



NAMC

Promoting market access for South African agriculture



STATUS OF MARKET ACCESS AND MARKET TRENDS IN THE AGRICULTURAL SECTOR: INPUTS AND FOOD PRICES

Prepared by the Markets and Economic Research Centre (MERC)
of the NAMC

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Introduction

- This report provides the status on:
 - ✓ market access South African agricultural produce, both locally and internationally;
 - ✓ the market trends in the agricultural sector in relation to production input costs and food prices and
 - ✓ the status of food availability in the country.
 - ✓ The analysis is mostly descriptive and spans over a period of 10 years.
- The agricultural sector remains the backbone of South Africa's economy with untapped potential in terms of the sector's potential in contributing towards economic growth, food security, and employment targets enshrined in the 2030 National Development Plan (NDP) as well as the development of rural areas.
- Accessing both local and international markets plays an important role in the national development agenda in addressing inclusive growth, reducing poverty and employment creation.
- This report aims to uncover untapped potential that exists for South Africa both locally and internationally.
- Throughout this report, it is demonstrated that South Africa has realistic export opportunities for in high-value crops.
- South Africa as a global player that can benefit from its trading partners in Africa, Asia, the Americas, and Europe.
- Through various trade agreements, South Africa has made strides in penetrating some niche markets in the trading partners.
- However, there remains a possibility to expand the markets even further.

Overview of international market access in the Agricultural sector (2010-2020)

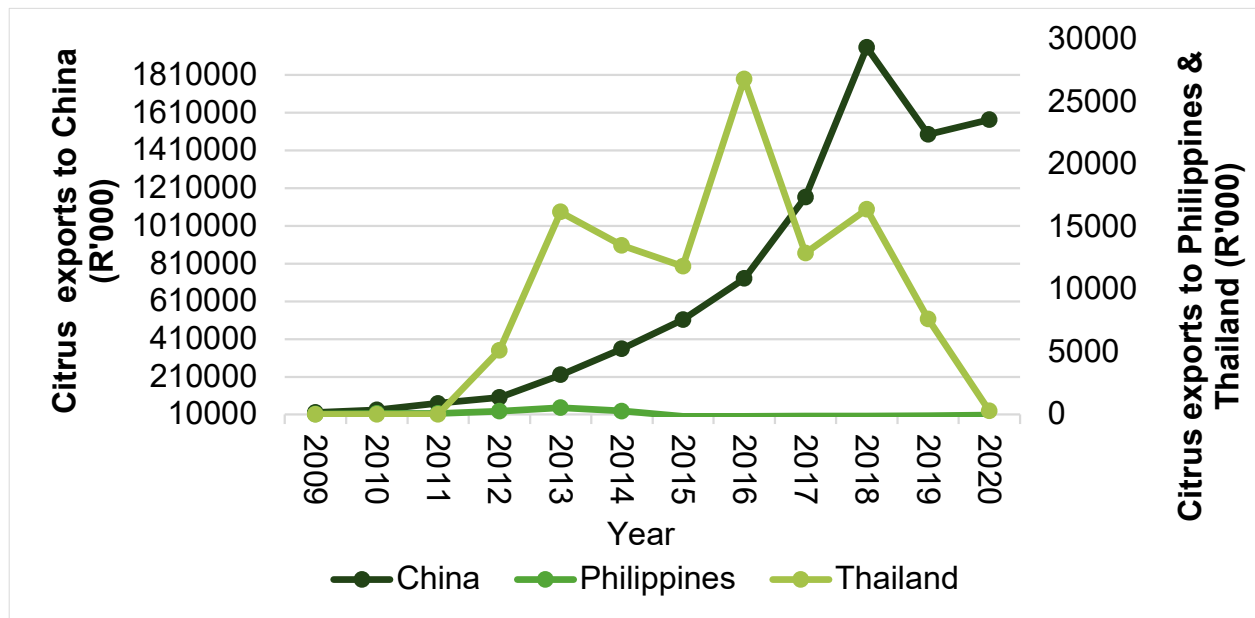
- This section provides an insight into new markets developed for the various export-oriented agricultural products over a ten-year period.
- Export-oriented industries contribute immensely towards the country's Gross Domestic Product (GDP), most especially the horticulture sub-sector.
- Trends over the past two decades also clearly show that the agricultural sector shifted to off farms jobs in processing and manufacturing as well as intensification and mechanisation. The gains in the primary sector were only due to the sector's very progressive export-led component at the current pace of investment in the fruits and nuts sector.
- Various markets for specific products have been opened/accessed in the form of protocols negotiated on specific products with trading partners during the last 10 years. The following markets have already been opened for these agricultural products:
 - ✓ Citrus - Thailand, Philippines and China
 - ✓ Pome (Apples) - China, Taiwan
 - ✓ Table grapes - China, Thailand and Vietnam

Overview of international market access in the Agricultural sector (2010-2020)

Evolution of export trends for selected products in markets accessed between 2010 and 2020

Citrus

- Citrus exports to China drastically increased until 2018 when a significant decline of about 31% was recorded in 2019.



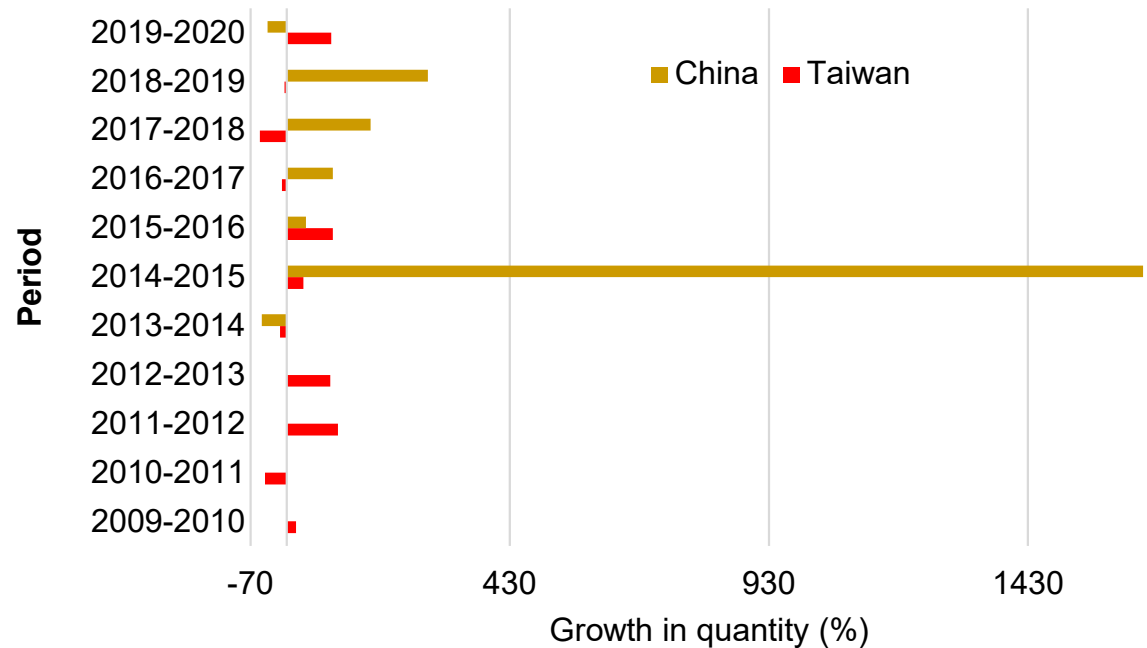
- Exports to the Philippines were the lowest while citrus destined for Thailand registered significant fluctuations over the years.
- For China, the Philippines and Thailand, the highest growth in the quantity of citrus originating from South Africa occurred during 2012-2013, 2018-2019 and 2012-2013, respectively.

