TRENDS

in the

Agricultural Sector 2018

agriculture,
forestry & fisheries

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Trends
in the
Agricultural Sector
2018

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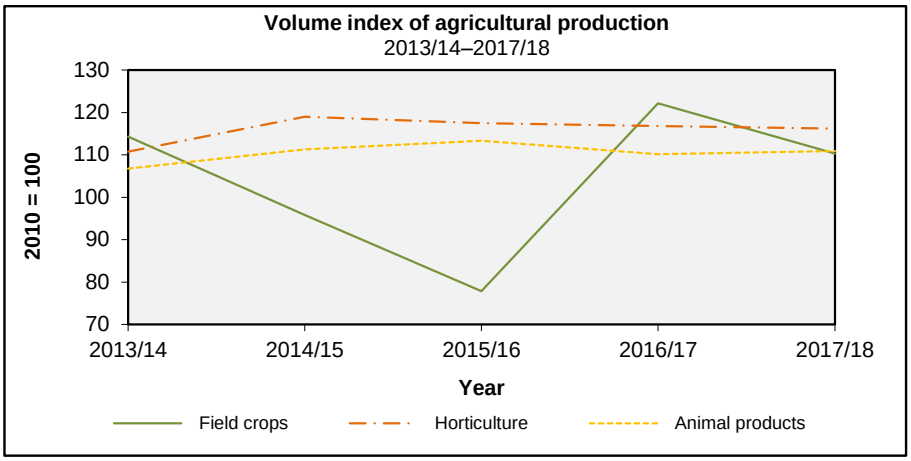
Economic review for the 12 months that ended on 30 June 2018

Volume of agricultural production

The estimated volume of agricultural production in 2017/18 was 2,3% less than in 2016/17.



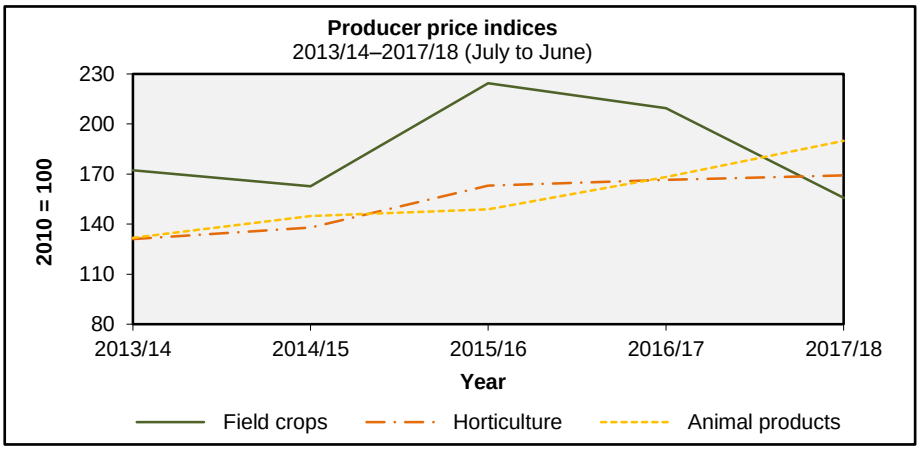
The field crop production volume for 2017/18 decreased by 9,8%, mainly as a result of decreases in the production of summer crops (maize and sorghum), winter crops (wheat, barley, oats and canola), as well as oilseed crops (sunflower seed and groundnuts) and wattle bark. Maize production decreased by 3,8 million tons (21,4%) and sorghum by 79 270 tons (45,4%) from 2016/17 and can mainly be attributed to the delayed rainfall in some parts of the production areas at the start of the planting season that resulted in a decline in the area planted to maize and sorghum, as farmers were unable to complete the planting process due to lower soil moisture levels. Wheat production decreased by 376 665 tons (19,6%), barley by 48 000 tons (13,5%), oats by 32 507 tons (58,5%) and canola by 11 500 tons (11,0%) from 2016/17 and can mainly be attributed to the severe drought conditions that prevailed in the Western Cape Province for a prolonged period. Sunflower seed production decreased by 84 990 tons (9,4%) and groundnut production by 45 320 tons (43,5%) from 2016/17. The production of wattle bark decreased by 26 911 tons (17,9%) from 2016/17.

Horticultural production for 2017/18 decreased slightly by 0,5% from the previous season, which can mainly be attributed to a decrease in the production of deciduous fruit. The decrease in the production of apples by 75 442 tons (7,9%), table grapes by 73 602 tons (20,2%), pears by 37 846 tons (9,1%), peaches by 34 420 tons (18,4%), wine grapes by 33 145 tons (1,6%) and plums by 19 203 tons (23,2%) led to a decrease in deciduous fruit production from the previous season.

Animal production increased slightly by 0,7%, mainly as a result of increases in number of stock slaughtered (pigs and goats), as well as increases in the production of milk and poultry meat. The number of pigs slaughtered increased by 238 881 units (8,8%) and goats by 1 394 units (1,8%). The production of milk increased by 169 828 litres or 4,9% and poultry meat by 38 179 tons or 2,3%, as compared to the previous season.

Producer prices of agricultural products

Producer prices of agricultural products decreased slightly on average by 0,3%, compared to an increase of 4,2% the previous period.



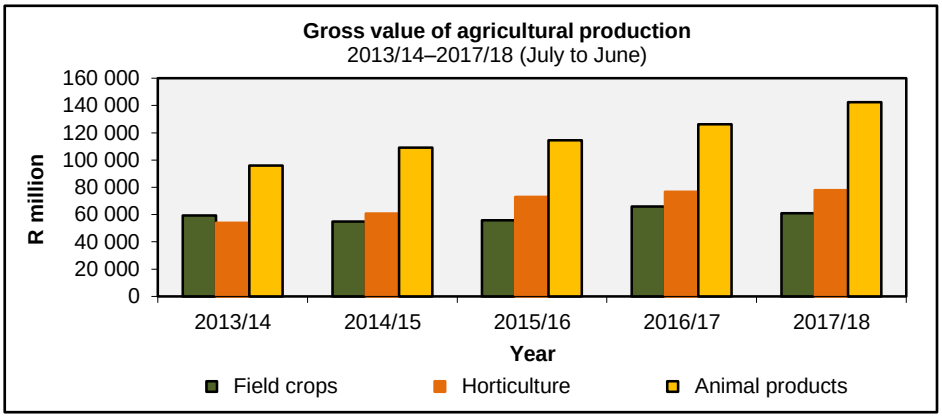
The prices of field crops decreased drastically on average by 25,7%, due to the decrease in prices of summer grains by 39,7%, oilseeds by 16,8%, sugar cane 9,0%, dry beans by 8,6%, hay by 6,1% and winter grains by 3,2%. The prices of cotton increased by 6,9% and tobacco slightly by 0,7%.

The prices of horticultural products increased by 1,8%, due to the increase in the prices of viticulture by 10,9%, vegetables by 1,6% and fruit slightly by 0,4%.

The prices of animal products increased by 12,9%, due to the substantial increase in the prices of pastoral products by 23,5%, poultry meat by 14,7%, slaughtered stock by 12,8% and milk by 3,7%.

Gross value of agricultural production

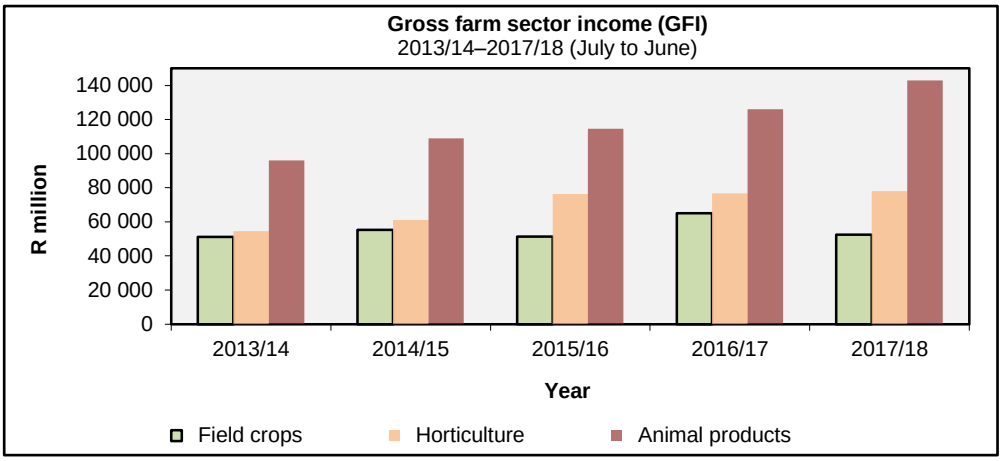
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2017/18 is estimated at R281 370 million, compared to R268 671 million the previous year—an increase of 4,7%. This increase can be attributed mainly to an increase in the value of animal products.



The gross value of animal products, horticultural products and field crops contributed 50,6%, 27,7% and 21,7%, respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 16,5%, followed by cattle and calves slaughtered with 13,5% and maize with 9,2%.

Farming income

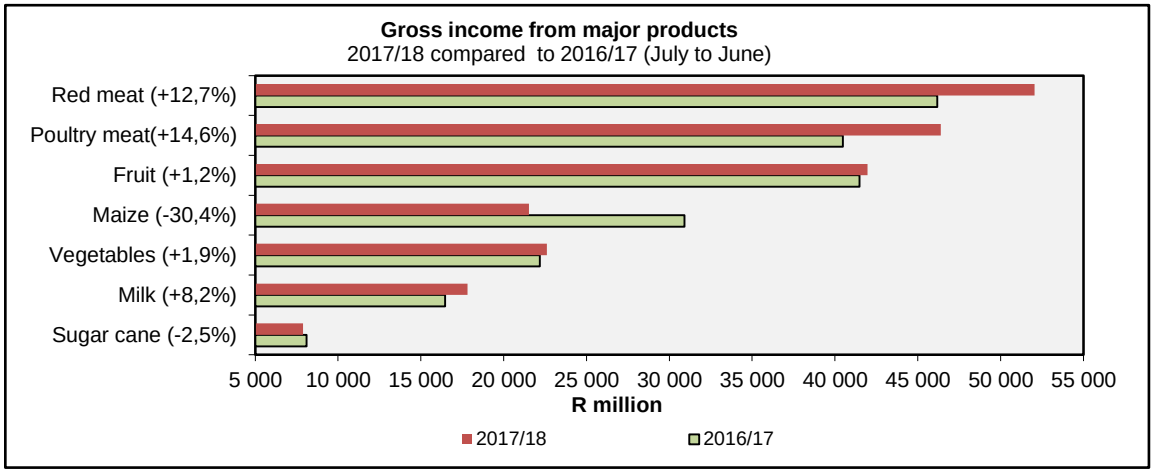
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) for the year ended 30 June 2018 (2017/18) amounted to R273 544 million, compared to R267 920 million the previous year—an increase of 2,1%. This increase can be ascribed mainly to significant decrease of 21,4% in volumes of maize and a decrease of 19,6% in volumes of wheat for the 2017/18 season.



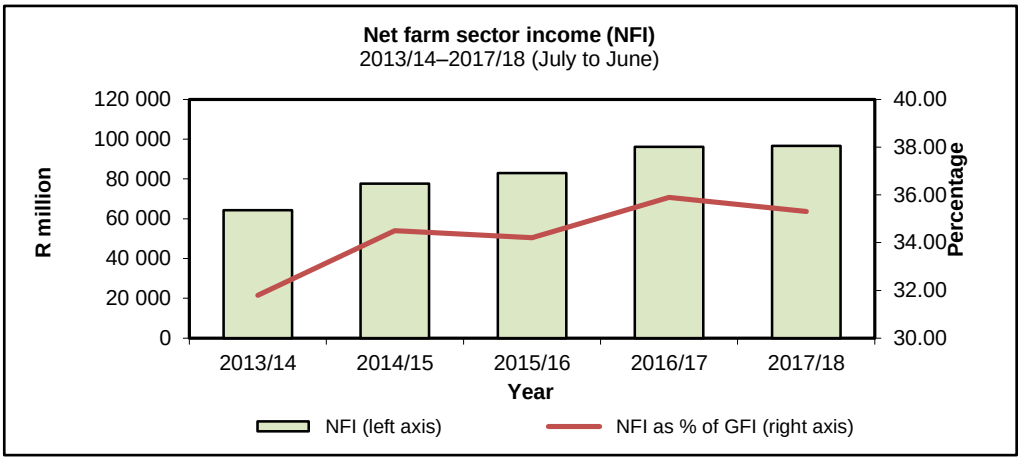
The *gross income from field crops de*creased by 19,3% to R52 572 million for the year ended 30 June 2018. Income from maize decreased by 30,4% to R21 518 million, sugar cane by 2,5% to R7 890 million, wheat by 20,2% to R5 677 million, sunflower seed by 34,5% to R3 175 million, hay by 0,5% to R2 002 million, groundnuts by 35,3% to R487 million and grain sorghum by 28,6% to R335 million. Income from soya beans increased by 7,7% to R6 886 million, cotton by 137,1% to R859 million, dry beans by 11,3% to R974 million and tobacco by 6,1% to R638 million. Income from soya beans increased by 7,7% to R6 886 million, mainly due to the increase in quantities.

The *gross income from horticultural products* increased by 1,8%, from R76 613 million in 2016/17 to R78 008 million in 2017/18. This can be attributed to the increase in income from citrus fruit by 7,8% (*from R18 061 million to R19 461 million*), subtropical fruit by 5,9% (*from R4 039 million to R4 278 million*) and vegetables by 1,9% (*from R22 186 million to R22 605 million*). Income from viticulture decreased by 6,1% (from R5 572 million to R5 231 million) and deciduous and other fruit and by 6,0% (*from R19 390 million to R18 233 million*).

The *gross income from animal products* was 13,3% higher in 2017/18 and amounted to R142 964 million, compared to R126 159 million in 2016/17, mainly as a result of better prices received by the farmers. Income earned from poultry meat increased by 14,6%, to R46 382 million, cattle and calves slaughtered by 14,3% to R37 913, milk by 8,2% to R17 815 million, eggs by 15,3% to R11 846 million, sheep slaughtered by 5,6% to R7 227 million, pigs slaughtered by 10,5% to R6 111 million and wool by 17,4% to R4 380 million. Income earned from ostrich products decreased by 19,7% to R321 million.



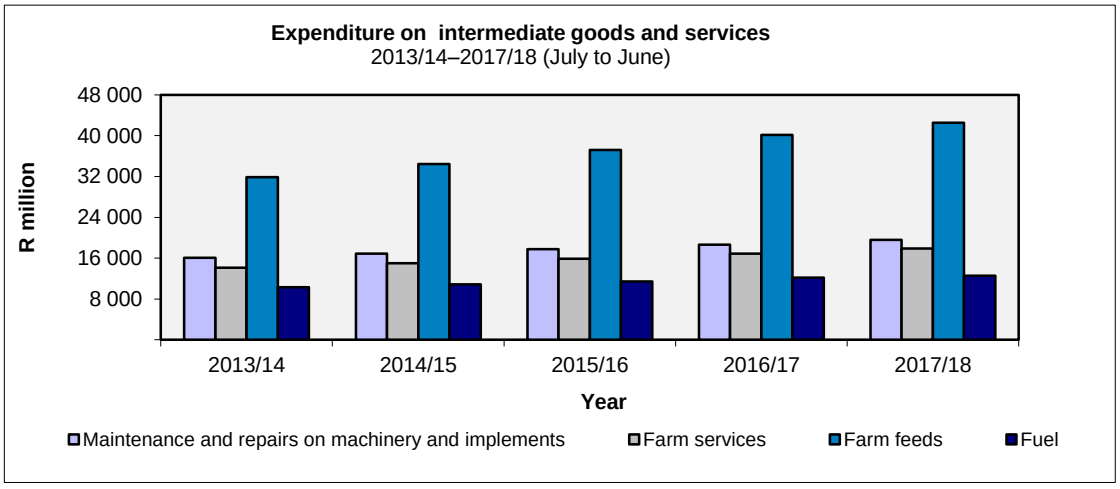
The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) amounted to R96 579 million for the 12 months that ended on 30 June 2018, which is 0,4% more than in the previous 12 months. Payments for salaries and wages, which represented 10,3% of the total farming costs, amounted to R18 908 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2018 is estimated at R9 591 million, or 5,2% of the total farming costs.



Expenditure on intermediate goods and services

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

Expenditure on intermediate goods and services increased by 6,4%, as the result of the increase in expenditure on seeds and plants by 10,0%, packing material and building and fencing material by 9,0% each, animal health and crop protection, and farm services (6,0%), farm feeds (5,8%), maintenance and repairs (5,0%), fuel (3,2%) and fertilisers (3,0%).

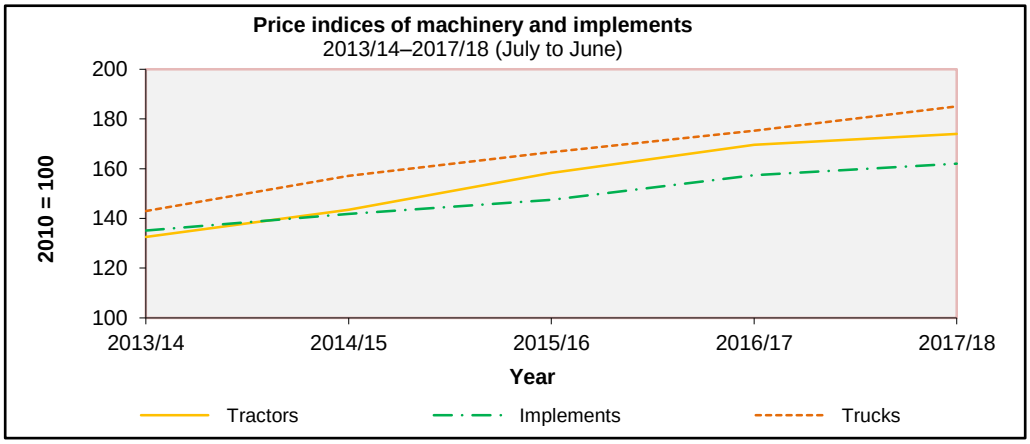


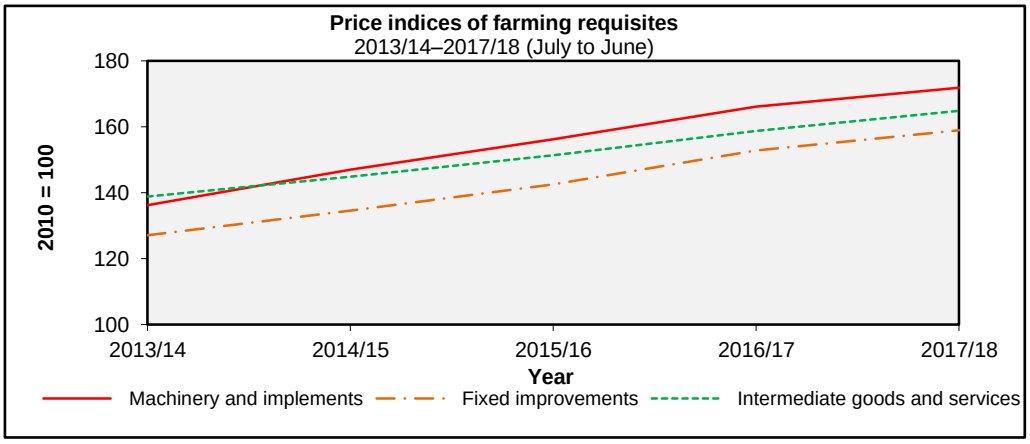
Proportionally, farm feeds had the largest share as an expenditure item, accounting for 29,1%, maintenance and repairs on machinery and implements (13,4%), farm services (12,2%), fuel (8,6%), seed and plants (6,7%), animal health and crop protection (6,2%), packing material (4,9%), fertilisers (4,8%) and building and fencing material (4,1%).

Prices of farming requisites

Prices of farming requisites increased on average by 3,8% for the year ended June 2018, compared to 5,1% in the previous year. This was driven by the increase in prices of animal health and crop protection by 9,8%, seeds (6,2%), packing material (5,8%), trucks (5,6%), maintenance and repairs of machinery and implements by 4,3%, fencing material (4,1%), building material (4,0%), fuel (3,3%), fertilisers (3,2%), tractors (2,6%) and feeds (1,5%).

The combined price index of materials for fixed improvements increased by 4,0%, intermediate goods and services by 3,8% and machinery and implements by 3,5%.



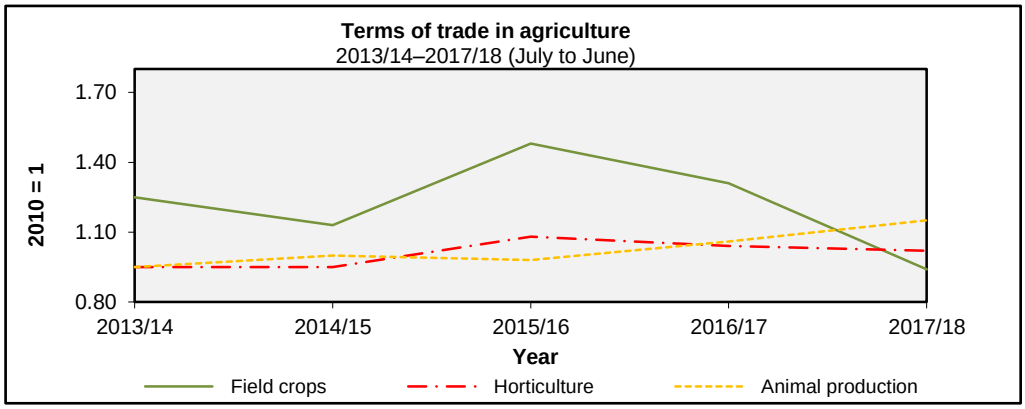


Domestic terms of trade in agriculture (2010 = 1)

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

The *domestic terms of trade* in agriculture decreased by 3,6%, as the result of the increase of 3,8% in production costs and a slight decrease of 0,3% in prices received by the farmers for their products.

The terms of trade for animal products increased by 8,5% (from 1,06 to 1,15), while that of the field crops decreased substantially by 28,2% (from 1,31 to 0,94) and horticultural products by 1,9% (from 1,04 to 1,02).



