Trends in the Agricultural Sector

2017

agriculture,
forestry & fisheries

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REPUBLIC OF SOUTH AFRICA

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in the
Agricultural Sector
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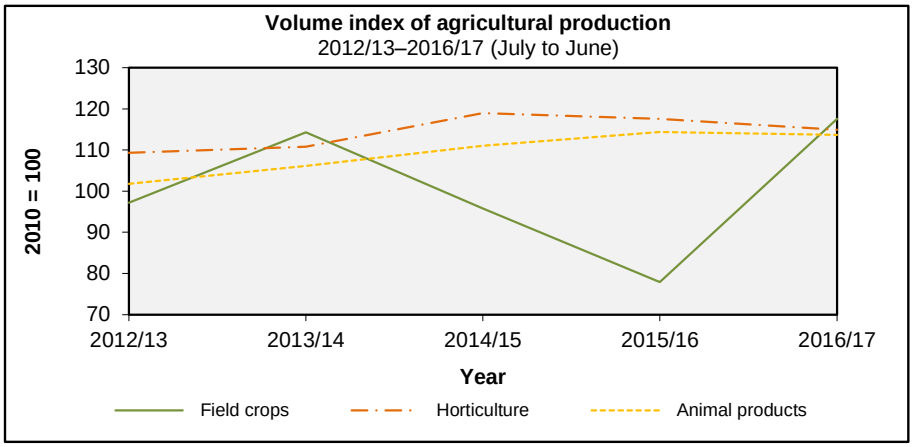
Contents *Page No.*

Economic review for the 12 months that ended on 30 June 2017

Volume of agricultural production

The estimated volume of agricultural production in 2016/17 was 7,7% more than in 2015/16.



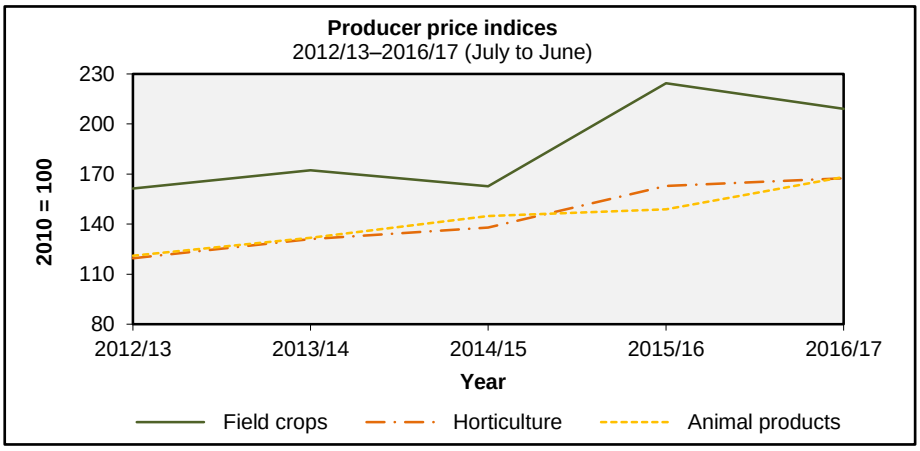
The field crop production volume increased by 50,8%, mainly as a result of increases in the production of summer crops (maize and sorghum), winter crops (wheat, barley and canola), as well as oilseed crops (soya beans, sunflower seed and groundnuts), hay, sugar cane and dry beans. Maize production increased by 8,2 million tons (99,7%) and sorghum by 92 960 tons (114,7%) from the previous season and can mainly be attributed to the favourable production conditions that prevailed at the beginning of 2017. Wheat production increased by 472 087 tons (32,6%), barley by 23 000 tons (6,93%) and canola by 12 000 tons (12,9%) from 2015/16. Soya beans production increased by 598 370 tons (80,6%), sunflower seed by 69 630 tons (8,9%) and groundnut production by 82 460 tons (412,2%) from 2015/16. The production of hay increased by 396 000 tons (8,8%), sugar cane by 213 209 tons (1,4%) and dry beans by 36 390 tons (93,3%) from 2015/16.

Horticultural production for 2016/17 decreased by 2,3% from the previous season, which can mainly be attributed to decreases in the production of citrus fruit and subtropical fruit. The decrease in the production of oranges by 395 061 tons (22,4%), grape fruit by 72 586 tons (18,6%), lemons by 30 068 tons (8,5%) and naartjes by 5 793 tons (13,8%) led to a decrease in citrus fruit production from 2015/16. The decrease in the production of bananas by 113 813 tons (28,3%), pineapples by 12 877 tons (12,3%) and avocados by 4 268 tons (4,9%) attributed to a decrease in the production of subtropical fruit from the previous season.

Animal production decreased by 0,6%, mainly as a result of decreases in number of stock slaughtered (sheep, pigs, cattle and calves), as well as decreases in the production of wool, ostrich feathers and eggs. The number of sheep slaughtered decreased by 224 668 units (4,4%), pigs by 65 603 units (2,3%) and cattle and calves by 58 940 units (2,0%), from 2015/16. The production of wool decreased by 8 779 tons or 20,2%, ostrich feathers by 40 tons or 22,6% and eggs by 11 242 tons or 1,8%, as compared to the previous season.

Producer prices of agricultural products

Producer prices of agricultural products increased on average by 4,3% for the period July 2016 to June 2017, compared to 15,5% of the previous corresponding period.



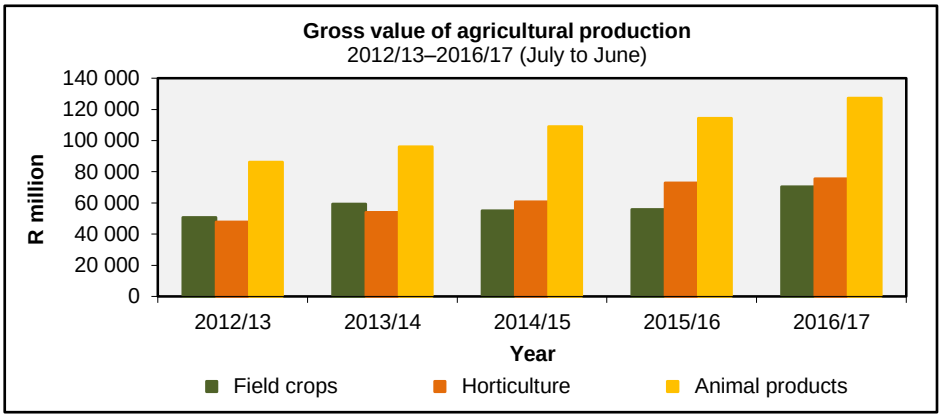
The prices of field crops decreased on average by 6,8% due to the decrease in prices of summer grains by 12,7%, oilseeds by 9,7% and winter grains by 6,4%. The prices of sugar cane increased by 17,0%, dry beans by 11,8%, cotton by 10,7%, tobacco by 10,5% and hay by 4,1%.

The prices of horticultural products increased on average by 2,8% as a result of the increase in prices of fruit and viticulture by 7,8% and 3,2%, respectively. The prices of vegetables decreased by 5,4%.

The prices of animal products increased on average by 12,8% due to the increase in prices of slaughtered stock by 14,2%, milk by 13,1%, poultry meat by 12,3% and pastoral products by 6,2%.

Gross value of agricultural production

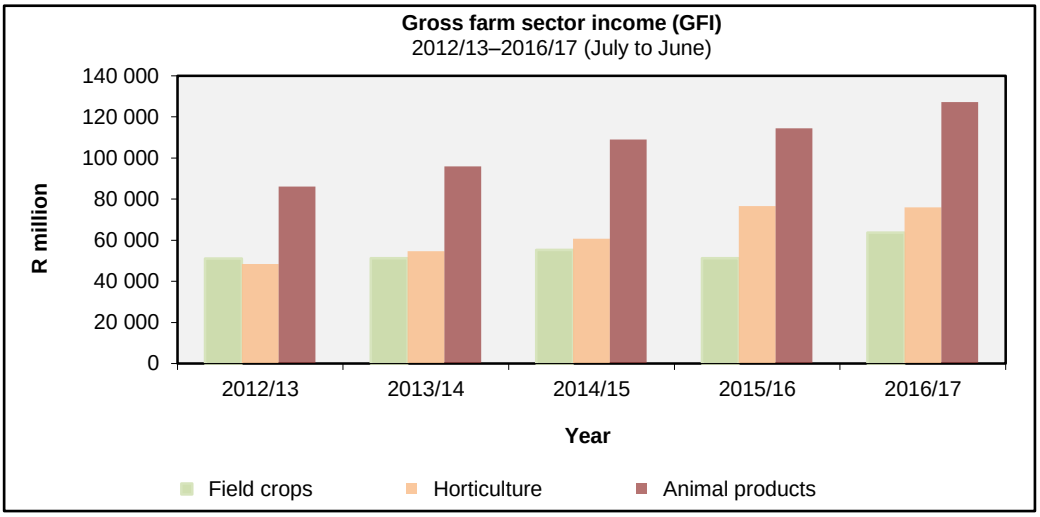
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2016/17 is estimated at R273 344 million, compared to R243 057 million the previous year—an increase of 12,5%. This increase can be attributed mainly to an increase in the value of field crops and animal products.



The gross value of animal products, horticultural products and field crops contributed 46,5%, 27,7% and 25,8%, respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 14,9%, followed by cattle and calves slaughtered with 12,5% and maize with 10,7%.

Farming income

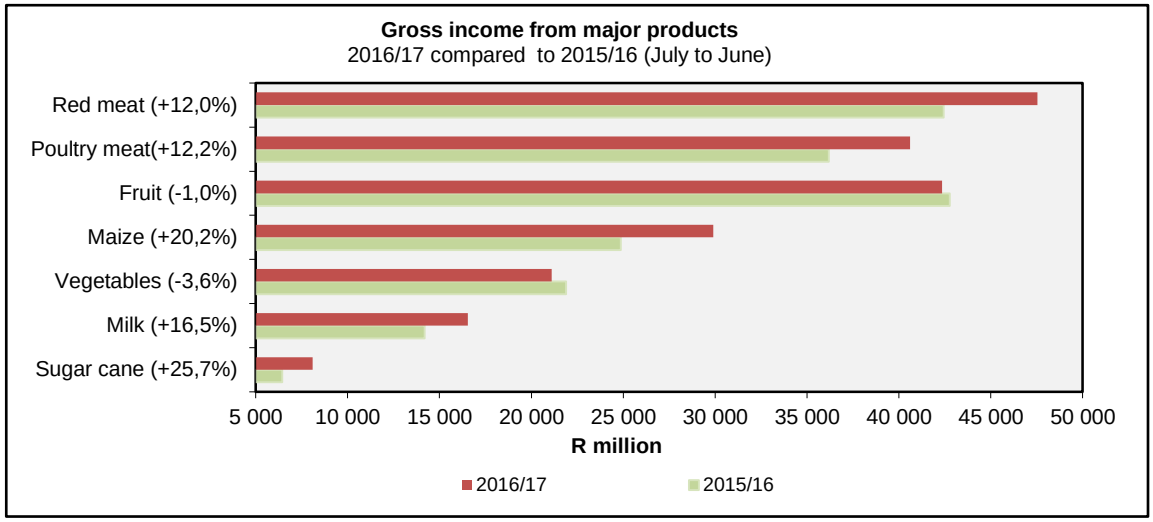
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 30 June 2017 (2016/17) amounted to R267 009 million, compared to R242 216 million the previous year—an increase of 10,2%. The increase can be ascribed mainly to significant higher volumes of maize, grain sorghum, groundnuts, soya beans and dry beans produced in comparison to the poor harvest during 2016 as a result of the severe drought.



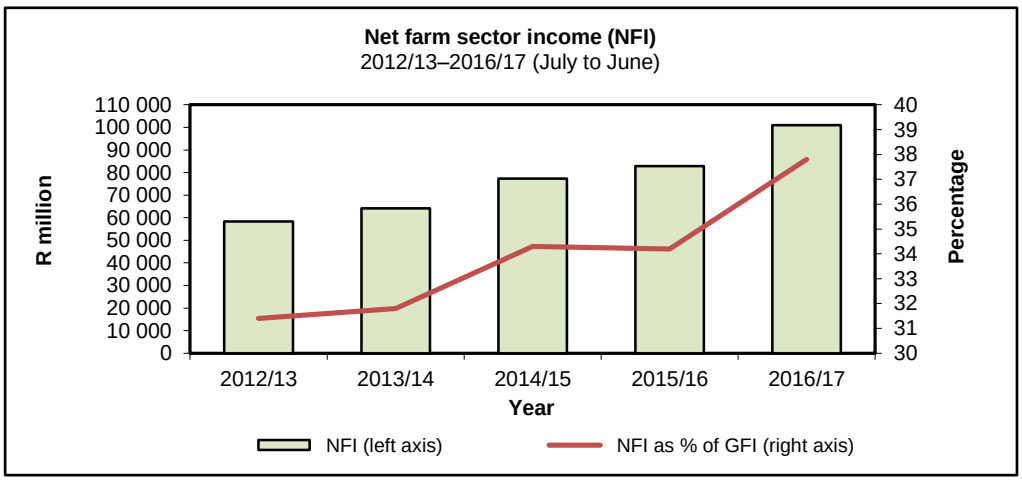
The *gross income from field crops in*creased by 24,2% to R63 718 million for the year ended 30 June 2017. Income from all major grain and oilseed crops showed marked improvements, notwithstanding lower prices paid to farmers. Income from maize amounted to R29 905 million, an increase of 20,2% from the R24 874 million of the previous 12 months. At the end of June 2017, 54,0% of the expected record maize crop of 16 400 million tons were delivered. Soya beans income increased by 32,3% to R6 272 million. Income from sunflower seed amounted to R4 843 million, 33,9% more than the R3 617 million of the previous 12 months. Income from groundnuts increased by 304,7% to R746 million and that of grain sorghum by 83,8% to R470 million. Income from sugar cane at R8 094 million was 25,7% higher than that of the previous 12 months. Income from cotton production also increased by 29,3% to R298 million.

The *gross income from horticultural products* decreased by 0,7%, from R76 542 million in 2015/16 to R76 002 million in 2016/17. Income from deciduous fruit decreased by 3,7% and amounted to R19 788 million and that of vegetable production decreased by 3,6% to R21 111 million. Income from citrus fruit increased only marginally by 1,2% and amounted to R18 377 million and income from subtropical fruit increased by 2,8% to R4 180 million.

The *gross income from animal products* was 11,3% higher in 2016/17, mainly as a result of better prices received by farmers and amounted to R127 288 million, compared to R114 379 million in 2015/16. Producers earned R34 041 million from slaughtered cattle, compared to the previous R30 630 million—an increase of 11,1%. Income from slaughtered sheep showed an increase of 16,2% to R7 008 million. Income from poultry meat production rose by 12,2% to R40 612 million and income from egg production, at R10 244 million, was 1,0% higher than in the previous year. Producers earned R16 544 million from milk production, which is 16,5% up from the previous year. Income from wool increased by 5,9% to R3 559 million. Income from ostrich products decreased by 24,5% to R400 million.



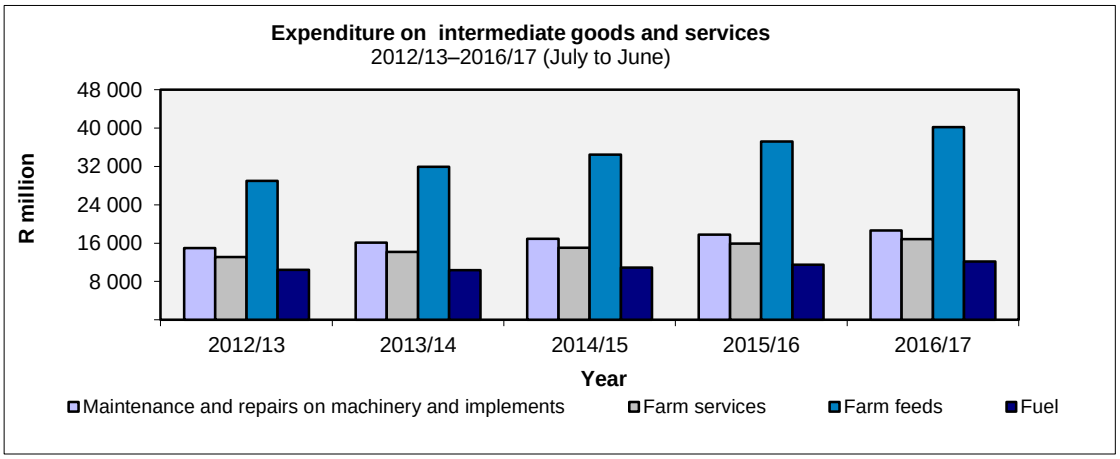
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R100 956 million for the 12 months that ended on 30 June 2017, which is 21,9% more than in the previous 12 months. Payments for salaries and wages, which represented 10,3% of the total farming costs, amounted to R17 835 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2017 is estimated at R8 828 million, or 5,1% of the total farming costs.



Expenditure on intermediate goods and services

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

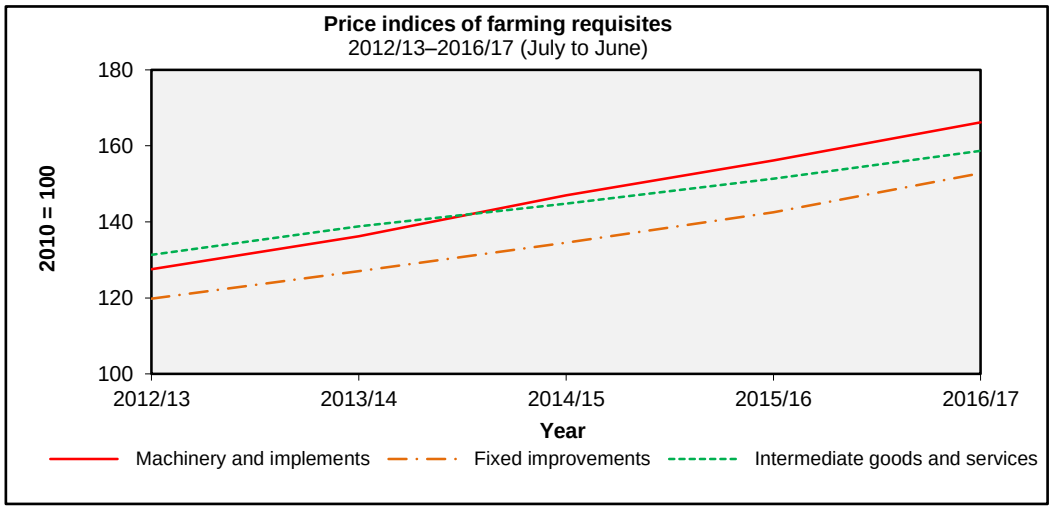
Expenditure on intermediate goods and services increased by 6,6% and is estimated at R137 143 million for the year ended June 2017, from R128 611 million the previous year. Farm feeds had the largest proportion as an expenditure item, accounting for 29,3%, followed by maintenance and repairs on machinery and implements by 13,6%, farm services by 12,3%, fuel by 8,9%, seed and plants by 6,5%, animal health and crop protection by 6,2%, fertilisers by 5,0%, packing material by 4,8% and building and fencing material by 4,0%.

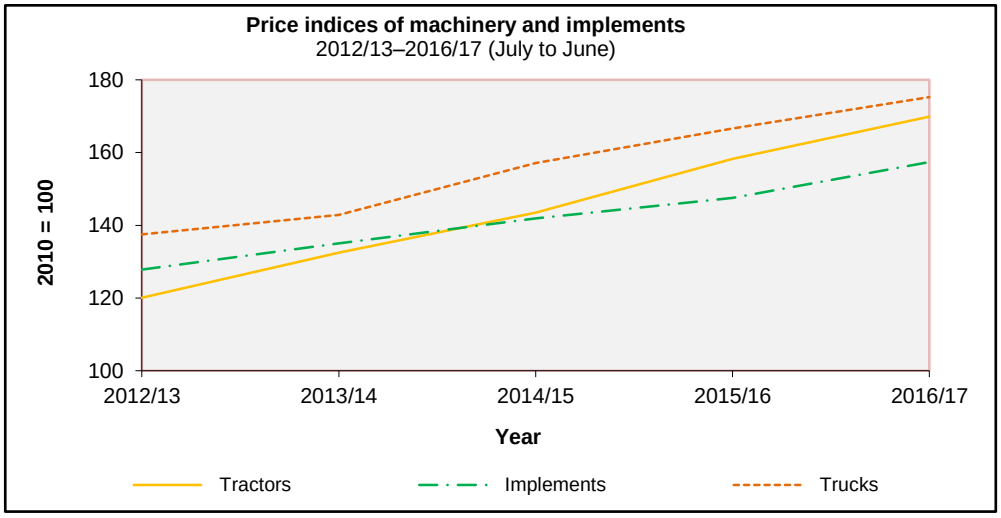


Prices of farming requisites

Prices of farming requisites increased on average by 5,1% for the year ended June 2017, compared to 4,8% in the previous year. This was mainly driven by the increase in prices of packaging material by 7,5%, tractors by 7,3%, building and fencing materials by 7,2% each, trucks by 5,8%, feeds by 5,7%, animal health and crop protection by 5,4%, seeds by 5,1%, maintenance and repairs of machinery and implements by 3,6%, fuel by 3,3% and fertilisers by 2,1%.

The combined price index of machinery and implements prices increased by 6,4% for 2016/17. The price index of materials for fixed improvements increased by 7,2% and the index of intermediate goods and services increased by 4,8%.



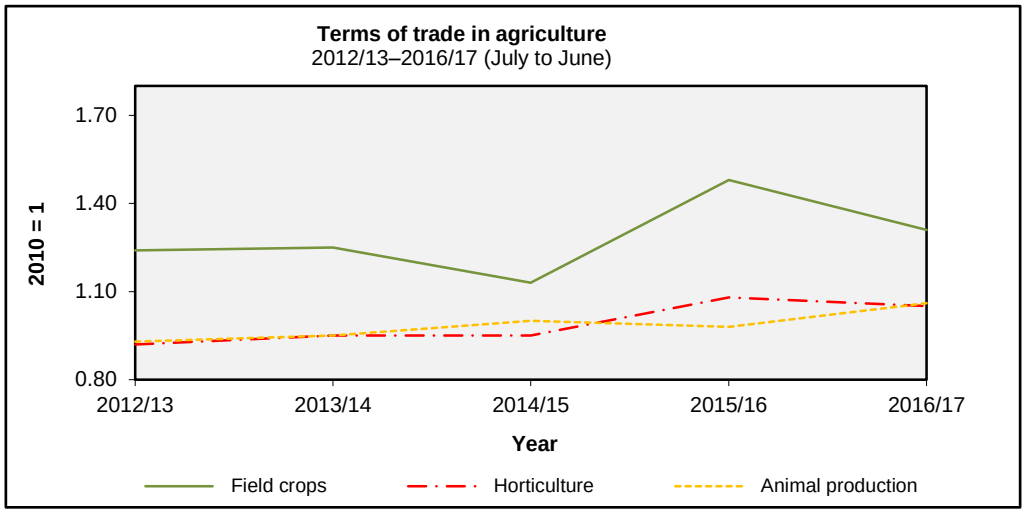


Domestic terms of trade in agriculture (2010 = 1)

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 declined slightly by 0,9%, from 1,12 in 2015/16 to 1,11 in 2016/17. This was the result of the prices of the production inputs, which increased by (5,1%), more than the prices received by the farmers for their products (4,3%).

The terms of trade for animal products increased by 8,2% (from 0,98 to 1,06), while that of the field crops and horticultural products decreased by 11,5% (from 1,48 to 1,31) and 2,8% (from 1,08 to 1,05), respectively.



Contribution of agriculture, forestry and fisheries to value added at basic current prices

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

The contribution of agriculture, forestry and fisheries to value added for the year ended 31 December 2016 is estimated at R94 408 million. This represents 2,4% of the total value added to the economy.

