Trends

in the

Agricultural Sector 2019

agriculture,
forestry & fisheries

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Trends
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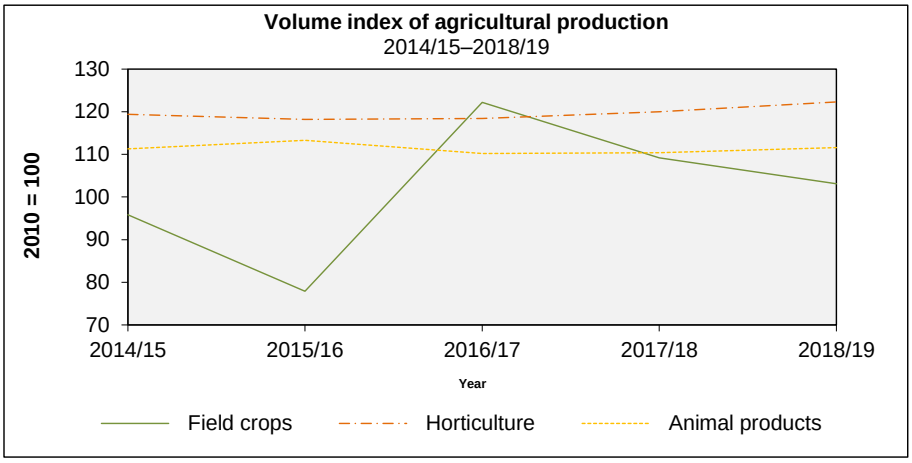
Economic review for the 12 months that ended on 30 June 2019

Volume of agricultural production

The estimated volume of agricultural production in 2018/19 was 0,2% less than in 2017/18.



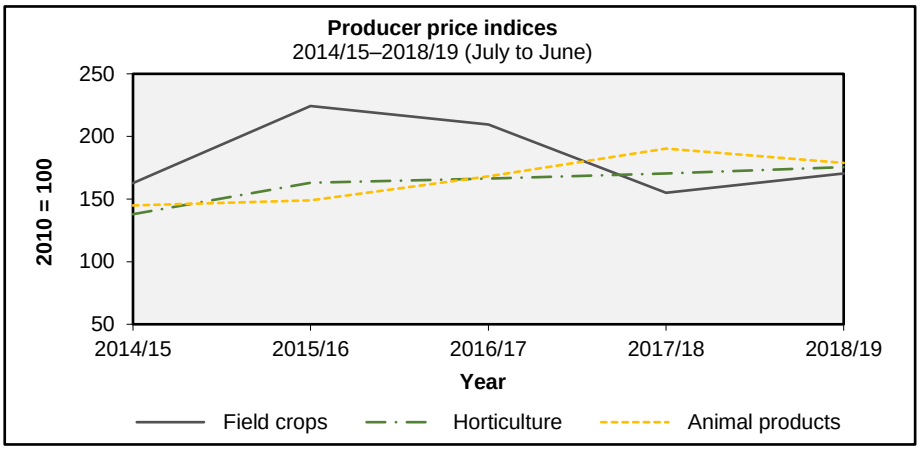
The field crop production volume for 2018/19 decreased by 5,6%, mainly as a result of decreases in the production of maize and oilseed crops (soybean, sunflower seed and groundnuts). Maize production decreased by 1,6 million tons (12,0%) from 2017/18. Soybean production decreased by 369 660 tons (24,0%), sunflower seed by 214 360 tons (23,9%) and groundnuts by 42 860 tons (66,5%) from 2017/18.

Horticultural production for 2018/19 increased by 1,9% from the previous season, which can mainly be attributed to increases in the production of citrus and subtropical fruits. The production of oranges increased by 313 027 tons (21,4%), grapefruit by 119 881 tons (36,8%), soft citrus by 35 508 tons (14,2%), as well as lemons by 25 554 tons (5,71%) and naartjies by 12 263 tons (29,9%), which all contributed to an increase in the production of citrus fruits from 2017/18. Furthermore, with reference to subtropical fruit, the production of avocados increased by 39 656 tons (46,0%), mangoes by 21 698 tons (24,4%), bananas by 13 478 tons (3,3%), as well as pineapples by 7 416 tons (7,1%) and guavas by 1 998 tons (7,2%), which all led to an increase in the production of subtropical fruits from the previous season.

Animal production increased by 1,0%, mainly as a result of increases in the production of poultry (poultry meat and eggs) and milk for 2018/19. The production of poultry meat increased by 71 848 tons (4,2%) and eggs by 57 611 tons (11,2%), as compared to 2017/18. The production of milk increased by 79 653 litres or 2,2%, as compared to the previous season.

Producer prices of agricultural products

The weighted average price received by farmers for their agricultural products decreased slightly by 0,5%, mainly because of the decrease in prices of animal products by 6,0%.



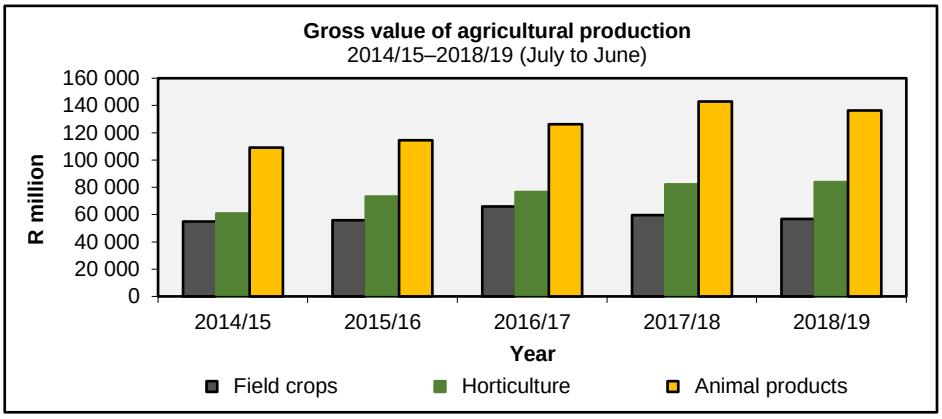
The weighted average price of field crops increased by 9,9%, due to the increase in the prices of summer grains by 19,7%, winter grains (7,8%), hay (5,3%), oilseeds (3,7%) and tobacco slightly by 0,6%.

The weighted average price of horticultural products increased by 3,0%, due to the increase in the prices of viticulture by 16,6% and vegetables by 8,6%.

The weighted average price of animal products decreased by 6,0% and was driven by the decrease in prices of milk by 11,4%, poultry meat by 6,4% and slaughtered stock by 5,4%.

Gross value of agricultural production

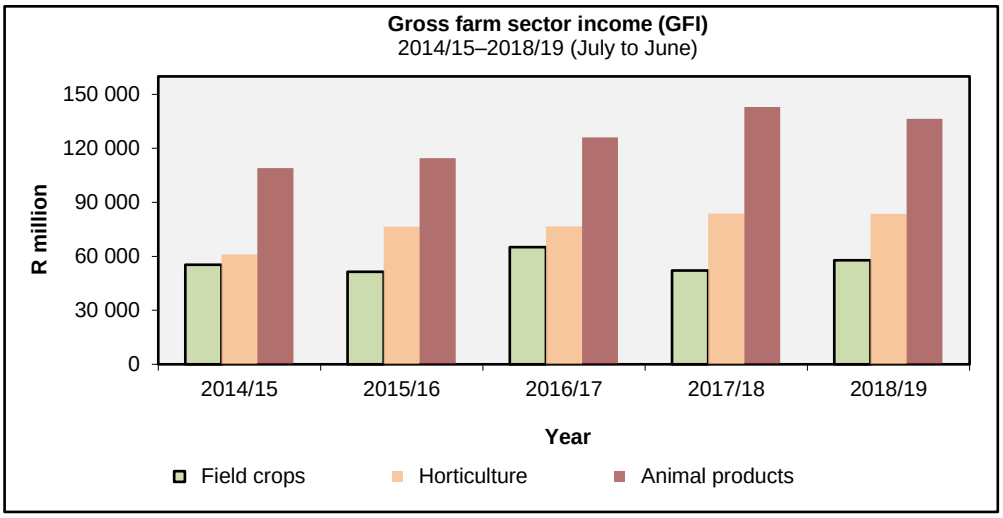
The *total gross value of agricultural production* (total production during the production season valued at the average basic prices received by producers) for 2018/19 is estimated at R277 078 million, compared to R284 622 million the previous year—a decrease of 2,7%. This decrease can be attributed to a decrease in the value of field crops and animal products.



The gross value of animal products, horticultural products and field crops contributed 49,2%, 30,3% and 20,5%, respectively, to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 16,8%, followed by cattle and calves slaughtered with 12,5% and maize with 7,4%.

Farming income

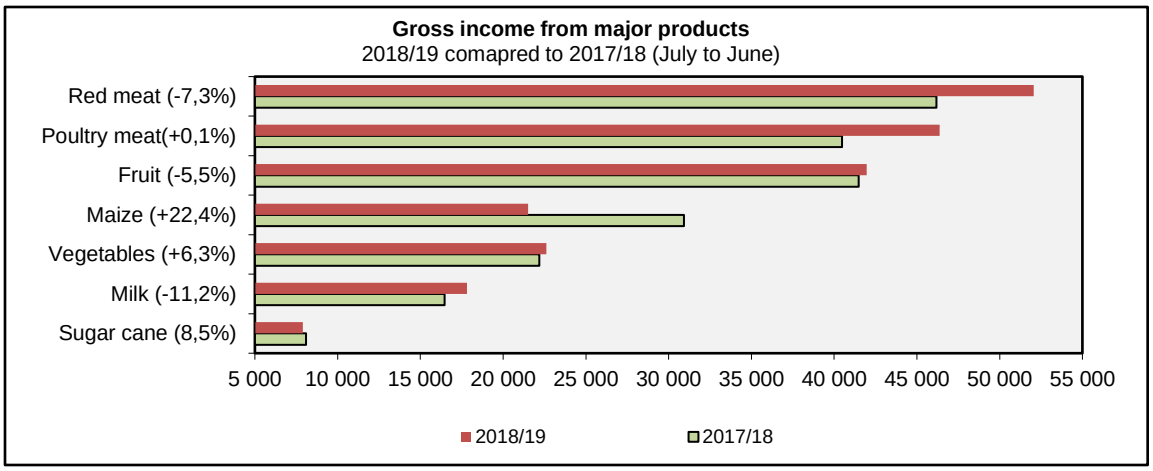
The *gross income of producers* (the value of sales and production for other uses, plus the value of changes in inventories) decreased slightly by 0,4% to R277 801 million for the year ended 30 June 2019 (2018/19), compared to R278 915 million the previous year. This was mainly the result of the decrease in prices of animal products, as well as the decrease in production levels or volumes of horticultural products, in particular, deciduous and other fruit by 12,6%.



The *gross income from field crops in*creased by 10,9% to R57 835 million for the year ended 30 June 2019. This can be attributed to the increase in income from grain sorghum by 29,0% (from R336 million to R434 million), cotton by 28,1% (from R878 million to R1 124 million), wheat by 23,2% (from R5 681 million to R6 999 million), maize by 22,4% (from R20 895 million to R25 575 million), sugar cane by 8,5% (from R7 890 to R8 564 million) and sunflower seed by 8,3% (from R3 172 million to R3 436 million).

The *gross income from horticultural products* decreased slightly by 0,3% to R83 535 million in 2018/19 season, from R83 825 million in 2017/18. This can be attributed largely to the decrease in income from deciduous and other fruit by 19,4% (from R22 648 million to R18 252 million).

The *gross income from animal products* decreased by 4,5% and amounted to R136 431 million in 2018/19, compared to R142 922 million in 2017/18. This was driven by the decrease in income from sheep slaughtered by 13,4% (from R7 262 million to R6 290 million), milk by 11,2% (from R18 010 million to R15 989 million), eggs by 7,9% (from R12 076 million to R11 125 million) and cattle and calves slaughtered by 7,2% (from R37 318 million to R34 631 million).

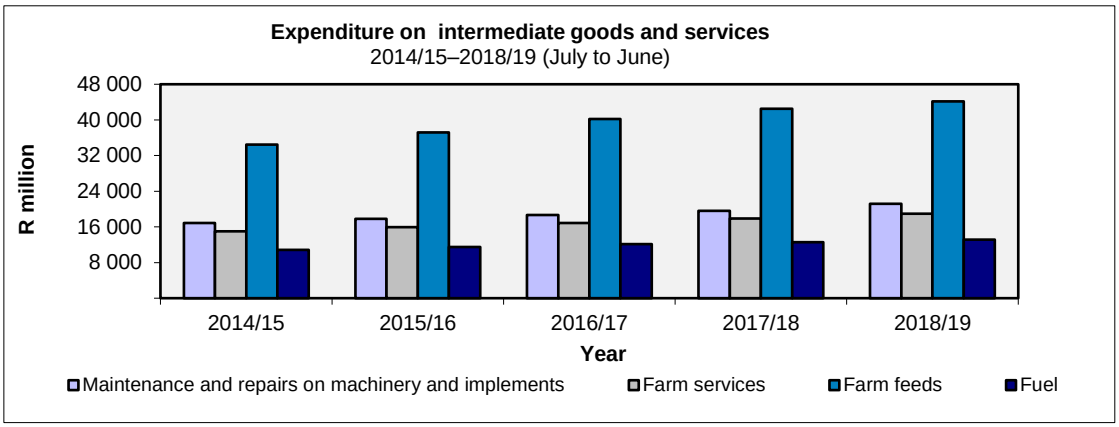


The *net farm income* (after the deduction of all production expenditure, excluding expenditure on fixed assets and capital goods) decreased by 12,3% and amounted to R89 415 million for the period ended on 30 June 2019. Payments for salaries and wages, which represented 10,2% of the total farming costs, amounted to R19 745 million. Interest paid by farmers to banks and other financiers during the 12 months up to 30 June 2019 is estimated at R10 574 million, or 5,4% of the total farming costs.

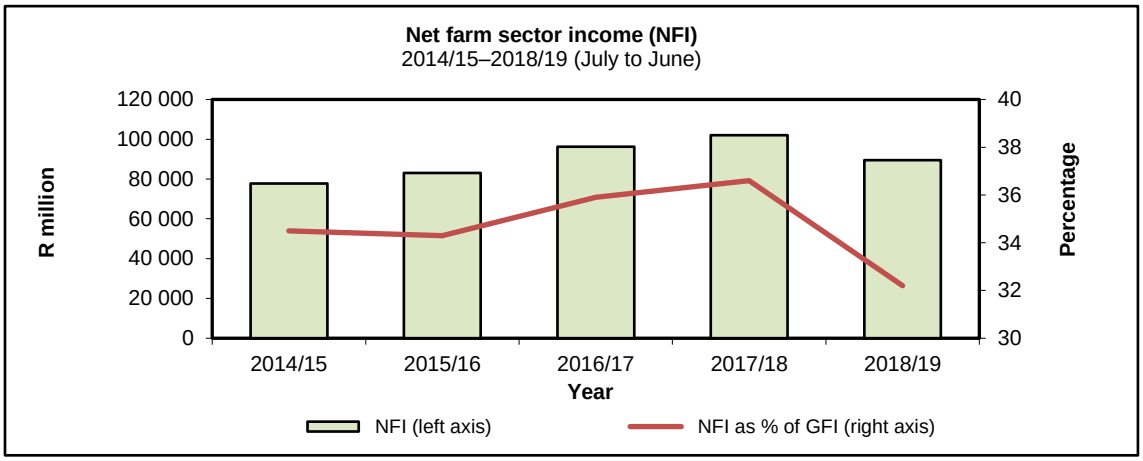
Expenditure on intermediate goods and services

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 6,0% as the result of the increase in expenditure on seeds and plants and building and fencing material by 10,0% each, packing material (9,0%), maintenance and repairs of machinery and implements (8,1%), farm services and animal health and crop protection (6,0%) each, fuel (4,4%), farm feed (3,9%) and fertilisers (3,0%).

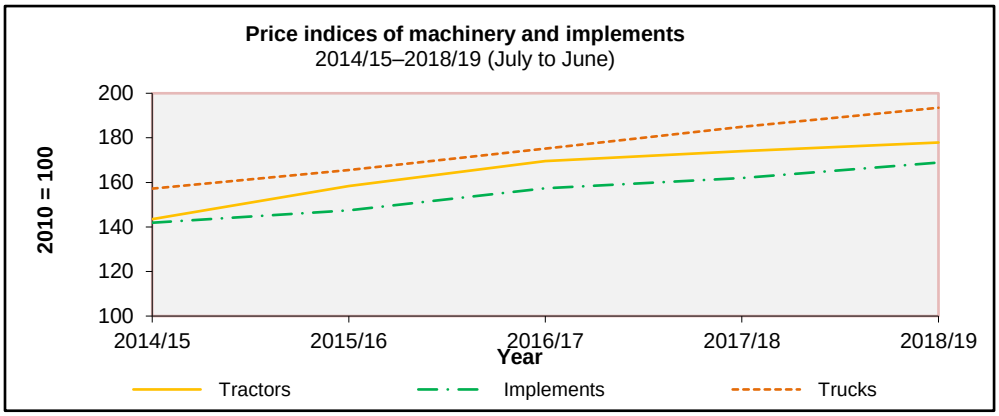


Farm feed had the largest share as an expenditure item, accounting for 28,5%, maintenance and repairs of machinery and implements (13,7%), farm services (12,2%), fuel (8,5%), seed and plants (7,0%), animal health and crop protection (6,2%), packing material (5,0%), fertilisers (4,7%) and building and fencing material (4,3%).



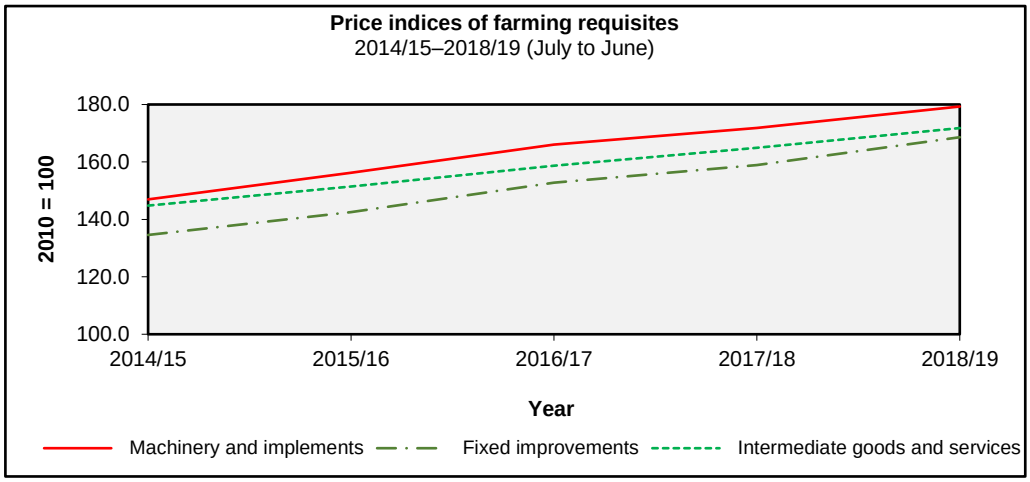
Prices of farming requisites

The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services increased by 4,3%, compared to 3,9% in the previous period.



The prices of building material increased by 6,3%, fuel (6,0%), fencing material (5,8%), packaging material and animal health and crop protection (4,8%) each, trucks and maintenance and repairs of machinery and implements (4,6%) each, seed (4,0%), feeds (3,3%) and tractors and fertilisers (2,3%) each.

The combined price index of materials for fixed improvements increased by 6,1%, machinery and implements by 4,4% and intermediate goods and services by 4,1%.

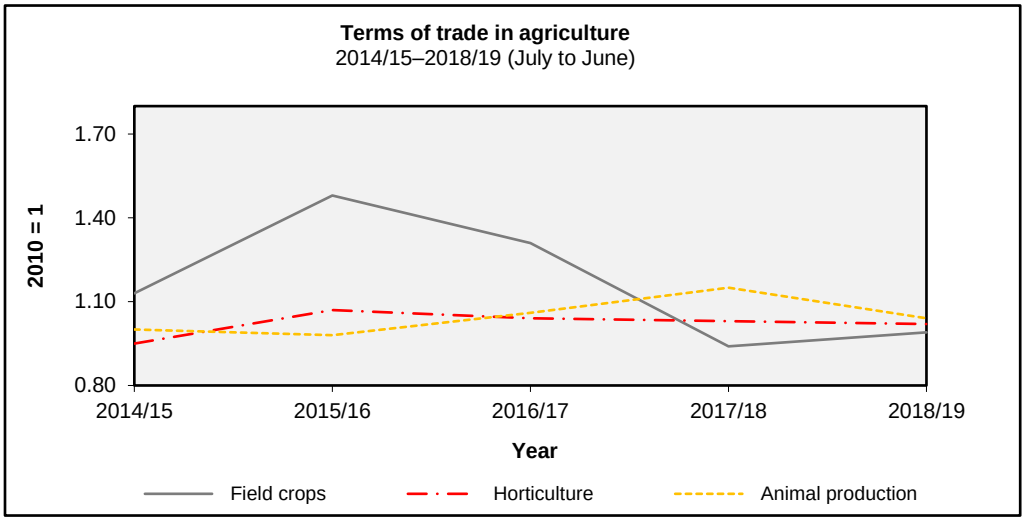


Domestic terms of trade in agriculture (2010 = 1)

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 showed a decrease of 4,7%, largely because of the increase of 4,3% in production costs compared to a decrease of 0,5% in prices received by the farmers.

The terms of trade for field crops increased by 5,3% (from 0,94 to 0,99), while those of horticultural products decreased by 1,0% (from 1,03 to 1,02) and animal products by 9,6% (from 1,15 to 1,04).



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 2018 is estimated at R106 057 million. This represents 2,4% of the total value added to the economy.

Year	Total value added R' million	Contribution of agriculture to value added R' million	Contribution of agriculture as percentage of total value added %
2010	2 494 860	52 001	2,1
2011	2 724 400	55 478	2,0
2012	2 932 879	59 934	2,0
2013	3 183 618	63 321	2,0
2014	3 414 943	70 605	2,1
2015	3 624 908	72 479	2,0
2016	3 891 559	83 655	2,1
2017	4 173 328	95 094	2,3
2018*	4 341 292	106 057	2,4

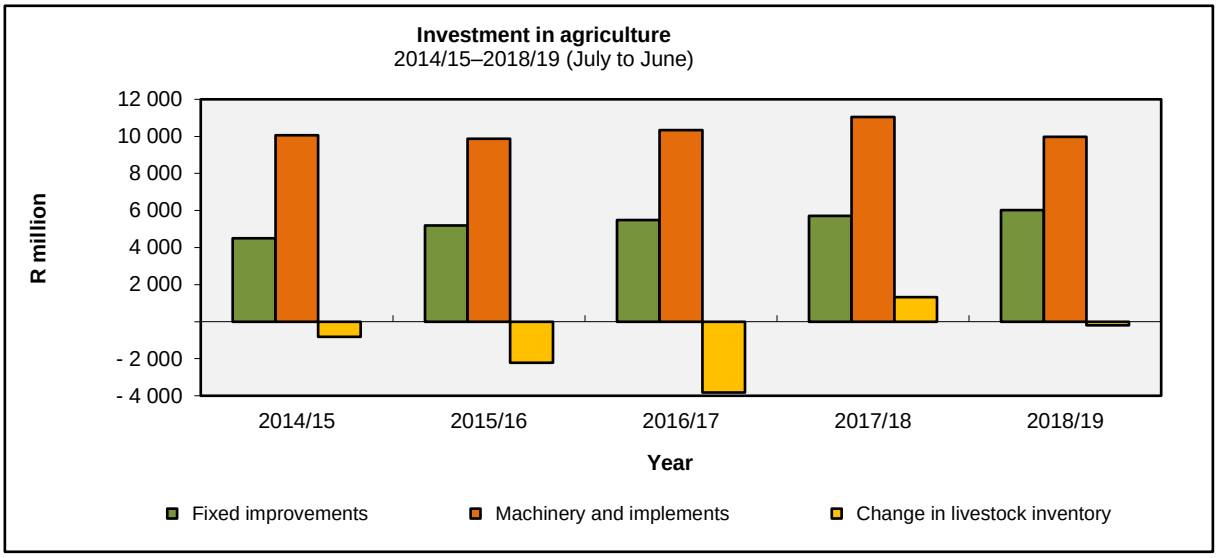
*Note: Figures are for agriculture, forestry and fisheries

Capital assets and investment in agriculture

The value of capital assets in agriculture as at 30 June 2019 is estimated at R512 563 million, compared to R488 235 million at the end of June 2018, an increase of 5,0%.