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 2017 is estimated at R106 421 million. This represents 2,6% 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	3 183 618	63 321	2,0
2014	3 414 943	70 605	2,1
2015	3 625 714	72 240	2,0
2016	3 880 824	81 554	2,1
2017*	4 171 729	106 421	2,6

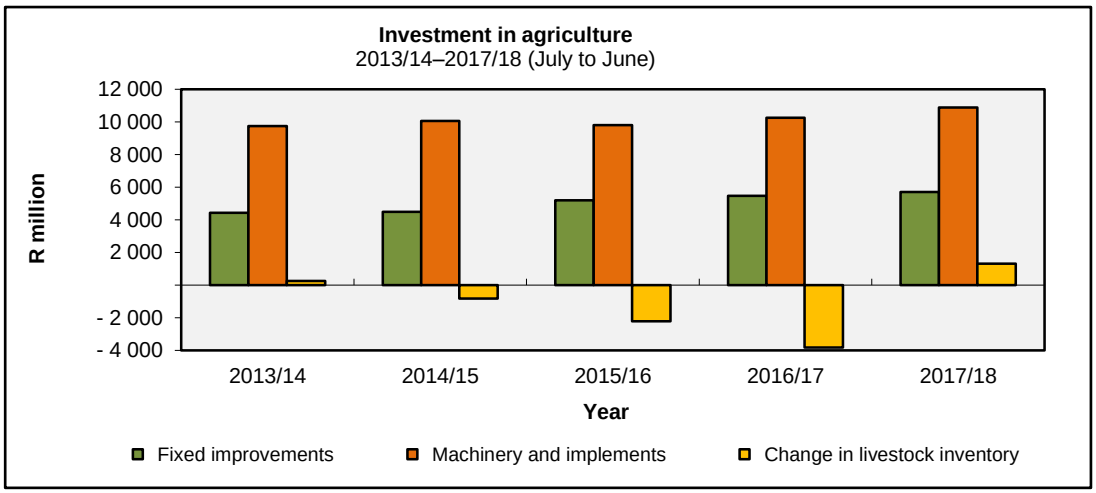
*Note: Figures are for agriculture, forestry and fisheries

Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2018 is estimated at R487 953 million, compared to R454 186 million at the end of June 2017, an increase of 7,4%.

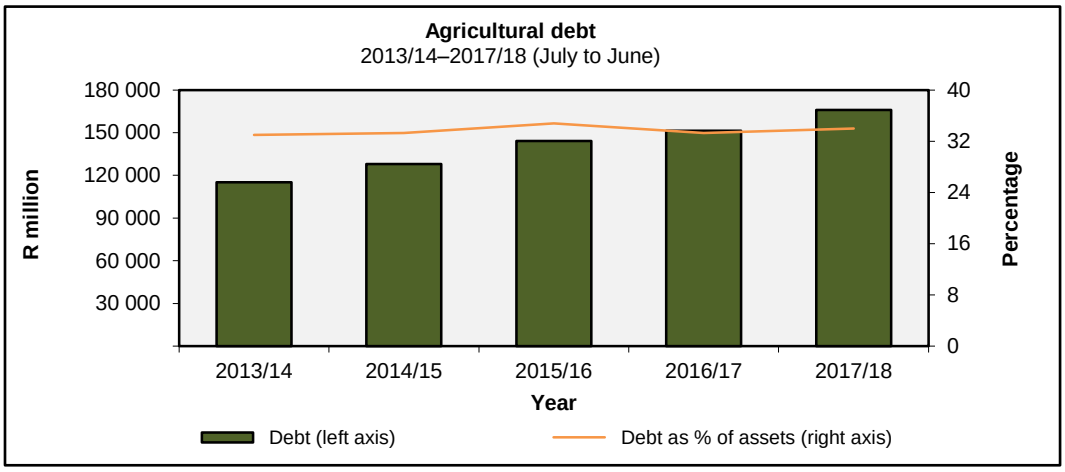
Land and fixed improvements constituted R264 183 million (54,1%), livestock R149 639 million (30,7%) and machinery and implements R74 131 million (15,2%) of the total value of capital assets.

The gross investment in respect to fixed improvements for the year ended 30 June 2018 increased by 4,2% to R5 714 million. Investment in machinery, implements and vehicles increased by 6,1% and amounted to R10 890 million. The livestock inventory was R1 320 million more than in the previous year.



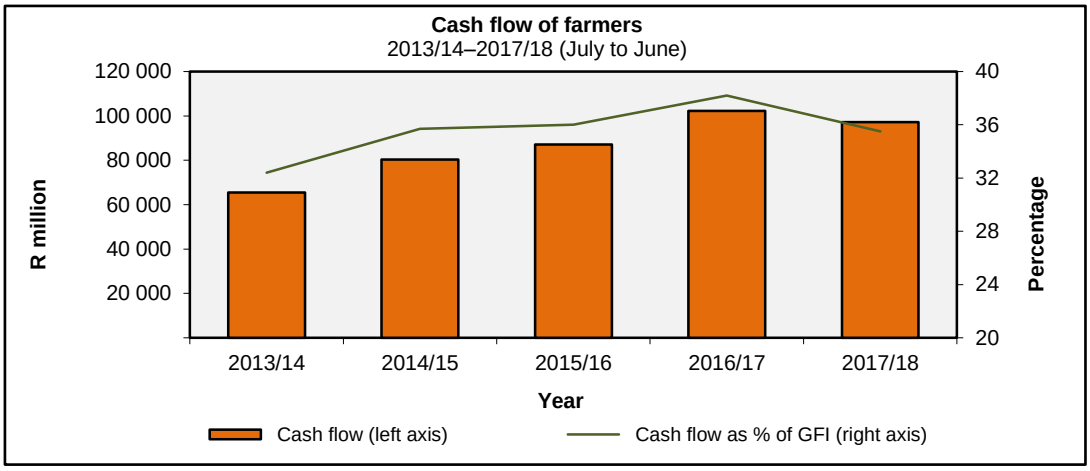
Farming debt

The total farming debt as at the end of June 2018 increased by 9,7% and is estimated at R166 007 million, compared to R151 264 million at the end of June 2017.



Cash flow of farmers

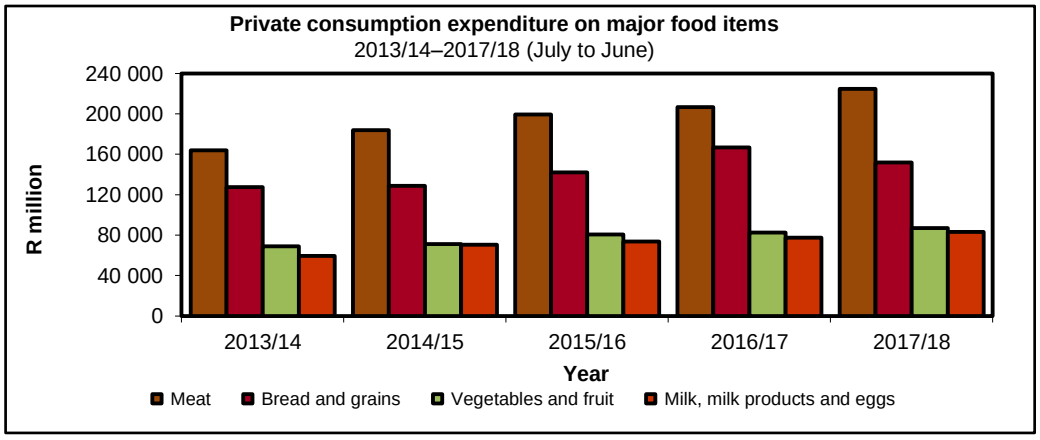
The farmers' cash flow decreased by 5,0% to R97 169 million, compared to an increase of 17,3% the previous period, mainly due to the increase in intermediate expenditure, which was caused by the increase in production costs.



Consumption expenditure on food

The consumption expenditure on food for the year ended 30 June 2018 increased by 2,3% and amounted to R643 789 million, compared to the R629 598 million of the previous year. Expenditure on meat increased by 8,7% to R224 873 million, on fruit and vegetables (including potatoes) by 5,5% to R87 132 million and on milk, milk products and eggs by 7,2% to R83 091 million. However, expenditure on bread and grain products, as well as sugar decreased by 8,9%, respectively to R152 046 million and R7 920 million. Expenditure on oils and fats also decreased slightly by 0,8% to R12 758 million.

Meat represented 35% of the expenditure on the food component; bread and grains 24%; fruit and vegetables (including potatoes) 13%; milk, milk products and eggs 13%; 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 4,5% for the year ended June 2018, compared to 6,0% the previous period. The consumer prices of food and non-food increased by 4,6% and 4,4%, respectively.

The consumer prices of meat increased by 12,3%, coffee and tea (6,0%), fish (4,6%), milk, eggs and cheese (4,0%), sugar (3,3% and vegetables (1,5%). The consumer prices of fruit, grain products and fats and oil showed the decrease of 4,3%, 3,5% and 2,4%, respectively.

Imports and exports of agricultural products

The estimated value of imports for 2017/18 came to R75 412 million, a decrease of 5,2% from R79 515 million for 2016/17. The value of exports increased by 7,3%, from R97 429 million in 2016/17 to R104 577 million in 2017/18.

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 53% of maize produced in South Africa is white and the remaining 47% is yellow maize (2018). White maize is primarily used for human consumption, while yellow maize is mostly used for animal feed production.

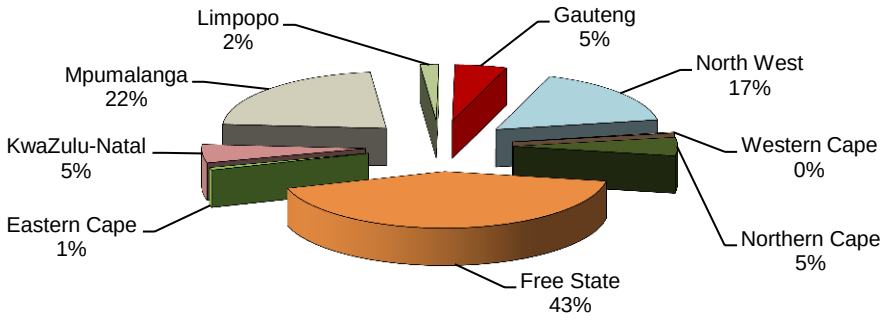
The gross value of agricultural production is determined by the quantity produced and prices received by producers.

The largest contributor towards the gross value of field crops for the past five seasons is maize (45,5%), followed by sugar cane (13,5%), wheat (9,8%), soya beans (9,6%) and sunflower seed (6,6%). The gross value of maize for 2017/18 amounts to R25 491 million, which is 14,4% or R4 291 million less than the R29 781 million for 2016/17.

The two main white maize-growing provinces in South Africa, namely the Free State and North West provinces, produced about 77% of the white maize harvest in 2018, whereas the Free State and Mpumalanga provinces produced about 66% of the yellow maize harvest.

The contribution by provinces to maize production during the 2017/18 production season is depicted in the following figure.

Distribution of the maize crop
2017/18



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

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

The present ratio of areas planted is 55% white maize to 45% yellow maize. An estimated 5,9% of the area planted to white maize is under irrigation and 94,1% is dryland, while the estimate for yellow maize is 13,5% under irrigation and 86,5% dry land.

Area planted and production

Delayed rainfall in some parts of the maize production areas at the start of the planting season resulted in a decline in the area planted to total maize as farmers were unable to complete the planting process due to

lower soil moisture. The estimated area that South African commercial producers planted to maize during the 2017/18 season is 2,319 million ha. This is 11,8% or 309 750 ha less than the 2,629 million ha planted the previous season and also 8,7% or 220 670 ha less than the five-year average of 2,540 million ha planted up to 2016/17.

Commercial white and yellow maize plantings for 2017/18 were 1 268 100 ha and 1 050 750 ha, respectively. This represents a decrease of 22,8% for white maize and an increase of 6,6% for yellow maize.

The decrease in area planted, especially white maize, is mostly a result of a price-induced contraction in plantings and lower yields, due to an extended period of below-average rainfall in January and early February. Rains, however, improved in late February, averting a larger decline in yields relative to the previous year.

The commercial maize crop for the 2017/18 production season is estimated to be 12,931 million tons, with an estimated yield of 5,58 t/ha. The production represents a decrease of 23,1% from the previous season (2016/17), which was estimated at 16,820 million tons. This is the fourth largest crop on record. The largest crop on record was last season (2016/17) when 16,820 million tons was produced.

The production estimate for white maize is 6,802 million tons, which is 31,4% or 3,114 million tons less than the 9,916 million tons of 2017 and 8,4% or 526 300 tons more than the average of the five years (6,275 million tons) up to 2017. The estimated yield for white maize is 5,36 t/ha, compared to 6,03 t/ha the previous season.

In the case of yellow maize, the production estimate for 2018 is 6,130 million tons, which is 11,2% or 774 350 tons less than the 6,904 million tons the previous season and 4,8% or 282 090 tons more than the five-year average (5,848 million tons) up to 2017. The estimated yield for yellow maize was 5,83 t/ha, compared to 7,01 t/ha in 2017.

For the 2017/18 season, 91% of the deliveries of white maize were grade WM1, compared to 97% of the 2016/17 crop and 97% of the yellow maize deliveries were grade YM1, compared to 99% of the 2016/17 crop.

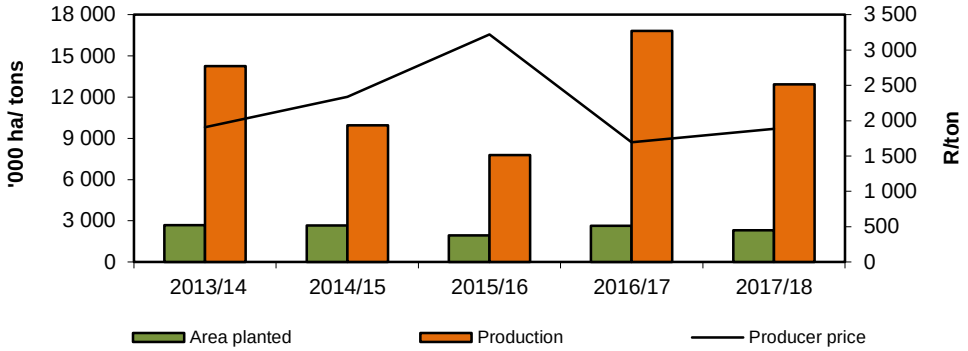
Plantings, production and yields of commercial maize from 2013/14 to 2017/18 are as follows:

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Plantings (ha)	2 688 200	2 652 850	1 946 750	2 628 600	2 318 850
Production (t)	14 250 000	9 955 000	7 778 500	16 820 000	12 931 210
Yield (t/ha)	5,30	3,75	4,00	6,40	5,58

The estimated yield for maize is 5,58 t/ha for 2017/18, which is 12,8% or 0,82 t/ha less than the 6,40 t/ha the previous season. The decrease is due to a spell of hot and dry weather earlier in the year.

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

Maize: Area planted, production and producer prices
2013/14–2017/18



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 2017/18 is estimated at 314 835 ha, which comprises 236 644 ha of white maize and 78 191 ha of yellow maize. Production by the non-commercial sector is estimated at 593 975 tons; 414 162 tons of white maize and 179 813 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 increased by 11,1%, from R1 696,83/t in 2016/17 to R1 884,70/t in 2017/18, mostly because of support from the higher international maize prices and the weaker Rand.

The average producer prices of maize from 2013/14 to 2017/18 are as follows:

Season	2013/14	2014/15	2015/16	2016/17	2017/18
	R/ton				
Producer price	1 909,29	2 338,88	3 222,49	1 696,83	1 884,70

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 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 2018/19 marketing season (May to April), the total supply of maize is projected at 16,409 million tons (9,123 million tons white and 7,286 million tons yellow). This includes an opening stock (at 1 May 2018) of 3,689 million tons (2,429 million tons white and 1,261 million tons yellow), local commercial deliveries of 12,719 million tons (6,694 million tons white and 6,025 million tons yellow) and no maize imports.

The total demand, local and exports, for maize is projected at 13,138 million tons (7,444 million tons of white and 5,694 million tons of yellow maize). The total local demand is projected at 10,883 million tons (6,879 million tons white and 4,004 million tons yellow). A projected export quantity of 2,255 million tons (565 000 tons white and 1,690 million tons yellow) is expected for the 2018/19 marketing season. The projected closing stock level by 30 April 2019 is estimated at 3,271 million tons (1,679 million tons white and 1,592 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.

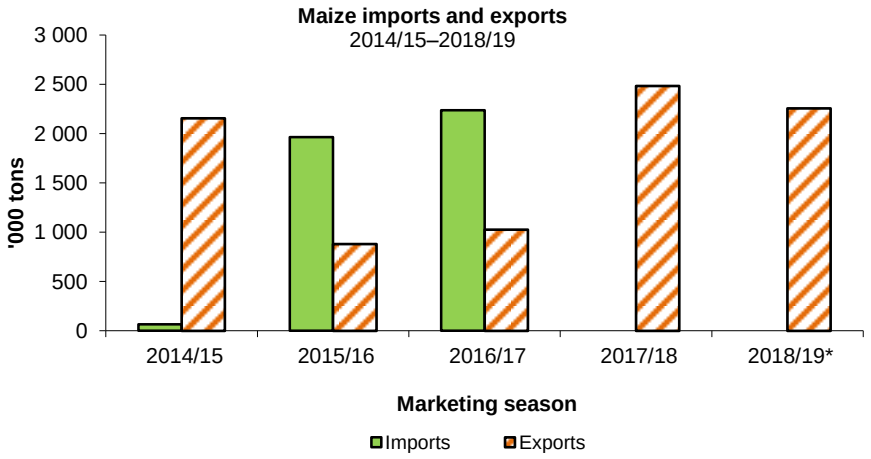
South African producers, on the other hand, will consider the export market if local processors are unwilling to pay the prevailing local market price. In this manner, the market sets “natural” floor and ceiling prices, i.e., a price band within which such products trade. The price-setting mechanism 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 5 October 2018, about 1,403 million tons of maize, of which 165 418 tons white maize and 1,238 million tons yellow maize, had been exported since May—approximately 62% of the

estimated exports of 2,255 million tons. The bulk of the exports for the current season, up to 5 October 2018, was characterised by exports to Vietnam (47% or 582 348 tons), Korea (17% or 209 542 tons), Japan (12% or 151 517 tons) and Taiwan (9% or 106 398 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*

While South Africa's maize harvest for the current 2018/19 marketing year (April/May), is above average, it is 23,1 % lower than the 2017 bumper crop of 16,820 million tons. The maize produced in the country will be sufficient to meet the country's needs and will maintain 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 to about 2,255 million tons, which is 9,1% or 226 708 tons less than the previous season. About 25% of this is projected to be white maize and 75% to be yellow maize.

Most countries in the sub-region are relatively well supplied with maize despite a below-average 2018 harvest in areas that experienced dry spells earlier in the season.

South Africa is expected to have an approximate 4,020 million tons of exportable maize surplus available for the current marketing season (2018/19), which is 78,3% or 1,765 million tons higher than the projected 2,255 million tons. Therefore, the surplus will be carried over to the next marketing season.

About 90% 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 2018/19 marketing year (May/April), mainly because of the recovery in production during the 2017 season that leads to a surplus of maize, leaving an opportunity for exports.

Vulnerability and Food Security Assessments – SADC

The Southern Africa region has above-average maize supplies for the 2018/19 marketing year owing to high opening stock levels in *inter alia* South Africa, the largest maize producer, Tanzania, Zambia, Zimbabwe and Malawi.

The first half of the 2017/18 production season was affected by an extended dry spell from late December 2017 to late January 2018 in central parts of the region, causing a significant negative impact on early-planted crops. Although the improved rainfall experienced between February and March 2018 aided crop recovery in some areas, permanent wilting occurred in others.

The dry spells experienced during the 2017/18 season resulted in reduced maize harvests for several countries, i.e., Botswana (-36%), Lesotho (-31%), Malawi (-8%), Zambia (-20%) and Zimbabwe (-12%)

against the previous season. While South Africa's harvest is above average (12,931 million tons), it is 23,1% lower than the 2017 harvest of 16,820 million tons.

Regional maize grain volumes from South Africa and Zambia will assure needs of maize deficit countries in the SADC region.

About 29,4 million people are estimated to be food insecure in die 2018/19 consumption year. The number represents about 14,2% of the total population in the 11 SADC countries, which is 13% higher compared to the previous year. The biggest decreases from the previous harvest were recorded in Lesotho (-68%), Zambia (-33%) and Botswana (-30%).

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 2018 report of the United States Foreign Agricultural Services, world maize production in 2018/19 (September to August) was forecast at 1,061 billion tons, which is 2,7% or 27,8 million tons more than the 1,033 billion tons produced during 2017/18. The US contributed 34,9% (370,5 million tons), China 21,2% (225,0 million tons), Brazil 8,9% (94,5 million tons) and the EU 5,6% (59,8 million tons) to world production. The remaining 29,4% is made up by Argentina, Ukraine, Mexico, India and South Africa, among others.

Global consumption in 2018/19 was expected to be 1,099 billion tons—31,1 million tons more than in the previous year. Global ending stocks at the end of August 2019 were expected to be 155,5 million tons, which is 37,8 million tons or 19,6% less than in the previous year.

Marketing, information and research

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

The information function is performed by the Department of Agriculture, Forestry and Fisheries, through the Directorate: 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 the 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 28 800 ha were planted to sorghum for commercial use, representing a decrease of 32,0% from the 42 350 ha planted for the 2017 season—the smallest area on record since the 1936/37 production season.

Sorghum for commercial purposes was produced mainly in the Mpumalanga (36,5%), followed by North West (22,6%), Free State (20,6%) and Limpopo (14,1%) provinces. For the past five seasons until 2017, South Africa produced an average 151 040 tons of sorghum per annum, which is relatively small compared to domestic maize and wheat production.

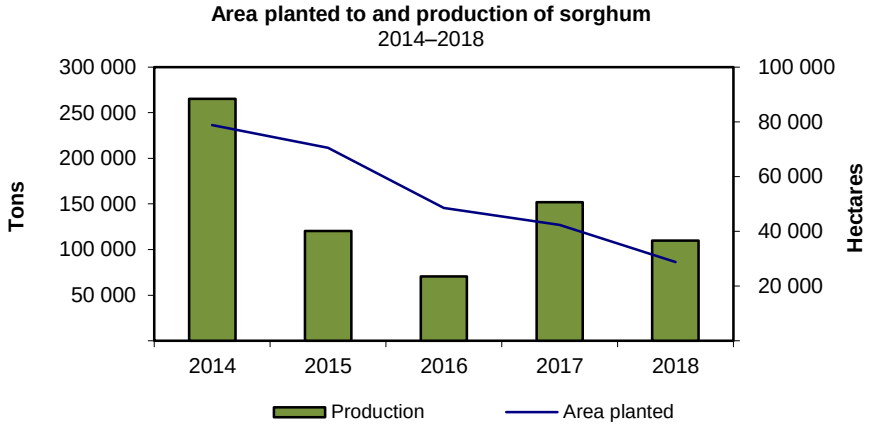
During the 2018 production season, sorghum contributed only approximately 0,5% to the gross value of field crops. The estimated average annual gross value of sorghum for the five years up to 2017/18 amounts to R431 million.

