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Economic Overview of the Agriculture, Forestry and Fisheries Sector

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PREFACE

The core business of the Directorate: Economic Services is to analyse macroeconomic trends and other current and relevant sector dynamics to produce economic information and to render advice for sound decision making in the South African Agriculture, Forestry and Fisheries (AFF) sector. To support this important task, the Economic Research division/unit conducts economic analyses of the performance of and external impact on the AFF sector and its industries.

This publication, the *Quarterly Economic Overview of the Agriculture, Forestry and Fisheries sector*, was developed because of a need within the Department of Agriculture, Forestry and Fisheries (DAFF) to be regularly informed on developments and expected economic trends in the AFF sector. The quarterly report has now been established as a regular feature in the Directorate's work plan. Since the beginning of 2004 the report has also been published for outside consumption to add value to a number of regular economic publications on the AFF sector. It is our vision to maintain it as indispensable reading for everyone interested in developments in the South African AFF sector.

This issue looks at the economic developments in the second quarter of 2010 as well as the expected economic trends in the South African AFF sector as the domestic and global economies continue to recover from the global economic recession.

Any new comments on the content of this quarterly report series are most welcome.

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EXECUTIVE SUMMARY

The world economy expanded at an annualised rate of over 5% during the first quarter of 2010. Signs of growth in private demand emerged and real economic activity was strong through April and stabilised at a high level in May. A prolonged period of dry weather and high temperatures in parts of the Black Sea region (Russia, Kazakhstan and the Ukraine), the EU and Canada has significantly lowered the prospects for the next grain crop. The grain crop forecast has been cut by 8 million tons from July, to 1 745 million in August. This is 2,4% below the previous year's record. Heightened uncertainties about the extent of the drought damage in Russia and other Black Sea exporting countries propelled an upward push in prices of grains and oilseeds, despite generally ample global grain supplies projected for 2010/2011.

Growth in South Africa's seasonally adjusted and annualised real Gross Domestic Product (GDP) at market prices slowed to 3,2% in the second quarter of 2010, from 4,6% during the first quarter of 2010. Seasonally adjusted and annualised real gross value added by agriculture, forestry and fisheries grew by 11,6% during the same period.

The Producer Price Index (PPI) inflation for domestic output averaged 7,2% in the second quarter of 2010, while the PPI inflation for agriculture, forestry and fisheries (including mining) averaged 11,7%. The CPI inflation averaged 4,5% in the second quarter of 2010, with inflation for food and non-alcoholic beverages averaging 0,8%.

The number of employed people decreased by 627 000 between the second quarter of 2009 and the second quarter of 2010, to 12,74 million. Between the first and second quarters of 2010, the number of jobs shed reached 61 000 while the unemployment rate rose to 25,3% from 25,2%. Agriculture, forestry and fisheries (including hunting) continued to lose jobs in the second quarter of 2010 when the number of jobs in the sector decreased to 618 000 from 710 000 in the second quarter of 2009. Between the first and second quarters of 2010, the sector employment decreased from 650 000 to 618 000, i.e. 32 000 jobs were lost. During the same period, both KwaZulu-Natal and the Western Cape Province created 6 000 sector jobs, while all other provinces experienced job losses.

During the second quarter of 2010, the intermediate expenditure on goods and services by agriculture was at R17,8 billion, which is 6,2% higher than the R16,8 billion reported for the second quarter of 2009. During the same period, the real gross farm income from all

agricultural products amounted to R23,67 billion, which is 3,8% higher than the R22,81 billion reported for the second quarter of 2009. The nominal net farm income decreased by 5,0% to reach R15,16 billion in the second quarter of 2010, from R15,97 billion reported for the second quarter of 2009. Farm debt reached R54,40 billion in June 2010, from R46,79 billion in June 2009, i.e. a year-on-year increase of 16,1%. Consumption expenditure on food totalled R81,39 billion in the second quarter of 2009 and increased by 2,6% to reach R83,54 billion in the second quarter of 2010.

The total export value of agricultural products increased from R12,0 billion in the second quarter of 2009 to R12,1 billion in the second quarter of 2010, while the total import value decreased from R7,8 billion to R7,5 billion. During the same period, the export value of fish and sea food decreased from R853 million to R818 million, while the import value of this product increased from R176 million to R210 million. The total export value of wood increased from R718 million in the second quarter of 2009 to R849 million in the second quarter of 2010, while import values decreased from R497 million to R474 million. In the second quarter of 2010, agriculture experienced its highest trade balance since the first quarter of 2005, namely R4,6 billion. The trade balance for wood reached a negative value of R17 million in the first quarter of 2010 but it improved tremendously in the second quarter of 2010 to R375 million. The trade balance for fish and seafood declined slightly to R609 million in the second quarter of 2010 from R760 million recorded in the first quarter of 2010.

The 2010 field crop production will be the second largest in history after the 2008 highs. The planting of maize in the next planting season is likely to decline owing to the surplus maize stocks. Most grain commodity prices have started to show some signs of firming since June 2010. The PPI inflation for agriculture is therefore more likely to stay in positive territory but less likely to exceed 5%.

1. GLOBAL OVERVIEW OF THE AGRICULTURAL ECONOMY

The world economy expanded at an annualised rate of over 5% during the first quarter of 2010. More encouragingly, signs of growth in private demand emerged and real economic activity was strong through April and stabilised at a high level in May. Industrial production posted double-digit growth, while consumer confidence and employment showed signs of improvement. These positive developments confirmed expectations of a modest but steady recovery in most advanced economies and strong growth in many emerging and developing economies. However, recent shocks in financial markets have cast a cloud over the outlook. World growth is projected at about 4,5% in 2010 and 4,4% in 2011. Meanwhile, a prolonged period of dry weather and high temperatures in parts of the Black Sea region (Russia, Kazakhstan and the Ukraine), the EU and Canada has significantly lowered the prospects for the next grain crop. The grain crop forecast has been cut by 8 million tons from July, to 1 745 million in August. This is 2,4% below the previous year's record. Of all grains, the yield prospects of wheat were adversely affected. Wheat stockpiles may slip to a two-year low as demand rises and the drought damages crops. Russia, the third largest exporter in 2009, has forecast a 38% plunge in its wheat harvest to 60 million metric tons this year. This led to the

