farmers

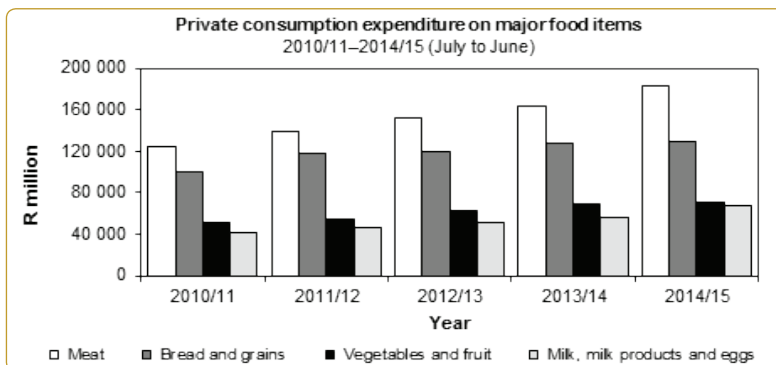
The cash flow of farmers amounted to R78 835 million for the year ended 30 June 2015, compared to the previous R68 106 million, an increase of 15,8%. This was the result of an increase in the gross income of producers.



Consumption expenditure on food

The consumption expenditure on food for the year ended 30 June 2015 increased by 7,2% and amounted to R531 273 million, compared to the R495 368 million of the previous year. Expenditure on meat increased by 11,5% to R183 382 million, on bread and grain products by 1,0% to R128 703 million, and on fruit and vegetables (including potatoes) by 3,0% to R71 141 million. Expenditure on milk, milk products and eggs indicates an increase of 17,4% to R66 985 million, and on sugar an increase of 1,3% to R6 359 million. Expenditure on oils and fats shows a decrease of 4,5% to R12 012 million.

Meat represented 36% of the expenditure on the food component; bread and grains 24%; fruit and vegetables (including potatoes) 13%; milk, milk products and eggs 12%; oils and fats 2%; sugar 1%; and other products (jam, chocolates, ice cream, table salt, herbs, coffee, tea, etc.) 12%.



Consumer prices

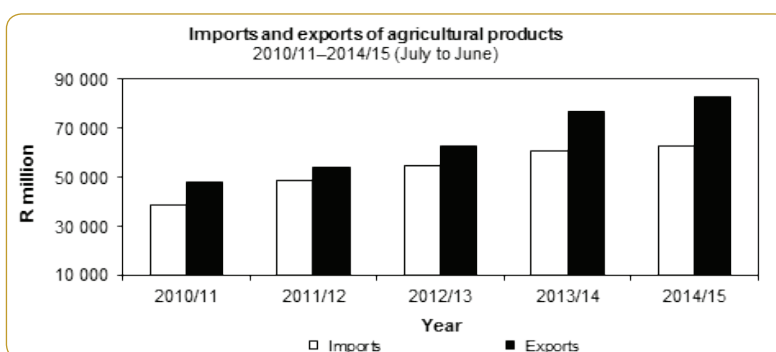
The consumer price index (with base year 2010 = 100) of all items increased by 5,2%, from 120,9 to 127,1, during the year ended 30 June 2015. The CPI of food increased by 6,8%, from 126,2 to 134,8, and that of non-food items increased by 5,0%, from 118,1 to 124,0.

Meat prices increased by 8,2%, from an index figure of 126,0 to 136,4, grain products by 5,2%, from 127,4 to 133,9, vegetables by 4,8%, from 126,1 to 132,1, and fruit by 4,6%, from 116,7 to 122,1. In the case of dairy products and eggs, prices rose by 10,9%, from an index of 122,1 to 135,4. The prices of sugar and related products increased by 8,5%, from 132,3 to 143,5.

Imports and exports of agricultural products

The estimated value of imports for 2014/15 came to R62 648 million, an increase of 3,5% from R60 546 million for 2013/14. The value of exports increased by 7,7%, from R76 900 million in 2013/14 to R82 839 million in 2014/15.

According to the 2014/15 export values, citrus fruit (R12 462 million), wine (R8 028 million), grapes (R6 598 million), apples, pears and quinces (R6 255 million) and maize (R3 466 million) were the most important agricultural export products.



Wheat and meslin (R6 157 million), rice (R5 126 million), poultry (R4 306 million), undenatured ethyl alcohol (R3 667 million) and palm oil (R3 632 million) accounted for the highest imports in terms of value.

During 2014/15, the Netherlands, with exports to the value of R8 606 million, the UK (R7 717 million), Mozambique (R5 989 million), Zimbabwe (R5 123 million) and China (R3 943 million) were South Africa's five largest trading partners in terms of export destinations for agricultural products. About 19,7% of the total value of agricultural exports from South Africa for the period July 2014 to June 2015 went to the Netherlands and the UK combined.

The five largest trading partners for South Africa's imported agricultural products during 2014/15 were Argentina (R4 536 million), the UK (R4 118 million), Indonesia (R3 751 million), Germany (R3 478 million) and Thailand (R3 371 million). About 13,8% of the total value of agricultural imports by South Africa during the period July 2014 to June 2015 was from Argentina and the UK combined.

BRANCHES OF THE INDUSTRY

Field crop husbandry

Maize

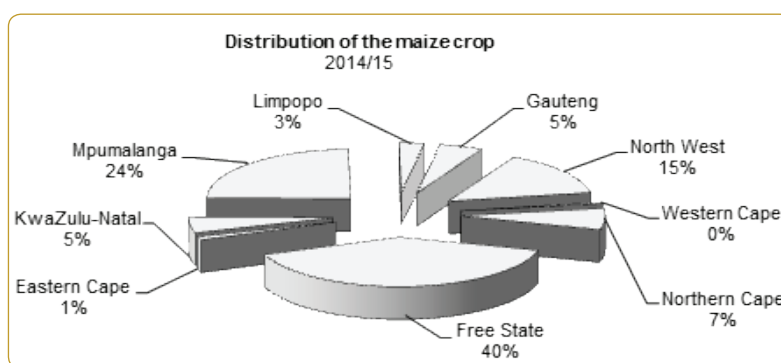
Maize is the most important grain crop in South Africa, being both the major feed grain and the staple food of the majority of the South African population. About 47% of maize produced in South Africa is white and the remaining 53% is yellow maize (2015). White maize is primarily used for human consumption, while yellow maize is mostly used for animal feed production.

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

The largest contributor towards the gross value of field crops for the past five seasons is maize (47,3%), followed by sugar cane (13,6%), wheat (9,9%), soya beans (7,65%) and hay (7,3%). The gross value of maize for 2014/15 amounts to R23 236 million.

The two main maize-growing provinces in South Africa, namely the Free State and North West provinces, produced about 64% of the maize harvest in 2014. This season (2015), the two regions experienced an extended dry-weather period during the first quarter of 2015, where a lack of rain had caused crop failures.

The contribution by provinces to maize production during the 2014/15 production season is depicted in the following figure.



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

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

The present ratio of areas planted is 55% white maize to 45% yellow maize. An estimated 5,2% of the area planted to white maize is under irrigation and 94,8% is dryland, while the estimate for yellow maize is 13,0% under irrigation and 87,0% dry land.

AREA PLANTED AND PRODUCTION

The estimated area that South African commercial producers planted to maize during the 2014/15 season is 2,653 million ha. This is 1,3% or 35 350 ha less than the 2,688 million ha planted the previous season and also 0,1% or 3 810 ha less than the five-year average of 2,657 million ha planted up to 2013/14.

Commercial white and yellow maize plantings for 2014/15 were 1 448 050 ha and 1 204 800 ha respectively. This represents a decrease of 6,6% for white maize and an increase of 6,0% for yellow maize.

The commercial maize crop for the 2014/15 production season is estimated to be 9,942 million tons, with an estimated yield of 3,75 t/ha. The production represents a decrease of 30,2% from the previous season (2013/14), which was estimated at 14,250 million tons. The main reason for the decrease in the production of maize is severe drought conditions in the major maize-producing areas. This is also the smallest crop since the 2006/07 production season, when the production was 7,125 million tons.

The production estimate for white maize is 4,703 million tons, which is 39,0% or 3,007 million tons less than the 7,710 million tons of 2014 and 31,0% or 2,118 million tons less than the average of the five years (6,820 million tons) up to 2014. The estimated yield for white maize is 3,25 t/ha, compared to 4,97 t/ha the previous season.

In the case of yellow maize, the production estimate for 2015 is 5,239 million tons, which is 20,0% or 1,301 million tons less than the 6,540 million tons the previous season and 3,9% or 211 810 tons less than the five-year average (5,451 million tons) up to 2014. The estimated yield for yellow maize was 4,35 t/ha, compared to 5,75 t/ha in 2014.

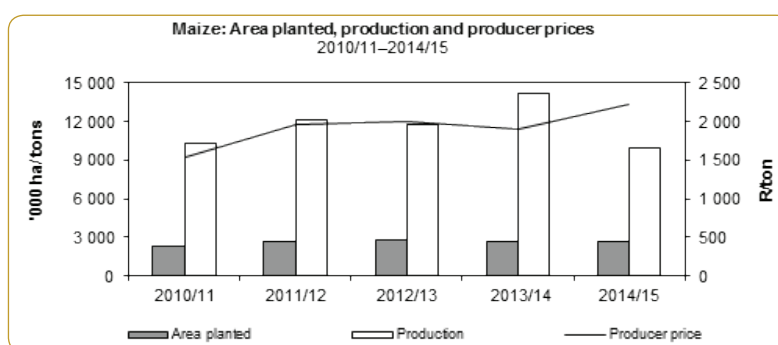
For the 2014/15 season, 95% of the deliveries of white maize were grade WM1, compared to 97% of the 2013/14 crop, and 95% of the yellow maize deliveries were grade YM1, compared to 97% of the 2013/14 crop.

Plantings, production and yields of commercial maize from 2010/11 to 2014/15 are as follows:

Season	2010/11	2011/12	2012/13	2013/14	2014/15
Plantings (ha)	2 372 300	2 699 200	2 781 200	2 688 200	2 652 850
Production (t)	10 360 000	12 120 656	11 810 600	14 250 000	9 941 650
Yield (t/ha)	4,37	4,49	4,25	5,30	3,75

The estimated yield for maize is 3,75 t/ha for 2014/15, which is 29,2% or 1,55 t/ha less than the 5,30 t/ha the previous season. The dry conditions had a negative impact on the yields, especially in the Free State and North West provinces.

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 non-commercial farmers; the latter mostly in the Eastern Cape, Limpopo, Mpumalanga and northern KwaZulu-Natal provinces. The area planted to maize by the non-commercial sector during 2014/15 is estimated at 395 000 ha, which comprises 278 000 ha of white maize and 117 200 ha of yellow maize. Production by the non-commercial sector is estimated at 673 800 tons; 442 200 tons of white maize and 231 600 tons of yellow maize. Maize grown by this sector is mainly for own use and contributes only approximately 7% to total production.

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 on SAFEX, based on market conditions.

The average producer price of maize increased by 16,7%, from R1 909,25/t in 2013/14 to R2 228,45/t in 2014/15, mostly because of the dry weather conditions that occurred in South Africa's maize belt during the past summer season.

The average producer prices of maize from 2010/11 to 2014/15 are as follows:

	2010/11	2011/12	2012/13	2013/14	2014/15
Season	R/ton				
Producer price	1 531,06	1 969,09	2 006,36	1 909,25	2 228,45

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

SUPPLY AND DEMAND

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

Considering the importance of food security, and against the background of uncertain maize stock positions and highly fluctuating maize prices over the past few years, the grain industry expressed the need for much improved information on intended imports or exports of grains and oilseeds. In addition, there was also a need for official supply and demand figures for the major grain and oilseed crops, as is common practice in many countries.

After many discussions, the Supply and Demand Estimates Committee (S&DEC) was established. The S&DEC is responsible for the monthly data collection, calculation and dissemination of relevant information. The supply of and demand for white maize, yellow maize, total maize, wheat, sorghum, sunflower seed and soya beans are determined with the assistance of the Crop Estimates Committee and the SA Grains Information Services (SAGIS), among others. The first official publication of the supply and demand estimates by the S&DEC was published on 28 June 2013.

Considering the 2015/16 marketing season (May to April), the total supply of maize is projected at 12,438 million tons (6,000 million tons white and 6,438 million tons yellow). This includes an opening stock (at 1 May 2015) of 2,074 million tons (1,283 million tons white and 791 054 tons yellow), local commercial deliveries of 9,482 million tons (4,593 million tons white and 4,889 million tons yellow) and 800 000 tons (80 000 tons white and 720 000 tons yellow) maize imports.

The total demand, local and exports, for maize is projected at 11,035 million tons; 4,966 million tons of white and 6,069 million tons of yellow maize. The total local demand is projected at 10,235 million tons (4,456 million tons white and 5,779 million tons yellow). A projected export quantity of 800 000 tons (510 000 tons white and 290 000 tons yellow) is expected for the 2015/16 marketing season. The projected closing stock level by 30 April 2016 is estimated at 1,403 million tons (1,034 million tons white and 368 884 tons yellow).

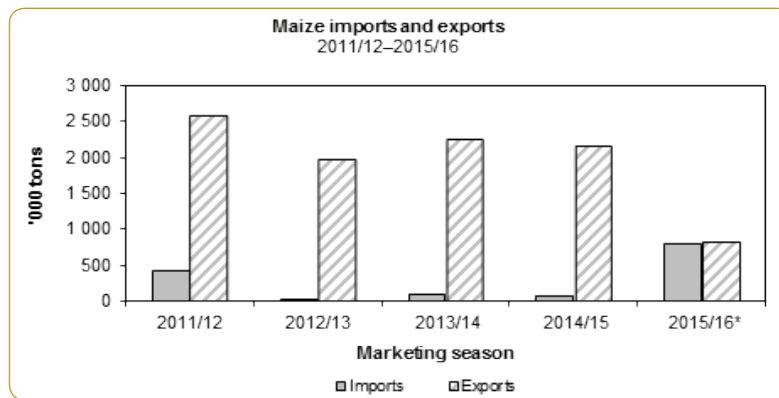
TRADE BALANCE

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

Depreciation in the value of the rand against relevant foreign currencies makes import products such as maize, wheat and oilseeds more expensive in rand terms, thereby providing some protection for South African farmers and an incentive to increase production in the longer term. However, if South African producers are unable to meet the needs of the processors, or if processors are uncertain about local supplies, foreign sources can be considered.

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

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 2015/16 season, 1 May to 23 October 2015, also showed exports to Korea, namely 2 177 tons.

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.

VULNERABILITY AND FOOD SECURITY ASSESSMENTS - SADC

The SADC 2015/16 regional food security and vulnerability situation, based on the results of the 2015 National Vulnerability Assessment Committee's vulnerability assessments, indicated that Botswana, Lesotho, Namibia, South Africa, southern Angola and Zimbabwe experienced prolonged dry spells, while Madagascar, Malawi and Mozambique experienced both floods and prolonged dry spells. The poor rainfall has led to an unsatisfactory overall regional food security situation for the 2015/16 marketing year, with an overall cereal (maize, wheat, rice, millet and sorghum) deficit of 7,900 million tons, compared to a surplus of 1,210 million tons in the 2014/15 marketing year.

The regional cereal availability for 2015/16 is estimated at 40,400 million tons, representing a decrease of 11,4 % from 45,620 million tons last year. The availability of maize, which usually makes up more than 75% of the total cereal production, is forecasted at 27,400 million tons, compared to 36,790 million tons the previous season.

The number of food insecure people in the SADC countries increased by 13,0 % (from 10,30 million in 2014 to 13,40 million in 2015). The exceptions were Mozambique and Swaziland, where numbers continued to decrease. In comparison to 2014, major increases in food insecure people are noted in Malawi, Namibia, Zambia and Zimbabwe.

The Climate Prediction Center's El Niño Advisory shows that there is approximately a 95% chance that El Niño will continue through the remainder of 2015 and will likely weaken by the end of the rainy season in 2016. Based on an analysis of previous El Niño events, most of the region is expected to experience erratic rains, possibly leading to a late start, along with poorly distributed rains for the first half of the season. These conditions will likely result in inadequate moisture for crops, which could adversely impact the yields.

The only areas in the region where acute food insecurity will be minimal through December 2015, include South Africa, northern Zambia and northern Tanzania, where households are still consuming their own-produced cereals.

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

PROSPECTS

In October 2015, the intended maize plantings of South African farmers were 2,55 million ha for the 2015/16 production season, which is 3,8% less than the 2,65 million ha planted during 2014/15.

Producers indicated that they intended to plant less maize for the 2015/16 season because they were under pressure of the prevailing dry weather conditions. However, the rainfall could still influence farmers' decisions.

Applying a three-year average yield of 4,40 t/ha to the intended plantings, the potential maize crop for the 2015/16 season is 11,22 million tons.

MAIZE TARIFF

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

WORLD MAIZE SITUATION

According to the October 2015 report of the United States Foreign Agricultural Services, world maize production in 2015/16 (September to August) was forecast at 972,6 million tons, which is 0,1% or 36,1 million tons less than the 1,009 billion tons produced during 2014/15. The US contributed 35,4% (344,3 million tons), China 23,1% (225,0 million tons), Brazil 8,2% (80,0 million tons) and the EU 6,0% (58,0 million tons) to world production. The remaining 27,3% is made up by the Ukraine, Argentina, Mexico, India and South Africa, among others.

Global consumption in 2015/16 was expected to be 980,8 million tons—7,7 million tons less than in the previous year. Global ending stocks at the end of October 2016 were expected to be 187,8 million tons, which is 8,2 million tons or 4,2% 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 Statistics and Economic Analysis; Grain South Africa, which promotes the interests of maize producers; and SAGIS, a section 21 company funded by, among others, the maize industry.

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

Sorghum

PLANTINGS AND PRODUCTION

Sorghum is 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 can determine the planting period as well as the length of the growing season to a large extent.

During the 2015 season (April to March), sorghum for commercial purposes was produced mainly in the Free State (38,6%), followed by Limpopo (15,1%), Mpumalanga (37,8%) and the North West (4,4%) provinces. An estimated 70 500 ha were planted to sorghum for commercial use, representing a decrease of 10,6% from the 78 850 ha planted for the 2014 season. This can be attributed to the expected establishment of a bioethanol production facility not having materialised, therefore farmers were no longer encouraged to expand their plantings.

For the past five seasons, South Africa produced on average 179 140 tons of sorghum per annum, which is relatively small compared to domestic maize and wheat production.