The commercial sorghum crop for the 2018 season is estimated at 109 855 tons, which is 27,7% less than the 152 000 tons of the previous season and 27,3% less than the five-year average production of 151 040 tons up to 2017. The yield for 2018 is estimated at 3,81 t/ha, which is 53,0% more than the five-year average yield of 2,49 t/ha up to 2017. The main reason for the decline in sorghum production is that sorghum yields have not increased at the same rate as yellow maize in particular (benefitting from an increasing share of irrigated production, improved cropping practices and genetically modified technology traits), resulting in less competitive gross margins. Therefore, farmers rather switched to planting other profitable crops such as yellow maize instead of sorghum.

Plantings, production and the yields of sorghum from 2014 to 2018 are as follows:

Season	2014	2015	2016	2017	2018
Plantings (ha)	78 850	70 500	48 500	42 350	28 800
Production (t)	265 000	120 500	70 500	152 000	109 855
Yield (t/ha)	3,36	1,71	1,45	3,59	3,81

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



The non-commercial agricultural sector contributed approximately 16 478 tons, which was about 13,0% of the total sorghum production in South Africa during 2018.

Consumption

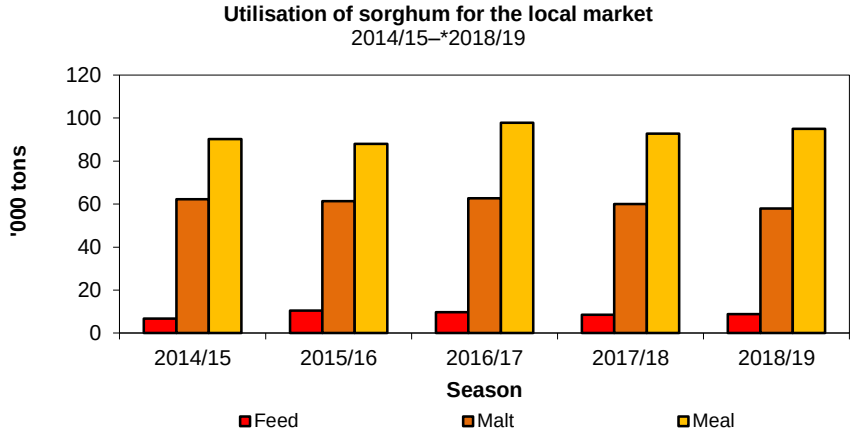
Sorghum, like other grains, has two basic markets that it serves, i.e., the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income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

Expectations are that a total of 219 601 tons of sorghum will be available for local consumption during the 2018/19 marketing season (March to February), compared to 242 029 tons the previous season. The total domestic supply of 219 601 tons estimated for this season comprises of carry-over stocks as at 1 March 2018 amounting to 59 246 tons, plus producer deliveries of 108 855 tons at commercial structures and imports of 51 500 tons.

The projected commercial utilisation of sorghum for the 2018/19 marketing season is approximately 175 400 tons, of which 153 000 tons are for human consumption (malt, meal and other uses) and 8 800 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Other uses (released to end-consumers, withdrawn by producers, etc.) amounts to 6 100 tons. Projected exports during the 2017/18 marketing season are 7 500 tons.

Considering the above, carry-out stocks at 28 February 2019 are expected to be about 44 201 tons.

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



**Projection*

Producer prices

Local producer prices of sorghum increased by 13,4%, from R2 638,27/t in 2017 to R2 992,20/t in the 2018 season.

Season	2014	2015	2016	2017	2018
	R/t				
Producer price	2 626,78	2 380,90	3 434,39	2 638,27	2 992,20

Imports and exports

South Africa is a net importer of sorghum and imports mainly from the USA.

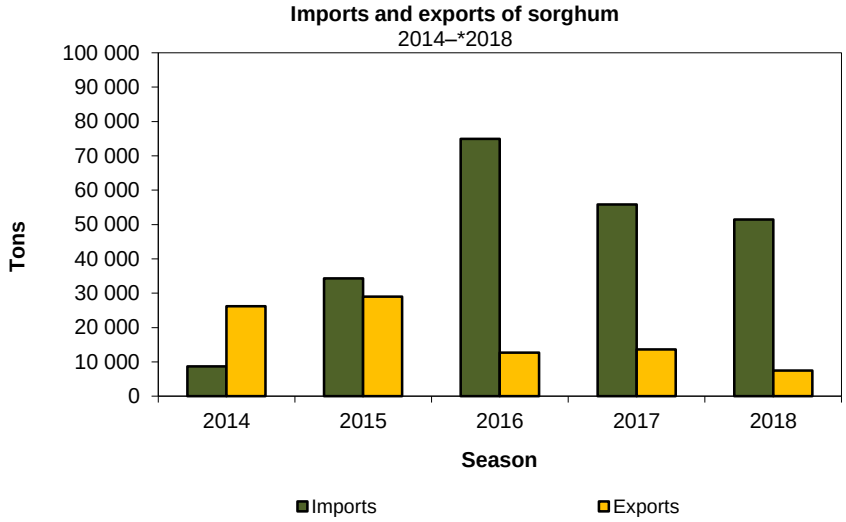
When it comes to exports, South Africa exports small quantities of sorghum to key markets in southern Africa, i.e., Botswana and Swaziland, with an average annual amount of 20 000 tons.

Imports and exports of sorghum from 2014 to 2018 are as follows:

Season	2014	2015	2016	2017*	2018*
	Tons				
Imports	8 725	34 316	74 957	55 824	51 500
Exports	26 169	29 039	12 649	13 599	7 500

**Projection*

Projected exports of sorghum for 2018 is 7 500 tons, which is 44,8% less than the 13 599 tons of 2017. In 2018, 51 500 tons of sorghum was imported.



**Projection*

Per capita intake

Indigenous cereals such as sorghum make only a small contribution to the starch-rich staple food complex in South Africa. The average estimated annual per capita intake (2014 to 2018) remains dominated by maize (76 kg/capita) and wheat (48 kg/capita), followed by potatoes (36 kg/capita) and rice (17 kg/capita), while sorghum intake was significantly lower at merely 2 kg/capita.

World sorghum situation

According to the FAS/USDA report released in September 2018, world production of sorghum increased by 2,4%, from 57,9 million tons in 2017 to 59,3 million tons in 2018. The contribution to world production by selected countries is as follows: the United States contributed 16,1% (9,6 million tons), Nigeria at 11,5% (6,8 million tons) with Mexico and India both at 7,8% (4,6 million tons, respectively) and Ethiopia at 6,9% (4,1 million tons). The balance of 49,9% 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 2017/18 season, this crop contributed approximately 9% to the gross value of field crops. The average annual gross value of wheat for the past five years up to 2017/18 amounts to R5 805 million, compared to R27 020 million for maize, which is the most important field crop.

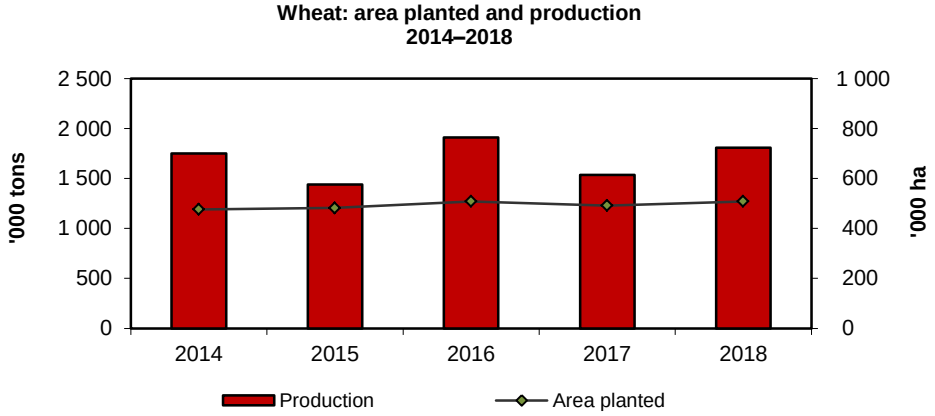
Wheat is mainly planted between mid-April and mid-June in the winter rainfall area and between mid-May and the end of July in the summer rainfall area. The crop is harvested from November to January. Most of the wheat produced in South Africa is bread wheat, with small quantities of durum wheat being 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 2018 season is 508 350 ha, which is 3,4% more than the 491 600 ha of the previous season. Of this area, 318 000 ha (63%) are in the Western Cape and 105 000 ha (21%) are in the Free State provinces. South Africa winter wheat is currently in good shape in most parts of the country following the favourable rainfall received. The rainfall did not only improve crop conditions, but it also boosted dam levels. The most recent data from the Department of Water and Sanitation shows that the dam levels in South Africa averaged 74% in the week of 1 October 2018, which is 10 percentage points higher than the corresponding period last year. Within the major wheat producing province, the Western Cape, dam levels increased from 36% last year (2017), to 66% the same period this year—an increase of 30 percentage points.

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



Based on conditions prevailing towards the end of September 2018, the expected commercial wheat crop for 2018 was 1,845 million tons, of which 890 400 tons (48%) were from the Western Cape, 367 500 tons (20%) from the Free State and 292 600 tons (16%) from the Northern Cape provinces. The expected average yield was 3,63 t/ha.

Plantings, production and yields from 2014 to 2018 are as follows:

Season	2014	2015	2016	2017	2018
Plantings (ha)	476 570	482 150	508 365	491 600	508 350
Production (t)	1 750 000	1 440 000	1 910 000	1 535 000	1 845 100
Yield (t/ha)	3,67	2,99	3,76	3,12	3,63

The main reason for the increase in production (2017 to 2018) can be ascribed to expanded plantings, especially in the Free State, as well as better yields due to good rainfall in the main wheat producing provinces.

Consumption

According to the Supply and Demand Estimates Committee (S&DEC), a total of 4,057 million tons of wheat (commercial) were available for local consumption during the 2017/18 marketing season (October to

September). This comprised carry-over stocks as at 1 October 2017 of 341 424 tons, producer deliveries of 1,550 million tons, a surplus of 7 200 tons and imports of approximately 2,158 million tons.

The total demand for wheat for the 2017/18 marketing season is estimated at approximately 3,325 million tons, of which 111 400 tons were exported. Carry-out stocks as at 30 September 2018 are estimated to be 731 624 tons.

For the 2018/19 marketing season, the total supply of wheat is forecasted at 3,952 million tons (expected producer deliveries of 1,810 million tons, together with the carry-over stocks of 731 624 tons, a surplus of 10 000 tons and expected imports of 1,400 million tons). The demand for wheat (exports included) is estimated at 3,325 million tons. Carry-out stocks at the end of September 2019 are expected to amount to 626 624 tons.

Imports

South Africa, a net importer of wheat, relies on imports from the Russian Federation, Germany and Lithuania, amongst other countries, to meet its domestic demand. During the 2017/18 season, 68% or 2,158 million tons of the wheat that was needed for domestic consumption locally, was imported.

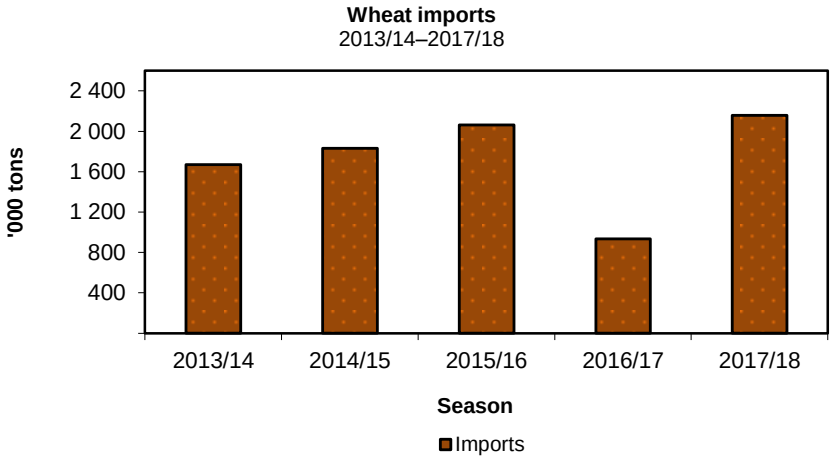
Wheat imports from 2013/14 to 2017/18 are as follows:

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18***
	Tons				
Imports	1 668 412	1 832 441	2 062 765	934 765	2 158 000

**Preliminary final for the 2017/18 marketing season*

Source: SAGIS

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



Prices

There are mainly two factors that affect local wheat prices - the value of the rand against the dollar and international prices. The average producer price of wheat decreased by 0,5%, from R3 704,64/ton in 2016/17 to R3 687,17/ton in 2017/18.

The average producer prices of wheat (grade 1) from 2013/14 to 2017/18 are as follows:

Season	2013/14	2014/15	2015/16	2016/17	2017/18
	R/ton				
Producer price	2 880,31	3 052,85	3 772,44	3 704,64	3 687,17

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 28 September 2018, a new wheat tariff (R298,50/ton) was published in the *Government Gazette.*

World wheat situation

According to the October 2018 report of the United States Foreign Agricultural Services, the global wheat production in 2018/19 is projected at 733,0 million tons, down by 3,4% or 25,7 million tons from the 2017/18 record. The largest year-to-year reductions are for the European Union and Russia.

According to expectations, the European Union would contribute 19% (137,5 million tons), China 17% (128,0 million tons), India 14% (99,7 million tons) and Russia 10% (71,0 million tons) to world production during 2018/19. The balance of 40% is made up by the US, Canada, Ukraine and Pakistan, among others.

Global consumption was expected to be 746,1 million tons during 2018/19—4,9 million tons more than the previous year. Global ending stocks were expected to decrease to 261,3 million tons by the end of June 2019, which is 13,6 million tons or 5,0% less than the previous year.

Research and information

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

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

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

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

Malting barley

Plantings and production

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

The cultivation area for malting barley under 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

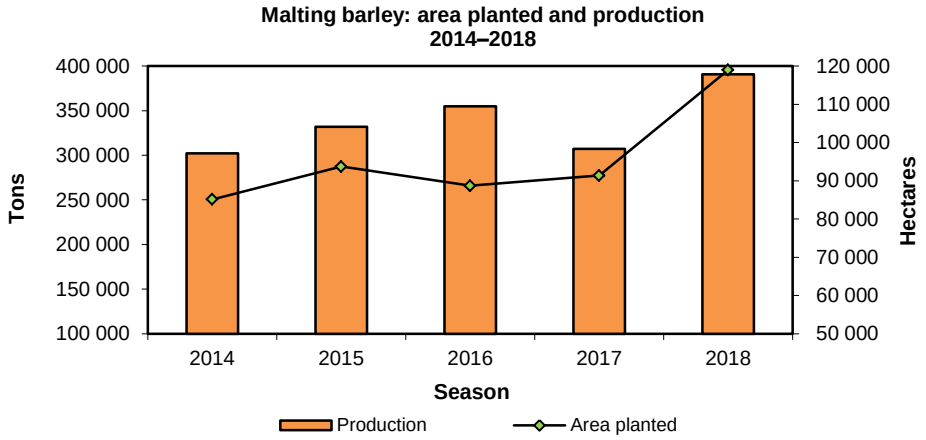
in other areas of South Africa, such as the North West, Limpopo and Free State provinces, who plant small quantities of malting barley under irrigation.

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 2018 season is estimated at 119 000 ha. This is an increase of 30,2% or 27 620 ha from the plantings of 91 380 ha during 2017. It is also 24,55% or 23 414 ha more than the five-year average of 95 586 ha planted up to 2017. Of the 119 000 ha planted in 2018, 110 000 ha (92%) are in the Western Cape, 5 400 ha (5%) in the Northern Cape, 1 800 ha (1,5%) in Limpopo, 1500 ha (1,3%) in the North West and only 300 ha (0,3%) in the Free State provinces.



A total crop of 390 840 tons of malting barley is expected for the 2018 season. This is an increase of 27,3% than the estimated production of 307 000 tons in the previous season and 13,7% or 83 840 tons less than the average production of 337 368 tons per annum over the five years up to 2017. The expected average yield for 2017 is 3,3 t/ha.

Plantings, production and yield of malting barley from 2014 to 2018 are as follows*:*

Season	**2014**	**2015**	**2016**	**2017**	**2018**
Plantings (ha)	85 125	93 730	88 695	91 380	119 000
Production (t)	302 000	332 000	355 000	307 000	390 840
Yield (t/ha)	3,55	3,54	4,00	3,36	3,28

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 2017/18 marketing season (October to September) is estimated at 519 300 tons (imports included). Carry-over stocks as at 1 October 2017 amounted to 199 200 tons. Production for the 2017/18 season was 307 100 tons, while 13 000 tons were imported.

For the 2017/18 marketing season, the total demand for malting barley was estimated at 339 400 tons, including 19 000 tons of exports. Carry-out stocks at 30 September 2018 were 179 900 tons. This is about six times the required three-month pipeline stock of 37 800 tons.

For the 2018/19 marketing season, the total supply of malting barley is expected to be 390 800 tons, comprising the expected crop of 179 900 tons, carry-over stocks of 179 900 tons and expected no imports. The domestic demand is estimated at 383 500 tons, including 20 000 tons of exports. Carry-out stocks at the end of September 2019 are expected to amount to 187 200 tons.

Producer prices and value of the crop

The average producer price of barley increased by 12%, from R2 519,07/ton in 2016 to R2 823,99/ton in 2017.

The average producer prices of malting barley from 2013 to 2017 are estimated to be as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
	R/ton				
Producer price	2 519,07	2 644,29	3 098,03	3 352,15	2 823,99

The average annual gross value of malting barley for the past five years up to 2017/18 amounts to R962 million, compared to the R1 709 million of wheat and R26 932 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 2013/14 to 2017/18 are as follows:

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	Tons				
Imports – Barley	74 537	91 410	18 238	78 705	12 953
– Malt	140 497	109 503	88 988	116 252	82 943

Source: SAGIS; customs & excise

Outlook

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

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

World barley situation

Global production in the 2018/19 marketing season is mainly driven by the larger crops in the European Union (57,7 million tons) and Russia (17,5 million tons).

According to the October 2018 report of the United States Foreign Agricultural Services, world barley production is estimated at 141,2 million tons for the 2018/19 marketing year, while global consumption is expected to be 143,0 million tons. Global ending stocks at the end of June 2019 are expected to be 17,4 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.

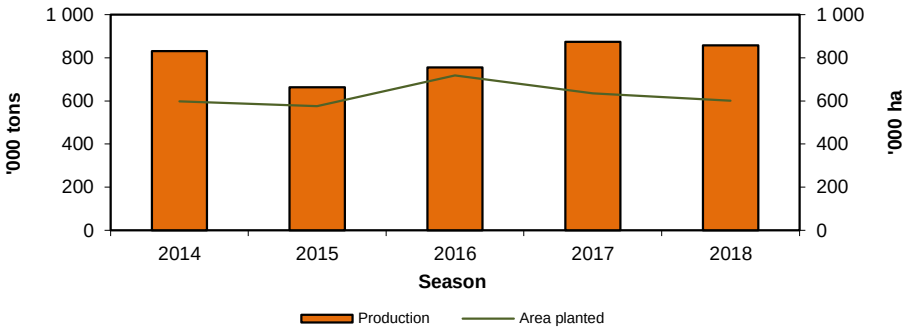
Plantings and production

During the 2018 production season, the bulk of the crop was produced in the Free State Province (52,2%), North West Province (38,7%) and Limpopo Province (7,5%).

The contribution of sunflower seed to the gross value of field crops during the 2016/17 season is approximately 5,7%, compared to 42,6% of maize, the largest contributor to field crops. The average annual estimated gross value of sunflower seed over the period 2013/14 to 2017/18 amounts to R3 845 million compared to the R27 124 million of maize.

The annual plantings of sunflower show remarkable variation, from 316 350 ha to 828 000 ha during the past two decades. The area planted to sunflower seed for commercial use during the 2018 season decreased by 5,4% to 601 500 ha, from an estimated 635 750 ha the previous season. This is a 0,9% decrease than the five-year average of 606 780 ha up to 2017. The decrease in the plantings of 2018 can mainly be attributed to the increase in plantings of the other summer crops such as yellow maize, soya beans, groundnuts and dry beans.

Area planted to and production of commercial sunflower seed
2014–2018



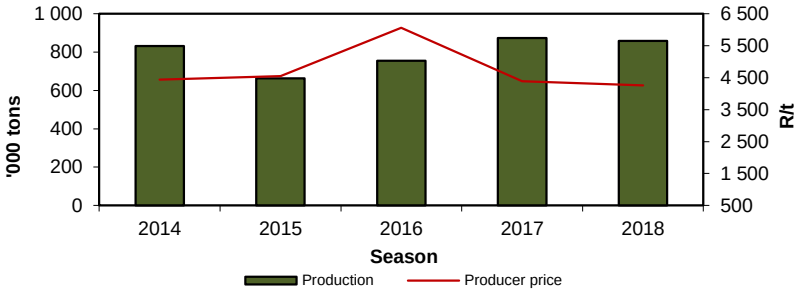
Commercial seed production during 2018 is approximately 858 605 tons, which is 1,8% less than the previous season and 16,6% higher than the average of 736 200 tons for the previous five years. The increase in production can mainly be attributed to higher yields that have realised. The average yield for 2018 is approximately 1,43 t/ha, which is 3,8% more than 1,37 t/ha during the previous season and 17,6% more than the five-year average of 1,21 t/ha up to 2017.

According to Absa (2018), the 5,4% reduction in the area planted in 2018 is due to lower rainfall conditions in November, which affected the summer crop production conditions in 2018. The resilience of sunflower in less favourable growing conditions reduces their production and financial risk at farm-level. Meanwhile, the 5,4% reduction in the area planted in 2018 was to some extent offset by a 3,8% increase in average yields, from 1,37 t/ha in 2017 to 1,43 t/ha in 2018, resulting in 858 605 tons of sunflower seed harvested in 2018.

Non-commercial agriculture contributed an estimated 31 455 tons (3,8%) to the total sunflower seed production in South Africa during 2018.

According to the Baseline 2018 report by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, the area under sunflower is expected to decline marginally while additional demand will be comfortably met by increasing yields. Sunflower seed yields is expected to increase by an average of 2,2% per annum to reach 1,65 t/ha by 2027. The projected yield growth is based on the assumption of stable rainfall and continually improving cultivars. Furthermore, the adoption of the latest release of high-yielding cultivars with certified technology that significantly reduces weed pressure and increases yield is rapidly gaining ground which is expected to improve average yields going forward.

Commercial production and producer prices of sunflower seed
2014–2018



Commercial plantings, production and yields of sunflower seed from 2014 to 2017 are as follows:

Season	2014	2015	2016	2017	2018
Plantings (ha)	598 950	576 000	718 500	635 750	601 500
Production (t)	832 000	663 000	755 000	874 000	858 605
Yield (t/ha)	1,39	1,15	1,05	1,37	1,43

Producer prices

The average producer prices of sunflower seed from 2014 to 2018 are as follows:

Season	2014	2015	2016	2017	2018
	R/ton				
Producer price	4 436	4 552	6 064	4 386	4 253

The average producer price decreased by 3,0%, from R4 386/ton in 2017 to R4 253/ton in 2018. International sunflower seed prices remained largely unchanged in 2018, as the effect of reduced global production in the current season was offset by reports of good 2018/19 planting progress in CIS countries. The market will however observe weather developments in major oilseed producing regions, as these will play a key role in shaping crop sizes for the new season. Sunflower oil prices also remained under pressure, reflecting adequate export availabilities and above-average stock levels (FAO, 2018). This, together with the large carry-over stock at the beginning of the season, impacted negatively on the local sunflower seed price per ton for 2018.