state intervening by imposing a ban on wheat and grain exports on 5 August, which will stay in place until the end of the year. As a result of the ban, world wheat prices have rocketed to a two-year high and there are worries about a crisis in global food supplies. The world wheat production forecast has been reduced by 7 million tons to 644 million tons. The forecast of world wheat consumption in 2010/11 is 2 million tons higher than in July at a record of 657 million. Meanwhile, global maize (corn) forecasts for 2010/11 rose by 6 million to a record of 829 million tons in August as compared to 835 million tons in July, because of improved prospects of maize in the United States and South Africa. Increases in feed, industrial and food use lifted the forecast of world maize consumption by 7 million tons to a record of 837 million tons. Despite a forecast record crop, world maize stocks are estimated to decline to a four-year low at the end of 2010/11, i.e. at 135 million tons. Global rice production is projected to rebound by 3% to a record of 456 million tons in 2010/11 after recording a decline in the last production year. World rice consumption is expected to rise by 2%, after slowing in 2009/10 to a peak of 450 million tons, supported by rising use in Africa and Asia as well as a recovery in South America. Global oilseed production for 2010/11 is projected at 439,7 million tons, down by 1 million tons from July. The global wheat stock-to-use ratio is estimated

at 26% against 16% for maize and 21% for rice. World trade in grains is forecast at 234 million tons in the 2010/2011 season. Trade in wheat is projected to decline by 4 million tons, but maize is set to rise by almost the same amount. Heightened uncertainties about the extent of the drought damage in Russia and other Black Sea exporters resulted in an upward push in the prices of grains and oilseed, despite generally ample global grain supplies projected for 2010/11. While prices have increased significantly in recent weeks, the price volatility is within the normal range but according to IFPRI no alarming global food prices are anticipated. The rapid increase in the global wheat price has not yet transmitted significantly to alternative grains. Price increases of maize, rice and barley are moderate, which points to good harvests in major producing countries. However, markets need to be closely watched since continued speculation on the wheat market is likely to influence other grain markets and prices may show a lag in transmitting to countries that are net importers of cereal.

2. THE STATE OF THE DOMESTIC ECONOMY OF AGRICULTURE, FORESTRY AND FISHERIES

2.1 Growth

Growth in South Africa's seasonally adjusted and annualised real Gross Domestic Product (GDP) at market prices

slowed to 3,2% in the second quarter of 2010, from 4,6% during the first quarter of 2010. The growth in the seasonally unadjusted GDP figures reached 3,0%, year-on-year, from 1,6% in the first quarter of 2010.

Various economic sectors experienced mixed outcomes in the second quarter of 2010, with the mining and quarrying sector, the manufacturing sector, the electricity sector and the construction sector reducing their contributions to the GDP growth, leading to the ultimate growth deceleration. The mining and quarrying sector was the biggest contributor to growth deceleration, contributing -1,1 percentage points to the rate of growth, from 0,8 percentage points in the first quarter of 2010.

Figure 1 indicates that in the second quarter of 2010, the real value added by the agriculture, forestry and fisheries sector has grown at an accelerated rate of 11,6%, which is higher than the growth rates experienced by all the other economic sectors and it is even higher than the overall growth rate. It is also 8,6 percentage points higher than the 3,0% reported in the first quarter of 2010 and 27,4 percentage points higher than the negative growth of 15,8% recorded in the second quarter of 2009. The seasonally unadjusted real value added by the sector rose by 3,9%, year-on-year.

Having experienced the highest rate of growth in the second quarter of 2010, the sector contributed only 0,2 percentage points to the overall real GDP growth rate of 4,6% after contributing 0,1 percentage points in the first quarter of 2010. The small weight or size of the real value added by the sector to the real GDP is the main reason that the contribution of the sector appears small despite its highest rate of growth. The weight or share of the real value added by agriculture as a percentage of the total real GDP did not change between the first and second quarters of 2010, i.e. it remained at 2,1%. However, it decreased by 0,1 percentage points between the second quarters of 2009 and 2010.

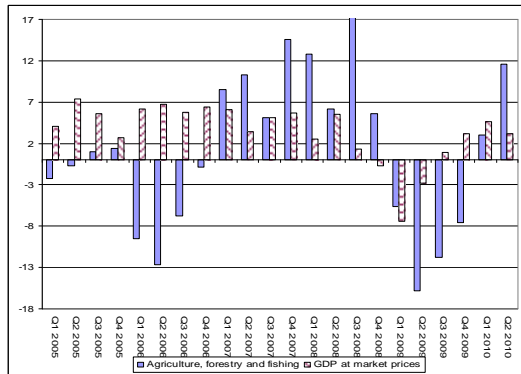


Figure 1: Trends in the real GDP growth and the growth in the real value by the agriculture, forestry and fisheries sector
Source: Stats SA

Figure 2 reveals that, in real terms, South Africa's GDP reached a 10-year peak of R1,83 trillion in the second quarter of 2010, which is R52,6 billion higher than the R1,77 trillion reported for the second quarter of 2009. The figure is also R14,4 billion higher

than the R1,81 trillion reported for the first quarter of 2010.

Figure 2 also depicts the trend in the real value added by the agriculture, forestry and fisheries sector. The value added by the sector rose to R39,02 billion during the second quarter of 2010 from R37,96 billion in the first quarter of 2010. However, between the second quarters of 2009 and 2010, the real value added by the sector decreased from R39,66 billion to R39,02 billion.