Overview of international market access in the Agricultural sector (2010-2020)

Evolution of export trends for selected products in markets accessed between 2010 and 2020

Pome

- South Africa's apple exports destined for China and Taiwan increased over the years under consideration, most especially after 2017. Between 2014 and 2019, Taiwan recorded drastic changes in the value of imports of apples originating from South Africa.
- This might have been driven by the drop in the volume of apples exported by South Africa due to the prolonged drought experienced during those years.



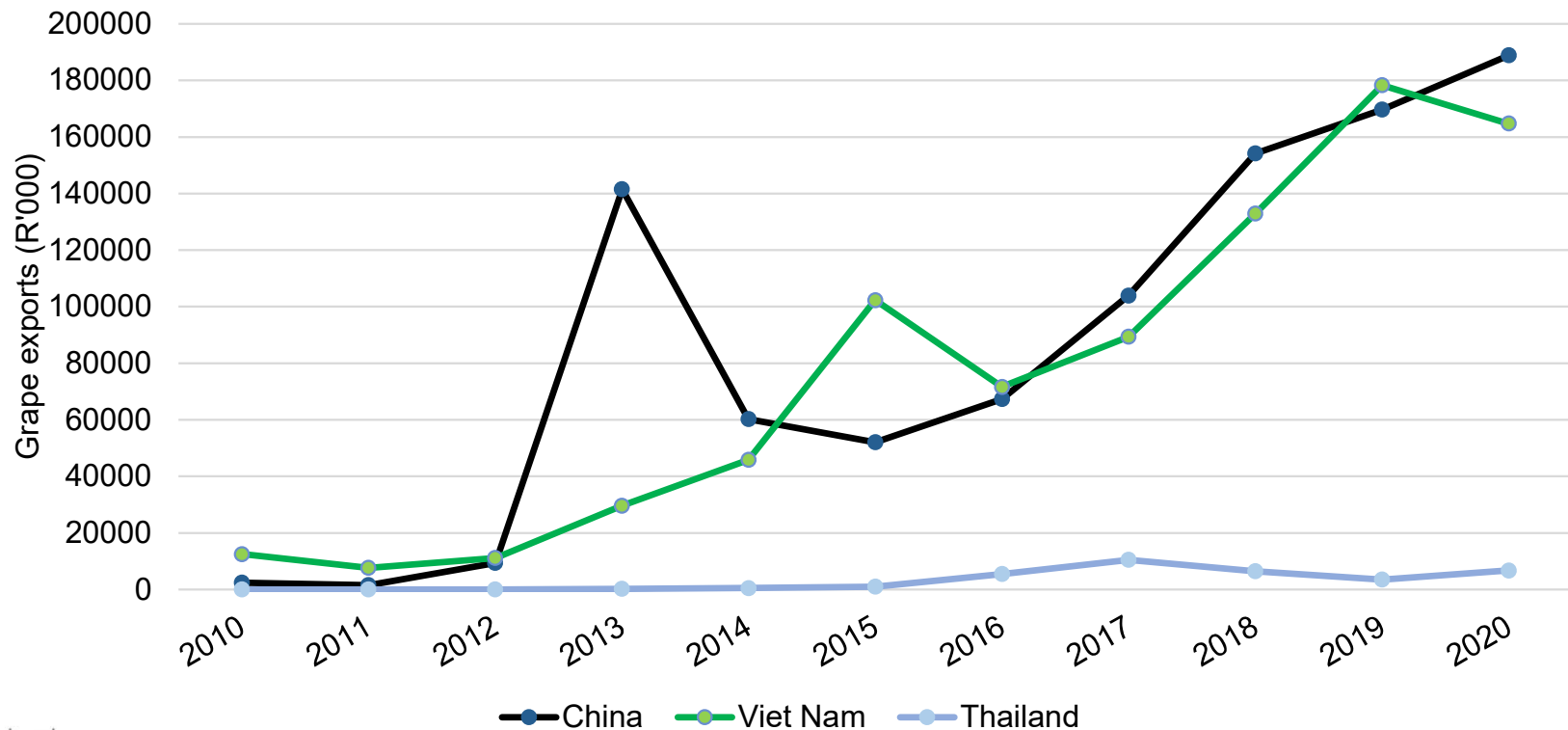
- The highest drop (52%) in the volume of apple exports destined for Taiwan was recorded between 2018 and 2019 period.

Overview of international market access in the Agricultural sector (2010-2020)

Evolution of export trends for selected products in markets accessed between 2010 and 2020

Table grapes

- Since 2012, South Africa's value of grapes exports to China and Viet Nam have exponentially increased by 1904% and 1374%, respectively while in the case of Thailand, the growth sprang from zero to over R6.73 million by the end of 2020.



Overview of international market access in the Agricultural sector (2010-2020)

Agricultural trade potential for South Africa

- Prioritised markets and commodities as per the Agriculture and Agro-processing Master Plan (AAMP)

Targeted market	Prioritised commodity
China	Pears, Avocados
South Korea	Table grapes, Avocados
Japan	Avocados, Mangoes
United States of America (USA)	Avocados, Mangoes
Viet Nam	Table grapes, Oranges
Taiwan	Pears, Avocados
Mexico	Pome fruits, Avocados
India	Avocados, Litchis
Philippines	Table grapes, other deciduous fruits

- For the prioritized markets, it is foreseen that negotiations for market access and/or relevant protocols will be undertaken.

Overview of international market access in the Agricultural sector (2010-2020)

The Potential realistic export opportunities: Agricultural Trade between SA and African countries (AfCFTA)

- With the implementation and establishment of AfCFTA, South Africa identified strategic countries (markets) that can be tapped into under AfCFTA:
 - ✓ East Africa: Kenya,
 - ✓ North Africa: Morocco, Egypt, Libya
 - ✓ West Africa (ECOWAS): Ghana, Cote d'Ivoire, Guinea, Senegal, Burkina Faso, Nigeria.
- It is important to highlight that trade within the continent is constrained by various other non-tariff barriers such as poor road infrastructure, limited customs capacity, information asymmetries etc.

Overview of international market access in the Agricultural sector (2010-2020)

Continental strategic markets for South Africa's agricultural exports.

Strategic countries	Potential commodities	Value of untapped export potential remaining	Import tariff faced by South Africa (%)
Kenya	Maize	R343.7 million	50
	Raw cane sugar	R449.3 million	na
	Fresh apples	R145.5 million	25
	Cane or beet sugar	R99.12 million	60
	Wine	R32.0 million	24.9
Morocco	Raw cane sugar	R126.30 million	na
	Maize	R84.7 million	2.5
	Crude soybean oil	R13.7 million	2.5
	Vegetable seeds for sowing	R4.7 million	2.5
Egypt	Maize	R204.64 million	0
	Fresh apples	R48.0 million	40
	Raw cane sugar	R28.8 million	na
Libya	Fresh apples	R1.9 million	0
	Maize	R2.0 million	0
	Live sheep	R957 658.4	0
	Live bovine	R778 597.1	0
Ghana	Cane or beet sugar	R297.4 million	20
	Undenatured ethyl alcohol	R142.3 million	11.3
	Margarine	R145.5 million	20
Cote d'Ivoire	Wine of fresh grapes and grape must	R64 million	20
	Groats and meal of maize	R35.2 million	10
	Cane or beet sugar	R28.8 million	20
Guinea	Cane or beet sugar	R71.9 million	20
	Preparations for sauces & prepared sauces	R49.6 million	20
	Fresh apples	R19.2 million	20
	Malt extract	R22.4 million	10.8
Senegal	Malt extract	R62.4 million	10.8
	Maize	R33.6 million	5
	Fresh onions & shallots	R30.4 million	35
	Cane or beet sugar	R27.18 million	20
Burkina Faso	Beer made from malt	R10.9 million	10.8
	Malt extract	R7.1 million	10.8
	Groats and meal of maize	R9.8 million	10
Nigeria	Raw cane sugar	R780.2 million	na
	Malt extract	R171.1 million	10
	Wine of fresh grapes	R94.3 million	20

Overview of international market access in the Agricultural sector (2010-2020)

The Potential realistic export opportunities: Agricultural Trade for SA under SADC-EU EPA trade agreement.