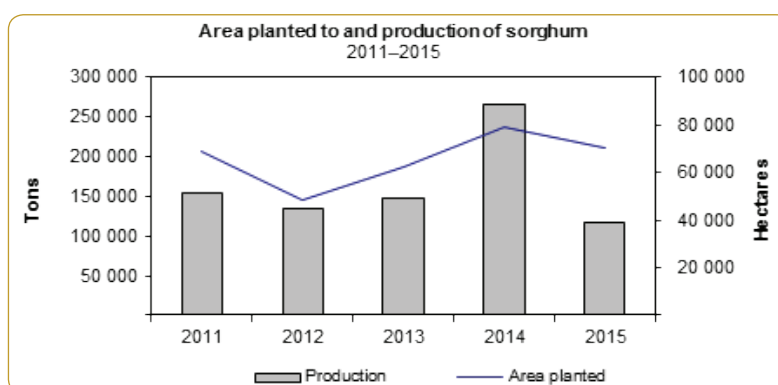
During the 2015 production season, sorghum contributed only approximately 0,2% to the gross value of field crops. The estimated average annual gross value of sorghum for the five years up to 2014/15 amounts to R451 million.

The commercial sorghum crop for the 2015 season is estimated at 116 500 tons, which is 56,0% less than the 265 000 tons of the previous season and 35,0% less than the five-year average production of 179 840 tons up to 2014. The yield for 2015 is estimated at 1,65 t/ha, which is 36,5% less than the five-year average yield of 2,60 t/ha up to 2014.

Plantings, production and the yields of sorghum from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	69 200	48 550	62 620	78 850	70 500
Production (t)	155 000	135 500	147 200	265 000	116 500
Yield (t/ha)	2,24	2,79	2,35	3,36	1,65

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



The five-year average of sorghum produced by the non-commercial agricultural sector for its own use up to 2015, is assumed to be approximately 24 540 tons, which is about 15,0% of the total sorghum production in South Africa.

CONSUMPTION

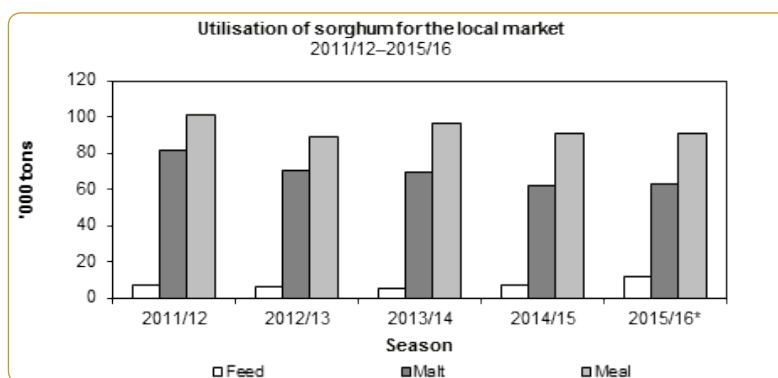
Sorghum, like other grains, has two basic markets that it serves, i.e. the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income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

Expectations are that a total of 265 112 tons of sorghum will be available for local consumption during the 2015/16 marketing season (March to February), compared to 320 301 tons the previous season. This comprises carry-over stocks as at 1 March 2015 amounting to 121 812 tons, plus producer deliveries of 116 300 tons at commercial structures and imports of 27 000.

The projected commercial utilisation of sorghum for the 2015/16 marketing season is approximately 171 950 tons, of which 153 300 tons are for human consumption (malt, meal and other uses) and 11 450 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Other uses (released to end-consumers, withdrawn by producers, etc.) amounts to 7 200 tons. Projected exports during the 2015/16 marketing season are 30 000 tons.

Considering the above, carry-out stocks at 29 February 2016 are expected to be about 63 162 tons.

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



*Projection

PRODUCER PRICES

Local producer prices of sorghum decreased by 21,2%, from R2 626,78/t in 2014 to R2 069,44/t in the 2015 season.

Season	2011	2012	2013	2014	2015
	R/t				
Producer price	1 671,61	2 675,01	2 691,62	2 626,78	2 069,44

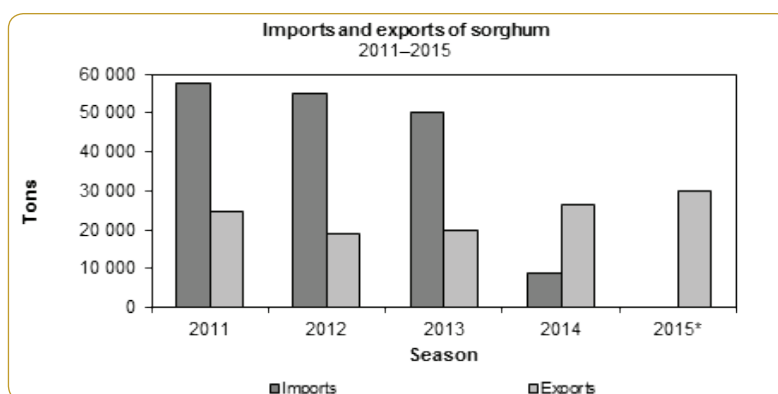
IMPORTS AND EXPORTS

Imports and exports of sorghum from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015*
	Tons				
Imports	57 800	54 800	50 000	8 700	0
Exports	24 800	19 000	19 600	26 200	30 000

*Projection

Projected exports of sorghum for 2015 is 30 000 tons, which is 14,5% more than the 26 200 tons of 2014. In 2015, no sorghum was imported.



*Projection

OUTLOOK

In October 2015, the intended sorghum plantings of South African farmers were 74 750 ha for the 2015/16 production season, which is 6,0% more than the 70 500 ha planted during 2014/15. Farmers indicated that they were going to expand their sorghum plantings, as they have signed pre-season contracts and therefore considered the price more certain than the price for maize.

Applying a three-year average yield of 2,50 t/ha to the intended plantings, the potential sorghum crop for the 2015/16 season is 187 000 tons.

WORLD SORGHUM SITUATION

According to the World Agricultural Supply and Demand Estimate (WASDE) report released in September 2015, world production of sorghum increased by 9,2%, from 63,2 million tons in 2014 to 69,0 million tons in 2015. The contribution to world production by selected countries is as follows: the United States contributed 21,2% (14,6 million tons), Mexico 11,3% (7,8 million tons), Nigeria 9,0% (6,2 million tons) and India 8,0% (5,5 million tons). The balance of 27,0% was made up by, among others, Argentina, Ethiopia, China, Brazil and Sudan.

The world total production in 2016 is forecast at 68,4 million tons, which is 0,6 million tons or 1% less than the 69,0 million tons produced in 2015.

A larger sorghum crop of 15,1 million tons for 2016 is projected for the United States, mainly as a result of an expected increase in yields. Sudan, which is the third largest producer in Africa, expects 5,5 million tons, while India also expects a crop of 5,5 million tons for 2016. China expects to produce a sorghum crop of 2,6 million tons, the same as the previous season.

COOPERATION

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

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

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

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

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

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

Wheat

In terms of value of production, wheat is the third most important field crop produced in South Africa. In the 2014/15 season, this crop contributed approximately 10% to the gross value of field crops. The average annual gross value of wheat for the past five years up to 2014/15 amounts to R4 868 million, compared to R23 347 million for maize, which is the most important field crop.

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

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

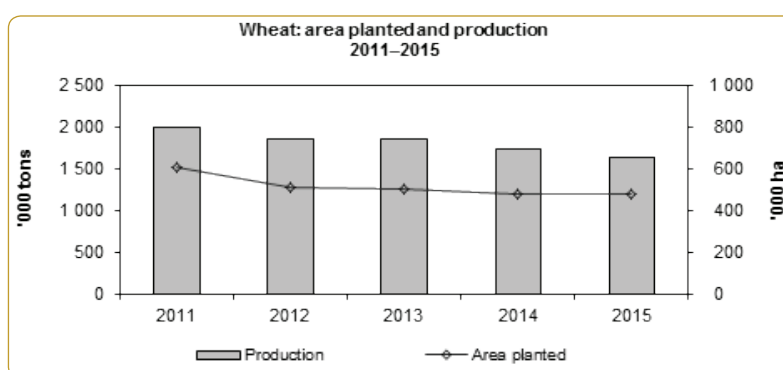
AREAS PLANTED AND PRODUCTION

The estimated area planted to wheat for the 2015 season is 482 150 ha, which is 1,2% more than the 476 570 ha of the previous season. This is the second smallest area planted to wheat in South Africa’s history. Of this area, 310 000 ha (64%) are in the Western Cape and 80 000 ha (17%) are in the Free State provinces.

By the end of October 2015, the situation for wheat in South Africa has deteriorated because of the failure of late winter rains over the western rainfall region. The Swartland area, which represents 65% of the wheat planted in the Western Cape, was very dry and yields were affected negatively. However, in the southern parts of the province, above-normal harvests are anticipated due to relatively good rains throughout the season.

The wheat area under irrigation is expected to remain relatively stable, with most of the hectares being planted in a double cropping system. However, the northern irrigation areas will face more stiff competition from barley due to the expansion in malting facilities in Alrode. Within the summer rainfall regions, wheat planted under dryland conditions has been declining for several seasons and is expected to continue to decline. Decreased planting by dryland wheat producers in the summer rainfall area (Free State province) is mainly because of a shift from wheat to summer crops such as maize and soya beans.

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



Based on conditions prevailing towards the end of October 2015, the expected commercial wheat crop for 2015 was 1,542 million tons, of which 697 500 tons (45%) were from the Western Cape, 266 400 tons (17%) from the Northern Cape and 256 000 tons (17%) from the Free State provinces. The expected average yield was 3,20 t/ha.

Plantings, production and yields from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	604 700	511 200	505 500	476 570	482 150
Production (t)	2 005 000	1 870 000	1 870 000	1 750 000	1 542 350
Yield (t/ha)	3,32	3,66	3,70	3,67	3,20

CONSUMPTION

According to the Supply and Demand Estimates Committee (S&DEC), a total of 4,037 million tons of wheat (commercial) were available for local consumption during the 2014/15 marketing season (October to September). This comprised carry-over stocks as at 1 October 2014 of 488 526 tons, producer deliveries of 1,701 million tons, a surplus of 15 226 tons and imports of approximately 1,832 million tons.

The total demand for wheat for the 2014/15 marketing season is estimated at approximately 3,443 million tons, of which 292 091 tons were exported. Carry-out stocks as at 30 September 2015 are estimated to be 593 913 tons.

For the 2015/16 marketing season, the total supply of wheat is forecasted at 4,064 million tons (expected producer deliveries of 1,510 million tons, together with the carry-over stocks of 593 913 tons, a surplus of 10 000 tons and expected imports of 1,950 million tons). The demand for wheat (exports included) is estimated at 3,486 million tons. Carry-out stocks at the end of September 2016 are expected to amount to 578 763 tons.

IMPORTS

South Africa, a net importer of wheat, relies on imports from Russia, Germany and the Ukraine, among others, to meet its domestic demand. During the 2014/15 season, approximately 55% of the wheat that was needed for domestic consumption was produced locally, while an estimated 1,8 million tons were imported.

Wheat imports from 2010/11 to 2014/15 are as follows:

Season	2010/11	2011/12	2012/13	2013/14	2014/15*
	Tons				
Imports	1 649 000	1 724 000	1 393 215	1 668 412	1 831 637

*Projection for the 2014/15 marketing season

Source: SAGIS

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



PRICES

Global wheat prices continued to decrease in response to bumper crops in China, the EU and the Black Sea region, resulting in a global surplus. Despite a decline in international wheat prices, the average SAFEX wheat price is projected to rise above R3 800 per ton in 2015.

The average producer price of wheat increased by 6%, from R2 880,31/ton in 2013/14 to R3 047,55/ton in 2014/15. South African wheat prices will remain strongly influenced by international prices and the exchange rate.

The average producer prices of wheat (grade 1) from 2010/11 to 2014/15 are as follows:

Season	2010/11	2011/12	2012/13	2013/14	2014/15
	R/ton				
Producer price	2 314,44	2 369,08	2 914,51	2 880,31	3 047,55

MARKETING

The South African wheat market was deregulated on 1 November 1997 and wheat can therefore be traded freely. The only government intervention in the market is the tariff on wheat imports. On 25 September 2015, a new wheat tariff (R911,20/ton) was published in *Government Gazette no.39235*.

WORLD WHEAT SITUATION

During the 2015/16 marketing season, world wheat production reached a new record high, mainly driven by the larger crops in the European Union (155,3 million tons) and China (130,0 million tons). Wheat in the EU appeared to be in good condition. However, there were concerns that parts of the US' wheat areas were getting dry.

According to the October 2015 report of the United States Foreign Agricultural Services, world wheat production in 2015/16 (July to June) was forecasted at 732,8 million tons, which is 1,0% or 7,3 million tons more than the 725,5 million tons produced during 2014/15. According to expectations, the European Union would contribute 21% (155,3 million tons), China 18% (130,0 million tons), India 12% (88,9 million tons) and the US 8% (55,8 million tons) to world production during 2015/16. The balance of 41% is made up by the Russian Federation, Canada, Australia and the Ukraine, among others.

Global consumption was expected to be 716,4 million tons during 2015/16—9,2 million tons more than the previous year. Global ending stocks were expected to increase to 228,5 million tons by the end of June 2016, which is 16,4 million tons or 7,7% more than the previous year.

RESEARCH AND INFORMATION

The Winter Grains Trust is responsible for the allocation of funding and appraisal of relevant research projects in the winter grains industry. Since 1998, statutory levies on sales of winter cereals have been used to finance the Winter Grains Trust. The ARC-Small Grain Institute in Bethlehem conducts the research on wheat and other winter grains.

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

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

Malting barley

PLANTINGS AND PRODUCTION

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

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

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

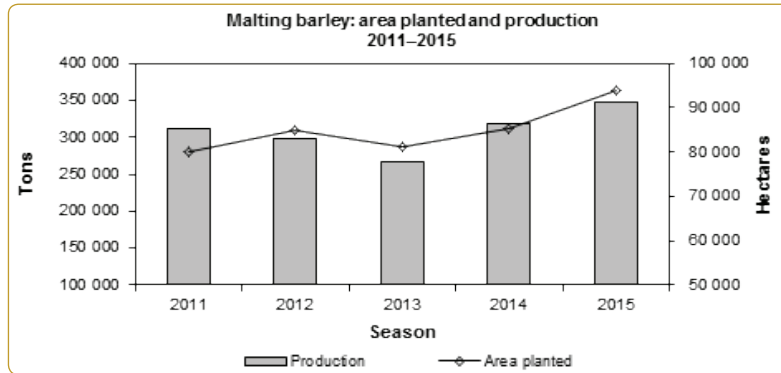
However, because of the risk of unpredictable weather conditions in the Southern Cape, barley production has also been introduced to the cooler central irrigation areas in the Northern Cape. There are also farmers in other areas of South Africa, such as the North West, Limpopo and Free State provinces,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

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

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

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

The area planted to malting barley for the 2015 season is estimated at 93 730 ha. This is an increase of 10,1% or 8 605 ha from the plantings of 85 125 ha during 2014. It is also 13,1% or 10 889 ha more than the five-year average of 82 841 ha planted up to 2014. Of the 93 730 ha planted in 2015, 80 000 ha (85%) are in the Western Cape, 9 800 ha (10%) in the Northern Cape, 2 200 ha (2%) in Limpopo, 1 500 ha (2%) in the North West and only 220 ha (1%) in the Free State provinces.



A total crop of 347 017 tons of malting barley is expected for the 2015 season. This is 14,9% higher than the estimated production of 302 000 tons in the previous season and 26,3% or 72 317 tons more than the average production of 274 700 tons per annum over the five years up to 2014. The expected average yield for 2015 is 3,70 t/ha.

Plantings, production and yield of malting barley from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	80 150	84 940	81 320	85 125	93 730
Production (t)	312 000	298 000	267 500	302 000	347 017
Yield (t/ha)	3,89	3,51	3,29	3,55	3,70

CONSUMPTION

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

The total supply of malting barley for the 2014/15 marketing season (October to September) is estimated at 520 800 tons (imports included). Carry-over stocks as at 1 October 2014 amounted to 143 800 tons. Production for the 2014/15 season was 302 000 tons, while 75 000 tons were imported.

For the 2014/15 marketing season, the total demand for malting barley was estimated at 314 800 tons, including 3 000 tons of exports. Carry-out stocks at 30 September 2015 were 206 000 tons. This is about six times the required three-month pipeline stock of 35 800 tons.

For the 2015/16 marketing season, the total supply of malting barley is expected to be 613 017 tons, comprising the expected crop of 347 017 tons, carry-over stocks of 206 000 tons and expected imports of 60 000 tons. The domestic demand is estimated at 346 700 tons, including 2 000 tons of exports. Carry-out stocks at the end of September 2016 are expected to amount to 266 317 tons.

PRODUCER PRICES AND VALUE OF THE CROP

Expansion of the global beer market has supported the demand for malting barley and trade in barley malt remained strong despite the weaker international growth. At the same time, the market remains well supplied with malting barley which, combined with the decline in other grain prices, resulted in a further decline in international malting barley prices in 2015.

The average producer price of barley increased by 5%, from R2 519,07/ton in 2013 to R2 644,29/ton in 2014.

The average producer prices of malting barley from 2010 to 2014 are estimated to be as follows:

Season	2010	2011	2012	2013	2014
	R/ton				
Producer price	2 006,34	2 277,23	2 498,99	2 519,07	2 644,29

The average annual gross value of malting barley for the past five years up to 2014/15 amounts to R663 million, compared to the R4 870 million of wheat and R21 776 million of maize.

MARKETING

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

IMPORTS

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

Barley and malt imports from 2010/11 to 2014/15 are as follows:

Season	2010/11	2011/12	2012/13	2013/14	2014/15
	Tons				
Imports – Barley	70 300	59 900	36 655	74 537	91 410
– Malt	80 900	69 600	109 208	117 721	111 779

Source: SAGIS

OUTLOOK

The South African Breweries (SAB) has announced the construction of a new state-of-the-art malting plant in Alrode, Gauteng, as part of its continued efforts to support the local economy and to drive job creation.

The new plant will produce 130 000 tons of malted barley a year once it is completed in 2015. It will allow SAB to reduce the amount of barley it imports, and will further its programme of developing the local agricultural sector by supporting small black farmers.

The construction of the new plant will allow SAB to reduce their exposure to volatile international markets and to replace a significant share of RSA's imported malt and barley with locally produced barley.

SAB currently sources about 65% of its barley locally and, once the new malting plant is up and running, this will potentially increase to between 90% and 95%.

SAB currently has two malting plants; one at Caledon in the Western Cape, which malts about 180 000 tons of barley a year, and one in Alrode, which malts about 40 000 tons a year. The existing Alrode plant is about 48 years old and is coming towards the end of its economic life. It will be decommissioned once the new plant is operational.

WORLD BARLEY SITUATION

Global production in the 2015/16 marketing season is mainly driven by the larger crops in the European Union (59,8 million tons) and Russia (17,5 million tons).