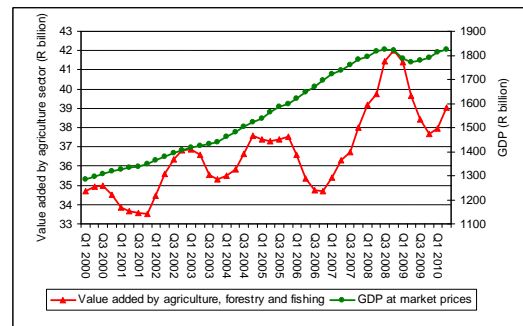


Figure 2: Trends in the real GDP and the real value added by the agriculture, forestry and fisheries sector
Source: Stats SA

2.2 Inflation

The Producer Price Index (PPI) for domestic products jumped 9,4%, year-on-year, in June 2010, from 6,8% and 5,5% in May 2010 and April 2010 respectively. Year-on-year PPI inflation for the agriculture, forestry and fisheries sector (including mining) reached 12,7% in June 2010 from 11,1% in May 2010 and 11,4% in April 2010. The PPI inflation for domestic output averaged 7,2% in the second quarter of 2010, while the PPI

inflation for agriculture, forestry and fisheries (including mining) averaged 11,7%. The annual inflation rates of the PPI for the agricultural, forestry and fisheries subsectors reached 1,5%, 21,8% and 3,3% respectively in June 2010. They averaged 0,4%, 17,6% and 2,0% during the second quarter of 2010. These figures show that inflation for forestry and mining products contributed significantly to double-digit PPI inflation (11,1%) for the whole sector including mining.

Figure 3 shows that the PPI inflation for the agriculture, forestry and fisheries sector (including mining) entered positive territory in the first quarter of 2010 following the negative inflation that occurred in all quarters of 2009.

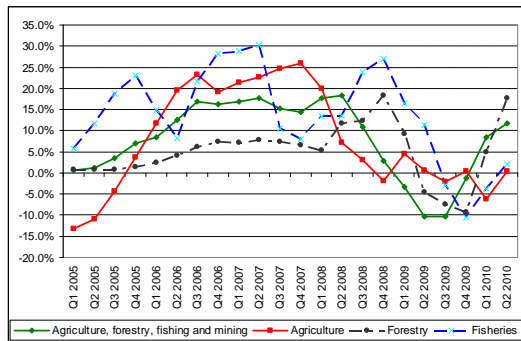


Figure 3: Trends in the PPI inflation
Source: Stats SA

In line with the expectations that the inflation would continue to slow as domestic demand remained weak, the year-on-year Consumer Price Index (CPI) inflation eased to 4,2% in June 2010 from 4,6% in May 2010 and 4,8% in April 2010. The CPI inflation averaged 4,5% in the second quarter of

2010, which is 3,3 percentage points lower than the 7,8% recorded in the corresponding quarter of 2009. Inflation for food and non-alcoholic beverages decelerated to 0,7% in June 2010, from 0,9% and 0,8% in April 2010 and May 2010 respectively. The average inflation rate for food and non-alcoholic beverages also decelerated to 0,8% in the second quarter of 2010, from 12,1% recorded in the second quarter of 2009. Food inflation fell by 11,7 percentage points during the same period. This indicates that food inflation slows faster than the headline CPI inflation, i.e. it contributes positively to the deceleration of the headline inflation.

Figure 5 shows that headline CPI inflation continues its downward movement within the SARB inflation target brackets. The fall in the inflation for food and inflation for food and non-alcoholic beverages decelerated in the second quarter of 2010.

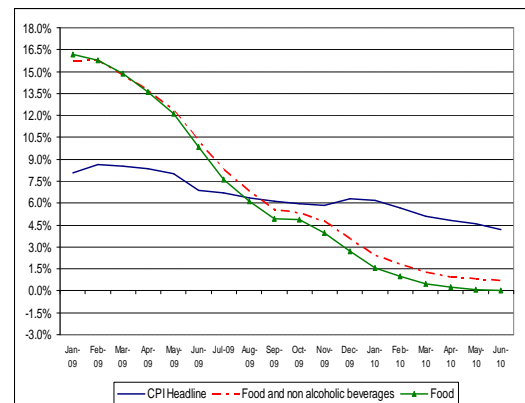


Figure 4: Trends in the CPI inflation
Source: Stats SA

A fall in the inflation for food between the second quarters of 2009 and 2010 can be attributed to negative annual inflation (quarterly average) for bread and cereals (-3,1%), meat (-1%) and oils and fats (-6,8%) as well as deceleration of inflation for food categories such as fish, milk, eggs and cheese, fruits, vegetables, sugar, sweets and desserts and other food.

2.3 Employment

South Africa's Quarterly Labour Force Survey for the second quarter of 2010 revealed that the number of employed people decreased by 627 000 year-on-year to 12,74 million in the second quarter of 2010 from 13,37 million in the second quarter of 2009. The number of jobs lost during the first and second quarters of 2010 was 61 000, which is lower than the 171 000 reported for the period between the last quarter of 2009 and the first quarter of 2010. This brings the total number of jobs lost in the first semester of 2010 to 232 000. Between the second quarters of 2009 and 2010, the Black African population lost 495 000 jobs, the Coloured and White populations lost 63 000 and 101 000 jobs respectively, and the Indian/Asian population gained 30 000 jobs. Unemployment rate increased from 25,2% to 25,3% during the same period. The unemployment rate among Black Africans in the second quarter of 2010 was 29,5% and among Coloureds, Indians/Asians and

Whites it was 22,5%, 10,1% and 6,4% respectively.

The number of people employed by the agriculture, forestry and fisheries sector (including hunting) reached 618 000 during the second quarter of 2010 from 710 000 during the second quarter of 2009. The sector happened to be among the top four sectors that shed the most jobs, with the manufacturing sector, the trade sector and the construction sector losing 217 000, 123 000 and 111 000 jobs respectively. The agriculture, forestry and fisheries sector came fourth, dropping 92 000 jobs during the same period. The year-on-year rate of job losses in the sector, including hunting, accelerated to 13,0% in the second quarter of 2010 from 11,9% in the second quarter of 2009.

The number of people employed in the agriculture, forestry and fisheries sector (including mining) decreased from 650 000 to 618 000 from the first to the second quarters of 2010. In other words, the sector shed 32 000 jobs during this period.