- The European Union (EU) is South Africa's largest trading partner: constituting about 24.5% of SA exports and 29.7% of SA's total imports.
- The EU runs a large trade surplus in manufactured goods (R140 billion) and South Africa has a surplus in agriculture and agro-processing goods (R4 billion) and commodities (R76 billion).
- Most of the identified potential commodities from South Africa enjoy free access into EU shelves because of the existing trade arrangements, this is in exclusion for fresh or dried oranges that faced 22% duty in Netherlands and Germany markets.

SADC-EU EPA strategic markets for South Africa's agricultural exports.

Strategic countries	Potential commodities	Value of untapped export remaining	Import tariff faced by South Africa (%)
Netherlands	Fresh or dried oranges	R7.1 million	22
	Lemons and limes	R769 million	na
	Grapefruit	R537.2 million	0
	Nuts nes	R418.9 million	0
United Kingdom	Wine of fresh grapes and grape must	R735.4 million	0
	Nuts nes	R123.1 million	0
	Dried grapes	R68.8 million	0
Germany	Fresh grapes	R1.3 billion	0
	Fresh or dried oranges	R1.9 billion	22
	Nuts	R1.6 billion	0
	Lemons and limes	R927 million	na
France	Grape fruit	R73.54 million	0
	Avocados	R40.0 million	0
	Nuts nes	R129.5 million	0
	Lemons and limes	R70.35 million	na
Italy	Nuts nes	R255.8 million	0
	Fresh pears and quinces	R105.5 million	0

Overview of international market access in the Agricultural sector (2010-2020)

The potential realistic export opportunities: Agricultural Trade for SA under SACU-EFTA FTA trade agreement ADC-EU EPA strategic markets for South Africa's agricultural exports.

- SACU's Free Trade Agreement (FTA) with the European Free Trade Area (EFTA); Iceland, Liechtenstein, Norway and Switzerland) came into force on 1 May 2008. It provides SACU with duty, quota-free access for industrial products to EFTA but more limited access to agricultural goods.
- Most of the potential agricultural commodities are fresh fruits and wine.
- In Iceland, oranges, wine and apples present a greater value of untapped export potential with the limited import tariff for South Africa, while lemons and limes have an opportunity in Switzerland with about R6.6 million untapped potential export opportunity.
- Fresh grapes are highly protected in Switzerland with a 77% import tariff imposed on South Africa's grapes.
- Norway also presents an opportunity for wine, oranges and apples with minimal import tariffs imposed on these commodities

SACU-EFTA FTA strategic markets for South Africa's agricultural exports

Strategic countries	Potential commodities	Value of untapped export potential remaining	Import tariff faced by South Africa (%)
Iceland	Oranges	R2.0 million	0
	Wine of fresh grapes	R2.1 million	1.3
	Fresh apples	R4.0 million	0
Switzerland	Oranges	R62.35 million	0
	Fresh grapes	R20.8 million	77
	Lemons and limes	R6.6 million	na
Norway	Oranges	R46.4 million	10.3
	Wines of fresh grapes and grape must	R51.2 million	0
	Apples	R46.36 million	18.2

Overview of international market access in the Agricultural sector (2010-2020)

The Potential realistic export opportunities: Agricultural Trade for South Africa and Asian Countries.

- Most Asian countries are leading global importers of agricultural products and this presents an opportunity for South Africa to invest in an export-led growth path in the agricultural sector.
- In general, South Africa faces relatively high tariffs compared to countries with which South Africa has trade agreements with such as European countries.

Asia strategic markets for South Africa's agricultural exports.

Strategic countries	Potential commodities	Value of untapped export potential remaining	Import tariff faced by South Africa (%)
China	Oranges	R1.8 billion	11
	Nuts nes	R746.0 million	24.4
	Grapes	R1.7 billion	12.5
	Wine of fresh grapes	R1.4 billion	14.7
South Korea	Oranges	R567.1 million	50
	Grapes	R175.7 million	40.7
	Wine of fresh grapes	R59.1 million	15.1
Japan	Maize	R568.7 million	16.7
	Oranges	R578.3 million	24
	Grapefruit	R151.8 million	10
Thailand	Apples	R455.3 million	10
	Grapes	R399.4 million	39.4
Vietnam	Apples	R325.9 million	10
	Grapes	R222.1 million	10.3
	Oranges	R225.3 million	20
Philippines	Grapes	R126.2 million	6.6
	Apples	R84.67 million	7
	Citrus fruit nes	R75.1 million	na
India	Apples	R1.4 billion	50
	Oranges	R190.1 million	30
	Crude soya bean oil	R265.2 million	14.9

Overview of international market access in the Agricultural sector (2010-2020)

The Potential realistic export opportunities: Agricultural Trade for South Africa and SACU-MERCOSURMERCOSUR Countries.

- South Africa trades with MERCOSUR countries within SACU and both regions benefit from concessions on over 1000 (all sectors) tariff lines offered by each party.
- The concessions are through preference margins ranging between 10%-100%.
- Most South African agricultural exports are destined for Brazil, followed by Argentina, Uruguay and Paraguay.
- Argentina presents vegetable seeds, animal feeds and food preparations, while Brazil still demands wine, oranges and pome fruits.
- However, the high import tariff duty faced by South Africa in these strategic markets remains a challenge that requires immediate attention from policymakers.

SACU-MERCOSUR PTA strategic markets for South Africa's agricultural exports.

Strategic countries	Potential commodities	Value of untapped export potential remaining	Import tariff faced by South Africa (%)
Argentina	Vegetable seeds for sowing	R12.6 million	0
	Preparations used in animal feeding	R14.8 million	9.9
	Food preparations	R13.6 million	16.6
Brazil	Wine of fresh grapes	R48 million	25.1
	Oranges	R81.5 million	10
	Apples	R81.5 million	10
	Pears	R75.1 million	10
Paraguay	Beer made from malt	R6.9 million	20
	Food preparations	R685 329.6	14.5
	Wine of fresh grapes	R46 327.7	19.1
Uruguay	Greasy shorn wool, not carded/combed	R46.3 million	6.4
	Food preparations	R1.2 million	14
	Sheep/lambs raw skins, with wool on, nes	R2.1 million	2

Overview of international market access in the Agricultural sector (2010-2020)

Concluding remarks

- South Africa has registered an increase both in value and quantity of products destined for markets opened during the past 10 years (2010-2020).
- There is potential for South Africa to still expand into the global market if the necessary enabling factors are met.
- In Africa, there are high transactions costs linked to trading with the continent, however, these can be addressed through policies such as the AfCFTA agreement and investments in infrastructure.
- In Asian countries, there is a need to negotiate better tariffs as agricultural commodities are protected.
- Furthermore, non-tariff barriers such as SPS requirements cannot be neglected as these play a huge role in accessing international market access.

Overview / Status of local market access: A case for Fresh Produce Market Systems and Section 7 recommendations

- NFPMs have witnessed limited growth in the volumes of fresh produce traded during the post-deregulation period and yet the overall production of fresh produce has increased exponentially during the post-deregulation period.
- This section depicts a picture of the performance of the NFPM and how the performance can be assessed against the recommendation of the Section 7 Committee, that 30% of the volumes to be traded should be through the black commission market agents.
- From 2011 to 2020, the mass rose from 3.03 million to 3.19 million tons with fluctuations observed in different years.
- These fluctuations can be attributed to many factors such as climate variation which affects seasonal production, perishability, prices, substitution between products, consumer habits and per capita income.
- The lowest mass of 3.03 million tons in 2016 confirms the negative impact of the greatest drought in 100 years in the country.
- However, largest trade for mass were observed in 2018 (3.46 million), 2019 (3.40 million) and 2015 (3.37 million). The lock-down regulations arising from Covid-19 pandemic led to 6.2% (0.21 million tons) decline on mass trade from 2019 to 2020.