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 858 605 tons for the 2018/19 marketing season, together with carry-over stocks of about 154 841 tons on 1 March 2018, a surplus of 8 000 tons and projected imports of 800 tons, leaves the domestic supply of commercial seed at an estimated 1 022 million tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 98,5% or 900 000 tons in 2018) for oil and oilcake production. The estimated domestic demand of seed for the 2018 marketing year is approximately 913 850 tons, including 5 500 tons for human and animal consumption. Other consumption is estimated at 8 000 tons. The projected exports during 2018 are 350 tons. Carry-out stocks on 28 February 2018 are expected to be approximately 108 396 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. For 2018, South African imports were mainly from Malawi and Egypt.

Imports and exports of sunflower seed from 2014 to 2018

Year	2014	2015	2016	2017	2018
	Tons				
Imports	63 180	36 064	70 643	554	500
Exports	48	256	205	274	300

**Projection*

International overview

According to the September 2018 report by the United States of Foreign Agricultural Services (FAS), indications pointed to an increase of 0,7% (0,17 million hectares) in the global harvested area, to a figure of 25,58 million hectares for 2017/18.

World output of sunflower seed for 2017/18 decreased by 0,51 million tons or 1,1%, from 47.97 million tons in 2016/17, to a figure of 47,6 million tons for 2017/18. The slight decrease in production can mainly be attributed to a decrease in yields. Furthermore, it is important to note that the Ukraine and Russia as the two of the main sunflower seed exporting countries in the world, are expecting crops of 13,7 million tons and 10,4 million tons, respectively in 2017/18. This represents a decrease of 9,9% or 1,5 million tons in the Ukraine and a decrease of 4,6% or 0,5 million tons in the case of Russia.

The FAS September 2018 report projected the global production of sunflower seed to reach 49,83 million tons in 2018/19—an increase of 5,0% or 2,37 million tons compared to 2017/18. The projected increase in sunflower seed production can mainly be attributed to a minor growth in the area planted in the Ukraine and an increase in the expected yields. Sunflower seed production in the Ukraine is expected to increase by 1,30 million tons or 9,5% to 15 million tons. Meanwhile, sunflower seed production in Russia is expected to increase by 0,64 million tons or 6,2% to 11 million tons 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 11,7% to the gross value of field crops during 2017/18. The estimated average annual gross value of soya beans for the past five seasons up to 2017/18 amounts to R5 687 million.

Plantings and production

The plantings of soya beans ranged between 93 790 ha and 787 200 ha over the past 20 years.

During the 2018 season, soya beans were grown primarily in the Free State (345 000 ha or 43,8%), Mpumalanga (310 000 or 39,4%) and KwaZulu-Natal (40 000 ha or 5,1%) provinces.

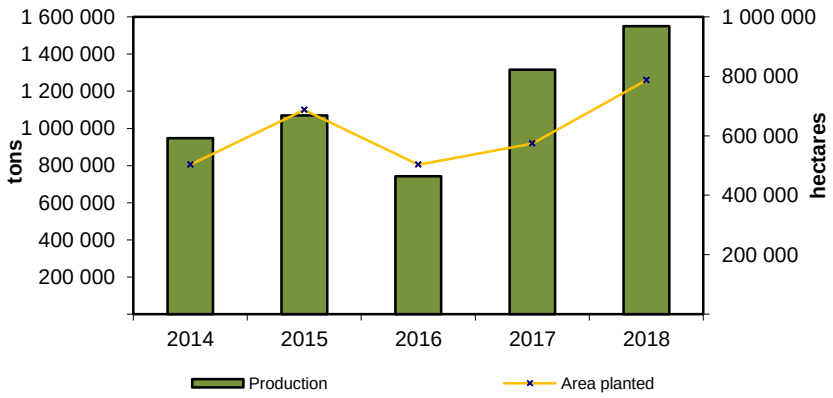
During the 2018 season, an estimated 787 20 ha were planted for commercial use, compared to an estimated 573 950 ha the previous season. This represents an increase of 37,2% and is 41,4% more than the five-year average of 556 690 ha up to 2017. The increase in plantings can mainly be attributed to a decrease in the plantings of other summer crops, specifically maize and sunflower seed.

The crop of an estimated 1,551 million tons in 2018 (the highest on record) represents an increase of 17,8% from the 2017 crop of 1,316 million tons. It is also 59,5% higher than the average of 972 100 tons for the five years up to 2017. The average yield of 1,97 t/ha is 14,1% less than the 2,29 t/ha of the previous season. Following the introduction of the statutory levy on soya beans that will support the availability of new technology to South African producers, the average yield of soya beans is projected to increase over time.

Plantings, production and yields of soya beans from 2014 to 2018 are as follows:

Season	**2014**	**2015**	**2016**	**2017**	**2018**
Plantings (ha)	502 900	687 300	502 800	573 950	787 200
Production (t)	948 000	1 070 000	742 000	1 316 000	1 550 800
Yield (t/ha)	1,89	1,56	1,48	2,29	1,97

Area planted to and production of soybeans
2014–2018



Producer prices

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

The average local producer price of soya beans for 2018 is approximately R4 603/ton, which is 5,0% less than the price for 2017. 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 expected high supply in the favourable 2018 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, soya bean oil, hulls and screenings.

The average producer prices of soya beans from 2014 to 2018 are as follows:

Year	2014	2015	2016	2017	2018
	R/ton				
Producer price	5 549	4 732	6 197	4 844	4 603

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.

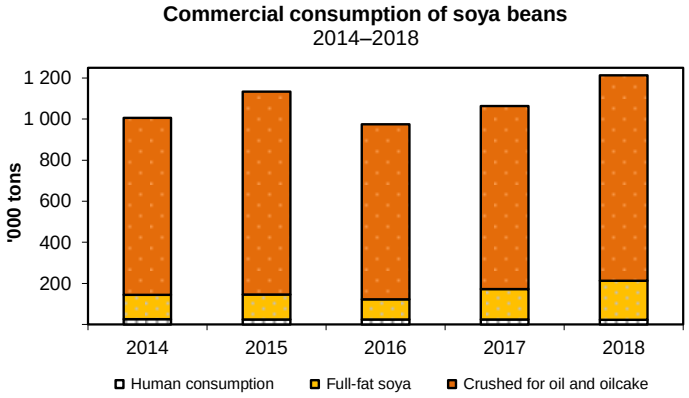
The soya bean marketing season in South Africa commences on 1 March and ends on 28 February. An estimated total of 1,862 million tons of soya beans were available for utilisation during the 2018 marketing season. It comprises carry-over stocks on 1 March 2018, amounting to 330 535 tons, the estimated production (excluding retentions by producers) of 1,521 million tons, a surplus of 3 000 tons and projected imports of 8 000 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 2018 is projected at 1,213 million tons—190 000 tons for feed (full-fat soya), 1,0 million tons for oil and oilcake and 23 000 tons for human consumption. Other consumption is estimated at 11 300 tons.

The projected exports during 2018 are 500 tons. Carry-over stocks on 28 February 2019 are expected to be approximately 637 535 tons.

The following graph illustrates the commercial consumption of soya beans.



Trade

During the first eight months of 2018, South African exports of soya beans were mainly to Mozambique and Botswana. South African imports for the mentioned period were mainly from Zambia and Ethiopia.

The imports and exports of soybeans from 2014 to 2018 are as follows:

Year	2014	2015	2016	2017	2018*
	Tons				
Imports	103 000	125 000	271 100	27 500	8 000
Exports	600	4 700	6 700	400	500

**Projected*

International overview

According to the World Agricultural Supply and Demand Estimate (WASDE) report released in September 2018, world production of soya beans decreased by 3,2%, from 348,1 million tons for the 2016/17 season to 336,8 million tons for 2017/18. The decrease in world production can mainly be attributed to the smaller crops in the Argentina, India, the Ukraine and Paraguay. The United States contributed 35,5% (119,5 million tons), Brazil 35,5% (119,5 million tons), Argentina 11,2% (37,8 million tons), China 3,9% (14,2 million tons), Paraguay 3,0% (10,0 million tons), India 2,5% (8,4 million tons), Canada 2,3% (7,7 million tons) and Ukraine 1,2% (3,9 million tons) to world production. The balance of 4,7% (15,8 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 2018 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 2027, the area under soyabean cultivation is expected to reach 962 000 ha and production is projected to exceed be 2,0 million tons.

In addition to expanding area, projected production growth is underpinned by an average annual yield gain of 2% per annum over the outlook, which is faster than the yield improvements observed over the past decade. There are a number of trends to consider with regards to projecting future soya bean yields. Firstly, there is a rapid increase in the number of soya bean varieties available for planting. Secondly, the area under soya bean production has increased rapidly and the western production regions that have traditionally been regarded as marginal areas for soya bean production are gradually coming into production. Thirdly, producers have continued adapting production techniques, resulting in more stable and improved yields.

The view is therefore, although volatile weather conditions have not allowed average yields in recent years to reflect the full potential of improved seed varieties, improved farming practices and investment in suitable mechanisation, these investments are expected to start paying off in the next few years. This assumption rests on the premise that the investment will be maintained and the End Point Royalty (statutory levy) system be introduced successfully.

Role players in the soya bean industry have, through the Sunflower and Soybean Forum, requested the Minister of Agriculture, Forestry and Fisheries to impose a statutory levy on soya beans. The purpose of the levy is to compensate breeders of soya bean varieties for their contribution to benefit the soya bean industry in South Africa through the successful procurement and utilisation of improved international and local agricultural intellectual property.

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

The Breeding and Technology levy on soya beans has been approved for two years with effect from 1 March 2019. The levy is R65,00 per ton for the first year and R80,00 per ton for the second year. These values are calculated at 1,2% of the previous marketing year's average soya bean price and will be payable when producers sell their soya beans.

The soya bean levy will be administered by the SA Cultivar and Technology Agency (SACTA) and paid to seed companies according to their market share. SACTA is a non-profit company established to administer

seed levies for all open-pollinated crops. Levies on wheat and barley for this purpose have already been collected and paid by SACTA for a second year.

The September 2018 WASDE report projected the global production of soya beans for the 2018/19 marketing season at 369,3 million tons—an increase of 9,6%. Increases are projected for the USA, Brazil, Argentina, China, India, the Ukraine, Russia and Uruguay. The increase in world production can mainly be attributed to the larger expected crops in the USA with an increase of 8,2 million tons to 127,7 million tons, followed by Brazil with an increase of 1,0 million tons to 120,5 million tons, Argentina with an increase of 19,2 million tons to 57,0 million tons, China with an increase of 800 000 tons to 15,0 million tons, India with an increase of 2,2 million tons to 10,5 million tons, the Ukraine with an increase of 310 000 tons to 4,2 million tons, Russia with an increase of 280 000 tons to 3,9 million tons and Uruguay with an increase of 1,2 million tons to 2,5 million tons. However, for the same period, a decrease is projected for the Canada, where soya bean production is expected to decrease by 720 000 tons to 7,0 million tons, following a decrease in plantings and drier than usual summer weather.

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. Since February 2018, SAGIS has started to report on weekly producer deliveries for soya beans and sunflower seed.

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

Groundnuts

Plantings and production

The normal planting time for groundnuts is mid-October to mid-November. Groundnuts are 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 2017/18 production season, 49,7% of the plantings were in the North West, 39,1% in the Free State and 6,2% in Limpopo provinces.

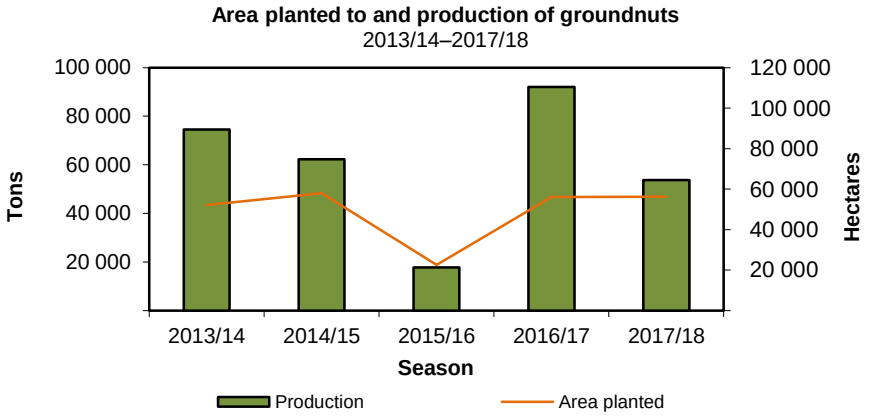
Groundnuts contributed approximately 0,8% to the value of local field crops in 2017/18, while the average annual gross value of groundnuts for the five years up to 2017/18 amounts to approximately R537 million.

An estimated 56 300 ha were planted to groundnuts for commercial use, compared to 56 000 ha planted during 2016/17. This represents an increase of 0,5% and is 19,5% more than the average of 47 125 ha planted during the five years up to 2016/17.

An estimated commercial crop of 53 750 tons of groundnuts was produced during 2017/18. This represents a decrease of 41,6% from the 2016/17 crop of 92 050 tons. The 2017/18 crop is 6,7% less than the five-year average of 57 606 tons up to 2016/17. The average yield for 2017/18 was 0,95 t/ha, which is 41,9% less than the 1,64 t/ha of the previous season and 21,9% less than the five-year average of 1,22 t/ha up to 2016/17.

Plantings, production and the yield of groundnuts from 2013/14 to 2017/18 are as follows:

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Plantings (ha)	52 125	58 000	22 600	56 000	56 300
Production (t)	74 500	62 300	17 680	92 050	53 750
Yield (t/ha)	1,43	1,07	0,78	1,64	0,95



Producer prices

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

The average producer prices of groundnuts from 2014/15 to 2018/19 marketing season were as follows:

Season	2014/15	2015/16	2016/17	2017/18	2018/19*
	R/ton				
Producer price	8 234	7 582	7 722	7 813	8 184

**Preliminary*

The average producer price for groundnuts shows an increase of 4,7%, from R7 813/ton in 2017/18 to R8 184/ton in 2018/19.

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 2018/19 are as follows:

Season	2014/15	2015/16	2016/17	2017/18	2018/19*
	Tons				
Imports	11 300	14 600	52 100	16 700	4 000
Exports	12 100	15 400	8 400	11 500	8 000

**Projections*

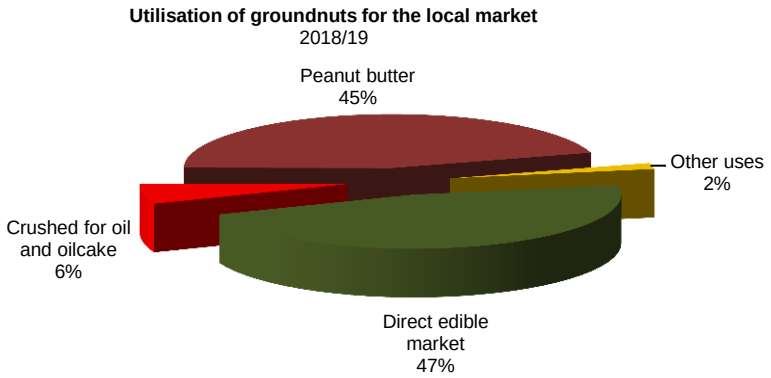
It is expected that the South African groundnuts imports could decrease by 76,0%, from 16 700 tons in 2017/18 to 4 000 tons in the 2018/19 marketing season. During the first six months of the abovementioned marketing season, South African imports of groundnuts were mainly from Argentina, Zambia, China, Brazil and Namibia.

The expected groundnuts exports also shows a decrease of 30,4%, from 11 500 tons in 2017/18 to 8 000 tons in 2018/19. The major export destinations for South African groundnuts are Mozambique, Japan, Switzerland, Belgium and Netherlands.

Consumption

An estimated total of 96 450 tons of groundnuts will be available for utilisation during the 2018/19 marketing season. Carry-over stocks on 1 March 2018 amounted to 38 700 tons and the estimated production is 53 750 tons. Projected imports amount to approximately 4 000 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 2018/19 is estimated at 65 500 tons—4 000 tons for oil and oilcake, 30 000 tons for peanut butter, 31 000 tons for the direct edible market and 500 tons as pods. Other consumption (released to end consumers, seed, etc.) amounts to 1 450 tons. The projected exports during 2018 are 8 000 tons. Carry-over stocks on 28 February 2019 are expected to be approximately 21 500 tons.



The per capita consumption for the 2018/19 marketing season is projected at 0,64 kg, which is 9,9% less than the 0,71 kg in the previous season.

International overview

The world production of groundnuts increased by 1,6%, from 44,86 million tons in 2016/17 to 45,56 million tons in 2017/18. The increase can be attributed to 29,6% increase in the United State's groundnut production, from 2,53 million tons in 2016/17 to 3,28 million tons in 2017/18. Senegal, Brazil, Nigeria and China have also shown an improvement in groundnut production of 48,4%, 8,5%, 5,6% and 3,5%, respectively. Senegal groundnut production increased from 0,95 million tons in 2016/17 to 1,41 million tons in 2017/18. Brazilian groundnut production increased from 0,47 million tons in 2016/17 to 0,51 million tons in 2017/18. Nigerian groundnut production increased from 3,03 million tons in 2016/17 to 3,20 million tons in 2017/18 and Chinese groundnut production increased from 17,29 million tons to 17,90 million tons.

The world production of groundnuts is expected to be 43,93 million tons in 2018/19, which is 3,6% less than the 45,56 million tons produced in 2017/18. The decrease can mainly be attributed to an expected decrease of 29,2% in Senegal's production, from 1,41 million tons in 2017/18 to 1,00 million tons in 2018/19, 20,4% in United State's production, from 3,28 million tons in 2017/18 to 2,61 million tons in 2018/19 and 11,5% in India's production, from 6,50 million tons to 5,75 million tons. Indonesia and China have also shown a slight decrease in their groundnut production of 1,8% and 0,6%, respectively. Indonesia's production is expected to decreased from 1,08 million tons in 2017/18 to 1,06 million tons in 2018/19 and China's production, from 17,90 million tons to 17,80 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

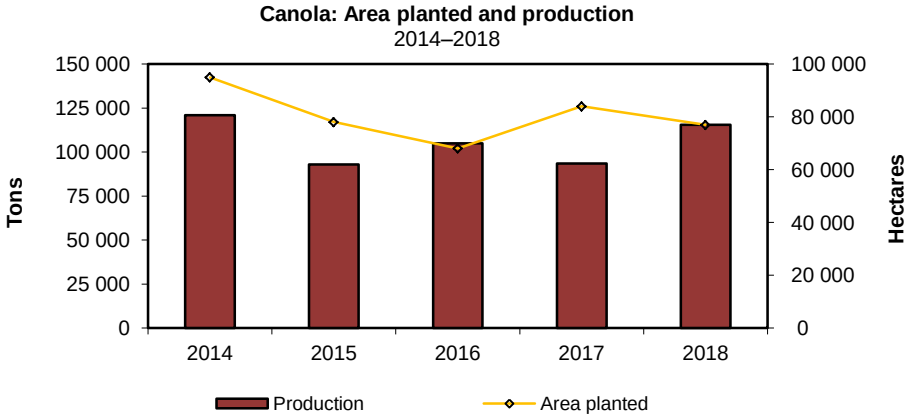
The estimated area planted to canola decreased by 8,3%, from 84 000 ha in 2017 to 77 000 ha in 2018, while production in October 2018 is expected to increase by 23,5%, from 93 500 tons in 2017 to 115 500 tons in 2018, mainly due to favourable production conditions in the Western Cape province. Canola production has kept up with the growth in demand and is expected to continue to play an important role in the supply of oil and protein in the Western Cape

The expected average yield increased significantly, by 35,1%, from 1,11 t/ha in 2017 to 1,50 t/ha in 2018.

Estimated plantings, production and yields of canola from 2014 to 2018 are as follows:

Season	2014	2015	2016	2017	2018
Plantings (ha)	95 000	78 050	68 075	84 000	77 000
Production (t)	121 000	93 000	105 000	93 500	115 500
Yield (t/ha)	1,27	1,19	1,54	1,11	1,50

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 114 850 tons for the 2017/18 marketing season. This include an opening stock as from 1 October 2017 of 21 350 tons, domestic production of 93 500 tons and no imports for this marketing season. Total demand for canola for the 2017/18 marketing season was approximately 109 600 tons, while carry-out stocks on 30 September 2018 were approximately 5 250 tons.

For the 2018/19 marketing season, total supply of canola is estimated at 120 750 tons (the estimated canola crop of 115 500 tons, together with carry-over stocks of 5 250 tons). Domestic demand for canola is estimated at 114 600 tons, while carry-out stocks at the end of September 2019 is expected to reach 6 150 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 2013 to 2017 are as follows:

Season	**2013**	**2014**	**2015**	**2016**	**2017**
	R/ton				
Producer price	4 650,79	4 750,00	5 950,00	5 707,04	5 300,00

The average producer price of canola decreased by 7,1%, from R5 707,04/ton in 2016 to R5 300,00/ton in 2017. The 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 (soybeans, canola, sunflower seed, cotton seed, peanuts and palm kernel,) to the second largest. During 2018/19, it is expected that canola production will contribute 11,9% of world oil crop production. Soybean production, which is the largest oilseed crop, will contribute 61,2% of world oilseed crop production.

According to the USDA Foreign Agricultural Service in October 2018, world production of canola production decreased by 4,1%, from 75,2 million tons for the 2017/18 marketing season to 72,1 million tons for 2018/19. According to Agrarmarkt Informations (AMI), the main reason for the decrease in canola production is due to

significantly lower harvest outlooks for the EU-28 and Australia, where drought put a damper on yield potentials. The key global canola producers during the 2018/19 marketing year are Canada (21,1 million tons) contributing 29,3%, the European Union contributing 27,0% (19,4 million tons), China contributing 19,4% (14,0 million tons), India contributing 9,0% (6,5 million tons) and other countries contributing 15,3% (11,1 million tons) to world production.

China, the European Union and Japan are the primary importers (74,2%) of canola seed, while Canada accounts for more than half of canola seed exports (66,4%). 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 reach 72,1 million tons for 2018/19, as against 72,8 million tons in 2017/18—a decrease of 1,0%.

Global ending stocks for 2018/19 are expected to decline by 598 000 tons, from 6,8 million tons in 2017/18 to 6,2 million tons in 2018/19.