During the second quarter of 2010, the number of women employed in the agriculture, forestry and fisheries sector (including hunting) was 214 000, which is 1,4% lower than the 217 000 recorded for the second quarter of 2009. The number of men working in the sector (including mining)

decreased by 18,2% during the same period, i.e. from 494 000 to 404 000.

Figure 5 shows the distribution of the sector employment in terms of provinces. Between the second quarter of 2009 and the second quarter of 2010, KwaZulu-Natal and the Western Cape created 6 000 jobs each in the sector (including mining). The Eastern Cape Province experienced the highest number of job losses (33 000 jobs), followed by the Northern Cape, which lost 25 000 jobs during the same period. Limpopo, Free State and Gauteng lost 15 000, 13 000 and 12 000 jobs respectively, while Mpumalanga and the North West lost 5 000 and 3 000 jobs respectively during the period under consideration.

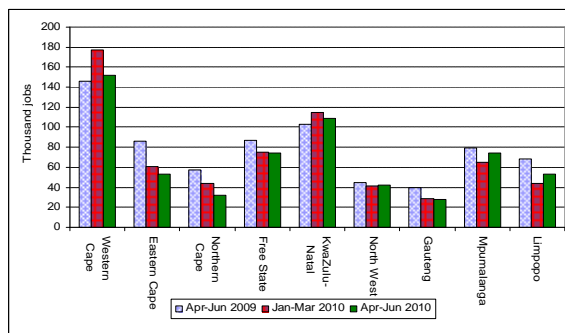


Figure 5: Distribution of the sector employment in terms of provinces

Source: Stats SA

2.4 Expenditure on intermediate goods and services by the agricultural sector

Appendix A.1 shows the expenditure on intermediate goods and services by agriculture during the second quarters of 2008, 2009 and 2010. During the second quarter of 2008, the total expenditure on intermediate goods and services was estimated at R16,5 billion and it increased by 1,6%, to reach R16,8 billion during the same quarter of 2009. During the second quarter of 2010, the expenditure was at R17,8 billion, which is 6,2% higher than the R16,8 billion reported for the second quarter of 2009. The increase between the second quarters of 2009 and 2010 was mainly due to farm services, dips and sprays, maintenance and repairs of machinery and implements, packing material, seeds and plants and farm feeds, which contributed 2,5, 0,9, 1,1, 1,6, 1,2 and 1,9 percentage points respectively to the total expenditure on intermediate goods and services. Their year-on-year increases were 16,9%, 22,0% 18,0%, 20,0%, 18,0% and 8,2% respectively.

During the same period, expenditure on electricity, insurance and water increased by double-digit rates of 11,0% 12,0% and 15,0% respectively. However, their contributions to the increase in the total expenditure on intermediate goods and services were 0,2 percentage points for

both electricity and insurance and 0,1 percentage points for water.

Expenditure on fuel has decreased at a double-digit rate of 19,7%, which can be attributed to a decrease in fuel prices during the period under consideration. The decrease contributed negatively (-4,0 percentage points) to a 6,2% increase of the total expenditure on intermediate goods and services.

2.5 Nominal gross farm income and net farm income from agricultural products

Table A.2 shows trends in real gross farm income from agricultural products during the second quarters of 2008, 2009 and 2010. During the second quarter of 2010, the real gross farm income from all agricultural products amounted to R23,67 billion, which is 3,8% higher than the R22,81 billion reported for the second quarter of 2009. During the period under consideration, real gross income from field crops increased by 9,3%, from R6,52 billion to R7,12 billion. Having increased by 28,5%, the gross income from maize contributed 14,1 percentage points to the increase in the gross income from field crops. The gross income from sugar cane also contributed positively (1,2 percentage points) to the increase. However, a decrease in the gross income from sunflower seed counteracted significantly to bring the increase in the gross income from field crops to a single

digit, that is, it contributed -6,1 percentage points to the gross income from field crops. The mixed contributions from other field crops were all between -0,6 and 0,6 percentage points.

The real gross income from animal products also increased by 3,0%, from R9,69 billion to R9,98 billion. Having increased by 3,2% between the two quarters under consideration, gross income from poultry meat contributed significantly (1,3 percentage points) to the increase in the gross income from animal products (3,0%). Milk and slaughtered cattle and calves also contributed significantly to the gross income from animal products, i.e. 0,6 and 0,8 percentage points respectively. Gross income from wool and from ostrich feathers and products contributed negatively (-0,4 and -0,1 percentage points) to the increase in the gross income from animal products. Gross incomes from other animal products contributed positively to the increase but their contributions remained less than 0,5 percentage points.

The real gross income from horticultural crops decreased by 0,6%, from R6,61 billion to R6,56 billion. Having decreased by 4,8% and 1,8% respectively, gross income from viticulture and gross income from deciduous and other fruits contributed -1,5 and -0,3 percentage points to the decrease in the gross income from horticultural products. Increases in the gross incomes from citrus

fruits, subtropical fruits, vegetables and flowers and bulbs counteracted significantly to bring the rate of decrease in the gross income from horticultural products to 0,6%. They contributed 0,5, 0,4, 0,1 and 0,2 percentage points respectively.

Figure 6 shows that the net farm income in the second quarter of 2010 was lower than the net farm incomes for the second quarters of 2008 and 2009. The net farm income in the second quarter of 2008 was 18,55 billion and decreased by 13,9% to reach R15,97 billion in the second quarter of 2009. It decreased further by 5,0% to reach R15,16 billion in the second quarter of 2010.

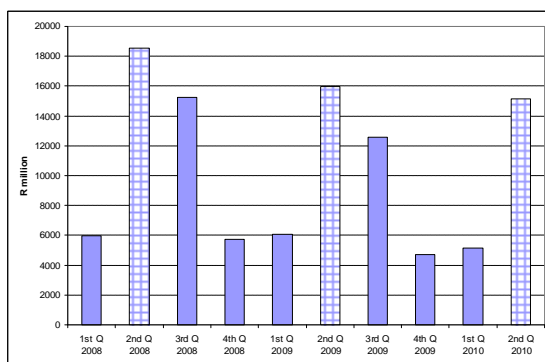


Figure 6: Trends in the net farm income between 2008 and 2010

Source: DAFF

2.6 Farm debt

Farm debt increased significantly between the second quarters of 2009 and 2010. Figure 7 shows that farm debt reached R54,40 billion in June 2010, from R46,79 billion in June 2009, i.e. a year-on-year increase of 16,1%. Farm debt increased by 4,5% between December 2009 and June

2010. Data from the Department of Agriculture, Forestry and Fisheries (DAFF) shows that in the second quarter of 2010, 70% of the total farm debt was owed to the commercial banks and 6% was owed to the Land Bank. The remaining debt was owed to other institutions.