Mass and value of fruit and vegetables sold on the 20 major fresh produce markets



- The turnover showed an upward trend over the period under consideration with 6.6% increase witnessed from 2019 to 2020, and this is largely influenced by food price inflation. The overall mass traded in the stated period consisted of approximately 208 different agricultural commodities, with potatoes, onions, tomatoes and bananas commanding more than 65% of the annual turnover. The Johannesburg, Tshwane, Durban and Cape Town fresh produce markets commanded 82% share of the annual turnover, jointly.

Overview / Status of local market access: A case for Fresh Produce Market Systems and Section 7 recommendations

- While the value of the fresh produce depicts a positive picture, it is important to assess this trend against the recommendation that 30% of the volumes to be traded should be through the black commission market agents.
- For instance, if the target had been met, in October 2021 this would account for 81 629 million tons matched by R538 million.
- Potatoes commanding the largest share at 25 393 million tons (R175 393 million) followed by onions at 10 058 million tons (R26 577 million), tomatoes at 7 374 million tons (R63 654 million) and bananas at 5 692 million tons (R46 million). Other fruits and vegetables at 13 610 million tons (119 628 million) and 19 502 million tons (106 722 million), respectively.
- However, this ideal picture or target does not resonate with actual reality indicating that transformation in this sector is one of the contentious issues that remains unfinished after 27 years into democracy.
- Some NFPMs have attempted to make space available and allocate floor space to new black-market agents but the impact of these agents in terms of turnover is very minimal but most markets do not have a program in place to support new black-market agents.

Summary of top 4 commodities – market analysis based on NAMC’s 30% recommendations

Agricultural Product	Mass (000 MT)	Revenue (Million rands)
Potatoes	25	175
Onion	10	26
Tomatoes	7	63
Bananas	5	106

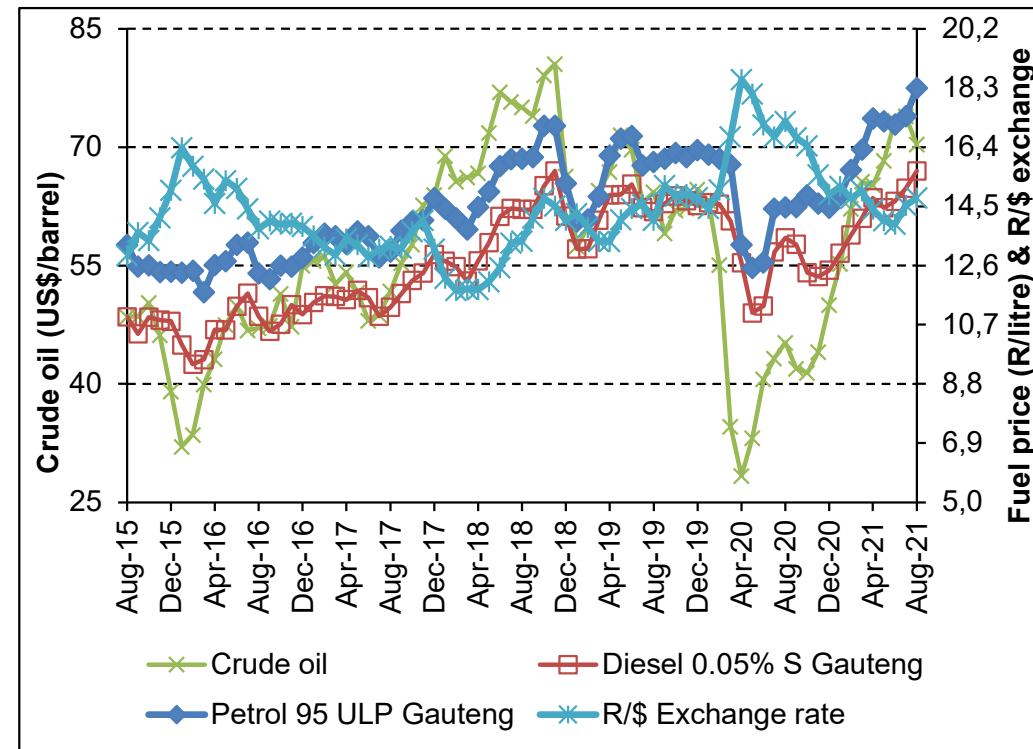
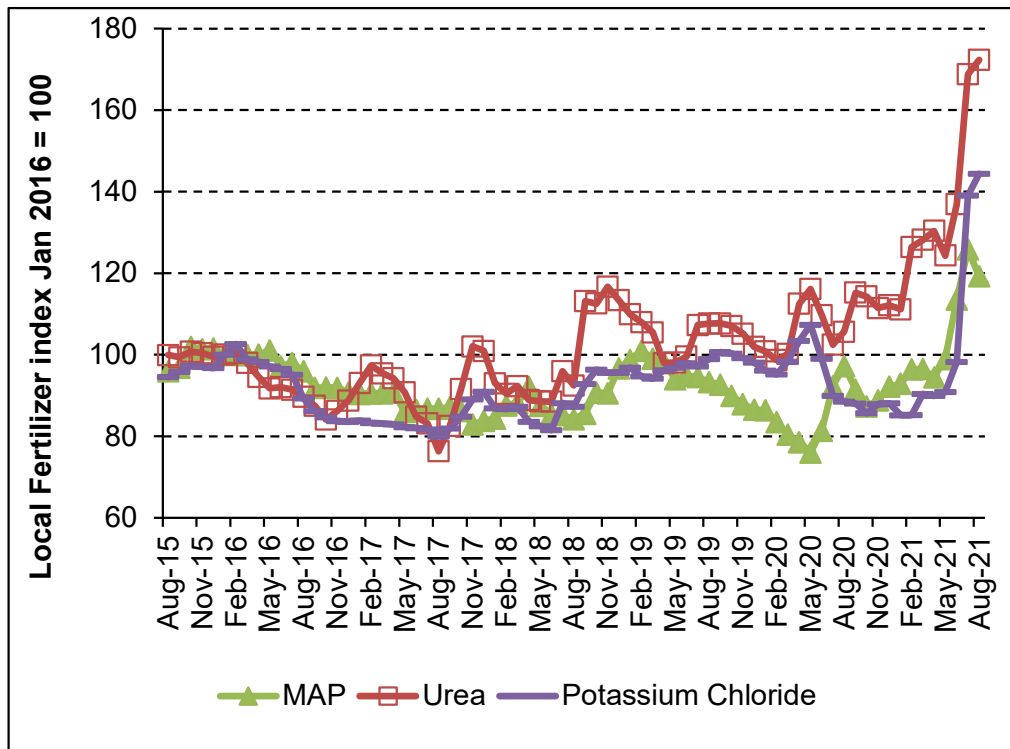
Overview / Status of local market access: A case for Fresh Produce Market Systems and Section 7 recommendations

Challenges in the NFPMs

- The performance of the NFPMs relative to the production growth in the fresh produce sector may be attributable to the failure by these markets to respond to the challenges presented by deregulated marketing environment.
- These factors include:
 - ✓ Regulatory Environment in the NFPMs
 - ✓ Infrastructure
 - ✓ Hygiene, cleanliness and food safety standards
 - ✓ Consignment Control
 - ✓ Safety and Security
 - ✓ Transformation Agenda
 - ✓ Human Capital Development
 - ✓ Slow supply chain and recruitment processes
- The findings of the report in this section have a number of important policy implications for future operation of NFPMs.
- These include;
 - i. Establishment of separate entity responsible for coordination of all activities for these markets rather than leaving them under municipalities whose priorities are on social service delivery issues such as road, housing and water and sanitation;
 - ii. Establishment of traceability system in each FPM to guarantee food safety and track market access for all participants particularly the smallholder farmers;
 - iii. Establishment of the national transformation committee responsible for implementation of the recommendations of Section 7 report and the notable aspirations of project rebirth.