Year	Total value added R' million	Contribution of agriculture to value added R' million	Contribution of agriculture as percentage of total value added %
2010	2 494 860	52 001	2,1
2011	2 724 400	55 478	2,0
2012	2 932 879	59 934	2,0
2013	3 183 433	63 321	2,0
2014	3 418 061	70 755	2,1
2015	3 625 467	72 235	2,0
2016*	3 878 164	94 408	2,4

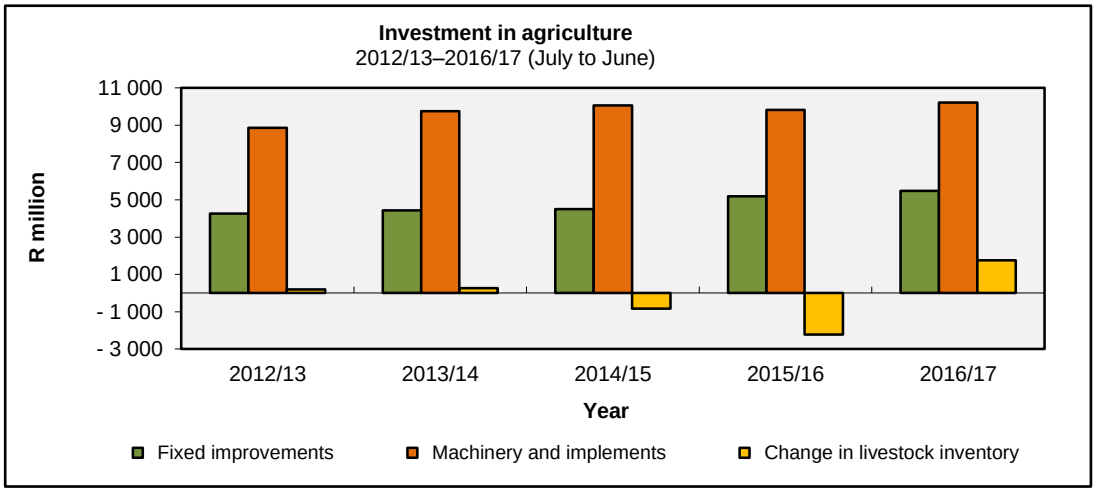
*Note: Figures are for agriculture, forestry and fisheries

Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2017 is estimated at R459 947 million, compared to R413 748 million at the end of June 2016, an increase of 11,2%.

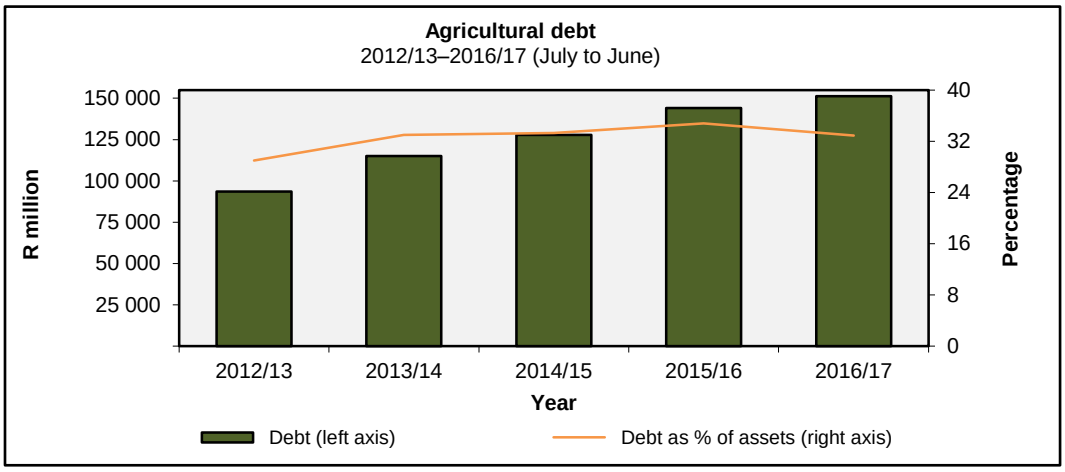
Land and fixed improvements constituted R243 529 million (52,9%), livestock R146 917 million (31,9%) and machinery and implements R69 502 million (15,1%) of the total value of capital assets.

The gross investment in respect to fixed improvements for the year ended 30 June 2017 increased by 5,6% to R5 483 million. Investment in machinery, implements and vehicles increased by 4,0% and amounted to R10 209 million. The livestock inventory was R1 761 million more than in the previous year.



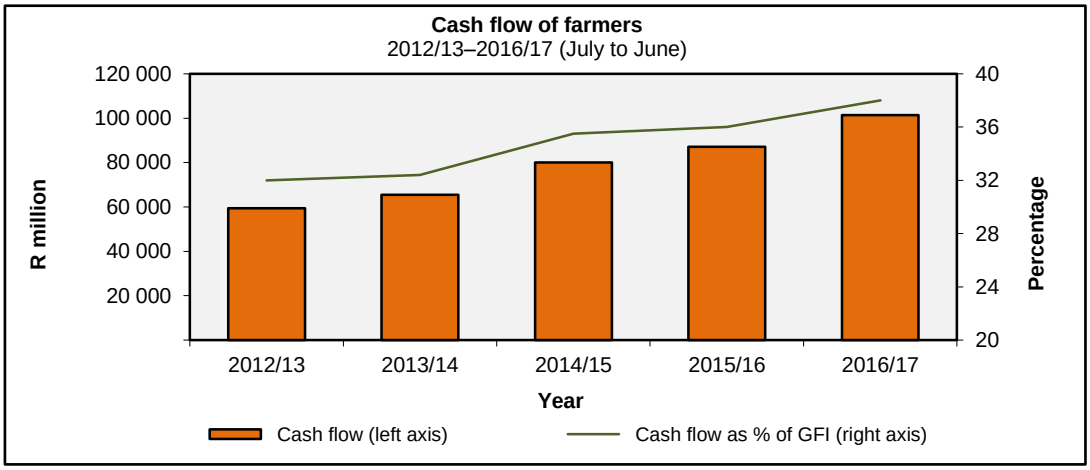
Farming debt

The total farming debt as at the end of June 2017 increased by 5,0% and is estimated at R151 265 million, compared to R144 074 million at the end of June 2016.



Cash flow of farmers

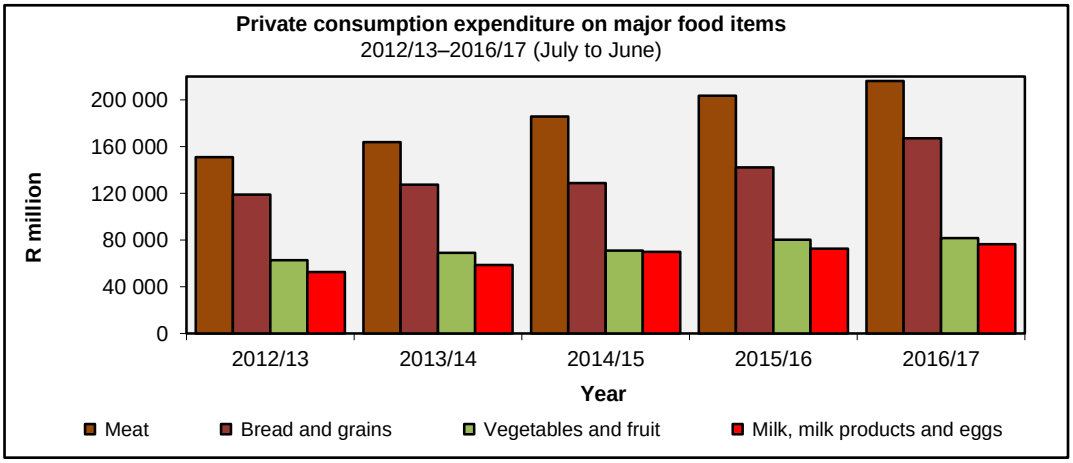
The farmers' cash flow showed an increase of 16,4% and is estimated at R101 406 million for the year ended 30 June 2017, compared to R87 100 million in the previous corresponding period. This was the result of the increase in the gross farming income by 10,2%.



Consumption expenditure on food

The consumption expenditure on food for the year ended 30 June 2017 increased by 8,7% and amounted to R638 401 million, compared to the R587 505 million of the previous year. Expenditure on meat increased by 6,3% to R216 413 million, on bread and grain products by 17,6% to R167 267 million and on fruit and vegetables (including potatoes) by 1,4% to R81 635 million. Expenditure on milk, milk products and eggs indicates an increase of 5,0% to R76 470 million and on sugar an increase of 17,6% to R8 743 million. Expenditure on oils and fats also shows an increase of 8,3% to R12 540 million.

Meat represented 34% of the expenditure on the food component; bread and grains 26%; 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%.



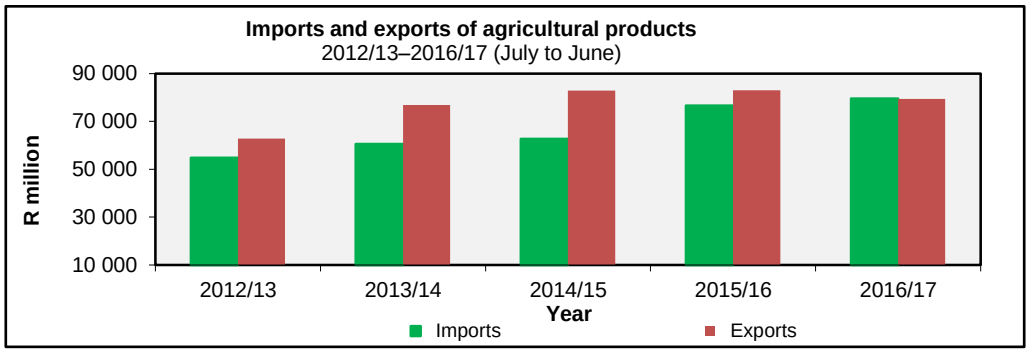
Consumer prices

The consumer prices of all agricultural products increased by an average of 6,0% for the year ended June 2017. The consumer price index of food increased by 10,1% and that of non-food items by 5,3%.

The price index of sugar and related products rose by 19,2%, coffee and tea by 14,7%, fruit by 14,1%, grain products by 12,2%, fish by 9,5%, dairy products and eggs by 8,8%, meat by 8,4%, fats and oils by 8,1% and vegetables by 5,6%.

Imports and exports of agricultural products

The estimated value of imports for 2016/17 came to R79 515 million, an increase of 3,9% from R76 511 million for 2015/16. The value of exports increased by 17,4%, from R83 022 million in 2015/16 to R97 429 million in 2016/17.



According to the 2016/17 export values, citrus fruit (R16 989 million), wine (R8 731 million), apples, pears and quinces (R7 161 million), wool (R4 158 million) and nuts (R3 568 million), were the most important agricultural export products.

Rice (R6 438 million), maize (R6 364 million), meat (R5 717 million), cane or beet sugar (R3 788 million) and undenatured ethyl alcohol (R3 445 million) accounted for the highest imports in terms of value.

During 2016/17, the Netherlands, with exports to the value of R10 827 million, the UK (R8 908 million), Zimbabwe (R6 125 million), Mozambique (R5 938 million) and China (R5 389 million) were the five largest trading partners of South Africa in terms of export destinations for agricultural products. About 20,2% of the total value of agricultural exports from South Africa for the period July 2016 to June 2017 went to the Netherlands and the UK combined.

The five largest trading partners for South Africa's imported agricultural products during 2016/17 were Argentina (R7 306 million), Brazil (R5 375 million), the United States (R4 305 million), Thailand (R4 173 million) and Indonesia (R3 858 million). About 16,0% of the total value of agricultural imports by South Africa during the period July 2016 to June 2017 was from Argentina and the Brazil 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 59% of maize produced in South Africa is white and the remaining 41% is yellow maize (2017). White maize is primarily used for human consumption, while yellow maize is mostly used for animal feed production.

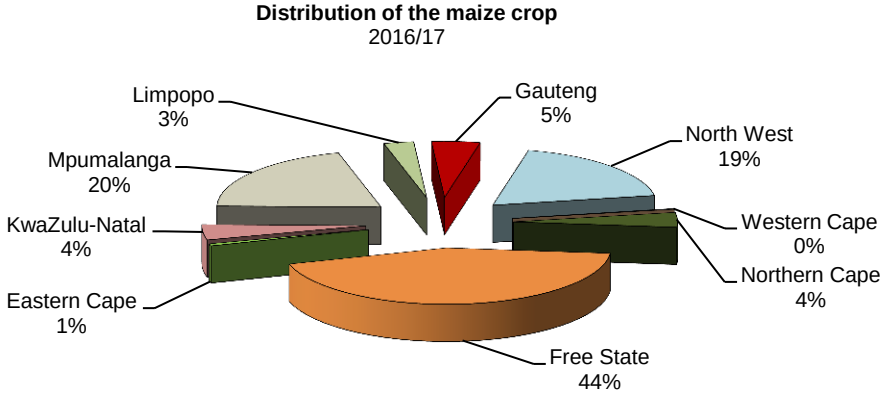
The gross value of agricultural production is determined by the quantity produced and prices received by producers.

The largest contributor towards the gross value of field crops for the past five seasons is maize (46,2%), followed by sugar cane (12,9%), wheat (9,9%), soya beans (10,3%) and sunflower seed (6,2%). The gross

value of maize for 2016/17 amounts to R29 659 million, which is 11,9% or R3 154 million more than the R26 506 million for 2015/16.

The two main white maize-growing provinces in South Africa, namely the Free State and North West provinces, produced about 78% of the white maize harvest in 2017, whereas the Free State and Mpumalanga provinces produced about 67% of the yellow maize harvest. Improved weather conditions caused by a weak La Niña weather system, associated in South Africa with increased rainfall and lower temperatures, encouraged farmers to plant more maize than the previous season.

The contribution by provinces to maize production during the 2016/17 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 62% white maize to 38% yellow maize. An estimated 7,5% of the area planted to white maize is under irrigation and 92,5% is dryland, while the estimate for yellow maize is 14,0% under irrigation and 86,0% dry land.

Area planted and production

During the past season (2017), conditions in South Africa were generally exceptional with an above-average production projected for maize owing to good rainfall and favourable growing conditions. As a result, the maize output was in stark contrast to 2016's drought-reduced production, when the dry weather cut yields to well below-average levels.

The estimated area that South African commercial producers planted to maize during the 2016/17 season is 2,629 million ha. This is 35,0% or 681 850 ha more than the 1,947 million ha planted the previous season and also 2,9% or 74 960 ha more than the five-year average of 2,554 million ha planted up to 2015/16.

Commercial white and yellow maize plantings for 2016/17 were 1 643 100 ha and 985 500 ha, respectively. This represents an increase of 61,9% for white maize and 5,7% for yellow maize.

The commercial maize crop for the 2016/17 production season is estimated to be 16,744 million tons, with an estimated yield of 6,37 t/ha. The production represents an increase of 115,3% from the previous season (2015/16), which was estimated at 7,778 million tons. The main reason for the increase in the production of maize is because of good rains and excellent crop conditions in most of the major maize-producing areas in South Africa. This is also the biggest crop on record. The previous largest crop on record was during the 1980/81 production season when 14,656 million tons was produced.

The production estimate for white maize is 9,893 million tons, which is 190,2% or 6,484 million tons more than the 3,408 million tons of 2016 and 74,4% or 4,220 million tons more than the average of the five years (5,673 million tons) up to 2016. The estimated yield for white maize is 6,02 t/ha, compared to 3,36 t/ha the previous season.

In the case of yellow maize, the production estimate for 2017 is 6,851 million tons, which is 56,8% or 2,481 million tons more than the 4,370 million tons the previous season and 24,3% or 1,341 million tons more than the five-year average (5,510 million tons) up to 2016. The estimated yield for yellow maize was 6,95 t/ha, compared to 4,69 t/ha in 2016.

For the 2016/17 season, 95% of the deliveries of white maize were grade WM1, compared to 97% of the 2015/16 crop and 96% of the yellow maize deliveries were grade YM1, compared to 94% of the 2015/16 crop.

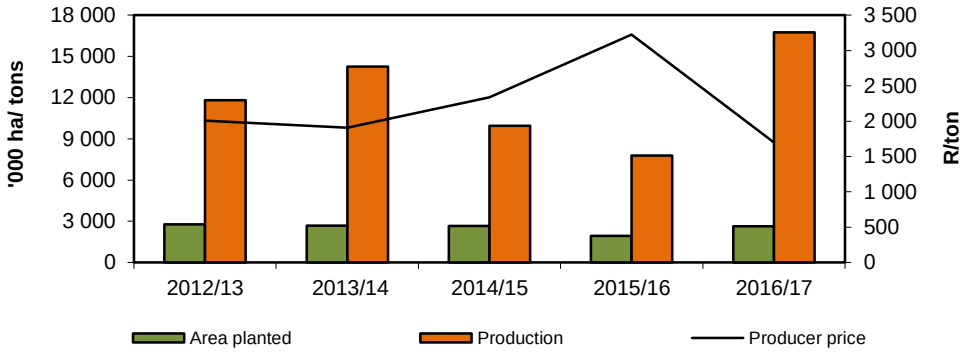
Plantings, production and yields of commercial maize from 2012/13 to 2016/17 are as follows:

Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
Plantings (ha)	2 781 200	2 688 200	2 652 850	1 946 750	2 628 600
Production (t)	11 810 600	14 250 000	9 955 000	7 778 500	16 744 000
Yield (t/ha)	4,25	5,30	3,75	4,00	6,37

The estimated yield for maize is 6,37 t/ha for 2016/17, which is 59,2% or 2,37 t/ha more than the 4,00 t/ha the previous season. The increase is due to wetter conditions this season.

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

Maize: Area planted, production and producer prices
2012/13–2016/17



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 2016/17 is estimated at 366 650 ha, which comprises 248 500 ha of white maize and 118 150 ha of yellow maize. Production by the non-commercial sector is estimated at 731 000 tons; 463 600 tons of white maize and 267 400 tons of yellow maize. Maize grown by this sector is mainly for own use and contributes only approximately 4% 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 decreased by 47,4%, from R3 226,49/t in 2015/16 to R1 697,24/t in 2016/17, mostly because of the favourable weather conditions that occurred in South Africa's maize belt during the past summer season, reflecting a huge surplus situation.

The average producer prices of maize from 2012/13 to 2016/17 are as follows:

Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	R/ton				
Producer price	2 006,36	1 909,29	2 338,75	3 226,49	1 697,24

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 2017/18 marketing season (May to April), the total supply of maize is projected at 17,072 million tons (10,007 million tons white and 7,065 million tons yellow). This includes an opening stock (at 1 May 2017) of 1,095 million tons (597 837 tons white and 496 801 tons yellow), local commercial deliveries of 15,977 million tons (9,409 million tons white and 6,568 million tons yellow) and no maize imports.

The total demand, local and exports, for maize is projected at 12,523 million tons (7,150 million tons of white and 5,373 million tons of yellow maize). The total local demand is projected at 10,333 million tons (6,290 million tons white and 4,043 million tons yellow). A projected export quantity of 2,190 million tons (860 000 tons white and 1,330 million tons yellow) is expected for the 2017/18 marketing season. The projected closing stock level by 30 April 2018 is estimated at 4,549 million tons (2,857 million tons white and 1,692 million 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.

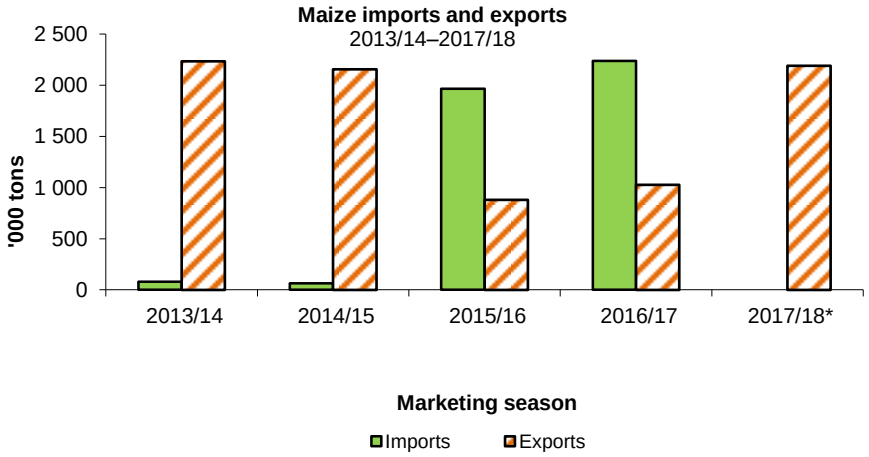
Depreciation in the value of the rand against relevant foreign currencies makes import products, such as maize, wheat and oilseeds more expensive in rand terms, thereby providing some protection for South African farmers and an incentive to increase production in the longer term. However, if South African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

Usually, important export destinations are the BLNS countries (Botswana, Lesotho, Namibia and Swaziland), Zimbabwe and Mozambique. Up to 27 October 2017, about 1,462 million tons of maize, of which 496 778 tons white maize and 965 381 tons yellow maize, had been exported since May—approximately 67% of the estimated exports of 2,190 million tons. The bulk of the exports for the current season, up to 27 October 2017, was characterised by exports to Japan (35% or 509 306 tons), Kenya (17% or 247 250 tons), Taiwan (15% or 213 926 tons) and Korea (11% or 159 693 tons), amongst others.

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

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



**Projection*

In the current 2017/18 marketing year (April/May), reflecting the bumper maize output, the country is expected to regain its status as a net exporter after being a net importer for two consecutive seasons – 2015/16 and 2016/17. Exports are anticipated to rise significantly to about 2,190 million tons, which is 113,4% or 1,164 million tons more than the previous season. About 39% of this is projected to be white maize and 61% to be yellow maize.

Unfortunately, most countries in the sub-region, i.e., Zambia, Malawi, Mozambique and Zimbabwe, are also expecting to produce large maize crops; therefore, the sub-regional import demand is forecasted to be significantly reduced as most of these countries had enough supply to serve their country-specific needs.

South Africa is expected to have approximately 5,320 million tons of exportable maize surplus available for the current marketing season (2017/18), which is 142,9% or 3,130 million tons higher than the projected 2,190 million tons. Therefore, the surplus will be carried over to the next marketing season.

About 89% of South Africa's maize production is grown with GM seeds, which could also further restrict the country from penetrating many African markets.

Imports of maize are forecasted at zero tons for the 2017/18 marketing year (May/April), mainly because of the recovery in production that leads to a surplus of maize, leaving an opportunity for exports.

Vulnerability and Food Security Assessments – SADC

The bulk of the Southern African Development Community (SADC) is likely to receive normal to below-normal rainfall for most of the period October to December 2017 and normal to above-normal rainfall for January to March 2018.

Regional net maize supplies are currently at record high levels following above-average production in the 2016/17 production season (2017), with the highest ever maize crop reported in South Africa. Most countries across the region had above-average harvests. This is a significant turnaround from the two previous seasons where large deficits, when maize supplies were severely constrained by the El Niño-induced drought, were registered for Southern Africa, a region typically self-sufficient in maize.

The 2017 surplus will satisfy national import requirements among structurally-deficit countries. Furthermore, given large surpluses and relatively low prices, the region is expected to export internationally to satisfy maize gaps in East Asia and East Africa during the 2017/18 marketing year.

Tanzania, which is typically surplus-producing for maize, has below-average net supplies and is importing maize from Zambia and Malawi.

Lastly, most households in the region continue to experience stable food security levels, due to the above-average harvest experienced in 2017. Minimal food insecurity levels are expected to continue through January 2018 in most surplus-producing areas in the region, while deficit production areas are expected to start experiencing some stressed levels starting in October 2017. The Democratic Republic of the Congo (DRC) is currently the only country in the region with areas currently in a crisis situation, mainly due to conflict in the country. In some parts of Madagascar, Malawi, Mozambique and Zimbabwe, poor households will also be in some food crisis situation in January 2018, which coincides with the peak lean season period.

Prospects

In October 2017, the intended maize plantings of South African farmers were 2,47 million ha for the 2017/18 production season, which is 6,0% or 158 200 ha less than the 2,63 million ha planted during 2016/17.

Producers indicated that they intended to plant less maize for the 2017/18 season, especially white maize, because of farmers switching to other crops such as oilseeds and yellow maize, due to price competitiveness.

Applying a three-year average normal seasons' yield of 4,70 t/ha to the intended plantings, the potential maize crop for the 2017/18 season is 11,61 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 2017 report of the United States Foreign Agricultural Services, world maize production in 2017/18 (September to August) was forecast at 1,038 billion tons, which is 3,4% or 36,5 million tons less than the 1,075 billion tons produced during 2016/17. The US contributed 34,9% (362,7 million tons), China 20,7% (215,0 million tons), Brazil 9,1% (95,0 million tons) and the EU 5,7% (59,4 million tons) to world production. The remaining 29,6% is made up by Argentina, Ukraine, Mexico, India and South Africa, among others.

Global consumption in 2017/18 was expected to be 1,065 billion tons—2,5 million tons more than in the previous year. Global ending stocks at the end of October 2018 were expected to be 201,0 million tons, which is 26,0 million tons or 11,5% 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 and Grain South Africa, which promote the interests of maize producers and SAGIS, a section 21 company funded by, among others, the maize industry.