According to the October 2015 report of the United States Foreign Agricultural Services, world barley production is estimated at 144,6 million tons for the 2015/16 marketing year, while global consumption is expected to be 145,0 million tons. Global ending stocks at the end of June 2016 are expected to be 23,5 million tons.

RESEARCH AND INFORMATION

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

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

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

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

Sunflower seed

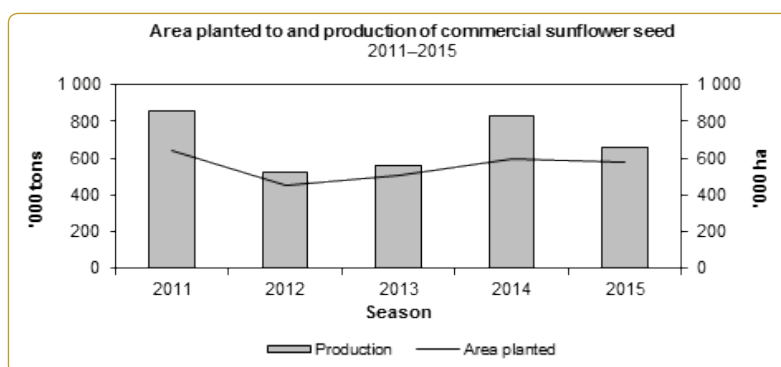
Sunflower seed can be planted from the beginning of November to the end of December in the eastern parts of the production areas, and up to the middle of January in the western part. Sunflowers grow best when planted in midsummer to ensure that less moisture is lost from the soil during the crucial growing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

PLANTINGS AND PRODUCTION

During the 2015 production season, the bulk of the crop was produced in the Free State (49,5%), North West (34,7%) and Limpopo (14,2%) provinces.

The contribution of sunflower seed to the gross value of field crops during the season is approximately 6,7%, compared to the 47,0% of maize, the largest contributor. The average annual estimated gross value of sunflower seed for the five years up to 2014/15 amounts to R3 090 million, compared to the R23 774 million of maize.

The annual plantings of sunflower show remarkable variation, from as low as 316 000 ha to 828 000 ha during the past two decades. The area planted to sunflower seed for commercial use during the 2015 season decreased by 3,8% to 576 000 ha, from an estimated 598 950 ha the previous season. This is 10,9% more than the five-year average of 519 480 ha up to 2014. The decrease in the plantings of 2015 can mainly be attributed to the increase in plantings of the other summer crops such as yellow maize, soya beans, groundnuts and dry beans.



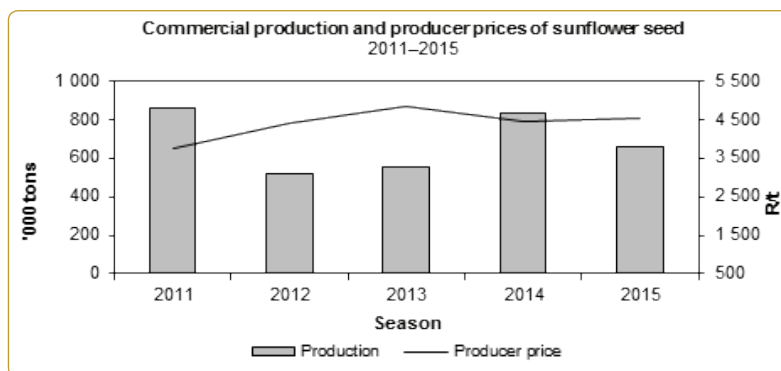
Commercial seed production during 2015 was approximately 660 900 tons, which is 20,6% less than the previous season and 1,3% higher than the average of 652 200 tons for the previous five years. The decrease in production can mainly be attributed to lower yields. The average yield for 2015 is approximately 1,15 t/ha, which is 17,4% less than the 1,39 t/ha during the previous season and 8,7% less than the five-year average of 1,26 t/ha up to 2014. The decreased yield can be attributed to unfavourable production conditions that prevailed, following insufficient follow-up rainfall received during February/March 2015.

Non-commercial agriculture contributed an estimated 26 077 tons (3,8%) to the total sunflower seed production in South Africa during 2015.

According to the Baseline 2015 report by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, the increase in domestic sunflower prices in 2015 will be insufficient to compensate for lower yields and income per hectare will decrease from 2014 levels. Accordingly, producers are projected to decrease sunflower plantings to around 511 000 hectares in 2016 and if normal yields are achieved, production will increase to 740 000 tons. For the remainder of the baseline period (2015 to 2024), the growth in yields is projected to offset the reduction in area planted and production will continue to expand gradually towards 2024. Yields are expected to grow faster over the outlook period due to the adoption of new technology, such as Clearfield hybrids, as well as intensification of production practices. The fine balance in the local sunflower market will be maintained and, given ample domestic crushing capacity. South Africa is projected to maintain a small net importing position with regard to sunflower seeds over the baseline period.

Commercial plantings, production and yields of sunflower seed from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	642 700	453 350	504 700	598 950	576 000
Production (t)	860 000	522 000	557 000	832 000	660 900
Yield (t/ha)	1,34	1,15	1,10	1,39	1,15



PRODUCER PRICES

The average producer prices of sunflower seed from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
	R/ton				
Producer price	3 736	4 397	4 844	4 436	4 514

The average producer price increased by 1,8%, from R4 436/ton in 2014 to R4 514/ton in 2015. The increase in international prices during 2015 mainly reflects a decrease in global supplies, caused mainly by the decreased availability of sunflower seed and sunflower oilcake from Russia and the Ukraine. This is a result of adverse weather conditions, which have reduced yields. This, together with the decreased local production, impacted positively on the local sunflower seed price for 2015.

CONSUMPTION

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 also processed into margarine and other consumer products. The crushing capacity for sunflower seed in South Africa is estimated at around 1 million tons per annum, while the capacity of oilseed refineries is estimated at 950 000 tons per annum. In years of lower sunflower seed production, the activities at crushing plants are reduced and the refineries import more crude sunflower oil, as it is more cost effective than importing sunflower seed. Sunflower meal, a by-product of the oil extraction process, is sold to local animal feed manufacturers. Sunflower meal is generally regarded as a low-value product that does not compare well to soya bean meal in terms of nutritional value and fibre content. As a result, broiler rations cannot include more than 7% sunflower meal. Therefore, sunflower meal is mainly used as feed in the dairy and beef industries.

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

The sunflower seed marketing season in South Africa commences on 1 March and ends on 28 February. The estimated sunflower seed crop of 660 900 tons for the 2015/16 marketing season, together with carry-over stocks of about 92 927 tons on 1 March 2015 and projected imports of 25 000 tons, leaves the domestic supply of commercial seed at an estimated 778 827 tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 98,8% or 700 000 tons in 2015) for oil and oilcake production. The estimated domestic demand of seed for the 2015 marketing year is approximately 716 550 tons, including 16 550 tons for human, animal and other consumption. The projected exports during 2015 are 150 tons. Carry-out stocks on 28 February 2016 are expected to be approximately 62 127 tons, which is 64,4% less than the 3-month-pipeline stock of approximately 174 700 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 nine months of 2015, South African imports were mainly from Bulgaria, Malawi and India.

Year	2011	2012	2013	2014	2015*
	Tons				
Imports	10 800	11 700	94 500	63 200	25 000
Exports	0	0	0	0	200

*Projection

INTERNATIONAL OVERVIEW

According to the October 2015 report of the United States Foreign Agricultural Services (FAS), indications pointed to a decrease of 4,2% or 1,0 million ha in the global harvested area, to a total of 23,4 million ha for 2014/15.

World output of sunflower seed for 2014/15 decreased by around 2,4 million tons or 5,7%, to 40,3 million tons. The decrease in production can mainly be ascribed to the lower global plantings and lower yields. It is also important to note that the Ukraine and Russia, as two of the main sunflower seed exporting countries, expected crops of 10,2 million tons and 8,9 million tons respectively. This represents a decrease of 12,1% or 1,4 million tons in the Ukraine and a decrease of 15,4% or 1,6 million tons in the case of Russia.

The FAS projected the global production of sunflower seed for 2015/16 at 40,5 million tons—an increase of 0,5%. The projected increase in production can be ascribed mainly to an increase in the expected yields, specifically in the Ukraine and Russia. Sunflower seed production in the Ukraine is expected to increase by 800 000 tons to 11 million tons and in Russia an increase of 471 000 tons to 9,4 million tons is expected.

MARKETING, INFORMATION AND RESEARCH

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

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

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

Soya beans

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

Soya beans contributed approximately 10,6% to the gross value of field crops during 2014/15. The estimated average annual gross value of soya beans for the past five seasons up to 2014/15 amounts to R3 699 million.

PLANTINGS AND PRODUCTION

The plantings of soya beans ranged between 68 000 and 502 900 ha over the past 20 years.

During the 2015 season, soya beans were grown primarily in the Free State (305 000 ha or 44,4%), Mpumalanga (245 000 or 35,6%) and KwaZulu-Natal (42 000 ha or 6,1%) provinces.

During the 2015 season, an estimated 687 300 ha, the largest planting ever, were planted for commercial use, compared to an estimated 502 900 ha the previous season. This represents an increase of 36,7% and is 54,7% higher than the five-year average of 444 170 ha up to 2014. The increase in plantings can mainly be attributed to the decrease in plantings of other summer crops such as white maize, sunflower seed and sorghum.

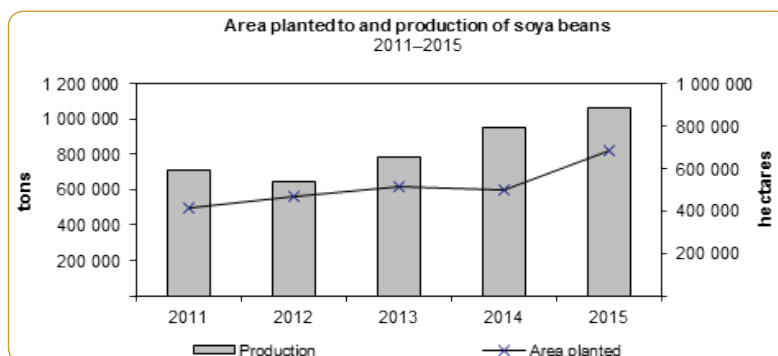
The crop of an estimated 1,060 million tons in 2015 (the highest ever) represents an increase of 11,8% from the 2014 crop of 948 000 tons. It is also 44,8% higher than the average of 731 700 tons for the five years up to 2014. The average yield of 1,54 t/ha is 18,2% less than the 1,89 t/ha of the previous season.

Although seasonal rains arrived several weeks late, delaying the start of the planting season, limited follow-up rains were received during February/March 2015, which impacted negatively on soya bean yields. However, although there was a decrease in the realised yields, the increase in plantings of soya beans contributed to the realisation of a higher production figure for soya beans for 2015. For the fourth consecutive season, soya bean production exceeded that of sunflower seed, thereby overtaking sunflower seed as the most important oilseed crop produced in South Africa.

Plantings, production and yields of soya beans from 2011 to 2015 are as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	418 000	472 000	516 500	502 900	687 300
Production (t)	710 000	650 000	784 500	948 000	1 059 850
Yield (t/ha)	1,70	1,38	1,52	1,89	1,54

In October 2015, the intended soya bean plantings of South African farmers were estimated to be 696 400 ha for the 2016 season, which is 1,3% more than the 687 300 ha planted during 2014/15. This is expected to be the largest soya bean plantings on record.



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 2015 is approximately R4 707/ton, which is 15,2% less than the price for 2014. The lower price was mainly driven by lower global oil, meal and oilseed prices. Local soya bean prices are, among other factors, influenced by international soya bean and vegetable oil prices.

The average producer prices of soya beans from 2011 to 2015 are as follows:

Year	2011	2012	2013	2014	2015
	R/ton				
Producer price	3 176	3 684	4 692	5 549	4 707

CONSUMPTION

Following an extensive consultation process, the South African Grain and Oilseeds Supply and Demand Estimates Committee (S&DEC) was established in 2013 by the National Agricultural Marketing Council. The Committee was formed to address the specific need for accurate information that relates to grain imports and exports to be made available timely to all stakeholders. In addition, there was also a need for the release of official supply and demand figures for the major grain and oilseed crops, namely white and yellow maize, wheat, sorghum, sunflower seed and soya beans. The first official publication of the supply and demand estimates by the S&DEC was published on 28 June 2013.

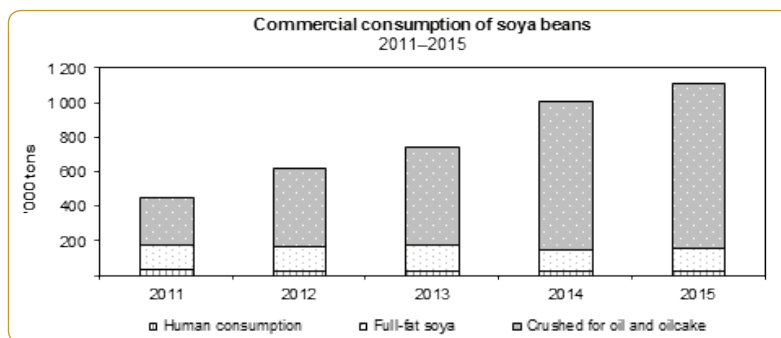
The soya bean marketing season in South Africa commences on 1 March and ends on 28 February. An estimated total of 1,242 million tons of soya beans were available for utilisation during the 2015 marketing season. It comprises carry-over stocks on 1 March 2015 amounting to 63 704 tons, the estimated production (excluding retentions by producers) of 1,028 million tons, and projected imports of 150 000 tons.

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

The local commercial consumption of soya beans for 2015 is projected at 1,106 million tons—130 000 tons for feed (full-fat soya), 950 000 tons for oil and oilcake and 26 000 tons for human consumption. Other consumption is estimated at 15 200 tons.

The projected exports during 2015 are 4 000 tons. Carry-over stocks on 28 February 2016 are expected to be approximately 116 354 tons.

The following graph illustrates the commercial consumption of soya beans.



TRADE

During the first nine months of 2015, South African exports of soya beans were mainly to Mozambique, followed by the Netherlands, China and Angola. South African imports for the mentioned period were mainly from the United States, Ethiopia, Brazil and Argentina.

The imports and exports of soya beans from 2011 to 2015 are as follows:

Year	2011	2012	2013	2014	2015*
	Tons				
Imports	300	300	3 300	103 000	150 000
Exports	47 200	152 600	15 400	600	4 000

*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. From the end of the 20th century up to the present, the crop has played an important role in helping to alleviate world hunger.

According to the World Agricultural Supply and Demand Estimate (WASDE) report released in October 2015, world production of soya beans increased by 12,6%, from 283,2 million tons for the 2013/14 season to 319,0 million tons for 2014/15. The increase in world production can mainly be attributed to the larger crops in the United States, Brazil and Argentina, which more than compensated for the reduced production by China, India and Paraguay. The United States contributed 33,5% (106,9 million tons), Brazil 30,2% (96,2 million tons), Argentina 19,1% (60,8 million tons), China 3,9% (12,4 million tons), India 2,8% (9,0 million tons) and Paraguay 2,5% (8,1 million tons) to world production. The balance of 8,0% (25,6 million tons) is made up by, amongst others, the EU-27, Canada, Japan, Mexico and Southeast Asia (includes Indonesia, Malaysia, the Philippines, Vietnam and Thailand).

OUTLOOK

According to the Baseline 2015 outlook by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, the domestic soya bean area is projected to sustain its increasing trend over the baseline period, as summer grain producers progressively incorporate more soya bean production as part of their crop rotation practices. By 2024, the area under soya bean cultivation is expected to surpass 1 million hectares and production is projected to exceed 2,1 million tons.

The local oilseed crushing industry has rapidly expanded its capacity over the past few seasons. However, with many new crushing plants coming online, utilisation rates have remained low due to technical challenges in a number of newly constructed plants, as well as a shortage of domestically produced soya beans. While some soya bean imports have been forthcoming over the past two seasons, domestic soya bean prices remain well below import parity levels, as they are derived from the price of oil and oilcake. Crushing margins come under immense pressure when the cost of beans increases to import parity levels. However, over the course of the next decade, utilisation rates are projected to improve and with domestic soya bean production still expanding, only a limited amount of soya beans will occasionally be imported.

The October WASDE report projected the global production of soya beans for the 2015/16 marketing season at a record 320,5 million tons—an increase of 0,5%. In addition to Brazil, increases are also projected for India, Paraguay and the EU-27, where relative prices favour soya beans over maize. Brazil's soya bean production is expected to increase by 3,8 million tons to 100,0 million tons, followed by India with an increase of 2,0 million tons to 11,0 million tons, Paraguay with an increase of 700 000 tons to 8,8 million tons, and the EU-27 with an increase of 340 000 tons to 2,0 million tons.

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 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 province and the North West and Northern Cape provinces.

During the 2014/15 production season, 44,5% of the plantings were in the North West, 38,8% in the Free State and 12,2% in the Northern Cape provinces.

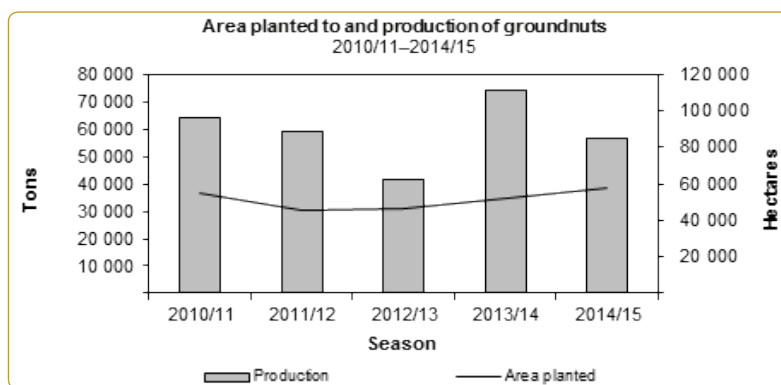
Groundnuts contributed approximately 1,1% to the value of local field crops in 2014/15, while the average annual gross value of groundnuts for the five years up to 2014/15 amounts to approximately R507 million.

An estimated 58 000 ha were planted to groundnuts for commercial use, compared to 52 125 ha planted during 2013/14. This represents an increase of 11,3% and is 12,8% higher than the average of 51 415 ha planted during the five years up to 2013/14.

An estimated commercial crop of 56 675 tons of groundnuts was produced during 2014/15. This represents a decrease of 23,9% from the 2013/14 crop of 74 500 tons. The 2014/15 crop is 13,4% less than the five-year average of 65 450 tons up to 2013/14. The average yield for 2014/15 was 0,98 t/ha, which is 31,6% less than the 1,43 t/ha of the previous season and 23,2% less than the five-year average of 1,27 t/ha up to 2013/14.