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

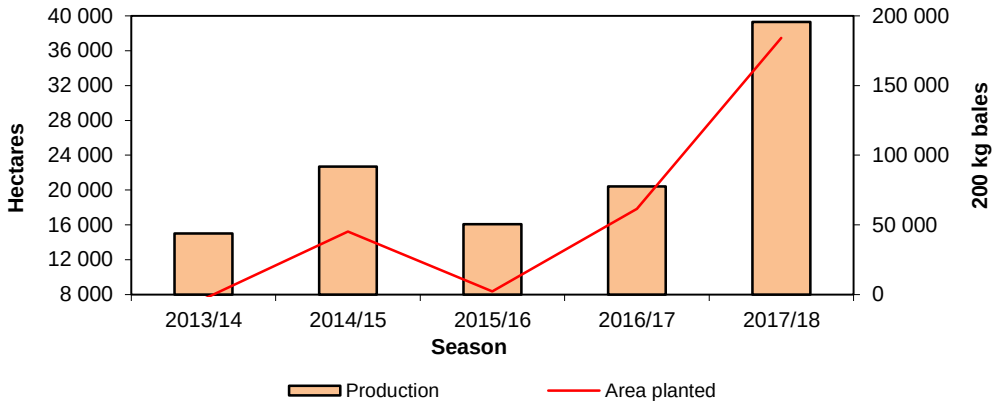
In South Africa, cotton is grown in the warm regions of the Limpopo, Mpumalanga, Northern Cape, North West and KwaZulu-Natal provinces where minimum night temperatures are at least 15 °C during the growing season. Cotton is planted mainly during October, although planting can be done until the second 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 2017/18 production season is estimated at 37 477 ha, which is a substantial increase of 110, 1% from the 17 841 ha of the previous season.

Area planted to cotton and production of cotton lint in the RSA
2013/14–2017/18



Source: Cotton SA

Yields per hectare under irrigation are up to 4,8 higher than on dry land. An estimated average yield of 4 539 kg/ha seed cotton was realised on irrigated land during the 2017/18 production season, compared to 954 kg/ha realised on dry land.

During 2017/18, an estimated 47, 2% of the total area planted to cotton was on dry land, as against 59, 1% the previous season. The area under irrigation also increased by 170,9% from 2016/17 to 2017/18

The domestic production of cotton lint for the 2016/17 marketing season (April to March) is estimated at 195 805 bales of 200 kg each, which is a large increase of 152,3% from the 77 599 bales produced during the 2016/17 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 2013/14 to 2017/18 production seasons by the RSA and Swaziland compare as follows:

RSA

Production season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18***
Total RSA plantings (ha)	7 458	15 228	8 353	17 841	37 477
Dryland (ha)	2 892	6 636	2 510	10 540	17 695
Irrigation (ha)	4 566	8 592	5 843	7 301	19 782
Production of cotton lint (200 kg bales) from RSA-grown cotton	43 703	91 742	50 457	77 599	195 805

Swaziland

Production season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18***
Total Swaziland plantings (ha)	3 600	4 000	3 000	800	1 000
Dryland (ha)	3 600	4 000	3 000	800	1 000
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	1 080

** Estimates (September 2018)*

Source: Cotton SA

World cotton production for 2017/18 is forecasted by the International Cotton Advisory Committee (ICAC) to decrease by around 2,0% from the previous season. Production in India, the world's largest cotton producing country is expected to decrease by 3,0% while production in China is expected to fall by 2,0%. The ICAC expects production in the USA and Australia to decrease by around 5,0% and 30,0%; respectively.

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 2017/18 marketing season (April to March) was 900 c/kg, while the price for 2018/19 is projected to remain constant 900 c/kg. In South Africa, the price of cotton normally emulates global price trends.

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

Marketing year	2014/15	2015/16	2016/17	2017/18	2018/19*
	c/kg				
Seed cotton	698	765	823	900	900
Cotton lint	1 852	1 903	2 261	2 362	2 619

**Projections*

Consumption

Consumption of cotton lint by RSA and Swaziland spinners for the 2018/19 marketing year is estimated at 110 000 bales of 200 kg, compared to the 108 320 bales of the 2017/18 year—a minimal increase of 1,5 %.

During the 2017/18 marketing year, about 65,7% of the consumed cotton lint was imported from SADC countries. The major supplier was Zimbabwe. Cotton lint exports for the 2017/18 season amounted to 8 443 tons.

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

Marketing year	2013/14	2014/15	2015/16	2016/17	2017/18*
	200 kg bales				
Consumption	103 870	106 295	106 160	108 320	110 000

**Projection*

Marketing arrangements, information and research

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

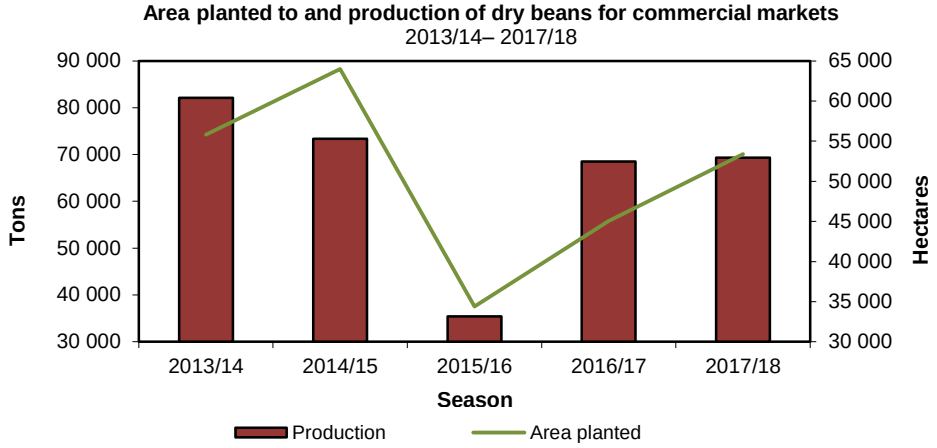
Locally, the seed cotton is either sold to a ginner who gins and sells lint to spinners and seed to processors, or a producer may contract a ginner to gin at a fee, in which case the lint will be sold either by the producer or by the contracted ginner on the producer's behalf.

After the Cotton Board was dissolved in 1998, a section 21 company named Cotton SA was formed by stakeholders in the cotton industry. A statutory levy, which was introduced from April 2004 in terms of the Marketing of Agricultural Products Act, 1996, is applicable 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 2017/18 season, according to the Crop Estimates Committee, an estimated 53 360 ha were planted to dry beans for commercial markets and increased by 18,5% from the 45 050 ha planted in 2016/17. The estimated commercial crop of 69 360 tons for 2017/18 is 1,2% more than the previous crop of 68 525 tons. The average yield for the 2017/18 crop is approximately 1,30 t/ha—a decrease of 14,5% from the 1,52 t/ha of the previous season.



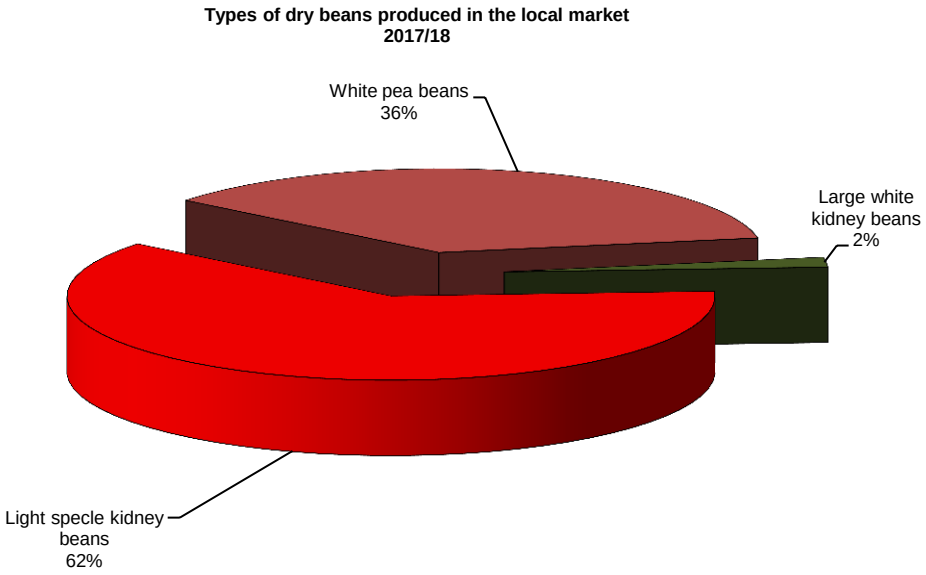
The Free State Province produced 41,2% (28 600 tons) of the 2017/18 commercial crop, followed by Limpopo with 21,6% (15 000 tons), Mpumalanga with 14,1% (9 800 tons) and North West with 13,8% (9 600 tons). The remaining 9,2% (6 360 tons) was produced in the other provinces.

Production in the provinces and their share of the 2017/18 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Western Cape	30	0,04
Northern Cape	1 080	1,56
Free State	28 600	41,23
Eastern Cape	450	0,65
KwaZulu-Natal	3 600	5,19
Mpumalanga	9 800	14,13
Limpopo	15 000	21,63
Gauteng	1 200	1,73
North West	9 600	13,84
Total	69 360	100,00

Dry beans contributed an estimated amount of R948 million to the gross value of field crops for the 2017/18 season, which is 8,3% less than the R1 034 million of the previous season.

The contribution of different types of dry beans to total local production in 2017/18 is estimated to be as follows: light speckle kidney beans – 42 677 tons (61,53%), white pea beans – 25 315 tons (36,50%), large white kidney beans – 1 300 tons (1,87%) and other dry beans – 68 tons (0,10%), mainly cariocas.



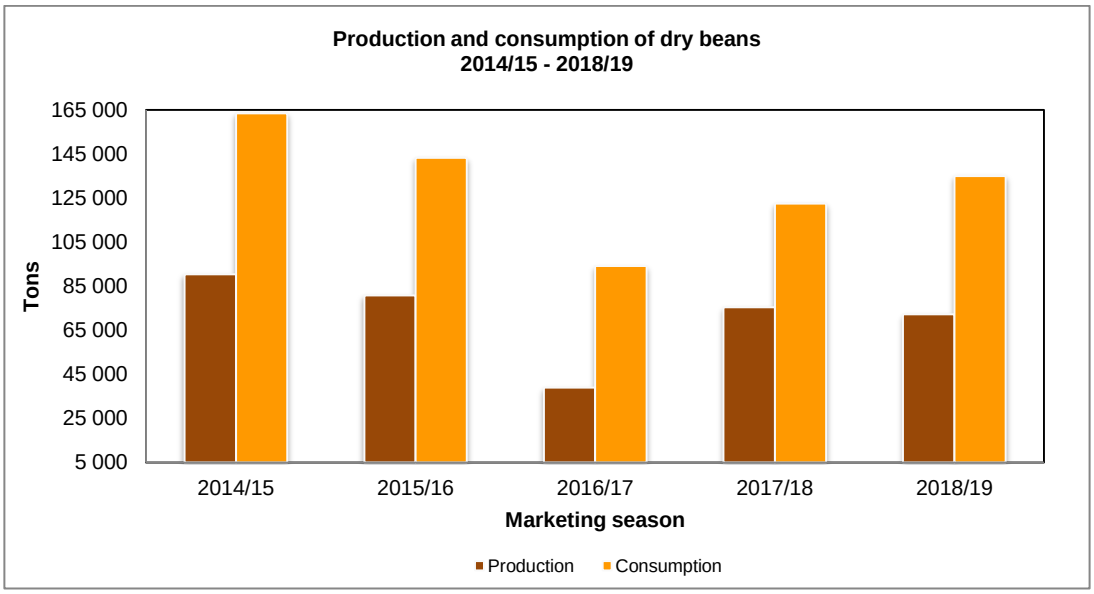
The most extensive seed production takes place in the Lowveld area of Mpumalanga, followed by the Limpopo and Northern Cape provinces.

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 2017/18 was 1,30 t/ha, which is 14,5% less than the 1,52 t/ha of the previous season and 1,5% less than the five-year average of 1,32 t/ha up to 2016/17.

Consumption

An estimated amount of 134 950 tons of dry beans is expected to be consumed locally during the 2018/19 marketing season (April to March), which is 10,2% more than the 122 477 tons in 2017/18. The projected per capita consumption for 2018/19 is 2,17 kg, which is 9,0% more than the 1,99 kg in 2017/18.

The quantities of dry beans produced and consumed according to the Department of Agriculture, Forestry and Fisheries, from 2014/15 to 2018/19 were as follows:



Producer prices

The average prices received by producers for dry beans from the 2013/14 to 2017/18 production season are as follows:

Production season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	R/t				
Producer price	12 277	10 833	13 182	13 726	13 141

The average producer price of dry beans decreased by 4,3%, from R13 726/ton in the 2016/17 production season to R13 141/ton in the 2017/18 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 2014/15 up to 2018/19 are as follows:

Marketing season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19***
	Tons				
Imports	74 982	64 910	61 829	59 000	65 000*
Exports	2 034	2 515	6 741	11 901	2 221*

*projections

The expected imports of dry beans shows an increase of 10,2%, from 59 000 tons in 2017/18 to 65 000 tons in 2018/19. An estimated amount of 5 188 tons and 2 171 tons of dry beans were imported from China and Ethiopia, respectively for the first six months of 2018. This represents 8,0% and 3,3% respectively of the projected 65 000 tons to be imported during the 2018/19 marketing season.

The projected exports of dry beans decreased by 81,3%, from the 11 901 tons in 2017/18 to 2 221 tons in 2018/19 marketing season. An estimated amount of 332 tons and 125 tons of dry beans were exported to Mozambique and Sri Lanka, respectively during the first six months of the 2018/19 marketing season. This represents 14,9% and 5,6% of the projected imports of 2 221 tons during the 2018/19 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.

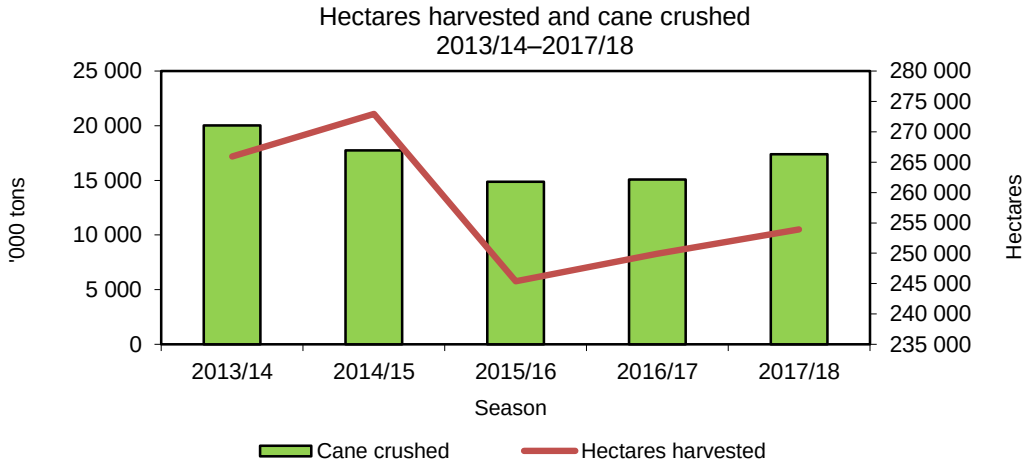
Sugar is manufactured by six milling companies with 14 sugar mills operating in the cane growing regions.

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 15,3% to 17,3 million tons from 2016/17 to 2017/18, while production for the 2018/19 season at 18,6 million tons is expected to be 7,5% higher than in 2017/18.



The average cane production over the past decade (from the 2008/09 to the 2017/18 season) is 17,3 million tons per annum, with the yield of harvested cane averaging 65,7 t/ha over the same period. The yield stands at 58,9 t/ha for the 2017/18 season. The area harvested increased by 1,5%, from 249 920 ha in 2016/17 to 253 912 ha in 2017/18.

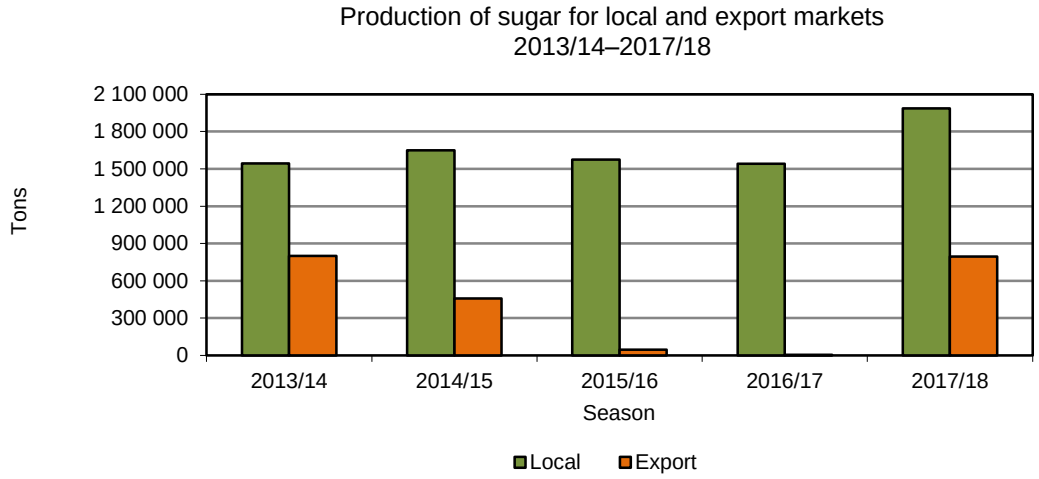
The producer price of sugar cane decreased by 7,4% from 2016/17 to 2017/18. The average price over the five-year period indicated below is R474,48 per ton.

The average producer prices of sugar cane from 2013/14 to 2017/18 were as follows:

Year	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	R/ton				
Producer price	394.63	433.90	457.02	564.39	522.46

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 2017/18, production is estimated at 1,98 million tons. The quantity of cane crushed to produce one ton of sugar stands at 8,76 tons for the 2017/18 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 795 434 tons of sugar were produced for the international market during the 2017/18 season. The increase in exports was the results of the larger crop of 2017/18 but also of larger volumes of sugar imports from Brazil, United Arab Emirates and European Union as a result of insufficient protection.

The total supply of 1,99 million tons of sugar to the Southern African Customs Union (SACU) during 2017/18 represents an increase of 30,1% from the 1,53 million tons supplied in 2016/17.

The local production and sales of sugar to the SACU from 2013/14 to 2017/18 were as follows:

Year	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	'000 tons				
Production	2 344	2 108	1 620	1 539	1 986
Sales to SACU	1 543	1 649	1 574	1 534	1 190

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 2017, the area under deciduous fruit production during the 2017 season is estimated at 79 912 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 2 231 producers of fruit for fresh consumption, 1 066 producers of dry and table grapes, 924 producers of stone fruit and 618 producers of pome fruit.

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

Fruit type	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	Tons				
Apples	796 364	911 287	900 411	953 471	832 525
Pears	401 267	401 192	417 786	418 323	390 545
Table grapes	245 352	288 097	342 374	365 453	337 576
Peaches and nectarines	146 864	197 742	189 930	185 436	152 026
Apricots	41 348	49 304	34 411	25 922	30 943
Plums	69 833	81 458	79 826	83 127	71 102
Total	1 701 028	1 929 080	1 964 738	2 031 732	1 814 717

The production of deciduous fruit decreased by 10,7%, from 2,032 million tons in 2016/17 to 1,815 million tons in 2017/18. Apricot showed an increase of 19,4%. The production of peaches showed a decrease of 18,0%, followed by plums with 14,5%, apples by 12,7%, grapes by 7,6% and pears with a decrease of 6,6%

Marketing

During 2017/18, deciduous fruit contributed approximately 23,6% to the gross value of horticultural products.

Approximately 331 405 tons of deciduous fruit were sold locally on the major fresh produce markets, other markets and directly to retailers during the 2017/18 season, representing a decrease of 5,3% from the 350 062 tons sold during the 2016/17 season.

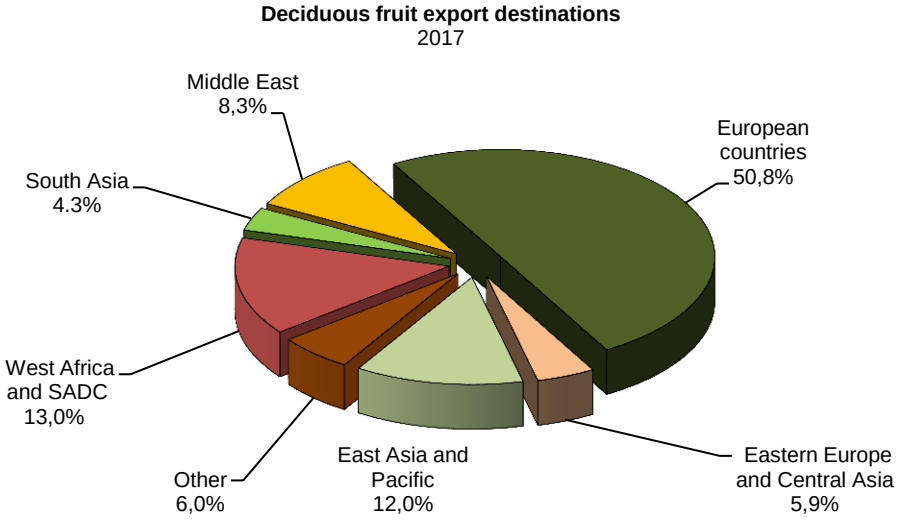
The average prices realised for deciduous fruit on the major fresh produce markets during the period 2013/14 to 2017/18 were as follows:

Fruit type	2013/14	2014/15	2015/16	2016/17	2017/18
	R/ton				
Apples	5 817	5 939	6 536	6 553	6 911
Pears	5 567	5 952	6 495	6 557	5 551
Table grapes	10 602	11 399	12 359	12 984	15 629
Peaches and nectarines	11 054	11 737	13 067	13 236	12 986
Apricots	8 078	9 317	11 882	14 617	13 196
Plums	5 881	6 516	7 713	7 683	7 430

The price of table grapes showed the biggest increase at 20,4%, followed by apples with 5,5%. While apricot showed a decrease of 9,7%, followed by plums with 3,3%, peaches showed a decrease of 19,0% and pears with 0,1%.

The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2017/18 season (October to September), about 54,1% of deciduous fruit produced was exported and approximately 82,1% of the gross value from deciduous fruit came from export earnings. Total exports amounted to 982 386 tons. This represents a decrease of 6,5%, from the 1 050 185 tons exported during 2016/17.