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

Sorghum

Plantings and production

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

Sorghum is mainly cultivated in low and erratic rainfall areas, especially on shallow and heavy clay soils. 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 past production season an estimated 42 350 ha were planted to sorghum for commercial use, representing a decrease of 12,7% from the 48 500 ha planted for the 2016 season. Sorghum for commercial purposes was produced mainly in Mpumalanga (41,2%), followed by Limpopo (33,3%), Free State (16,3%), and the North West (6,6%) rovinces. For the past five seasons until 2016, South Africa produced an average 147 740 tons of sorghum per annum, which is relatively small compared to domestic maize and wheat production.

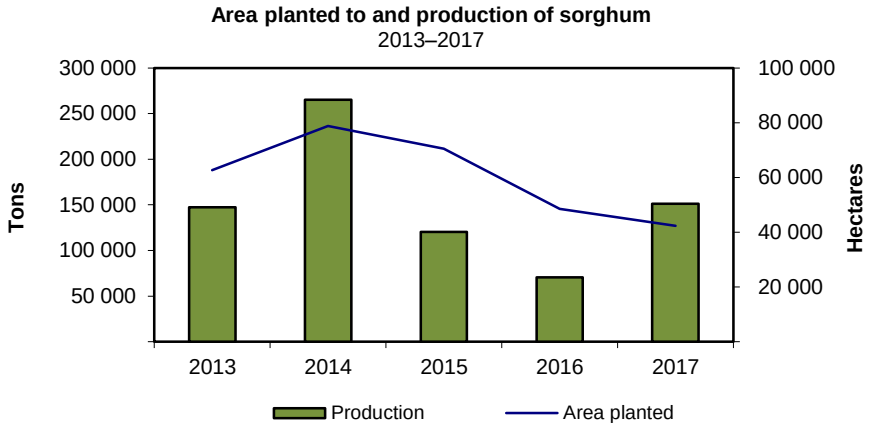
During the 2017 production season, sorghum contributed only approximately 0,7% to the gross value of field crops. The estimated average annual gross value of sorghum for the five years up to 2016/17 amounts to R467 million.

The commercial sorghum crop for the 2017 season is estimated at 151 335 tons, which is 114,7% more than the 70 500 tons of the previous season and 2,4% more than the five-year average production of 147 740 tons up to 2016. The yield for 2017 is estimated at 3,57 t/ha, which is 49,4% more than the five-year average yield of 2,39 t/ha up to 2016. The main reason for the increase in the production of sorghum is because of the good rains and excellent crop conditions that favours the yields harvested.

Plantings, production and the yields of sorghum from 2013 to 2017 are as follows:

Season	2013	2014	2015	2016	2017
Plantings (ha)	62 620	78 850	70 500	48 500	42 350
Production (t)	147 200	265 000	120 500	70 500	151 335
Yield (t/ha)	2,35	3,36	1,71	1,45	3,57

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



The non-commercial agricultural sector contributed approximately 22 700 tons, which was about 13,0% of the total sorghum production in South Africa during 2017.

Consumption

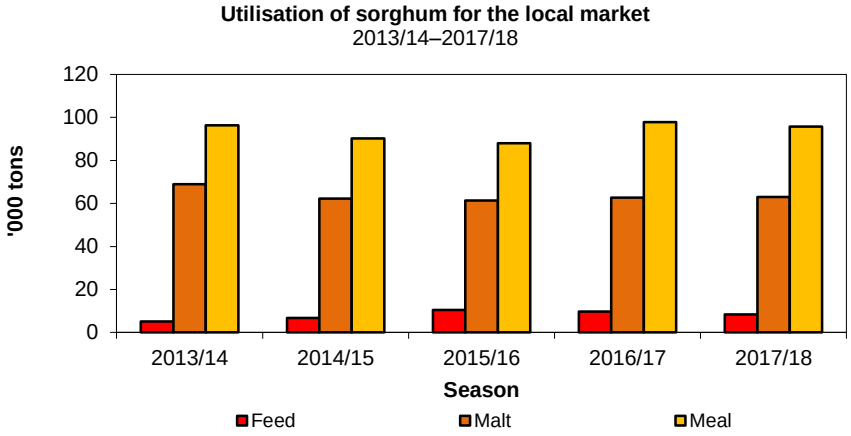
Sorghum, like other grains, has two basic markets that it serves, i.e., the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income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

Expectations are that a total of 244 073 tons of sorghum will be available for local consumption during the 2017/18 marketing season (March to February), compared to 226 677 tons the previous season. The total domestic supply of 244 073 tons estimated for this season comprises of carry-over stocks as at 1 March 2017 amounting to 35 238 tons, plus producer deliveries of 148 835 tons at commercial structures and imports of 60 000 tons.

The projected commercial utilisation of sorghum for the 2017/18 marketing season is approximately 176 000 tons, of which 158 800 tons are for human consumption (malt, meal and other uses) and 8 350 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Other uses (released to end-consumers, withdrawn by producers, etc.) amounts to 8 850 tons. Projected exports during the 2016/17 marketing season are 14 000 tons.

Considering the above, carry-out stocks at 28 February 2018 are expected to be about 54 073 tons.

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



**Projection*

Producer prices

Local producer prices of sorghum decreased by 24,2%, from R3 529,17/t in 2016 to R2 676,56/t in the 2017 season.

Season	2013	2014	2015	2016	2017
	R/t				
Producer price	2 691,62	2 626,78	2 379,52	3 529,17	2 676,56

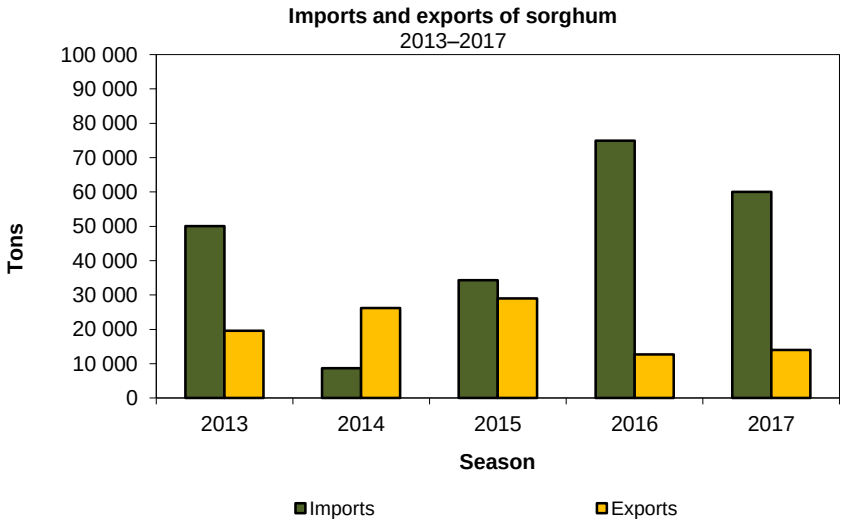
Imports and exports

Imports and exports of sorghum from 2013 to 2017 are as follows:

Season	2013	2014	2015	2016	2017*
	Tons				
Imports	50 033	8 725	34 316	74 957	60 000
Exports	19 550	26 169	29 039	12 649	14 000

**Projection*

Projected exports of sorghum for 2017 is 14 000 tons, which is 10,7% less than the 12 649 tons of 2016. In 2017, 60 000 tons of sorghum was imported.



**Projection*

Outlook

In October 2017, the intended sorghum plantings of South African farmers were 43 700 ha for the 2017/18 production season, which is 3,2% more than the 42 350 ha planted during 2016/17. When applying a three-year average normal seasons' yield of 2,90 t/ha to the intended plantings, the potential sorghum crop for the 2017/18 season is about 126 730 tons.

World sorghum situation

According to the FAS/USDA report released in October 2017, world production of sorghum decreased by 3,8%, from 63,0 million tons in 2016 to 60,7 million tons in 2017. The contribution to world production by selected countries is as follows: the United States contributed 15,3% (9,3 million tons), Nigeria at 10,8% (6,6 million tons) with Mexico at 10,0% (6,0 million tons) and India and Sudan both 7,4% (4,5 million tons, respectively). The balance of 49,1% was made up by other remaining countries.

Cooperation

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

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

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

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

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

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

Wheat

In terms of value of production, wheat is the fourth most important field crop produced in South Africa. In the 2016/17 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 2016/17 amounts to R5 760 million, compared to R29 659 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.

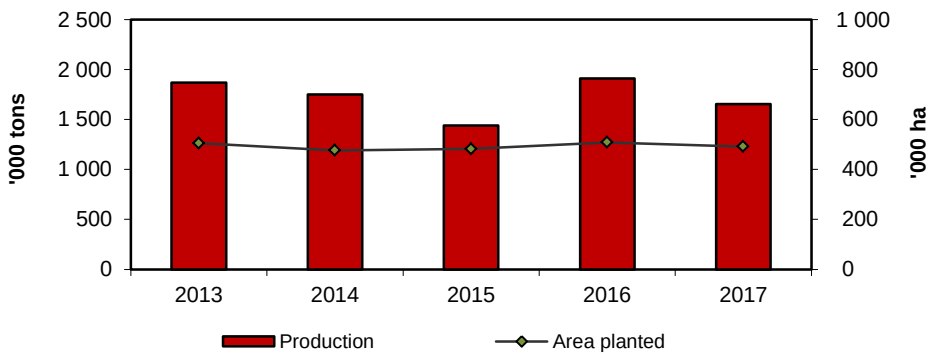
Wheat is generally classed as “hard” or “soft.” Hard wheat tends to have higher protein content than softer wheat and is used mainly for bread. Soft wheat, on the other hand, is more suitable for confectionery.

Areas planted and production

The estimated area planted to wheat for the 2017 season is 491 600 ha, which is 3,3% less than the 508 365 ha of the previous season. Of this area, 326 000 ha (66%) are in the Western Cape, where the crop was planted later than normal owing to dry conditions, that made it difficult for farmers to commence plantings on time at the start of the season. The most recent data from the Department of Water and Sanitation shows that the Western Cape dam levels were estimated at 36% full as on 30 October 2017, which is 24 percentage points lower than the corresponding period last year. Meanwhile, the wheat irrigation areas, Free State and Northern Cape provinces, which produce 80 000 ha (16%) and 38 000 ha (8%), respectively, are in good shape with the water level in dams estimated at 73% (Free State) and 84% (Northern Cape).

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

Wheat: area planted and production 2013–2017



The winter grain areas in the Western Cape, especially the Swartland area, have been affected by extremely dry conditions, which impacted negatively on the yields.

Therefore, based on conditions prevailing towards the end of October 2017, the expected commercial wheat crop for 2017 was 1,655 million tons, of which 749 800 tons (45%) were from the Western Cape, 320 000 tons (19%) from the Free State and 304 000 tons (18%) from the Northern Cape provinces. The expected average yield was 3,37 t/ha.

Plantings, production and yields from 2013 to 2017 are as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
Plantings (ha)	505 500	476 570	482 150	508 365	491 600
Production (t)	1 870 000	1 750 000	1 440 000	1 910 000	1 655 250
Yield (t/ha)	3,70	3,67	2,99	3,76	3,37

Consumption

According to the Supply and Demand Estimates Committee (S&DEC), a total of 3,641 million tons of wheat (commercial) were available for local consumption during the 2016/17 marketing season (October to September). This comprised carry-over stocks as at 1 October 2016 of 827 232 tons, producer deliveries of 1,870 million tons, a surplus of 9 461 tons and imports of approximately 933 735 tons.

The total demand for wheat for the 2016/17 marketing season is estimated at approximately 3,298 million tons, of which 104 431 tons were exported. Carry-out stocks as at 30 September 2017 are estimated to be 342 602 tons.

For the 2017/18 marketing season, the total supply of wheat is forecasted at 3,773 million tons (expected producer deliveries of 1,623 million tons, together with the carry-over stocks of 342 602 tons, a surplus of 7 000 tons and expected imports of 1,800 million tons). The demand for wheat (exports included) is estimated at 3,260 million tons. Carry-out stocks at the end of September 2018 are expected to amount to 513 352 tons.

Imports

South Africa, a net importer of wheat, relies on imports from Germany, Russia and the Czech Republic, among others, to meet its domestic demand. During the 2016/17 season, approximately 29% of the wheat that was needed for domestic consumption was locally, while an estimated 933 735 tons were imported.

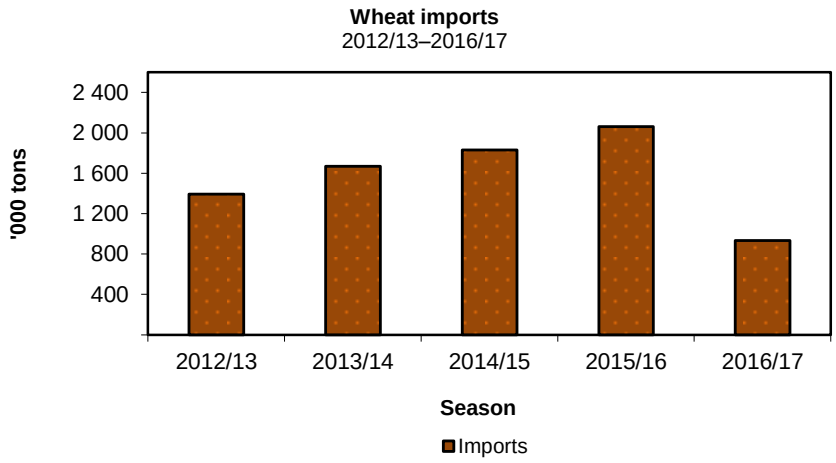
Wheat imports from 2012/13 to 2016/17 are as follows:

Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17***
	Tons				
Imports	1 393 215	1 668 412	1 832 441	2 062 765	933 735

**Preliminary final for the 2016/17 marketing season*

Source: SAGIS

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



Prices

Wheat prices are under pressure, mainly due to the prospect of a bumper Russian wheat harvest and large world supplies. The average producer price of wheat decreased by 2%, from R3 772,44/ton in 2015/16 to R3 704,62/ton in 2016/17.

The average producer prices of wheat (grade 1) from 2012/13 to 2016/17 are as follows:

Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	R/ton				
Producer price	2 914,51	2 880,31	3 052,85	3 772,44	3 704,62

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 3 November 2017, a new wheat tariff (R909, 99/ton) was published in the *Government Gazette.*

World wheat situation

According to the October 2017 report of the United States Foreign Agricultural Services, the global wheat production in 2017/18 is projected at 751,2 million tons, down by 0,4% or 3,0 million tons from the 2016/17 record, but is still the second highest wheat crop produced ever. The global wheat market has still large stock and crop, and therefore, prices are expected to remain under pressure well into the next year.

According to expectations, the European Union would contribute 20% (151,0 million tons), China 17% (130,0 million tons), India 13% (98,4 million tons) and Russia 11% (82,0 million tons) to world production during 2017/18. The balance of 39% is made up by the US, Canada, Ukraine and Pakistan, among others.

Global consumption was expected to be 739,6 million tons during 2017/18—855 000 tons more than the previous year. Global ending stocks were expected to increase to 268,1 million tons by the end of June 2018, which is 11,6 million tons or 4,5% 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.

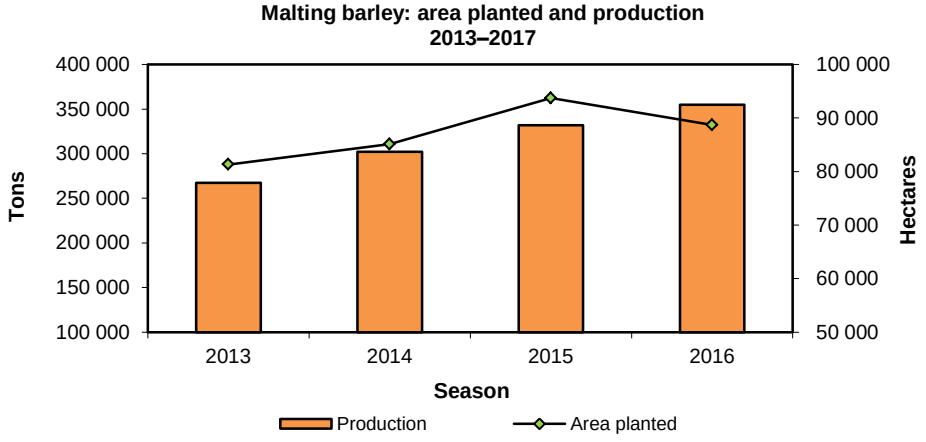
However, because of the risk of unpredictable weather conditions in the Southern Cape, barley production has also been introduced to the cooler central irrigation areas in the Northern Cape. There are also farmers in other areas of South Africa, such as the North West, Limpopo and Free State provinces, 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 2017 season is estimated at 91 380 ha. This is an increase of 3,0% or 2 658 ha from the plantings of 88 695 ha during 2016. It is also 5,3% or 4 618 ha more than the five-year average of 86 762 ha planted up to 2016. Of the 91 380 ha planted in 2017, 85 000 ha (93%) are in the Western Cape, 3 500 ha (4%) in the Northern Cape, 1 100 ha (1%) in Limpopo, 1 650 ha (2%) in the North West and only 80 ha (0.1%) in the Free State provinces.



A total crop of 268 309 tons of malting barley is expected for the 2017 season. This is a 24,4% decline than the estimated production of 355 000 tons in the previous season and 13,7% or 42 591 tons less than the average production of 310 900 tons per annum over the five years up to 2016. The expected average yield for 2016 is 3,29 t/ha.

Plantings, production and yield of malting barley from 2013 to 2017 are as follows*:*

Season	**2013**	**2014**	**2015**	**2016**	**2017**
Plantings (ha)	81 320	85 125	93 730	88 695	91 380
Production (t)	267 500	302 000	332 000	355 000	268 309
Yield (t/ha)	3,29	3,55	3,54	4,00	2,94

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 2016/17 marketing season (October to September) is estimated at 604 900 tons (imports included). Carry-over stocks as at 1 October 2016 amounted to 169 900 tons. Production for the 2016/17 season was 355 000 tons, while 80 000 tons were imported.

For the 2016/17 marketing season, the total demand for malting barley was estimated at 425 500 tons, including 34 000 tons of exports. Carry-out stocks at 30 September 2017 were 179 300 tons. This is about six times the required three-month pipeline stock of 45 700 tons.

For the 2017/18 marketing season, the total supply of malting barley is expected to be 507 600 tons, comprising the expected crop of 268 300 tons, carry-over stocks of 179 300 tons and expected imports of 60 000 tons. The domestic demand is estimated at 419 500 tons, including 20 000 tons of exports. Carry-out stocks at the end of September 2018 are expected to amount to 88 100 tons.

Producer prices and value of the crop

The average producer price of barley increased by 8%, from R3 098,03/ton in 2015 to R3 352,15/ton in 2016.

The average producer prices of malting barley from 2012 to 2016 are estimated to be as follows:

Season	**2012**	**2013**	**2014**	**2015**	**2016**
	R/ton				
Producer price	2 498,99	2 519,07	2 644,29	3 098,03	3 352,15

The average annual gross value of malting barley for the past five years up to 2016/17 amounts to R887 million, compared to the R5 760 million of wheat and R26 911 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 2012/13 to 2016/17 are as follows:

Season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	Tons				
Imports – Barley	36 655	74 537	91 410	18 238	78 705
– Malt	109 208	117 721	111 779	65 194	117 669

Source: SAGIS

Outlook

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

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

The new state of the art brewhouse has been installed at Rosslyn; it will be operational in the first half of 2018.

World barley situation

Global production in the 2017/18 marketing season is mainly driven by the larger crops in the European Union (58,4 million tons) and Russia (35,9 million tons).

According to the October 2017 report of the United States Foreign Agricultural Services, world barley production is estimated at 141,9 million tons for the 2017/18 marketing year, while global consumption is expected to be 147,3 million tons. Global ending stocks at the end of June 2018 are expected to be 18,6 million tons.

Research and information

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

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

On the other hand, Sabbi's Research and Development mission is to ensure sustainable barley production for the benefit of the SAB, SABM and the producer through innovative research and development. Producers need better quality, higher 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.

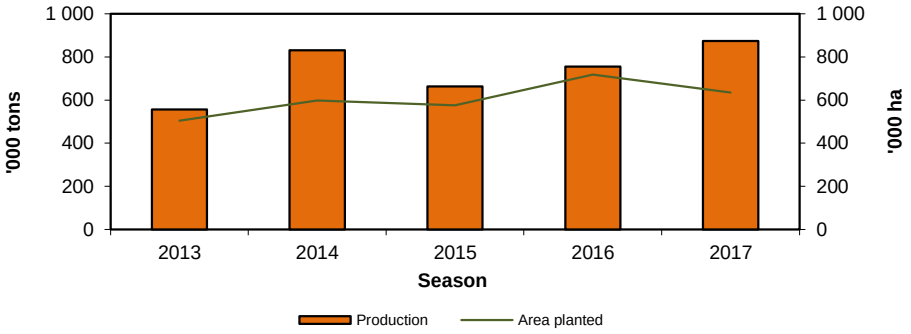
Plantings and production

During the 2017 production season, the bulk of the crop was produced in the Free State (51,9%), North West (33,0%) and Limpopo (14,2%) provinces.

The contribution of sunflower seed to the gross value of field crops during the season is approximately 5,3%, compared to the 41,4% of maize, the largest contributor. The average annual estimated gross value of sunflower seed for the five years up to 2016/17 amounts to R3 657 million, compared to the R26 808 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 2017 season decreased by 11,5% to 635 750 ha, from an estimated 718 500 ha the previous season. This is 11,5% more than the five-year average of 570 300 ha up to 2016. The decrease in the plantings of 2017 can mainly be attributed to the increase in plantings of the other summer crops such as maize, soya beans, groundnuts and dry beans.

Area planted to and production of commercial sunflower seed
2013–2017



Commercial seed production during 2017 was approximately 874 595 tons, which is 15,8% more than the previous season and 31,4% higher than the average of 665 800 tons for the previous five years. The increase in production can mainly be attributed to higher yields that have realised. The average yield for 2017 is approximately 1,38 t/ha, which is 30,9% more than the 1,05 t/ha during the previous season and 17,8% more than the five-year average of 1,17 t/ha up to 2016. The increased yield can be attributed to favourable production conditions that prevailed, following sufficient follow-up rainfall received throughout the season.

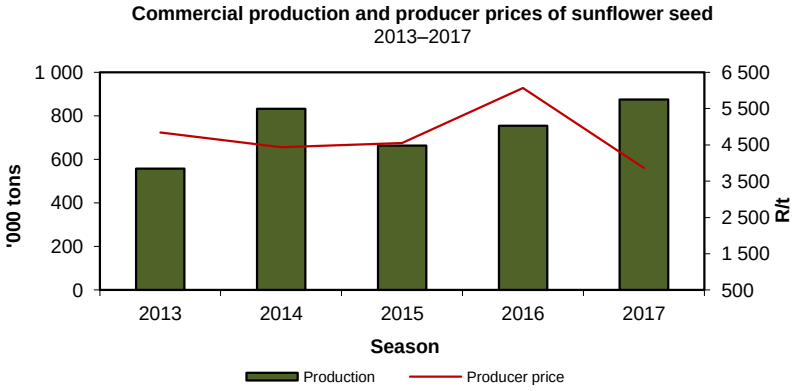
Non-commercial agriculture contributed an estimated 34 725 tons (3,8%) to the total sunflower seed production in South Africa during 2017.

According to the Baseline 2017 report by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, the reduction in the sunflower area planted in 2017 (11,5%) was offset to a large extent by a 31,4% increase in average yields from 1,05 t/ha in 2016 to an expected 1,38 t/ha in 2016, resulting in more than 850 000 tons of sunflower seed harvested in 2017. Going forward, an average increase in the sunflower seed production of 2,5% per annum is expected over the outlook period to reach 810 000 tons in 2026, while the projected area planted is expected to decrease at an average annual rate of 1,5% over the outlook period. The production and crushing demand for sunflower seed is projected to remain

in a fine balance over the course of the outlook period, with imports of approximately 20 000 tons projected by 2026. Due to the current sunflower seed surplus, net exports are projected and prices are expected to trade closer to the export parity price. Therefore, prices are expected to trade between import and export parity levels, mainly derived from the price of oil and meal.

Commercial plantings, production and yields of sunflower seed from 2013 to 2017 are as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
Plantings (ha)	504 700	598 950	576 000	718 500	635 750
Production (t)	557 000	832 000	663 000	755 000	874 595
Yield (t/ha)	1,10	1,39	1,15	1,05	1,38



Producer prices

The average producer prices of sunflower seed from 2013 to 2017 are as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
	R/ton				
Producer price	4 844	4 436	4 552	6 064	3 865

The average producer price decreased by 36,3%, from R6 064/ton in 2016 to R3 865/ton in 2017. The decrease in international prices during 2017 mainly reflects an increase in global supplies, caused mainly by the increased availability of sunflower seed and sunflower oilcake from Russia and the Ukraine. This is a result of favourable weather conditions, which have induced yields. This, together with the increased local production, impacted negatively on the local sunflower seed price for 2017.