Plantings, production and the yield of groundnuts from 2010/11 to 2014/15 are as follows:

Season	2010/11	2011/12	2012/13	2013/14	2014/15
Plantings (ha)	55 150	45 450	46 900	52 125	58 000
Production (t)	64 250	59 000	41 500	74 500	56 675
Yield (t/ha)	1,17	1,30	0,88	1,43	0,98



PRODUCER PRICES

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

The average producer prices of groundnuts from 2011/12 to 2015/16 marketing season were as follows:

Season	2011/12	2012/13	2013/14	2014/15	2015/16*
	R/ton				
Producer price	5 201	8 287	8 756	8 234	7 646

**Preliminary*

The average producer price for groundnuts shows a decrease of 7,1%, from R8 234/ton in 2014/15 to R7 646/ton in 2015/16. Groundnut prices have come under pressure in 2015, amongst others because of a decrease in vegetable oil prices. The main reason, however, is the abundant supply of groundnuts internationally. World production of shelled groundnuts is forecast by international traders to increase by 5% in 2015/16 to a total of 28,4 million tons.

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 2015/16 are as follows:

Season	2011/12	2012/13	2013/14	2014/15	2015/16*
	Tons				
Imports	14 100	17 800	29 000	11 300	7 000
Exports	20 100	15 300	10 400	12 100	8 000

**Projections*

Major export destinations for South African groundnuts currently are Mozambique, Japan, the Netherlands, Belgium, Egypt, the United Kingdom, Norway and Swaziland. Exports to these countries are not consistent as a result of fluctuating production and international price competition.

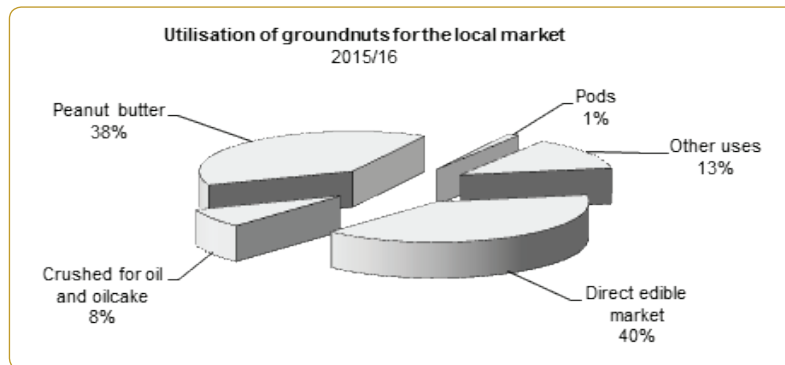
Major import quantities are from Namibia, India, Mozambique, the United States, Zambia, Malawi and China.

CONSUMPTION

An estimated total of 88 800 tons of groundnuts will be available for utilisation during the 2015/16 marketing season. Carry-over stocks on 1 March 2015 amounted to 25 100 tons, and the estimated production is 56 700 tons. Projected imports amount to approximately 7 000 tons.

In South Africa, groundnuts are mainly consumed in two forms, namely as edible nuts and processed peanut butter. The local commercial consumption of groundnuts for 2015/16 is estimated at 57 000 tons—5 000 tons for oil and oilcake, 25 200

tons for peanut butter, 26 000 tons for the direct edible market and 800 tons as pods. Other consumption (released to end consumers, seed, etc.) amounts to 8 700 tons. The projected exports during 2015 are 8 000 tons. Carry-over stocks on 28 February 2016 are expected to be approximately 15 100 tons.



The per capita consumption for the 2015/16 marketing year is projected at 0,65 kg, which is 11,0% less than the 0,73 kg in the previous season.

INTERNATIONAL OVERVIEW

The world production of groundnuts decreased by 4,0%, from 41,1 million tons in 2013/14 to 39,5 million tons in 2014/15. This decrease can mainly be attributed to a 13,3% decrease in the Indian groundnut production, from 5,7 million tons in 2013/14 to 4,9 million tons in 2014/15, and a 2,8% decrease in China's production, from 17,0 million tons to 16,5 million tons. The decrease can be attributed to unfavourable weather conditions in both China and India.

The world production of groundnuts is expected to be 40,9 million tons in 2015/16, which is 3,5% more than the 39,5 million tons produced in 2014/15. The increase can mainly be attributed to the expected increase of 22,1% in United State's production, from 2,4 million tons in 2014/15 to 2,9 million tons in 2015/16. However, on the African continent, Sudan has also shown a huge improvement of 94,8% in the expected groundnut production, from 1,0 million tons in 2014/15 to 1,9 million tons in 2015/16.

RESEARCH AND INFORMATION

The information function is performed by the SAGIS, 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 ARC, the CSIR and other organisations.

Canola

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

Local and international investors in the oilseed crushing sector are boosting South Africa's capacity to process local oilseed crops such as soya beans, canola and sunflower seed. This, according to Durban-based agricultural commodities trader FR Waring International, forms part of efforts to match growing domestic protein demand and dislodge imported commodities.

About 99% of the canola crop in South Africa is produced in the Western Cape province, particularly in the Southern Cape. Over time, there were also farmers in other areas of South Africa, such as the Northern Cape, Free State, Eastern Cape, KwaZulu-Natal, Limpopo and North West provinces, who started to plant small quantities of canola.

PLANTINGS AND PRODUCTION

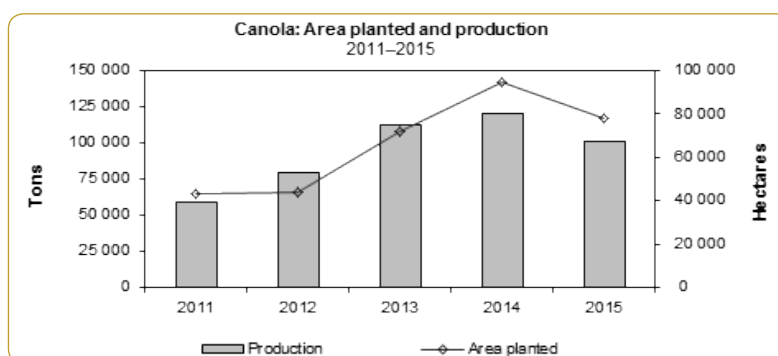
The estimated area planted to canola decreased by 17,8%, from 95 000 ha in 2014 to 78 050 ha in 2015, while production was expected (December 2015) to decrease by 16,1%, from 121 000 tons to 101 500 tons.

The expected average yield increased by 2,4%, from 1,27 t/ha in 2014 to 1,30 t/ha in 2015.

Estimated plantings, production and yields of canola from 2011 to 2015 were as follows:

Season	2011	2012	2013	2014	2015
Plantings (ha)	43 510	44 100	72 165	95 000	78 050
Production (t)	58 800	79 000	112 000	121 000	101 500
Yield (t/ha)	1,35	1,79	1,55	1,27	1,30

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 taproot 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 biofumigation 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 volume of plant material that assists with the biofumigation but also returns a considerable quantity of nutrients and organic material to the soil.

CONSUMPTION

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

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

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

For the 2014/15 marketing season (October to September), 150 330 tons of canola were available for local consumption. This comprised carry-over stocks as at 1 October 2014 amounting to 29 360 tons and domestic production of 120 970 tons. There were no canola imports or exports. The total demand for canola for the 2014/15 marketing season was approximately 100 020 tons, while carry-out stocks on 30 September 2015 were expected to be approximately 50 310 tons.

For the 2015/16 marketing season, the total supply of canola was estimated at 151 810 tons (the estimated canola crop of 101 500 tons, together with carry-over stocks of 50 310 tons). The domestic demand for canola was expected to be 106 100 tons, therefore carry-out stocks at the end of September 2016 were expected to come to 45 710 tons. No exports or imports were 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 to be crushed for oil.

The average producer prices of canola from 2010 to 2014 are as follows:

Season	2010	2011	2012	2013	2014
	R/ton				
Producer price	3 182,04	3 449,94	4 600,00	4 760,00	4 650,00

The average producer price of canola decreased by 2,3%, from R4 760,00/ton in 2013 to R4 650,00/ton in 2014. Although there is a decrease in price for 2014, it is still evident that in general the canola industry has been experiencing an upward trend in producer prices for the past couple of years.

INTERNATIONAL OVERVIEW

Global canola production has grown rapidly over the past 40+ years, rising from the sixth largest oil crop to the second largest.

Production of world canola/rapeseed is projected by the USDA to drop by 10%, from a record 71,8 million tons in 2014/15 to 64,5 million tons in 2015/16. This primarily reflects normalising production in Europe and Canada, who have both produced record crops in recent seasons.

A smaller harvested area in Australia will also contribute to smaller world supplies. World trade in canola/rapeseed is forecast to decrease, reflecting smaller export supplies out of Canada (who provide 60% of world-traded canola). However, consumption of canola, currently estimated at 68 million tons, will be 5% over anticipated production. In other words, though consumption is expected to also be smaller, the fall will not be enough to match the 10% reduction in production.

The EU, China and Japan are the primary importers (79,9%) of canola seed, while Canada accounts for more than half of canola seed exports (60,3%). Canadian producers continue to expand their canola plantings and production. Demand prospects for canola seed look promising because of an increase in the use of vegetable oils in China and India, as well as canola oil-based biodiesel use in the EU.

RESEARCH AND INFORMATION

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

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

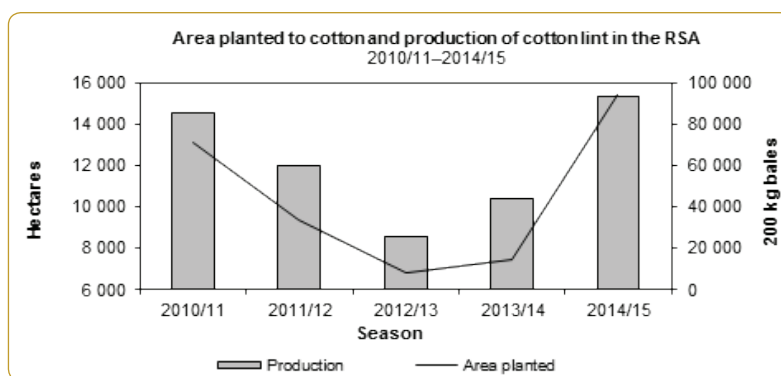
Cotton

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

The cotton industry is labour intensive and provides work for roughly one worker per hectare of cotton planted. Oil extracted from 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 2014/15 production season is estimated at 15 428 ha, which is an increase of 106,9% from the 7 458 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

Yields per hectare under irrigation are up to five times higher than on dry land. An estimated average yield of 5 033 kg/ha seed cotton was realised on irrigated land during the 2014/15 production season, compared to 1 129 kg/ha realised on dry land.

During 2014/15, an estimated 43,0% of the total area planted to cotton was on dry land, as against 38,8% the previous season. The area under irrigation increased by 92,6% and the area under dry land by 129,5% from 2013/14 to 2014/15, mainly because producers substituted summer crops by cotton.

The domestic production of cotton lint for the 2014/15 marketing season (April to March) is estimated at 93 164 bales of 200 kg each, which is an increase of 113,2% from the 43 703 bales produced during the 2013/14 season.

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 to enable emerging farmers to produce around 37 000 lint bales by 2015 and to grow total output by the industry to 150 000 lint bales. However, these objectives proved to be too optimistic and the Cotton Sector Strategy and its objectives are currently being revised by role-players.

Areas planted to cotton and the production of cotton lint for the 2010/11 to 2014/15 production seasons by the RSA and Swaziland compare as follows:

RSA

Production season	2010/11	2011/12	2012/13	2013/14	2014/15*
Total RSA plantings (ha)	13 145	9 397	6 827	7 458	15 428
Dry land (ha)	1 505	2 166	3 871	2 892	6 636
Irrigation (ha)	11 640	7 231	2 956	4 566	8 792
Production of cotton lint (200 kg bales) from RSA-grown cotton	85 746	60 319	26 027	43 703	93 232

Swaziland

Production season	2010/11	2011/12	2012/13	2013/14	2014/15*
Total Swaziland plantings (ha)	4 000	3 600	3 600	4 000	3 500
Dry land (ha)	4 000	3 600	3 600	4 000	3 500
Irrigation (ha)	0	0	0	0	0
Production of cotton lint (200 kg bales) from Swaziland-grown cotton	4 000	4 000	4 500	4 500	3 600

* Estimates (September 2015)

Source: Cotton SA

World cotton production for 2015/16 is forecasted by the International Cotton Advisory Committee (ICAC) to drop by 9,5% from the previous season. The ICAC expects production in major cotton-producing countries, i.e. India, China and Paki-

stan, to decline by 2%, 16% and 11% respectively. Cotton consumption is expected to remain flat or to slow down in many countries compared to the previous season.

PRICES

The average producer price for seed cotton (lint and seed derived from the boll of the cotton plant before it is ginned) in South Africa for the 2014/15 marketing season (April to March) was 500 c/kg, while the price for 2015/16 is projected at 600 c/kg—an increase of 20,0%. In South Africa, the price of cotton normally emulates global price trends.

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

Marketing year	2011/12	2012/13	2013/14	2014/15	2015/16*
	c/kg				
Seed cotton	453	509	480	500	600
Cotton lint	1 364	1 508	1 674	1 855	1 800

*Projections

CONSUMPTION

Consumption of cotton lint by RSA and Swaziland spinners for the 2015/16 marketing year is estimated at 110 000 bales of 200 kg, compared to the 103 870 bales of the 2014/15 year—an increase of 5,9%.

During the 2014/15 marketing year, about 87,0% of the consumed cotton lint was imported from SADC countries, which represented 72,0% of all the cotton imported. The two major suppliers were Zambia and Zimbabwe. Cotton lint exports for the 2014/15 season amounted to 6 635 tons.

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

Marketing year	2011/12	2012/13	2013/14	2014/15	2015/16*
	200 kg bales				
Consumption	98 095	94 855	111 999	103 870	110 000

*Projection

MARKETING ARRANGEMENTS, INFORMATION AND RESEARCH

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

Locally, 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.

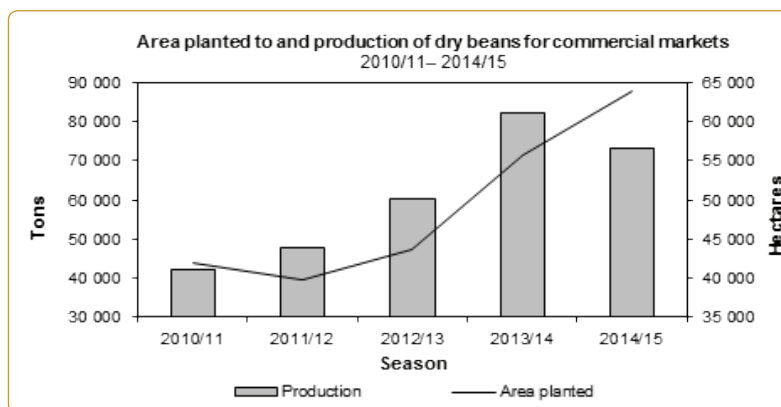
After the Cotton Board was dissolved in 1998, a section 21 company named Cotton SA was formed by stakeholders in the cotton industry. A statutory levy, which was introduced from April 2004 in terms of the Marketing of Agricultural Products Act, 1996, is applicable (currently it is 20 c/kg of cotton lint 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 ARC.

Dry beans

AREAS PLANTED AND PRODUCTION

During the 2014/15 season, according to the Crop Estimates Committee, an estimated 64 000 ha were planted to dry beans for commercial markets. This is 14,7% higher than the area planted in 2013/14. The estimated commercial crop of 73 390 tons for 2014/15 is, however, 10,6% lower than the previous crop of 82 130 tons. The average yield for the 2014/15 crop is approximately 1,15 t/ha—a decrease of 0,32 t/ha from the previous season. The decrease in production can mainly be ascribed to unfavourable production conditions that prevailed during the first quarter of 2015 when a lack of rain caused crop failures.



The Free State province produced 30,5% (22 400 tons) of the 2014/15 commercial crop, Limpopo 22,9% (16 800 tons) and Mpumalanga 15,3% (11 250 tons). The remaining 31,3% was produced in the other provinces.

Production in the provinces and their share in the 2014/15 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Mpumalanga	11 250	15,3
Free State	22 400	30,5
Gauteng	4 800	6,6
North West	6 750	9,2
KwaZulu-Natal	7 800	10,6
Limpopo	16 800	22,9
Western Cape	390	0,5
Eastern Cape	1 040	1,4
Northern Cape	2 160	3,0
Total	73 390	100,0

The estimated gross value of dry beans for the 2014/15 season amounts to R885 million, 20,2% lower than the previous season.

The contribution of different types of dry beans to total production in 2014/15 is estimated to be as follows: red speckled 56%, small white canning 41%, large white kidney 2% and other dry beans, mainly cariocas, 1%.

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

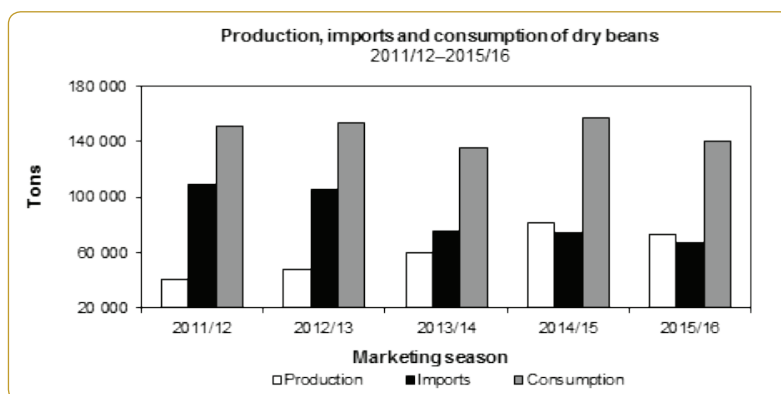
In an attempt to improve profitability for producers and to meet the increase in protein demand, new cultivars with higher yields have been developed by the Dry Bean Producers' Organisation in cooperation with the ARC's Grain Crops Institute. These cultivars are suited to most soil types, have greater resistance to diseases and can be grown successfully in different areas. The average yield for dry bean production during the five years up to 2014/15 is 1,25 t/ha.

CONSUMPTION

An estimated 140 830 tons of dry beans is expected to be consumed locally during the 2015/16 marketing season (April to March). This represents a decrease of 10,4% from 2014/15. The projected per capita consumption for 2015/16 is 2,56 kg, which is 12,0% less than in 2014/15.