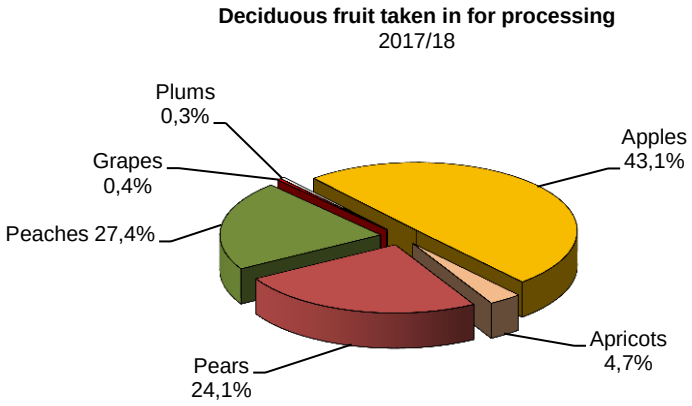
The following graph indicates deciduous fruit export destinations during 2017.



Intake of deciduous fruit for processing

During 2017/18, about 500 923 tons of deciduous fruit produced were utilised for processing—a decrease of 20,7% from the 631 486 tons processed during 2016/17.

The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2017/18.



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 2017/18, approximately 99,4% of apples taken in for processing was used for juice and 0,6% was used for canning, while 79,5% of pears was used for juice and 20,5% was canned. Producers received an average of R1 850 and R1 498 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 600 and R1 275 per ton, respectively.

Domestic consumption

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

Season	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Per capita consumption (kg/year)	11,00	12,29	12.26	9.99	7.06
Total consumption ('000 tons)	594	675	685	565	407

Prospects

The expectations of pome fruit will drop slightly, mainly due to drought. The 2017/18 production season of pome fruits such as apricots, plums, nectarines and peaches experienced decreases of 17%, 4%, 3% and 1%, respectively.

Dried fruit

Production areas

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

The most important dried fruit products, in terms of volume, are Thompson seedless raisins, golden sultanas, unbleached sultanas, currants, peaches, 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 decreased by 10,6%, from 74 577 tons in 2017 to 66 646 tons in 2018. 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 the 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 decreased by 7,5%, from 65 593 tons in 2017 to 60 691 tons in 2018, while that of dried tree fruit decreased by 33,7%, from 8 984 tons in 2017 to 5 955 tons in 2018.

Under the dried vine fruit, all the fruit types showed an increase, except unbleached sultanas, which showed a decrease from 1 491 tons in 2017 to 1 413 tons in 2018. While under the dried tree fruit type, apricot showed an increase of 24,5% and other fruit of 2,8%, respectively, while the rest of the fruit types showed a decrease.

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

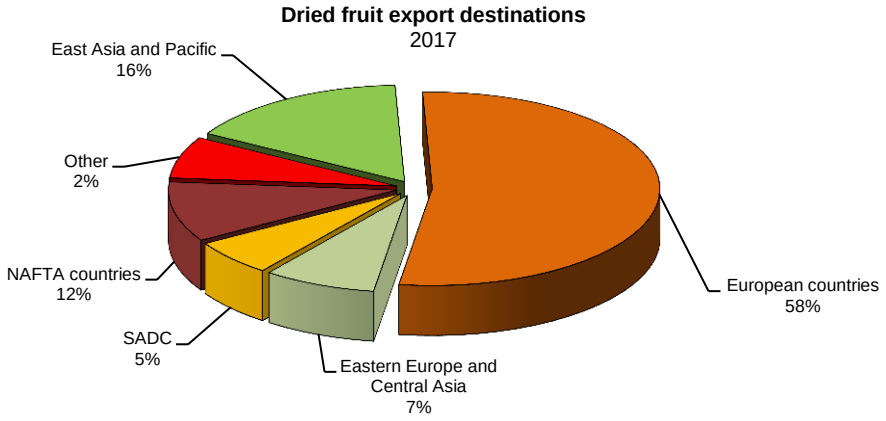
Fruit type	**2014**	**2015**	**2016**	**2017**	**2018***
	Tons				
Sultana type					
Unbleached	3 610	5 368	12 237	1 491	1 413
Golden	12 350	20 028	11 593	21 142	20 914
Thompson seedless raisins	27 773	31 502	28 364	36 318	35 334
Currants	2 306	3 625	2 400	4 482	2 332
Muscat raisins Hanepoot	12	14	34	2 153 7	696 2
Total vine fruit	46 051	60 537	54 629	65 593	60 691
Prunes	455	602	1 050	1 100	1 005
Apricots	1 449	1 782	1 325	1 430	1 780
Apples	316	275	20	217	208
Peaches	1 384	2 366	2 560	2 251	1 773
Pears	1 485	1 695	1 660	3 801	1 059
Nectarines	106	129	133	133	93
Other	31	58	31	31	37
Total tree fruit	5 226	6 907	6 779	8 984	5 955
Grand total	51 277	67 444	61 408	74 577	66 646

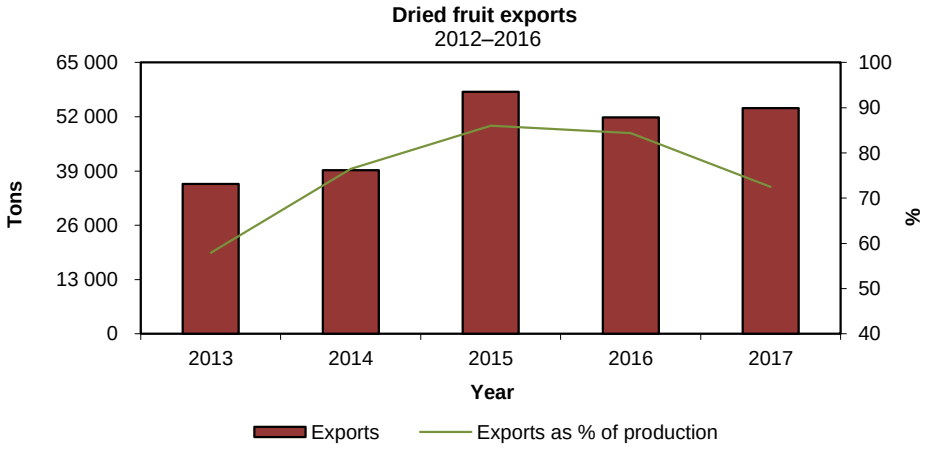
** Preliminary,Source: DFTS*

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 2017 and exports from 2013 to 2017, respectively.





Viticulture

South Africa is the eighth-largest wine producer in the world, with a contribution of 4,1% to the world's wine production in 2017. The area under wine grape vineyards is estimated at 94 545 ha, which is 1,3% less than the 95 775 ha of the previous year.

The wine industry is labour intensive and provides employment to approximately 290 000 people directly and indirectly. The number of primary wine grape producers in South Africa is estimated at 3 029.

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

Production

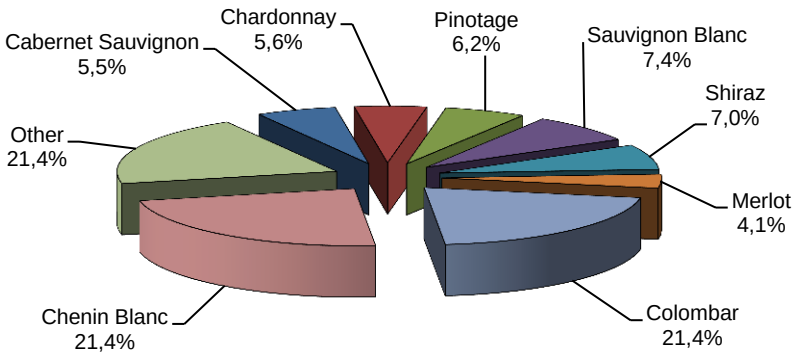
Wine production, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages from 2013 to 2017, is as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	Gross million litres				
Wine production	1 157	1 181	1 154	1 089	1 118

During 2017, the production of wine increased by 2,7%. Approximately 68,0% of the wine grapes utilised for wine-making purposes were white and 32,0% were red.

The use of different varieties of grapes during 2017 is depicted in the following graph:

Grape varieties used for total wine- and juice-making
2017



Income of producers

The production of wine grapes and income of producers from 2013 to 2017 are as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
Wine-grape production ('000 tons)	1 498	1 520	1 477	1 405	1 437
Income of producers (R million)	4 821	4 727	4 793	5 030	5 827

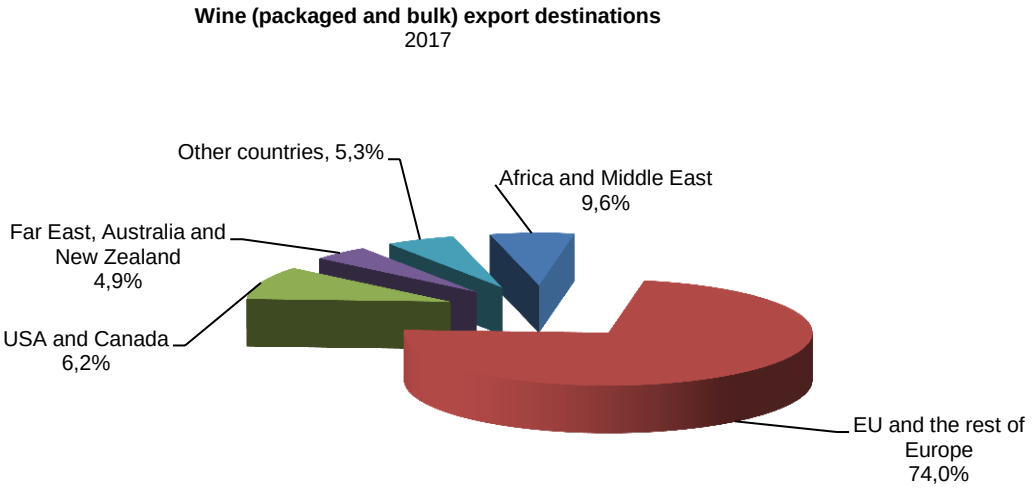
The producers' income increased by 15,8% during 2017, mainly as a result of an increase in wine exports.

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

Year	2013	2014	2015	2016	2017
	'000 litres				
Still wine	517 405	414 834	412 444	424 088	444 024
Fortified wine	283	349	311	386	315
Sparkling wine	7 897	7 473	7 263	3 867	4 059
Total	525 585	422 656	420 018	428 341	448 398

During 2017, 48,8% of the total wine produced was exported, compared with 47,7% during 2016.

The following graph depicts wine export destinations during 2017.



Consumption

The per capita consumption of wine on the domestic market from 2013 to 2017 is as follows:

Year	2013	2014	2015	2016	2017
	ℓ per capita				
Still wine	6,16	6,56	7,00	7,12	7,20
Fortified wine	0,62	0,62	0,61	0,58	0,59
Sparkling wine	0,15	0,15	0,15	0,16	0,16
Total	6,93	7,33	7,76	7,86	7,95

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 407 million in 2017/18—an increase of 8,3% on the 2016/17 figure of R4 070 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.

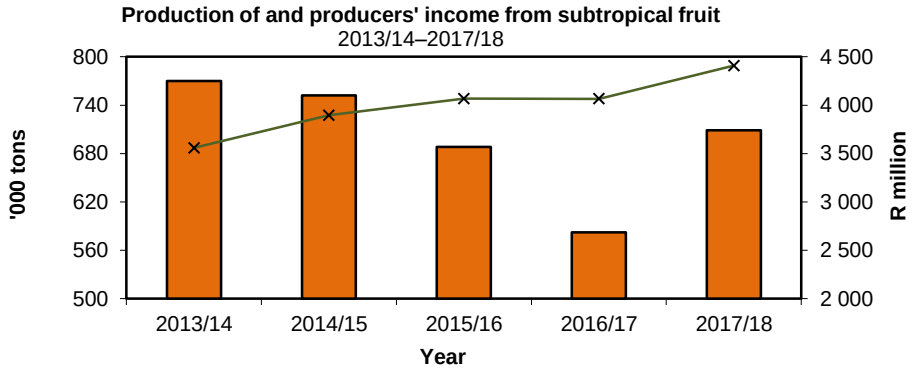
The total production area of avocados in 2017/18 is estimated at approximately 17 500 ha, mangoes at 7 000 ha and litchis at 1 130 ha.

The production of subtropical fruit from 2013/14 to 2017/18 is as follows:

Fruit type	2013/14	2014/15	2015/16	2016/17	2017/18
	'000 tons				
Avocados	97,7	98,4	87,8	77,6	86,0
Bananas	463,3	425,7	402,0	288,0	402,3
Pineapples	96,7	95,9	105,0	88,8	104,3
Mangoes	57,6	75,7	41,0	72,6	68,6
Papayas	13,7	15,9	14,0	15,2	13,5
Granadillas	0,7	0,8	0,8	1,0	0,6
Litchis	8,3	8,4	8,4	10,5	7,7
Guavas	31,6	31,8	26,6	28,1	26,1

The total production of subtropical fruit increased by 21,9%, from 581 808 tons in 2016/17 to 709 081 tons in 2017/18. Production of bananas rose by 39,7%, pineapples by 17,5% and avocados by 8,6%.

However the production of litchis dropped by 26,7%, papayas by 11,2% and mangoes by 5,5%



Bananas, pineapples and avocados contributed 56,7%, 14,7% and 12,1%, respectively, to the total production of subtropical fruit during the 2017/18 season.

Domestic sales

During 2017/18, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (73,5%), pineapples (8,5%) and avocados (7,2%), followed by mangoes (7,0%), papayas (2,8%) and guavas, litchis and granadillas combined (1,0%).

The quantities of bananas, pineapples, mangoes, litchis and guavas sold on the major fresh produce markets increased during 2017/18, while the quantities of avocados, papayas and granadillas decreased.

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

Fruit type	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	Tons				
Avocados	27 157	30 737	27 636	24 738	23 453
Bananas	277 633	255 085	240 413	171 935	240 761
Pineapples	23 793	23 005	21 877	20 407	27 818
Mangoes	15 335	16 251	13 270	17 878	22 994
Papayas	8 720	9 983	9 575	9 785	9 045
Granadillas	526	545	567	686	447
Litchis	1 100	1 028	1 494	1 394	1 398
Guavas	1 652	2 358	1 714	1 520	1 526
Total	355 916	338 992	316 546	248 343	327 442

Intake for processing

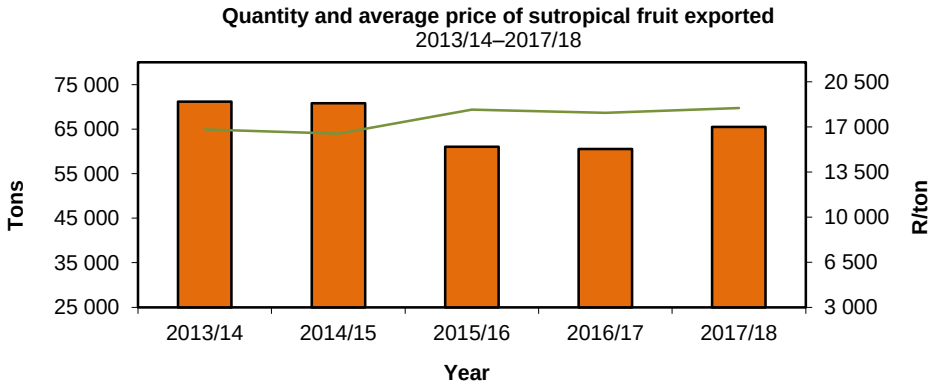
During 2017/18 (July to June), pineapples accounted for 50,2% of the total intake of subtropical fruit types for processing. The other two main contributors to the processing industry were mangoes (25,9%) and guavas (16,9%).

The quantities of bananas, mangoes, papayas, granadillas guavas, and litchis taken in for processing decreased during 2017/18, while the intake of avocados and pineapples increased.

Fruit type	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	Tons				
Avocados	6 359	4 101	5 874	4 129	6 591
Bananas	623	573	1 313	1 481	1 028
Pineapples	67 743	68 076	78 844	64 115	71 436
Mangoes	38 105	53 627	22 248	45 684	36 854
Papayas	1 518	2 102	749	1 762	1 157
Granadillas	111	98	89	122	19
Litchis	268	689	1 026	1 491	1 056
Guavas	29 581	29 035	24 003	25 997	24 064
Total	144 308	158 301	134 146	144 781	142 205

Exports

From 2016/17 to 2017/18, total exports of subtropical fruit increased by 8,1%, from 60 580 tons to 65 510 tons and the average export price increased by 2,1%, from R18 082/t to R18 469/t.



The main subtropical fruit type being exported is avocados. During 2017/18, exports of avocados contributed 79,7% 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 2018/19 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 77 708 ha.

Production

Oranges contributed about 57,7% to the total production of citrus fruit in South Africa during 2017/18. Citrus fruit production increased by 11,2%, from 2 261 127 tons in 2016/17 to 2 522 583 tons in 2017/18. There has been an annual average decrease of 3,34% over the past five years in citrus production.

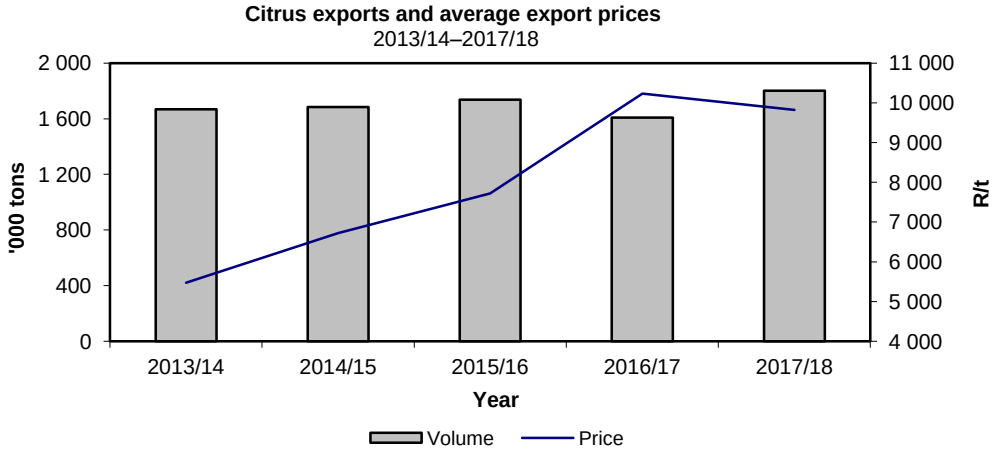
Citrus fruit production for the past five production seasons (1 February to 31 January) is as follows:

Fruit type	2013/14	2014/15	2015/16	2016/17	2017/18
	Tons				
Oranges	1 808 142	1 797 476	1 761 115	1 366 058	1 454 353
Grapefruit	443 066	417 422	390 889	318 241	325 462
Lemons	257 819	329 095	353 057	325 371	446 696
Naartjes	34 817	40 355	41 959	36 166	40 967
Soft citrus	157 361	184 105	183 669	215 270	249 967
Total	2 701 205	2 768 453	2 730 687	2 261 107	2 522 538

Exports

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

Exports increased from 1 609 001 tons during 2016/17 to 1 802 158 tons during 2017/18—an increase of 12,0%. During 2017/18, the European Countries, Middle East, East Asia and Pacific and Eastern and Central Europe (87,8%) were South Africa's largest trading partners in terms of citrus fruit exports. About 1 454 353 tons of oranges (approximately 80,7% of the citrus crop) were exported.



Domestic sales

Citrus fruit sales on the major fresh produce markets in South Africa increased by 7,6%, from 136 222 tons during 2016/17 to 146 515 tons during 2017/18 and comprised about 5,8% of total citrus fruit production. Approximately 60,3% of the oranges production, 11,7% of lemons, 11,2% of soft citrus and 9,3% of naartjes were sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2013/14 to 2017/18 were as follows:

Fruit type	2013/14	2014/15	2015/16	2016/17	2017/18
	R/ton				
Oranges	2 075	2 233	2 549	3 651	3 607
Grapefruit	2 336	3 113	3 960	5 200	2 490
Lemons	5 550	6 771	7 236	7 799	7 655
Naartjes	5 785	6 131	6 341	7 236	6 690
Soft citrus	4 368	4 717	5 019	6 212	5 497

Processing

Approximately 17,0% of the total citrus fruit production was taken in for processing during 2017/18. Citrus fruit taken in for processing increased by 12,8%, from 379 437 tons in 2016/17 to 427 824 tons in 2017/18.

Consumption

Per capita consumption of citrus fruit from 2013 to 2017 was as follows:

Year	2013	2014	2015	2016	2017
	kg/year				
Per capita consumption	18,48	19,50	17,44	10,52	10,75

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

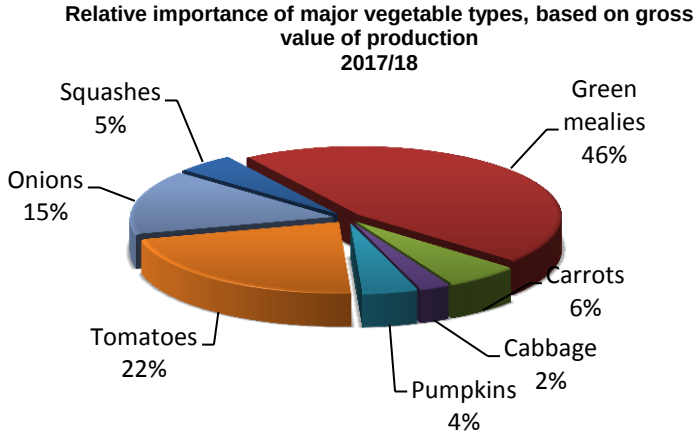
From 2016/17 to 2017/18 (July–June), the total production of vegetables (excluding potatoes) increased by 1,8%, from 2 984 104 tons to 3 037 412 tons. All the major vegetable types in terms of volumes produced, increased, except for tomatoes that decreased by 7,0%.