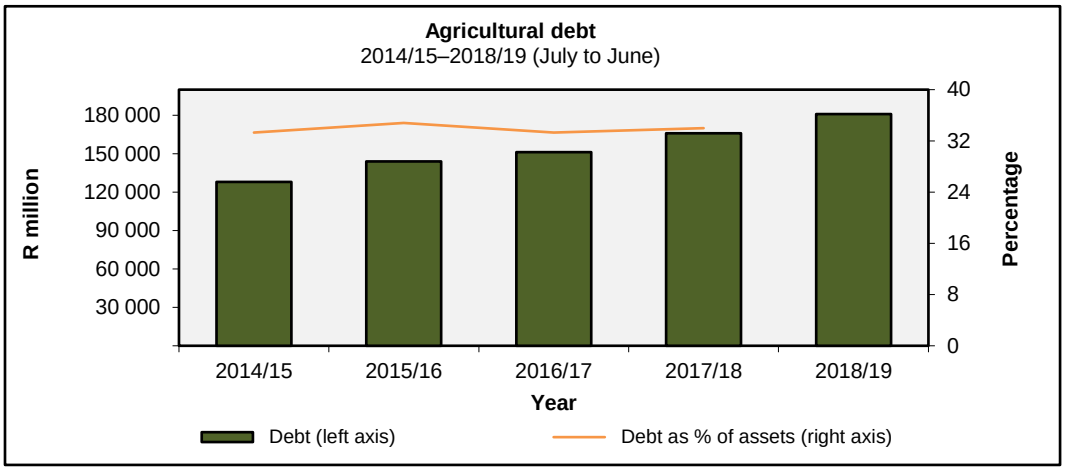
Land and fixed improvements constituted R276 625 million (54,0%), livestock R158 673 million (31,0%) and machinery and implements R76 959 million (15,0%) of the total value of capital assets.

The gross investment in respect to fixed improvements for the year ended 30 June 2019 increased by 5,5% to R6 028 million. Investment in machinery, implements and vehicles decreased by 9,7% and amounted to R9 979 million. The livestock inventory was R202 million less than in the previous year.



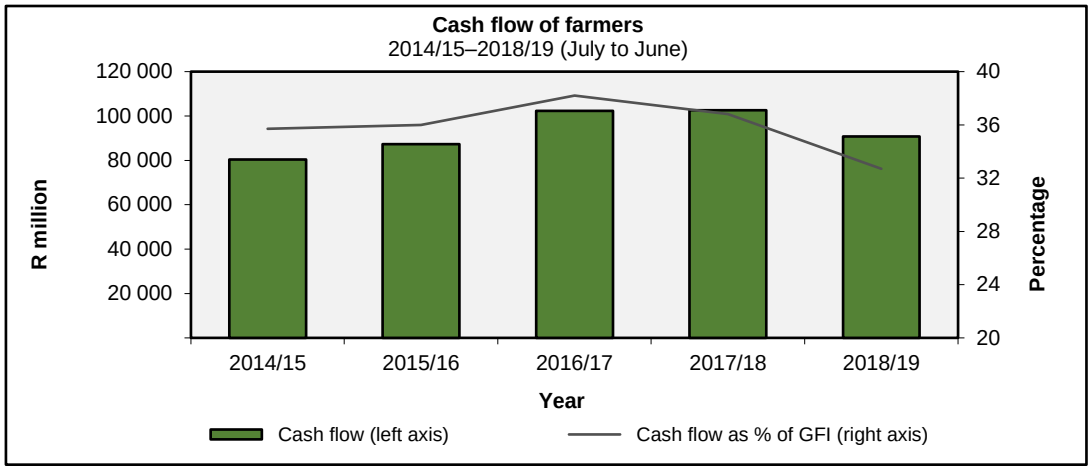
Farming debt

The total farming debt increased by 9,0% and was estimated at R180 890 million for the year ended June 2019, compared to R166 007 million at the end of June 2018.



Cash flow of farmers

The farmers' cash flow decreased by 11,5% to R90 749 million, as the result of the increase in prices of production inputs.



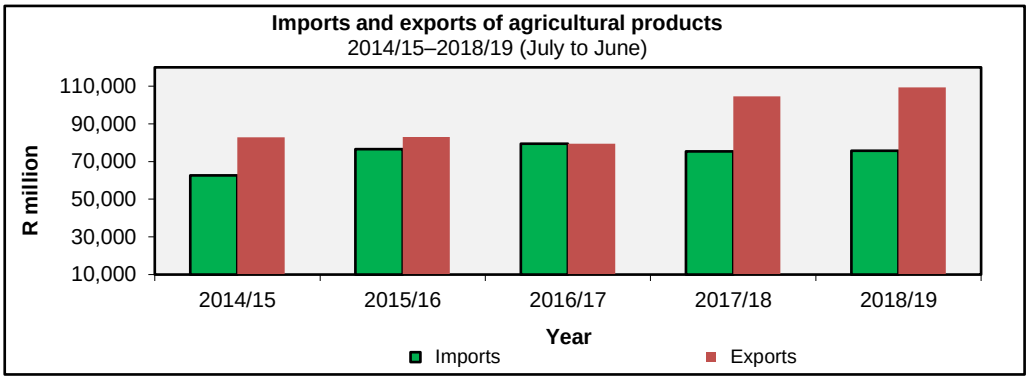
Consumer prices

The consumer prices of all agricultural products increased by 4,4% for the year ended June 2019, compared to 4,5% the previous period. The consumer prices of non-food and food increased by 4,7% and 2,8%, respectively.

The consumer prices of vegetables increased by 8,6%, fish by 5,6%, coffee and tea by 3,5%, grain products by 2,5%, sugar by 2,2%, milk, eggs and cheese by 2,1%%, meat by 1,8%, fats and oil by 1,4% and fruit by 0,9%. The consumer prices of other products increased by 3,5%.

Imports and exports of agricultural products

The estimated value of imports for 2018/19 came to R75 789 million, an increase of 0,5% from R75 412 million for 2017/18. The value of exports increased by 4,6%, from R104 577 million in 2017/18 to R109 379 million in 2018/19.



According to the 2018/19 export values, citrus fruit (R19 969 million), wine (R9 263 million), apples, pears and quinces (R7 451 million), Nuts (R5 685 million) and cane or beet sugar (R4 353 million), were the most important agricultural export products.

Meat (R6 616 million), rice (R6 436 million), wheat (R4 978 million), undenatured ethyl alcohol (R4 284 million) and palm oil (R3 948 million) accounted for the highest imports in terms of value.

During 2018/19, the Netherlands, with exports to the value of R11 927 million, the UK (R10 784 million), Mozambique (R7 448 million), China (R6 931 million) and the United States (R5 233 million) were the five

largest trading partners of South Africa in terms of export destinations for agricultural products. About 20,8% of the total value of agricultural exports from South Africa for the period July 2018 to June 2019 went to the Netherlands and the UK combined.

The five largest trading partners for South Africa's imported agricultural products during 2018/19 were Thailand (R5 328 million), Brazil (R5 251 million), Argentina (R4 705 million), the United States (R4 560 million) and Germany (R4 083 million). About 14,0% of the total value of agricultural imports by South Africa during the period July 2018 to June 2019 was from Thailand and Brazil combined.

Branches of the industry

FIELD CROP HUSBANDRY

Maize

Maize is the most important grain crop in South Africa, being both the major feed grain and the staple food of the majority of the South African population. About 49,5% of maize produced in South Africa is white and the remaining 50,5% is yellow maize (2019). White maize is primarily used for human consumption, while yellow maize is mostly used for animal feed production.

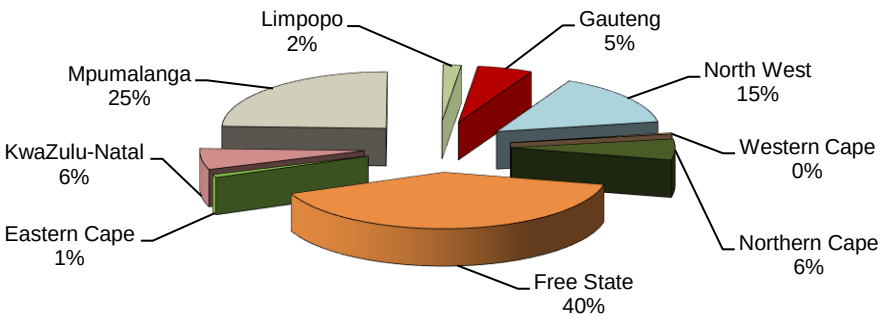
The gross value of agricultural production is determined by the quantity produced and prices received by producers.

The largest contributor towards the gross value of field crops for the past five seasons is maize (45,0%), followed by sugar cane (13,5%), wheat (9,9%), soya beans (9,6%) and sunflower seed (6,7%). The gross value of maize for 2018/19 amounts to R26 407 million, which is 8,0% or R1 959 million more than the R24 447 million for 2017/18.

The two main white maize-growing provinces in South Africa, namely the Free State and North West provinces, produced about 73% of the white maize harvest in 2019, whereas the Free State and Mpumalanga provinces produced about 65% of the yellow maize harvest.

The contribution by provinces to maize production during the 2018/19 production season is depicted in the following figure.

Distribution of the maize crop
2018/19



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 56% white maize to 44% yellow maize. An estimated 5,4% of the area planted to white maize is under irrigation and 94,6% is dryland, while the estimate for yellow maize is 14,4% under irrigation and 85,6% is dryland.

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 2018/19 season is 2,301 million ha. This is 0,8% or 18 350 ha less than the 2,319 million ha planted the previous season and also 6,0% or 146 550 ha less than the five-year average of 2,447 million ha planted up to 2017/18.

Commercial white and yellow maize plantings for 2018/19 were 1 298 400 ha and 1 002 100 ha, respectively. This represents an increase of 2,4% for white maize and a decrease of 4,6% for yellow maize.

The commercial maize crop for the 2018/19 production season is estimated to be 11,186 million tons, with an estimated yield of 4,86 t/ha. The production represents a decrease of 10,6% from the previous season (2017/18), which was estimated at 12,510 million tons.

The production estimate for white maize is 5,538 million tons, which is 15,3% or 1,002 million tons less than the 6,540 million tons of 2018 and 14,3% or 923 660 tons less than the average of the five years (6,462 million tons) up to 2018. The estimated yield for white maize is 4,27 t/ha, compared to 5,16 t/ha the previous season.

In the case of yellow maize, the production estimate for 2019 is 5,648 million tons, which is 5,4% or 322 190 tons less than the 5,970 million tons the previous season and 2,6% or 152 990 tons less than the five-year average (5,801 million tons) up to 2018. The estimated yield for yellow maize was 5,64 t/ha, compared to 5,68 t/ha in 2018.

For the 2018/19 season, 87% of the deliveries of white maize were grade WM1, compared to 92% of the 2017/18 crop and 96% of the yellow maize deliveries were grade YM1, compared to 97% of the 2017/18 crop.

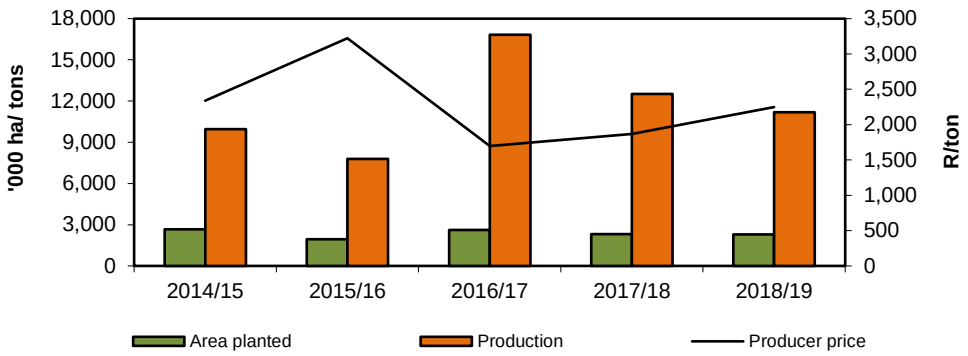
Plantings, production and yields of commercial maize from 2014/15 to 2018/19 are as follows:

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Plantings (ha)	2 652 850	1 946 750	2 628 600	2 318 850	2 300 500
Production (t)	9 955 000	7 778 500	16 820 000	12 510 000	11 186 050
Yield (t/ha)	3,75	4,00	6,40	5,39	4,86

The estimated yield for maize is 4,86 t/ha for 2018/19, which is 9,8% or 0,53 t/ha less than the 5,39 t/ha the previous season. The decrease is due to a delay in and erratic rain at the start of the season, followed by hot and dry weather conditions during the growing period of the maize crop.

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

Maize: Area planted, production and producer prices
2014/15–2018/19



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 2018/19 is estimated at 296 000 ha, which comprises 221 300 ha of white maize and 74 700 ha of yellow maize. Production by the non-commercial sector is estimated at 549 180 tons; 379 460 tons of white maize and 169 720 tons of yellow maize. Maize grown by this sector is mainly for own use and contributes only approximately 5% 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 20,6%, from R1 865,64/t in 2017/18 to R2 250,25/t in 2018/19, mostly because of support from the higher international maize prices and the weaker Rand.

The average producer prices of maize from 2014/15 to 2018/19 are as follows:

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	R/ton				
Producer price	2 338,88	3 222,49	1 696,26	1 865,64	2 250,25

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.

Considering the 2019/20 marketing season (May to April), the total supply of maize is projected at 13,936 million tons (7,221 million tons white and 6,715 million tons yellow). This includes an opening stock (at 1 May 2019) of 2,663 million tons (1,799 million tons white and 864 088 tons yellow), local commercial deliveries of 10,676 million tons (5,378 million tons white and 5,298 million tons yellow) and 470 000 tons of yellow maize imports. No white maize imports are projected as South Africa has sufficient stock to meet the country's needs.

The total demand, local and exports, for maize is projected at 12,234 million tons (6,078 million tons of white and 6,156 million tons of yellow maize). The total local demand is projected at 11,064 million tons (5,398 million tons white and 5,666 million tons yellow). A projected export quantity of 1,170 million tons (680 000 tons white and 490 000 tons yellow) is expected for the 2019/20 marketing season. The projected closing stock level by 30 April 2020 is estimated at 1,702 million tons (1,144 million tons white and 558 353 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.

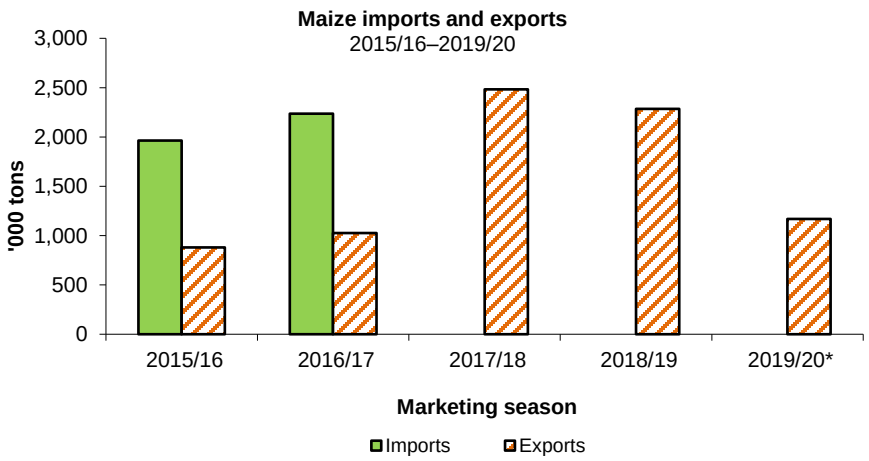
Depreciation in the value of the rand against relevant foreign currencies makes import products, such as maize, wheat and oilseeds more expensive in rand terms, thereby providing some protection for South African farmers and an incentive to increase production in the longer term. However, if South African 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 1 November 2019, about 564 663 tons of maize, of which 378 727 tons white maize and 185 936 tons yellow maize, had been exported since May—approximately 48% of the estimated exports of 1,170 million tons. The bulk of the exports for the current season, up to 1 November 2019, was characterised by exports to Botswana (24% or 137 325 tons), Namibia (19% or 108 582 tons), Ethiopia (13% or 74 021 tons) and Swaziland (12% or 65 736 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*

South Africa's maize harvest for the current 2019/20 marketing year (April/May), is 1,324 million tons or 10,6% lower than the previous seasons' crop of 12,510 million tons and 1,077 million tons or 8,8% below the previous five years average crop of 12,263 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 1,170 million tons, which is 48,8% or 1,114 million tons less than the previous season. About 58% of this is projected to be white maize and 42% to be yellow maize.

Most countries in the sub-region are relatively well supplied with maize despite a slightly below-average 2019 harvest in areas that experienced dry spells earlier in the season.

South Africa is expected to have an approximate 1,570 million tons of exportable maize surplus available for the current marketing season (2019/20), which is 34,2% or 400 000 tons higher than the projected 1,170 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 2019/20 marketing year (May/April), mainly because of the recovery in production during the 2017 season that leads to a surplus of maize, as well as an above-average maize harvest during the 2018/19 season, leaving an opportunity for exports.

Vulnerability and Food Security Assessments – SADC

Millions of people in Southern Africa face food insecurity as extreme weather patterns take a toll on agricultural production.

According to a report by SADC's vulnerability assessment and analysis programme, released in July, an estimated 41,2 million people in 13 SADC Member States are food insecure this year (2019). Significant increases in the number of food insecure people from last year have been recorded in Zambia (144%), Zimbabwe (128%), Eswatini (90%), Mozambique (85%) and DRC (80%). The increase indicates a cumulative effect of persistent drought conditions compounded by floods, pests, conflict (in the DRC and northern Mozambique), economic challenges and chronic structural issues. These drivers are exacerbated by climate change.

Countries that typically account for most of the regional grain supplies – Zambia and South Africa – also recorded below-average harvests, which have reduced exportable regional surplus from 7,5 million tons to 1,4 million tons. Only South Africa and Tanzania have cereal surpluses in the current marketing year (2019/20).

Zambia, which recorded the second biggest surplus (1,8 million tons) last year after South Africa, has now a cereal deficit of 0,3 million tons. The countries with the highest cereal import requirements in the 2019/20 marketing year are Angola (1,132 million tons) and Zimbabwe (761 000 tons).

Maize tariff

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

World maize situation

According to the October 2019 report of the United States Foreign Agricultural Services, world maize production in 2019/20 (September to August) was forecast at 1,104 billion tons, which is 1,7% or 19,2 million tons less than the 1,123 billion tons produced during 2018/19. The US contributed 31,7% (350,0 million tons), China 23,0% (254,0 million tons), Brazil 9,1% (101,0 million tons) and the EU 5,9% (64,8 million tons) to world production. The remaining 30,3% is made up by Argentina, Ukraine, Mexico, India and South Africa, among others.

Global consumption in 2019/20 was expected to be 1,125 billion tons—15,0 million tons less than in the previous year. Global ending stocks at the end of August 2020 were expected to be 302,5 million tons, which is 21,5 million tons or 6,6% 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 and regarded as the fifth most important cereal in the world. There are two types of sorghum, namely bitter and sweet sorghum cultivars. Preference is given to the sweet cultivars. Bitter sorghum is planted in areas where birds are a problem because it contains tannin, which gives a bitter taste and consequently birds tend to avoid feeding on it.

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

During the last production season, an estimated 50 500 ha were planted to sorghum for commercial use, representing an increase of 75,3% from the 28 800 ha planted for the 2018 season.

Sorghum for commercial purposes was produced mainly in Limpopo (38,2%), followed by Mpumalanga (27,5%), Free State (18,0%) and North West (12,7%) provinces. For the past five seasons until 2018, South Africa produced an average of 144 600 tons of sorghum per annum, which is relatively small compared to domestic maize and wheat production.

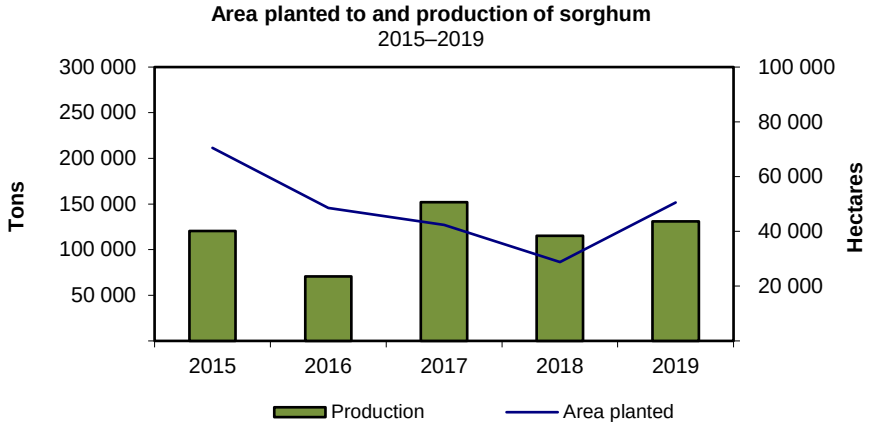
During the 2019 production season, sorghum contributed only approximately 0,7% to the gross value of field crops. The estimated average annual gross value of sorghum for the five years up to 2018/19 amounts to R384 million.

The commercial sorghum crop for the 2019 season is estimated at 130 875 tons, which is 13,8% more than the 115 000 tons of the previous season and 9,5% less than the five-year average production of 144 600 tons up to 2018. The yield for 2019 is estimated at 2,59 t/ha, which is 3,9% less than the five-year average yield of 2,69 t/ha up to 2018. 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 2015 to 2019 are as follows:

Season	2015	2016	2017	2018	2019
Plantings (ha)	70 500	48 500	42 350	28 800	50 500
Production (t)	120 500	70 500	152 000	115 000	130 875
Yield (t/ha)	1,71	1,45	3,59	3,99	2,59

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



The non-commercial agricultural sector contributed approximately 19 631 tons, which was about 13,0% of the total sorghum production in South Africa during 2019.

Consumption

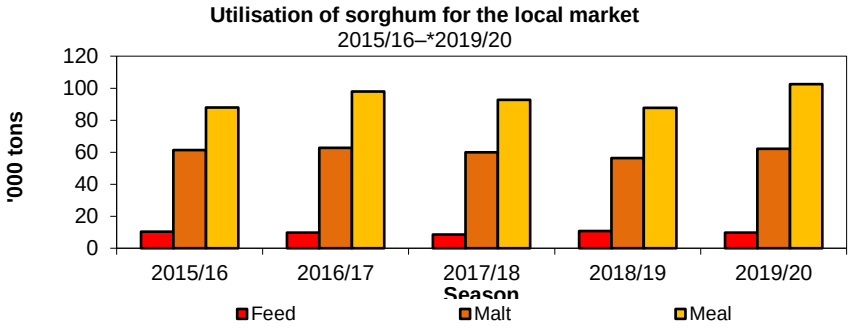
Sorghum, like other grains, has two basic markets that it serves, i.e., the human component and the animal feed component. Sorghum is consumed mainly in the human food market and, as in the case of maize, consumers tend to replace sorghum-based products with preferred products as the household income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

Expectations are that a total of 224 135 tons of sorghum will be available for local consumption during the 2019/20 marketing season (March to February), compared to 223 334 tons the previous season. The total domestic supply of 224 135 tons estimated for this season comprises of carry-over stocks as at 1 March 2019 amounting to 51 860 tons, plus producer deliveries of 131 275 tons at commercial structures and imports of 41 000 tons.

The projected commercial utilisation of sorghum for the 2019/20 marketing season is approximately 173 755 tons, of which 164 100 tons are for human consumption (malt, meal and other uses) and 9 655 tons are for animal feed (poultry, pet, pigeon and ostrich feeds). Other uses (released to end-consumers, withdrawn by producers, etc.) amounts to 2 700 tons. Projected exports during the 2018/19 marketing season are 7 300 tons.

Considering the above, carry-out stocks at 28 February 2020 are expected to be about 40 380 tons.

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



**Projection*

Producer prices

Local producer prices of sorghum increased by 2,7%, from R2 917,96/t in 2018 to R2 996,87/t in the 2019 season.