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 874 595 tons for the 2017/18 marketing season, together with carry-over stocks of about 163 086 tons on 1 March 2017, a surplus of 8 000 tons and projected imports of 500 tons, leaves the domestic supply of commercial seed at an estimated 1 046 million tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 98,9% or 800 000 tons in 2017) for oil and oilcake production. The estimated domestic demand of seed for the 2017 marketing year is approximately 843 435 tons, including 8 700 tons for human and animal consumption. Other consumption is estimated at 10 100 tons. The projected exports during 2017 are 300 tons. Carry-out stocks on 28 February 2018 are expected to be approximately 227 081 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 2017, South African imports were mainly from Romania and Malawi.

.Imports and exports of sunflower seed from 2013 to 2017

Year	**2013**	**2014**	**2015**	**2016**	**2017***
	Tons				
Imports	94 475	63 180	36 064	70 643	500
Exports	8	48	256	205	300

**Projection*

International overview

According to the October 2017 report of the United States Foreign Agricultural Services (FAS), indications pointed to an increase of 8,2% or 1,9 million ha in the global harvested area, to a total of 25,2 million ha for 2016/17.

World output of sunflower seed for 2016/17 increased by around 7,3 million tons or 18,1%, to 47,6 million tons. The slight increase in production can mainly be ascribed to an increase in yields. It is also important to note that the Ukraine and Russia, as two of the main sunflower seed exporting countries, expected crops of 15,2 million tons and 10,9 million tons, respectively. This represents an increase of 27,7% or 3,3 million tons in the Ukraine and an increase of 18,5% or 1,7 million tons in the case of Russia.

The FAS projected the global production of sunflower seed for 2017/18 at 46,4 million tons—a decrease of 2,5% or 1,2 million tons. The projected decrease in production can mainly be ascribed to the substantial damage to the sunflower seed crop from the hot and dry summer in the Ukraine resulting in a decrease in expected yields. The sunflower seed production in the Ukraine is expected to decrease by 1,7 million tons or 11,2% to 13,5 million tons. However, in Russia a slight increase of 100 000 tons to 11,0 million tons is expected for the mentioned period.

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 16,4% to the gross value of field crops during 2016/17. The estimated average annual gross value of soya beans for the past five seasons up to 2016/17 amounts to R6 035 million.

Plantings and production

The plantings of soya beans ranged between 71 000 ha and 687 300 ha over the past 20 years.

During the 2017 season, soya beans were grown primarily in Mpumalanga (241 000 or 42,0%), the Free State (240 000 ha or 41,8%) and KwaZulu-Natal (30 500 ha or 5,3%) provinces.

During the 2017 season, an estimated 573 950 ha were planted for commercial use, compared to an estimated 502 800 ha the previous season. This represents an increase of 14,2% and is 7,0% more than the five-year average of 536 300 ha up to 2016. The increase in plantings can mainly be attributed to a decrease in the plantings of other summer crops, specifically sunflower seed. The extent of the expansion in the soya bean area and retraction in sunflower area suggests that producers opted for lower risk alternatives following the impact of the drought.

The crop of an estimated 1,316 million tons in 2017 (the highest on record) represents an increase of 77,4% from the 2016 crop of 742 000 tons. It is also 56,9% higher than the average of 838 900 tons for the five years up to 2016. The average yield of 2,29 t/ha is 55,4% more than the 1,48 t/ha of the previous season. The yield for 2017 is also the highest yield on record. Following the introduction of endpoint royalties that will support the availability of new technology to South African producers in a few years, the average yield of soya beans is projected to increase over time.

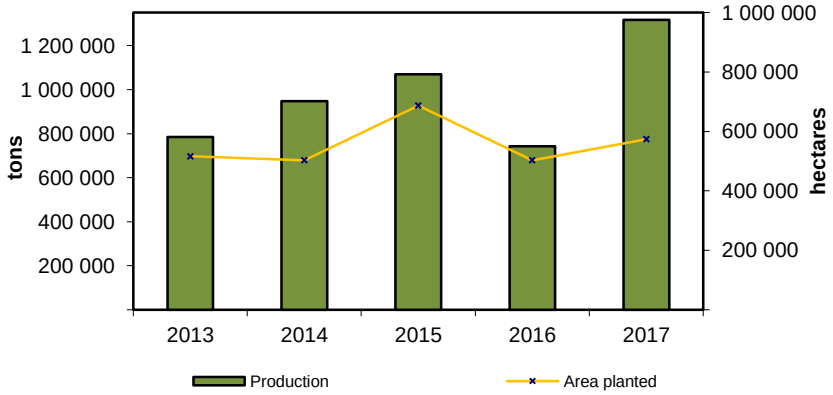
The good rainfall received between October and December 2016 in many of the areas of South Africa, which was affected by the severe drought the previous season, was followed-up by even better rainfall in February 2017. Many soya beans producing areas in South Africa recorded far above-average rainfall for the mentioned period. As a result, it was reported that the soya bean crop across South Africa was in an excellent condition.

Plantings, production and yields of soya beans from 2013 to 2017 are as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
Plantings (ha)	516 500	502 900	687 300	502 800	573 950
Production (t)	784 500	948 000	1 070 000	742 000	1 316 370
Yield (t/ha)	1,52	1,89	1,56	1,48	2,29

In October 2017, the intended soya bean plantings of South African farmers were estimated to be 720 000 ha for the 2018 season, which is 25,4% more than the 573 950 ha planted during 2017. This is expected to be the largest soya bean plantings on record.

Area planted to and production of soya beans
2013–2017



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 2017 is approximately R8 638/ton, which is 39,5% more than the price for 2016. The higher price was mainly driven by the weakening of the rand. Local soya bean prices are, among other factors, influenced by international soya bean and vegetable oil prices. Despite moving closer to export parity due to the combination of an unexpected high supply in the favourable 2017 season and downtime at some crushing plants, soya bean prices, in future, are expected to trade close to its implied value derived from the prices of its sales products, namely, soya bean meal, soybean oil, hulls and screenings.

The average producer prices of soya beans from 2013 to 2017 are as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	R/ton				
Producer price	4 692	5 549	4 732	6 192	8 638

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.

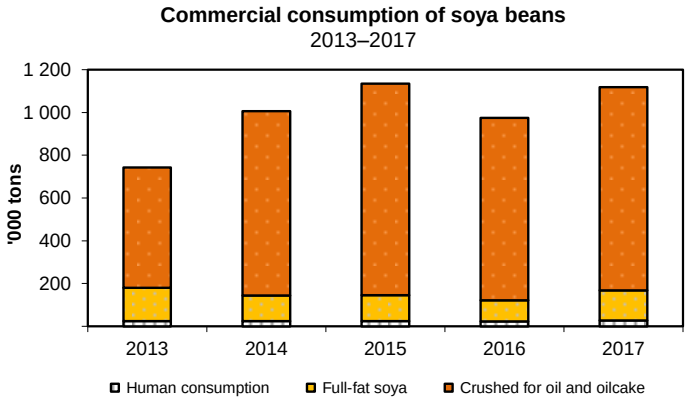
The soya bean marketing season in South Africa commences on 1 March and ends on 28 February. An estimated total of 1,397 million tons of soya beans were available for utilisation during the 2017 marketing season. It comprises carry-over stocks on 1 March 2017, amounting to 84 792 tons, the estimated production (excluding retentions by producers) of 1,284 million tons, a surplus of 3 000 tons and projected imports of 25 000 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 2017 is projected at 1,118 million tons—140 000 tons for feed (full-fat soya), 950 000 tons for oil and oilcake and 28 000 tons for human consumption. Other consumption is estimated at 12 700 tons.

The projected exports during 2017 are 30 000 tons. Carry-over stocks on 28 February 2018 are expected to be approximately 236 462 tons.

The following graph illustrates the commercial consumption of soya beans.



Trade

During the first eight months of 2017, South African exports of soya beans were mainly to Mozambique and Botswana. South African imports for the mentioned period were mainly from Zambia, Malawi, Ethiopia and Nigeria.

The imports and exports of soya beans from 2013 to 2017 are as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017***
	Tons				
Imports	3 300	103 000	125 000	271 100	25 000
Exports	15 400	600	4 700	6 700	30 000

**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 2017, world production of soya beans increased by 12,0%, from 313,7 million tons for the 2014/15 season to 351,2 million tons for 2015/16. The increase in world production can mainly be attributed to the larger crops in the United States, Brazil, Argentina, China, India, Paraguay, Canada and the Ukraine. The United States contributed 33,3% (116,9 million tons), Brazil 32,5% (114,5 million tons), Argentina 16,4% (57,8 million tons), China 3,7% (12,9 million tons), India 3,3% (11,5 million tons), Paraguay 3,0% (10,7 million tons), Canada 1,8% (6,5 million tons) and Ukraine 1,2% (4,3 million tons) to world production. The balance of 4,7% (16,6 million tons) is made up by, amongst others, Russia, Uruguay, the EU-27, Bolivia, Southeast Asia (which includes Indonesia, Malaysia, the Philippines, Vietnam and Thailand) and South Africa.

Outlook

According to the Baseline 2017 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 2026, the area under soya bean cultivation is expected to be just under 900 000 ha and production is projected to exceed be 2,1 million tons.

The local oilseed crushing industry has rapidly expanded its capacity over the past few seasons. Given the rapid expansion but continued shortage of domestically produced beans, South African soya bean crushers have not benefitted from the same improvement in bean to meal ratio evident in international markets in recent years, although soya bean meal and soya oil continue to trade at import parity levels. Since domestic soya bean prices are expected to trade below import parity levels, this implies some room to create a level of profitability if a crusher is efficient and capacity is utilised to the maximum. To date, utilisation rates have rarely been high enough, remaining well below the international industry benchmark of 80%. At lower utilisation rates, the fixed cost component within total production costs increases and undermines profitability. Therefore, assuming increased utilisation rates coupled with improved plant efficiencies compared to global best in class standards over the course of the outlook, reduced fixed cost per ton of produce should allow crushers to be profitable, even when soya bean prices trade above export 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.

In order to reach the industry benchmark utilisation rate of 80% over the next few years, a fine balance will need to be maintained between positive crushing margins and the need to import soya beans to ensure consistent supply to local crushers and allow maximum capacity utilisation. By 2026, more than 2,3 million tons of soya beans are projected to be crushed domestically, implying that both the dedicated soya crushing plants and the dual capacity plants will be utilised for soya beans, at the benchmark rate of 80%. Accounting for some full fat soya utilised in the animal feed market and stock changes, it implies that only 7% of the crushed soya beans is projected to be imported by 2026.

The October WASDE report projected the global production of soya beans for the 2017/18 marketing season at 347,9 million tons—a decrease of 1,0%. Decreases are projected for Brazil, Argentina, India, Paraguay and the Ukraine. The decrease in world production can mainly be attributed to the smaller expected crops in Brazil with a decrease of 7,1 million tons to 107,0 million tons, followed by Argentina with an decrease of 800 000 tons to 57,0 million tons, India with a decrease of 1,5 million tons to 10,0 million tons, Paraguay with a decrease of 1,3 million tons to 9,4 million tons and the Ukraine with a decrease of 280 000 tons to 4,0 million tons. However, for the same period, increases are projected for the USA, China and Canada. The USA's soya bean production is expected to increase by 3,7 million tons to 120,6 million tons, followed by China with an increase of 1,3 million tons to 14,2 million tons and Canada with an increase of 1,7 million tons to 8,2 million tons

Research and information

Locally, research on soya beans is performed by the ARC, the CSIR and other organisations 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 2016/17 production season, 48,2% of the plantings were in the North West, 39,3% in the Free State and 7,1% in the Northern Cape provinces.

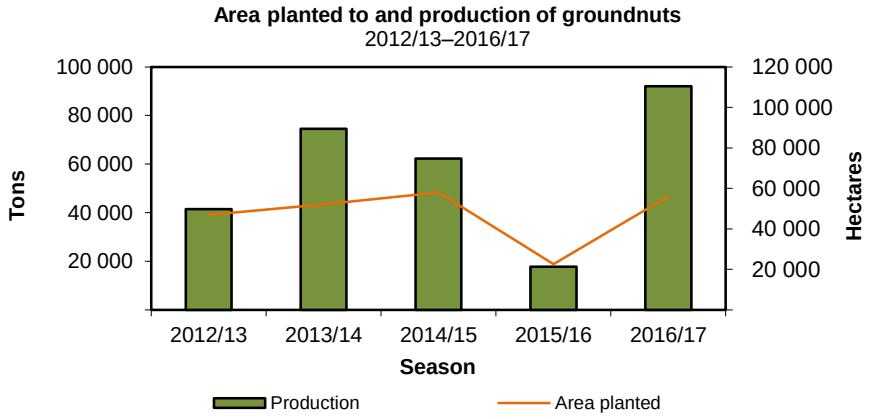
Groundnuts contributed approximately 1,1% to the value of local field crops in 2016/17, while the average annual gross value of groundnuts for the five years up to 2016/17 amounts to approximately R517 million.

An estimated 56 000 ha were planted to groundnuts for commercial use, compared to 22 600 ha planted during 2015/16. This represents an increase of 147,8% and is 24,4% more than the average of 45 015 ha planted during the five years up to 2015/16.

An estimated commercial crop of 92 050 tons of groundnuts was produced during 2016/17. This represents a considerable increase of 420,6% from the 2015/16 crop of 17 680 tons. The 2016/17 crop is 80,5% more than the five-year average of 50 996 tons up to 2015/16. The average yield for 2016/17 was 1,64 t/ha, which is 110,3% more than the 0,78 t/ha of the previous season and 45,1% more than the five-year average of 1,13 t/ha up to 2015/16.

Plantings, production and the yield of groundnuts from 2012/13 to 2016/17 are as follows:

Season	2012/13	2013/14	2014/15	2015/16	2016/17
Plantings (ha)	46 900	52 125	58 000	22 600	56 000
Production (t)	41 500	74 500	62 300	17 680	92 050
Yield (t/ha)	0,88	1,43	1,07	0,78	1,64



Producer prices

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

The average producer prices of groundnuts from 2013/14 to 2017/18 marketing season were as follows:

Season	2013/14	2014/15	2015/16	2016/17	2017/18*
	R/ton				
Producer price	8 756	8 234	7 582	7 722	7 863

**Preliminary*

The average producer price for groundnuts shows an increase of 1,8%, from R7 722/ton in 2016/17 to R7 863/ton in 2017/18. The increase in producer prices can mainly be attributed to the local exchange rate. The domestic price is more or less on a par with the international price and is not influenced much by the size of the local crop.

The relative prices of other grain products, the exchange rate, availability of seed, availability and landed cost of imported crude oil, as well as plantings of other field crops mainly determine market prospects for the oilseed industry (which includes groundnuts). Oilseeds have an indirect impact on industries in which balanced feeds constitute a major input cost. The animal feed chain tends to link oilseeds with the costs of dairy products, beef, mutton, pork, broiler chickens and eggs.

Trade balance

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

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

Imports of groundnuts to and exports from South Africa during the five marketing seasons (March to February) up to 2017/18 are as follows:

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18***
	Tons				
Imports	29 000	11 300	14 600	52 100	13 000
Exports	10 400	12 100	15 400	8 400	10 000

**Projections*

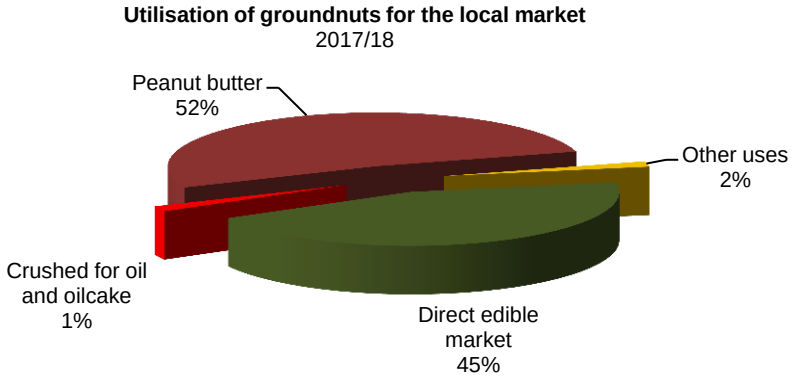
It is expected that the South African groundnuts imports could decrease by 75,0%, from 52 100 tons in 2016/17 to 13 000 tons in the 2017/18 marketing season. During the first six months of the abovementioned marketing season, South African imports of groundnuts were mainly from Argentina, India, Turkey and Mozambique.

The expected groundnuts exports shows an increase of 19,0%, from 8 400 tons in 2016/17 to 10 000 tons in 2017/18. The major export destinations for South African groundnuts are Japan, Mozambique, Switzerland, Belgium and Netherlands.

Consumption

An estimated total of 113 350 tons of groundnuts will be available for utilisation during the 2016/17 marketing season. Carry-over stocks on 1 March 2017 amounted to 8 300 tons and the estimated production is 92 050 tons. Projected imports amount to approximately 13 000 tons.

In South Africa, groundnuts are mainly consumed in two forms, i.e., as edible nuts and processed peanut butter. The local commercial consumption of groundnuts for 2017/18 is estimated at 60 600 tons—1 000 tons for oil and oilcake, 32 000 tons for peanut butter, 27 500 tons for the direct edible market and 100 tons as pods. Other consumption (released to end consumers, seed, etc.) amounts to 1 000 tons. The projected exports during 2017 are 10 000 tons. Carry-over stocks on 28 February 2018 are expected to be approximately 41 750 tons.



The per capita consumption for the 2017/18 marketing season is projected at 0,66 kg, which is 15,8% more than the 0,57 kg in the previous season.

International overview

The world production of groundnuts increased by 5,5%, from 40,4 million tons in 2015/16 to 42,6 million tons in 2016/17. The increase can mainly be attributed to a 49,9% increase in the Indian groundnut production, from 4,5 million tons in 2015/16 to 6,7 million tons in 2016/17. However, Argentina and Brazil from the South American continent has shown an improvement in groundnut production of 24,7% and 12,2%, respectively. Argentinian groundnut production increased from 0,9 million tons in 2015/16 to 1,2 million tons in 2016/17 and Brazilian groundnut production increased from 0,4 million tons to 0,5 million tons.

The world production of groundnuts is expected to be 43,0 million tons in 2017/18, which is 0,9% more than the 42,6 million tons produced in 2016/17. The increase can mainly be attributed to an expected increase of 39,5% in United State's production, from 2,5 million tons in 2016/17 to 3,5 million tons in 2017/18 and 2,9% in China's production, from 17,0 million tons to 17,5 million tons.

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 anti-nutritional components (erucic acid and glucosinolates) from rapeseed to assure its safety for human and animal consumption. The canola plant produces seeds with a very low level of saturated fat.

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

Almost the entire canola crop in South Africa is produced in 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

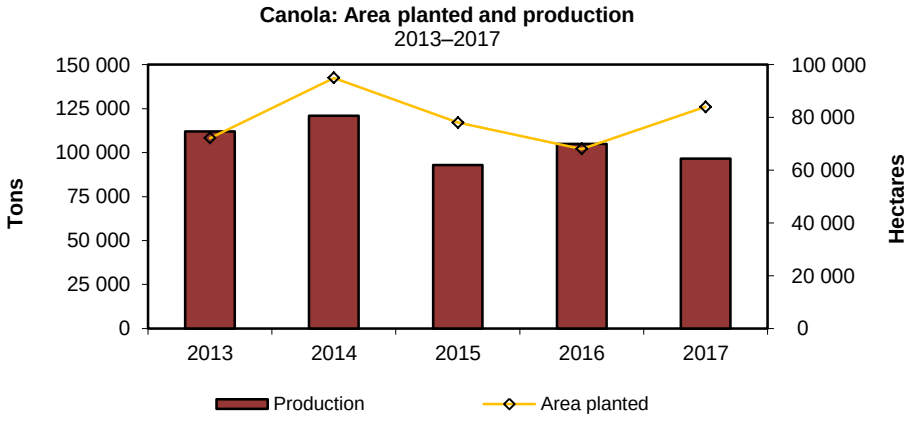
The estimated area planted to canola increased by 23,4%, from 68 075 ha in 2016 to 84 000 ha in 2017, while production is expected (November 2017) to decrease by 8,0%, from 105 000 tons to 96 600 tons, mainly due to the dryness experienced in the Western Cape.

The expected average yield decreased significantly by 25,3%, from 1,54 t/ha in 2016 to 1,15 t/ha in 2017.

Estimated plantings, production and yields of canola from 2013 to 2017 are as follows:

Season	2013	2014	2015	2016	2017
Plantings (ha)	72 165	95 000	78 050	68 075	84 000
Production (t)	112 000	121 000	93 000	105 000	96 600
Yield (t/ha)	1,55	1,27	1,19	1,54	1,15

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



The planting of canola as an alternative to small grain crops has become an important part of crop rotation practices in 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 by including 20% canola meal in a feed ration improves milk production by one litre per cow per day.

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

The total supply of canola is projected at 141 310 tons for the 2016/17 marketing season. This include an opening stock as from 1 October 2016 of 16 380 tons, domestic production of 104 000 tons and imports of

20 930 tons. Total demand for canola for the 2016/17 marketing season was approximately 120 090 tons, while carry-out stocks on 30 September 2017 were approximately 21 210 tons.

For the 2017/18 marketing season, total supply of canola is estimated at 142 810 tons (the estimated canola crop of 96 600 tons, together with carry-over stocks of 21 210 tons and 25 000 tons of imports). Domestic demand for canola is estimated at 113 100 tons, while carry-out stocks at the end of September 2018 is expected to reach 29 710 tons.

Prices

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

The average producer prices of canola from 2012 to 2016 are as follows:

Season	**2012**	**2013**	**2014**	**2015**	**2016**
	R/ton				
Producer price	4 760,00	4 650,79	4 750,00	5 400,00	5 200,00

The average producer price of canola decreased by 3,7%, from R5 400,00/ton in 2015 to R5 200,00/ton in 2016. The marginal decrease in the canola price is due to a complex consideration of a number of variables, including the import price of substitutes, international canola prices as well as the local and international protein prices.

International overview

Global canola production has grown rapidly over the past 40+ years, rising from the sixth largest oil crop (soya beans, canola/rapeseed, sunflower seed, cotton seed, peanuts, palm kernel, cotton seed and copra) to the second largest. During 2017/18, it is expected that canola production will contribute 12,4% of world oil crop production. Soya bean production, which is the largest oilseed crop, will contribute 60,3% of world oilseed crop production.

According to the USDA Foreign Agricultural Service in November 2017, world production of canola/rapeseed increased by 2,5%, from 70,3 million tons for the 2016/17 marketing season to 72,1 million tons for 2017/18. The key global canola producers are the European Union, which contributed 30,7% (22,1 million tons), Canada 27,6% (19,9 million tons), China 18,2% (13,1 million tons) and India 10,0% (7,2 million tons) to world production.

China, the European Union and Japan are the primary importers (68,0%) of canola seed, while Canada accounts for more than half of canola seed exports (68,0%). 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. The Canadian crushing industry is growing fast to support increased demand for canola oil.

Global canola consumption is expected to be 73,1 million tons for 2017/18, as against 71,4 million tons in 2016/17—an increase of 2,3%.

Global ending stocks are expected to decline by 1,1 million tons from this year's projected 4,9 million tons.

Research and information

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

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

Cotton

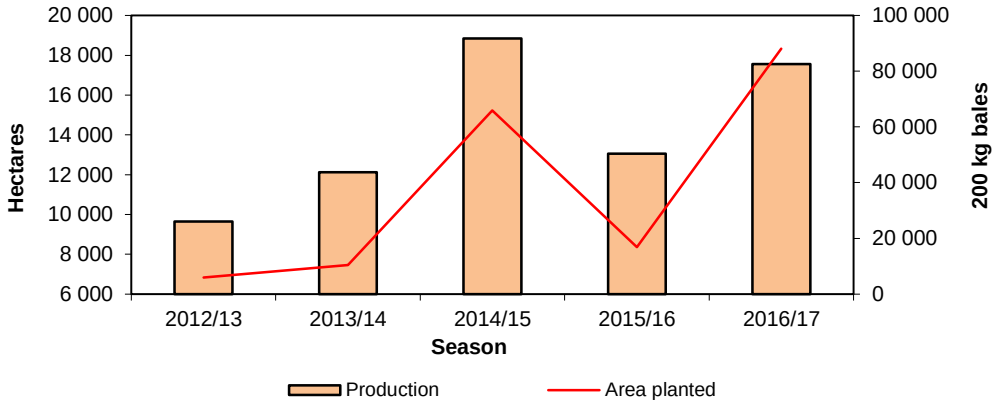
In South Africa, cotton is grown in the warm regions of the Limpopo, Mpumalanga, Northern Cape, North West and KwaZulu-Natal provinces where minimum night temperatures are at least 15 °C during the growing season. Cotton is planted mainly during October, although planting can be done until the second 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 2016/17 production season is estimated at 18 341 ha, which is a substantial increase of 119,6% from the 8 353 ha of the previous season.