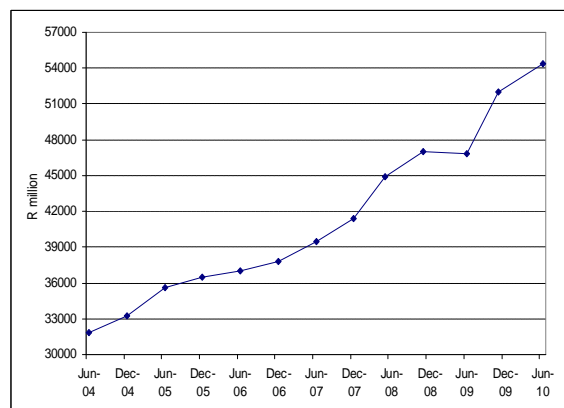


Figure 7: Trend in the farm debt between 2004 and 2009

Source: DAFF

2.7 Private consumption expenditure on agricultural products

Table A.3 shows that consumption expenditure on food totalled R81,39 billion in the second quarter of 2009 and increased by 2,6% to reach R83,54 billion in the second quarter of 2010. Expenditure on meat, milk and milk products and fruits and vegetables increased by 7,4%, 5,6% and 9,0% respectively during the same period. Expenditure on meat contributed 2,3 percentage points to the increase in the total expenditure on food, while milk and milk products and fruits and vegetable contributed 0,59 and 0,91 percentage points respectively. Having increased by 3,6%

between the second quarters of 2009 and 2010, expenditure on potato has also contributed positively (0,2 percentage points) to the increase in the consumption expenditure on food. Expenditure on bread and grains, sugar and oils and fats decreased by 4,8%, 0,8% and 9,0% respectively during the same period, and contributed negatively to the rate of increase in the total expenditure on food, i.e. -1,4 percentage points, 0,0 percentage points and -0,2 percentage points respectively.

2.8 Trade of agricultural, forestry and fisheries products

2.8.1 Agricultural trade

Table A.4 shows trends in export values of agricultural products during the second quarters of 2007, 2008, 2009 and 2010. According to the data, the total export value of agricultural products increased from R12,0 billion in the second quarter of 2009 to R12,1 billion in the second quarter of 2010. During the second quarter of 2010, South Africa gained most of its agricultural export revenue from agricultural products exported to the Netherlands, i.e. R1,3 billion, which represents 11% of the total export value. South Africa gained its second largest agricultural export revenue from the United Kingdom and Mozambique. From each of these two countries, South Africa gained R1,2 billion of agricultural export revenue, which represents 10% of the total

agricultural export value. Other countries from which significant agricultural export revenues were received include Zimbabwe, Germany, the United States, Japan, China, Russia, the United Arab Emirates and Angola. All of these countries, as well as the Netherlands, the United Kingdom and Mozambique, accounted for 61% of the total export revenue from agricultural products.

Table A.5 shows the 10 most important agricultural products in terms of export values in the second quarter of 2010. Such products include edible fruits and nuts, beverages, preserved food, tobacco, cereals, wool not carded or combed, miscellaneous food, sugar, meat, milling products, malt and starch. These products earned 87% of the total agricultural export revenue during the second quarter of 2010.

Table A.6 shows that the total import values of agricultural products decreased between the second quarter of 2009 and the second quarter of 2010, i.e. from R7,8 billion to R7,5 billion. In the second quarter of 2010, most of the total import value of agricultural products (65%) was accounted for by countries such as Argentina, Brazil, Thailand, Germany, China, the Netherlands, the UK, Indonesia, Malaysia and the US, with Argentina and Brazil accounting for most (24%) of South Africa's total agricultural import value. In value terms, the most imported products during the second

quarter of 2010 included cereals, meat, beverages, palm oil and its fractions, tobacco, soya bean oil cake and other solid residue, miscellaneous food, soya bean oil and its fractions, spices, coffee, tea and preserved food (see Table A.7). The import values of these products represent 65% of the total import values of agricultural products.

2.8.2 Fisheries trade

Table A.8 presents the export values of fish and seafood during the second quarters of 2007, 2008, 2009 and 2010. The total export value of these products decreased from R853 million to R818 million between the second quarters of 2009 and 2010. During the second quarter of 2010, the most important destinations of South African fish and seafood included Spain, Hong Kong, Italy, the US, Australia, Japan, China, Angola, France and Portugal, all of which accounted for 78% of the total export revenue from fish and seafood. Table A.9 shows that the biggest proportion of fish and seafood exported during this period included frozen fish (not fillet), other seafood, crustaceans, fillet, other fish meat and fresh fish (not fillet), all of which accounted for 98% of the total export revenue of fish and seafood.

According to Table A.10, the total import value of fish and seafood increased from R176 million in the second quarter of 2009

to R210 million in the second quarter of 2010. The most important countries (which accounted for 81% of the total import value of fish and seafood in the second quarter of 2010) included New Zealand, India, Norway, China, Thailand, Argentina, Spain, Peru, the Falkland Islands and Mozambique. Table A.11 shows that the imported fish and seafood, which accounted for 100% of the total import value of fish and seafood in the second quarter of 2010, included crustaceans, frozen fish (not fillets), other seafood, fillet, other fish meat. Fresh fish (not fillets), fish dried and slated etc., and live fish.