Season	2015	2016	2017	2018	2019
	R/t				
Producer price	2 380,90	3 434,39	2 638,27	2 917,96	2 996,87

Imports and exports

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

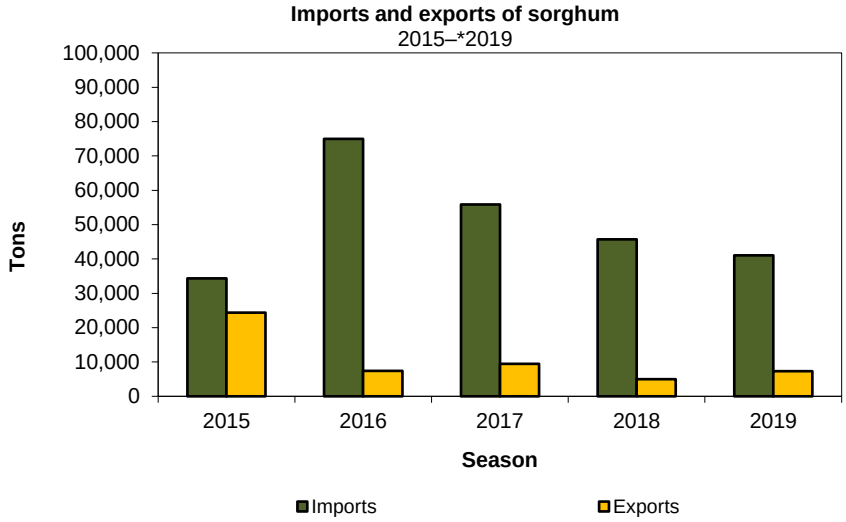
When it comes to exports, South Africa exports small quantities of sorghum to key markets in southern Africa, i.e., Namibia, Botswana and Eswatini, with an average annual amount of 14 000 tons.

Imports and exports of sorghum from 2015 to 2019 are as follows:

Season	2015	2016	2017	2018	2019*
	Tons				
Imports	34 316	74 957	55 824	45 739	41 000
Exports	24 406	7 442	9 466	5 020	7 300

**Projection*

Projected exports of sorghum for 2019 is 7 300 tons, which is 45,4% more than the 5 020 tons of 2018. In 2019, 41 000 tons of sorghum was imported.



**Projection*

Per capita intake

Indigenous cereals such as sorghum make only a small contribution to the starch-rich staple food complex in South Africa. The average estimated annual per capita intake (2015 to 2019) remains dominated by maize (75 kg/capita) and wheat (47 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 October 2019, world production of sorghum decreased slightly by 0,3%, from 59,0 million tons in 2018 to 58,8 million tons in 2019. The contribution to world production by selected countries is as follows: the United States contributed 15,1% (8,9 million tons), Nigeria 11,7% (6,9 million tons) with Mexico and Ethiopia both at 8,5% (5,0 million tons, respectively) and India at 7,6% (4,5 million tons). The balance of 48,6% was made up by other remaining countries.

Cooperation

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

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

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

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

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

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

Wheat

In terms of value of production, wheat is the third most important field crop produced in South Africa. In the 2018/19 season, this crop contributed approximately 11% to the gross value of field crops. The average annual gross value of wheat for the past five years up to 2018/19 amounts to R6 135 million, compared to R26 350 million for maize, which is the most important field crop.

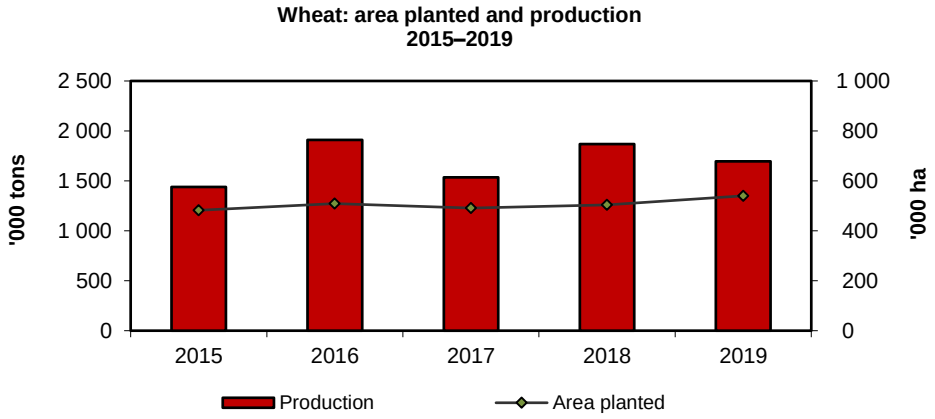
Wheat is mainly planted between mid-April and mid-June in the winter rainfall area and between mid-May and the end of July in the summer rainfall area. The crop is harvested from November to January. Most of the wheat produced in South Africa is bread wheat, with small quantities of durum wheat being 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 2019 season is 540 000 ha, which is 7,3% more than the 503 350 ha of the previous season. This is the fourth driest year since the 1960’s. Of the areas planted, 325 000 ha (60%) are in the Western Cape and 128 000 ha (24%) are in the Free State. The main reason for the increase in the area planted (2018 to 2019) can be ascribed to expanded plantings, especially in the Free State.

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



Wheat production in the Western Cape suffered losses due to dry conditions and little rain. Some damage may also even occur in inland irrigation areas such as the eastern Free State and KwaZulu-Natal due to the very high temperatures, resulting in high evaporative demand. The most recent data from the Department of Water and Sanitation shows that the dam levels in South Africa averaged 60% in the week of 4 November 2019, which is 11 percentage points lower than the corresponding period last year.

Based on conditions prevailing towards the end of October 2019, the expected commercial wheat crop for 2019 was 1,695 million tons, of which 682 500 tons (40%) were from the Western Cape, 422 400 tons (25%) from the Free State and 281 250 tons (17%) from the Northern Cape. The expected average yield was 3,14 t/ha.

Plantings, production and yields from 2015 to 2019 are as follows:

Season	**2015**	**2016**	**2017**	**2018**	**2019**
Plantings (ha)	482 150	508 365	491 600	503 350	540 000
Production (t)	1 440 000	1 910 000	1 535 000	1 868 000	1 695 470
Yield (t/ha)	2,99	3,76	3,12	3,71	3,14

Consumption

According to the Supply and Demand Estimates Committee (S&DEC), a total of 3,950 million tons of wheat (commercial) were available for local consumption during the 2018/19 marketing season (October to September). This comprised carry-over stocks as at 1 October 2018 of 721 534 tons, producer deliveries of 1,847 million tons, a surplus of 11 989 tons and imports of approximately 1,369 million tons.

The total demand for wheat for the 2018/19 marketing season is estimated at approximately 3,408 million tons, of which 118 312 tons were exported. Carry-out stocks as at 30 September 2019 are estimated to be 541 820 tons.

For the 2019/20 marketing season, the total supply of wheat is forecasted at 3,960 million tons (expected producer deliveries of 1,660 million tons, together with the carry-over stocks of 541 820 tons, a surplus of 8 000 tons and expected imports of 1,750 million tons). The demand for wheat (exports included) is estimated at 3,411 million tons. Carry-out stocks at the end of September 2020 are expected to amount to 548 990 tons.

Imports

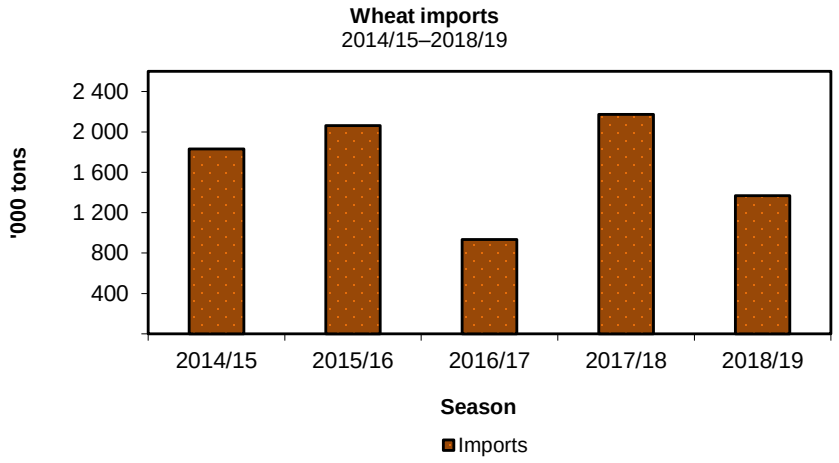
South Africa, a net importer of wheat, relies on imports from the Russian Federation, USA and Czech Republic, amongst other countries, to meet its domestic demand. During the 2018/19 season, 42% or 1,369 million tons of the wheat that was needed for domestic consumption locally, was imported.

Wheat imports from 2014/15 to 2018/19 are as follows:

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19***
	Tons				
Imports	1 832 441	2 062 765	934 765	2 173 757	1 369 380

**Preliminary final for the 2018/19 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 increased by 1,9%, from R3 689,87/ton in 2017/18 to R3 759,53/ton in 2018/19.

The average producer prices of wheat from 2014/15 to 2018/19 are as follows:

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	R/ton				
Producer price	3 052,85	3 772,44	3 704,64	3 689,87	3 759,53

Marketing

The South African wheat market was deregulated on 1 November 1997 and wheat can therefore be traded freely. The only government intervention in the market is the tariff on wheat imports. On 25 October 2019, a new wheat tariff (R1 008,60/ton) was published in the *Government Gazette.*

World wheat situation

According to the November 2019 report of the United States Foreign Agricultural Services, the global wheat production in 2019/20 is projected at 765,6 million tons, up by 4,7% or 34,3 million tons from the 2018/19 record. The largest year-to-year increment is for the European Union.

According to expectations, the European Union would contribute 20% (153,0 million tons), China 17% (132,0 million tons), India 13% (102,2 million tons) and Russia 10% (74,0 million tons) to world production during 2019/20. The balance of 40% is made up by the US, Canada, Ukraine and Pakistan, among others.

Global consumption was expected to be 755,2 million tons during 2019/20—19,0 million tons more than the previous year. Global ending stocks were expected to increase to 288,3 million tons by the end of June 2020, which is 10,4 million tons or 3,7% more than the previous year.

Research and information

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

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

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

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

Malting barley

Plantings and production

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

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

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

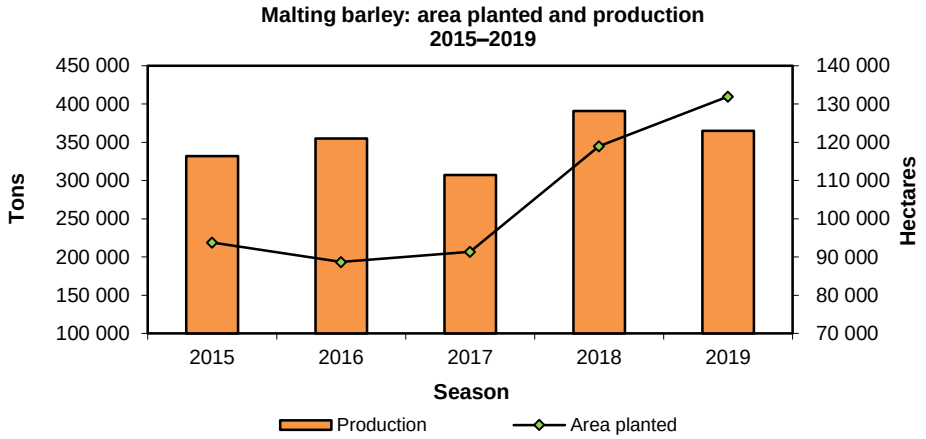
However, because of the risk of unpredictable weather conditions in the Southern Cape, barley production has also been introduced to the cooler central irrigation areas in the Northern Cape. There are also farmers in other areas of South Africa, such as the North West, Limpopo and Free State provinces, 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 2019 season is estimated at 131 960 ha. This is an increase of 10,9% or 12 960 ha from the plantings of 119 000 ha during 2018. It is also 38,1% or 36 374 ha more than the five-year average of 95 586 ha planted up to 2018. Of the 131 960 ha planted in 2019, 122 000 ha (92%) are in the Western Cape, 6 800 ha (5%) are in the Northern Cape, 1 000 ha (0,8%) are in Limpopo, 1 560 ha (1,2%) are in the North West and only 600 ha (0,5%) are in the Free State.



A total crop of 364 860 tons of malting barley is expected for the 2019 season. This is a decrease of 13,4% than the estimated production of 421 500 tons in the previous season and 5,9% or 21 360 tons less than the average production of 343 500 tons per annum over the five years up to 2018. The expected average yield for 2018 is 2,8 t/ha.

Plantings, production and yield of malting barley from 2015 to 2019 are as follows*:*

Season	**2015**	**2016**	**2017**	**2018**	**2019**
Plantings (ha)	93 730	88 695	91 380	119 000	131 960
Production (t)	332 000	355 000	307 000	421 500	364 860
Yield (t/ha)	3,54	4,00	3,36	3,54	2,76

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 2018/19 marketing season (October to September) is estimated at 644 900 tons (imports included). Carry-over stocks as at 1 October 2018 amounted to 186 100 tons. Production for the 2018/19 season was 458 800 tons, not imports.

For the 2018/19 marketing season, the total demand for malting barley was estimated at 378 100 tons, including 32 700 tons of exports. Carry-out stocks at 30 September 2019 were 266 700 tons. This is about six times the required three-month pipeline stock of 40 300 tons.

For the 2019/20 marketing season, the total supply of malting barley is expected to be 631 600 tons, comprising the expected crop of 266 700 tons, carry-over stocks of 282 300 tons and expected no imports. The domestic demand is estimated at 379 300 tons, including 25 000 tons of exports. Carry-out stocks at the end of September 2020 are expected to amount to 282 300 tons.

Producer prices and value of the crop

The average producer price of barley increased by 18%, from R2 761,11/ton in 2017 to R3 264,23/ton in 2018.

The average producer prices of malting barley from 2014 to 2018 are estimated as follows:

Season	**2014**	**2015**	**2016**	**2017**	**2018**
	R/ton				
Producer price	2 403,72	2 578,29	3 471,82	2 761,11	3 264,23

The average annual gross value of malting barley for the past five years up to 2018/19 amounts to R1 065 million, compared to the R6 582 million of wheat and R27 776 million of maize.

Marketing

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

Imports

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

Barley and malt imports from 2014/155 to 2018/19 are as follows:

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	Tons				
Imports – Barley	91 410	18 238	78 705	12 953	0
– Malt	94 456	79 228	117 670	83 083	99 730

Source: SAGIS; customs & excise

Outlook

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

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

World barley situation

Global production in the 2019/20 marketing season is mainly driven by the larger crops in the European Union (61,64 million tons) and Russia (20,0 million tons).

According to the October 2019 report of the United States Foreign Agricultural Services, world barley production is estimated at 155,8 million tons for the 2019/20 marketing year, while global consumption is expected to be 160,2 million tons. Global ending stocks at the end of June 2020 are expected to be 18,1 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.

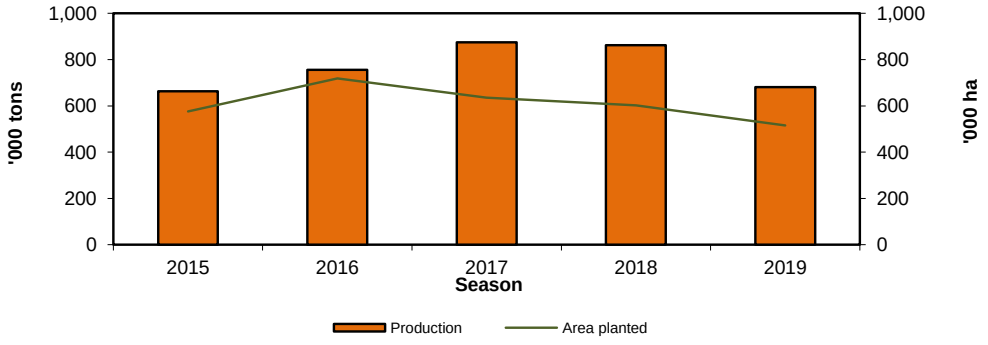
Plantings and production

During the 2019 production season, the bulk of the crop was produced in the Free State Province (52,4%), North West Province (34,0%) and Limpopo Province (11,8%).

The contribution of sunflower seed to the gross value of field crops during the 2018/19 season is approximately 5,5%, compared to 41,3% of maize, the largest contributor to field crops. The average annual estimated gross value of sunflower seed over the period 2014/15 to 2018/19 amounts to R3 838 million compared to the R26 038 million of maize.

The annual plantings of sunflower show remarkable variation over the past two decades, varying from a low of 316 350 hectares planted in 2007 to a high of 718 500 hectares planted in 2016, from the year 2000 through to 2019. The area planted to sunflower seed for commercial use during the 2019 production season decreased by 14,3% to 515 350 ha, from an estimated 601 500 ha the previous season. This is a 17,7% decrease than the five-year average of 626 140 ha up to 2018. The decrease in the 2019 sunflower plantings can mainly be attributed to erratic weather patterns and less than favourable rainfall that prevented producers from planting their intended area.

Area planted to and production of commercial sunflower seed
2015–2019



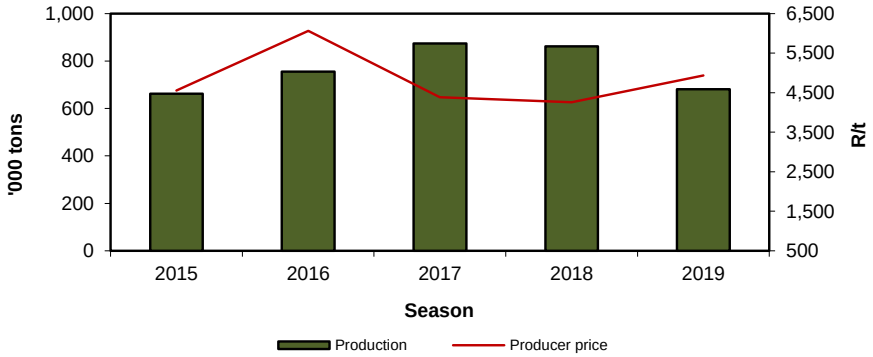
Commercial seed production during 2019 is approximately 680 940 tons, which is 21,0% less than the previous season and 14,6% less than the average of 797 200 tons for the previous five years. The decrease in production can mainly be attributed to dry weather conditions during planting season and less than favourable rainfall, which led below-average yields being realised as compared to the previous season. The average yield for 2019 is approximately 1,32 t/ha, which is 7,7% less than 1,43 t/ha during the previous season and 3,8% more than the five-year average of 1,27 t/ha up to 2018.

Non-commercial agriculture contributed an estimated 27 238 tons (3,8%) to the total sunflower seed production in South Africa during 2019.

Commercial plantings, production and yields of sunflower seed from 2015 to 2019 are as follows:

Season	**2015**	**2016**	**2017**	**2018**	**2019**
Plantings (ha)	576 000	718 500	635 750	601 500	515 350
Production (t)	663 000	755 000	874 000	862 000	680 940
Yield (t/ha)	1,15	1,05	1,37	1,43	1,32

Commercial production and producer prices of sunflower seed
2015–2019



Producer prices

The average producer prices of sunflower seed from 2015 to 2019 are as follows:

Season	**2015**	**2016**	**2017**	**2018**	**2019**
	R/ton				
Producer price	4 552	6 064	4 386	4 258	4932

The average producer price increased by 15,8%, from R4 258/ton in 2018 to R4 932/ton in 2019. The price increase can mainly be attributed to the smaller crop that realised in 2019 due to lower plantings and relatively unfavourable production conditions. The local sunflower seed price is expected to trade at relatively high price levels until the 2020 harvest season, providing producers with enough incentive to plant more fields to sunflower seed.

According to the Food and Agriculture Organisation Monthly Price and Policy update in October 2019, international sunflower seed prices have decreased during 2019 to levels not seen in a decade, largely due to seasonal harvesting pressure and higher-than-expected yields recorded in the Black Sea region following favourable growing conditions. However, the market will observe weather developments in the major oilseed producing regions as the season progresses, as these will play a key role in shaping crop sizes for the season.

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

The sunflower seed marketing season in South Africa commences on 1 March and ends on 28 February. The estimated sunflower seed crop of 680 940 tons for the 2019/20 marketing season, together with carry-over stocks of about 120 165 tons on 1 March 2019, a surplus of 6 000 tons and projected imports of 40 000 tons, leaves the domestic supply of commercial seed at an estimated 847 105 tons for the season.

In South Africa, sunflower seed is used almost exclusively (an estimated 98,1% or 740 000 tons in 2019) for oil and oilcake production. The estimated domestic demand of seed for the 2019 marketing year is approximately 754 550 tons, including 7 550 tons for human and animal consumption. Other consumption is estimated at 6 500 tons. The projected exports during 2019 are 500 tons. Carry-out stocks on 28 February 2020 are expected to be approximately 92 555 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 2019, South African imports were mainly from Malawi and Argentina.

Imports and exports of sunflower seed from 2015 to 2019

Year	**2015**	**2016**	**2017**	**2018**	**2019**
	Tons				
Imports	36 064	70 643	554	1 324	40 000
Exports	256	205	274	515	500

**Projection*

International overview

The October 2019 report by the United States of Foreign Agricultural Services (FAS) indicated that the global harvested area increased by 1,5% (0,4 million hectares) in 2018/19 compared to 2017/18, to a preliminary figure of 26,33 million hectares.

World output of sunflower seed during 2018/19 increased by 3,6 million tons or 7,5%, from 47,82 million tons in 2017/18 to 51,42 million tons in 2018/19. The increase in production can mainly be attributed to favourable climatic conditions for spring crops in 2019. Furthermore, it is important to note that the Ukraine and Russia, as two of the main sunflower seed exporting countries in the world, are expecting crops of 15,0 million tons and 12,7 million tons, respectively in 2018/19. This represents an increase of 9,5% or 1,3 million tons in the Ukraine and a decrease of 22,7% or 2,4 million tons in the case of Russia.

The FAS October 2019 report projected that global sunflower seed production will reach 51,38 million tons in 2019/20—a decrease of 0,08% or 0,04 million tons compared to 51.42 million tons during 2018/19. The projected decrease in sunflower seed production can mainly be attributed to prospects of a below-normal

crop in the Ukraine. Sunflower seed production in the Ukraine is expected to decrease by 0,50 million tons or 3,3% to 14,5 million tons.

Marketing, information and research

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

The information function is performed by the Department of Agriculture, 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 soybean 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 8,5% to the gross value of field crops during 2018/19. The estimated average annual gross value of soybeans for the past five seasons up to 2018/19 amounts to R5 698 million.

Plantings and production

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

During the 2019 season, soya beans were grown primarily in Mpumalanga (310 000 ha or 42,4%), Free State (301 000 ha or 41,2%), North West (36 000 ha or 4,9%), KwaZulu-Natal (33 000 ha or 4,5%) and Gauteng (31 500 ha or 4,3%).

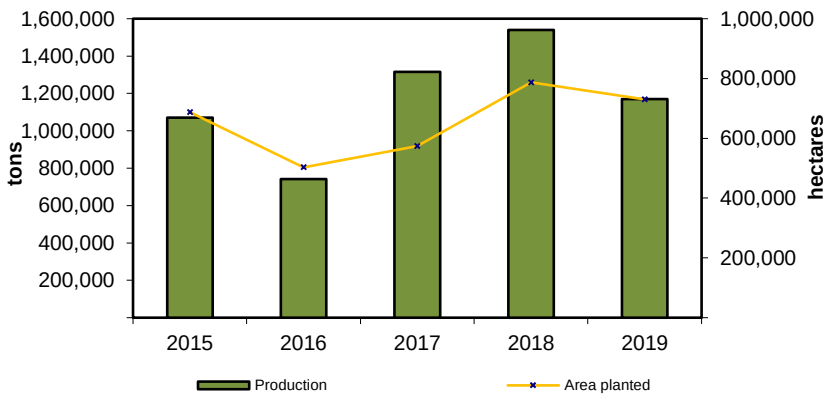
During the 2019 season, an estimated 730 500 ha were planted for commercial use, compared to an estimated 787 200 ha the previous season. This represents a decrease of 7,2% and is 19,6% more than the five-year average of 610 830 ha up to 2018. The planting season was characterised by very difficult production conditions during the last three months of 2018, due to high temperatures and lack of rainfall, which impacted negatively on the areas planted to soya beans.

The crop of an estimated 1,170 million tons in 2019 (the third highest on record) represents a decrease of 24,0% from the 2018 crop of 1,540 million tons. It is also 4,2% higher than the average of 1,123 million tons for the five years up to 2018. The average yield of 1,60 t/ha is 18,1% less than the 1,96 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 soybeans is projected to increase over time.