The production of vegetables (excluding potatoes) in South Africa for the period 2013/14 to 2017/18 compares as follows:

Year	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
	'000 tons				
Tomatoes	538	547	563	632	588
Onions	619	675	687	706	709
Green mealies and sweet corn	362	373	378	380	390
Cabbages	146	146	139	153	160
Pumpkins	245	256	254	260	264
Carrots	184	202	214	218	230
Other	593	633	630	635	696
Total	2 687	2 832	2 865	2 984	3 037

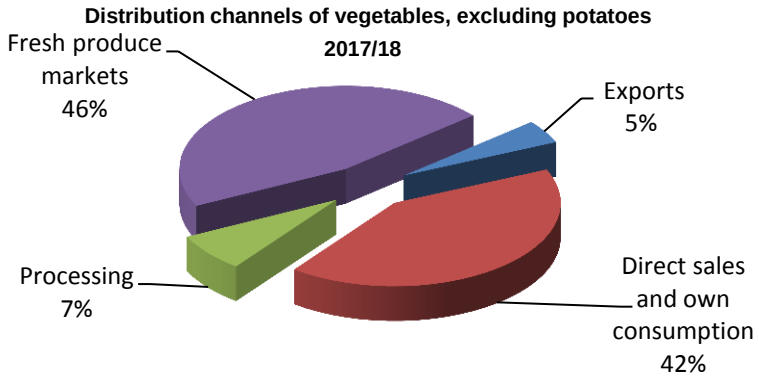
Relative importance of major vegetable types

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 2017/18 amounted to 1 423 026 tons, as against 1 395 934 tons sold during 2016/17, which represents an increase of 1,9%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2013/14 to 2017/18 are as follows:

Year	2013/14	2014/15	2015/16	2016/17	2017/18
	R'000				
Tomatoes	1 488 671	1 521 882	1 737 235	1 712 875	1 830 202
Onions	1 235 504	1 091 704	1 466 365	1 364 129	1 637 671
Green mealies and sweet corn	41 286	47 406	56 553	60 915	64 264
Cabbages	235 093	234 943	254 430	256 755	243 854
Pumpkins	113 422	103 988	114 009	128 415	119 464
Carrots	415 981	362 382	467 081	462 182	466 362
Other	1 835 291	1 912 457	2 246 264	2 314 167	2 444 398
Total	5 365 248	5 274 762	6 341 937	6 267 248	6 806 215

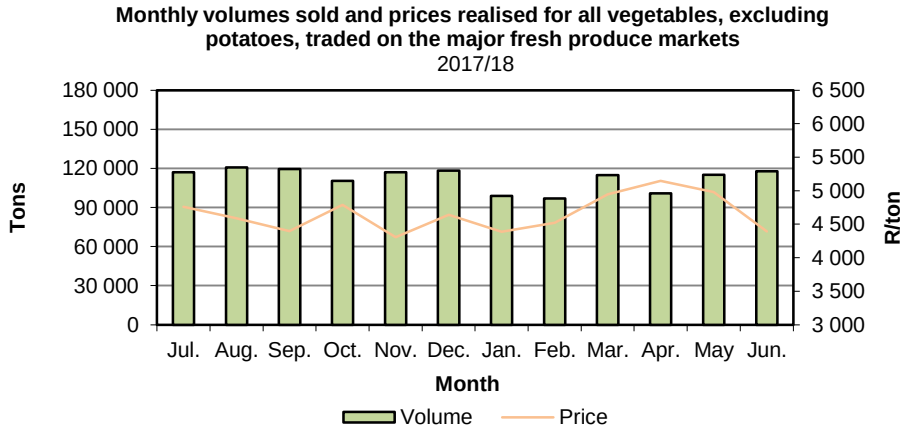
The value of cabbages showed a decrease of 5,0% from 2016/17 to 2017/18, whilst the values of all other vegetables increased during 2017/18.

Prices

The average prices of vegetables realised on the fresh produce markets for the period 2013/14 to 2017/18 were as follows:

Year	2013/14	2014/15	2015/16	2016/17	2017/18
	R/ton				
Tomatoes	5 263,31	5 424,79	6 426,88	5 768,47	6 287.19
+Onions	3 568,16	2 872,62	3 799,54	3 420,72	4 091.54
Green mealies and sweet corn	9 951,96	12 480,18	16 161,39	15 234,65	16 044.18
Cabbages	2 176,56	2 173,01	2 482,33	2 274,25	2 062.17
Pumpkins	2 262,87	1 854,47	2 236,84	2 394,12	2 254.22
Carrots	3 746,35	2 958,48	3 707,33	3 532,32	3 366.86
Other	4 281,01	3 986,07	4 838,59	4 651,64	4 782.92

Of the major vegetable types, the prices increased except for cabbages and pumpkins that showed a decrease of 9,3% and 5,8%, respectively.



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 46,66 kg during 2017/18, approximately 4,0% higher than the 44,86 kg of 2016/17.

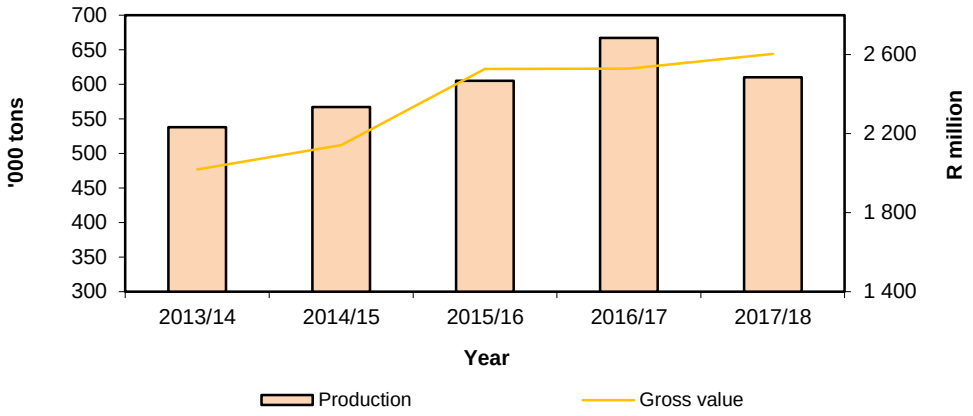
Tomatoes

Production and value

Production of tomatoes decreased by 8,5%, from 666 567 tons in 2016/17 (July to June) to 610 237 tons in 2017/18.

The gross value of production increased by 6,7%, from R2 529 million in 2016/17 to R2 699 million in 2017/18.

Production and value of tomatoes
2013/14–2017/18



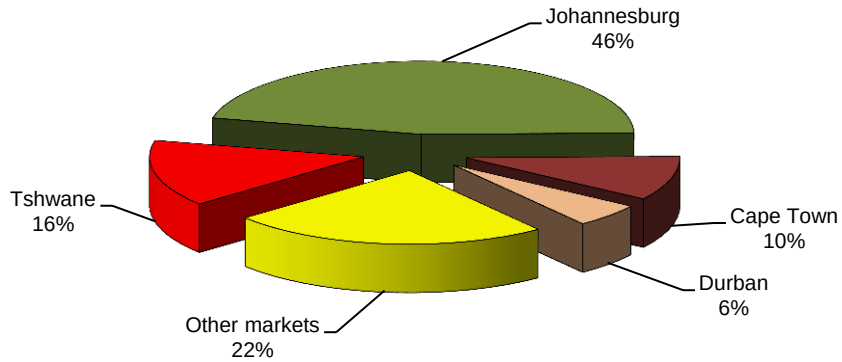
Sales

Sales on fresh produce markets constituted approximately 51,2% and direct sales approximately 27,7% 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.

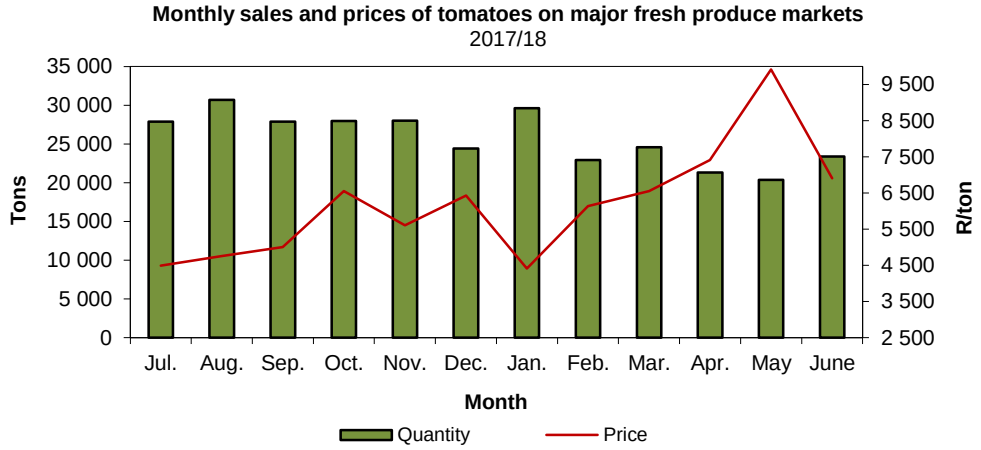
The quantity of tomatoes sold on the 21 major fresh produce markets decreased by 2,3%, from 319 678 tons in 2016/17 to 312 470 tons in 2017/18.

Tomato sales on the major fresh produce markets
2017/18



Prices

The average price of tomatoes sold on the major fresh produce markets increased by 9,3%, from R5 535,83 per ton during 2016/17 to R6 048,11 per ton during 2017/18. 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.



*Exports**

The quantity of tomatoes exported increased by 0,4%, from 16 663 tons in 2016/17 to 16 737 tons in 2017/18. Approximately 75,7% of total tomato exports went to Mozambique during 2017/18 and 7,4% to Zambia and 5,8% to Angola, respectively.

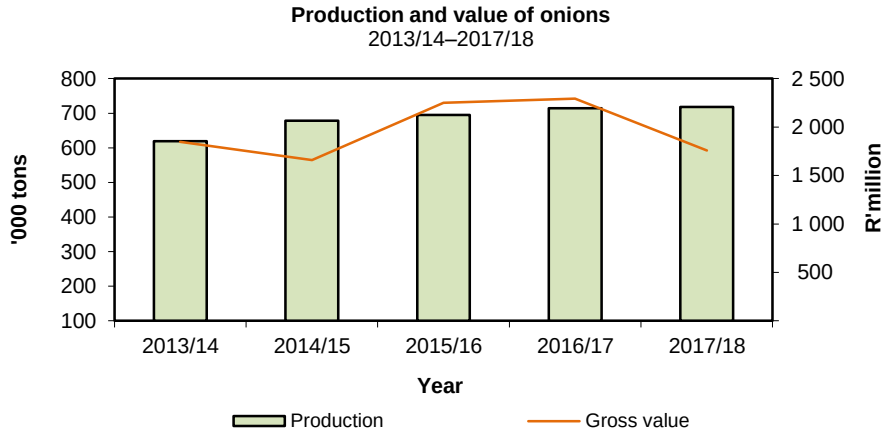
*Source: *Customs and Excise*

Onions

Production

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

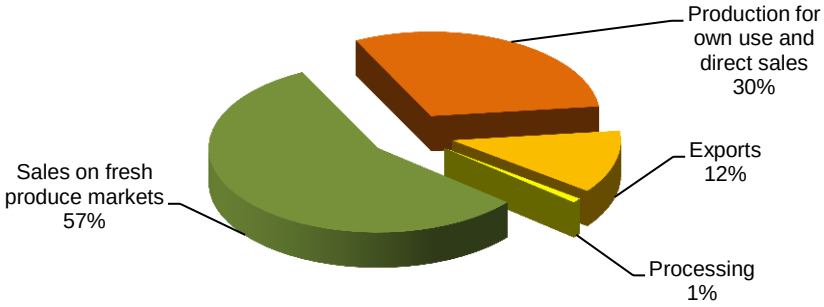
Approximately 718 457 tons of onions were produced during the 2017/18 season (July to June). This is 6,6% more than the 713 767 tons of the previous season. The industry experienced an average annual increase of 4,0% in production from 2013/14 to 2017/18.



Sales

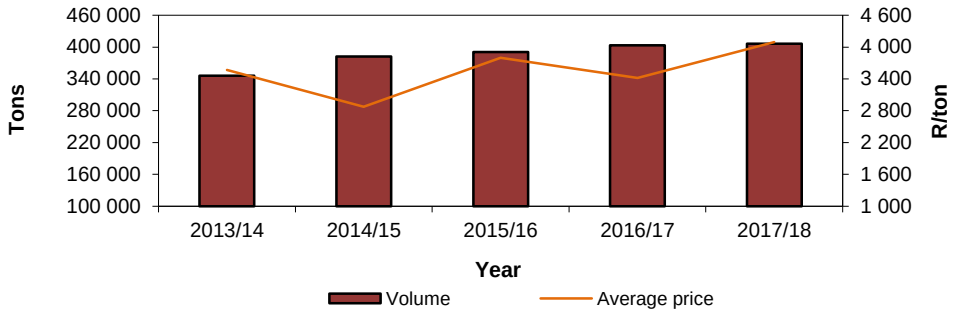
The fresh produce markets remain an important marketing channel for onions. Approximately 57% of the total production during the 2017/18 season was sold on the major fresh produce markets, while 12% was exported. The remainder comprises of producers' own consumption and direct sales to supermarkets and chain stores (30%) and a small quantity, less than 1%, was sold to processing factories.

Distribution of the onion crop
2017/18



The sales of onions on the fresh produce markets increased by 6,4%, from 403 611 tons in 2016/17 to 406 182 tons in 2017/18.

Sales of onions on the fresh produce markets
2013/14–2017/18



Prices

The average price of onions sold on the fresh produce markets increased by 19,8%, from R3 417 per ton in 2016/17 to R4 093 per ton in 2017/18.

Processing

Approximately 1% of the total production of onions was taken in for processing during the 2017/18 season. There has been an increase in the total processing of onions since the 2013/14 season, when 3 219 tons were taken in for processing to 6 379 tons in the 2017/18 season. During 2017/18, about 91,8% was canned and the remaining 8,2% was frozen.

*Exports**

During the 2017/18 season, the volume of onions exported represented approximately 12,3% of the total onion crop. The volume of exports decreased by 0,1%, from 86 680 tons in 2016/17 to 86 558 tons during 2017/18.

* Source: *Customs and Excise*

Potatoes

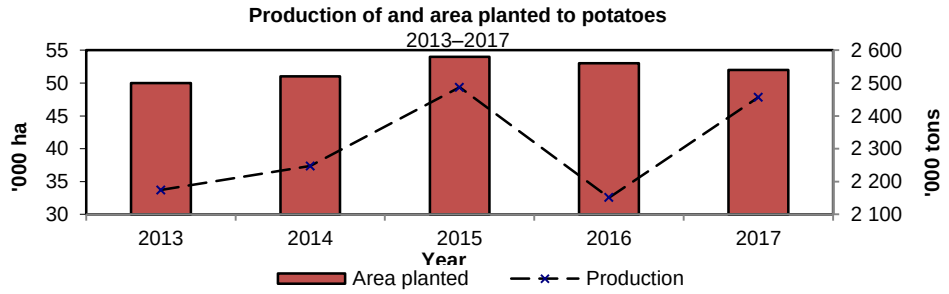
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in the Free State, Western Cape, Limpopo and Mpumalanga provinces. Potatoes are planted at different times because of climate differences in the production areas, resulting 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 2017 were 52 017 ha, which was 1,3% lower than the 52 722 ha of the previous year.

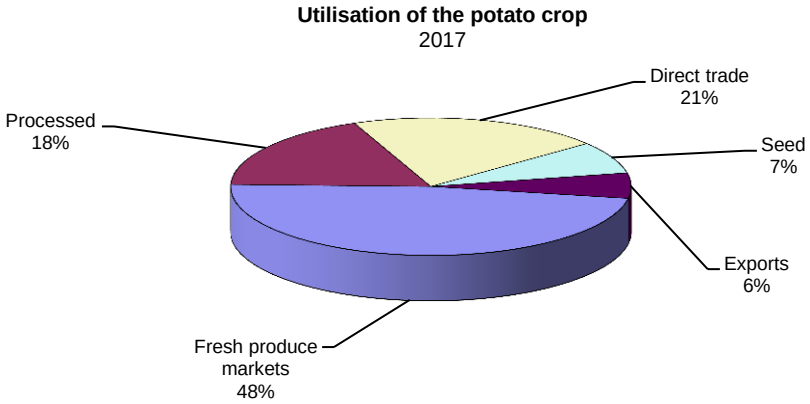
Production

In 2017, the average yield was approximately 4 713 x 10 kg pockets per hectare, compared to 4 069 x 10 kg pockets per hectare in 2016, which is an increase of 15,8%.



Sales

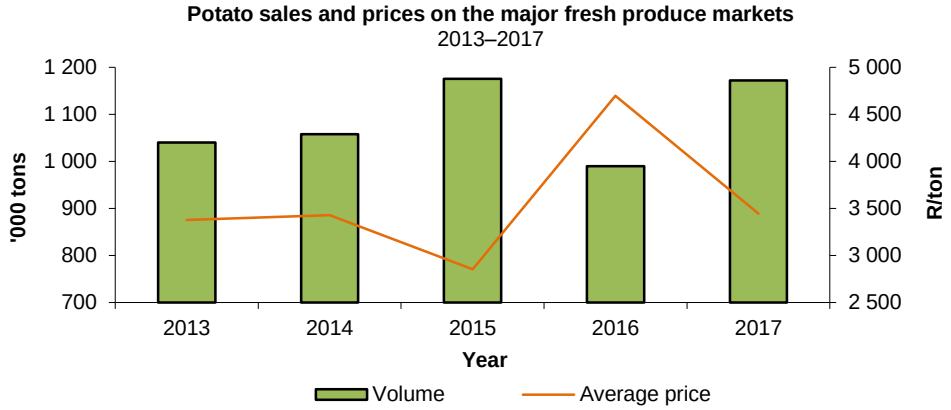
The major fresh produce markets remain an important channel for the sale of potatoes.



During 2017, approximately 117 million x 10 kg pockets of potatoes were sold on the major fresh produce markets, as against 99 million in 2016—an increase of 18,2%. The Johannesburg Fresh Produce Market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the five years from 2013 to 2017, potato sales on the major fresh produce markets on average showed an increase of approximately 1,3%.

Prices

Between 2013 and 2017, potato prices realised on the major fresh produce markets increased by an average of 6,3% per annum, from R3 379 per ton in 2013 to R3 446 per ton in 2017.



The average price decreased significantly by 26,6%, from R4 695 per ton in 2016 to R3 446 per ton in 2017 due to a bigger crop.

Processing

During 2017, approximately 18,3% 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 an increase of 15,7%, from 353 106 tons in 2016 to 408 409 tons in 2017.

*Exports**

More than 97 569 tons, approximately 4,0% of total local potato production, was exported during 2017. The quantities of potatoes exported increased significantly by 31,7% from 2016. During 2017, 88,7% 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 increased by 14,1% to 2 067 million tons during 2017 and the per capita consumption increased by 13,4% to about 36,73 kg.

Year	2013	2014	2015	2016	2017
Total production (‘000 tons)	2 174	2 247	2 487	2 151	2 457
Gross human consumption (‘000 tons)	1 833	1 883	2 102	1 811	2 067
Per capita consumption (kg p.a.)	34,59	34,87	38,26	32,39	36,73

Prospects

It is expected that there will be a 2,0% increase in the production of potatoes in 2018: a total crop of approximately 250,5 million x 10 kg pockets from a 52 874 ha area planted.

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 started to recover in the past eight months due to near normal to normal rainfall in most provinces. Livestock conditions were recorded reasonable to good in most provinces over the same period. 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 near normal rainfall in most provinces, although scarce availability of fodder and grazing still require farmers 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.

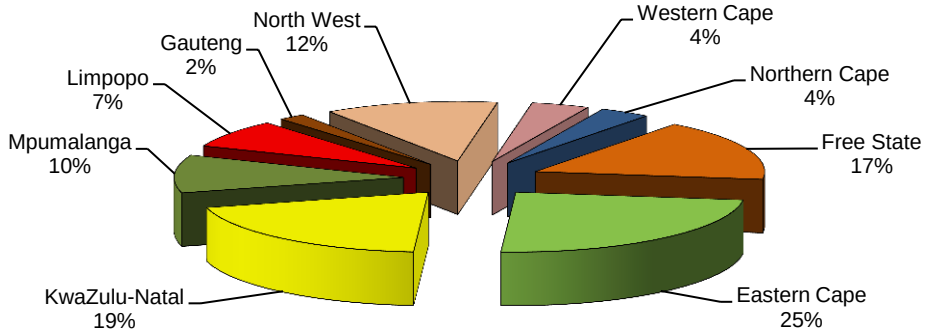
The total number of cattle in South Africa at the end of August 2018 is estimated at 12,83 million, comprising various international dairy and beef cattle breeds as well as indigenous breeds such as the Afrikaner and the Nguni. The number is approximately 0,93% lower than the estimate of 12,95 million as at the end of August 2017. 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 2014 were estimated to be as follows:

Province	2014	2015	2016	2017	2018*
	'000 (August)				
Western Cape	564	558	552	518	510
Northern Cape	503	502	492	479	445
Free State	2 304	2 279	2 232	2 179	2 183
Eastern Cape	3 338	3 321	3 268	3 149	3 146
KwaZulu-Natal	2 740	2 683	2 633	2 496	2 485
Mpumalanga	1 438	1 399	1 373	1 326	1 285
Limpopo	1 055	1 016	987	981	942
Gauteng	254	248	246	246	246
North West	1 719	1 688	1 616	1 580	1 584
Total	13 915	13 694	13 399	12 954	12 826

** Preliminary*

Distribution of cattle by province
August 2018* (%)

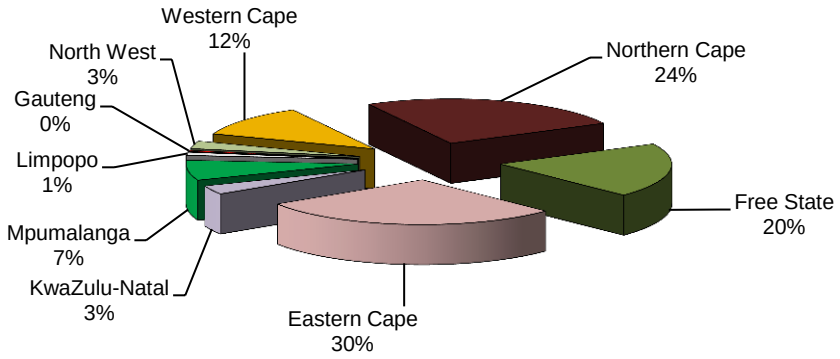


There are various breeders' organisations representing most international and indigenous cattle breeds. Most of the organisations are affiliated to the South African Studbook and Animal Improvement Association. The Milk Producers' Organisation (MPO) is the most prominent producer organisation in the 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 2018 were estimated at 22,55 million, 0,62% lower than the estimated 22,69 million as at the end of August 2017. For August 2017, the largest numbers of sheep were estimated to be in the Eastern Cape (30%), Northern Cape (24%), Free State (20%) and Western Cape (12%) provinces.

Distribution of sheep by province
August 2018* (%)



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 2014 was estimated to be as follows:

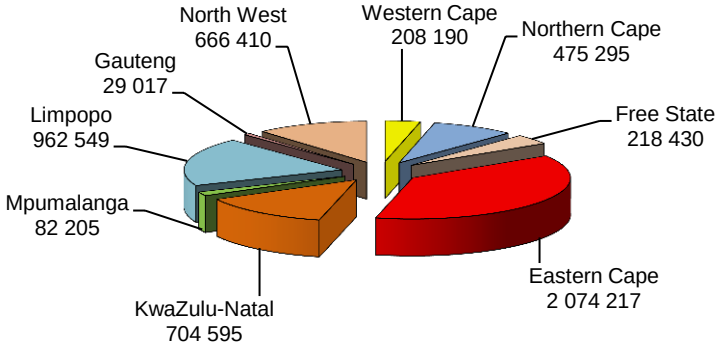
Province	**2014**	**2015**	**2016**	**2017**	**2018***
	'000 (August)				
Western Cape	2 818	2 800	2 757	2 695	2 664
Northern Cape	5 995	5 956	5 768	5 582	5 505
Free State	4 773	4 727	4 517	4 521	4 505
Eastern Cape	6 987	6 967	6 866	6 622	6 646
KwaZulu-Natal	755	747	727	692	691
Mpumalanga	1 772	1 739	1 692	1 652	1 612
Limpopo	258	254	235	225	218
Gauteng	99	99	95	92	92
North West	666	649	630	608	616
Total	24 123	23 938	23 287	22 689	22 549

** 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 1,00% in the number of goats, from 5,475 million in August 2017 to 5,420 million in August 2018.