Area planted to cotton and production of cotton lint in the RSA
2012/13–2016/17



Source: Cotton SA

Yields per hectare under irrigation are up to four times higher than on dry land. An estimated average yield of 4 624 kg/ha seed cotton was realised on irrigated land during the 2016/17 production season, compared to 1 123 kg/ha realised on dry land.

During 2016/17, an estimated 58,9% of the total area planted to cotton was on dry land, as against 41,2% the previous season. The area under irrigation also increased by 22,5% from 2015/16 to 2016/17.

The domestic production of cotton lint for the 2016/17 marketing season (April to March) is estimated at 82 611 bales of 200 kg each, which is an increase of 63,8% from the 50 427 bales produced during the 2015/16 season.

As part of the cotton industry's objective to broaden participation by emerging farmers, a training programme has been established by Cotton SA and other stakeholders, including the private sector and government. Lack of knowledge and expertise among small-holder cotton farmers are major constraints that impede success in the emerging cotton farming sector. More than a thousand small-holder farmers have attended these training courses.

Areas planted to cotton and the production of cotton lint for the 2012/13 to 2016/17 production seasons by the RSA and Swaziland compare as follows:

RSA

Production season	2012/13	2013/14	2014/15	2015/16	2016/17*
Total RSA plantings (ha)	6 827	7 458	15 228	8 353	18 341
Dryland (ha)	3 871	2 892	6 636	2 510	11 040
Irrigation (ha)	2 956	4 566	8 592	5 843	7 301
Production of cotton lint (200 kg bales) from RSA-grown cotton	26 027	43 703	91 742	50 457	82 611

Swaziland

Production season	2012/13	2013/14	2014/15	2015/16	2016/17*
Total Swaziland plantings (ha)	3 600	4 000	3 000	800	2 000
Dryland (ha)	3 600	4 000	3 000	800	2 000
Irrigation (ha)	0	0	0	0	0
Production of cotton lint (200 kg bales) from Swaziland-grown cotton	4 500	4 500	2 636	100	2 000

** Estimates (September 2017)*
Source: Cotton SA

World cotton production for 2017/18 is forecasted by the International Cotton Advisory Committee (ICAC) to increase by around 10% from the previous season. Production in India, the world's largest cotton producing country is expected to increase by 4% while production in China is expected to rise by 7%. The ICAC expects production in the USA to increase by around 23%.

Prices

The average producer price for seed cotton (lint and seed derived from the boll of the cotton plant before it is ginned) for the 2016/17 marketing season (April to March) was 800 c/kg, while the price for 2017/18 is projected at 745 c/kg—a decrease of 6,9%. 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	2013/14	2014/15	2015/16	2016/17	2017/18*
	c/kg				
Seed cotton	530	575	765	800	745
Cotton lint	1 674	1 852	1 903	2 261	2 300

**Projections*

Consumption

Consumption of cotton lint by RSA and Swaziland spinners for the 2017/18 marketing year is estimated at 171 385 bales of 200 kg, compared to the 106 160 bales of the 2016/17 year—an increase of 61,4%.

During the 2016/17 marketing year, about 77,8% of the consumed cotton lint was imported from SADC countries. The two major suppliers were Zambia and Zimbabwe. Cotton lint exports for the 2016/17 season amounted to 9 094 tons.

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

Marketing year	2012/13	2013/14	2014/15	2015/16	2016/17*
	200 kg bales				
Consumption	94 855	111 999	103 870	106 295	106 160

**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.

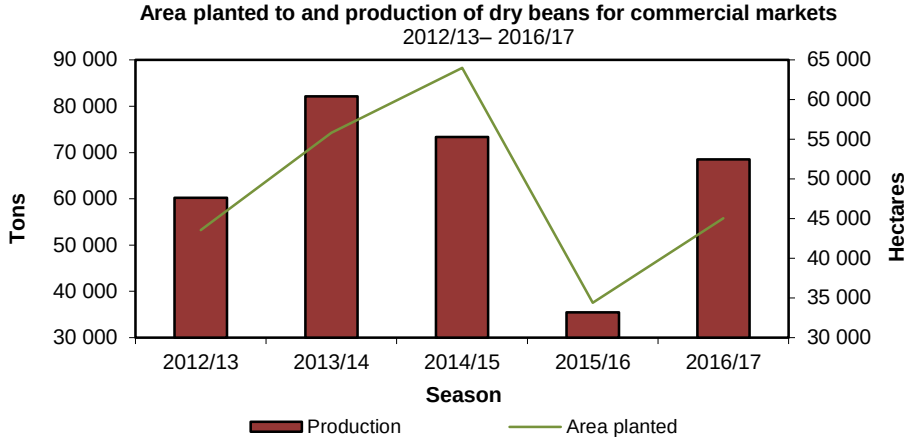
Locally, the seed cotton is either sold to a ginner who gins and sells lint to spinners and seed to processors, or a producer may contract a ginner to gin at a fee, in which case the lint will be sold either by the producer or by the contracted ginner on the producer's behalf.

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 to finance research and the other functions of Cotton SA, namely information, promotion and grading. Research is coordinated by Cotton SA and performed by the ARC.

Dry beans

Areas planted and production

During the 2016/17 season, according to the Crop Estimates Committee, an estimated 45 050 ha were planted to dry beans for commercial markets and increased by 31,0% from the 34 400 ha planted in 2015/16. The estimated commercial crop of 68 525 tons for 2016/17 is 93,3% more than the previous crop of 35 445 tons. The average yield for the 2016/17 crop is approximately 1,52 t/ha—an increase of 47,6% from the 1,03 t/ha of the previous season.



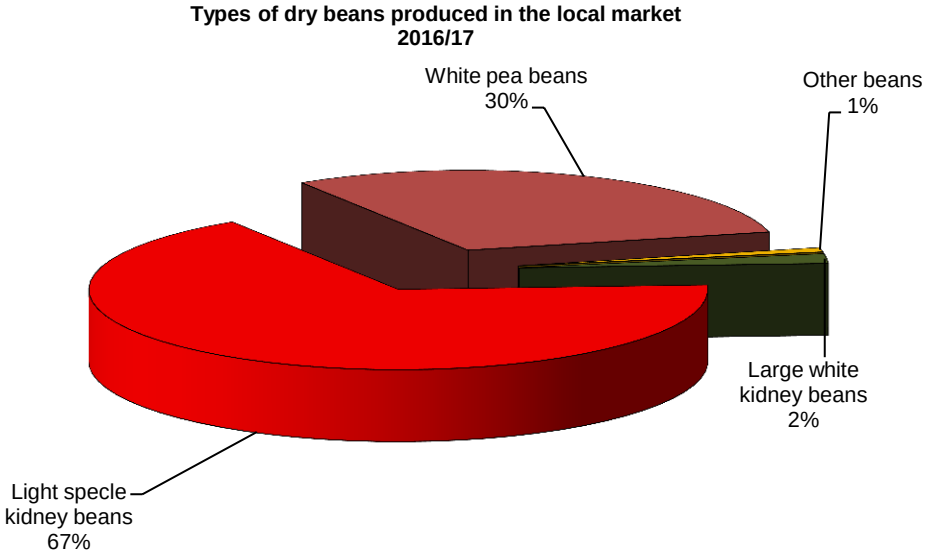
The Free State Province produced 46,7% (32 000 tons) of the 2016/17 commercial crop, Limpopo 18,9% (12 950 tons) and Mpumalanga 12,4% (8 525 tons). The remaining 22,0% (15 050 tons) was produced in the other provinces.

Production in the provinces and their share of the 2016/17 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Western Cape	150	0,2
Northern Cape	1 300	1,9
Free State	32 000	46,7
Eastern Cape	450	0,7
KwaZulu-Natal	5 400	7,9
Mpumalanga	8 525	12,4
Limpopo	12 950	18,9
Gauteng	2 250	3,3
North West	5 500	8,0
Total	68 525	100,0

Dry beans contributed an estimated amount of R1 039 million to the gross value of field crops for the 2016/17 season, which is 102,1% more than the R514 million of the previous season.

The contribution of different types of dry beans to total local production in 2016/17 is estimated to be as follows: light speckle kidney beans – 45 597 tons (67%), white pea beans – 20 700 tons (30%), large white kidney beans – 1 300 tons (2%) and other dry beans – 600 tons (1%), mainly cariocas.



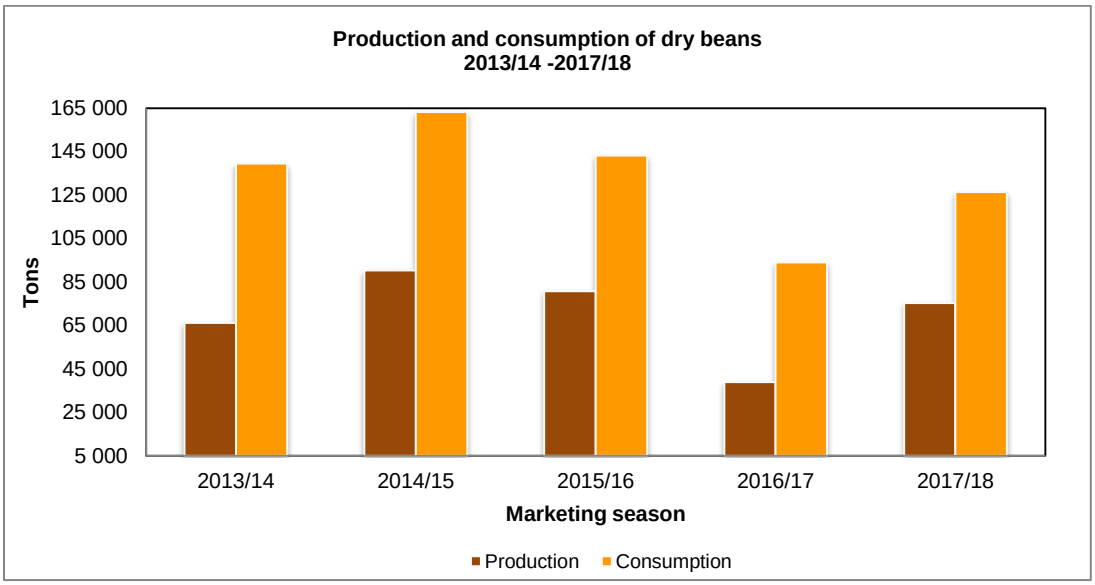
The most extensive seed production takes place in the Lowveld area of Mpumalanga, followed by the Limpopo and Northern Cape provinces.

In an attempt to improve profitability for producers and to meet the increase in protein demand, new cultivars with higher yields has been developed by the Dry Bean Producers' Organisation in cooperation with the ARC's Grain Crops Institute. These cultivars are suited for most soil types, have greater resistance to diseases and can be grown successfully in different areas. The average yield for 2016/17 was 1,52 t/ha, which is 47,6% more than the 1,03 t/ha of the previous season and 15,2% more than the five-year average of 1,32 t/ha up to 2015/16.

Consumption

An estimated amount of 126 370 tons of dry beans is expected to be consumed locally during the 2017/18 marketing season (April to March), which is 34,3% more than the 94 078 tons in 2016/17. The projected per capita consumption for 2017/18 is 2,06 kg, which is 29,6% more than the 1,59 kg in 2016/17.

The quantities of dry beans produced and consumed according to the Department of Agriculture, Forestry and Fisheries, from 2013/14 to 2017/18 were as follows:



Producer prices

The average prices received by producers for dry beans from the 2012/13 to 2016/17 production season are as follows:

Production season	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	R/t				
Producer price	12 058	12 277	10 833	13 182	13 782

The average producer price of dry beans increased by 4,6%, from R13 182/ton in the 2015/16 production season to R13 782/ton in the 2016/17 production season. The producer price of dry beans in South Africa is mainly derived from import parity from China and local supply and demand has little or no effect on price determination.

Trade balance

Imports of dry beans to and exports from South Africa during the five marketing seasons from 2013/14 up to 2017/18 are as follows:

Marketing season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18***
	Tons				
Imports	75 147	74 982	64 910	61 829	65 000*
Exports	1 810	2 034	2 515	6 741	14 011*

*projections

The expected dry beans imports shows an increase of 5,1%, from 61 829 tons in 2016/17 to 65 000 tons in 2017/18. An estimated amount of 12 022 tons of dry beans were imported from China for the first eight months of 2017, which represents 18,5% of the projected 65 000 tons to be imported during the 2017/18 marketing season.

The projected exports of dry beans increased by 107,8%, from the 6 741 tons in 2016/17 to 14 011 tons in 2017/18 marketing season. This is the highest exports on record since the 15 000 tons exported in 1996/97 marketing season. An estimated amount of 4 000 tons, which represent 28,5% of the projected 14 011 tons of dry beans were mainly exported to the United Arab Emirates during the first eight months of the 2017/18 marketing season.

Research and information

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

Sugar

Sugar cane is a ratoon crop, which means that after cropping, new shoots emerge from the roots. It yields up to 10 crops from the original rootstock, after which it is uprooted and the field is replanted. This is done on a rotational basis, with approximately 10% of the area under 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 24 000 registered sugar cane growers farming predominantly in KwaZulu-Natal (KZN) and Mpumalanga, with some farming operations in the Eastern Cape.

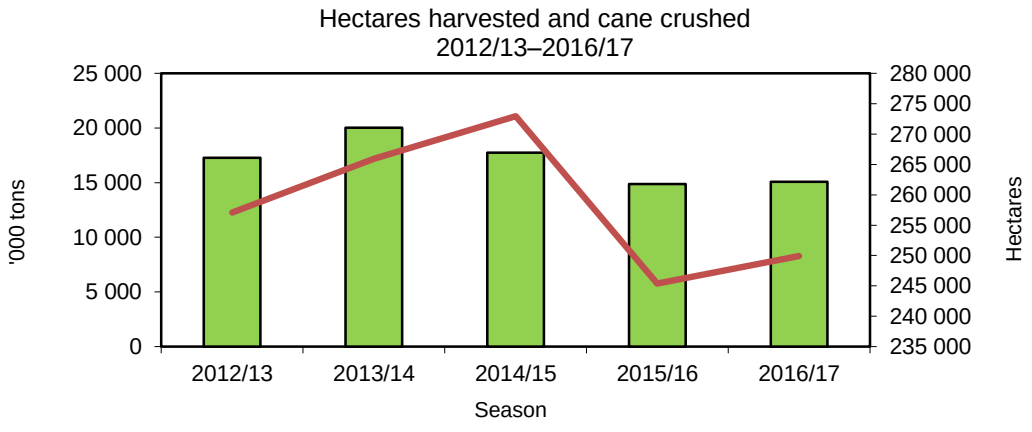
Sugar is manufactured by six milling companies with 14 sugar mills operating in the cane growing regions.

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 2,2 million tons of sugar per season.

Production and price of sugar cane

The production of sugar cane increased by 1,4% to 15,1 million tons from 2015/16 to 2016/17, while production for the 2017/18 season at 16,8 million tons is expected to be 11,3% higher than in 2016/17.



The average cane production over the past decade (from the 2007/08 to the 2016/17 season) is 17,5 million tons per annum, with the yield of harvested cane averaging 62,3 t/ha over the same period. The yield stands at 60,6 t/ha for the 2016/17 season. The area harvested increased by 1,9%, from 245 362 ha in 2015/16 to 249 920 ha in 2016/17.

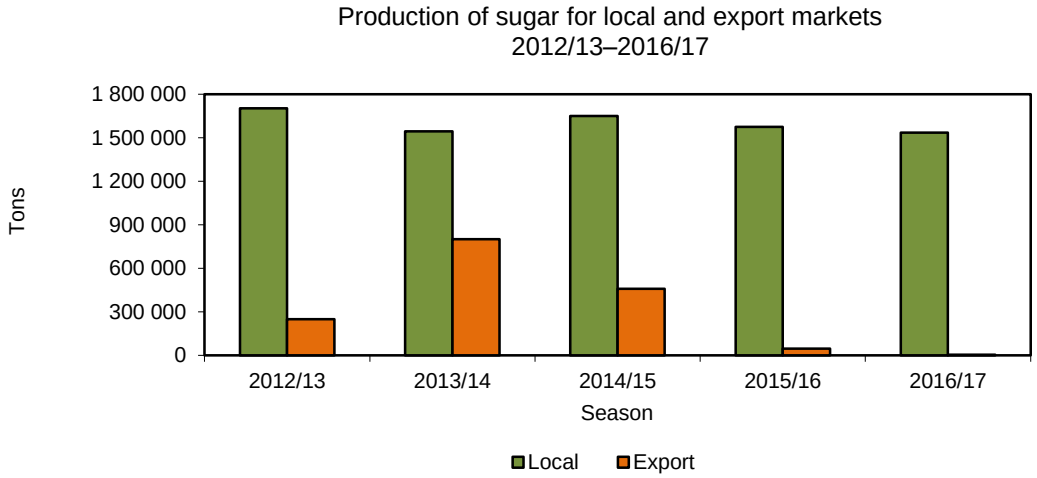
The producer price of sugar cane increased by 23,5% from 2015/16 to 2016/17. The average price over the five-year period indicated below is R407,05 per ton.

The average producer prices of sugar cane from 2012/13 to 2016/17 were as follows:

Year	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	R/ton				
Producer price	389,08	394,63	433,90	457,02	564,39

Production and consumption of sugar

The local production of sugar reached a record level of 2,76 million tons during the 2002/03 season. For 2016/17, production is estimated at 1,54 million tons. The quantity of cane crushed to produce one ton of sugar stands at 9,79 tons for the 2016/17 season.



Marketing

The Sugar Act of 1978 and the Sugar Industry Agreement (SIA 2000), endorse a regulatory provision within which the pricing of refined sugar in South Africa take place. The combination of the regulatory provisions allows the sugar industry to maintain a domestic sugar price that is at or near the import parity price, including the tariff that eradicates price discrimination and anti-competitive practises within the industry. With sugar prices pushed up close to import parity price, the country's sugar industry can maximise profit that will impact positively on the economy.

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

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

A total of 4 998 tons of sugar were produced for the international market during the 2016/17 season, which is a substantial decrease of 89,3% from the preceding season. The rising input costs, including transport and fuel, the uncertainty regarding land reform and persistent drought in the some cane producing regions

attributed to these decreases. The revenue from sugar export sales during 2016/17 is estimated at R18 million.

The total supply of 1,53 million tons of sugar to the Southern African Customs Union (SACU) during 2016/17 represents a decrease of 2,5% from the 1,57 million tons supplied in 2015/16.

The local production and sales of sugar to the SACU from 2011/12 to 2015/16 were as follows:

Year	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	'000 tons				
Production	1 951	2 344	2 108	1 620	1 539
Sales to SACU	1 702	1 543	1 649	1 574	1 534

Proposed Sugar Tax

The government has proposed a Sugar-Sweetened Beverages (SSBs) Tax with the aim to combat obesity. The South African sugar industry has a view that insufficient consideration has been given to the full impact of the imposition of sugar tax. It has been reported that the SSBs sector purchase 620 000 tons of sugar annually, making it the leading buyer of locally-produced sugar. Furthermore, the Beverage Association of South Africa (BevSA), as the main role player in the market, has warned that the proposed sugar tax could trigger at least 72 000 job losses and undermines the industry's ability to compete globally.

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.

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

HORTICULTURE

Deciduous fruit

Production areas

The main deciduous fruit producing areas of South Africa are situated in the Western and Eastern Cape provinces, mostly in areas where warm, dry summers and cold winters prevail. According to the HORTGRO Tree Census of 2016, the area under deciduous fruit production during the 2016 season is estimated at 79 748 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 2 252 producers of fruit for fresh consumption, 1 066 producers of dry and table grapes, 960 producers of stone fruit and 648 producers of pome fruit.

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

Fruit type	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	Tons				
Apples	880 866	796 364	911 287	900 411	946 689
Pears	367 498	401 267	401 192	417 786	419 450
Table grapes	258 473	245 352	288 097	342 374	364 884
Peaches and nectarines	173 048	146 864	197 742	189 930	186 970
Apricots	52 529	41 348	49 304	34 411	25 883
Plums	75 733	69 833	81 458	79 826	82 891
Total	1 808 147	1 701 028	1 929 080	1 964 738	2 026 767

The production of deciduous fruit increased by 3,2%, from 1,965 million tons in 2015/16 to 2,027 million tons in 2016/17. Table grapes showed an increase of 6,6%, followed by apples with 5,1%, plums by 3,8% and pears with an increase of 0,4%. The production of apricots showed a huge decrease of 31,1%, followed by peaches and nectarines with a decrease of 3,9%.

Marketing

During 2016/17, deciduous fruit contributed approximately 26,2% to the gross value of horticultural products.

Approximately 266 353 tons of deciduous fruit were sold locally on the major fresh produce markets, other markets and directly to retailers during the 2016/17 season, representing a decrease of 24,5% from the 352 778 tons sold during the 2015/16 season.

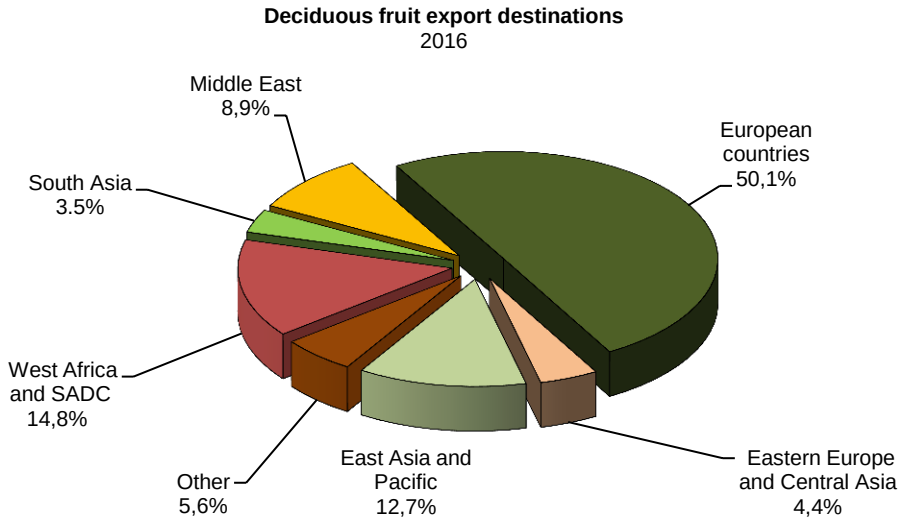
The average prices realised for deciduous fruit on the major fresh produce markets during the period 2012/13 to 2016/17 were as follows:

Fruit type	2012/13	2013/14	2014/15	2015/16	2016/17
	R/ton				
Apples	5 700	5 817	5 939	6 536	6 534
Pears	5 351	5 567	5 952	6 495	6 561
Table grapes	9 135	10 602	11 399	12 359	13 162
Peaches and nectarines	9 444	11 054	11 737	13 067	13 236
Apricots	6 552	8 078	9 317	11 882	14 645
Plums	4 984	5 881	6 516	7 713	7 778

The price of apricots showed the biggest increase at 23,3%, followed by table grapes with 6,5%, peaches and nectarines with 1,3%, pears with 1,0% and plums with 0,8%, while the price of apples remain the unchanged with 0%.

The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2016/17 season (October to September), about 50,3% of deciduous fruit produced was exported and approximately 79,6% of the gross value from deciduous fruit came from export earnings. Total exports amounted to 850 704 tons. This represents a decrease of 17,3%, from the 1 028 742 tons exported during 2015/16.

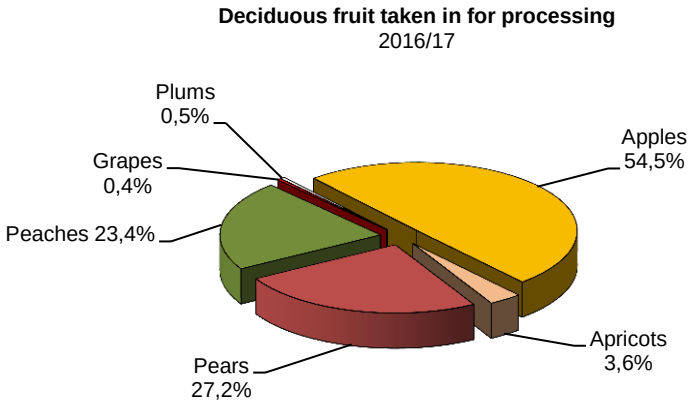
The following graph indicates deciduous fruit export destinations during 2016.