2.8.3 Forestry trade

Table A.12 shows that the total export value of wood increased from R718 million in the second quarter of 2009 to R849 million in the second quarter of 2010. Export destinations of wood during the second quarter of 2010 included Japan, South Korea, the United Kingdom, Mozambique, Zimbabwe, the Netherlands, Australia, Angola, Zambia and Mauritius. These countries accounted for 92% of the total export revenue of wood, with Japan accounting for more than half (53%) of the total wood export revenue. According to Table A.13, the most imported wood products (which account for 90% of the total export revenue of wood in the first quarter of 2010) included fuel in logs and chips, etc., wood charcoal, builders joinery and

carpentry of wood, fibreboard of wood and other ligneous material, rough, not sapwood (see Table C.1 for full descriptions of these products).

Table A.14 shows that import values of wood decreased from R497 million in the second quarter of 2009 to R474 million in the second quarter of 2010. South Africa's most important wood export destinations included Malaysia, China, Indonesia, Germany, Argentina, Brazil, Gabon, the US, France and Zimbabwe, all of which accounted for 80% of South Africa's total import value of wood. Malaysia, China, Indonesia and Germany accounted for more than half of the total import value of wood. According to Table A.15, important wood products imported during the second quarter of 2010 included lumber > 6 mm thick, casks, barrels, vats, etc plus part thereof, fibreboard of wood, other ligneous materials, plywood, veneered panels, etc and builders and apos, joinery and carpentry of wood (see Table C.1 for full descriptions). These products accounted for 75% of the total import value of wood.

experienced a negative trade balance in three quarters, i.e. the fourth quarter of 2006, the third quarter of 2007 and the fourth quarter of 2007. Agriculture experienced a high trade balance of R4,3 billion in the second quarter of 2009, but this declined to R481 million in the last quarter of 2009. In the second quarter of 2010, agriculture experienced its highest trade balance, namely R4,6 billion, since 2005. Wood products have experienced negative trade balances during six quarters since the first quarter of 2005. In the first quarter of 2010, the trade balance for wood reached a negative value of R17 million but it improved tremendously in the second quarter of 2010 to R375 million. Figure 8 also shows that the trade balance for fish and seafood remained relatively stable and positive from the first quarter of 2005. It reached its highest value (R874 million) in the second quarter of 2008, after which it declined to R512 million in the last quarter of 2009. The trade balance for fish and seafood declined slightly to R609 million in the second quarter of 2010 from R760 million in the first quarter of 2010.

2.8.4 Trade balances

Figure 8 shows that the trade balances for agricultural products and wood products fluctuated significantly between the second quarters of 2005 and 2010. Since the second quarter of 2005, agriculture has

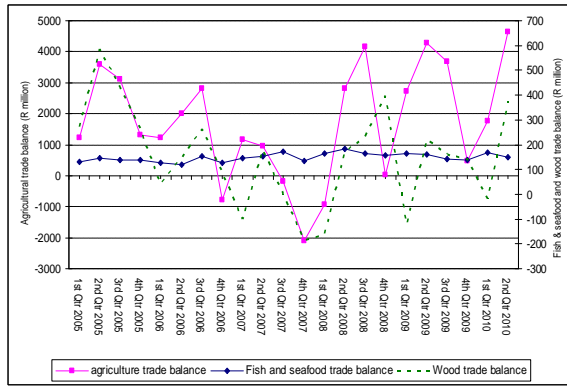


Figure 8: Trends in the trade balances for agriculture, fish and seafood and wood

Source: South African Revenue Services

2.9 Review of agricultural markets

2.9.1 Grain market review

Table B.1 shows monthly and quarterly proxies of supply and demand of four major grains in South Africa, i.e. maize, wheat, sunflowers and soya beans. Quarterly figures for opening stocks are averages and the rest of the quarterly figures are totals. In the second quarter of 2009, the average white maize and yellow maize opening stocks were 926 000 tons and 929 000 tons respectively, while the average total maize opening stock (white maize plus yellow maize) was 1,90 million tons. The average opening stocks for white maize and yellow maize increased to 1,52 million tons and 940 000 tons respectively in the second quarter of 2010. The average total stock increased to 2,5 million tons during the same period. Consumption of maize in South Africa totalled 718 000 tons in the second quarter of 2009. Of this total, 371 000 tons were white maize and 347 000 tons were yellow maize. Consumption

decreased to 706 000 tons in the second quarter of 2010, when consumption of the two maize varieties reached 442 000 tons and 264 000 tons respectively. During the same quarter, total maize exports reached 97 000 tons, or 86 000 tons less than the 183 000 tons recorded in the second quarter of 2009.

The average opening stocks of wheat for human consumption and for animal feeds in the second quarter of 2009 were 1,41 million tons and 13 000 tons respectively. The average opening stocks of wheat for human consumption increased to 1,43 million tons while opening stocks for feed decreased to 12 000 tons in the second quarter of 2010. The average total opening stocks of wheat increased from 1,43 million tons to 1,44 million tons during the same period. Consumption of wheat amounted to 727 000 tons in the second quarter of 2010. Of this, 712 000 were for human consumption, 6 000 tons were for animal feed production and the rest was kept at producer level, e.g. as seeds for the next production season. In the second quarter of 2009, 223 000 tons of wheat were imported and 20 000 tons were exported. In the second quarter of 2010, imports increased to 344 000 tons while exports decreased to 19 000 tons.

The total opening stocks of sunflower averaged 388 000 tons in the second

quarter of 2009 and decreased to 232 000 tons in the second quarter of 2010. During the same period, consumption also decreased, from 217 000 tons to 187 000 tons. Imports of this commodity increased from 300 tons to 1 100 tons during the same period. In the second quarter of 2009, the opening stocks of soya beans averaged 245 000 tons but stocks decreased to 204 000 tons in the second quarter of 2010. Consumption of this commodity increased from 77 000 tons to 112 000 tons.

The prices of white and yellow maize averaged R1 580/ton and R1 446/ton respectively in the second quarter of 2009. The prices of wheat, sunflower and soya beans averaged R2 586/ton, R2 991/ton and R3 343/ton respectively during the same quarter. The average prices of white and yellow maize in the second quarter of 2010 decreased by 31% and 21% to reach R1 091/ton and R1 147/ton respectively. During the same period, the price of wheat and sunflower also decreased by 14% and 24% to average R2 232/ton and R2 536/ton respectively, while the price of sunflower increased by 13% to average R3 370/ton.