Plantings, production and yields of soya beans from 2015 to 2019 are as follows:

Season	**2015**	**2016**	**2017**	**2018**	**2019**
Plantings (ha)	687 300	502 800	573 950	787 200	730 500
Production (t)	1 070 000	742 000	1 316 000	1 540 000	1 170 345
Yield (t/ha)	1,56	1,48	2,29	1,96	1,60

Area planted to and production of soya beans
2015–2019



Producer prices

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

The average local producer price of soya beans for 2019 is approximately R4 676/ton, which is 2,60% more than the price for 2018. Local soya bean prices are, among other factors, influenced by international soya bean and vegetable oil prices. Other factors include the level of soya bean production in South America, the demand for imported soya in China (ongoing trade war between China and the United States), marine freight rates and the rand/dollar exchange rate.

The average producer prices of soya beans from 2015 to 2019 are as follows:

Year	**2015**	**2016**	**2017**	**2018**	**2019**
	R/ton				
Producer price	4 732	6 197	4 844	4 558	4 676

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 soybeans.

The soya bean marketing season in South Africa commences on 1 March and ends on 28 February. An estimated total of 1,655 million tons of soybeans were available for utilisation during the 2019 marketing season. It comprises carry-over stocks on 1 March 2019, amounting to 502 241 tons, the estimated production (excluding retentions by producers) of 1,140 million tons, a surplus of 3 000 tons and projected imports of 9 500 tons.

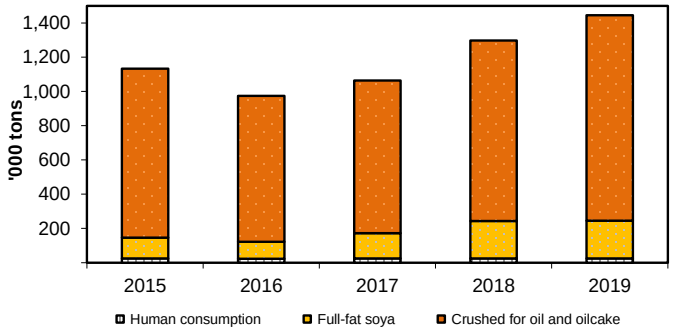
In South Africa, soya beans are mainly used for animal feed. The local demand for soya bean meal, as the preferred source of protein for animal feed, has increased in correlation with the increase in poultry production in South Africa and more than doubled over the past decade. As local production of 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 2019 is projected at 1,446 million tons—220 000 tons for feed (full-fat soya), 1,2 million tons for oil and oilcake and 25 500 tons for human consumption. Other consumption is estimated at 12 950 tons.

The projected exports during 2019 are 4 000 tons. Carry-over stocks on 28 February 2020 are expected to be approximately 192 050 tons.

The following graph illustrates the commercial consumption of soya beans.

Commercial consumption of soya beans
2015–2019



Trade

During the first nine months of 2019, South African exports of soya beans were mainly to Zimbabwe and Botswana. South African imports for the mentioned period were mainly from Zambia, Malawi, Mozambique and Australia.

The imports and exports of soya beans from 2015 to 2019 are as follows:

Year	**2015**	**2016**	**2017**	**2018**	**2019***
	Tons				
Imports	125 000	271 100	27 500	6 900	9 500
Exports	4 700	6 700	400	32 800	4 000

**Projected*

International overview

According to the World Agricultural Supply and Demand Estimate (WASDE) report released in October 2019, world production of soya beans increased by 5,0%, from 341,6 million tons for the 2017/18 season to 358,8 million tons for 2018/19. The decrease in world production can mainly be attributed to the smaller crops in the Brazil, Paraguay and Canada. The United States contributed 33,6% (120,5 million tons), Brazil 32,6% (117,0 million tons), Argentina 15,4% (55,3 million tons), China 4,4% (15,9 million tons), India 3,2% (11,5 million tons), Paraguay 2,5% (8,8 million tons) and Canada 2,0% (7,3 million tons) to world production. The balance of 6,2% (22,4 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 2019 outlook by the Bureau for Food and Agricultural Policy (BFAP) of the University of Pretoria, the rapid expansion in soybean crush capacity since 2014 increased the demand for soybeans significantly. Despite the rapid expansion in area, soya bean imports were required for processors to attain acceptable utilisation rates, a situation which was exacerbated by the 2016 drought. In 2018, this changed however as an all-time record soya bean harvest combined with a fire at one of the large crushing plants, which took it out of production for numerous months, combined to create a surplus of soybeans and ample stocks in the market. Prices declined almost to export parity levels, but in 2019 have recovered on the back of a weather induced production decline and the capacity of the damaged plant not only being restored, but also expanded. Consequently, crush volumes are expected to increase by 15% year on year and over

the course of the outlook, South Africa is expected to trade close to self-sufficiency, with a sensitive balance being maintained between supply and demand.

Following the rapid expansion of the past five years, the soybean industry is becoming more mature and further expansion is expected to occur at a much slower rate. Total soya bean processing capacity in South Africa (crush and full fat) is derived from a combination of dedicated soybean processing facilities, as well as plants with the ability to switch between soybeans and sunflower seed. A return to longer-term trend yields suggests that, as early as 2020, sufficient soybeans will be produced in South Africa for dedicated soybean processing facilities to reach a benchmark utilisation rate of 80%. Combined with dual plants, however, total capacity is more than 2 million tonnes. Consequently, South Africa has ample capacity to process (crush and full fat) the projected volumes until 2025, provided that crush margins are sufficient to induce switching of dual plants into soybean crushing.

Role players in the soya bean industry have, through the Sunflower and Soya bean Forum, requested the Minister of Agriculture, Forestry and Fisheries to impose a statutory levy on soybeans. 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 soybeans.

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 2019 WASDE report projected the global production of soya beans for the 2019/20 marketing season at 339,0 million tons—a decrease of 5,5%. Increases are projected for Brazil, China and Paraguay. The increase in world production can mainly be attributed to the larger expected crops in Brazil, with an increase of 5,0 million tons to 123,0 million tons, followed by China with an increase of 1,2 million tons to 17,1 million tons and Paraguay with an increase of 1,4 million tons to 10,2 million tons. However, for the same period, a decrease is projected for the United States, where soya bean production is expected to decrease by 23,9 million tons to 96,6 million tons, followed by Argentina with a decrease of 2,3 million tons to 53,0 million tons, India with a decrease of 500 000 tons to 11,0 million tons and Canada with a decrease of 767 000 tons to 6,5 million tons.

Research and information

Locally, research on soybeans 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.

Groundnut

Plantings and production

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

During the 2018/19 production season, 57,4% of plantings were in the Free State, 27,4% in the North West and 9,2% in Limpopo.

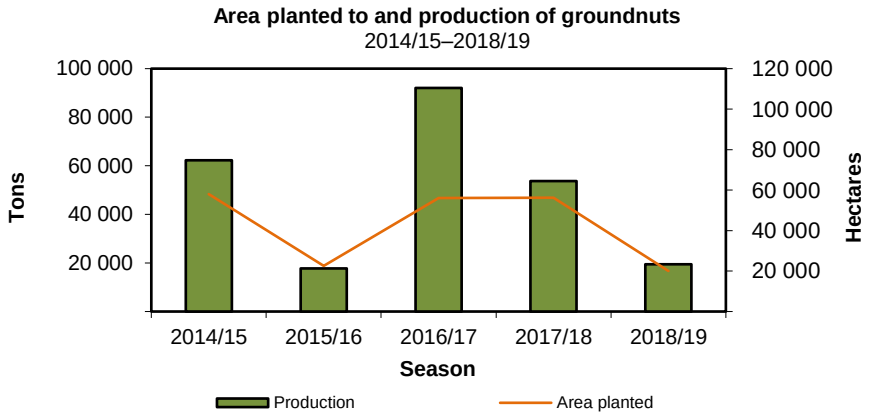
Groundnuts contributed approximately 0,3% to the value of local field crops in 2018/19, while the average annual gross value of groundnuts for the five years up to 2018/19 amounts to approximately R435 million.

An estimated 20 050 ha were planted to groundnuts for commercial use, compared to 56 300 ha planted during 2017/18. This represents a decrease of 64,4% and is 59,1% less than the average of 49 005 ha planted during the five years up to 2017/18.

An estimated commercial crop of 19 455 tons of groundnuts was produced during 2018/19. This represents a decrease of 65,9% from the 2017/18 crop of 57 000 tons. The 2018/19 crop is 68,0% less than the five-year average of 60 706 tons up to 2017/18. The average yield for 2018/19 was 0,97 t/ha, which is 4,2% less than the 1,01 t/ha of the previous season and 21,7% less than the five-year average of 1,24 t/ha up to 2017/18.

Plantings, production and the yield of groundnuts from 2014/15 to 2018/19 are as follows:

Season	2014/15	2015/16	2016/17	2017/18	2018/19
Plantings (ha)	58 000	22 600	56 000	56 300	20 050
Production (t)	62 300	17 680	92 050	57 000	19 455
Yield (t/ha)	1,07	0,78	1,64	1,01	0,97



Producer prices

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

The average producer prices of groundnuts from the 2015/16 to 2019/20 marketing seasons were as follows:

Season	2015/16	2016/17	2017/18	2018/19	2019/20*
	R/ton				
Producer price	7 637	7 722	7 813	7 815	7 783

**Preliminary*

The average producer price for groundnuts shows a decrease of 0,4%, from R7 815/ton in 2018/19 to R7 783/ton in 2019/20.

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 2019/20 are as follows:

Season	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20***
	Tons				
Imports	14 600	52 100	16 700	10 300	40 000
Exports	15 400	8 400	11 500	10 400	6 200

**Projections*

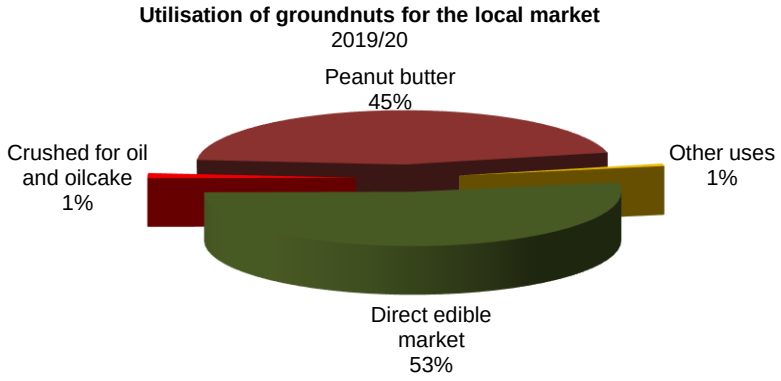
It is expected that the South African groundnuts imports could increase by 288,3%, from 10 300 tons in 2018/19 to 40 000 tons in the 2019/20 marketing season. During the first seven months of the abovementioned marketing season, South African imports of groundnuts were mainly from Argentina, Zambia, Brazil, Nicaragua, Mozambique and China.

The expected groundnuts exports show a decrease of 40,4% from 10 400 tons in 2018/19 to 6 200 tons in 2019/20. The major export destinations for South African groundnuts are Mozambique, Japan, the Netherlands, Switzerland and New Zealand.

Consumption

An estimated total of 84 700 tons of groundnuts will be available for utilisation during the 2019/20 marketing season. Carry-over stocks on 1 March 2019 amounted to 25 300 tons and the estimated production is 19 400 tons. Projected imports amount to approximately 40 000 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 2019/20 is estimated at 66 500 tons—1 000 tons for oil and oilcake, 30 000 tons for peanut butter, 35 000 tons for the direct edible market and 500 tons as pods. Other consumption (released to end consumers, seed, etc.) amounts to 500 tons. The projected exports during 2019 are 6 200 tons. Carry-over stocks on 28 February 2020 are expected to be approximately 11 500 tons.



The per capita consumption for the 2019/20 marketing season is projected at 0,64 kg, which is 11,1% less than the 0,72 kg in the previous season.

International overview

The world production of groundnuts shows a decrease of 0,8%, from 46,58 million tons in 2017/18 to 46,19 million tons in 2018/19. The decrease can be attributed to 22,9% decrease in the United State's groundnut production, from 3,23 million tons in 2017/18 to 2,49 million tons in 2018/19. India, Brazil, Indonesia and China also show decreases in the production of groundnuts by 29,3%, 15,4%, 4,6% and 0,5%, respectively. India's groundnut production decreased from 6,65 million tons in 2017/18 to 4,70 million tons in 2018/19; Brazil's groundnut production from 0,52 million tons in 2017/18 to 0,44 million tons in 2018/19; Indonesia's groundnut production from 1,08 million tons in 2017/18 to 1,03 million tons in 2018/19 and China's groundnut production from 17,09 million tons in 2017/18 to 17,00 million tons in 2018/19.

The world production of groundnuts is expected to be 44,44 million tons in 2019/20, which is 3,8% less than the 46,19 million tons produced in 2018/19. The decrease can mainly be attributed to expected decreases in Sudan, Senegal, Benin, Nigeria, Niger and Ghana's groundnut production of 37,6%, 24,1%, 22,6%, 20,9%, 15,5% and 15,4%, respectively. The groundnut production in Sudan decreased from 2,88 million tons in 2017/18 to 1,80 million tons in 2018/19. Senegal's groundnut production decreased from 1,45 million tons in 2017/18 to 1,10 million tons in 2018/19. Benin's groundnut production decreased from 0,23 million tons in 2017/18 to 0,18 million tons in 2018/19. Nigeria's groundnut production decreased from 4,42 million tons to 3,50 million tons. Niger's groundnut production decreased from 0,59 million tons to 0,50 million tons and Ghana's groundnut production decreased from 0,52 million tons to 0,44 million tons. Mali, Argentina, Chad, Indonesia, Guinea and the United States also showed decreases in the expected groundnut production for the mentioned period.

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 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, who started to plant small quantities of canola.

Plantings and production

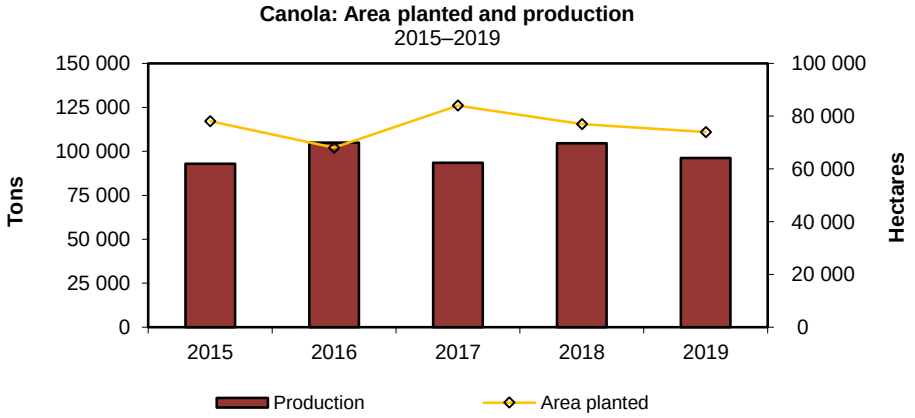
The estimated area planted to canola decreased by 3,9%, from 77 000 ha in 2018 to 74 000 ha in 2019, while production is expected (November 2019) to decrease by 7,9%, from 104 500 tons in 2018 to 81 400 tons in 2019, mainly due to dry and warm weather conditions that took a toll on most winter crops in the Western Cape.

The expected average yield decreased by 4,4%, from 1,36 t/ha in 2018 to 1,30t/ha in 2019.

Estimated plantings, production and yields of canola from 2015 to 2019 are as follows:

Season	**2015**	**2016**	**2017**	**2018**	**2019**
Plantings (ha)	78 050	68 075	84 000	77 000	74 000
Production (t)	93 000	105 000	93 500	104 500	96 200
Yield (t/ha)	1,19	1,54	1,11	1,36	1,30

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. 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 poly-unsaturated fats in canola oil are essential omega-3 and omega-6 fatty acids. The omega-3, alpha-linolenic acid, may help prevent heart attacks and strokes. The omega-6, linoleic acid, is important for the brain and essential for the growth and development of infants.

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

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

The total supply of canola is projected at 118 630 tons for the 2018/19 marketing season. This include an opening stock as from 1 October 2018 of 6 530 tons, domestic production of 112 110 tons and no imports this marketing season. Total demand for canola for the 2018/19 marketing season was approximately 100 540 tons, while carry-out stocks on 30 September 2019 were approximately 18 090 tons.

For the 2019/20 marketing season, the total supply of canola is estimated at 114 290 tons (the estimated canola crop of 96 200 tons, together with carry-over stocks of 18 090 tons). Domestic demand for canola is estimated at 98 100 tons, while carry-out stocks at the end of September 2020 is expected to reach 16 190 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 2014 to 2018 are as follows:

Season	**2014**	**2015**	**2016**	**2017**	**2018**
	R/ton				
Producer price	4 750,00	5 950,00	5 707,04	5 300,00	5 503,50

The average producer price of canola increased by 3,8%, from R5 300,00/ton in 2017 to R5 503,00/ton in 2018. The local 2019 canola production season progressed well; however, it experienced some challenging weather conditions in the Western Cape during harvest time when strong winds caused damage to the crop.

International overview

Global canola production has grown rapidly over the past 40+ years, rising from the sixth largest oil crop (soya beans, canola/rapeseed, sunflower seed, cotton seed, peanuts, palm kernel and copra) to the second largest. During 2019/20, canola production is expected to contribute 12,0% to world oil crop production. During the same period, soya bean production, which is the largest oilseed crop, is expected to contribute 58,9% of the world oilseed crop production.

The USDA Foreign Agricultural Service indicated in November 2019 that world production of canola/rapeseed decreased by 4,7%, from 71,9 million tons in the 2018/19 marketing season to 68,5 million tons in the 2019/20. According to the USDA Foreign Agricultural Service, a drop of about 18% in rapeseed production led to significant decreases in the overall oilseed production, due to drought during planting, both in summer and in the fall of 2018, insufficient precipitation the following winter and spring and high pest pressure in some areas of France, Germany, Bulgaria and the United Kingdom. Furthermore, in summer 2019, drought and extremely high temperatures hit most of the major rapeseed production regions in central and northern Europe.

The key global canola producers during the 2019/20 marketing year are Canada (19,5 million tons) contributing 28,5%, the European Union contributing 24,8% (17,0 million tons), China contributing 19,1% (13,1 million tons), India contributing 11,2% (7,7 million tons) and other countries contributing 16,4% (11,2 million tons) to world production.

The European Union, China and Canada are the primary importers (72,3%) of canola seed, while Canada accounts for more than half of canola seed exports (64,6%).

Global canola consumption is expected to reach 69,9 million tons for 2019/20, compared to 70,9 million tons in 2018/19 season —a decrease of 1,5%.

Global ending stocks for 2019/20 are expected to decline by 1,6 million tons, from 8,3 million tons in 2018/19 to 6,6 million tons in 2019/20.

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

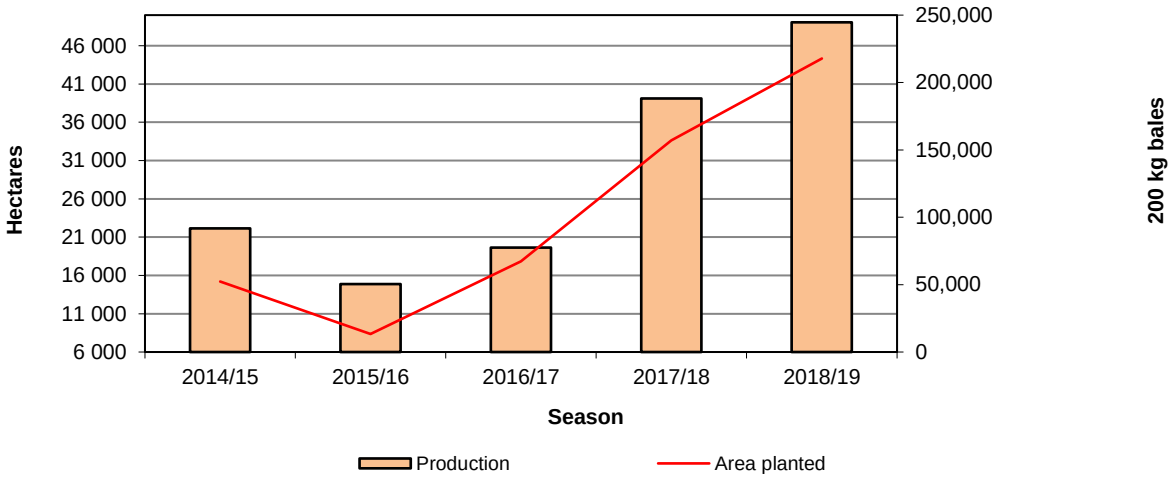
In South Africa, cotton is grown in the warm regions of the Limpopo, Mpumalanga, Northern Cape, North West and KwaZulu-Natal provinces where minimum night temperatures are at least 15 °C during the growing season. Cotton is planted mainly during October, although planting can be done until the second 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 2018/19 production season is estimated at 44 327 ha, which is an increase of 31, 8% from the 33 628 ha of the previous season.

Area planted to cotton and production of cotton lint in the RSA
2014/15–2018/19



Source: Cotton SA

Yields per hectare under irrigation are up to 5,0 more on irrigation than on dry land. An estimated average yield of 4 810 kg/ha seed cotton was realised on irrigated land during the 2018/19 production season, compared to 957 kg/ha realised on dry land.

During 2018/19, an estimated 46, 5% of the total area planted to cotton was on dry land, as against 42, 7% the previous season. The area under irrigation also decreased by 6,6% from 2017/18 to 2018/19

The domestic production of cotton lint for the 2018/19 marketing season (April to March) is estimated at 244 543 bales of 200 kg each, which is an increase of 29,9% from the 188 228 bales produced during the 2017/18 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 2014/15 to 2018/19 production seasons by the RSA and Swaziland compare as follows:

RSA

Production season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19***
Total RSA plantings (ha)	15 228	15 228	15 228	33 628	43 927
Dryland (ha)	6 636	6 636	6 636	14 335	20 425
Irrigation (ha)	8 592	8 592	8 592	8 592	23 502
Production of cotton lint (200 kg bales) from RSA-grown cotton	91 742	91 742	91 742	188 228	244 543

Swaziland

Production season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19***
Total Swaziland plantings (ha)	4 000	3 000	800	1 000	1 750
Dryland (ha)	4 000	3 000	800	1 000	1 500
Irrigation (ha)	0	0	0	0	250
Production of cotton lint (200 kg bales) from Swaziland-grown cotton	4 500	2 636	100	1 080	3 825

** Estimates (September 2019)*

Source: Cotton SA

World cotton production for 2019/20 is forecasted by the International Cotton Advisory Committee (ICAC) to increase by around 5,0% from the previous season to 26.9 million tons; while cotton consumption is expected to be 26.7 million tons. Production in China and India, the world's largest cotton producing countries together with the USA third largest producer; production is expected to increase by 23.0 % to 4.9 million tons.

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	2015/16	2016/17	2017/18	2018/19	2019/20*
	c/kg				
Seed cotton	795	823	868	900	868
Cotton lint	1 903	2 281	2 362	2 619	2 600

**Projections*

Consumption

Consumption of cotton lint by RSA and Swaziland spinners for the 2018/19 marketing year is estimated at 110 044 bales of 200 kg, compared to the 110 000 bales of the 2017/18 year—a decrease of 56,6 %.

During the 2018/19 marketing year, about 72,1% of the consumed cotton lint was imported from SADC countries. The major supplier was Zambia. Cotton lint exports for the 2018/19 season amounted to 26 039 tons.

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

Marketing year	2014/15	2015/16	2016/17	2017/18	2018/19*
	200 kg bales				
Consumption	106 295	106 160	108 320	110 000	110 044

**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.

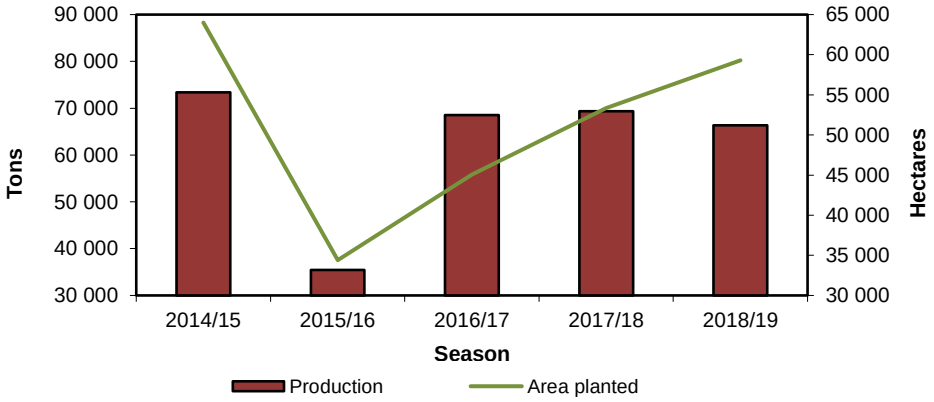
Dry beans

Areas planted and production

During the 2018/19 season, according to the Crop Estimates Committee, an estimated 59 300 ha were planted to dry beans for commercial markets, compared to 53 360 ha planted in 2017/18. This represents an increase of 11,1% and 17,4% more than the average of 50 526 ha planted during the five years up to 2017/18. The estimated commercial crop of 66 355 tons for 2018/19 is 4,3% less than the previous crop of 69 360 tons. The 2018/19 crop is 0,9% more than the five year average of 65 770 tons up to 2017/18. The average yield for the 2018/19 crop is approximately 1,12 t/ha—a decrease of 13,9% from the 1,3 t/ha of the previous season.