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

According to the Dry Bean Producers' Organisation, the quantities of dry beans produced, imported and consumed from 2011/12 to 2015/16 were as follows:



Marketing season	2011/12	2012/13	2013/14	2014/15	2015/16
	Tons				
Production	40 922	47 698	60 600	82 129	73 330
Imports	109 527	105 929	75 147	74 982	67 500
Consumption	150 449	153 627	135 747	157 111	140 830

PRODUCER PRICES

The average prices received by producers for dry beans from 2010/11 to 2014/15 are as follows:

Production season	2010/11	2011/12	2012/13	2013/14	2014/15
	R/t				
Producer price	6 505	10 217	12 058	12 277	10 957

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 uprooted 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. Late harvesting maximises growth and the sucrose content of the cane. In the coastal areas, where the crop grows faster, it is harvested at an average age of approximately 12 months, usually from April to December.

INDUSTRY OVERVIEW

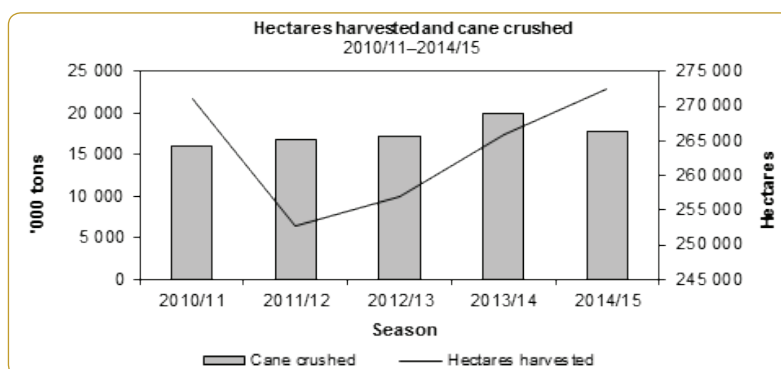
The sugar cane growing industry in South Africa is administered by the South African Cane Growers' Association, established in 1927. The industry is regulated in terms of the Sugar Act and the Sugar Industry Agreement, which are binding on all sugar cane growers and producers of sugar products.

The cane growing sector comprises approximately 22 500 registered sugar cane growers farming predominantly in Kwa-Zulu-Natal and Mpumalanga, with some farming operations in the Eastern Cape.

Sugar is manufactured by six milling companies with 14 sugar mills operating in the cane growing regions. 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 2,0 million tons of sugar per season during the past five seasons.

PRODUCTION AND PRICE OF SUGAR CANE

Sugar cane production decreased by 11,3% to 17,8 million tons from 2013/14 to 2014/15, while production for the 2015/16 season at 15,1 million tons is expected to be 15,2% lower than in 2014/15.



The average cane production over the past decade (from the 2005/06 to the 2014/15 season) is 18,7 million tons per annum, with the yield of harvested cane averaging 66,33 t/ha over the same period. The yield stands at 65,14 t/ha for the 2014/15 season. The area harvested increased by 2,5%, from 265 939 ha in 2013/14 to 272 590 ha in 2014/15.

The producer price of sugar cane increased by 9,9% from 2013/14 to 2014/15. The average price over the five-year period indicated below is R347,78 per ton.

The average producer prices of sugar cane from 2010/11 to 2014/15 were as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
	R/ton				
Producer price	311,55	352,38	389,08	394,63	433,90

PRODUCTION AND CONSUMPTION OF SUGAR

The local production of sugar reached a record level of 2,76 million tons during the 2003/04 season. For 2014/15, production is estimated at 2,11 million tons. The quantity of cane crushed to produce one ton of sugar was 10,02 tons in 1995/96. It stands at 8,38 tons for the 2014/15 season.

MARKETING

The sugar produced locally for the world market 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 terminal provides storage and handling facilities for the South African Sugar Industry's export production of bulk raw and bagged (raw and refined) sugar. It also houses a unique molasses mixing plant, which coats bulk raw sugar at the time of loading to produce variable levels of quality, as specified by the international buyers.

A total of 458 617 tons of sugar were produced for the international market during the 2014/15 season, which is a 42,7% decrease from 2013/14. The decrease in sugar exports is directly related to severe drought conditions that lowered the crop production in 2014/15. The revenue from sugar export sales during 2014/15 is estimated at R2 015 million.

The total supply of 1,65 million tons of sugar to the Southern African Customs Union (SACU) during 2014/15 represents an increase of 6,9% from the 1,54 million tons supplied in 2013/14.

The local production and sales of sugar to the SACU from 2010/11 to 2014/15 were as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
	'000 tons				
Production	1 909	1 822	1 951	2 344	2 108
Sales to SACU	1 583	1 685	1 702	1 543	1 649

RESEARCH, TRAINING AND OTHER INFORMATION

In order to improve the quality of the cane produced and the profitability of cane production, the South African Sugarcane Research Institute is tasked with developing new sugar cane varieties and the improvement of crop management and farming systems, which are then made available to cane farmers. 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 to 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 Tree Census of 2014, the area under deciduous fruit production during the 2014 season is estimated at 79 803 ha.

PRODUCTION

Although some producers grow fruit both for processing (canning, juice and drying) as well as fresh consumption, it is estimated that in South Africa there are about 1 770 producers of fruit for fresh consumption—937 producers of stone fruit, 705 producers of pome fruit and 403 producers of dry and table grapes.

The production per fruit type, which excludes dried fruit, over the past five seasons compares as follows:

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	Tons				
Apples	766 535	789 452	880 866	796 364	873 372
Pears	351 747	336 770	367 498	401 267	380 702
Table grapes	263 106	275 274	258 473	245 352	286 182
Peaches and nectarines	160 354	182 300	173 048	146 864	196 038
Apricots	44 126	58 080	52 529	41 348	49 198
Plums	67 087	61 176	75 733	69 833	75 038
Total	1 652 955	1 703 052	1 808 147	1 701 028	1 860 530

The production of deciduous fruit increased by 9,4%, from 1,701 million tons in 2013/14 to 1,861 million tons in 2014/15. Peaches and nectarines showed a huge increase of 33,5%, followed by apricots with 19,0%, table grapes with 16,6%, apples with 9,7% and plums with an increase of 7,5%. The production of pears showed a decrease of 5,1%.

MARKETING

During 2014/15, deciduous fruit contributed approximately 28% to the gross value of horticultural products.

Approximately 389 866 tons of deciduous fruit were sold locally on the major fresh produce markets, other markets and directly to retailers during the 2014/15 season, representing an increase of 13,4% from the 343 704 tons sold during the 2013/14 season.

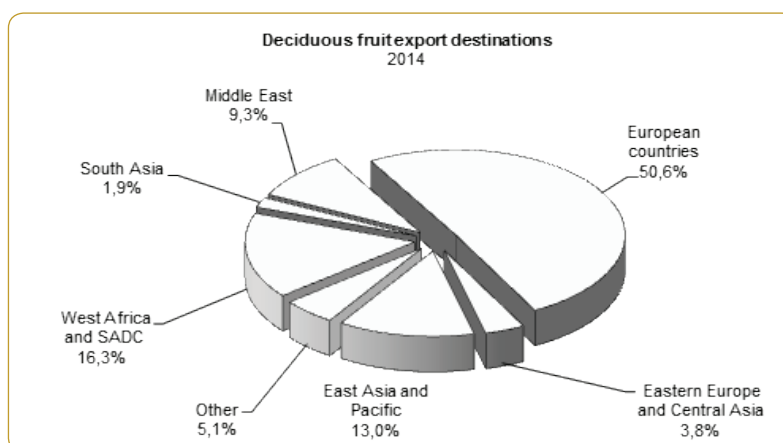
The average prices realised for deciduous fruit on the major fresh produce markets during the period 2010/11 to 2014/15 were as follows:

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	R/ton				
Apples	5 091	5 258	5 700	5 817	5 911
Pears	4 458	4 841	5 351	5 567	5 952
Table grapes	7 600	7 937	9 135	10 602	12 027
Peaches and nectarines	7 873	8 166	9 444	11 054	11 618
Apricots	6 605	6 364	6 552	8 078	9 340
Plums	4 747	5 194	4 984	5 881	6 594

The price of apricots showed the biggest increase at 15,6%, followed by table grapes with 13,4%, plums with 12,1%, pears with 6,9%, peaches and nectarines with 5,1%, while the price of apples showed an increase of 1,6%.

The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2014/15 season (October to September), about 49,2% of deciduous fruit produced was exported and approximately 78,7% of the gross value from deciduous fruit came from export earnings. Total exports amounted to 914 966 tons. This represents an increase of 10,9% from the 824 546 tons exported during 2013/14.

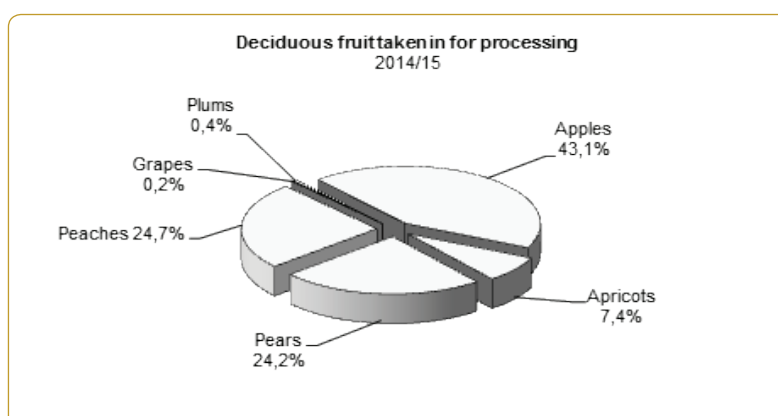
The following graph indicates deciduous fruit export destinations during 2014.



INTAKE OF DECIDUOUS FRUIT FOR PROCESSING

During 2014/15, about 591 105 tons of deciduous fruit produced were taken in for processing—an increase of 10,9% from the 532 778 tons taken in during 2013/14.

The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2014/15.



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 2014/15, approximately 98,1% of apples taken in for processing was used for juice and 1,9% was used for canning, while 65,6% of pears was used for juice and 34,4% was canned. Producers received an average of R1 651 and R1 136 per ton for apples used for canning and for juice respectively. In the case of pears used for canning and for juice, producers received an average of R2 298 and R1 218 per ton respectively.

DOMESTIC CONSUMPTION

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

Season	2010/11	2011/12	2012/13	2013/14	2014/15
Per capita consumption (kg/year)	12,35	11,59	11,19	11,07	12,45
Total consumption ('000 tons)	640	606	593	598	684

PROSPECTS

Over the last five years, the industry has experienced significant growth in the area planted to almost all fruit types, with the exception of apricots and cling peaches. Coupled to that, we have also seen growth in the total production. Because of the large number of young orchards, this trend is expected to increase over the next five years by between 10% and 15%, depending on the fruit type.

The 2014/15 season was 10 days earlier than the previous two production seasons.

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 in terms of volume are Thompson seedless raisins, golden sultanas, unbleached sultanas, currants, peaches, apricots, pears and prunes. 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 are mainly from the Vredendal district in the Western Cape.

PRODUCTION

The total production of dried vine fruit and dried tree fruit increased by 30,6%, from 51 277 tons in 2014 to 66 966 tons in 2015. According to the Dried Fruit Technical Services (DFTS), the increase resulted from some new plantings of raisin grapes and a switch of growers of seedless grapes from wine to raisins, which can be attributed to better prices and very good drying weather during harvest time.

Production of dried vine fruit increased by 31,5%, from 46 051 tons in 2014 to 60 537 tons in 2015, while that of dried tree fruit increased by 23,0%, from 5 226 tons in 2014 to 6 429 tons in 2015.

Under the dried vine fruit, all the fruit types showed increases, while under the dried tree fruit types, apples and "other" showed decreases of 80,4% and 16,1% respectively. The rest of the fruit types showed increases.

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

Fruit type	2011	2012	2013	2014	2015*
	Tons				
Sultana type					
Unbleached	3 637	4 479	4 978	3 610	5 368
Golden	7 021	15 800	17 382	12 350	20 028
Thompson seedless raisins	15 507	14 788	30 391	27 773	31 502
Currants	2 500	2 820	3 020	2 306	3 625
Muscat raisins	35	20	18	12	14
Total vine fruit	28 700	37 907	55 789	46 051	60 537
Prunes	878	893	811	455	600
Apricots	1 265	1 745	1 659	1 449	1 737
Apples	159	111	296	316	62
Peaches	1 823	1 493	1 780	1 384	2 186
Pears	1 013	1 234	1 506	1 485	1 695
Nectarines	112	126	133	106	123
Other	36	0	70	31	26
Total tree fruit	5 286	5 602	6 255	5 226	6 429
Grand total	33 986	43 509	62 044	51 277	66 966

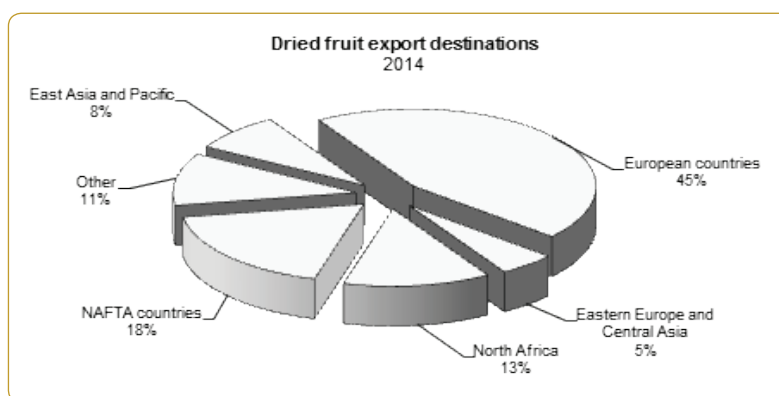
* Preliminary

Source: DFTS

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 South African dried fruit production is being exported.

The following two charts depict dried fruit export destinations during 2014 and exports from 2010 to 2014 respectively.





Viticulture

South Africa is the seventh-largest wine producer in the world, with a contribution of 4,1% to the world’s wine production in 2014. The area under wine grape vineyards is estimated at 99 463 ha, which is 0,2% less than the 99 680 ha of the previous year.

The wine industry is labour intensive and provides employment to approximately 270 000 people directly and indirectly. The number of primary wine grape producers in South Africa is estimated at 3 314.

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

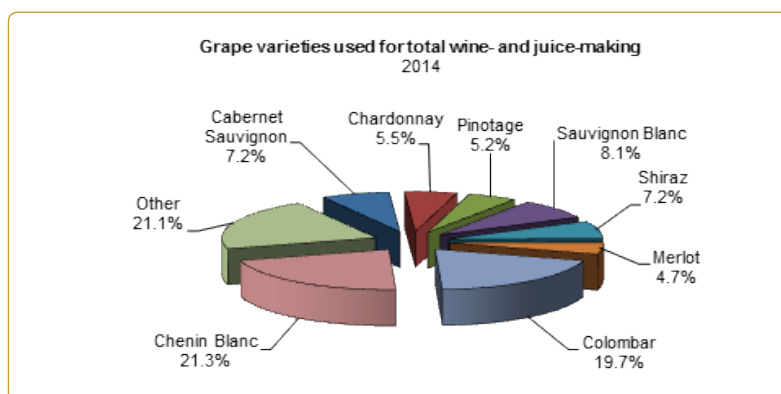
PRODUCTION

Wine production, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages, from 2010 to 2014, is as follows:

Year	2010	2011	2012	2013	2014
	Gross million litres				
Wine production	985	1 013	1 097	1 157	1 181

During 2014, the production of wine rose by 2,1%. Approximately 66,4% of the wine grapes utilised for wine-making purposes were white and 33,6% were red.

The use of different varieties of grapes during 2014 is depicted in the following graph.



INCOME OF PRODUCERS

The production of wine grapes and income of producers from 2010 to 2014 are as follows:

Year	2010	2011	2012	2013	2014
Wine-grape production ('000 tons)	1 261	1 303	1 414	1 498	1 520
Income of producers (R million)	3 619	3 553	4 131	4 821	4 727

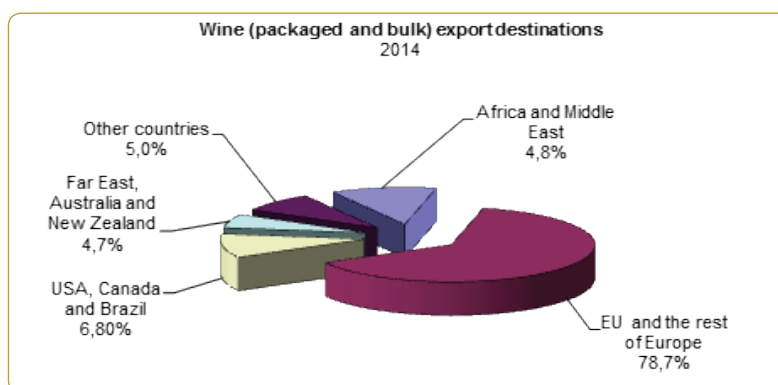
The producers' income decreased by 1,9% during 2014 mainly as a result of a 19,6% decrease in wine exports.

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

Year	2010	2011	2012	2013	2014
	'000 litres				
Natural wine	370 947	350 415	408 911	517 405	414 875
Fortified wine	402	349	274	283	349
Sparkling wine	7 175	6 650	8 032	7 897	7 474
Total	378 524	357 414	417 217	525 585	422 698

During 2014, 46,2% of the total wine produced was exported, compared with 60,3% during 2013.

The following graph depicts wine export destinations during 2014.



CONSUMPTION

The per capita consumption of wine on the domestic market from 2010 to 2014 is as follows:

Year	2010	2011	2012	2013	2014
	ℓ per capita				
Natural wine	6,09	6,16	6,18	6,18	6,54
Fortified wine	0,66	0,65	0,64	0,62	0,61
Sparkling wine	0,18	0,17	0,16	0,15	0,15
Total	6,93	6,98	6,98	6,95	7,30

INFORMATION AND ADMINISTRATION

The SA Wine Industry Information and Systems NPC (SAWIS), a company not for gain under control and direction of the South African wine industry is, among others, responsible for the collection, processing and dissemination of industry information and for the administration of the industry's Wine of Origin system.

Subtropical fruit

Measured in terms of value of production, the subtropical fruit industry earned R3 697 million in 2014/15—an increase of 3,9% on the 2013/14 figure of R3 557 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.

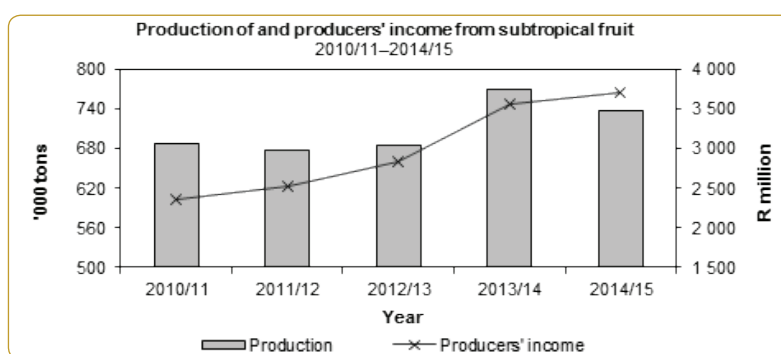
The total production area of avocados in 2014/15 is estimated at approximately 15 500 ha, pineapples at 12 195 ha, mangoes at 7 000 ha, bananas at 4 500 ha and litchis at 1 730 ha.