2.9.2 Fruit and vegetable market review

Table B.2 shows the quarterly average prices of different fruits that were traded at the Fresh Produce Markets (FPMs) during the second quarters of 2008, 2009 and 2010. The average prices of avocados,

bananas and pears decreased by 32%, 11% and 2% respectively between the second quarters of 2009 and 2010. During the same period, the prices of mangoes increased drastically by 50%, while the prices of grapes, oranges and apples increased by 29%, 6% and 3% respectively.

Table B.3 shows the total quantities of different fruits that passed through the FPMs during the second quarters of 2008, 2009 and 2010. Between the second quarters of 2009 and 2010, most fruits experienced increases in quantities traded through the FPMs, with quantities of grapes, mangoes, pears, bananas, apples and oranges increasing by 215%, 104%, 23%, 15%, 5% and 3% respectively. On the other hand, avocados experienced a decrease of 18% in quantities sold through the FPMs.

Table B.4 shows the trends in quarterly prices of different vegetables sold through the FPMs during the second quarters of 2008, 2009 and 2010. Between the second quarter of 2009 and 2010, most vegetables experienced price increases. The prices of lettuce, cucumber, tomatoes, spinach, carrots, beetroot and green beans increased by 61%, 49%, 42%, 37%, 18%, 15% and 14% respectively. Cabbage, onions, potatoes and sweet potatoes experienced price decreases of 23%, 16%, 10% and 6% respectively during the same period.

Table B.5 shows quantities of different vegetables traded through the FPMs during the second quarters of 2008, 2009 and 2010. The period between 2009 and 2010 experienced decreases in quantities of most vegetable traded through the FPMs. The quantities of cucumber, spinach, beetroot, tomato and carrot decreased by 63%, 26%, 14%, 12% and 5% respectively while green beans and lettuce both decreased by 4%. Onions, sweet potatoes, cabbage, and potatoes experienced 8%, 7%, 5% and 4% increases respectively in the quantities sold through the FPMs.

2.9.3 Meat industry review

Table B.6 shows quarterly gross production values of beef, the average prices of beef and the number of slaughtered cattle during the first and second quarters of 2008, 2009 and 2010. In the second quarter of 2009, the gross production value of beef was R3,09 million and it increased by 25% to reach R3,87 million in the second quarter of 2010. During the same period, the price of beef increased by 10%, i.e. from R21,49/kg to R23,64/kg. The number of cattle slaughtered between the second quarters of 2009 and 2010 increased from 504 717 heads to 538 720 heads, i.e. a 7% increase.

Table B.7 shows quarterly gross production values of poultry, the average price of poultry meat and production during the first

and second quarters of 2008, 2009 and 2010. The gross value of poultry meat in the second quarter of 2010 was R5,84 million, which is 2% lower than the R5,93 million in the second quarter of 2009. The price of poultry meat also decreased by 5% from R17 307/ton in the second quarter of 2009 to R16 503/ton in the second quarter of 2010. During the same period, commercial poultry production increased by 3% from 327 746 tons to 338 623 tons.

2.9.4 Eggs and dairy industry review

2.9.4.1 Eggs

Table B.8 shows quarterly gross production values of eggs, price per dozen and production during the first and second quarters of 2008, 2009 and 2010. Between the second quarters of 2009 and 2010, the gross production value of eggs decreased by 3%, from R1,69 million to R1,63 million. The price per dozen eggs also decreased by 4% from R9,17/dozen in the second quarter of 2009 to R8,84/dozen in the second quarter of 2010. During the same period, production increased marginally by 0,3%.

2.9.4.2 Milk

Table B.9 shows quarterly gross production values of milk, price per litre received by farmers and production during the first and second quarters of 2008, 2009 and 2010. The gross production value of milk

increased from R2,04 million to R2,17 million between the second quarters of 2009 and 2010, i.e. a 7% increase. During the same period, the price per litre received by farmers increased by 2%, from R3,02/litre to R3,07/litre, while production increased by 5%, from 675 340 litres to 708 721 litres.

3. OUTLOOK OF THE AGRICULTURAL ECONOMY

3.1 Production

The 2010 field crop production will be the second largest in history after the 2008 highs. The seventh summer crop forecast by the Department of Agriculture, Forestry and Fisheries Crop Estimates Committee shows that the summer crop production is expected to be 5,3% higher than in 2008/2009. Meanwhile, South Africa is attempting to find export markets for the current maize surplus of about 5 to 6 million tons as the planting season approaches. At the same time, the prices of white maize and yellow maize continue declining, with white maize price decreasing by 31% and yellow maize price decreasing by 21% between the second quarters of 2009 and 2010. In the second quarter of 2010, the average prices of white maize and yellow maize are estimated at R1 091/ton and R1 147/ton respectively. Most commercial maize farmers are likely to suspend their plantings this season (October-December) owing to low (unprofitable) prices and

surplus carryover. As such, maize production in the next production season is likely to decline.

Production of sunflowers, groundnuts, sorghum and dry beans is expected to decline by 35,5%, 11,7%, 16,2% and 22% respectively. Fewer hectares were allocated to sunflowers because of difficult planting conditions in the main sunflower-producing areas.

Wheat production is expected to be 13,4% lower than in the previous production year (2009/10). Unprofitable prices and bad weather have resulted in a reduced hectorage being allocated to wheat planting in South Africa. Hectare allocation and production for malting barley are expected to be 11,9% and 10,7% higher respectively than in the previous production year. Malting barley will increase owing to a decrease in acreage allocated to wheat plantation in South Africa. Tons expected for Canola production have increased by 4,1% while the hectares are expected to decline by 0,2%.

3.2 Employment

Employment in the agricultural sector (including hunting) has declined further by 92 000 jobs, year-on-year, and by 32 000 jobs, quarter-on-quarter. According to the long-term trends, employment in the sector has been declining. It is therefore very likely

that employment in the sector will decline in the third quarter of 2010.