Market trends in the agricultural sector: inputs and food prices

- The cost of food manufacturing is influenced not only by the price of raw commodities as inputs, but also by non-food inputs. Among these are the costs of diesel, packaging material, electricity and labour.
- This section assesses the market trends of the following production input costs:
 - ✓ Fertilizers,
 - ✓ Fuel; and
 - ✓ Freight



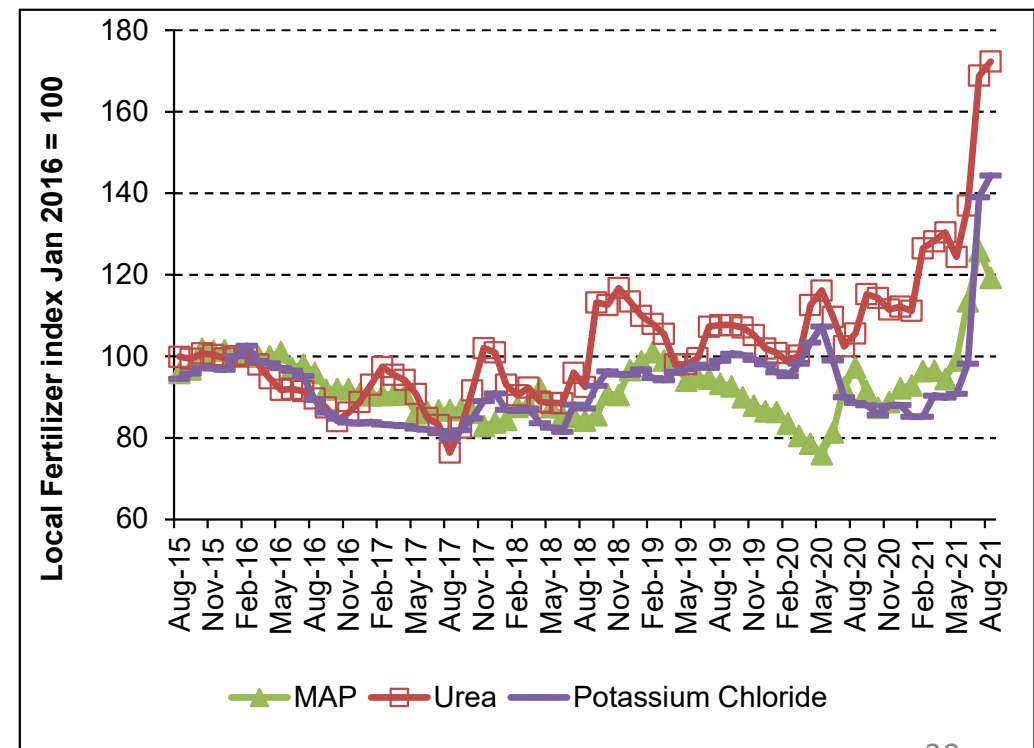
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Fertilizers

- South Africa is a net importer of fertilizers and imports about 80% of its annual fertilizer consumption and accounts for a mere 0.5% of the global market.
- Operating within the global and deregulated environment means that the local prices are subjected to the same supply and demand drivers as in the international industry.
- Comparing the period between 2015 and 2021 against the base year period (2016) fertilizer is currently less affordable. Since the beginning of 2021, international fertilizer prices have been rising steeply, and thus, domestic fertilizer prices have followed the same trend.

Domestic price trends for selected fertilizers

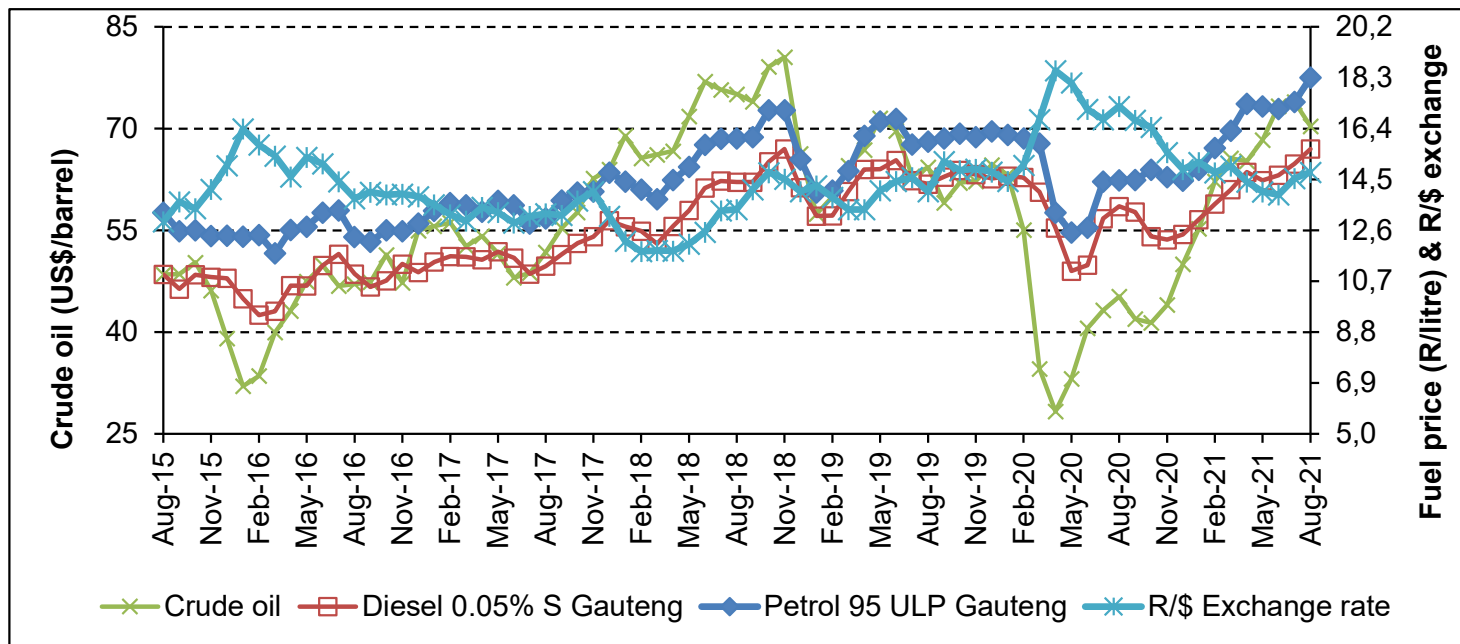


Market trends in the agricultural sector: inputs and food prices

Fuel

- South Africa is faced with a record fuel price increases from 03 November 2021, with both grades of petrol set to rise by R1.21/litre, diesel by R1.48/litre and illuminated paraffin by R1.45/litre.
- The primary pressure on local fuel prices is driven by international and local factors.
- International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including importation costs such as the shipping costs. These prices were driven up by natural gas shortages in Europe and Asia just as the northern hemisphere entered winter.
- The key driver is the higher global demand recovery amid a weaker supply response from non-OPEC and other oil producers. The situation was also exacerbated by the impact of the current gas challenges experienced by European countries that are experiencing negative impact on the prices of energy commodities. In addition, fuel inflation is also influenced by weaker local currency.