The production of subtropical fruit from 2010/11 to 2014/15 is as follows:

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	'000 tons				
Avocados	81,9	88,1	87,0	97,7	98,2
Bananas	402,8	371,3	392,3	463,4	424,3
Pineapples	98,5	108,7	96,8	96,7	95,8
Mangoes	52,7	65,1	52,6	57,6	61,9
Papayas	12,7	12,7	14,9	13,7	15,9
Granadillas	0,7	0,5	0,8	0,7	0,7
Litchis	6,2	7,8	5,6	8,3	8,3
Guavas	31,4	23,7	33,6	31,6	31,9

The total production of subtropical fruit decreased by 4,3%, from 769 758 tons in 2013/14 to 737 014 tons in 2014/15. Production of papayas rose by 16,1% and mangoes by 7,5%. However, production of bananas dropped by 8,4% and pineapples by 1,0%.

Bananas, avocados and pineapples contributed 57,6%, 13,3% and 13,1% respectively to the total production of subtropical fruit during 2014/15.



DOMESTIC SALES

During 2014/15, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (75,3%), avocados (9,1%) and pineapples (6,8%), followed by mangoes (4,8%), papayas (3,0%) and guavas, litchis and granadillas combined (1,1%).

The quantities of avocados, mangoes, papayas and guavas sold on the major fresh produce markets increased during 2014/15, while the quantities of bananas, pineapples, granadillas and litchis decreased.

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

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	Tons				
Avocados	22 733	20 395	26 699	27 157	30 611
Bananas	241 270	222 248	235 189	277 633	254 355
Pineapples	22 053	21 978	23 236	23 793	22 945
Mangoes	13 102	14 891	17 982	15 335	16 253
Papayas	8 540	7 756	9 619	8 720	9 983
Granadillas	582	439	631	526	466
Litchis	2 169	1 987	1 317	1 100	989
Guavas	2 678	2 343	2 491	1 652	2 346
Total	313 127	292 037	317 164	355 916	337 948

INTAKE FOR PROCESSING

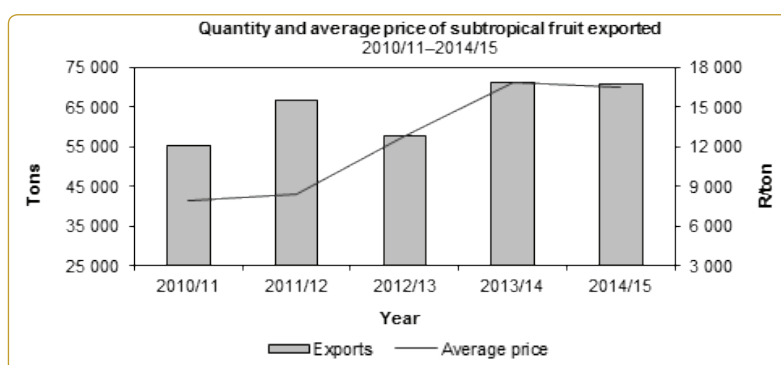
During 2014/15 (July to June), pineapples accounted for 47,1% of the total intake of subtropical fruit types for processing. The other two main contributors to the processing industry were mangoes (27,6%) and guavas (20,1%).

The quantities of avocados, bananas, guavas, and granadillas taken in for processing decreased during 2014/15, while the intake of pineapples, papayas, mangoes and litchis increased.

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	Tons				
Avocados	5 740	5 767	6 161	6 359	4 101
Bananas	673	895	359	674	425
Pineapples	71 825	81 753	68 522	67 743	68 076
Mangoes	36 785	46 533	30 271	38 105	39 857
Papayas	1 083	2 068	1 528	1 518	2 102
Granadillas	0	0	21	111	98
Litchis	753	1 555	575	268	689
Guavas	28 247	20 896	30 658	29 581	29 082
Total	145 106	159 467	138 095	144 359	144 430

EXPORTS

From 2013/14 to 2014/15, total exports of subtropical fruit decreased by 0,5%, from 71 204 tons to 70 828 tons, and the average export price decreased by 1,9%, from R16 799/t to R16 472/t.



The main subtropical fruit type being exported is avocados. During 2014/15, exports of avocados contributed 82,7% to the total value of exports of subtropical fruit. Other types that were exported were litchis, pineapples, and mangoes.

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 most subtropical fruit types' production will increase slightly during the 2015/16 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 64 510 ha.

PRODUCTION

Oranges contributed about 64,8% to the total production of citrus fruit in South Africa during 2014/15. Citrus fruit production increased by 3,1%, from 2 676 729 tons in 2013/14 to 2 760 561 tons in 2014/15. There has been an annual average increase of 5,6% over the past five years in citrus production.

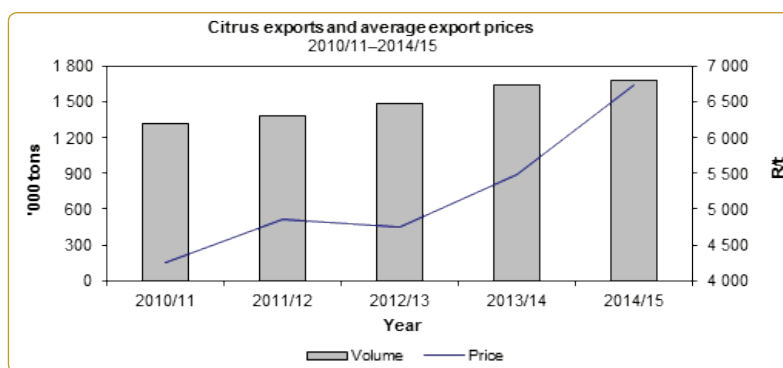
Citrus fruit production for the past five production seasons (1 February to 31 January) is as follows:

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	Tons				
Oranges	1 415 447	1 496 417	1 646 420	1 783 666	1 789 585
Grapefruit	343 028	415 572	308 741	443 066	417 421
Lemons	216 202	260 993	240 750	257 819	329 095
Naartjies	30 909	28 855	34 942	34 817	40 355
Soft citrus	145 755	139 425	152 942	157 361	184 105
Total	2 151 341	2 341 262	2 383 795	2 676 729	2 760 561

EXPORTS

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

Exports increased from 1 643 971 tons during 2013/14 to 1 674 439 tons during 2014/15—an increase of 1,9%. During 2014/15, the Netherlands, the Russian Federation and the United Kingdom (41,0%) were South Africa's largest trading partners in terms of citrus fruit exports. About 1 109 108 tons of oranges (approximately 66,2% of the citrus crop) were exported.



DOMESTIC SALES

Citrus fruit sales on the major fresh produce markets in South Africa decreased by 3,0%, from 168 684 tons during 2013/14 to 163 574 tons during 2014/15, and comprised about 5,9% of total citrus fruit production. Approximately 30,4% of the naartje production, 6,7% of oranges and 6,2% of soft citrus were sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2010/11 to 2014/15 were as follows:

Fruit type	2010/11	2011/12	2012/13	2013/14	2014/15
	R/ton				
Oranges	1 608	1 763	1 912	2 075	2 231
Grapefruit	1 472	2 082	2 306	2 336	3 113
Lemons	4 055	3 244	4 754	5 550	6 771
Naartjes	4 719	4 681	4 966	5 785	6 131
Soft citrus	3 811	4 099	3 751	4 368	4 717

PROCESSING

Approximately 27,5% of the total citrus fruit production was taken in for processing during 2014/15. Citrus fruit taken in for processing increased by 9,1%, from 697 046 tons in 2013/14 to 760 337 tons in 2014/15.

CONSUMPTION

Per capita consumption of citrus fruit from 2010 to 2014 was as follows:

Year	2010	2011	2012	2013	2014
	kg/year				
Per capita consumption	11,73	16,51	15,49	18,03	19,35

RESEARCH

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

Vegetables (excluding potatoes)

GENERAL

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

PRODUCTION

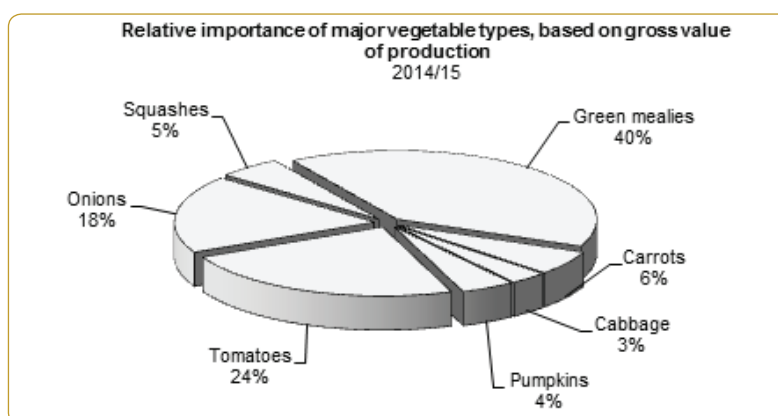
From 2013/14 to 2014/15 (July to June), the total production of vegetables (excluding potatoes) increased by 5,0%, from 2 687 055 tons to 2 820 857 tons. Concerning the major vegetable types in terms of volumes produced, the production of carrots increased by 16 202 tons or 9,2% and that of onions rose by 55 776 tons or 8,9%.

The production of vegetables (excluding potatoes) in South Africa for the period 2010/11 to 2013/14 compares as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
	'000 tons				
Tomatoes	523	545	527	538	539
Onions	563	625	596	619	674
Green mealies and sweetcorn	340	347	361	362	373
Cabbages	153	141	136	146	146
Pumpkins	237	244	247	245	256
Carrots	152	178	183	184	201
Other	584	591	592	593	632
Total	2 552	2 671	2 642	2 687	2 821

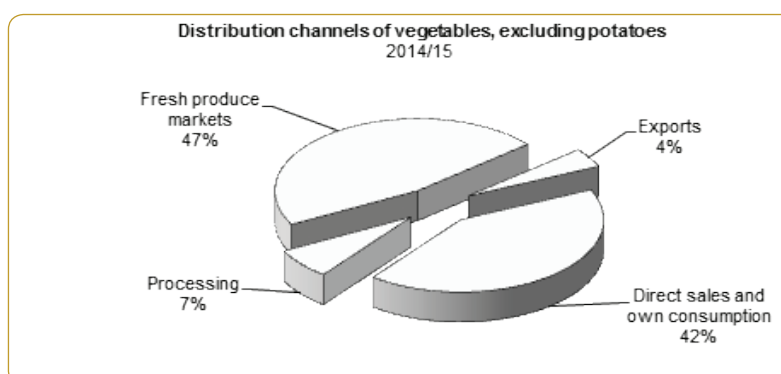
RELATIVE IMPORTANCE OF MAJOR VEGETABLE TYPES

The relative importance of the major vegetable types, according to gross value of production, during the 12 months up to 30 June 2015, is depicted in the following graph:



DISTRIBUTION CHANNELS

As depicted in the following graph, approximately 47% 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 2014/15 amounted to 1 316 376 tons, as against 1 253 266 tons sold during 2013/14, which represents an increase of 5,0%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2010/11 to 2014/15 are as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
	R'000				
Tomatoes	1 121 961	1 154 435	1 370 406	1 488 671	1 521 779
Onions	799 294	792 024	1 103 915	1 235 504	1 091 704
Green mealies and sweetcorn	34 356	34 345	37 269	41 286	47 406
Cabbages	165 655	183 034	199 188	235 093	234 943
Pumpkins	83 266	99 908	99 231	113 422	103 988
Carrots	273 889	279 908	333 205	415 981	362 382
Other	1 355 028	1 470 988	1 649 565	1 835 291	1 911 990
Total	3 833 449	4 014 642	4 792 779	5 365 248	5 274 192

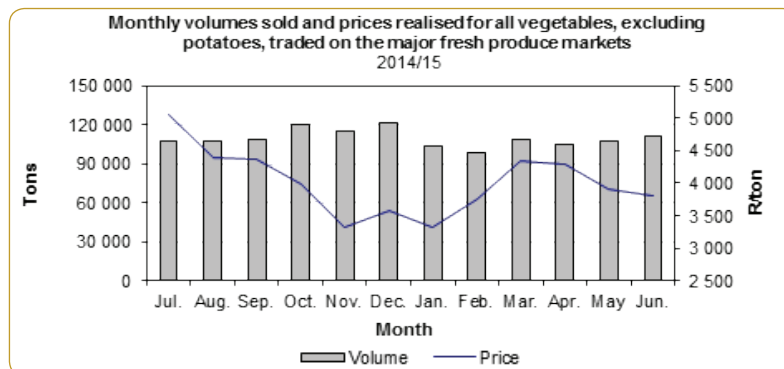
The value of green mealies showed an increase of 14,8% from 2013/14 to 2014/15, followed by tomatoes with 4,2%. The values of carrots and onions decreased by 12,9% and 11,6% respectively.

PRICES

The average prices of vegetables realised on the fresh produce markets for the period 2010/11 to 2014/15 were as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
	R/ton				
Tomatoes	4 245,92	4 149,03	5 053,83	5 263,31	5 529,37
Onions	2 394,31	2 190,74	3 304,34	3 568,16	2 872,94
Green mealies and sweetcorn	8 532,74	10 920,92	10 115,97	9 951,96	12 440,82
Cabbages	1 439,66	1 724,75	1 950,37	2 176,56	2 173,87
Pumpkins	1 577,60	1 789,03	1 805,69	2 262,87	1 854,51
Carrots	2 969,13	2 624,12	3 012,99	3 746,35	2 964,56
Other	3 175,42	3 186,30	3 900,66	4 281,01	4 006,60

Of the major vegetable types, the price of green mealies and tomatoes showed increases of 25,0% and 5,1% respectively from 2013/14 to 2014/15. The price of carrots, onions and pumpkins showed decreases of 20,9%, 19,5% and 18,0% respectively.



CONSUMPTION

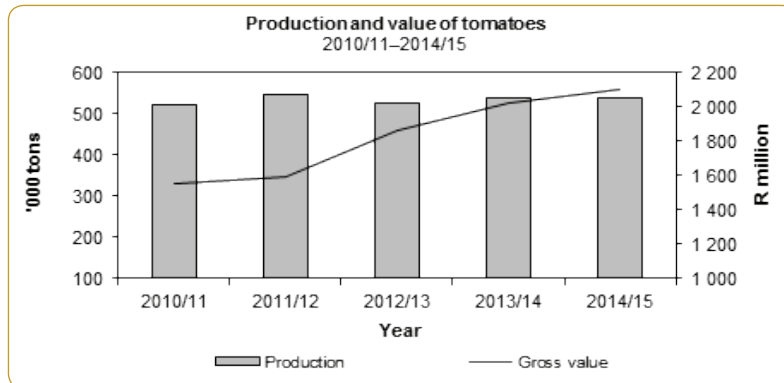
The importance of vegetables in a healthy diet is strongly promoted by all the stakeholders in the fresh produce marketing chain. The per capita consumption of fresh vegetables was 44,57 kg during 2014/15, approximately 1,7% higher than the 43,84 kg of 2013/14.

Tomatoes

PRODUCTION AND VALUE

Production of tomatoes increased slightly by 0,3%, from 537 681 tons in 2013/14 (July to June) to 539 266 tons during 2014/15.

The gross value of production increased by 4,1%, from R2 019 million in 2013/14 to R2 101 million in 2014/15.

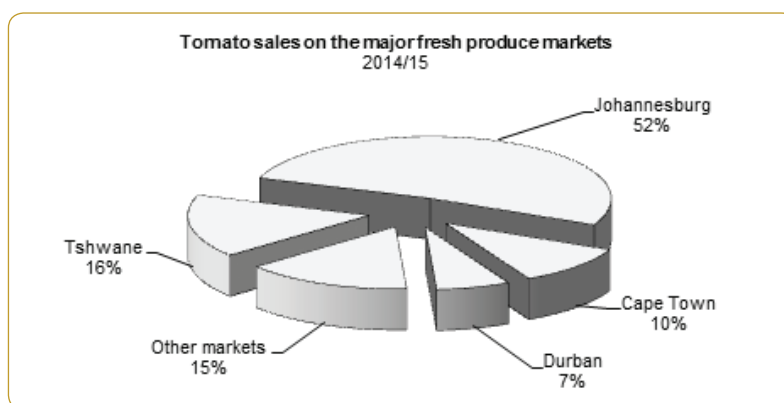


SALES

Sales on fresh produce markets constitute approximately 71,4% and direct sales approximately 28,6% of the total volume of tomato sales. Tomatoes are mainly produced for the local market, with limited exports to Mozambique, Angola, Malawi, the United Arab Emirates and Zimbabwe.

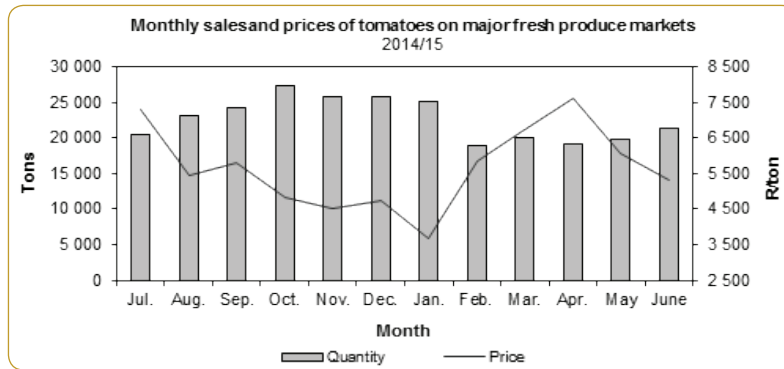
Owing to the geographic distribution and production of tomatoes, a sufficient volume of good quality tomatoes is normally being produced almost throughout the year to meet the daily demand.

The quantity of tomatoes sold on the 19 major fresh produce markets decreased by 2,7%, from 282 839 tons in 2013/14 to 275 217 tons in 2014/15.



PRICES

The average price of tomatoes sold on the major fresh produce markets increased by 5,1%, from R5 263,31 per ton during 2013/14 to R5 529,37 per ton during 2014/15. The increase was mainly the result of a decrease in volumes being offered. Tomatoes are subjected to large seasonal price fluctuations, and consequently there is a high price risk involved.



EXPORTS*

The quantity of tomatoes exported decreased by 6,0%, from 14 256 tons in 2013/14 to 13 398 tons in 2014/15. Approximately 97,0% of total tomato exports were to Mozambique during 2014/15 and 2,6% to Angola, Zimbabwe, the United Arab Emirates, Malawi and the Seychelles.