The Free State produced 42,7% (28 350 tons) of the 2018/19 commercial crop, followed by Limpopo with 18,8% (12 480 tons), North West with 15,8% (10 500 tons) and Mpumalanga with 10,2% (6 750 tons). The remaining 12,5% (8 275 tons) was produced in the other provinces.

Area planted to and production of dry beans for commercial markets
2014/15– 2018/19

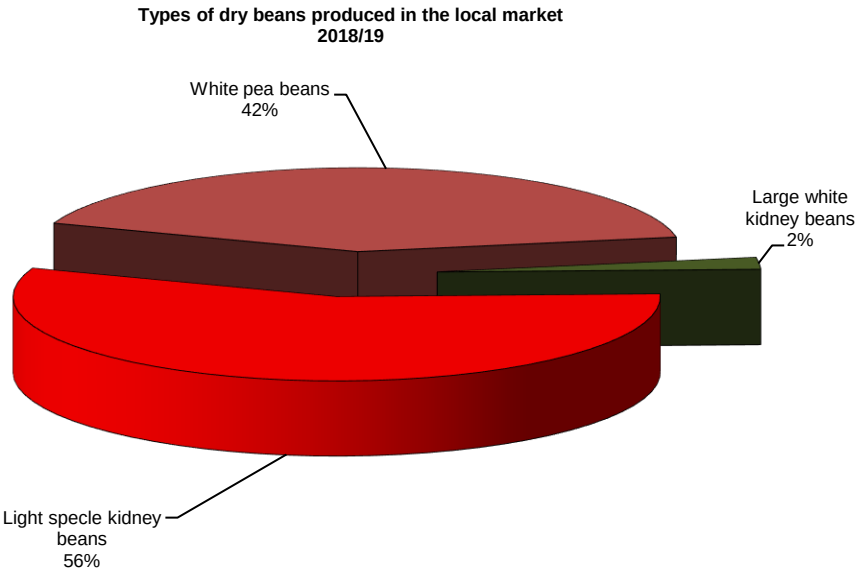


Production in the provinces and their share of the 2018/19 dry bean crop are as follows:

Province	Production (t)	Share in crop (%)
Western Cape	180	0,27
Northern Cape	1 400	2,11
Free State	28 350	42,72
Eastern Cape	720	1,09
KwaZulu-Natal	4 025	6,07
Mpumalanga	6 750	10,17
Limpopo	12 480	18,81
Gauteng	1 950	2,94
North West	10 500	15,82
Total	66 355	100,00

Dry beans contributed an estimated amount of R949 million to the gross value of field crops for the 2018/19 season, which is 5,3% less than the R1 002 million of the previous season, while the average annual gross value of groundnuts for the five years up to 2018/19 amounts to approximately R875 million.

The contribution of different types of dry beans to total local production in 2018/19 is estimated to be as follows: light speckle kidney beans – 37 037 tons (55,8%), white pea beans – 27 575 tons (41,5%), large white kidney beans – 1 504 tons (2,3%) and other dry beans – 239 tons (0,4%), mainly cariocas.



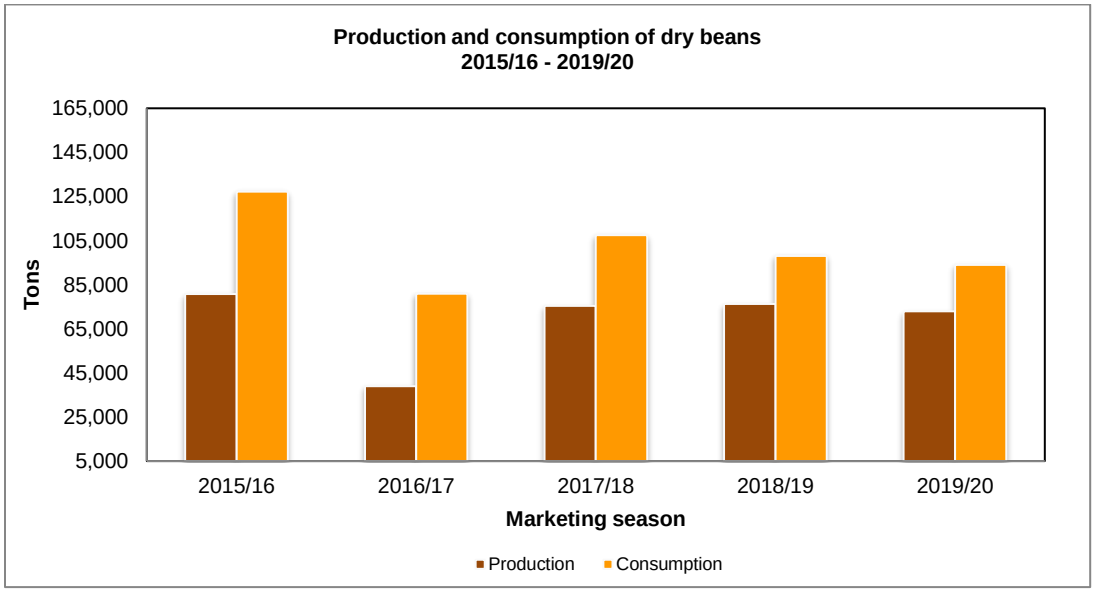
The most extensive seed production takes place in the Lowveld area of Mpumalanga, followed by Limpopo and Northern Cape.

In an attempt to improve profitability for producers and to meet the increase in protein demand, new cultivars with higher yields 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.

Consumption

An estimated amount of 93 907 tons of dry beans is expected to be consumed locally during the 2019/20 marketing season (April to March), which is 4,2% less than the 98 036 tons in 2018/19. The projected per capita consumption for 2019/20 is 1,43 kg, which is 5,9% less than the 1,52 kg in 2018/19.

The quantities of dry beans produced and consumed according to the Department of Agriculture, Forestry and Fisheries, from 2015/16 to 2019/20 marketing season were as follows:



Producer prices

The average prices received by producers for dry beans from the 2014/15 to 2018/19 production season are as follows:

Production season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	R/t				
Producer price	10 833	13 182	13 726	13 137	11 544

The average producer price of dry beans decreased by 12,1%, from R13 137/ton in the 2017/18 production season to R11 544/ton in the 2018/19 production season. The producer price of dry beans in South Africa is derived mainly from import parity from China and local supply and demand has little or no effect on price determination.

Trade balance

Imports of dry beans to and exports from South Africa during the five marketing seasons from 2015/16 up to 2019/20 are as follows:

Marketing season	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20***
	Tons				
Imports	48 953	48 725	43 976	31 412	37 694*
Exports	2 515	6 741	11 901	9 672	16 778*

*projections

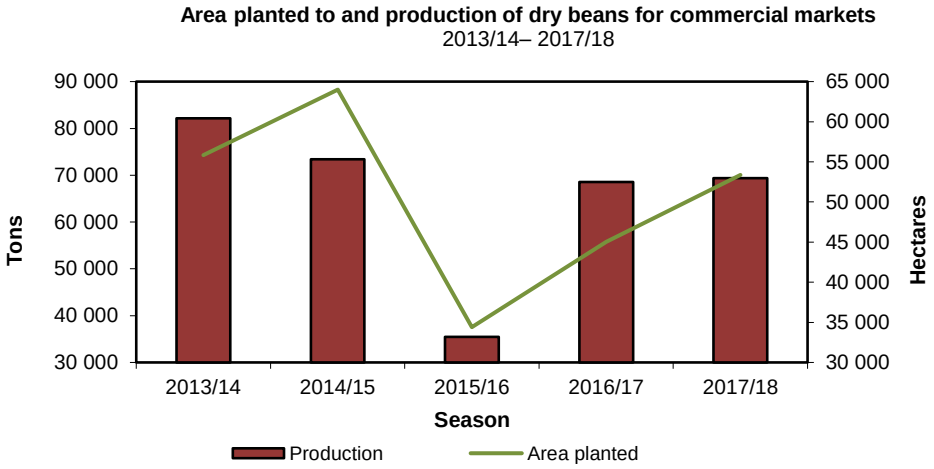
The expected imports of dry beans shows an increase of 20,0%, from 31 412 tons in 2018/19 to 37 694 tons in 2019/20. An estimated amount of 3 562 tons and 1 116 tons of dry beans were imported from Ethiopia and Poland, respectively, for the first nine months of 2019. This represents 9,4% and 3,0%, respectively, of the projected 37 694 tons to be imported during the 2019/20 marketing season.

The projected exports of dry beans increased by 73,5%, from the 9 672 tons in 2018/19 to 16 778 tons in 2019/20 marketing season. An estimated amount of 5 832 tons and 3 730 tons of dry beans were exported to Vietnam and India, respectively, during the first nine months of the 2019/20 marketing season. This represents 34,8% and 22,2% of the projected imports of 16 778 tons during the 2019/20 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 to ensure the supply of disease-free certified seed to producers.

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.



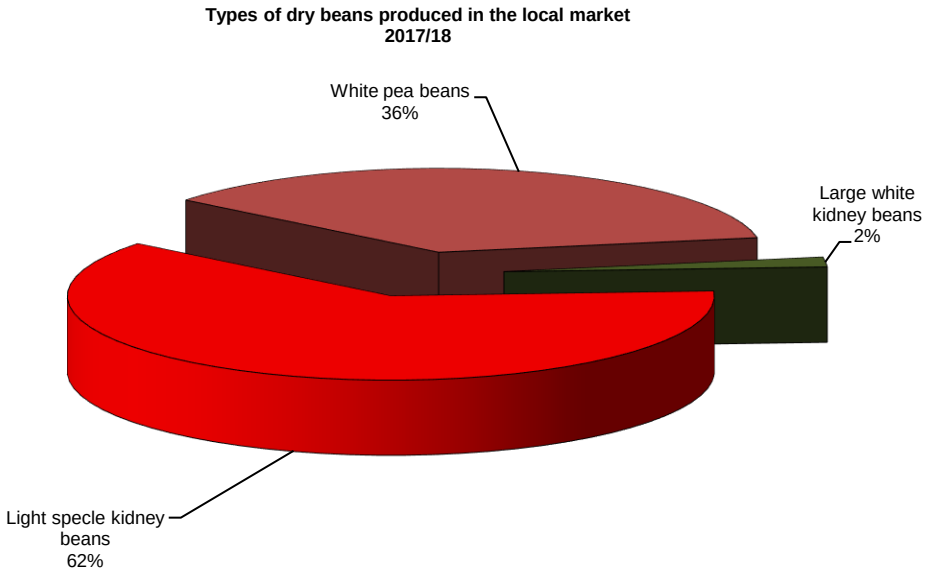
The Free State Province produced 41,2% (28 600 tons) of the 2017/18 commercial crop, followed by Limpopo with 21,6% (15 000 tons), Mpumalanga with 14,1% (9 800 tons) and North West with 13,8% (9 600 tons). The remaining 9,2% (6 360 tons) was produced in the other provinces.

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.



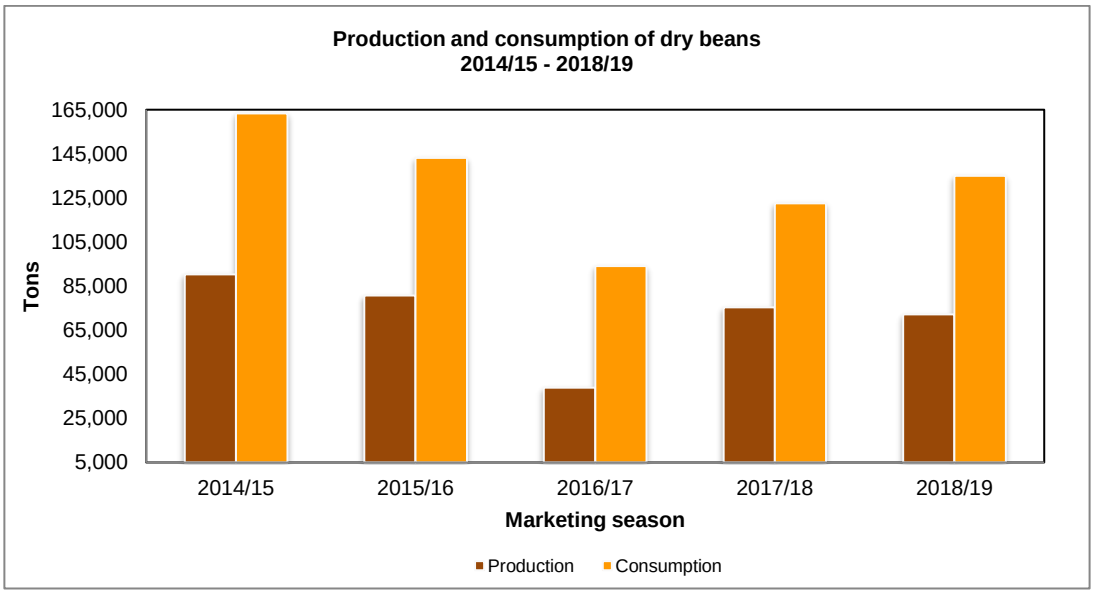
The most extensive seed production takes place in the Lowveld area of Mpumalanga, followed by the Limpopo and Northern Cape provinces.

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 24 949 registered sugar cane growers farming predominantly in KwaZulu-Natal (KZN) and Mpumalanga, with some farming operations in the Eastern Cape.

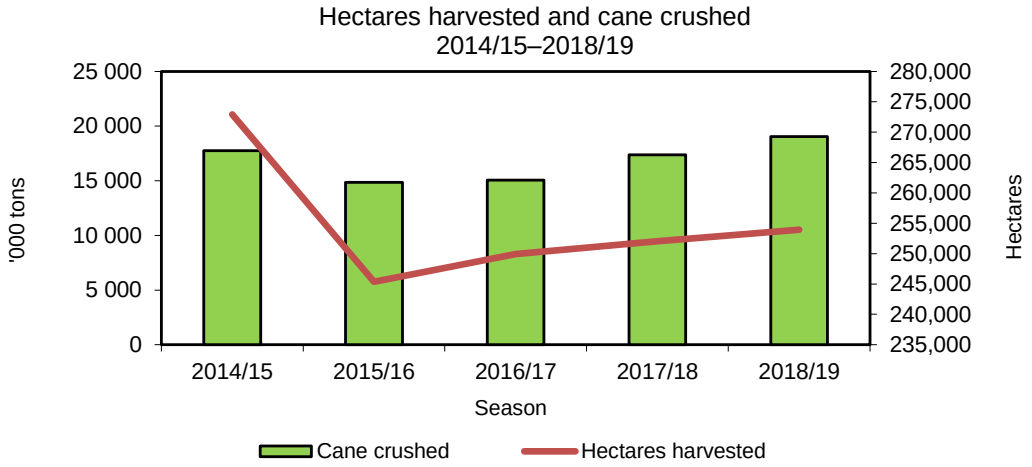
Sugar is manufactured by six milling companies with 14 sugar mills operating in the cane growing regions.

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

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

Production and price of sugar cane

The production of sugar cane increased by 9,5% to 19,0 million tons from 2017/18 to 2018/19, while production for the 2019/20 season at 19,2 million tons is expected to be 1,4% higher than in 2018/19.



The average cane production over the past decade (from the 2009/10 to the 2018/19 season) is 15,4 million tons per annum, with the yield of harvested cane averaging 65,6 t/ha over the same period. The yield stands at 74,9 t/ha for the 2017/18 season. The area harvested decreased by 0,8%, from 253 945 ha in 2017/18 to 253 912 ha in 2018/19.

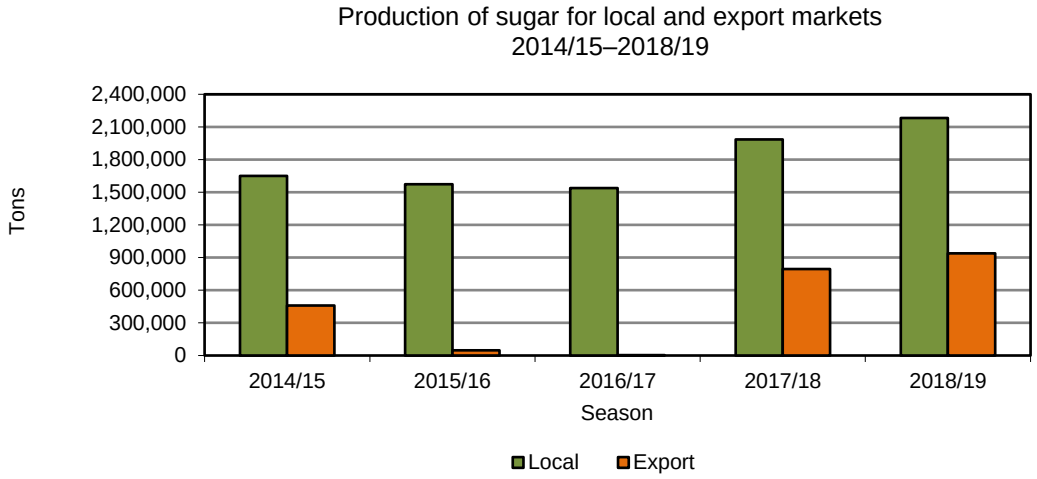
The producer price of sugar cane decreased by 10,7% from 2017/18 to 2018/19. The average price over the five-year period indicated below is R494,58 per ton.

The average producer prices of sugar cane from 2014/15 to 2018/19 were as follows:

Year	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	R/ton				
Producer price	433.90	457.02	564.39	522.46	451.58

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 2018/19, production is estimated at 2,18 million tons. The quantity of cane crushed to produce one ton of sugar stands at 8,67 tons for the 2018/19 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 939 682 tons of sugar were produced for the international market during the 2018/19 season. About 60% of this sugar is marketed in the Southern African Custom Union (SACU) and the remainder is exported to markets in Africa, Asia and the Middle East. The total supply of 2,18 million tons of sugar to the Southern African Customs Union (SACU) during 2018/19 represents an increase of 9,9% from the 1,99 million tons supplied in 2017/18

The local production and sales of sugar to the SACU from 2014/15 to 2018/19 were as follows:

Year	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	'000 tons				
Production	2 108	1 620	1 539	1 986	2 181
Sales to SACU	1 649	1 574	1 534	1 190	1 241

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, mostly in areas where warm, dry summers and cold winters prevail. According to the HORTGRO Tree Census of 2018, the area under deciduous fruit production during the 2018 season is estimated at 54 052 ha.

Production

Although some producers grow fruit both for processing (canning, juice and drying) as well as fresh consumption, it is estimated that in South Africa there are about 1 526 producers of fruit for fresh consumption, 1 066 producers of dry and table grapes, 906 producers of stone fruit and 620 producers of pome fruit.

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

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	Tons				
Apples	912 857	902 433	956 755	841 124	884 141
Pears	401 232	417 840	419 461	393 053	406 433
Table grapes	288 314	342 397	365 456	420 828	314 835
Peaches and nectarines	197 749	189 933	185 440	152 848	140 158
Apricots	49 304	34 028	25 918	30 949	26 303
Plums	81 461	79 552	86 715	75 184	58 815
Total	1 930 917	1 966 183	2 039 745	1 913 986	1 830 685

The production of deciduous fruit decreased by 4,4%, from 1,913 million tons in 2017/18 to 1,830 million tons in 2018/19. Apples showed an increase of 5,1% followed by pears with 3,4%. The production of grapes showed a decrease of 25,2%, followed by plums with 21,8%, apricot by 15,0% and peaches with a decrease of 8,3%.

Marketing

During 2018/19, deciduous fruit contributed approximately 21,7% to the gross value of horticultural products.

Approximately 331 216 tons of deciduous fruit were sold locally on the major fresh produce markets, other markets and directly to retailers during the 2018/19 season, representing a decrease of 1,5% from the 336 424 tons sold during the 2017/18 season.

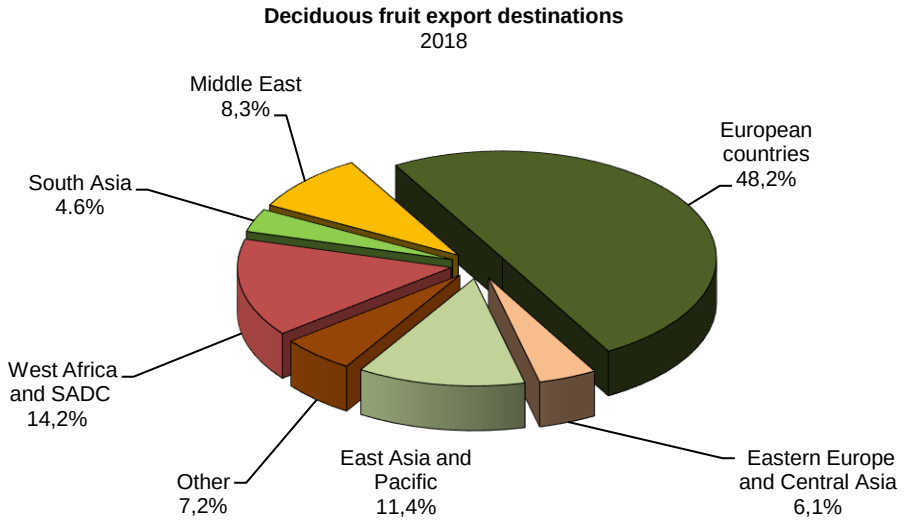
The average prices realised for deciduous fruit on the major fresh produce markets during the period 2014/15 to 2018/19 were as follows:

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	R/ton				
Apples	5 938	6 534	6 529	6 904	7 591
Pears	5 953	6 495	6 553	6 549	7 175
Table grapes	11 331	12 357	12 984	14 973	15 288
Peaches and nectarines	11 736	13 067	13 105	12 979	15 725
Apricots	9 317	11 882	14 617	13 196	15 990
Plums	6 516	7 713	7 684	7 431	9 783

The price of plums showed the biggest increase at 31,7%, followed by peaches and apricot with 21,2%. While apples showed an increase of 10,2%, pears with 9,6% and followed by table grapes with 2,1%, respectively.

The exporting of deciduous fruit is a major earner of foreign exchange for South Africa. During the 2018/19 season (October to September), about 53,0% of deciduous fruit produced was exported and approximately 77,7% of the gross value from deciduous fruit came from export earnings. Total exports amounted to 970 083 tons. This represents a decrease of 9,5%, from the 1 072 050 tons exported during 2017/18.

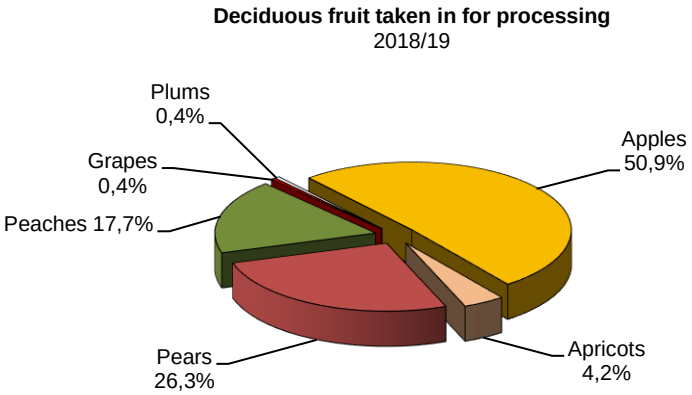
The following graph indicates deciduous fruit export destinations during 2018.



Intake of deciduous fruit for processing

During 2018/19, about 529 430 tons of deciduous fruit produced were utilised for processing—an increase of 4,7% from the 505 512 tons processed during 2017/18.

The following graph indicates the contribution of deciduous fruit types to total deciduous fruit taken in for processing during 2018/19.