Domestic price trends for selected fertilizers

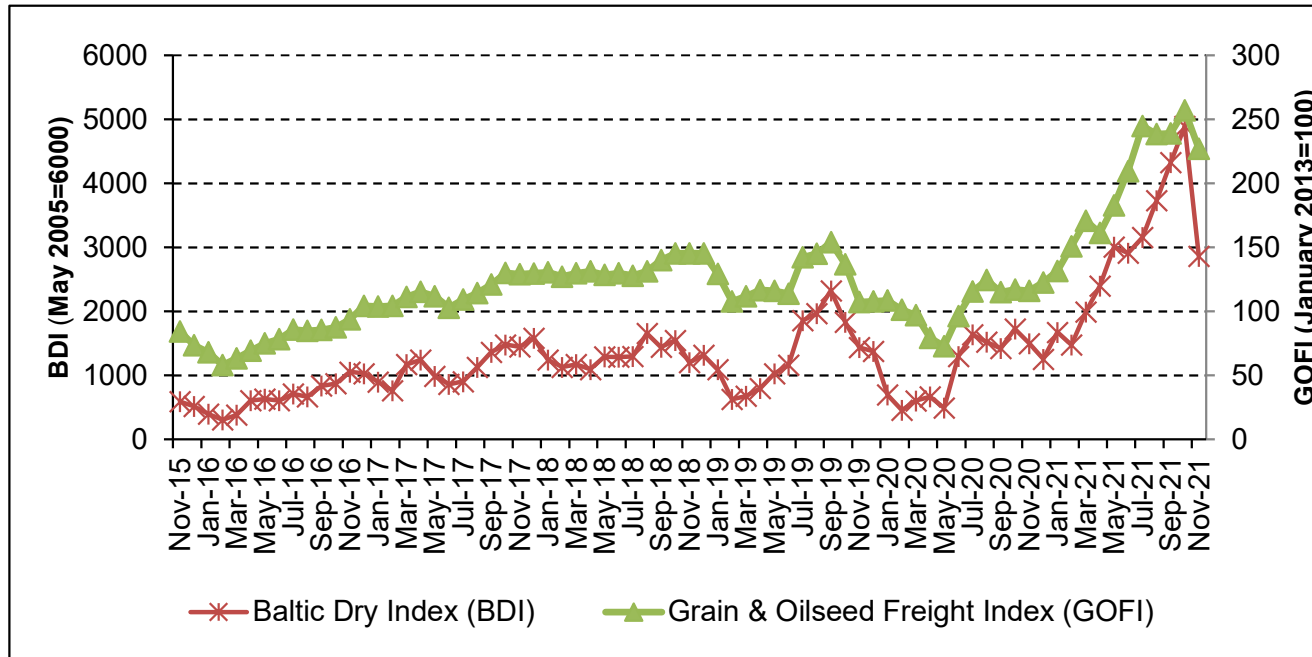


Market trends in the agricultural sector: inputs and food prices

Freight

- The Baltic Dry Index (BDI) is used as an economic indicator because it reflects the supply and demand for sea freight that translates into economic activity. The BDI provides a benchmark for the price of moving the major raw materials by sea. It takes into account 23 different shipping routes carrying coal, iron ore, grains and many other commodities.
- The Grain and Oilseeds Freight Index (GOFI) provides a measure of movements in ocean freight costs across key selected grains and oilseeds routes. It focuses on the grains and oilseeds carrying segments. GOFI covers around 300 routes for wheat, durum, soya beans, sorghum, maize, barley but excludes rice.
- During the period of November 2015 and November 2021, the BDI and GOFI increased by 383.5% and 169.2%, respectively attributed to changes in shipments times and demand across the world.

Baltic Dry Index versus Grain and Oilseeds Freight Index



Market trends in the agricultural sector: inputs and food prices

Food prices

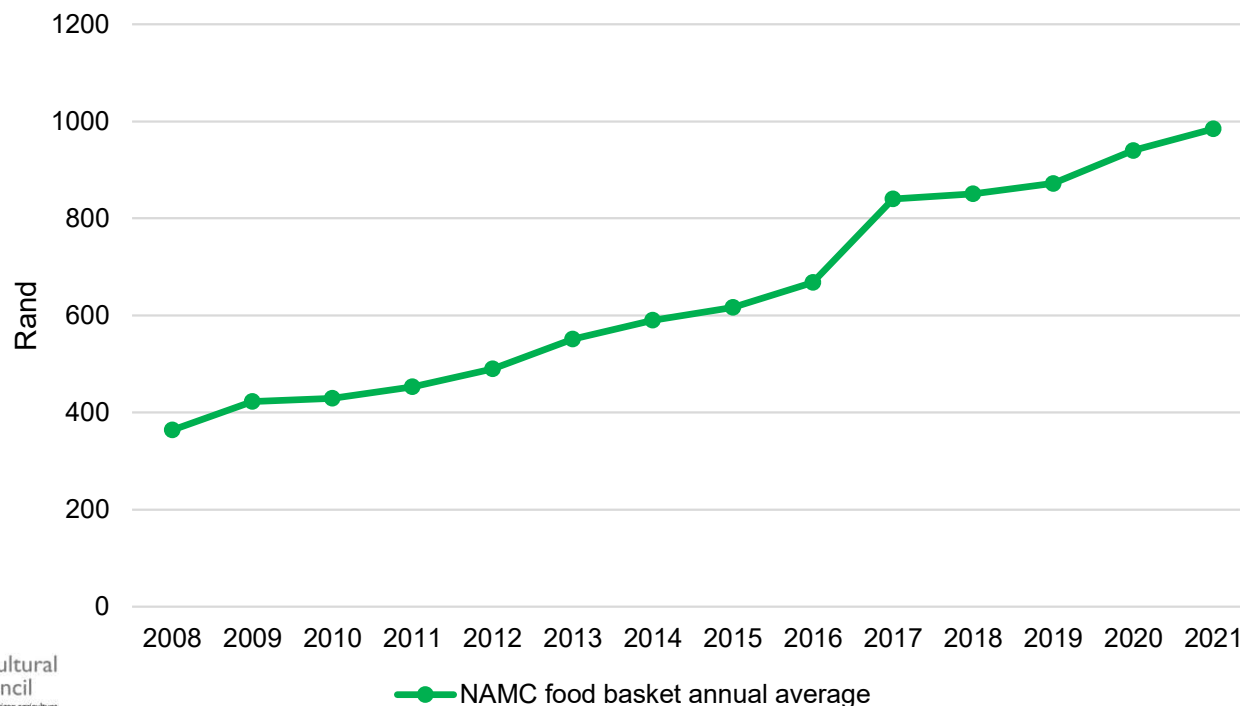
- In general, local food price trends move comparable to the global market prices mainly because South Africa is well integrated into the world market since 1996.
- When there are anomalies in the global market as observed on various occasions, prices respond accordingly.
- In recent times weather patterns are becoming a major contributing factor towards food shortages and subsequently increasing food prices. Drought, frost and excessive rain as observed both domestically and globally during 2020 - 2021 also affected food prices.
- Globally, cereals, vegetable oils and sugary foods remain high due to the above-mentioned factors.
- Meat and livestock products followed the same trend mainly due to high feed prices.
- For South Africa, the La Nina episodes positively affected grains and oilseeds production with the country registering the second largest crop for maize while other commodities saw significant increases in yields.
- For vegetables such as potatoes, the country is still experiencing record high prices due to frost which negatively affected other crops such as tomatoes and peppers which are sensitive to such conditions.
- Unlike 2016 in which the country experienced severe drought which reduced yields and subsequently high food prices, domestically, 2020/21 is marked by high food prices for various reasons, amongst other the higher international commodity prices and severe weather conditions.
- Under normal circumstances for South Africa, good rains as observed in the current season would cushion domestic prices, except that global food shortages were transmitted into the domestic market.

Market trends in the agricultural sector: inputs and food prices

Food prices

- The National Agricultural Marketing Council (NAMC) have a monthly 28-food item food basket used to track food prices in South Africa.
- In 2008, an ordinary South African consumer paid R363.91 for the NAMC food basket when compared to R984.60 in October 2021. This represented an increase of 171% over this period.
- The most noticeable increase was observed from 2016 to 2017 after the drought and to an extent the revision of the basket content, with the recent being the rise during 2020. Since then, food prices remain elevated.