Intake of deciduous fruit for processing

During 2016/17, about 574 221 tons of deciduous fruit produced were utilised for processing—a decrease of 1,5% from the 583 217 tons processed during 2015/16.

The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2016/17.



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 2016/17, approximately 98,9% of apples taken in for processing was used for juice and 1,1% was used for canning, while 75,7% of pears was used for juice and 24,3% was canned. Producers received an average of R1 946 and R1 329 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 547 and R1 287 per ton, respectively.

Domestic consumption

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

Season	2012/13	2013/14	2014/15	2015/16	2016/17
Per capita consumption (kg/year)	11,19	11,00	12,29	12.29	12.06
Total consumption ('000 tons)	593	594	675	685	682

Prospects

The expectations of pome fruit will drop slightly, mainly due to drought. The 2017/18 production season of pome fruits will experience a decrease, apricots by 17%, plums by 4%, nectarines by 3% and peaches by 1%, respectively.

Dried fruit

Production areas

Dried fruit is produced mainly in the western and southern parts of the Western Cape rovince and the Lower and Upper Orange River areas in the Northern Cape rovince. 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, pears, apricots 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 16,9%, from 61 408 tons in 2016 to 71 770 tons in 2017. According to the Dried Fruit Technical Services (DFTS), this increase resulted from the demand for dried fruit of good quality, especially raisins. The bulk of the raisins are produced in Orange River area of the Northern Cape. In some parts of the production area, severe frost was experienced and the extent of the damage could not be determined yet.

Production of dried vine fruit increased by 20,1%, from 54 629 tons in 2016 to 65 589 tons in 2017, while that of dried tree fruit decreased by 8,8%, from 6 779 tons in 2016 to 6 181 tons in 2017.

Under the dried vine fruit, all the fruit types showed an increase, except unbleached sultanas which showed a decrease from 12 237 tons in 2016 to 1 400 tons in 2017. While under the dried tree fruit type, prunes showed a decrease of 40,3% and peaches of 14,1%, respectively, while the rest of the fruit types showed an increase.

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

Fruit type	**2013**	**2014**	**2015**	**2016**	**2017***
	Tons				
Sultana type					
Unbleached	4 978	3 610	5 368	12 237	1 400
Golden	17 382	12 350	20 028	11 593	14 987
Thompson seedless raisins	30 391	27 773	31 502	28 364	43 128
Currants	3 020	2 306	3 625	2 400	4 481
Muscat raisins	18	12	14	34	1 593
Total vine fruit	55 789	46 051	60 537	54 629	65 589
Prunes	811	455	602	1 050	627
Apricots	1 659	1 449	1 782	1 325	1 351
Apples	296	316	275	20	24
Peaches	1 780	1 384	2 366	2 560	2 198
Pears	1 506	1 485	1 695	1 660	1 801
Nectarines	133	106	129	133	144
Other	70	31	58	31	36
Total tree fruit	6 255	5 226	6 907	6 779	6 181
Grand total	62 044	51 277	67 444	61 408	71 770

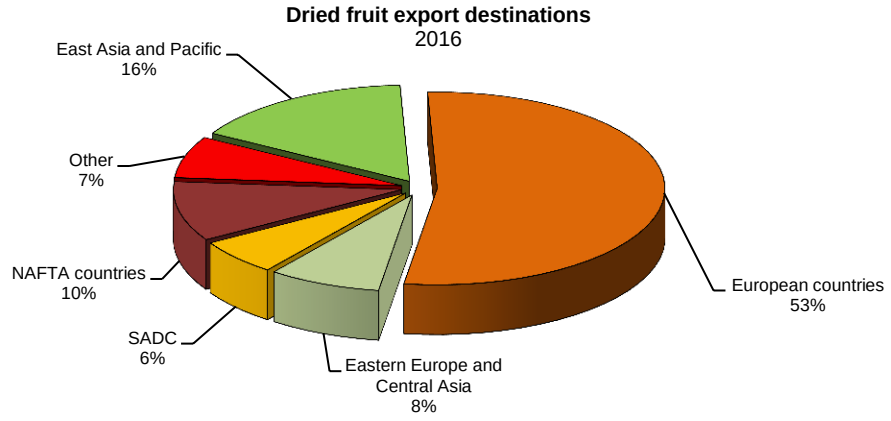
** Preliminary*

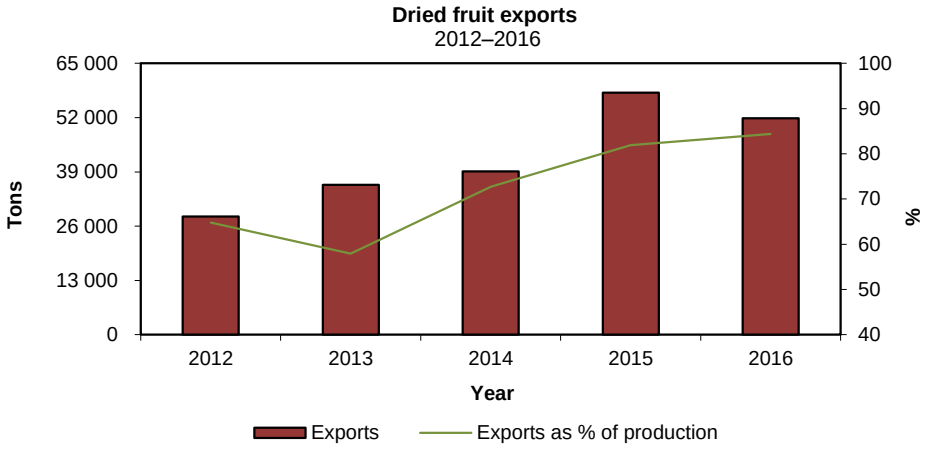
Source: DFTS

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 exported.

The following two charts depict dried fruit export destinations during 2016 and exports from 2012 to 2016, respectively.





Viticulture

South Africa is the seventh-largest wine producer in the world, with a contribution of 3,9% to the world's wine production in 2016. The area under wine grape vineyards is estimated at 95 775 ha, which is 2,9% less than the 98 594 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 3 145.

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

Production

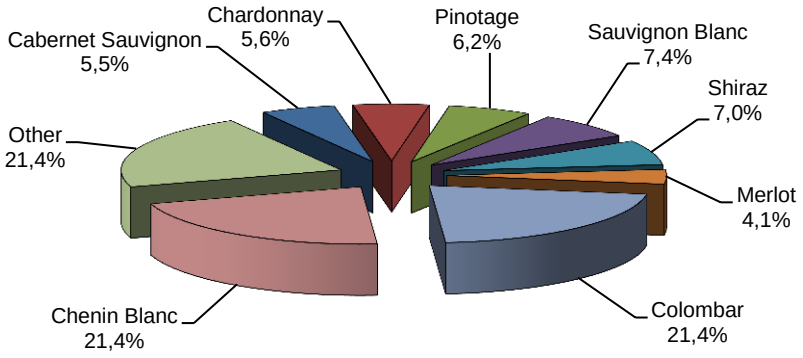
Wine production, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages from 2012 to 2016, is as follows:

Year	**2012**	**2013**	**2014**	**2015**	**2016**
	Gross million litres				
Wine production	1 097	1 157	1 181	1 154	1 089

During 2016, the production of wine fell by 5,6%. Approximately 67,7% of the wine grapes utilised for wine-making purposes were white and 32,3% were red.

The use of different varieties of grapes during 2016 is depicted in the following graph.

Grape varieties used for total wine- and juice-making
2016



Income of producers

The production of wine grapes and income of producers from 2012 to 2016 are as follows:

Year	2012	2013	2014	2015	2016
Wine-grape production ('000 tons)	1 414	1 498	1 520	1 477	1 405
Income of producers (R million)	4 131	4 821	4 727	4 793	5 030

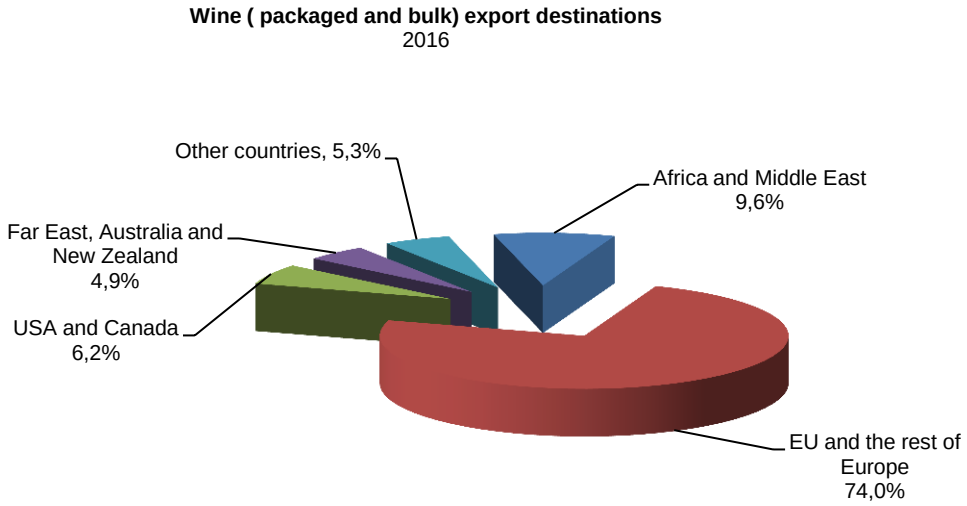
The producers' income increased by 4,9% during 2016, mainly as a result of an increase in wine exports.

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

Year	2012	2013	2014	2015	2016
	'000 litres				
Still wine	408 911	517 405	414 835	412 444	424 090
Fortified wine	275	283	349	311	386
Sparkling wine	8 032	7 897	7 473	7 272	3 885
Total	417 218	525 585	422 657	420 027	428 361

During 2016, 47,7% of the total wine produced was exported, compared with 43,4% during 2015.

The following graph depicts wine export destinations during 2016.



Consumption

The per capita consumption of wine on the domestic market from 2012 to 2016 is as follows:

Year	2012	2013	2014	2015	2016
	ℓ per capita				
Still wine	6,18	6,18	6,55	6,97	7,08
Fortified wine	0,64	0,62	0,61	0,61	0,58
Sparkling wine	0,16	0,15	0,15	0,15	0,16
Total	6,98	6,95	7,31	7,73	7,82

Information and administration

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

Subtropical fruit

Measured in terms of value of production, the subtropical fruit industry earned R4 038 million in 2016/17—a decrease of 0,7% on the 2015/16 figure of R4 067 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.

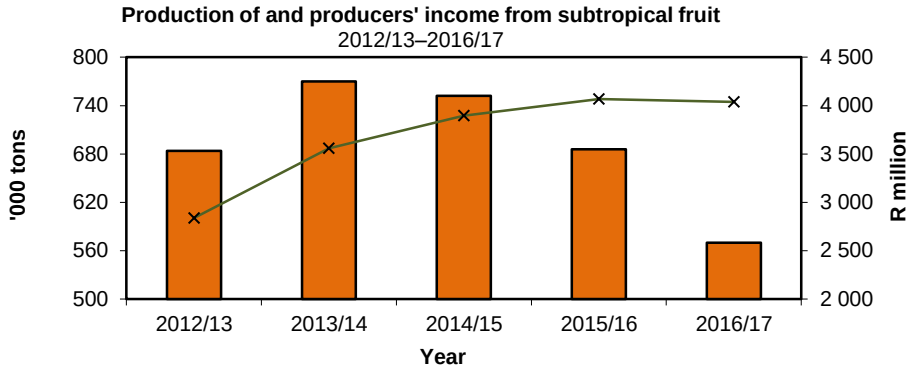
The total production area of avocados in 2016/17 is estimated at approximately 16 500 ha, mangoes at 7 000 ha, and litchis at 1 731 ha.

The production of subtropical fruit from 2012/13 to 2016/17 is as follows:

Fruit type	2012/13	2013/14	2014/15	2015/16	2016/17
	'000 tons				
Avocados	87,0	97,7	98,4	87,8	77,9
Bananas	392,2	463,3	425,7	402,0	287,9
Pineapples	96,8	96,7	95,9	105,0	88,7
Mangoes	52,6	57,6	75,7	41,0	60,5
Papayas	14,9	13,7	15,9	14,0	15,2
Granadillas	0,8	0,7	0,8	0,8	0,8
Litchis	5,6	8,3	8,4	8,4	10,4
Guavas	33,6	31,6	31,8	26,6	28,1

The total production of subtropical fruit decreased by 16,9%, from 685 631 tons in 2015/16 to 569 660 tons in 2016/17. Production of mangoes rose by 47,6%, litchis by 23,8%, papayas by 8,6%, and guava by 5,6%.

However the production of bananas dropped by 28,4%, pineapples by 15,5% and avocados by 11,3%.



Bananas, pineapples and avocados contributed 50,5%, 15,6% and 13,7%, respectively to the total production of subtropical fruit during the 2016/17 season.

Domestic sales

During 2016/17, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (69,1%), avocados (10,0%) and pineapples (8,2%), followed by mangoes (7,3%), papayas (3,9%) and guavas, litchis and granadillas combined (1,4%).

The quantities of mangoes, papayas and granadillas sold on the major fresh produce markets increased during 2016/17, while the quantities of avocados, bananas, pineapples, guavas and litchis decreased.

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

Fruit type	2012/13	2013/14	2014/15	2015/16	2016/17
	Tons				
Avocados	26 699	27 157	30 737	27 636	24 979
Bananas	235 189	277 633	255 085	240 413	171 858
Pineapples	23 236	23 793	23 005	21 877	20 396
Mangoes	17 982	15 335	16 251	13 270	18 114
Papayas	9 619	8 720	9 983	9 575	9 785
Granadillas	631	526	545	567	599
Litchis	1 317	1 100	1 028	1 494	1 386
Guavas	2 491	1 652	2 358	1 714	1 520
Total	317 164	355 916	338 992	316 546	248 637

Intake for processing

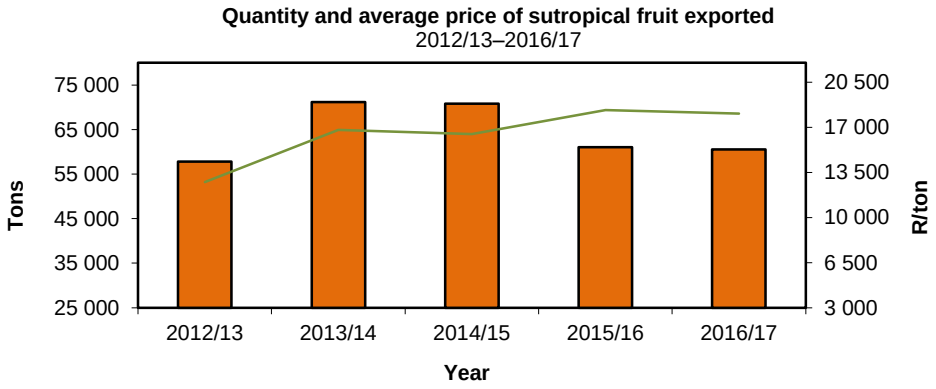
During 2016/17 (July to June), pineapples accounted for 48,4% of the total intake of subtropical fruit types for processing. The other two main contributors to the processing industry were mangoes (25,2%) and guavas (20,4%).

The quantities of avocados, bananas, mangoes, papayas, granadillas guavas, and litchis taken in for processing increased during 2016/17, while the intake of pineapples decreased.

Fruit type	2012/13	2013/14	2014/15	2015/16	2016/17
	Tons				
Avocados	6 161	6 359	4 101	5 874	4 129
Bananas	266	623	573	1 313	1 481
Pineapples	68 522	67 743	68 076	78 844	64 062
Mangoes	30 272	38 105	53 627	22 248	33 348
Papayas	1 528	1 518	2 102	749	1 762
Granadillas	21	111	98	89	122
Litchis	575	268	689	1 026	1 491
Guavas	30 658	29 581	29 035	24 003	25 997
Total	138 003	144 308	158 301	134 146	132 392

Exports

From 2015/16 to 2016/17, total exports of subtropical fruit decreased by 0,8%, from 61 041 tons to 60 525 tons and the average export price decreased by 1,4%, from R18 326/t to R18 067/t.



The main subtropical fruit type being exported is avocados. During 2016/17, exports of avocados contributed 69,8% to the total value of exports of subtropical fruit. Other types that were exported were mangoes, papayas and pineapples.

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 2017/18 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 72 731 ha.

Production

Oranges contributed about 60,4% to the total production of citrus fruit in South Africa during 2016/17. Citrus fruit production decreased by 17,2%, from 2 730 687 tons in 2015/16 to 2 261 107 tons in 2016/17. There has been an annual average decrease of 0,96% over the past five years in citrus production.

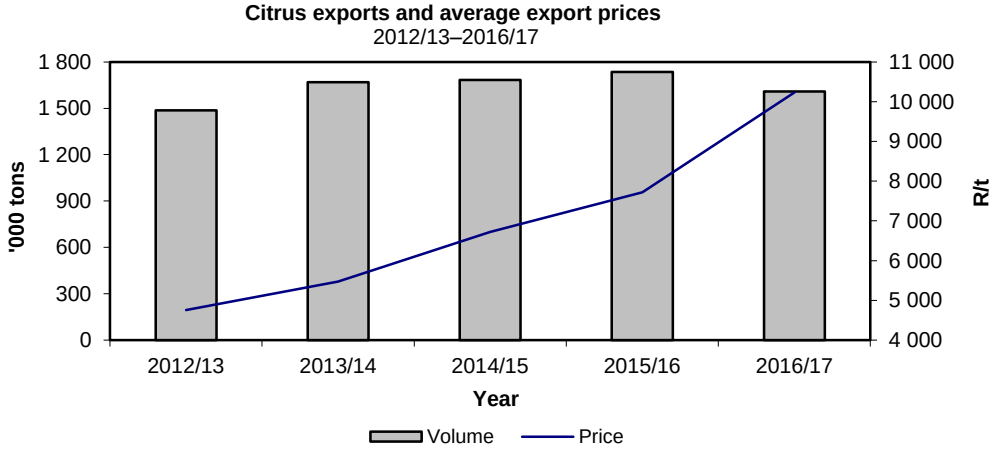
Citrus fruit production for the past five production seasons (1 February to 31 January) is as follows:

Fruit type	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**
	Tons				
Oranges	1 646 425	1 808 142	1 797 476	1 761 115	1 366 058
Grapefruit	308 741	443 066	417 422	390 889	318 241
Lemons	240 750	257 819	329 095	353 057	325 371
Naartjes	34 942	34 817	40 355	41 959	36 166
Soft citrus	152 942	157 361	184 105	183 669	215 270
Total	2 383 800	2 701 205	2 768 453	2 730 687	2 261 107

Exports

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

Exports decreased from 1 736 244 tons during 2015/16 to 1 608 977 tons during 2016/17—a decrease of 7,3%. During 2016/17, the Netherlands, United Arab Emirates, the United Kingdom and the Russian Federation (45,2%) were South Africa's largest trading partners in terms of citrus fruit exports. About 990 580 tons of oranges (approximately 61,6% of the citrus crop) were exported.



Domestic sales

Citrus fruit sales on the major fresh produce markets in South Africa decreased by 13,8%, from 156 707 tons during 2015/16 to 136 224 tons during 2016/17 and comprised about 6,0% of total citrus fruit production. Approximately 65,4% of the oranges production, grapefruit 12,6%, naartjes 10,9% of and 8,5% of soft citrus were sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2012/13 to 2016/17 were as follows:

Fruit type	2012/13	2013/14	2014/15	2015/16	2016/17
	R/ton				
Oranges	1 912	2 075	2 233	2 549	3 651
Grapefruit	2 306	2 336	3 113	3 960	5 240
Lemons	4 754	5 550	6 771	7 236	7 799
Naartjes	4 966	5 785	6 131	6 342	7 236
Soft citrus	3 751	4 368	4 717	5 019	6 212

Processing

Approximately 16,8% of the total citrus fruit production was taken in for processing during 2016/17. Citrus fruit taken in for processing decreased by 44,4%, from 682 000 tons in 2015/16 to 379 437 tons in 2016/17.

Consumption

Per capita consumption of citrus fruit from 2012 to 2016 was as follows:

Year	2012	2013	2014	2015	2016
	kg/year				
Per capita consumption	15,49	18,48	19,50	17,44	10.52

Research

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

Vegetables (excluding potatoes)

General

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

Production

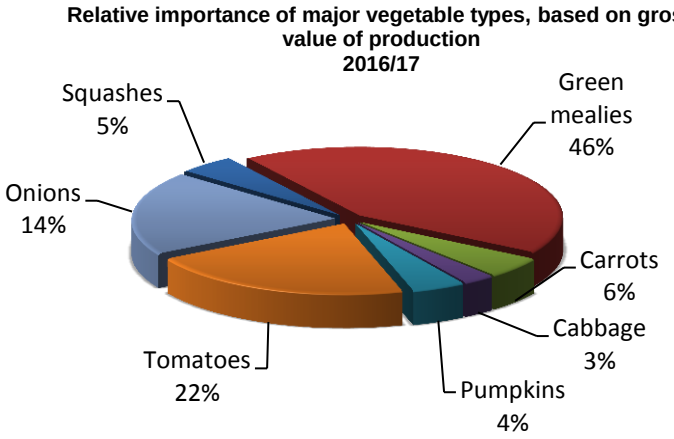
From 2015/16 to 2016/17 (July–June), the total production of vegetables (excluding potatoes) increased by 3,1%, from 2 865 115 tons to 2 953 804 tons. All the major vegetable types in terms of volumes produced, increased, but the production of cabbage rose by 13 437 tons or 9,4% and tomatoes by 46 820 tons or 8,3%.

The production of vegetables (excluding potatoes) in South Africa for the period 2012/13 to 2016/17 compares as follows:

Year	2012/13	2013/14	2014/15	2015/16	2016/17
	'000 tons				
Tomatoes	527	538	547	563	610
Onions	596	619	675	687	704
Green mealies and sweet corn	361	362	373	378	380
Cabbages	136	146	146	139	152
Pumpkins	247	245	256	254	256
Carrots	183	184	202	214	218
Other	592	593	633	630	634
Total	2 642	2 687	2 832	2 865	2 954

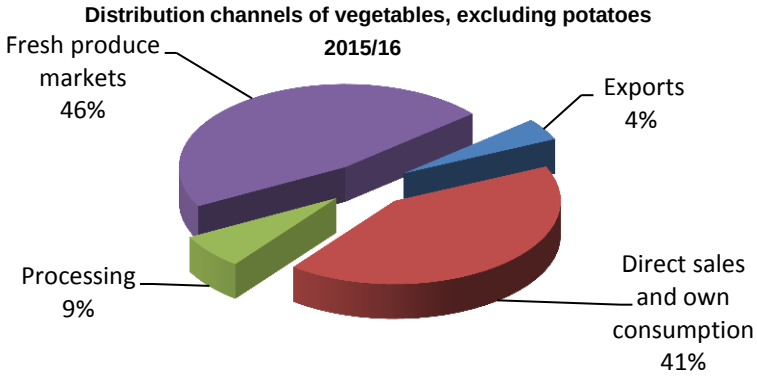
Relative importance of major vegetable types

The relative importance of the major vegetable types, according to gross value of production during the 12 months up to 30 June 2017, 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 2016/17 amounted to 1 347 321 tons, as against 1 310 698 tons sold during 2015/16, which represents an increase of 2,8%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2012/13 to 2016/17 are as follows:

Year	2012/13	2013/14	2014/15	2015/16	2016/17
	R'000				
Tomatoes	1 370 406	1 488 671	1 521 882	1 737 235	1 690 172
Onions	1 103 915	1 235 504	1 091 704	1 466 365	1 358 336
Green mealies and sweet corn	37 269	41 286	47 406	56 553	60 883
Cabbages	199 188	235 093	234 943	254 430	256 266
Pumpkins	99 231	113 422	103 988	114 009	125 861
Carrots	333 205	415 981	362 382	467 081	461 563
Other	1 649 565	1 835 291	1 912 457	2 246 264	2 314 167
Total	4 792 779	5 365 248	5 274 762	6 341 937	6 267 248

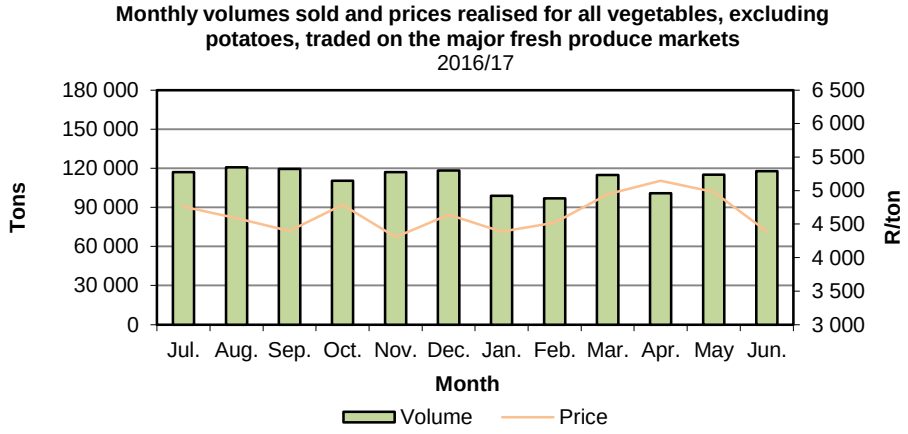
The value of onions showed a decrease of 7,4% from 2015/16 to 2016/17, followed by tomatoes with 2,7%. The value of pumpkins increased by 10,4%.