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 2018/19, approximately 98,1% of apples taken in for processing was used for juice and 1,9% was used for canning, while 69,6% of pears was used for juice and 30,3% was canned. Producers received an average of R2 185 and R1 956 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 860 and R1 519 per ton, respectively.

Domestic consumption

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

Season	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Per capita consumption (kg/year)	12,31	12.31	10.10	11.25	9.43
Total consumption ('000 tons)	677	688	571	650	554

Prospects

These expectations of pome fruit will increase slightly. The 2019/20 production season of pome fruits such as nectarines, plums and peaches experienced an increase of 17%, 10%, and 8%, respectively. However, the production of apricot decreases by 20%.

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 increased by 10,0%, from 72 229 tons in 2018 to 79 423 tons in 2019. 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 increased by 12,9%, from 66 274 tons in 2018 to 74 830 tons in 2019, while that of dried tree fruit decreased by 22,9%, from 5 955 tons in 2018 to 4 593 tons in 2019.

Under the dried vine fruit, all the fruit types showed a decrease, except muscat raisins, which showed an increase of 33,0%, from 809 tons in 2018 to 1 076 tons in 2019. As well as Thompson seedless raisins showed an increase of 27,2% as well. Under the dried tree fruit type, peaches showed an increase of 13,3% and other fruit 5,4%, 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:

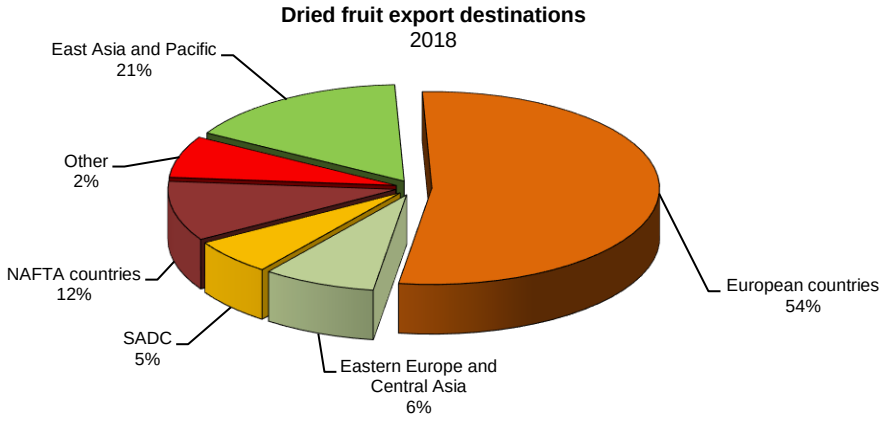
Fruit type	**2015**	**2016**	**2017**	**2018**	**2019***
	Tons				
Sultana type					
Unbleached	5 368	12 237	1 491	1 662	5 368
Golden	20 028	11 593	21 142	25 052	20 028
Thompson seedless raisins	31 502	28 364	36 318	36 422	31 502
Currants	3 625	2 400	4 482	2 329	3 625
Muscat raisins Hanepoot	14	35	2 153 7	809 0	14
Total vine fruit	60 537	54 629	65 593	66 274	74 830
Prunes	602	1 050	1 100	1 005	602
Apricots	1 782	1 325	1 430	1 780	1 782
Apples	275	20	217	208	275
Peaches	2 366	2 560	2 251	1 773	2 366
Pears	1 695	1 660	3 801	1 059	1 695
Nectarines	129	133	149	93	129
Other	58	31	36	37	58
Total tree fruit	6 907	6 779	8 984	5 955	4 593
Grand total	67 444	61 408	74 577	72 229	79 423

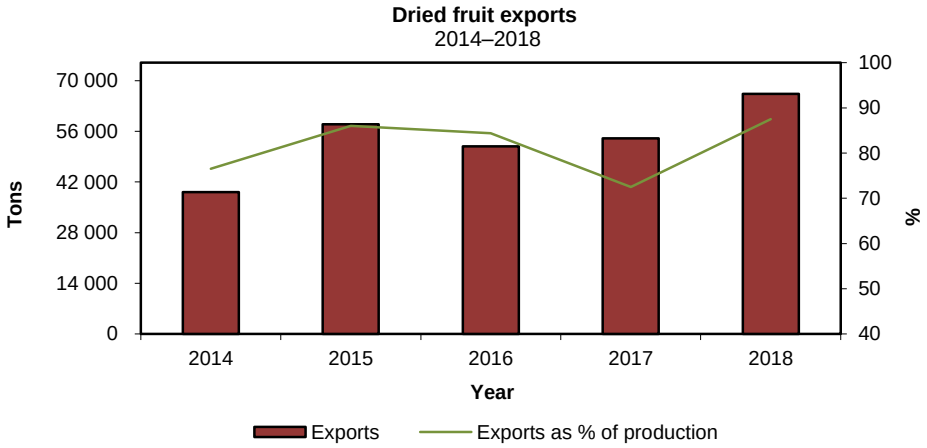
** Preliminary,Source: DFTS*

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 2018 and exports from 2014 to 2018, respectively.





Viticulture

South Africa is the ninth-largest wine producer in the world, contributing 10,8% to the world's wine production in 2018. The area under wine grape vineyards is estimated at 93 021 ha, which is 1,6% less than the 94 545 ha of the previous year.

The wine industry is labour intensive and provides employment to approximately 300 000 people directly and indirectly. The number of primary wine grape producers in South Africa is estimated at 2 873.

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

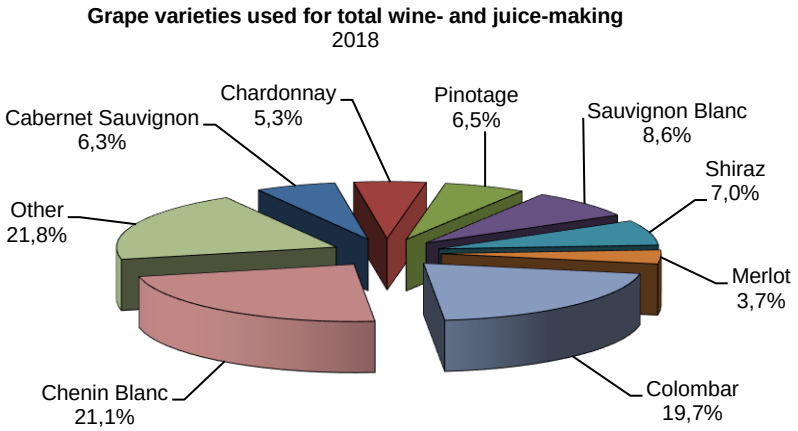
Production

Total production of wine, including rebate and distilling wine, juice and concentrate for non-alcoholic beverages from 2014 to 2018, is as follows:

Year	2014	2015	2016	2017	2018
	Gross million litres				
Wine production	1 181	1 154	1 089	1 118	960

During 2018, wine production decreased by 14,1%. Approximately 62,8% of the wine grapes utilised for wine-making purposes were white and 37,2% were red.

The use of different varieties of grapes during 2018 is depicted in the following graph:



Income of producers

The production of wine grapes and income of producers from 2014 to 2018 are as follows:

Year	2014	2015	2016	2017	2018
Wine-grape production ('000 tons)	1 520	1 477	1 405	1 437	1 244
Income of producers (R million)	4 727	4 793	5 030	5 827	6 298

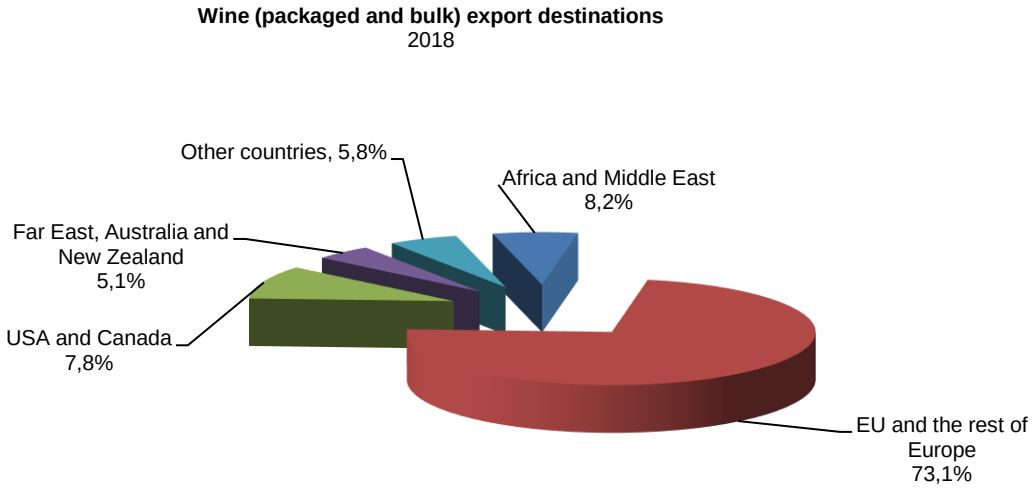
The producers' income increased by 8,1% during 2018 due to a slight increase in sparkling and fortified wine exports of 18,7% and 11,4%, respectively, while still wine declined by 6,5% due to low production.

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

Year	2014	2015	2016	2017	2018
	'000 litres				
Still wine	414 834	412 444	424 088	444 011	415 015
Fortified wine	349	311	386	315	351
Sparkling wine	7 473	7 263	3 867	4 059	4 820
Total	422 656	420 018	428 341	448 385	420 186

During 2018, 51,0% of the total wine produced was exported, compared to 48,8% during 2017.

The following graph depicts wine export destinations during 2018.



Consumption

The per capita consumption of wine on the domestic market from 2014 to 2018 is as follows:

Year	2014	2015	2016	2017	2018
	ℓ per capita				
Still wine	6,56	7,00	7,07	7,16	6,71
Fortified wine	0,62	0,61	0,58	0,59	0,60
Sparkling wine	0,15	0,15	0,16	0,16	0,16
Total	7,33	7,76	7,81	7,91	7,47

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 976 million in 2018/19—an increase of 11,1% on the 2017/18 figure of R4 477 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 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.

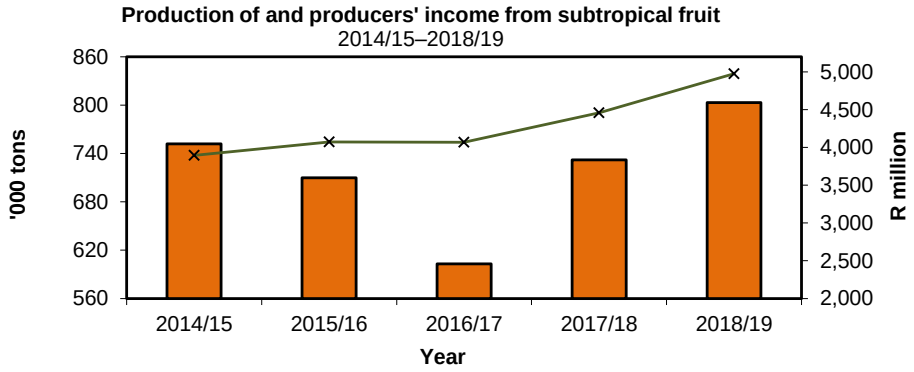
The total production area of avocados in 2018/19 is estimated at approximately 17 500 ha, mangoes at 7 000 ha and litchis at 1 130 ha.

The production of subtropical fruit from 2014/15 to 2018/19 is as follows:

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	'000 tons				
Avocados	98,4	88,0	77,7	86,1	114,5
Bananas	425,7	402,0	288,0	403,0	416,5
Pineapples	95,9	105,0	88,8	104,3	115,5
Mangoes	90,6	65,0	93,8	88,8	110,7
Papayas	15,9	14,0	15,2	13,5	10,4
Granadillas	0,8	0,8	1,0	0,6	0,8
Litchis	8,4	8,4	10,5	8,4	7,9
Guavas	31,8	26,6	28,1	27,8	26,9

The total production of subtropical fruit increased by 9,7%, from 732 363 tons in 2017/18 to 803 103 tons in 2018/19. Production of granadillas rose by 33,3%, avocados by 33,1%, mangoes by 24,7%, pineapples by 10,7% and bananas by 3,3%.

On the other hand, the production of papayas dropped by 23,0%, litchis by 6,0% and guavas by 3,2%.



Bananas, pineapples and avocados contributed 51,9%, 14,4% and 14,3%, respectively, to the total production of subtropical fruit during the 2018/19 season.

Domestic sales

During 2018/19, the largest contributors to the sales of subtropical fruit on the major fresh produce markets were bananas (71,8%), mangoes (9,6%), avocados (8,9%) and pineapples (6,8%) followed by papayas (1,9%) and guavas, litchis and granadillas combined (1,0%).

The quantities of mangoes, avocados, guavas and bananas sold on the major fresh produce markets increased during 2018/19, while the quantities of papayas, pineapples, litchis and granadillas decreased.

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

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	Tons				
Avocados	30 771	27 749	24 813	23 524	30 887
Bananas	255 094	240 432	171 936	241 171	249 528
Pineapples	23 005	21 900	20 407	27 833	23 703
Mangoes	16 442	13 425	17 950	23 035	33 382
Papayas	9 983	9 576	9 797	9 045	6 694
Granadillas	545	567	686	447	441
Litchis	1 028	1 495	1 394	1 401	1 307
Guavas	2 358	1 714	1 527	1 536	1 680
Total	339 226	316 858	248 510	327 992	347 622

Intake for processing

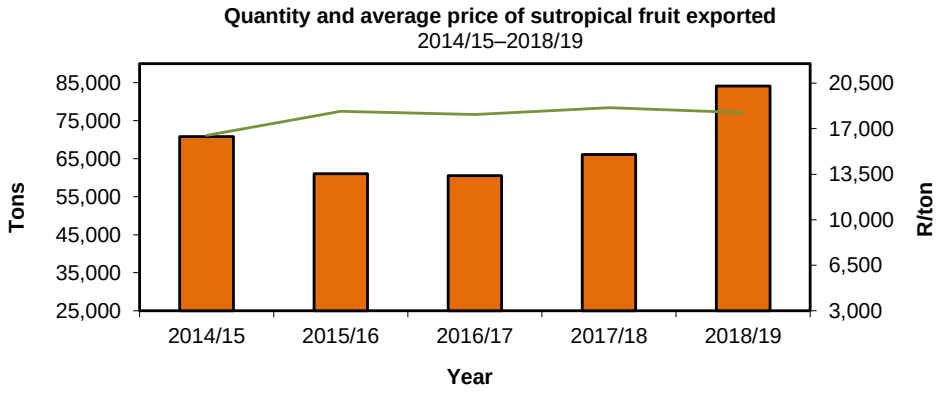
During 2018/19 (July to June), pineapples accounted for 46,2% of the total intake of subtropical fruit types for processing. The other two main contributors to the processing industry were mangoes (34,2%) and guavas (13,0%).

The quantities of granadillas, litchis, avocados, pineapples and mangoes taken in for processing increased during 2018/19, while the intake of bananas, guavas and papayas decreased.

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	Tons				
Avocados	4 101	5 874	4 129	6 591	8 567
Bananas	573	1 313	1 481	1 028	577
Pineapples	68 076	78 844	64 115	71 436	87 181
Mangoes	68 315	46 124	66 850	57 020	64 609
Papayas	2 102	749	1 762	1 157	1 122
Granadillas	98	89	122	19	219
Litchis	689	1 026	1 491	1 056	1 878
Guavas	29 035	24 003	24 724	24 064	24 537
Total	172 980	158 022	165 947	164 031	188 690

Exports

From 2017/18 to 2018/19, total exports of subtropical fruit increased by 27,2%, from 66 120 tons to 84 131 tons and the average export price decreased by 2,0%, from R18 612/t to R18 244/t.



The main subtropical fruit type being exported is avocados. During 2018/19, exports of avocados contributed 80,0% to the total value of exports of subtropical fruit. Other types that were exported were litchis, mangoes, pineapples and papayas.

Marketing and research

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

Prospects

Expectations are that most subtropical fruit types' production will remain as constant as 2017/18 during the 2019/20 production season.

Citrus fruit

Production areas

Citrus fruit is grown in 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 83 490 ha.

Production

Oranges contributed about 58,5% to the total production of citrus fruit in South Africa during 2018/19. Citrus fruit production increased by 20,0%, from 2 525 441 tons in 2017/18 to 3 031 674 tons in 2018/19. There has been an annual average decrease of 2,89% 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:

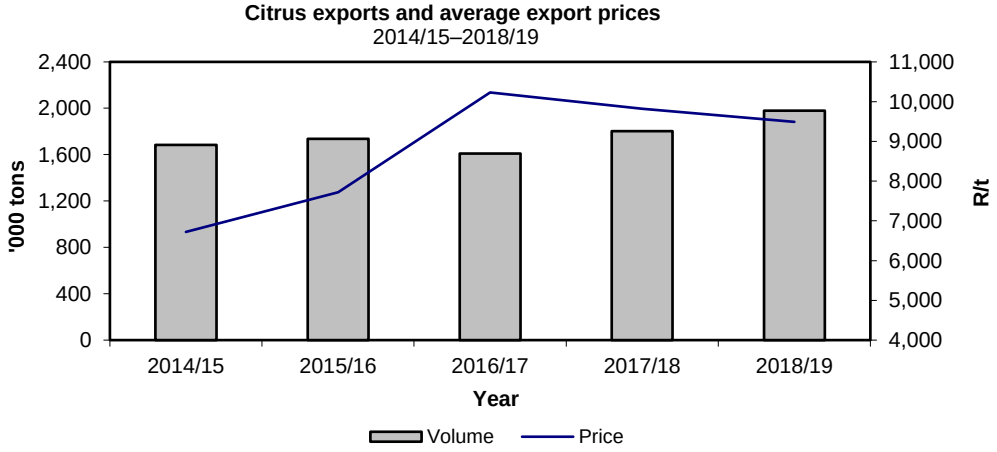
Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	Tons				
Oranges	1 797 476	1 761 173	1 366 083	1 461 370	1 774 397
Grapefruit	417 422	390 889	318 264	325 470	445 351
Lemons	329 095	353 057	323 063	447 643	473 197
Naartjes	40 355	41 959	36 166	40 967	53 230
Soft citrus	184 105	183 670	215 270	249 991	285 499
Total	2 768 453	2 730 748	2 258 848	2 525 441	3 301 674

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 1 802 868 tons during 2017/18 to 1 978 976 tons during 2018/19—an increase of 9,8%. During 2018/19, the European countries, East Asia and Pacific, Middle East and Eastern Europe and Central countries. (88,1%) were South Africa's largest trading partners in terms of citrus fruit exports. About

1 167 882 tons of oranges (approximately 59,0% of the citrus crop) were exported.



Domestic sales

Citrus fruit sales on the major fresh produce markets in South Africa increased by 5,4%, from 144 246 tons during 2017/18 to 152 052 tons during 2018/19 and comprised about 5,0% of total citrus fruit production. Approximately 65,7% of the oranges production, 11,9% of lemon, 11,3% of naartjes and 8,5% of soft citrus

were sold on the fresh produce markets.

The average prices realised on the major fresh produce markets during the period 2014/15 to 2018/19 were as follows:

Fruit type	2014/15	2015/16	2016/17	2017/18	2018/19
	R/ton				
Oranges	2 233	2 549	3 650	3 607	3 364
Grapefruit	3 113	3 960	5 240	2 490	5 255
Lemons	6 771	7 236	8 378	7 655	6 519
Naartjes	6 131	6 340	7 236	6 690	7 127
Soft citrus	4 717	5 019	6 212	5 496	5 921

Processing

Approximately 24,7% of the total citrus fruit production was taken in for processing during 2018/19. Citrus fruit taken in for processing increased by 72,5%, from 434 353 tons in 2017/18 to 749 233 tons in 2018/19.

Consumption

Per capita consumption of citrus fruit from 2014 to 2018 was as follows:

Year	2014	2015	2016	2017	2018
	kg/year				
Per capita consumption	19,49	17,44	10,48	10,92	15,57

Research

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

Vegetables (excluding potatoes)

General

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

Production

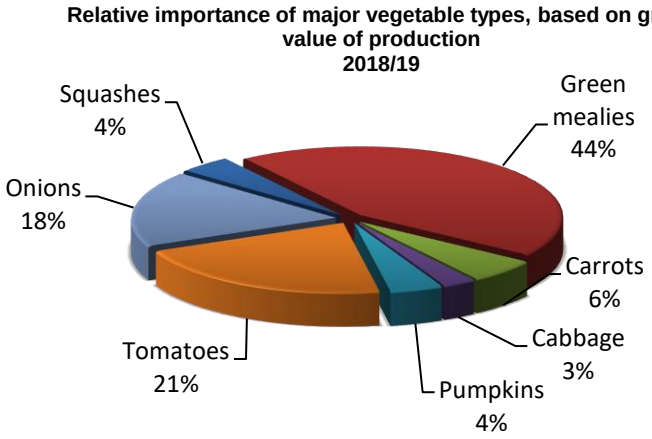
From 2017/18 to 2018/19 (July–June), the total production of vegetables (excluding potatoes) decreased by 1,8%, from 3 040 981 tons to 2 988 088 tons. All the major vegetable types in terms of volumes produced increased, except for tomatoes that decreased by 7,0%.

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

Year	2014/15	2015/16	2016/17	2017/18	2018/19
	'000 tons				
Tomatoes	567	605	667	610	558
Onions	679	695	714	718	724
Green mealies and sweet corn	373	378	380	390	394
Cabbages	146	139	154	161	161
Pumpkins	256	254	261	264	265
Carrots	202	215	218	231	217
Other	633	630	637	667	669
Total	2 856	2 916	3 031	3 041	2 988

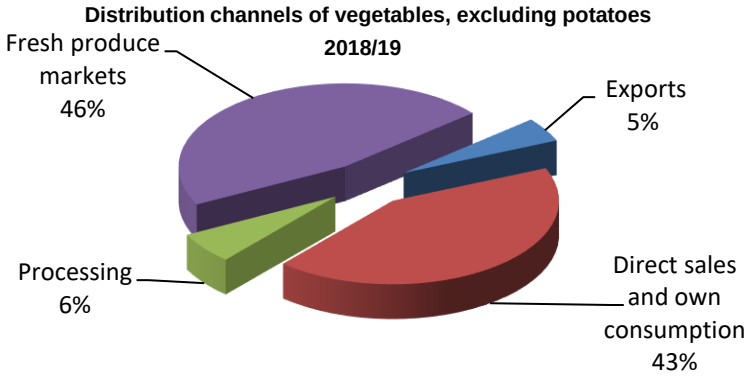
Relative importance of major vegetable types

The relative importance of the major vegetable types, according to gross value of production during the 12 months up to 30 June 2019, is depicted in the following graph:



Distribution channels

As depicted in the following graph, approximately 46% 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 2018/19 amounted to 1 387 124 tons, as against 1 424 941 tons sold during 2017/18, which represents a decrease of 2,7%.



The values of sales of vegetables (excluding potatoes) on the major South African fresh produce markets for the period 2014/15 to 2018/19 were as follows:

Year	2014/15	2015/16	2016/17	2017/18	2018/19
	R'000				
Tomatoes	1 553 343	1 811 846	1 769 685	1 889 871	2 042 981
Onions	1 019 474	1 484 091	1 379 110	1 662 549	1 526 336
Green mealies and sweet corn	47 406	56 557	60 925	64 325	68 346
Cabbages	235 097	254 683	258 037	245 072	312 297
Pumpkins	103 992	114 110	129 494	120 885	129 210
Carrots	362 525	468 564	464 141	469 735	520 739
Other	1 993 253	2 261 733	2 320 432	2 353 787	2 603 756
Total	5 315 090	6 440 584	6 381 824	6 806 224	7 203 665

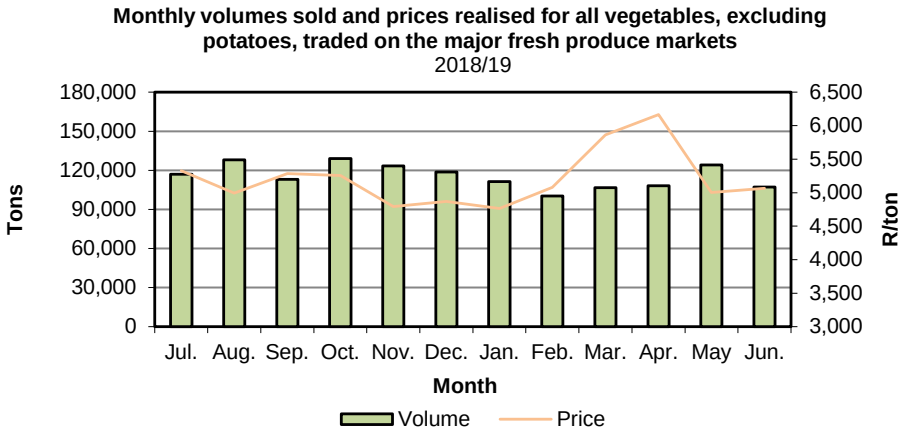
The value of cabbages showed a decrease of 8,2% from 2017/18 to 2018/19, while the values of all other vegetables increased during 2018/19.