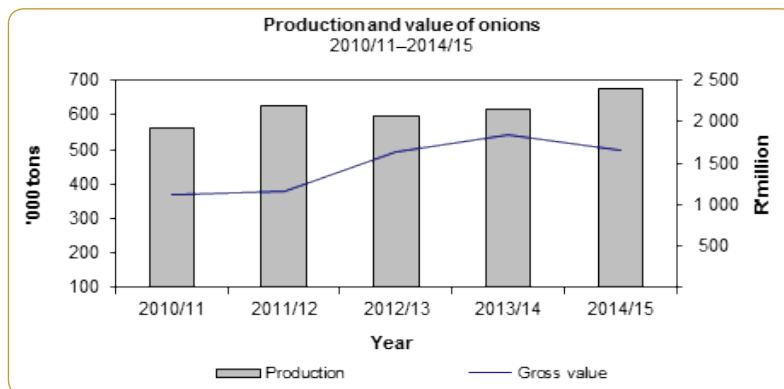
*Source: Customs and Excise

Onions

PRODUCTION

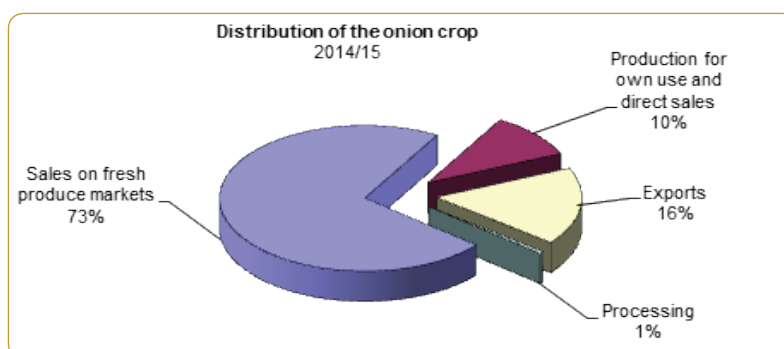
Onions are produced in almost all the provinces of South Africa.

Approximately 674 939 tons of onions were produced during the 2014/15 season (July to June). This is 9,0% more than the 619 163 tons of the previous season. The industry experienced an average annual increase of 3,6% in production from 2010/11 to 2014/15.

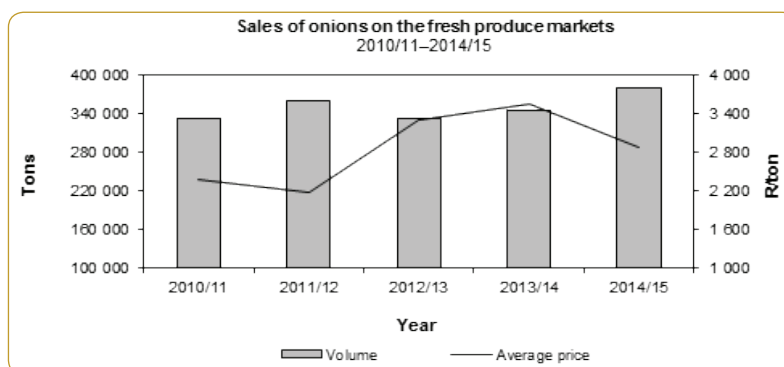


SALES

The fresh produce markets remain the most important marketing channel for onions. Approximately 73% of the total production during the 2014/15 season was sold on the major fresh produce markets, while 16% was exported. The remainder comprises producers' own consumption and direct sales to supermarkets and chain stores (10%), and a small quantity, less than 1%, sold to processing factories.



During the period 2010/11 to 2014/15, the sales of onions on the fresh produce markets increased by an average annual rate of 2,2%, from 333 831 tons to 379 995 tons, with an increase of 9,7%, from 346 258 tons to 379 995 tons, between 2013/14 and 2014/15.



PRICES

The average price of onions sold on the fresh produce markets decreased by 19,5%, from R3 568 per ton in 2013/14 to R2 873 per ton in 2014/15. This was mainly the result of an increase in the volumes of onions supplied on the markets.

PROCESSING

Only 0,7% of the total production of onions was taken in for processing during the 2014/15 season. There has been an increase in the total processing of onions since the 2010/11 season, when 3 669 tons were taken in for processing, to 4 475 tons in the 2014/15 season. During 2014/15, about 88,2% was canned and the remaining 11,8% was frozen.

EXPORTS*

During the 2014/15 season, the volume of onions exported represented approximately 12,6% of the total onion crop. The volume of exports increased by 3,1%, from 82 707 tons in 2013/14 to 85 273 tons during 2014/15.

* Source: Customs and Excise

Potatoes

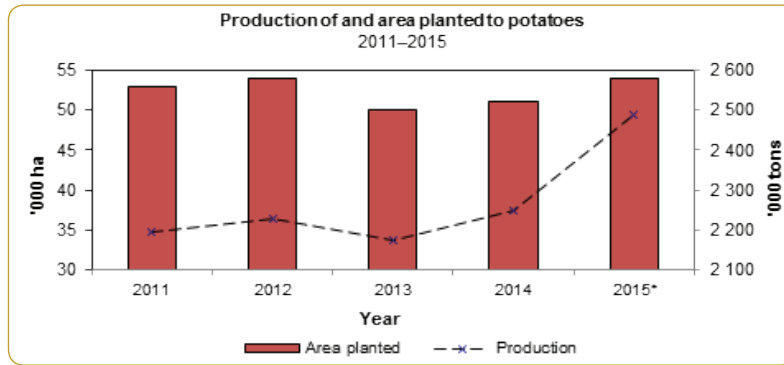
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in the Free State, Western Cape, Limpopo and Mpumalanga provinces. Potatoes are planted at different times because of climate differences in the production areas, resulting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

AREA PLANTED

Plantings for 2014 are estimated to be 51 435 ha, which is 3,0% higher than the 49 942 ha of the previous year.

PRODUCTION

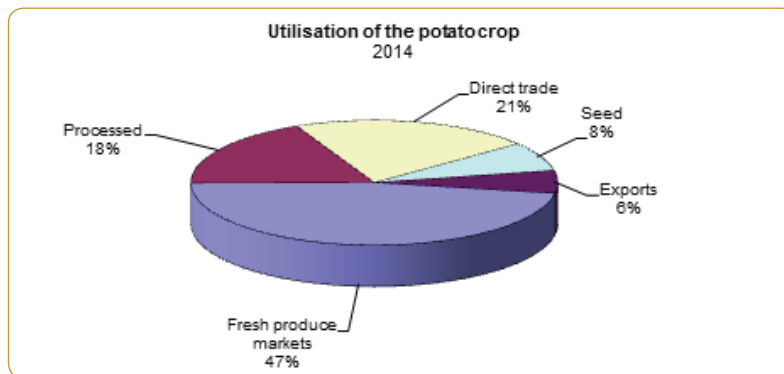
In 2014, the average yield was approximately 4 370 x 10-kg pockets per hectare, compared to 4 353 x 10-kg pockets per hectare in 2013, which is a slight increase of 0,4%.



*Forecast

SALES

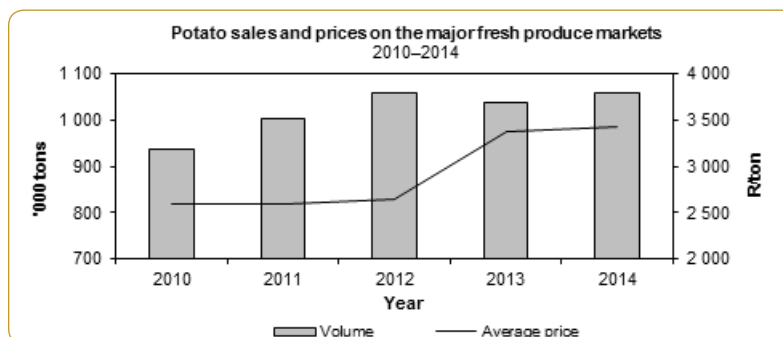
The major fresh produce markets remain an important channel for the sale of potatoes.



During 2014, approximately 106 million x 10-kg pockets of potatoes were sold on the major fresh produce markets, as against 104 million in 2013—an increase of 1,9%. The Johannesburg fresh produce market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the five years from 2010 to 2014, potato sales on the major fresh produce markets on average showed an increase of approximately 4,3%.

PRICES

Between 2010 and 2014, potato prices realised on the major fresh produce markets increased by an average of 2,7% per annum, from R2 598 per ton in 2010 to R3 428 per ton in 2014.



The average price rose by 1,5%, from R3 379 per ton in 2013 to R3 428 per ton in 2014.

PROCESSING

During 2014, approximately 18,0% of the total potato production was taken in for processing. About 98,7% of these potatoes were processed into potato chips, both fresh and frozen. The remaining 1,3% was used for canning and other purposes. The processing of potatoes showed an increase of 4,0%, from 392 876 tons in 2013 to 408 438 tons in 2014.

EXPORTS*

More than 93 064 tons, approximately 4,1% of total local potato production, was exported during 2014. The quantities of potatoes exported increased by 27,3% from 2013. During 2014, 98,2% of total potato exports went to SADC, Eastern, Southern and Western Africa. Exports showed an average annual increase of 24,8% from 2010 to 2014.

*Source: Customs and Excise

CONSUMPTION

The total gross human consumption of potatoes increased by 2,7% to 1 883 million tons during 2014, and the per capita consumption increased by 0,8% to about 34,87 kg.

Year	2010	2011	2012	2013	2014
Total production ('000 tons)	2 090	2 197	2 229	2 174	2 247
Gross human consumption ('000 tons)	1 783	1 875	1 888	1 833	1 882
Per capita consumption (kg p.a.)	35,67	36,21	36,11	34,59	34,87

PROSPECTS

It is expected that there will be a 10,8% increase in the production of potatoes in 2015, to a total crop of approximately 248,9 million x 10-kg pockets, with the area of 54 398 ha.

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-field areas of the Eastern Cape and southern Free State provinces. Commercial sheep farms also occur in other areas such as the Kgalagadi, the winter rainfall area and the grasslands of Mpumalanga, as well as the eastern Free State and KwaZulu-Natal, 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.

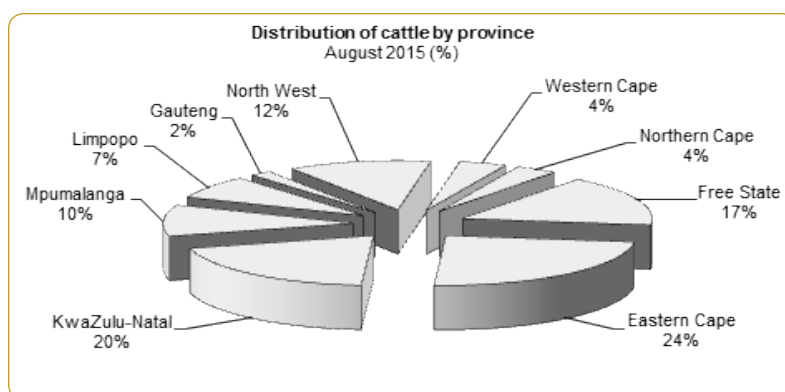
CATTLE

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 cattle. In the case of dairy cattle, it varies between less than 50 and 300 (averaging approximately 110). Beef cattle herds range from fairly small (less than 20 head of cattle) to large farms and feedlots (more than 1 000 head). Vryburg, which is in the North West province, has been found to have some of the largest cattle herds in South Africa. The production of weaners for the feedlot industry is the most frequent form of cattle farming in South Africa, such that 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 2015 is estimated at 13,69 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 1,59% lower than the estimate of 13,92 million as at the end of August 2014. Beef cattle contribute approximately 80% of the total number of cattle in the country, while dairy cattle make up the remaining 20%. Holstein, Jersey, Guernsey and Ayrshire are the four major dairy breeds found in South Africa.

Cattle numbers per province since 2011 were estimated to be as follows:

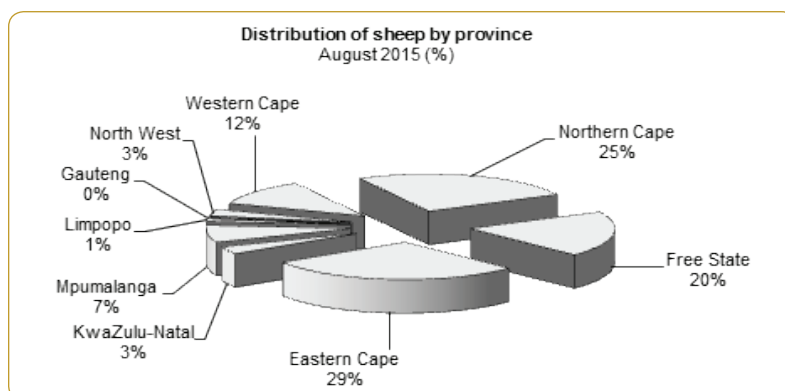
Province	2011	2012	2013	2014	2015
	'000 (August)				
Western Cape	560	567	575	564	558
Northern Cape	509	507	498	503	502
Free State	2 294	2 306	2 298	2 304	2 279
Eastern Cape	3 152	3 267	3 284	3 338	3 321
KwaZulu-Natal	2 736	2 729	2 726	2 740	2 683
Mpumalanga	1 405	1 462	1 453	1 438	1 399
Limpopo	1 086	1 055	1 067	1 055	1 016
Gauteng	261	258	255	254	248
North West	1 784	1 737	1 706	1 719	1 688
Total	13 787	13 888	13 862	13 915	13 694



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 2015 is estimated at 23,94 million, 0,8% lower than the estimated 24,12 million as at the end of August 2014. For August 2015, the largest numbers of sheep were estimated to be in the Eastern Cape (29%), Northern Cape (25%), Free State (20%) and Western Cape (12%) 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.

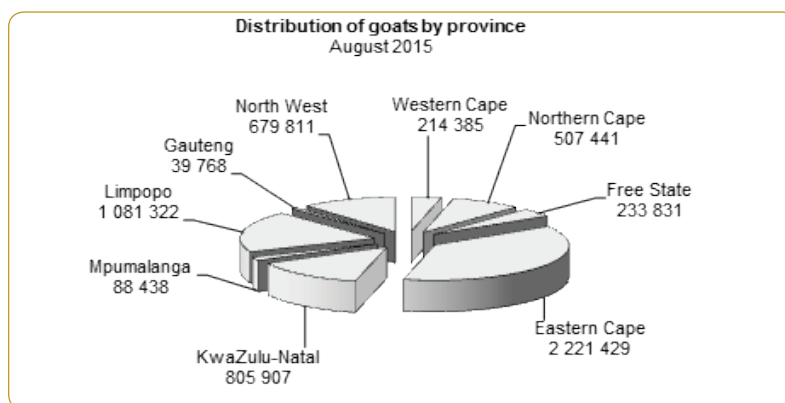
In the Western Cape, the inland Karoo and the Overberg produce wool and mutton and also the pedigree Merino breeding stock.

The number of sheep in the various provinces since 2011 was estimated to be as follows:

Province	2011	2012	2013	2014	2015
	'000 (August)				
Western Cape	2 806	2 861	2 924	2 818	2 800
Northern Cape	6 045	6 083	6 188	5 995	5 956
Free State	4 753	4 768	4 822	4 773	4 727
Eastern Cape	7 084	7 085	7 026	6 987	6 967
KwaZulu-Natal	772	764	757	755	747
Mpumalanga	1 748	1 782	1 772	1 772	1 739
Limpopo	263	262	264	258	254
Gauteng	104	102	102	99	99
North West	728	685	673	666	649
Total	24 303	24 392	24 528	24 123	23 938

GOATS

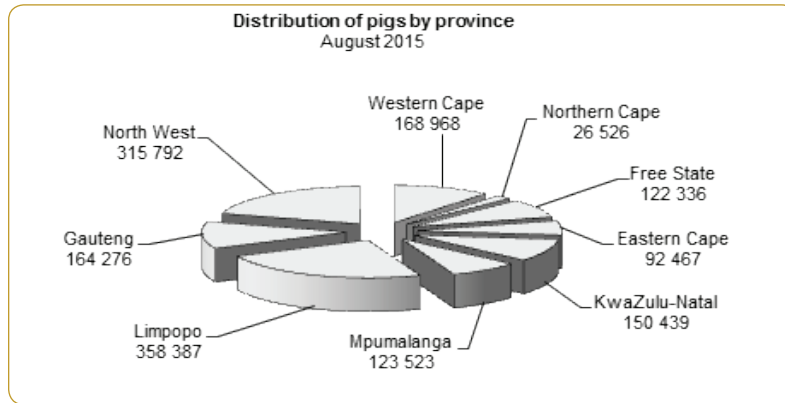
Goats are found mainly in the Eastern Cape, Limpopo, KwaZulu-Natal and North West provinces. Estimates indicate that there was a decrease of 1,7% in the number of goats, from 5,971 million in August 2014 to 5,871 million in August 2015.



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

PIGS

Pigs are found 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 have decreased by 0,7%, from 1,562 million in August 2014 to 1,552 million in August 2015.



The South African Pork Producers' Organisation (SAPPO) 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 17,2% to the gross value of agricultural production in the RSA during 2014/15. While sheep farming is mainly extensive, a large percentage of beef animals are supplied by feedlots.

LIVESTOCK SLAUGHTERINGS

It is estimated that the total number of cattle slaughtered increased by 6,6%, pigs slaughtered by 3,1% and sheep (including lambs) slaughtered by 1,3% from 2013/14 to 2014/15.

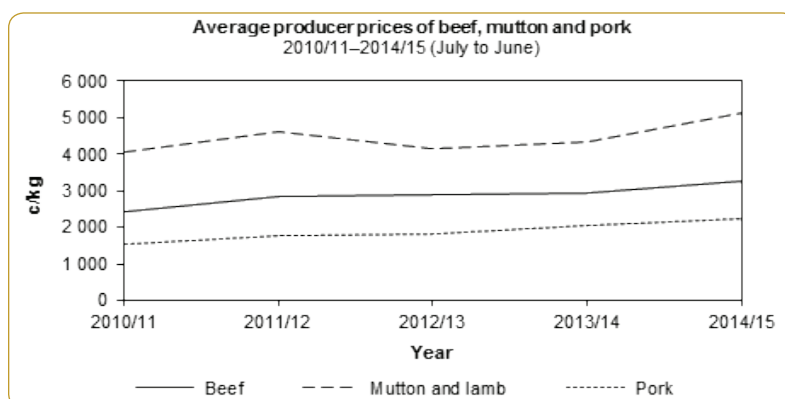
Commercial slaughtering of red-meat-producing livestock types over the past five years were as follows:

Year	2010/11	2011/12	2012/13	2013/14	2014/15
Cattle	2 293 695	2 280 476	2 374 057	2 648 405	2 823 550
Sheep and lambs	4 271 870	4 111 421	4 772 301	5 281 651	5 352 162
Pigs	2 422 701	2 474 009	2 551 753	2 655 338	2 729 621

AUCTION PRICES

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

The average producer price of beef for 2014/15 amounted to R32,54/kg (average for all classes on all auction markets), which represents an increase of 11,2% from the average price of R29,27/kg for 2013/14.