Prices

The average prices of vegetables realised on the fresh produce markets for the period 2012/13 to 2016/17 were as follows:

Year	2012/13	2013/14	2014/15	2015/16	2016/17
	R/ton				
Tomatoes	5 053,83	5 263,31	5 424,79	6 426,88	5 973,38
Onions	3 304,34	3 568,16	2 872,62	3 799,54	3 421,01
Green mealies and sweet corn	10 115,97	9 951,96	12 480,18	16 161,39	15 738,78
Cabbages	1 950,37	2 176,56	2 173,01	2 482,33	2 273,91
Pumpkins	1 805,69	2 262,87	1 854,47	2 236,84	2 389,79
Carrots	3 012,99	3 746,35	2 958,48	3 707,33	3 530,98
Other	3 900,66	4 281,01	3 986,07	4 838,59	4 651,64

Of the major vegetable types, the prices decreased except for pumpkins that showed an increase of 6,8%.



Consumption

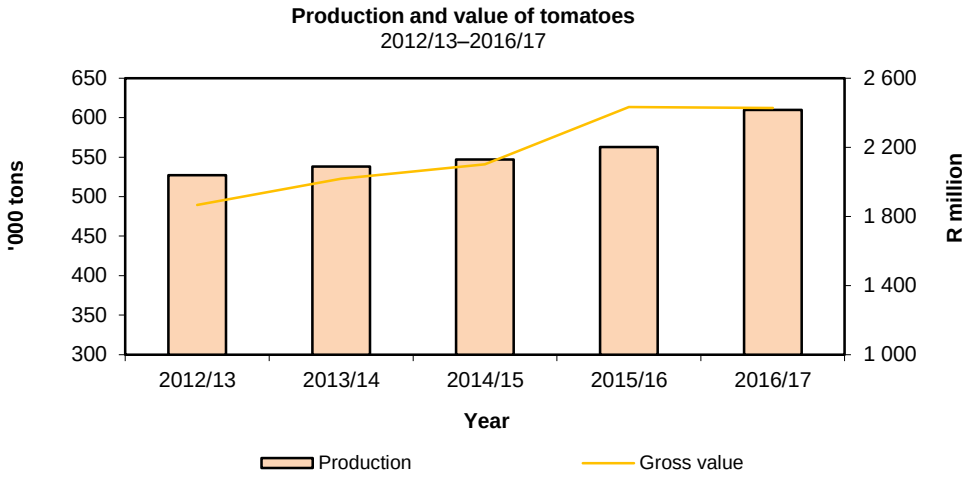
The importance of vegetables in a healthy diet is being strongly promoted by all the stakeholders in the fresh produce marketing chain. The per capita consumption of fresh vegetables was 45,24 kg during 2016/17, approximately 0,9% higher than the 44,83 kg of 2015/16.

Tomatoes

Production and value

Production of tomatoes increased by 8,3%, from 563 188 tons in 2015/16 (July to June) to 610 008 tons in 2016/17.

The gross value of production decreased by 0,2%, from R2 433 million in 2015/16 to R2 427 million in 2016/17.



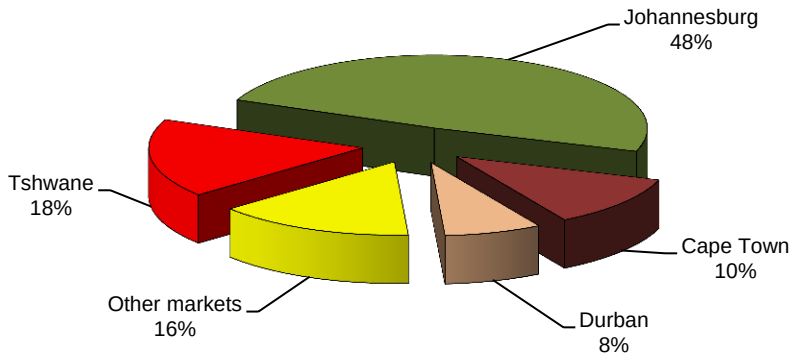
Sales

Sales on fresh produce markets constituted approximately 46,4% and direct sales approximately 25,0% of the total volume of tomato sales.

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

The quantity of tomatoes sold on the 19 major fresh produce markets increased by 4,7%, from 270 308 tons in 2015/16 to 282 951 tons in 2016/17.

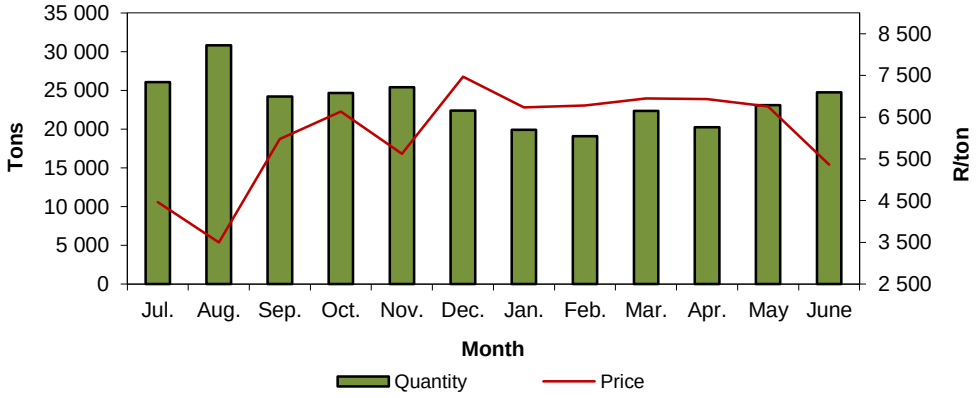
Tomato sales on the major fresh produce markets
2016/17



Prices

The average price of tomatoes sold on the major fresh produce markets decreased by 7,1%, from R6 426,88 per ton during 2015/16 to R5 973,38 per ton during 2016/17. The increase was mainly the result of a decrease in volumes being offered. Tomatoes are subjected to large seasonal price fluctuations; therefore, there is a high price risk involved.

Monthly sales and prices of tomatoes on major fresh produce markets
2016/17



*Exports**

The quantity of tomatoes exported increased significantly by 23,4%, from 13 513 tons in 2015/16 to 16 676 tons in 2016/17. Approximately 95,8% of total tomato exports were to Mozambique during 2016/17 and 2,1% to Angola and Zambia, respectively.

*Source: *Customs and Excise*

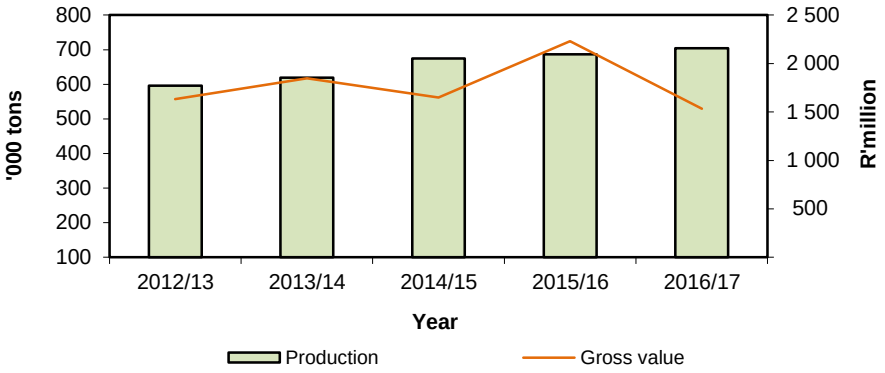
Onions

Production

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

Approximately 703 726 tons of onions were produced during the 2016/17 season (July to June). This is 2,4% more than the 687 341 tons of the previous season. The industry experienced an average annual increase of 3,2% in production from 2012/13 to 2016/17.

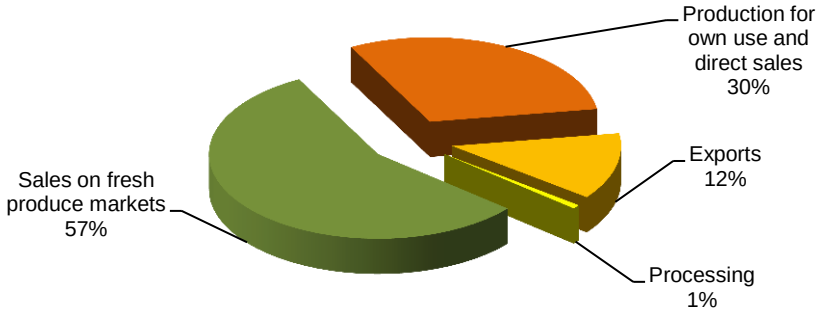
Production and value of onions
2012/13–2016/17



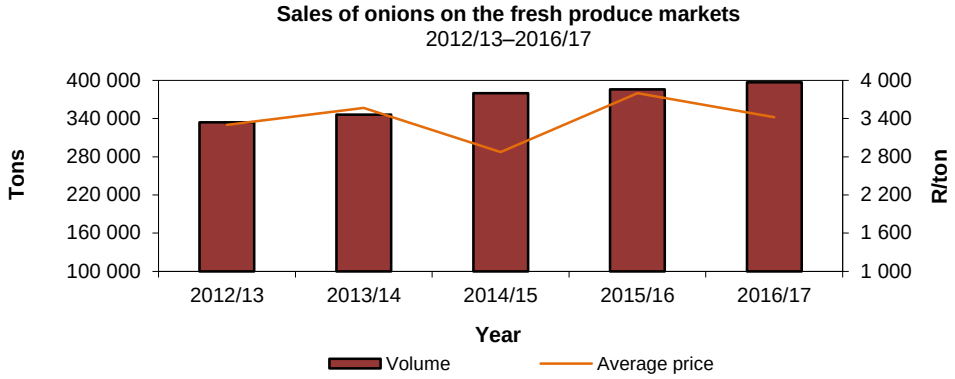
Sales

The fresh produce markets remain an important marketing channel for onions. Approximately 57% of the total production during the 2016/17 season was sold on the major fresh produce markets, while 12% was exported. The remainder comprises of producers' own consumption and direct sales to supermarkets and chain stores (30%) and a small quantity, less than 1%, was sold to processing factories.

Distribution of the onion crop
2016/17



The sales of onions on the fresh produce markets increased by 2,9%, from 385 933 tons in 2015/16 to 397 056 tons in 2016/17.



Prices

The average price of onions sold on the fresh produce markets decreased by 11,1%, from R3 800 per ton in 2015/16 to R3 421 per ton in 2016/17. This was mainly the result of an increase in the volumes of onions supplied to the markets.

Processing

Approximately 1% of the total production of onions was taken in for processing during the 2016/17 season. There has been an increase in the total processing of onions since the 2012/13 season, when 2 121 tons were taken in for processing to 5 524 tons in the 2016/17 season. During 2016/17, about 79,8% was canned and the remaining 20,6% was frozen.

*Exports**

During the 2016/17 season, the volume of onions exported represented approximately 12,3% of the total onion crop. The volume of exports decreased by 1,2%, from 87 722 tons in 2015/16 to 86 680 tons during 2016/17.

* Source: *Customs and Excise*

Potatoes

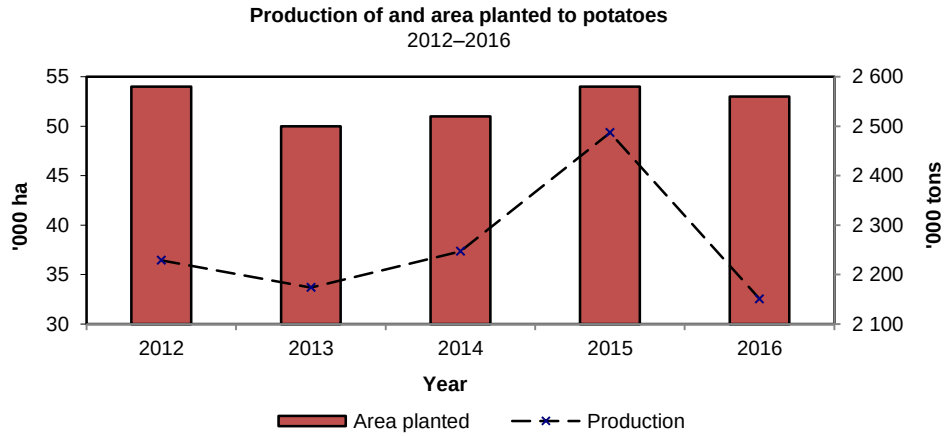
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in the Free State, Western Cape, Limpopo and Mpumalanga provinces. Potatoes are planted at different times because of climate differences in the production areas, resulting 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 2016 were 52 722 ha, which was 2,2% lower than the 53 933 ha of the previous year.

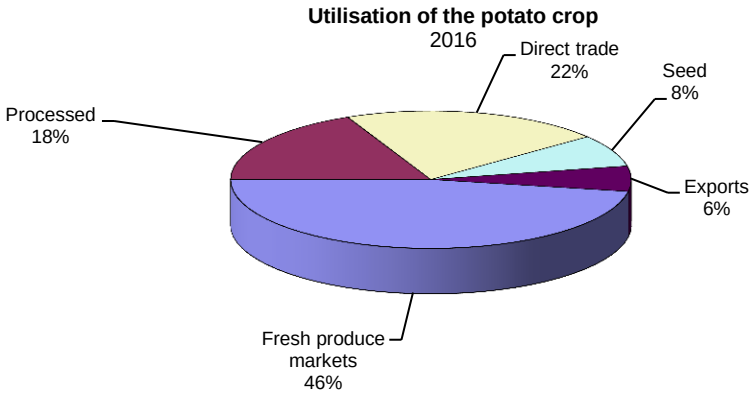
Production

In 2016, the average yield was approximately 4 069 x 10 kg pockets per hectare, compared to 4 611 x 10 kg pockets per hectare in 2015, which is a decrease of 11,8%.



Sales

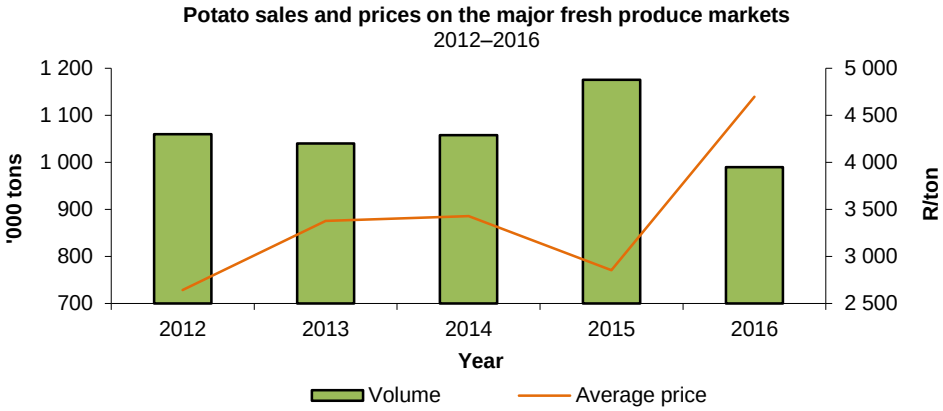
The major fresh produce markets remain an important channel for the sale of potatoes.



During 2016, approximately 99 million x 10 kg pockets of potatoes were sold on the major fresh produce markets, as against 117 million in 2015—a decrease of 15,4%. The Johannesburg Fresh Produce Market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the five years from 2012 to 2016, potato sales on the major fresh produce markets on average showed an increase of approximately 0,7%.

Prices

Between 2012 and 2016, potato prices realised on the major fresh produce markets increased significantly by an average of 9,6% per annum, from R2 645 per ton in 2012 to R4 695 per ton in 2016.



The average price increased significantly by 64,4%, from R2 855 per ton in 2015 to R4 695 per ton in 2016.

Processing

During 2016, approximately 18,1% of the total potato production was taken in for processing. About 90,9% of these potatoes were processed into potato chips, both fresh and frozen. The remaining 7,8% and 1,3% was used for freezing and canning, respectively. The processing of potatoes showed a decrease of 14,1%, from 451 899 tons in 2015 to 388 336 tons in 2016 due to the smaller crop.

*Exports**

More than 74 071 tons, approximately 3,4% of total local potato production, was exported during 2016. The quantities of potatoes exported decreased significantly by 25,3% from 2015. During 2016, 98,7% of total potato exports went to SADC, East and Southern Africa and Western Africa.

*Source: *Customs and Excise*

Consumption

The total gross human consumption of potatoes decreased by 13,8% to 1 811 million tons during 2016 and the per capita consumption decreased by 15,3% to about 32,39 kg.

Year	**2012**	**2013**	**2014**	**2015**	**2016**
Total production (‘000 tons)	2 229	2 174	2 247	2 487	2 151
Gross human consumption (‘000 tons)	1 888	1 833	1 883	2 102	1 811
Per capita consumption (kg p.a.)	36,11	34,59	34,87	38,26	32,39

Prospects

It is expected that there will be a 13,5% increase in the production of potatoes in 2017, to a total crop of approximately 244,9 million x 10 kg pockets with the area of 51 722 ha.

ANIMAL PRODUCTION

Livestock numbers

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

Due to the drought that has affected the country in recent years, the area involved in cattle, sheep and goat farming, which is approximately 590 000 km^2, has been negatively affected. Representing 53% of all agricultural land in the country, this badly affected grazing area has resulted in pockets of livestock mortality in provinces such as the Eastern Cape and recently Northern Cape (Worm) and the Western Cape, while livestock conditions were recorded fair to good in other 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, with challenges of wild animals and stock theft threatening the successful farming thereof.

The past couple of years have seen below normal rainfall in most provinces, impacting the availability of fodder and grazing, resulting in farmers having to supplement with feed. As such, it is logical that a good correlation would exist between rainfall and the size of the national herd, particularly cattle.

Cattle

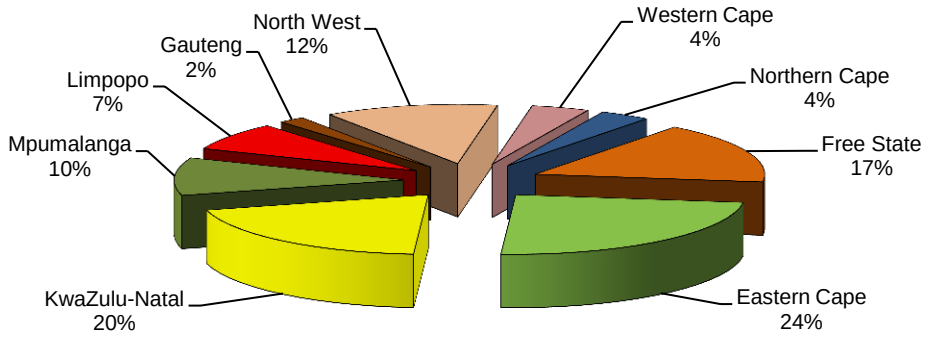
Cattle are found throughout the country, but mainly in the Eastern Cape, KwaZulu-Natal, Free State and North West provinces. Herd sizes vary according to type of cattle, ranging between less than 50 and 300 for dairy cattle, while beef cattle herds range from fairly small (less than 20 head of cattle) to large farms and feedlots (more than 4 000 head). Some farms in the North West and Gauteng provinces have been found to have some of the largest cattle herds in in the country. The production of weaners for the feedlot industry is the main form of cattle farming – feedlots account for approximately 75% of all beef produced in the country. Prices (R/kg) for weaners and live animals are higher for the first half of the year in comparison to 2016.

The total number of cattle in South Africa at the end of August 2017 is estimated at 13,31 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 0,65% lower than the estimate of 13,40 million as at the end of August 2016. Beef cattle contribute approximately 80% to the total number of cattle in the country, while dairy cattle make up the remaining 20%. Holstein-Friesian, Jersey, Guernsey and Ayrshire are the four major dairy breeds found in South Africa.

Cattle numbers per province since 2013 were estimated to be as follows: ** Preliminary*

Province	**2013**	**2014**	**2015**	**2016**	**2017***
	'000 (August)				
Western Cape	575	564	558	552	535
Northern Cape	498	503	502	492	492
Free State	2 298	2 304	2 279	2 232	2 254
Eastern Cape	3 284	3 338	3 321	3 268	3 251
KwaZulu-Natal	2 726	2 740	2 683	2 633	2 555
Mpumalanga	1 453	1 438	1 399	1 373	1 333
Limpopo	1 067	1 055	1 016	987	998
Gauteng	255	254	248	246	251
North West	1 706	1 719	1 688	1 616	1 643
Total	13 862	13 915	13 694	13 399	13 312

Distribution of cattle by province
August 2017* (%)

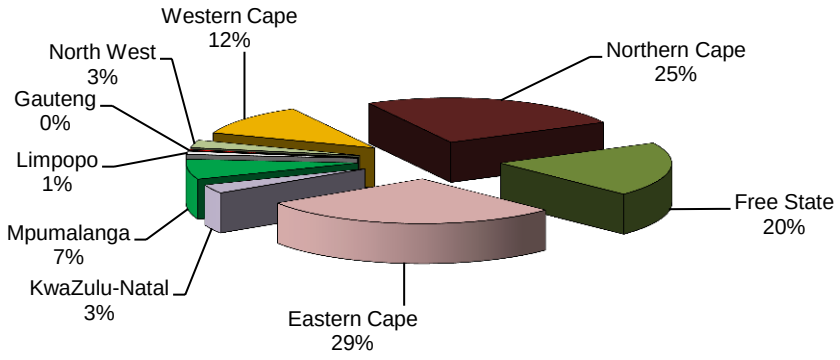


There are various breeders' organisations representing most international and indigenous cattle breeds. Most of the organisations are affiliated to the South African Studbook and Animal Improvement Association. The Milk Producers' Organisation (MPO) is the most prominent producer organisation in the 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 2017 were estimated at 23,35 million, 0,66% higher than the estimated 23,29 million as at the end of August 2016. For August 2016, 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.

Distribution of sheep by province
August 2017* (%)



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

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

The 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 2013 was estimated to be as follows:

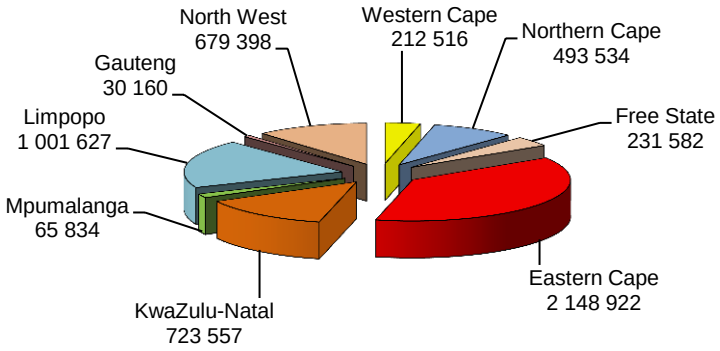
Province	2013	2014	2015	2016	2017*
	'000 (August)				
Western Cape	2 924	2 818	2 800	2 757	2 740
Northern Cape	6 188	5 995	5 956	5 768	5 745
Free State	4 822	4 773	4 727	4 517	4 591
Eastern Cape	7 026	6 987	6 967	6 866	6 888
KwaZulu-Natal	757	755	747	727	729
Mpumalanga	1 772	1 772	1 739	1 692	1 702
Limpopo	264	258	254	235	231
Gauteng	102	99	99	95	94
North West	673	666	649	630	629
Total	24 528	24 123	23 938	23 287	23 349

**Preliminary*

Goats

Goats are found mainly in the Eastern Cape, Limpopo, KwaZulu-Natal and North West provinces. Estimates indicate that there was a decrease of 0,56% in the number of goats, from 5,618 million in August 2016 to 5,587 million in August 2017.