Distribution of goats by province
August 2018*



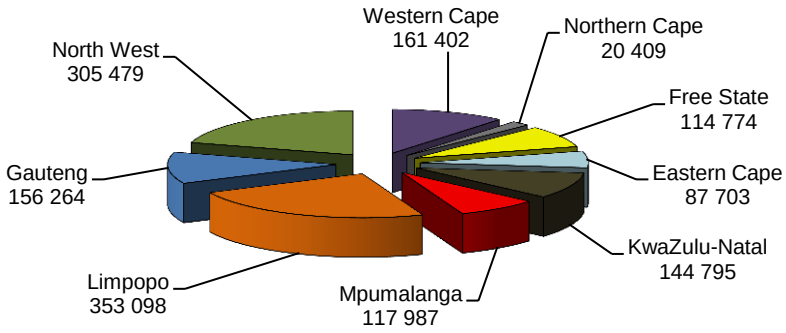
**Preliminary*

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 1,480 million in August 2017 to 1,461 million as of August 2018, a drop of 1,28%.

Distribution of pigs by province
August 2018*



**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 18,4% to the gross value of agricultural production in the RSA during 2017/18. While sheep farming is mainly extensive, a large percentage of beef animals are supplied by feedlots.

Livestock slaughtering

It is estimated that the total number of cattle slaughtered decreased by 5,4%, sheep (including lambs) slaughtered decreased by 12,1%, while pigs slaughtered increased by 8,8% from 2016/17 to 2017/18.

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

Year	2013/14	2014/15	2015/16	2016/17	2017/18
Cattle	2 648 405	2 838 344	3 003 535	2 853 080	2 700 075
Sheep and lambs	5 281 651	5 466 996	5 135 569	4 786 154	4 209 204
Pigs	2 655 338	2 732 297	2 812 161	2 704 933	2 943 814

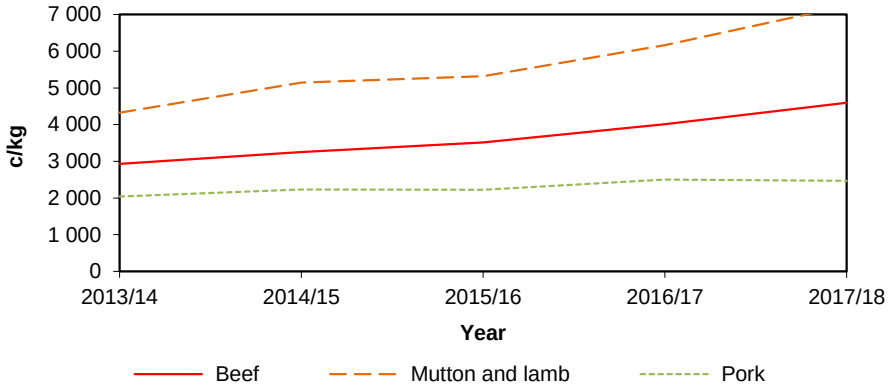
Auction prices

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 2017/18 amounted to R45,91/kg (average for all classes on all auction markets), which represents an increase of 14,4% from the average price of R40,15/kg for 2016/17.

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
2013/14–2017/18 (July to June)



seasonal price patterns for mutton were influenced by imports. The average producer price for mutton and lamb increased by 17,4%, from R61,67/kg in 2016/17 to R72,39/kg in 2017/18.

The average producer price for pork decreased by 1,4%, from R24,99/kg in 2016/17 to R24,64/kg in 2017/18.

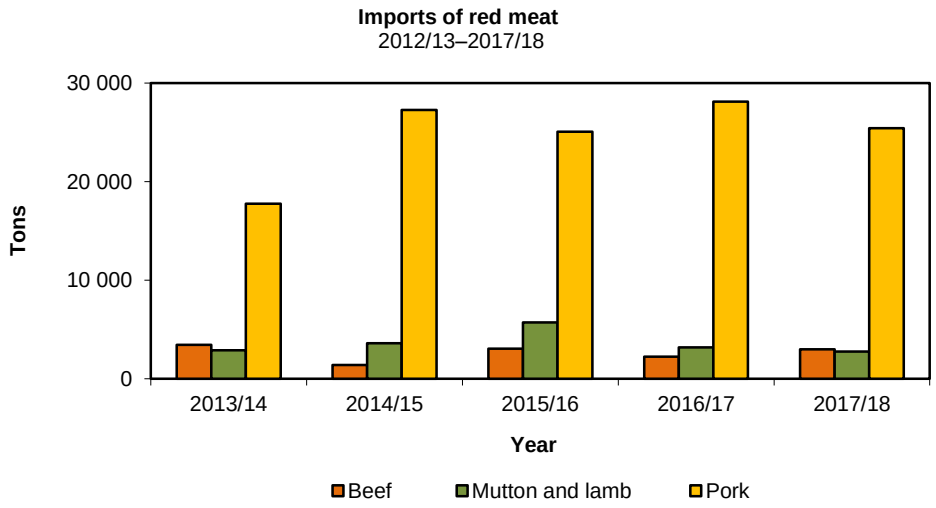
Imports

Imports of red meat decreased by 7,1%, from 33 562 tons in 2016/17 to 31 164 tons in 2017/18 (0,5% higher than the average of approximately 31 007 tons for the five years up to 2017/18).

Beef imports amounted to 2 984 tons, which is an increase of 32,2% from the 2 257 tons imported during 2016/17 and 13,4% higher than the five-year average of 2 631 tons up to 2017/18.

Imports of pork amounted to 25 425 tons, a decrease of 9,6% from the 28 116 tons imported during 2016/17 and 2,8% higher than the five-year average of 24 732 tons up to 2017/18.

Imports of mutton during 2017/18 amounted to 2 755 tons—a decrease of 13,6% from the 3 190 tons imported the previous year and 24,3% lower than the average of 3 639 tons for the five years up to 2017/18.



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

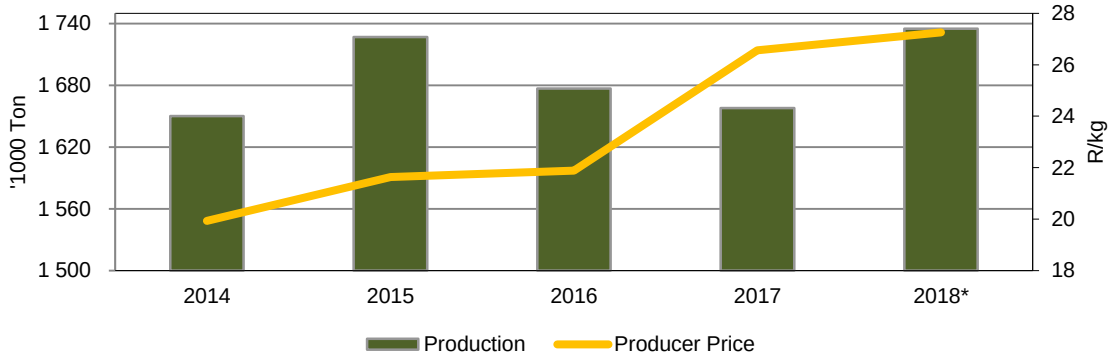
The broiler industry continues to dominate the agricultural sector in South Africa as the main supplier of animal protein.

Production

The distribution of broiler birds (including broiler breeders) per province is as follows: North West province (22,0%), Mpumalanga (20,7%), the Northern and Western Cape (19,5%), the Free State (12,1%), Gauteng (9,9%), the Eastern Cape (6,7%), KwaZulu-Natal (6,6%) and Limpopo (2,5%).

In 2017, a total of 988,7 thousand day-old chicks were hatched, a decrease of 0,2% compared to the previous year. The average number of broilers slaughtered for commercial markets during 2017 was estimated at 927,1 million. This is 0,9% less than the 935,6 million slaughtered during 2016. Annual production of chicken meat totalled 1,658 million tons in 2017. 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 2018, an average of 17,8 million broilers were slaughtered per week, totalling to 427,2 million birds.

Chicken meat production and average producer prices
2014-2018



** Expected production for 2018 and average producer price for the first nine months of 2018*

Prices received by producers

The average weighted basic gross price (before rebates, advertising and distribution costs are deducted) received by producers of broilers decreased by 11,9%, from R24,33/kg in 2017 to R21,44/kg in the first nine months of 2018.

Average weighted producer prices of broilers from 2014 to 2018 are as follows:

Year	2014	2015	2016	2017	2018*
	R/kg				
Price of broilers	19,93	21,64	21,88	26,56	27,26

** Preliminary: January to September 2018*

Consumption

The consumption of poultry meat in 2017 accounted to 60,4% of total meat consumption (beef, mutton, goat, pork and poultry) compared to 59,2% in 2016.

Per capita consumption of commercially produced poultry meat from 2013 to 2017 is as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	kg/year				
Per capita consumption	38,3	38,2	40,4	38,9	38,1

Imports

In 2017, poultry imports totalled 556 877 tons, a year-on-year decrease of 3 278 tons or 0,6%. The value of imports amounted to R6,44 billion.

Brazil was the main country of origin of imports in 2017, accounting for 60,6%, or 337 476 tons of total poultry imports into South Africa. The USA was the second largest importer with 15,6%, followed by the EU with 14,0%. Argentina and Ireland were at fourth and fifth position with 5,9% and 4,4% of imports, respectively. During 2017, an estimated 34% of domestic poultry production comprised of imported poultry meat.

Prospects

The poultry industry faces several significant challenges that have hindered its competitiveness and growth potential. The principal challenge pertaining to the industry were the Avian Influenza outbreaks, which led to millions of birds being culled to prevent the spread of the disease. During the first semester of 2018, the hatcheries projected 19,11 million chicks per week and a potential broiler production of 17,86 million per week.

Egg industry

Based on information provided by SAPA, the distribution of layers per province is as follows: Gauteng (23,8%), Northern and Western Cape (23,4%), Free State (16,4%), North West (11,6%), KwaZulu-Natal (10,2%), Mpumalanga (7,1%), Limpopo (4,3%) and the Eastern Cape (3,2%).

The number of layers decreased by 6,6%, from 24,80 million in 2016 to 23,16 million in 2017. There was an estimated 24,16 million layers during May 2017 but due to Avian Influenza the national flock decreased drastically to 21,33 million layers in December of the same year.

The average price received by egg producers during the first nine months of 2018 was 16,7% higher than the average price received during the same period of 2017.

The average weighted producer prices of eggs from 2014 to 2018 are as follows:

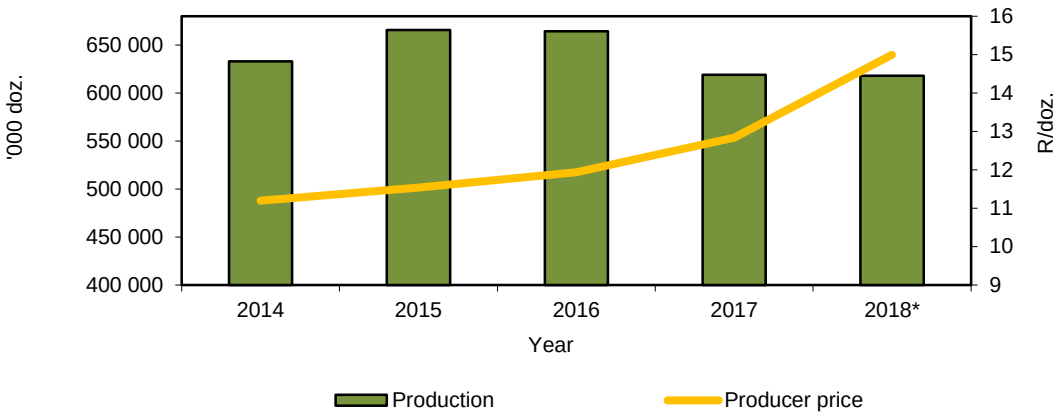
Year	**2014**	**2015**	**2016**	**2017**	**2018***
	R/dozen				
Price of eggs	11,20	11,54	11,94	12,84	14,99

** Preliminary: January to September 2018*

Production

Egg production showed a year-on-year decrease of 6,8% in 2017. The average number of cases produced per week was 373 957 compared to 406 773 cases per week in 2016. The total production of eggs for human consumption in 2017 was 593 million dozen or 19,8 million cases.

Production of eggs and prices received by producers
2014–2018



* Expected production for 2018 and average producer price for the first nine months of 2018

Consumption

The per capita consumption in 2017 was 128,2 eggs or 7,65 kg compared to 141,4 eggs or 8,39 kg in 2016. The reduced availability and increased price of eggs due to the Avian Influenza outbreak had a negative impact on consumption. Eggs are still an affordable animal protein source in comparison with meat. During 2017, 423 167 tons of eggs were consumed. This amounted to 11,7% of the total protein (beef, mutton, goat, pork, poultry and eggs) consumption.

Prospects

Following the devastating highly pathogenic Avian Influenza, the industry experienced a severe shortage of eggs. The industry imported fertile eggs to close the supply gap. Egg production started to pick up during the second half of 2018. Production for 2018, however, is expected to remain at the same level as during 2017.

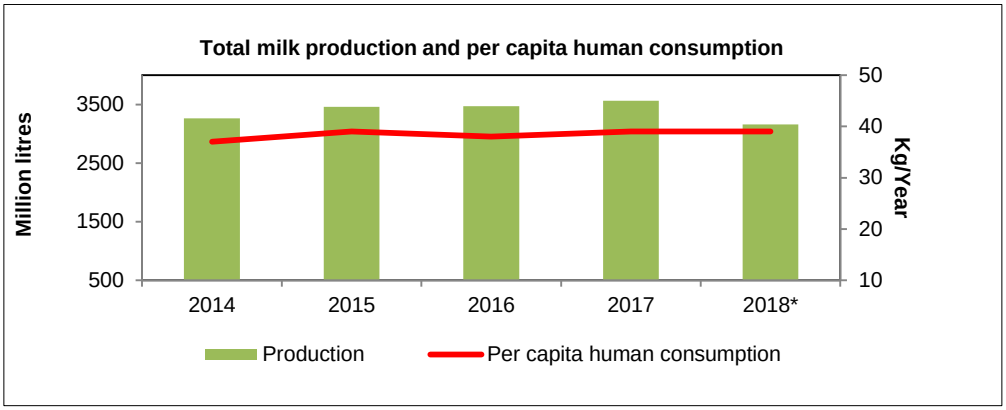
Milk

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 5,6%, from 1 593 in January 2017 to 1 503 in June 2018. The number of milk producers decreased drastically by 61,6%, from 3 551 in January 2009 to 1 364 in January 2018.

As of October 2017, the Eastern Cape province was the largest milk producer with an estimated share of 29,7%, KwaZulu-Natal (28,2%), Western Cape (26,8%), Free State (5,6%), Gauteng (3,7%), Mpumalanga (2,5%), North West (2,4%), Northern Cape (0,7%) and Limpopo (0,4%).

South Africa's milk production share to the world milk production is very insignificant and was estimated at only 0,4% in 2017. However, in terms of the value of agricultural production, the milk industry was the seventh largest agricultural industry in the country in 2017. The gross value of milk produced in 2017, including milk for the producer's own consumption and on-farm usage, increased by 10,5% and amounted to R17 471 million, from R15 806 million in 2016.

Milk production in South Africa usually meets the local demand and therefore shortages are unlikely reported every year. Production of milk for the first nine months of 2018 (*January to September*) increased 5,0% to 2 337 million litres, from 2 225 million litres during the same period in 2017. Commercial milk production increased by 2,9% to 3 151 million litres in 2017, from 3 061 million litres in 2016. In South Africa, the average per capita human consumption of milk is estimated at 38 kg per year.



Source: MPO and DAFF
** DAFF projection*

Imports and exports of dairy products

South Africa imported more dairy products than the exports in 2017. According to the Milk Producers' Organisation (MPO), the imports of dairy products increased significantly by 42,0% to 82 360 tons in 2017, from to 58 000 tons in 2016. The exported dairy products increased by 11,5% and amounted to 56 061 tons in 2017, from 52 279 tons in 2016.

Prices

Producer prices of milk decreased by 5,5% to R4,60/ℓ for the nine months up to September 2018, compared to R4,86/ℓ during the same period in 2017. This can be ascribed largely to excess supply or an increase in production of milk.

Production season	**2014**	**2015**	**2016**	**2017**	**2018***
	c/ℓ				
Average producer price	426	415	456	490	460

Source: MPO
** Preliminary: January to September*

Prospects

Milk production is expected to continue growing in 2018 due to favourable weather conditions. Producer prices are also expected to decrease as a result of higher production and growth in demand.

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 2017/18 with 12,9 million kg, followed by the Free State with 6,9 million kg, the Western Cape with 6,2 million kg, the Northern Cape with 4,4 million kg and Mpumalanga with 1,7 million kg, while 1,2 million kg were produced in the remaining four provinces.

South Africa's neighbour, Lesotho, which markets its wool in South Africa, produced 6,1 million kg.

Production

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

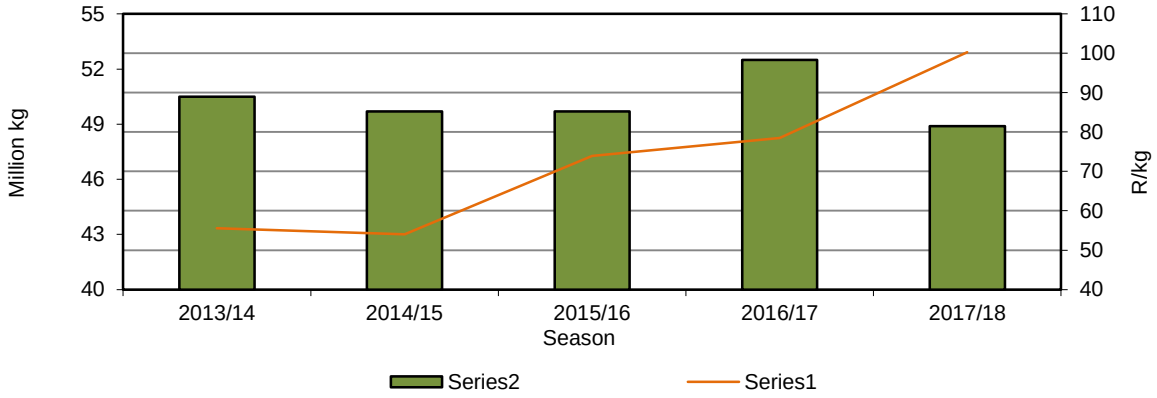
Wool production in South Africa, Lesotho and Namibia decreased by 1,1%, from 61,6 million kg in 2016/17 to 60,9 million kg during 2017/18.

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
2013/14–2017/18



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 2017/18, the major export destinations for South African wool were as follows:

Wool shipments to the five top export destinations – July 2017 to June 2018								
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	3 614 080	35 634 402	23 523	132 981	0	0	3 637 603	72,3
Czech Republic	679 221	7 564 152	0	0	0	0	679 221	13,5
Italy	190 604	1 370 147	62 112	396 693	147 515	697 200	400 231	7,9
India	90 912	724 525	3 394	42 798	0	0	94 306	1,9
Germany	0	0	35 082	260 067	31 016	165 501	66 098	1,3

Outlook

Due to China's expanding middle class, growth in demand for luxury woollen textile is expected to remain strong. Although the exchange rate put a brake on the increase in the market price, local wool producers are still expected to benefit a great deal from the positive wool market on the back of improved global price due to high demand.

Mohair

Production

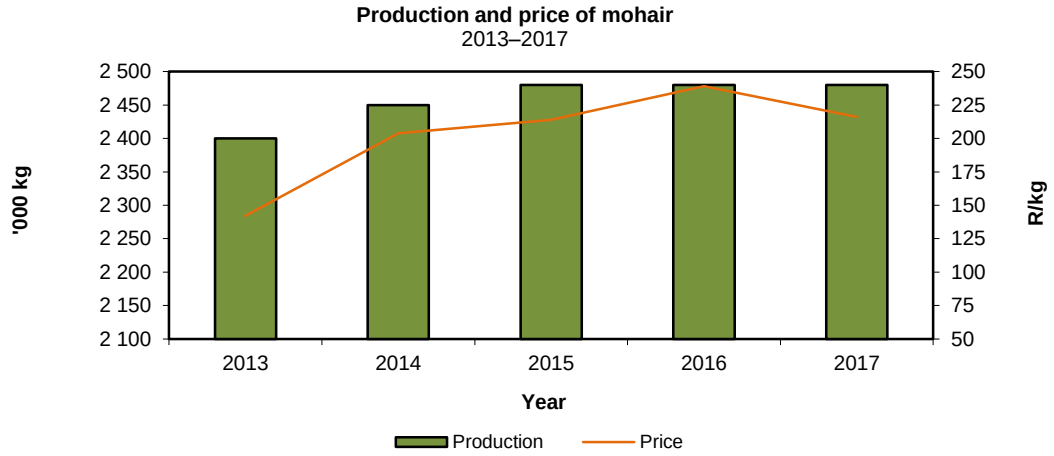
Mohair production in South Africa mainly occurs in the Eastern Cape province as well as the adjacent part of the Western Cape province.

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 2017.

Production of mohair by South Africa during the period 2013 to 2017 is as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	Million kg				
Production	2,4	2,5	2,5	2,5	2,5



Prices

The average auction price of mohair decreased by 9,9%, from R239,40/kg in 2015, to R215,70 in 2017. Although the kid sector experienced some downward pressure, the rest of the clip had good demand. Average auction prices of mohair for the period 2013 to 2017 are as follows:

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	R/kg				
Price	142,00	204,00	213,51	239,40	215,70

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. China remained the leader in mohair imports from South Africa, followed by Italy and Taiwan.

Mohair exports increased by 28,4% from 2016 to 2017 at an estimated 3,0 million kg.

Year	**2013**	**2014**	**2015**	**2016**	**2017**
	Million kg				
Imports	1,2	1,3	1,2	1,3	1,3
Exports	3,0	3,0	2,8	2,3	3,0

Prospects

Further pressure is expected on production volumes during 2018 due to drought conditions continuing over many production areas. A strong shift is experienced towards fibres produced within an ethical environment while continued growth in the Chinese market is also expected.