The NAMC's average annual 28-food item basket

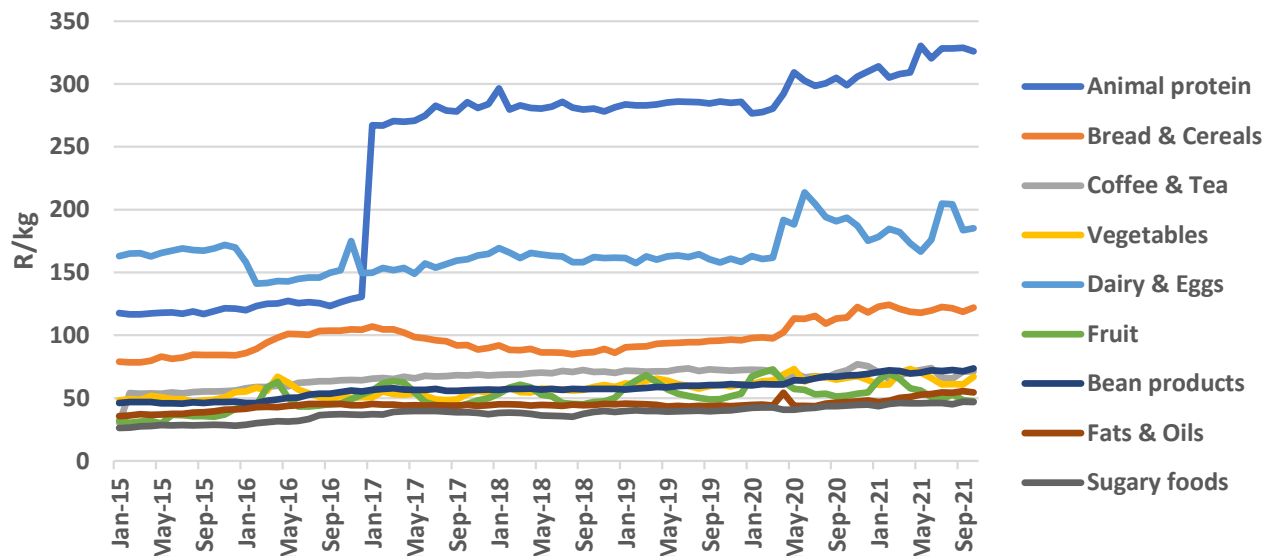


Market trends in the agricultural sector: inputs and food prices

Food prices

- Animal protein, dairy & eggs and bread & cereals are the food items with the highest price levels between January 2015 and September 2021. Following the drought in 2016, livestock herds were significantly reduced across South Africa.
- Commercial slaughter numbers have not reached the numbers prior to the drought except for pigs which have increased by 19%.
- The poultry industry is also battling Avian Influenza in recent times with the latest outbreak in cormorants reported in the Western Cape end of October 2021.
- These factors, the escalating fuel prices and the rising feed costs are putting animal protein supply under pressure hence higher meat prices.

Food groups of the NAMC food basket



Status of food availability and outlook in South Africa for selected commodities

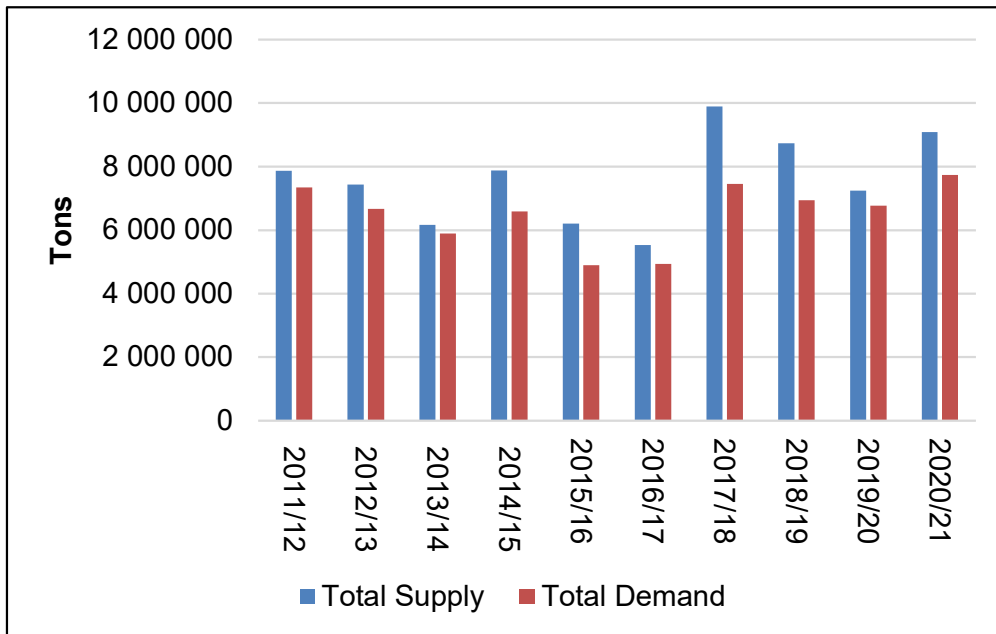
- One of the most crucial aspects of every country's mandate is food security.
- Food security is now more than ever at the forefront of most policy deliberations, given expected population growth in the foreseeable future.
- While South Africa is food secure at a national level, it is food insecure at the household level since not all households have adequate food.
- The four pillars of food security are food affordability, food availability, nutrition and stability.
- Changes in average food prices, the percentage of the population living in poverty and agricultural import tariffs are all factored into the affordability pillar.
- Meanwhile, the availability pillar comprises of agricultural production and supply sufficiency. One of the Agriculture and Agro-processing Master Plan's (AAMP) responsibilities is to ensure that agricultural producing regions are expanded in order to preserve food security.
- South Africa has benefited from favorable weather conditions, with maize harvests predicted to reach a record high of 16.8 million tons in 2021, enhancing food availability.
- Furthermore, the wheat harvest for the 2020 production season surpassed 2 million tons, with a good crop forecast for the next season.
- Sunflower seed production has declined from levels achieved in 2020, despite being an ideal crop for growing in low-input and marginal conditions.

Status of food availability and outlook in South Africa for selected commodities

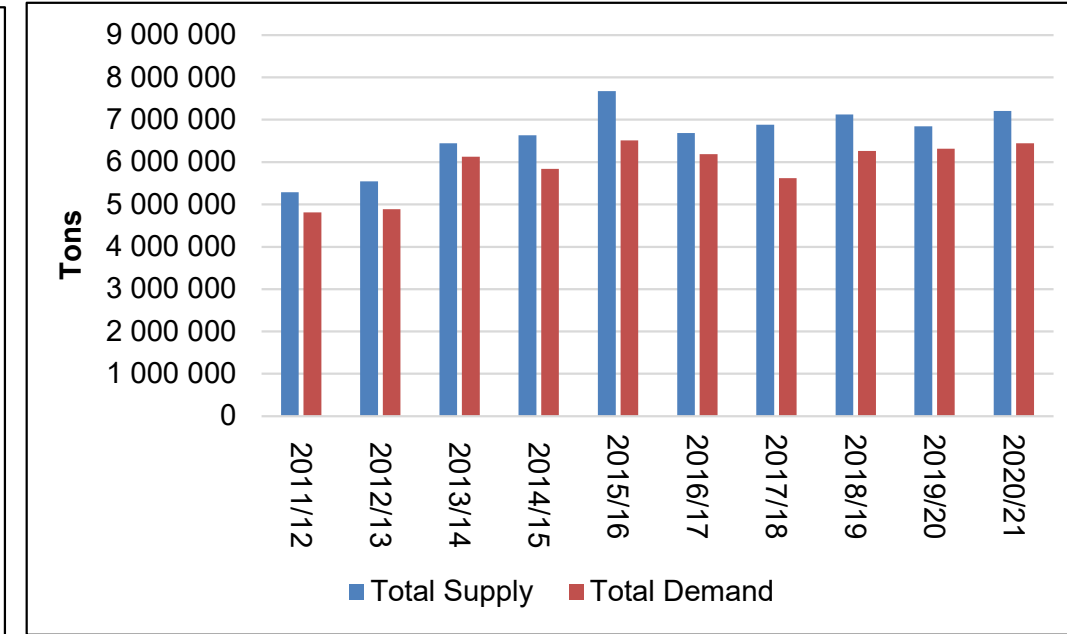
Maize Supply & Demand

- Compared to 2011/12, the projected 2020/21 maize production was up by 32% on account of favourable weather conditions, improved agronomical practices and higher-yielding cultivars.