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 18,9%, from R43,23/kg in 2013/14 to R51,42/kg in 2014/15.

The average producer price for pork increased by 9,2%, from R20,45/kg in 2013/14 to R22,33/kg in 2014/15.

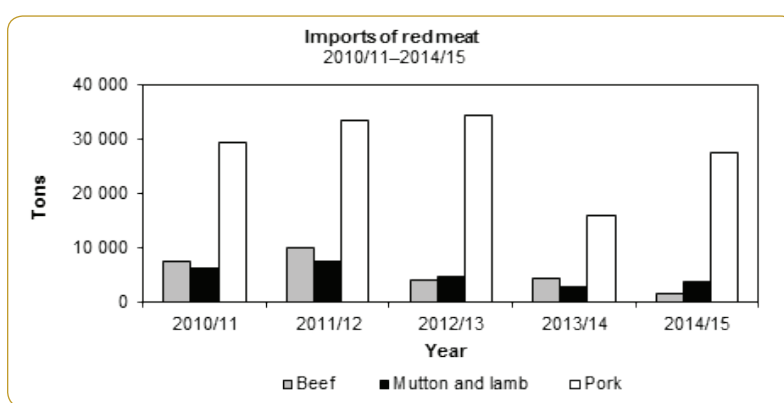
IMPORTS

Imports of red meat increased by 41,1%, from 23 010 tons in 2013/14 to 32 468 tons in 2014/15 (15,6% lower than the average of approximately 38 459 tons for the five years up to 2014/15).

Beef imports amounted to 1 465 tons, which is a decrease of 65,6% from the 4 255 tons imported during 2013/14, and 73,1% lower than the five-year average of 5 440 tons up to 2014/15.

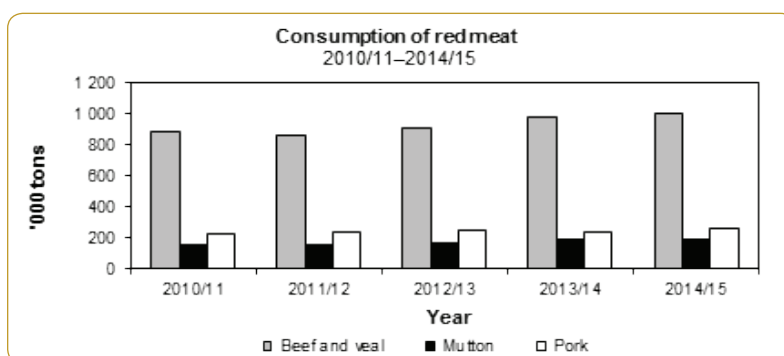
Imports of pork amounted to 27 354 tons, an increase of 70,8% from the 16 017 tons imported during 2013/14 and 2,6% lower than the five-year average of 28 092 tons up to 2014/15.

Imports of mutton during 2014/15 amounted to 3 648 tons—an increase of 33,3% from the 2 738 tons imported the previous year and 26,0% lower than the average of 4 928 tons for the five years up to 2014/15.



CONSUMPTION

Consumption of beef and veal showed an increase of 2,4%, from 980 720 tons in 2013/14 to 1 004 460 tons in 2014/15; that of mutton increased by 1,4%, from 188 400 tons to 191 000 tons; and that of pork increased by 8,7%, from 236 280 tons to 256 860 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 eight large and 15 medium producers supply around 83% of the total broiler production in South Africa, while many smaller production units and the informal sector are responsible for the remaining 17%.

PRODUCTION

According to SAPA, 23,5% of broiler production takes place in the North West province, 22,3% in the Western Cape, 18,0% in Mpumalanga, 13,9% in KwaZulu-Natal, 7,4% in Gauteng, 5,9% in the Eastern Cape, and 5,1% in the Free State. The Limpopo province accounts for 3,8% and the Northern Cape for the remaining 0,1%.

The number of broilers slaughtered for commercial markets during 2014 is an estimated 960,4 million units. This is 2,1% more than the estimated 940,4 million units slaughtered during 2013. During the first seven months of 2015, an average of 18,6 million broilers per week were slaughtered, adding up to 579,4 million birds during the period. The average number of broilers slaughtered per week during 2014 was 18,4 million. The gross value of broilers slaughtered for commercial markets during 2014 was about R30,2 billion.



* Expected production for 2015 and average producer price for the first nine months of 2015

PRICES RECEIVED BY PRODUCERS

The average weighted gross price (before advertising and distribution costs are deducted) received by producers of broilers increased by 8,6%, from R19,93/kg in 2014 to R21,64/kg in the first nine months of 2015.

Average weighted producer prices of broilers from 2011 to 2015 are as follows:

Year	2011	2012	2013	2014	2015*
	R/kg				
Price of broilers	15,25	16,56	18,35	19,93	21,64

* Preliminary: January to September 2015

CONSUMPTION

During 2014, an estimated 17,5% of local consumption of poultry meat consisted of imported poultry meat.

The consumption of poultry meat in 2014 accounted for approximately 59,2% of total consumption of meat (beef, mutton, goat, pork and poultry) in South Africa.

Per capita consumption of commercially produced poultry meat from 2010 to 2014 is as follows:

Year	2010	2011	2012	2013	2014
	kg/year				
Per capita consumption	38,9	39,6	39,9	38,3	38,1

IMPORTS

In 2014, poultry meat imports increased by 0,7% to 393 303 tons from the 390 387 tons imported in 2013. The imports of broiler meat during the first eight months of 2015 amounted to 308 753 tons—a decrease of 21,5% over that of the same period in 2014.

The countries of origin of imports have changed over the last few years, with a significant increase being experienced from European countries. In 2014, Brazil remained the main country of origin, accounting for 43% or 168 666 tons of total poultry imports into South Africa. Brazilian imports in 2014 were down by 10,0% from 2013. The Netherlands was the second largest importer into South Africa with 19,0% or 73 987 tons—an increase of 11,2% from 2013. In total, 48,0% of poultry imports entered South Africa from the EU.

PROSPECTS

The demand for poultry continues to grow at a faster rate than the supply. Constrained consumer spending power as a result of increasing high unemployment, remains a cause for concern. There is a likelihood of higher feed prices in the wake of severe drought in parts of South Africa, which will increase production costs and reduce profit margins.

EGG INDUSTRY

Based on information provided by SAPA, the distribution of layers per province is as follows: 24,7% in Gauteng, 20,2% in the Western Cape, 15,4% in the Free State, 13,4% in KwaZulu-Natal, 10,3% in North West, 7,2% in Limpopo, 4,9% in Mpumalanga, 3,7% in the Eastern Cape, and 0,2% in the Northern Cape.

The number of layers decreased by 0,8% from 24,5 million in 2013 to 24,3 million in 2014. The size of the national flock is, however, expected to increase by 2,1% during 2015 to around 24,9 million layers.

The average price received by egg producers during the first nine months of 2015 was only 0,5% higher than the average price received during the same period of 2014.

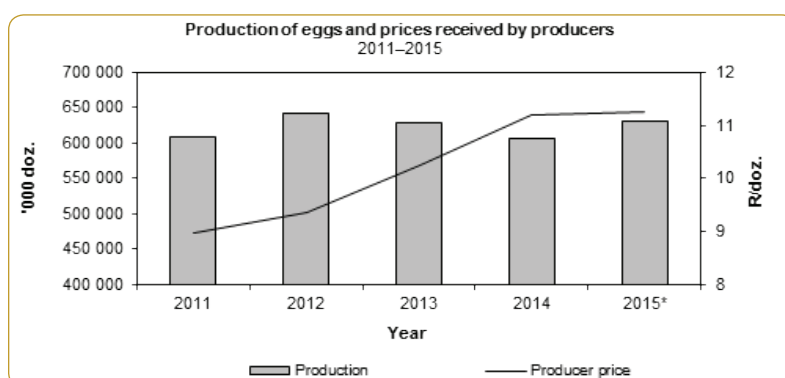
The average weighted producer prices of eggs from 2011 to 2015 are as follows:

Year	2011	2012	2013	2014	2015*
	R/dozen				
Price of eggs	8,98	9,37	10,25	11,20	11,25

* Preliminary: January to September 2015

PRODUCTION

Egg production showed a year on year decrease of 1,3% in 2014. The average number of cases of 30 dozen eggs produced per week was 399 613, compared to 404 719 cases per week in 2013. The production of eggs for human consumption is expected to increase by 4,2%, from 606,4 million dozen in 2014 to 631,9 million dozen in 2015.



* Expected production for 2015 and average producer price for the first nine months of 2015

CONSUMPTION

The per capita consumption for 2014 was 143 eggs, a decrease of 3,4% from 2013. Per capita consumption peaked at 153 eggs in 2012. 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

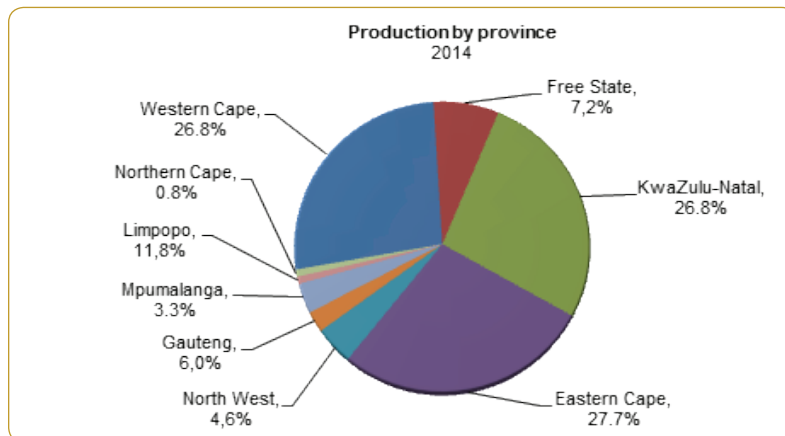
The egg industry is facing numerous challenges, which will keep margins under pressure. Producers are receiving a diminishing share of the consumer price. There is a possibility that consolidation of operations will take place as producers seek economies of scale.

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.

According to the Milk Producers' Organisation (MPO), the estimated number of commercial milk producers in the country decreased by 6,5% from 1 961 in January 2014 to 1 834 in January 2015.

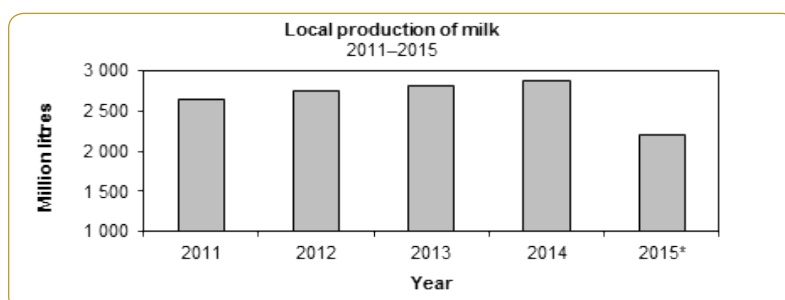
In 2014, the Eastern Cape province contributed 27,7% to total production, followed by the Western Cape and KwaZulu-Natal (26,8% each), Free State (7,3%), North West (4,2%), Mpumalanga (3,3%), Gauteng (2,3%), and Limpopo and the Northern Cape (0,8% each).



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 sixth largest agricultural industry in the country. The gross value of milk produced during 2014, including milk for the producer's own consumption and on-farm usage, is estimated at R13 890 million, which is 16,4% higher than the R11 931 million produced in 2013.

Traditionally, milk production in South Africa was fairly in line with demand and severe shortages were seldom reported. The production of milk during the first nine months of 2015 was 2 205 million litres, compared to 2 024 million litres during the same period in 2014, an increase of 8,9%. The total commercial milk production increased by 2,1%, from 2 817 million litres in 2013 to 2 875 million litres in 2014. On the other hand, milk produced by subsistence farmers increased by 4,7% in 2014.

The local commercial production figures of milk from 2011 to 2015 are shown in the following graph.



*Preliminary: January to September

IMPORTS

The imports of milk and milk products increased by 12,7%, from 35 674 tons during 2013, to 40 199 tons during 2014. The increase can be attributed mainly to growth in demand.

PRICES

The average producer price of milk for the first nine months of 2015 is R4,29/l, which is 1,7% higher than R4,22/l during the same period the previous year. The increase in price can be a result of growth in demand during the first nine months of 2015 compared to the same period in 2014. Furthermore, higher input costs and the weaker rand can also be the reasons that contributed to a rise in producer price.

Production season	2011	2012	2013	2014	2015*
	c/ℓ				
Average producer price	293	344	374	426	429

* Preliminary: January to September 2015

PROSPECTS

Milk production is expected to maintain an upward trend in the last three months (October to December) of 2015. The producer prices are expected to decrease in the second half of 2015 because of an excessive supply, whereas the demand is expected to grow.

Wool

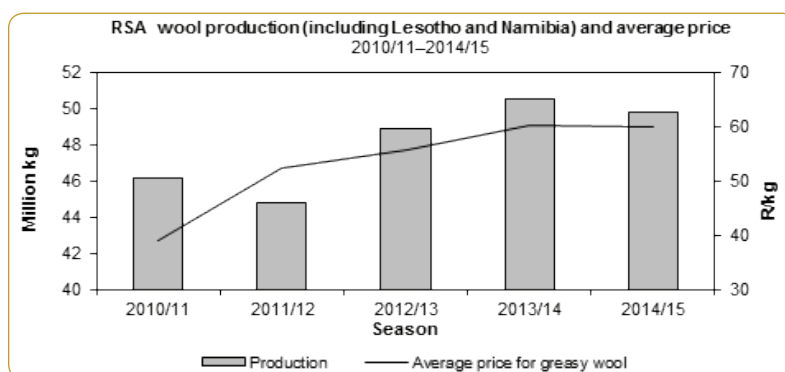
AREAS OF PRODUCTION

Wool is produced throughout South Africa; however, the main production areas are in the drier regions of the country. Based on annual sales of producer lots, the Eastern Cape was the largest wool-producing province during 2014/15 with 12,2 million kg, followed by the Free State with 8,5 million kg, the Western Cape with 7,6 million kg, the Northern Cape with 5,1 million kg and Mpumalanga with 2,2 million kg, while 1,9 million kg were produced in the remaining four provinces. South Africa's neighbour, Lesotho, which markets its wool in South Africa, produced 3,8 million kg.

PRODUCTION

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

Wool production in South Africa, Lesotho and Namibia decreased by 1,4%, from 50,5 million kg in 2013/14 to 49,8 million kg in 2014/15. Production is expected to decrease further during 2016 as a result of the drought.



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

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

MARKETING ARRANGEMENTS

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

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

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

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

The Minister of Agriculture, Forestry and Fisheries 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 of wool. 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 being shipped overseas in either greasy or semi-processed form (scoured and wool top). Main export destinations for the year under review were China, the Czech Republic and Italy.

During 2014/15, the major export destinations for South African wool were as follows:

Wool shipments to the five top export destinations – July 2014 to June 2015								
Country	Greasy		Scoured		Top and noils		Total	% of total FOB value
	Value R1 000	Volume Kg	Value R1 000	Volume Kg	Value R1 000	Volume Kg	Value R1 000	
China/Macau/Hong Kong	2 004 184	33 895 897	32 902	287 457	23 146	246 829	2 060 233	69,9
Czech Republic	293 496	4 198 933	0	0	0	0	293 496	10,0
Italy	91 033	1 277 424	53 288	585 371	131 626	1 602 769	275 948	9,4
India	124 780	1 967 554	8 075	125 222	0	0	132 855	4,5
Egypt	69 543	821 515	2 700	30 656	1 712	11 964	73 955	2,5

OUTLOOK

World production of merino wool is expected to decline further during the current season. Drought conditions in the wool producing parts of the country are expected to compel farmers to reduce sheep numbers, which will negatively affect wool production. Wool production by Australia has also been on the decline for the past number of years. Despite a slowdown in economic growth in China, demand for wool from China has improved, which is a major factor in pushing prices higher.

Mohair

PRODUCTION

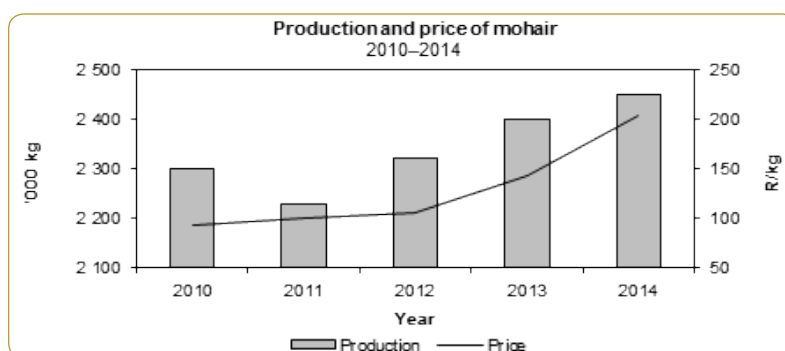
Mohair production in South Africa mainly occurs in the Eastern Cape province as well as the adjacent part of the Western Cape province.

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

South Africa's mohair production showed a downward trend up to 2011, when production was 2,2 million kg. For the first time in 23 years, production showed an increase during the 2012 calendar year. This can mainly be attributed to producers keeping their old animals longer because of good mohair prices, and also favourable grazing conditions. During 2014 production showed an increase of 2% to 2,5 million kg.

Production of mohair by South Africa during the period 2010 to 2014 is as follows:

Year	2010	2011	2012	2013	2014
	Million kg				
Production	2,3	2,2	2,3	2,4	2,5



PRICES

The average auction price of mohair increased by 44%, from R142,00/kg in 2013 to R204,00/kg in 2014. Across all age categories of hair, prices were very good during the year. Average auction prices of mohair for the period 2010 to 2014 are as follows:

Year	2010	2011	2012	2013	2014
	R/kg				
Price	93,35	100,55	106,00	142,00	204,00

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 remained unchanged from 2013 to 2014 at an estimated 3,6 million kg.

Year	2010	2011	2012	2013	2014
	Million kg				
Imports	1,5	1,4	1,0	1,2	1,3
Exports	4,3	3,7	3,2	3,6	3,6

PROSPECTS

The kid sector of the clip is expected to experience some continuing downward pressure. The mohair look is expected to remain popular with many fashion houses. The demand from the East for the adult mohair sector is expected to remain stable.