Prices

The average prices of vegetables realised on the fresh produce markets for the period 2014/15 to 2018/19 were as follows:

Year	2014/15	2015/16	2016/17	2017/18	2018/19
	R/ton				
Tomatoes	5 298,59	6 094,66	5 535,83	6 048,16	6 972,81
+Onions	2 875,43	3 798,95	3 416,93	4 093,11	3 817,94
Green mealies and sweet corn	12 480,81	16 160,78	15 196,88	15 987,82	18 581,06
Cabbages	2 173,07	2481,00	2 269,75	2 061,65	2 613,69
Pumpkins	1 853,31	2 236,82	2 400,33	2 257,70	2 485,99
Carrots	2 958,34	3 710,18	3 535,37	3 373,42	3 878,89
Other	3 970,14	4 791,73	4 571,72	4 776,50	5 193,24

Of the major vegetable types, the prices increased, except for onions that showed a decrease of 6,7%.



Consumption

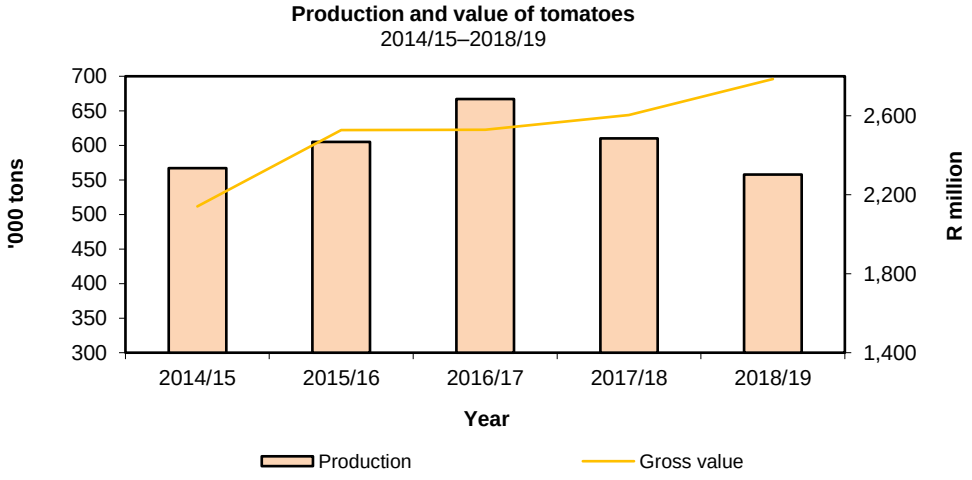
The importance of vegetables in a healthy diet is being strongly promoted by all the stakeholders in the fresh produce marketing chain. The per capita consumption of fresh vegetables was 45,71 kg during 2018/19, approximately 3,2% lower than the 47,24 kg of 2017/18.

Tomatoes

Production and value

Production of tomatoes decreased by 8,6%, from 610 237 tons in 2017/18 (July to June) to 557 743 tons in 2018/19.

The gross value of production increased by 7,0%, from R2 604 million in 2017/18 to R2 786 million in 2018/19.

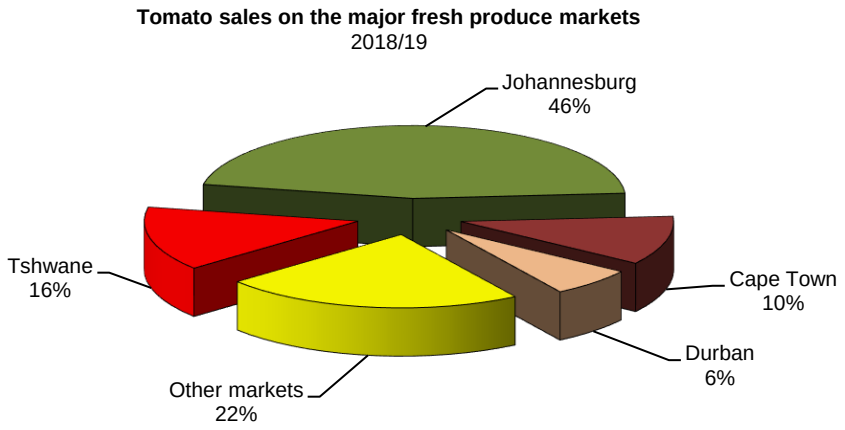


Sales

Sales on fresh produce markets constituted approximately 52,5% and direct sales approximately 21% of the total volume of tomato sales.

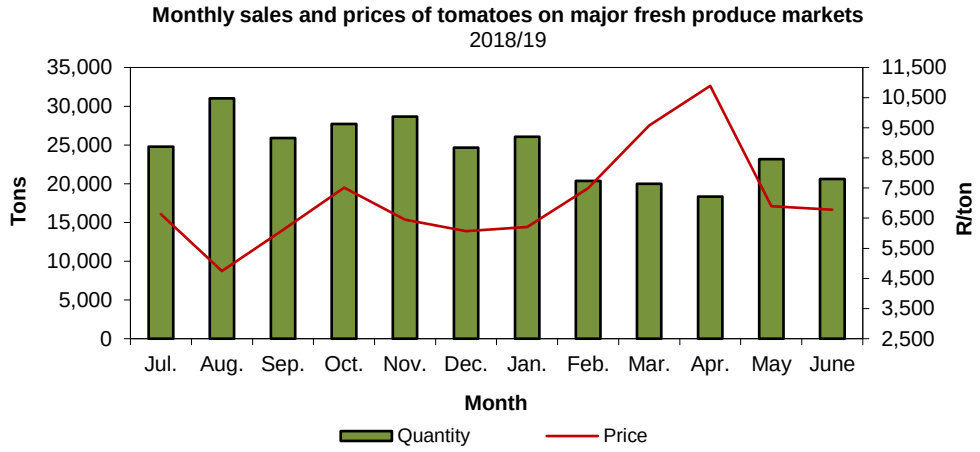
Owing to the geographic distribution and production of tomatoes, a sufficient volume of good quality tomatoes is normally being produced almost throughout the year to meet the daily demand.

The quantity of tomatoes sold on the 21 major fresh produce markets decreased by 6,2%, from 312 470 tons in 2017/18 to 292 992 tons in 2018/19. According to Johannesburg Fresh Produce Market, “There’s an overabundance of tomatoes at the moment, but they’re moving very slowly and in these high temperatures they ripen very quickly, reducing shelf life. Also, according to Cape Town Fresh Produce Market, it looks a bit different due to the drought in the Western Cape.’’



Prices

The average price of tomatoes sold on the major fresh produce markets increased by 15,3%, from R6 048,17 per ton during 2017/18 to R6 972,82 per ton during 2018/19. 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 decreased by 27%, from 16 737 tons in 2017/18 to 12 219 tons in 2018/19. Approximately 95,9% of total tomato exports went to Mozambique during 2018/19 and 0,9% to Angola and 0,3% to Malawi, respectively.

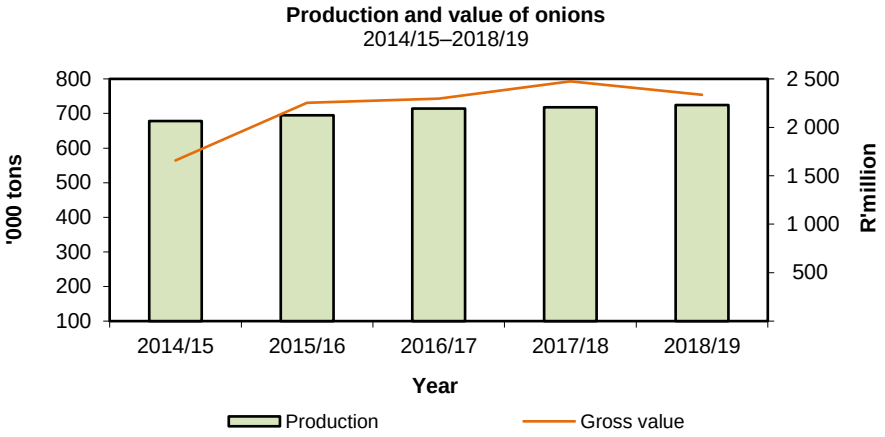
*Source: *Customs and Excise*

Onions

Production

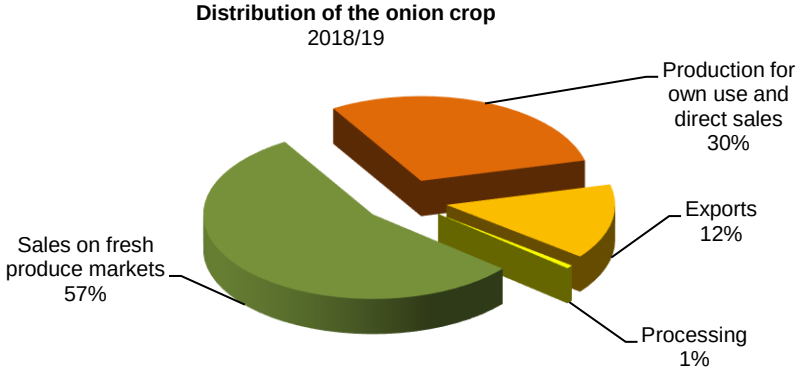
Onions are produced in almost all the provinces of South Africa.

Approximately 724 257 tons of onions were produced during the 2018/19 season (July to June). This is 0,8% more than the 718 458 tons of the previous season. The industry experienced an average annual increase of 1,3% in production from 2014/15 to 2018/19.

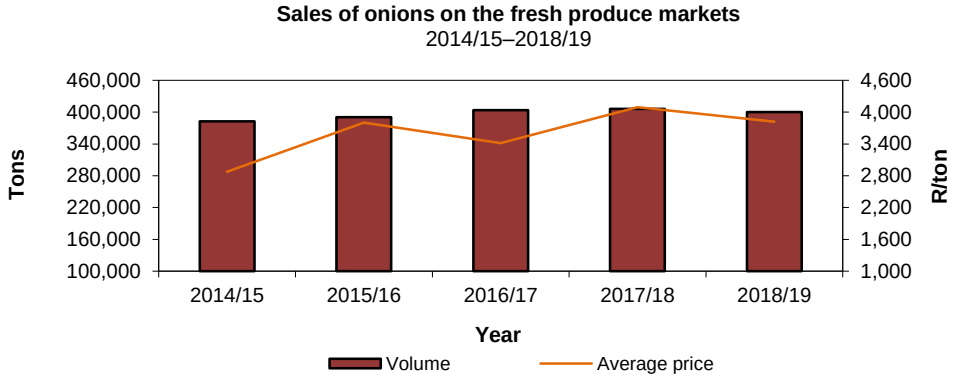


Sales

The fresh produce markets remains an important marketing channel for onions. Approximately 57% of the total production during the 2018/19 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.



The sales of onions on the fresh produce markets decreased by 1,6%, from 406 182 tons in 2017/18 to 399 780 tons in 2018/19.



Prices

Onion prices are lower than the previous year. Volumes were high and the quality was not good which had a downward impact on the prices. The average price of onions sold on the fresh produce markets decreased by 6,7%, from R4 093 per ton in 2017/18 to R3 818 per ton in 2018/19.

Processing

Approximately 1% of the total production of onions was taken in for processing during the 2018/19 season. There has been an increase in the total processing of onions since the 2014/15 season, when 4 476 tons were taken in for processing compared to 4 726 tons in the 2018/19 season. During 2018/19, about 90,7% was canned and the remaining 10,2% was frozen.

*Exports**

During the 2018/19 season, the volume of onions exported represented approximately 12% of the total onion crop. The volume of exports increased by 20%, from 86 559 tons in 2017/18 to 103 870 tons during 2018/19. Onion prices are on the rise worldwide and new trade relations are emerging. For example, China is exporting to Europe and this is a new trade flow. South African onions will also soon reach the European market to compensate for the shortages. Currently, the demand from overseas destinations is shifting to Europe.

* Source: *Customs and Excise*

Potatoes

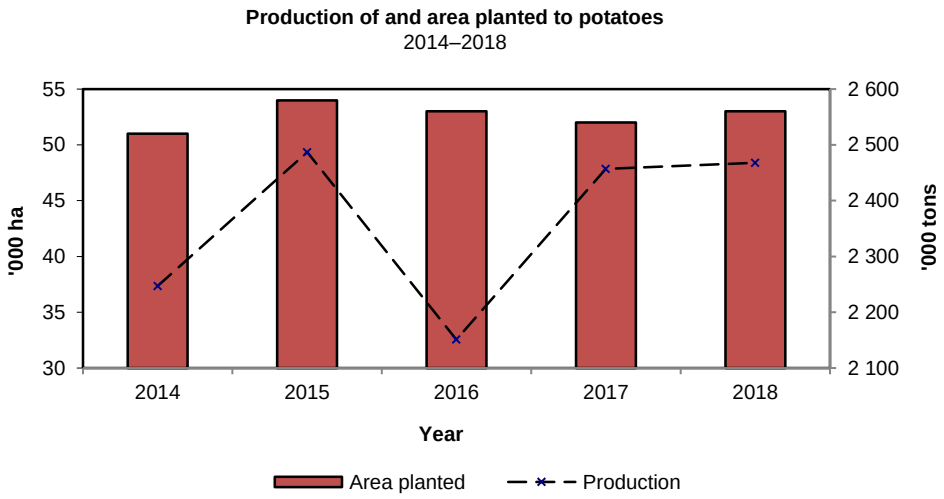
There are 16 distinct potato-production regions in South Africa, which are spread throughout the country. The main regions are situated in the Free State, Western Cape, Limpopo and Mpumalanga provinces. Potatoes are planted at different times because of climate differences in the production areas, resulting 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 2018 were 53 011 ha, which was 1,9% higher than the 52 017 ha of the previous year.

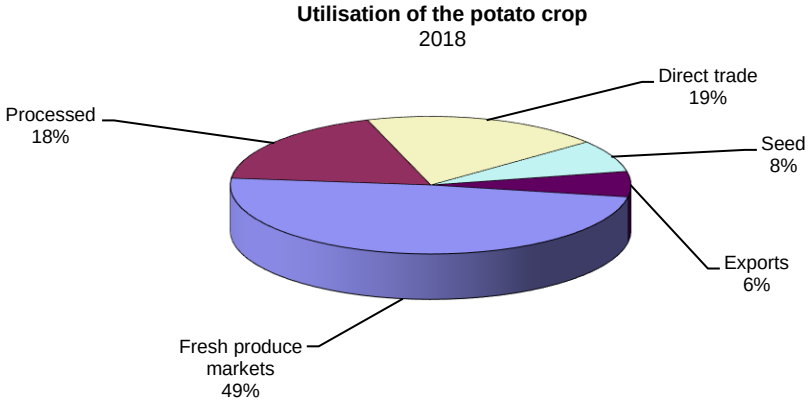
Production

In 2018, the average yield was approximately 4 645 x 10 kg pockets per hectare, compared to 4 713 x 10 kg pockets per hectare in 2017, which is a decrease of 1,4%.



Sales

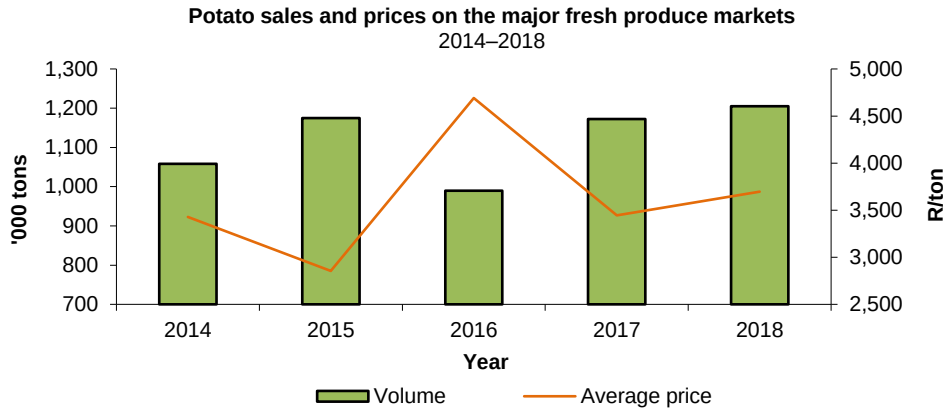
The major fresh produce markets remain an important channel for the sale of potatoes.



During 2018, approximately 120 million x 10 kg pockets of potatoes were sold on the major fresh produce markets, as against 117 million in 2017—an increase of 2,6%. The Johannesburg Fresh Produce Market remains the biggest outlet, followed by the Tshwane, Cape Town and Durban markets. During the five years from 2014 to 2018, potato sales on the major fresh produce markets on average showed an increase of approximately 2,4%.

Prices

Between 2014 and 2018, potato prices realised on the major fresh produce markets increased by an average of 2,8% per annum, from R3 427 per ton in 2014 to R3 696 per ton in 2018.



The average price increased by 7,3%, from R3 445 per ton in 2017 to R3 696 per ton in 2018.

Processing

During 2018, 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 0,4%, from 449 265 tons in 2017 to 451 228 tons in 2018.

*Exports**

More than 97 569 tons, approximately 4,0% of total local potato production, was exported during 2018. The quantities of potatoes exported increased significantly by 31,7% from 2017. During 2018, 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	2014	2015	2016	2017	2018
Total production ('000 tons)	2 247	2 487	2 151	2 457	2 468
Gross human consumption ('000 tons)	1 883	2 102	1 811	2 076	2 089
Per capita consumption (kg p.a.)	34,87	38,26	32,39	36,73	36,18

Prospects

It is expected that there will be a 1,8% increase in the production of potatoes in 2019: a total crop of approximately 250,8 million x 10 kg pockets from a 55 429 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 year due to

near normal to normal rainfall in most provinces. Livestock conditions recorded were 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 lower for the first half of the year in comparison to 2018 (Source SA Feedlot Association).

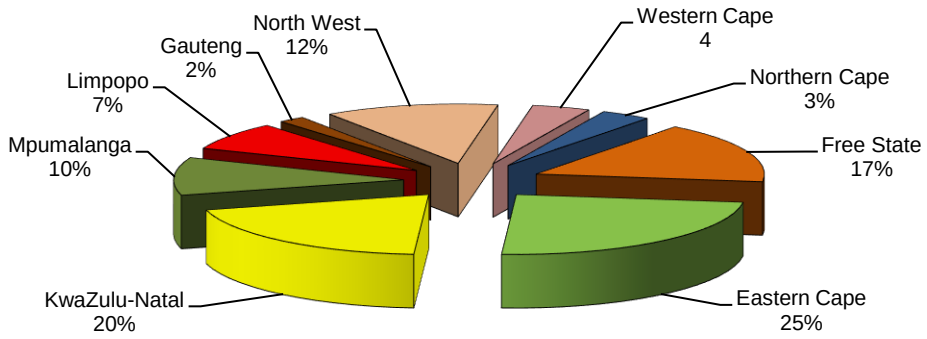
The total number of cattle in South Africa at the end of August 2019 is estimated at 12,53 million, comprising various international dairy and beef cattle breeds as well as indigenous breeds such as the Afrikaner and the Nguni. The number is approximately 2,03% lower than the estimate of 12,79 million as at the end of August 2018. 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 2015 are estimated to be as follows:

Province	2015	2016	2017	2018	2019*
	'000 (August)				
Western Cape	558	552	518	507	495
Northern Cape	502	492	479	442	423
Free State	2 279	2 232	2 179	2 178	2 114
Eastern Cape	3 321	3 268	3 149	3 145	3 095
KwaZulu-Natal	2 683	2 633	2 496	2 481	2 442
Mpumalanga	1 399	1 373	1 326	1 279	1 253
Limpopo	1 016	987	981	936	905
Gauteng	248	246	246	246	245
North West	1 688	1 616	1 580	1 574	1 554
Total	13 694	13 399	12 954	12 788	12 526

** Preliminary*

Distribution of cattle by province
August 2019* (%)

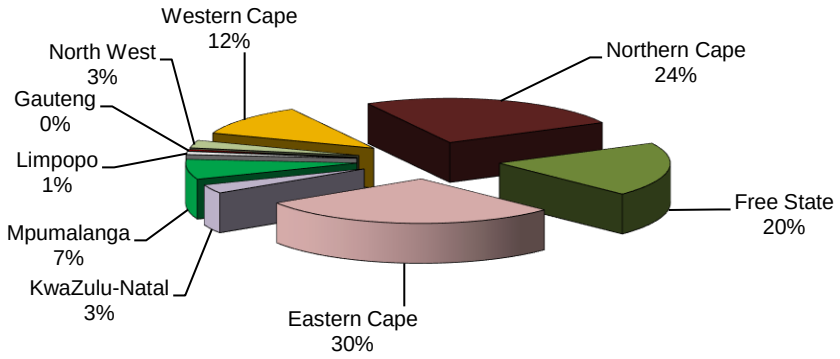


There are various breeders' organisations representing most international and indigenous cattle breeds. Most of the organisations are affiliated to the South African Studbook and Animal Improvement Association. The Milk Producers' Organisation (MPO) is the most prominent producer organisation in the 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 2019 were estimated at 22,06 million, 1,96% lower than the estimated 22,50 million as at the end of August 2018. 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 2019* (%)



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 are.

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.

As at September, lamb prices are approximately 15% lower than last year prices, and about 30% lower when compared with global prices (Red Meat Producers Organisation).

The number of sheep in the various provinces since 2015 was estimated to be as follows:

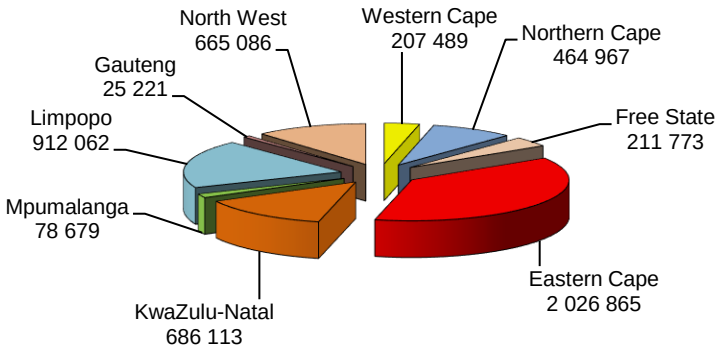
Province	2015	2016	2017	2018	2019
	'000 (August)				
Western Cape	2 800	2 757	2 695	2 663	2 630
Northern Cape	5 956	5 768	5 582	5 496	5 318
Free State	4 727	4 517	4 521	4 510	4 514
Eastern Cape	6 967	6 866	6 622	6 630	6 512
KwaZulu-Natal	747	727	692	680	653
Mpumalanga	1 739	1 692	1 652	1 606	1 539
Limpopo	254	235	225	213	203
Gauteng	99	95	92	90	88
North West	649	630	608	611	605
Total	23 938	23 287	22 689	22 499	22 061

** 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 2,31% in the number of goats, from 5,403 million in August 2018 to 5,278 million in August 2019.

Distribution of goats by province
August 2019*



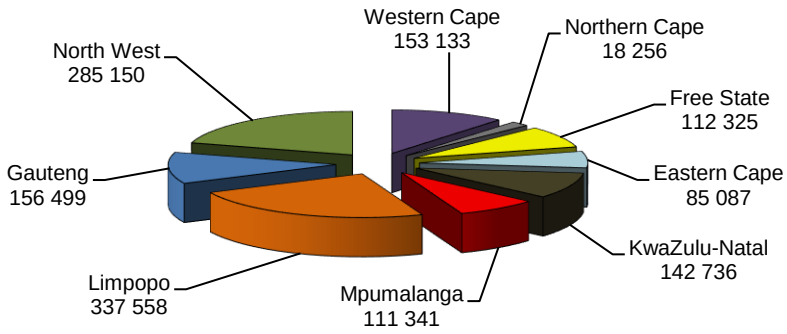
**Preliminary*

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 1,453 million in August 2018 to 1,402 million as of August 2019, a drop of 1,28%.

Distribution of pigs by province
August 2019*



**Preliminary*

The South African Pork Producers' Organisation (SAPPO) is the official mouthpiece of pork producers in South Africa. The organisation is primarily concerned with administration, liaison with government, the promotion of pork and pork products and matters of national interest, such as health and research.