Distribution of goats by province
August 2017*



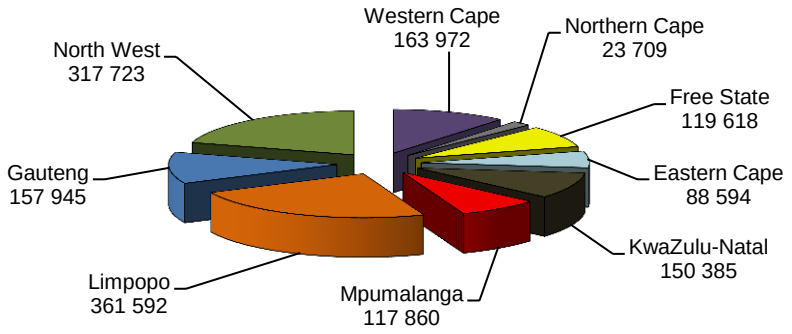
**Preliminary*

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

Pigs

Pigs are found predominantly in the Limpopo, North West, Gauteng and Western Cape provinces. There are approximately 400 commercial pork producers and 19 stud breeders in South Africa. It is estimated that pig numbers decreased from 1,512 million in August 2016 to 1,501 million as of August 2017, a drop of 0,73%.

Distribution of pigs by province
August 2017*



**Preliminary*

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 17,4% to the gross value of agricultural production in the RSA during 2016/17. 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 decreased by 2,4%, pigs slaughtered by 2,5% and sheep (including lambs) slaughtered decreased by 6,1% from 2015/16 to 2016/17.

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

Year	2012/13	2013/14	2014/15	2015/16	2016/17
Cattle	2 374 057	2 648 405	2 838 344	3 000 658	2 927 691
Sheep and lambs	4 772 301	5 281 651	5 466 996	5 133 181	4 821 662
Pigs	2 551 753	2 655 338	2 732 297	2 810 227	2 739 911

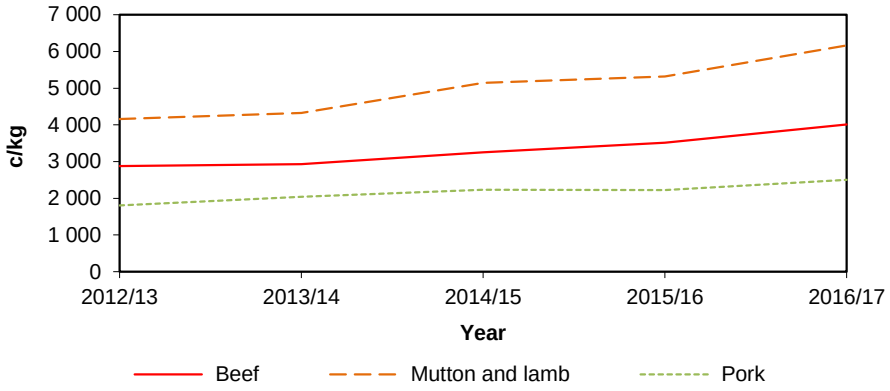
Auction prices

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 2016/17 amounted to R40,15/kg (average for all classes on all auction markets), which represents an increase of 14,2% from the average price of R35,17/kg for 2015/16.

In view of the ever-strong influence of international trade on the local mutton industry, both the cyclical and

Average producer prices of beef, mutton and pork
2012/13–2016/17 (July to June)



seasonal price patterns for mutton were influenced by imports. The average producer price for mutton and lamb increased by 15,9%, from R53,21/kg in 2015/16 to R64,65/kg in 2016/17.

The average producer price for pork increased by 12,3%, from R22,25/kg in 2015/16 to R24,99/kg in 2016/17.

Imports

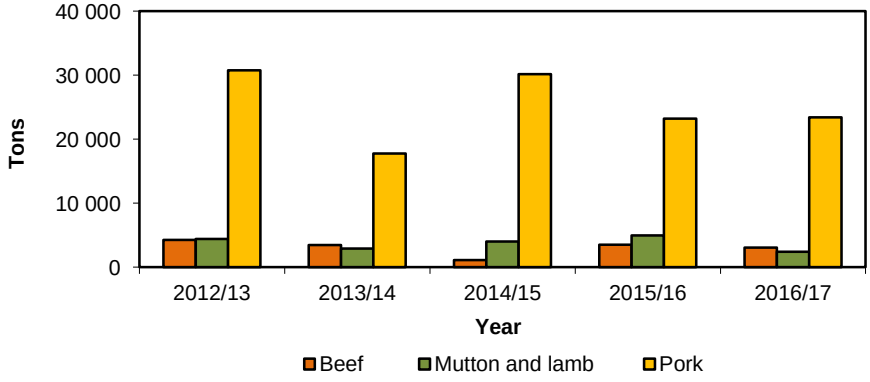
Imports of red meat decreased by 13,1%, from 31 697 tons in 2015/16 to 27 545 tons in 2016/17 (13,0% lower than the average of approximately 31 670 tons for the five years up to 2016/17).

Beef imports amounted to 1 709 tons, which is a decrease of 51,3% from the 3 507 tons imported during 2015/16 and 39,2% lower than the five-year average of 2 811 tons up to 2016/17.

Imports of pork amounted to 23 401 tons, a decrease of 0,7% from the 23 238 tons imported during 2015/16 and 6,7% lower than the five-year average of 25 072 tons up to 2016/17.

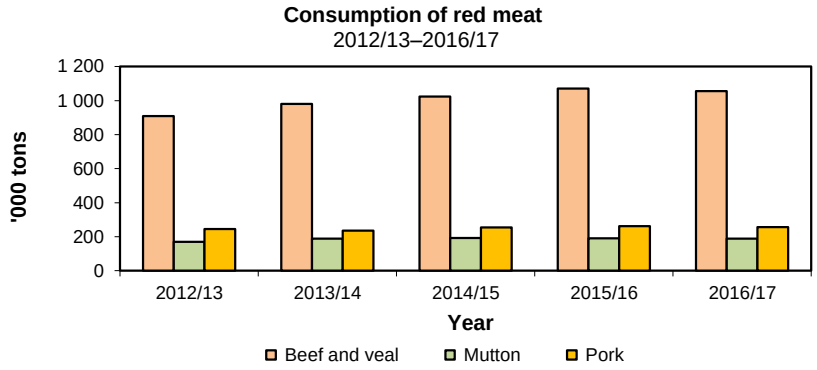
Imports of mutton during 2016/17 amounted to 2 436 tons—a decrease of 50,8% from the 4 953 tons imported the previous year and 35,8% lower than the average of 3 753 tons for the five years up to 2016/17.

Imports of red meat
2012/13–2016/17



Consumption

Consumption of beef and veal showed a decrease of 1,5%, from 1 071 510 tons in 2015/16 to 1 055 530 tons in 2016/17; that of mutton decreased by 0,5%, from 190 500 tons to 189 500 tons and that of pork decreased by 2,1%, from 262 680 tons to 257 230 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.

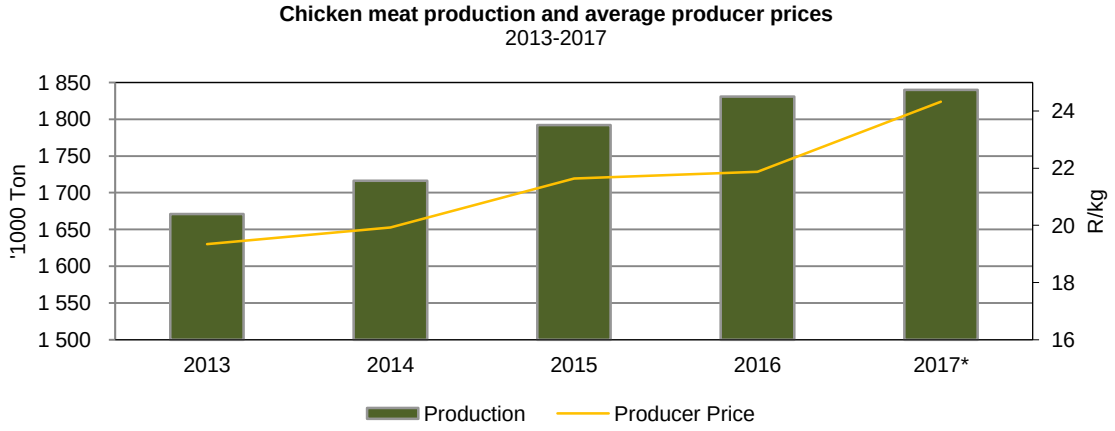
Broiler industry

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

Production

The distribution of broiler birds (including broiler breeders) per province is as follows: North West province (22,4%), Mpumalanga (20,3%), the Northern and Western Cape (20,9%), KwaZulu-Natal (10,3%), Gauteng (10,1%), the Eastern Cape (7,4%), the Free State (5,8%) and Limpopo (2,8%).

In 2016, a total of 991,1 thousand day–old chicks were hatched, a decrease of 2,3% compared to the previous year. During the first six months of 2017, 513,8 million chicks were hatched, a 4,3% decrease during the same period of 2016. The average number of broilers slaughtered for commercial markets during 2016 was estimated at 935,6 million. This is 3,1% less than the 965 million slaughtered during 2015. Annual production of chicken meat totalled 1,831 million tons in 2016. This includes broilers for commercial markets, production by subsistence farming as well as meat from the sale of spent broiler breeder hens and cocks and spent hens from the egg industry. During the first six months of 2017, an average of 17,9 million broilers



were slaughtered per week, totalling to 462,2 million birds.

** Expected production for 2017 and average producer price for the first nine months of 2017*

Prices received by producers

The average weighted basic gross price (before rebates, advertising and distribution costs are deducted) received by producers of broilers increased by 11,2%, from R21,88/kg in 2016 to R24,33/kg in the first nine months of 2017.

Average weighted producer prices of broilers from 2013 to 2017 are as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017***
	R/kg				
Price of broilers	18,35	19,93	21,64	21,88	24,33

** Preliminary: January to September 2017*

Consumption

The consumption of poultry meat in 2016 accounted to 59,2% of total meat consumption (beef, mutton, goat, pork and poultry) compared to 58,0% in 2015.

Per capita consumption of commercially produced poultry meat from 2012 to 2016 is as follows:

Year	**2012**	**2013**	**2014**	**2015**	**2016**
	kg/year				
Per capita consumption	39,2	38,3	38,2	40,4	41,8

Imports

In 2016, poultry imports totalled 560 155 tons, a year-on-year increase of 81 708 tons or 17,1%. The value of imports amounted to R5,48 billion.

Brazil was the main country of origin of imports in 2016, accounting for 41,7%, or 233 787 tons of total poultry imports into South Africa. The Netherlands was the second largest importer with 19,7%, followed by the United Kingdom with 8,2%. Spain and the United States of America were at fourth and fifth position with 7,1% and 4,7% of imports, respectively. During 2016, an estimated 33% of domestic poultry production comprised of imported poultry meat.

Prospects

The poultry industry appears to have been under pressure in the past few months. The industry is under strain by a combination of avian influenza, weakening economy and growing competition from imported poultry meat. Lower grain and oilseed price could contribute to a reduction in feed cost during the coming months.

Egg industry

Based on information provided by SAPA, the distribution of layers per province is as follows: Gauteng (24,2%), Northern and Western Cape (24,2%), Free State (13,8%), KwaZulu-Natal (10,3%), North West (9,8%), Mpumalanga (7,7%), Limpopo (6,8%) and the Eastern Cape (3,2%).

The number of layers decreased by 0,2%, from 24,85 million in 2015 to 24,80 million in 2016. The size of the national flock is expected to decrease further by 2,2% during 2017 to 24,26 million layers.

The average price received by egg producers during the first nine months of 2017 was only 1,8% higher than the average price received during the same period of 2016.

The average weighted producer prices of eggs from 2013 to 2017 are as follows:

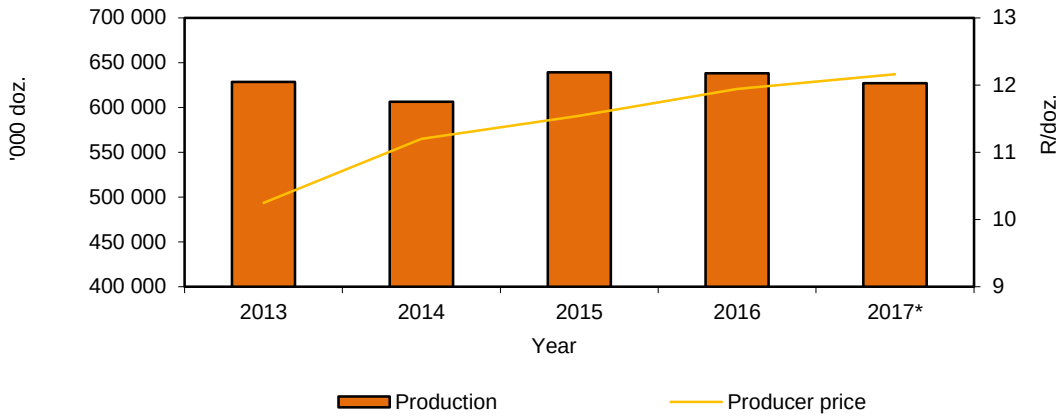
Year	2013	2014	2015	2016	2017*
	R/dozen				
Price of eggs	10,25	11,20	11,54	11,94	12,16

** Preliminary: January to September 2017*

Production

Egg production showed a year-on-year decrease of 0,2% in 2016. The average number of cases produced per week was 406 773 compared to 407 770 cases per week in 2015. The total production of eggs for

Production of eggs and prices received by producers
2013–2017



human consumption in 2016 was 638 million dozen or 21,3 million cases.

** Expected production for 2017 and average producer price for the first nine months of 2017*

Consumption

The per capita consumption in 2016 was 141,4 eggs or 8,05 kg compared to 142,4 eggs or 8,12 kg in 2015. Considerable scope exists for the per capita consumption to increase, because eggs are still a relatively cheap source of protein. During the 2016 year, 504 230 tons of eggs were consumed. This amounted to 12% of the total protein (beef, mutton, goat, pork, poultry and eggs) consumption.

Prospects

The egg industry endured a tough year due to the culled chickens while the country might consider importing fertile eggs to help close a supply gap following the avian influenza outbreak. The egg business remained under severe pressure after laid eggs were destroyed in the first seven months of 2017. As a result of the poor economic outlook and high unemployment level, demand is expected to remain subdued.

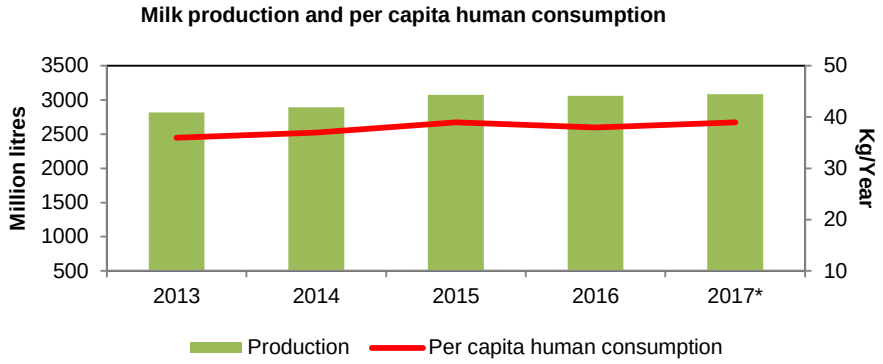
Milk

Although milk is produced in all the areas of South Africa, the coastal areas are the most suitable because of their mild temperatures and good rainfall conditions, which lead to improvements in animals and pasture conditions. According to the Milk Producers' Organisation (MPO), the estimated number of commercial milk producers in the country decreased by 5,3%, from 1 683 in January 2016 to 1 593 in January 2017. The estimated number of milk producers decreased by 12,2% on average per year since January 2009.

In 2015, the Eastern Cape province was the largest milk producer with an estimated share of 30,6%, followed by the Western Cape (26,5%), KwaZulu-Natal (25,7%), Free State (6,1%), North West (4,7%), Gauteng (2,9%) and Mpumalanga (2,1%), Northern Cape (1,0%) and Limpopo (0,4%).

Proportionally, South African milk production to world milk production is very small and it was estimated at only 0,4% in 2016. However, in terms of the value of agricultural production, the milk industry was the fourth largest agricultural industry in the country in 2016. The gross value of milk produced in 2016, including milk for the producer's own consumption and on-farm usage, increased by 10,1% and amounted to R15 807 million, from R14 357 million in 2015.

Milk production in South Africa usually meets the local demand and therefore shortages are unlikely reported every year. Production of milk for the first six months of 2017 (*January to June*) decreased marginally by 0,4% to 1 404 million litres, compared to 1 409 million litres during the same period in 2016. Commercial milk production dropped slightly by 0,5% to 3 061 million litres in 2016, from 3 075 million litres in 2015. In South Africa, the average per capita human consumption of milk is 38 kg per year.



Source: MPO and DAFF
***** *DAFF estimates*

Imports and exports of dairy products

According to the Milk Producers' Organisation (MPO), the imports of dairy products decreased by 16,3% to 58 000 tons in 2016, compared to 69 295 tons in 2015. The exported dairy products also decreased by 18,0% and was estimated at 50 279 tons in 2016, from 61 316 tons in 2015. This led to South Africa becoming a net importer of dairy products in 2015 and 2016 as the result of the continued growth in demand and a marginal decline in production.

Prices

Producer price of milk increased by an average of 9,3% to R4,80/ℓ for the first six months of 2017, from R4,39/ℓ during the same period in 2016, mainly because of the growth in demand.

Production season	**2013**	**2014**	**2015**	**2016**	**2017***
	c/ℓ				
Average producer price	347	426	415	456	480

Source: MPO
** Preliminary: January to June*

Prospects

Milk production in South Africa is estimated to increase marginally by 0,8% in 2017, largely due to improved weather conditions. The average producer price for the last six months of 2017 (*July to December*) is expected to increase as demand would increase.

According to the FAO, the world milk production is forecast to grow by 1,4% to 831 million tons in 2017, with the major increases emanating from Asia (especially India) and the Americas. Production in India is forecast

to expand by 3,9%, or 6,3 million tons in 2017. Increased output is also expected in Pakistan, Turkey, the Islamic Republic of Iran and Saudi Arabia.

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 2016/17 with 13,6 million kg, followed by the Free State with 7,6 million kg, the Western Cape with 6,8 million kg, the Northern Cape with 5,2 million kg and Mpumalanga with 1,9 million kg, while 1,0 million kg were produced in the remaining four provinces.

South Africa's neighbour, Lesotho, which markets its wool in South Africa, produced 6,2 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.

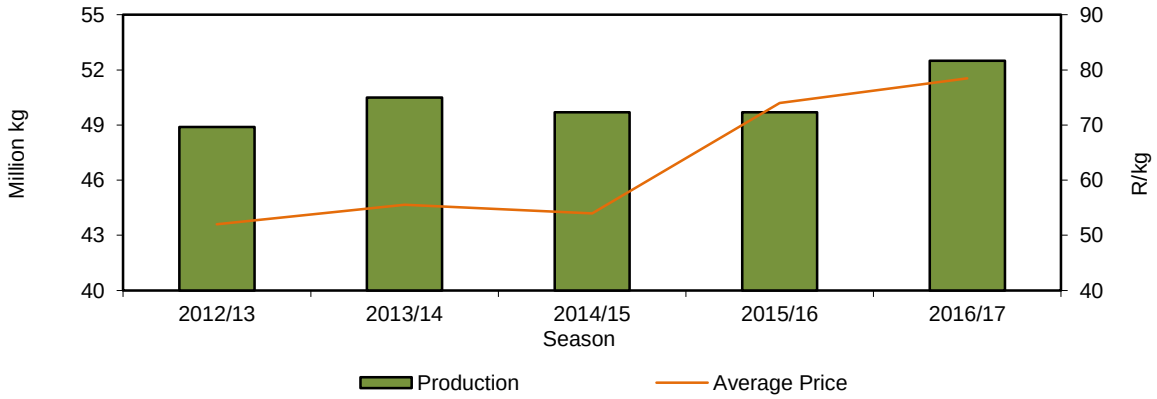
Wool production in South Africa, Lesotho and Namibia increased by 4,9%, from 48,9 million kg in 2015/16 to 51,3 million kg during 2016/17, despite the terrible drought experienced in large parts of the country.

Marketing

An excess of 90% of all greasy wool sold in South Africa is traded by means of weekly auctions taking place from August to June. Normally, there is considerable volatility in prices during and between auctions. The price of wool is determined by a complex set of variables, including the level of the market in Australia on a specific day, exchange rate fluctuations, quantities offered for sale at auctions, the specific demand for different wool types at various times, the extent and timing of contract commitments by local buyers for delivery to clients and the prevailing economic conditions in wool-consuming countries.

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

RSA wool production (including Lesotho and Namibia) and average price
2012/13–2016/17



Marketing arrangements

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

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

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

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

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

Exports

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

During 2016/17, the major export destinations for South African wool were as follows:

Wool shipments to the five top export destinations – July 2016 to June 2017

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	2 708 830	33 218 791	38 377	247 472	7 219	48 407	2 754 426	62,4
Czech Republic	678 879	7 436 239	0	0	0	0	678 879	15,8
Italy	191 326	1 567 447	56 763	424 784	209 779	1 255 859	458 621	10,7
India	105 639	1 030 165	0	0	1 036	11 663	106 675	2,5
Germany	0	0	29 642	260 815	64 339	384 088	93 981	2,2

Outlook

Global economic conditions, the availability of apparel wool and exchange rates will, to a large extent, determine sales and prices for domestic wool producers. The global upswing in economic activity appears to be strengthening. Prospects for the rest of the season remain positive and prices are underpinned by solid demand from China.

Mohair

Production

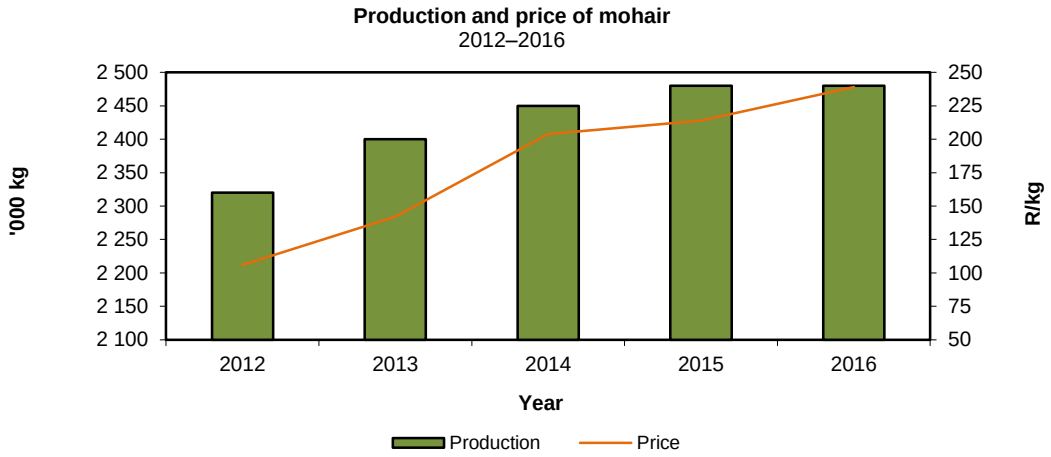
Mohair production in South Africa mainly occurs in the Eastern Cape province as well as the adjacent part of the Western Cape province.

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. From 2012 production increased moderately to 2,48 million kg in 2015 and remained at this level during 2016.

Production of mohair by South Africa during the period 2012 to 2016 is as follows:

Year	2012	2013	2014	2015	2016
	Million kg				
Production	2,3	2,4	2,5	2,5	2,5



Prices

The average auction price of mohair increased by 12,1%, from R213,51/kg in 2015, to R239,40 in 2016. Although the kid sector experienced some downward pressure, the rest of the clip had good demand. Average auction prices of mohair for the period 2012 to 2016 are as follows:

Year	2012	2013	2014	2015	2016
	R/kg				
Price	106,00	142,00	204,00	213,51	239,40

Imports and exports

Most of the world mohair production is imported to South Africa for further processing, after which it is exported together with locally (including Lesotho) produced mohair.

Mohair exports decreased by 14,9% from 2015 at an estimated 2,34 million kg in 2016.

Year	2012	2013	2014	2015	2016
	Million kg				
Imports	1,0	1,2	1,3	1,2	1,3
Exports	2,7	3,0	3,0	2,8	2,3

Prospects

Demand for mohair is expected to remain strong in view of projected growth in China and other emerging Asian markets.