White maize total supply and demand



Yellow maize total supply and demand

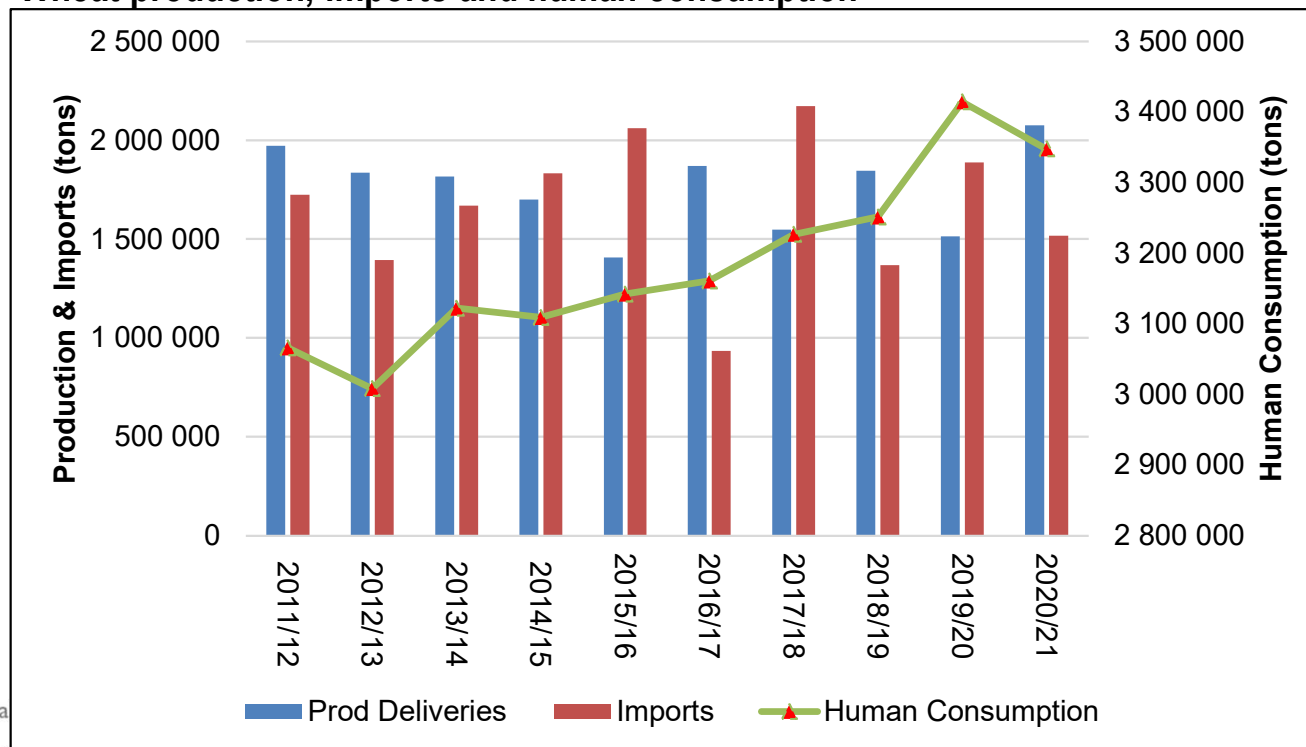


Status of food availability and outlook in South Africa for selected commodities

Wheat Supply & Demand

- Wheat is the second most significant crop in South Africa. The Western Cape Province is South Africa's leading wheat-producing province, with an average crop production of 1 780 282 tons during the last ten years. A total of 2 120 000 tons were produced during the 2020/21 production season, breaking the 2-million-ton barrier for the first time since 2008, with a total area planted of 509 800 hectares compared to 748 000 hectares in 2008, which could be attributed to better yielding cultivars and good agronomical practice.

Wheat production, imports and human consumption



Conclusions and policy recommendations

- Increases in maize and wheat production are largely seen as positive in terms of preserving food security in South Africa, with food availability being a high priority due to the country's growing population. The 2020 wheat production season was remarkable, surpassing 2 million tons and resulting in low import volumes.
- Due to the good weather conditions, additional gains in maize and wheat production are highly anticipated for the coming season. Improved cultivars and good agronomical practices also played a role in the significant improvements in harvest. Most summer crops have already started to be planted across the country, with harvest levels predicted to be at all-time highs.
- Consumers were compelled to choose low-cost maize products due to budget restrictions during the financially difficult pandemic year (2020/21), resulting in record-high levels of human consumption of both white and yellow maize. In 2021/22, however, human consumption is expected to stabilize to levels of roughly 4 800 000 tons.
- Sunflower seed is another crop that is expected to increase significantly, with a predicted planting area of 555 800 hectares in 2022, up from 477 800 hectares in 2021, owing to favorable prices. Imports of vegetable oil could be limited if production increases. This could assist to reduce the high price of sunflower oil.

Conclusions and policy recommendations

In order for South Africa to maintain food security, certain actions must be taken in relation to the numerous commodities that are crucial in this respect. The following recommendations are provided in order to unlock the industry's untapped potential.

- Enhancing collaboration between social partners should be encouraged through sharing information such as to buy in bulk before prices go up, to change the production systems that are using less production input costs such as conservation agriculture.
- Strengthening effective government economic policy and management of South African fiscal affairs and government's constant desire to increase profitability in producers will benefit national food security.
- Revisit the calculation of the regulated fuel price to ensure that all the elements are still relevant.
- For grains and oilseeds, there seems to be room for production expansion, and the past two years have partly proved that. Expanding production particularly for soybeans and maize might cushion domestic prices, especially during similar times as we are experiencing. The poultry industry's master plan aspirations bode well with this. Moreover, the informal pork industry is rapidly growing according to numbers from Bureau for Food and Agricultural Policy (BFAP). Both these industries require soybean and maize hence the need for expansion.
- About 70% of South African beef is produced through the feedlot system. There is a need to support developing livestock production from the major producing provinces. This should not be limited to particular animals but all. Meat prices are influenced by the availability of other meats and South Africa has not reached the livestock slaughter numbers during the 2015/16 season. Commercialization programs needs to be further explored.
- For vegetables, a more controlled environment for production for high-value crops should be explored given the changing climate conditions. Crops like tomatoes, peppers etc. are currently produced in particular areas and that was due to suitable temperatures, partly. However, recent experiences have shown that more advanced ways of production are needed both in the current dominantly producing areas and from other provinces or areas. This would help bring down pressure on prices during the off-season periods while continuing exporting.

Conclusions and policy recommendations

- Adoption of new technology and advancing the conventional ways of practicing agriculture will be crucial for South Africa given the role it plays in terms of food supply domestically, regionally and globally. This would not only increase the food supply for local consumption and address the rising concerns around gas emission but will help in maintaining jobs across the country and earn foreign income for the economy.
- Sunflower Seed Industry: More resources should be invested to allow for higher production this can be done through industry collaboration, research into better yielding cultivars and an introduction of a levy.
- An integrated approach, particularly Public Private Partnerships (PPPs), will be crucial to assure growth and a sustainable agriculture sector, tackling issues such import replacement, crop insurance, production expansion etc.
- More research into potential markets, particularly for white maize, is critical; this will ensure that export levels are not constrained even in years when established markets have good crops.
- Infrastructure investments, such as silos, roads and markets, are required, particularly in the Eastern Cape and KwaZulu Natal Provinces, which have been identified as key locations for maize expansion.



Thank you

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