The total number of employees in the formal pork production industry in South Africa is estimated to be approximately 10 000, comprising about 4 000 farm workers and 6 000 workers in the processing and abattoir sectors.

Red meat

The red meat industry is one of the most important growing industries in the South African agricultural sector. It contributed approximately 17,2% to the gross value of agricultural production in the RSA during 2018/19. 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 7,9%, sheep (including lambs) slaughtered decreased by 13,6%, while pigs slaughtered increased by 3,4% from 2017/18 to 2018/19.

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

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Cattle	2 951 238	3 003 535	2 853 080	2 653 789	2 445 125
Sheep and lambs	5 466 996	5 317 938	4 786 154	4 231 571	3 657 328
Pigs	2 732 297	2 812 161	2 704 933	2 927 156	3 025 292

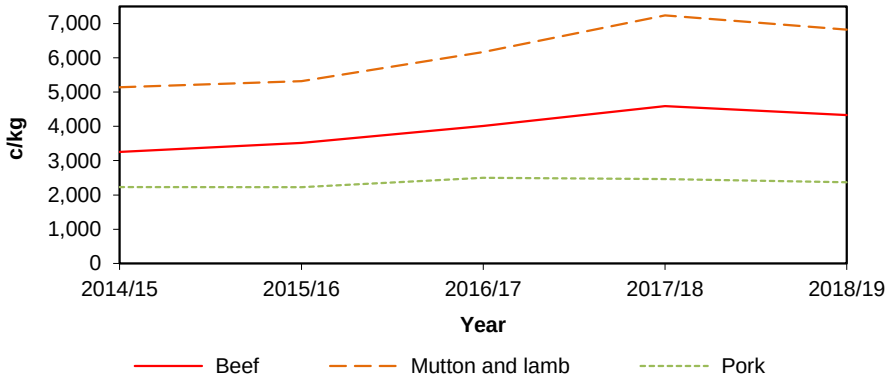
Auction prices

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 2018/19 amounted to R43,28/kg (average for all classes on all auction markets), which represents a decrease of 5,7% from the average price of R45,91/kg for 2017/18.

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
2014/15–2018/19 (July to June)



seasonal price patterns for mutton were influenced by imports. The average producer price for mutton and lamb decreased by 5,7%, from R72,39/kg in 2017/18 to R68,21/kg in 2018/19.

The average producer price for pork decreased by 3,9%, from R24,65/kg in 2016/17 to R23,68/kg in 2018/19.

Imports

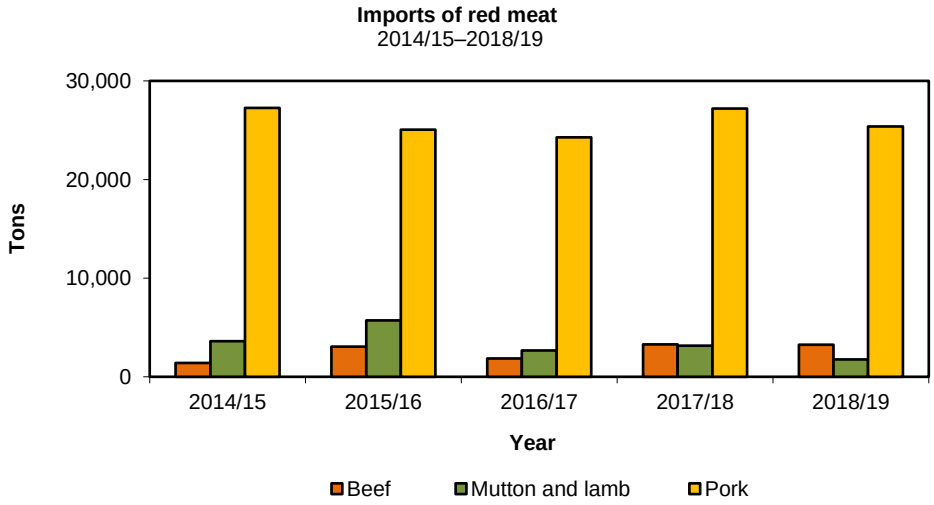
Imports of red meat decreased by 8,7%, from 33 653 tons in 2017/18 to 30 385 tons in 2018/19 (4,5% lower than the average of approximately 31 801 tons for the five years up to 2018/19).

Beef imports amounted to 3 241 tons, which is a decrease of 1,4% from the 3 288 tons imported during 2018/19 and 20,6% lower than the five-year average of 2 572 tons up to 2018/19.

Imports of pork amounted to 25 379 tons, a decrease of 6,7% from the 27 207 tons imported during 2017/18 and 1,8% higher than the five-year average of 25 841 tons up to 2018/19.

Imports of mutton during 2018/19 amounted to 1 765 tons—a decrease of 44,1% from the 3 159 tons imported the previous year and 92,0% lower than the average of 3 388 tons for the five years up to 2018/19.

Broiler industry



Poultry

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

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

Broiler industry

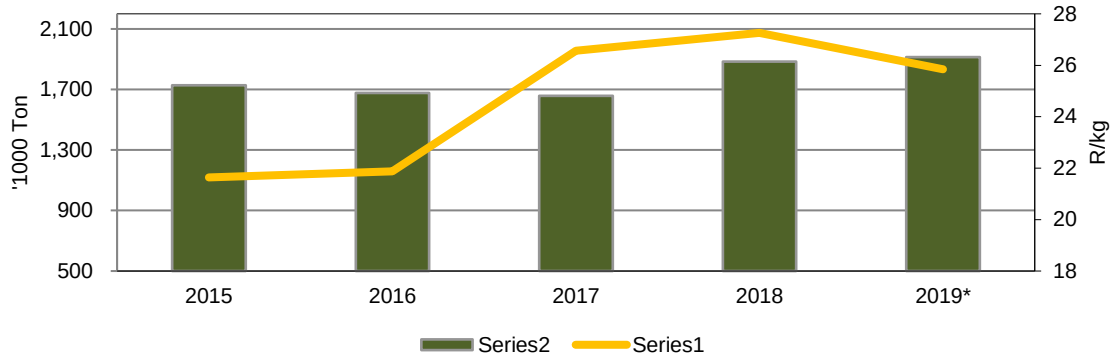
The broiler industry continues to dominate the agricultural sector in South Africa as the main supplier of animal protein.

Production

The distribution of broiler birds (including broiler breeders) per province is as follows: North West province (21,9%), Mpumalanga (20,7%), the Northern and Western Cape (19,0%), the Free State (12,0%), Gauteng (9,8%), the Eastern Cape (6,9%), KwaZulu-Natal (6,5%) and Limpopo (3,1%).

In 2018, a total of 1 047 thousand day-old chicks were hatched, an increase of 5,9% compared to the previous year. The average number of broilers slaughtered for commercial markets during 2018 was estimated at 983,0 million. This is 6,0% more than the 927,1 million slaughtered during 2017. Annual production of chicken meat totalled 1,748 million tons in 2018. This includes broilers for commercial markets, production by subsistence farming as well as meat from the sale of spent broiler breeder hens and cocks

Chicken meat production and average producer prices
2015-2019



and spent hens from the egg industry. During the first six months of 2019, an average of 18,9 million broilers were slaughtered per week.

** Expected production for 2019 and average producer price for the first nine months of 2019*

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 5,4%, from R27,31/kg in 2018 to R25,84/kg in 2019.

Average weighted producer prices of broilers from 2015 to 2019 are as follows:

Year	**2015**	**2016**	**2017**	**2018**	**2019***
	R/kg				
Price of broilers	21,64	21,81	26,56	27,31	25.84

** Preliminary: January to September 2019*

Consumption

Consumption of poultry meat accounted to 60,0% of the total meat consumed (beef, mutton, goat, pork and poultry) in 2018 compared to 60,4% of the previous year. The per capita consumption of poultry meat increased slightly by 2,9%, from 38,1 kg in 2017 to 39,2 kg in 2018.

Per capita consumption of commercially produced poultry meat from 2014 to 2018 is as follows:

Year	**2014**	**2015**	**2016**	**2017**	**2018**
	kg/year				
Per capita consumption	38,2	40,4	38,9	38,1	39,2

Imports

In 2018, poultry imports totalled 566 210 tons, a year-on-year increase of 9 334 tons or 1,7%. The value of imports amounted to R6,52 billion.

Brazil was the main country of origin of imports in 2018, accounting for 61,5%, or 348 155 tons of total poultry imports into South Africa. The USA was the second largest importer with 16,1%, followed by the EU with 12,5% decrease due to Avian Influenza (AI) trade bans. Argentina and Ireland were at fourth and fifth

position with 5,9% and 4,6% of imports, respectively. During 2018, poultry imports were equivalent to 32% of domestic poultry production, compared to 34% of the previous year.

Prospects

The poultry industry has gone through one of the most volatile period in the past year due to combination of factors, including the high feed costs, drought conditions and the AI outbreaks. During 2019, the hatcheries projected 19,82 million chicks per week which increased by 3,7% as compared to the 19,11 million of the previous year. The broiler industry projected a production of 18,73 million per week which is an increase of 4,9% as compared to 1,86 million in 2018.

Egg industry

Based on information provided by SAPA, the distribution of layers per province is as follows: Gauteng (25,1%), Northern and Western Cape (23,1%), Free State (16,1%), North West (11,4%), KwaZulu-Natal (10,3%), Mpumalanga (7,0%), Limpopo (3,8%) and the Eastern Cape (3,2%).

The number of layers increased by 1,9%, from 23,16 million in 2017 to 23,61 million in 2018. An average flock of 26,0 million layers is projected for the first four months of 2019, this will be an increase of 16,5% or 3,7 million layers compared to the same period in 2018.

The average price received by egg producers during 2019 was 20,6% lower than the average price received during the same period of 2018.

The average weighted producer prices of eggs from 2015 to 2019 are as follows:

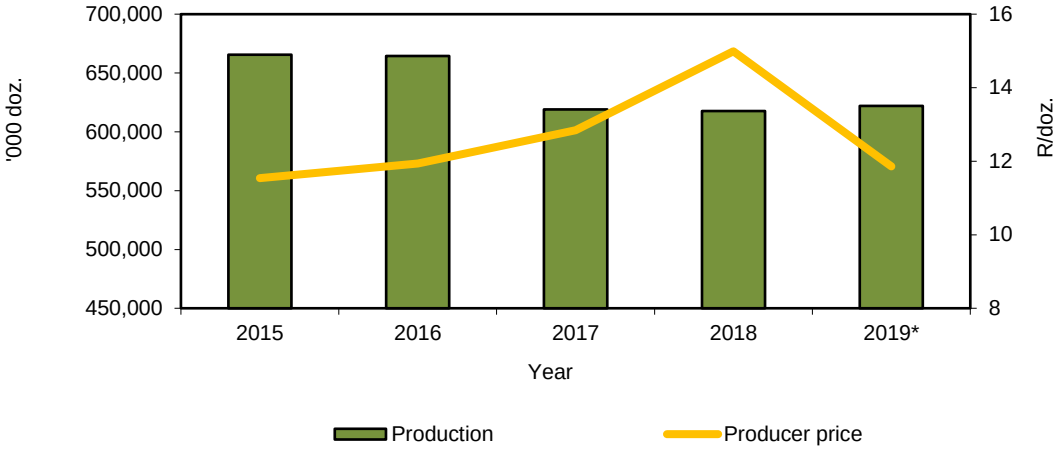
Year	**2015**	**2016**	**2017**	**2018**	**2019***
	R/dozen				
Price of eggs	11,54	11,94	12,84	14,95	11,87

** Preliminary: January to September 2019*

Production

Egg production showed a year-on-year increase of 2,1% in 2018. The average number of cases produced per
week was 387 000 compared to 379 000 cases per week in 2017. The total production of eggs for human consumption in 2018 was 606 million dozen, an increase of 2,2% as compared to 593 million dozen of the previous year.

Production of eggs and prices received by producers
2015–2019



* *Preliminary: January to September 2019*

Consumption

The per capita consumption in 2018 was 129,7 eggs or 7,56 kg compared to 128,2 eggs or 7,49 kg in 2017. The reduced availability in supermarkets and increased retail price in the last quarter of 2017 and the first quarter of 2018 had a detrimental effect on consumption. Eggs are still an affordable animal protein source in comparison with meat. During 2018, 446 000 tons of eggs were consumed. This amounted to 12,4% of the total protein (beef, mutton, goat, pork, poultry and eggs) consumption.

Prospects

The industry made a remarkable recovery from the devastating Highly Pathogenic Avian Influenza (HPAI) outbreak of 2017. Hen numbers increased from 21,33 million at the end of December 2017 to 17,9% or 25,14 million during the same period of 2018. Consequently, egg production is expected to increase by 16,2% or 425 100 cases per week during the first four months of 2019.

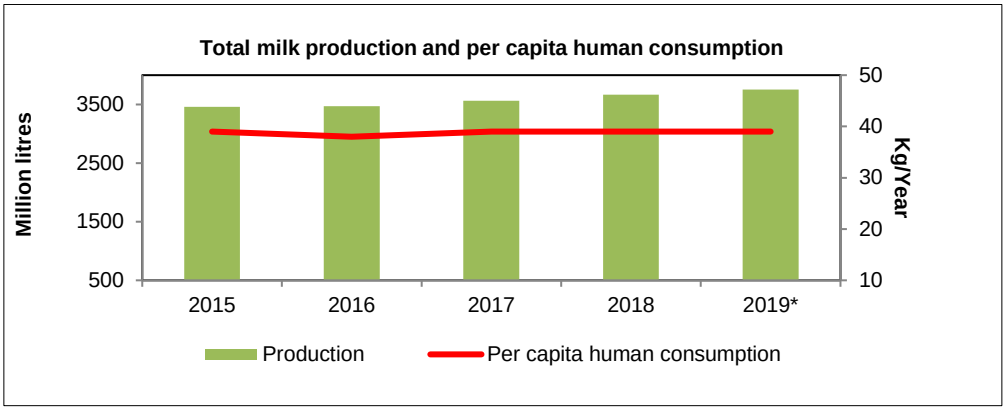
Milk

Milk is produced in almost all the regions in South Africa; however, the coastal regions are the most suitable due to their mild temperatures and good rainfall conditions. According to the Milk Producers' Organisation, the number of milk producers in South Africa decreased significantly by 64,7% to 1 253 in January 2019, from 3 551January 2009. Despite the decrease in the number of milk producers, commercial milk production increased by an average of 2,7% per year between 2009 and 2018.

In 2018, KwaZulu-Natal province was the largest milk producer, accounting for 29,3% of the total commercial milk production, followed by the Western Cape (28,4%), Eastern Cape (27,1%), Free State (7,6%), Gauteng (2,5%), Mpumalanga (2,4%), North West (2,1%), Limpopo (0,5%) and Northern Cape (0,1%).

South Africa contributes approximately 0,5% to world milk production. However, in terms of the value of agricultural production, the milk industry was the seventh largest agricultural industry in the country in 2018. The gross value of milk produced in 2018, including milk for the producer's own consumption and on-farm usage, decreased by 5,5% to R16 512 million, from R17 471 million in 2017, due to a decrease in price (from R4,90 in 2017 to R4,50 in 2018).

Milk production in South Africa usually meets the local demand and therefore shortages are unlikely reported every year. Total milk production for the first nine months of 2019 (January to September) increased by 4,0% and was estimated at 2 756 million litres, from 2 650 million litres during the same period in 2018. Commercial milk production increased by 3,0% to 3 236 million litres in 2018, from 3 141 million litres in 2017. 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

The imports of dairy products in 2018 were 16,6% lower than in 2017, from 82 360 tons to 68 653 tons. The exported daily products also decreased by 19,3% to 45 257 tons in 2018, from 56 061 tons in 2017.

Prices

Producer prices of milk decreased by 5,8% to R4,13/ℓ for the nine months up to September 2019, compared to R4,69/ℓ during the same period in 2018, due to an increase in production.

Production season	**2015**	**2016**	**2017**	**2018**	**2019***
Average producer price	415	456	490	460	413

Source: MPO

** Preliminary: January to September*

Wool

Areas of production

Wool is produced throughout South Africa; however, the main production areas are in the drier regions of the country. Based on annual sales of producer lots, the Eastern Cape was the largest wool-producing province during 2018/19 with 17,1 million kg, followed by the Free State with 10,1 million kg, the Western Cape with 7,7 million kg, the Northern Cape with 5,6 million kg and Mpumalanga with 2,1 million kg, while 1,7 million kg were produced in the remaining four provinces.

Production

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

Total receipts for 2018/19 decreased to 44,3 million kg, a decrease of 9,0% in 2017/18. The reduction in volume is attributable to the low volumes offer for sale by Lesotho producers.

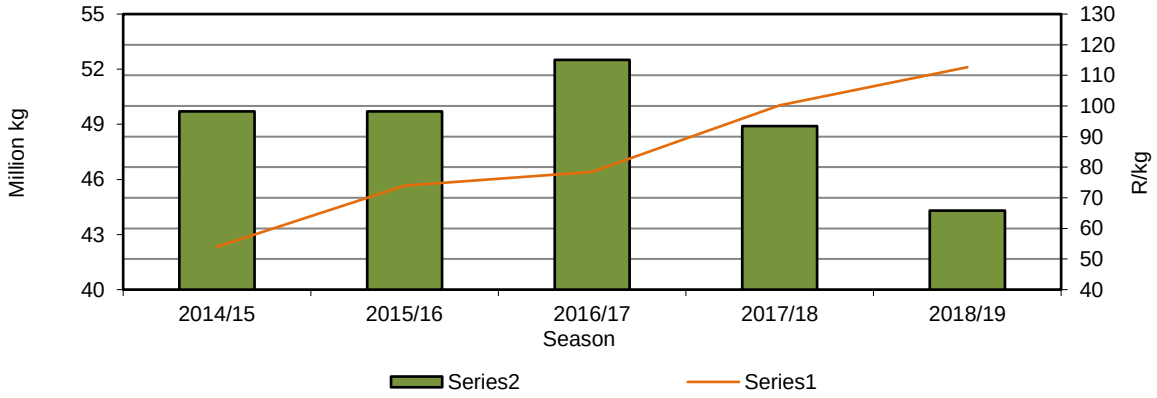
Marketing

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

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

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

RSA wool production (including Lesotho and Namibia) and average price
2014/15–2018/19



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 2018/19, the major export destinations for South African wool were as follows:

Wool shipments to the five top export destinations – July 2018 to June 2019								
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	1 994 885	16 081 043	0	0	0	0	1 994 885	44,4
Czech Republic	1 656 336	8 784 865	0	0	0	0	1 656 335	36,8
Italy	268 894	1 632 311	92 947 153	552 205	1 912084	29 619	363 753	8,1
India	231 782	1 409 941	1 498 945	16 458	0	0	233 281	5,2
Bulgaria	135 118	1 314 091	0	260 067	0	0	135 118	3,0

Outlook

Despite the ban on exports to China following the outbreak of Food and Mouth Disease in January, the South African wool market remains resilient and underpinned by good demand from Europe.

Mohair

Production

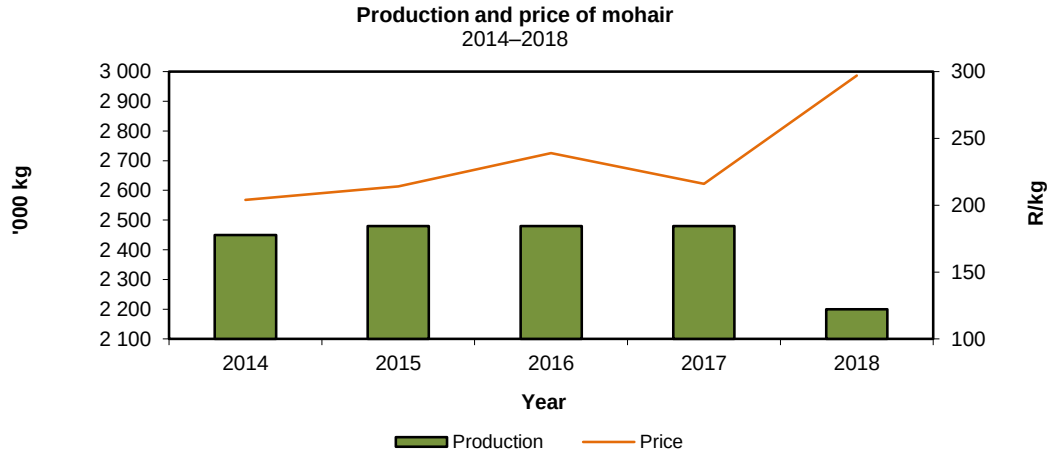
Mohair production in South Africa mainly occurs in the Eastern Cape province as well as the adjacent part of the Western Cape province.

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 2014 to 2018 is as follows:

Year	**2014**	**2015**	**2016**	**2017**	**2018**
	Million kg				
Production	2,5	2,5	2,5	2,5	2,2



Prices

The average auction price of mohair increased by 37,7%: from R215,70/kg in 2017 to R297,00 in 2018. Although the kid sector experienced some downward pressure, the rest of the clip had good demand. Average auction prices of mohair for the period 2014 to 2018 are as follows:

Year	**2014**	**2015**	**2016**	**2017**	**2018**
	R/kg				
Price	204,00	213,51	239,40	215,70	297,00

Imports and exports

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

Mohair exports decreased by 12,0% from 2017 to 2018: from an estimated 3,8 million kg to 3,4 million kg, respectively.

Year	**2014**	**2015**	**2016**	**2017**	**2018**
	Million kg				
Imports	1,3	1,2	1,3	1,3	1,3
Exports	3,0	2,8	2,3	3,8	3,4

Prospects

The mohair market remained under pressure because of the trade war between USA and China. Furthermore, the strengthening of the SA currency also put pressure on the demand for mohair.

Ostriches

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

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

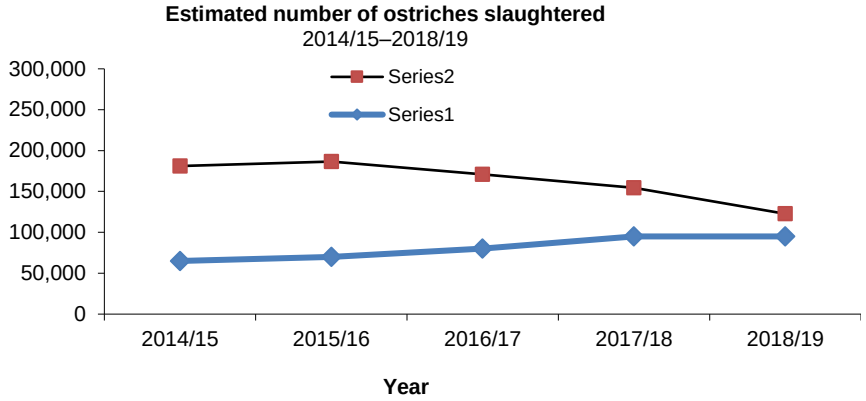
During the 1960s, the industry was transformed into an intensively managed farming activity. The emphasis shifted from feather to leather production.

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

Since the deregulation of the marketing of agricultural products in South Africa during the 1990s, farming with ostriches has spread from the Little Karoo region to other parts of the country, as well as to several other countries

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

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



According to the SAOBC, the number of birds slaughtered worldwide is estimated at ± 220 000 for 2018/19, of which 122 698 (56%) were slaughtered in South Africa. This dramatic drop in slaughtering in South Africa (down from 170 935 in 20016/17) was caused by the detection of the H5N8 avian influenza virus among ostriches in South Africa in June 2017, which has led to a ban on meat exports and the decline in production of ostriches.

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

Income from meat decreased because no ostrich meat can be exported. Currently, 40% of the total income per ostrich will be for leather, 20% for meat and 40% for feathers.

The Ostrich Industry's aim is the supply of mainly higher grade leather to the market. Various research programmes regarding quality improvement and genetics are therefore being launched.

Prospects

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

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

The industry had to employ various strategies during the year to prevent job losses, as the export and movement bans have left the majority of producers in a negative cash flow situation. The marketing strategy for ostrich leather needs a re-think since the market for luxury goods is changing quickly and the demand for exotic leather stay slow.

The biggest risk for the sustainability of the industry lies in the potential outbreaks of animal diseases such as avian influenza, therefore the industry collaborates with the government to ensure compliance with international requirements in this regard. This is being done via the SAOBC, which is the representative body for the entire South African ostrich industry.

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

During 2020, the South African Ostrich Industry will implement the new SAOBC Ostrich Standards which will address all the animal welfare and environmental challenges for the whole production chain.