3.3 Inflation

Domestic wheat prices are currently trading firmer on SAFEX (the South African Futures Exchange) and are expected to trade upward because of the tighter supply situation globally. The average spot price of wheat was 3,1% lower in the three months ending in August 2010 than in the same period in 2009. The domestic price of wheat has firmed, rising by 11,9% between July and August 2010, tracking international prices after bad weather ruined wheat crops in Russia. South Africa, which imports a significant quantity of wheat, will have to contend with rising wheat prices which might result in a rise in the price of flour-related products.

Domestic prices of white and yellow maize have declined by 22,5% and 14,7% respectively for the three months ending in August 2010 from prices for the three months that ended in August 2009. Currently, the prices are starting to firm, having risen by 5,2% and 5,9% respectively between July and August 2010 after declining in June. Overall, there is a large supply of both white and yellow maize which, according to BFAP, will result in a decline in prices in 2010 averaging R1 091 and R1 192 per ton respectively.

The domestic price of soya beans has declined by 15,9%, while the sunflower price has risen by 19,3% for the three months ending in August 2010 compared to the same period in 2009. The local price of soya beans has firmed, rising by 11,7% between July and August 2010, and the price of sunflowers increased by 10,8% during the same period after declining by 2,8% between June and July 2010. Reduced soya bean stocks in South America at the beginning of the 2010/11 marketing year will push prices higher on the global markets.

The recent increases in the prices of most grain commodities indicate that the PPI inflation for agricultural commodities is likely to stay in positive territory, but because of low prices of maize, the PPI inflation is less likely to reach above 5%.

The inflation for food and non-alcoholic beverages has decelerated to reach below 1% in the second quarter of 2010. Figure 4 shows that the inflation for food and non-alcoholic beverages combined and food inflation on its own have decelerated remarkably in the first and second quarters of 2010. The deceleration is likely to come to an end because of firming producer prices of grain commodities. However, because of expected low prices of maize and continued decreases in the producer prices of poultry meat and eggs, food

inflation is expected to stay between 0% and 4% in the third and fourth quarter of 2010.

3.4 Agricultural trade

Average expectations are that the rand will appreciate to R7,50/US\$ in the third quarter of 2010 but depreciate to R7,70/US\$ during the fourth quarter of 2010 (see Table 1). Most agricultural products found it hard to compete because of lower prices internationally fuelled by the stronger rand. The appreciating rand during the forecast periods will make South African agricultural exports unattractive internationally and increase the cost of imported agricultural inputs. However, this will not impact significantly on the performance of agricultural trade and it is highly likely that we may see the agricultural trade balance increasing in the next two quarters of 2010.

Table 1: Forecast of exchange rate

		Quarter 3	Quarter 4
7,54	BER	7,40	7,55
	Standard Bank	7,55	7,68
	Absa	7,56	7,89
	Average	7,50	7,70

Source: BER

3.5 Income

The BER expects real disposable income to rise by 4,3% and 4,5% in the third and fourth quarters of 2010 respectively. The Monetary Policy Committee of the Reserve Bank cut the repo rate by 50 basis points in September 2010, meaning people will have

more money to spend than previously although this spending will have a lag effect as most would still want to reduce their debts. The consumption of high-priced meat items like beef is expected to be 16,3% higher in 2010 than in 2009 after the drop in consumption experienced from 2008 to 2009.

Real net farm income declined by 12% in 2009 as a result of the slow demand and low prices. A further decline of 14% is expected in 2010 as commodity recovery in terms of demand and prices is still expected to be slow.

4. CONCLUSION

The pace of the South African economic growth is being slowed down by the mining and quarrying sector, which contributed negatively to overall growth. The manufacturing sector, the electricity sector and the construction sector have also reduced their contribution to the overall economic growth. The agriculture, forestry and fisheries sector performed very well in the second quarter of 2010, experiencing double-digit growth, although the real gross value added by the sector is still lower than in the corresponding period in 2009. Grain producers are expected to continue to feel pinched by the low grain commodity prices, with maize producers being uncertain of how much to plant as a result of the low

prices coupled with maize surpluses. However, the consumers of food are continuing to enjoy the advantage of low food inflation.

The decline in the number of people employed in the agriculture, forestry and fisheries sector (including hunting) is in line with the evidence from the literature that there is a long-term decline in employment within the sector.

Following the continued positive growth of the South African economy, the agricultural, forestry and fisheries trade has started to show some signs of recovery in the second quarter of 2010.

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Appendix A: Agricultural economic variables

Table A.1: Intermediate expenditure on goods and services by agriculture

Expenditure on intermediate goods and services (R million)															
	Farm services	Building and fencing material	Fuel	Dips and sprays	Electricity	Land tax	Maintenance and repair of machinery and implements	Fertilisers	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
2 nd qtr 2008	2 056	702	3 630	592	271	204	908	2 194	1 143	872	3 522	260	127	36	16 517
2 nd qtr 2009	2 443	786	3 375	722	300	209	1 071	1 106	1 383	1 082	3 810	299	163	39	16 788
2 nd qtr 2010	2 854	841	2 711	880	333	213	1 264	1 108	1 660	1 277	4 120	335	188	41	17 826
2 nd qtr 2008 to 2 nd qtr 2009	18,8%	12,0%	-7,0%	22,0%	11,0%	2,0%	18,0%	-49,6%	21,0%	24,0%	8,2%	15,0%	29,0%	8,6%	1,6%
2 nd qtr 2009 to 2 nd qtr 2010	16,9%	7,0%	-19,7%	22,0%	11,0%	2,0%	18,0%	0,2%	20,0%	18,0%	8,2%	12,0%	15,0%	4,5%	6,2%

Source: DAFF

Table A.2: Nominal gross income from agricultural products between 2008 and 2010

Year	2008			2009				2010		2nd qtr 2008 to 2nd qtr 2009	2nd qtr 2009 to 2nd qtr 2010
Quarter	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd		
Real gross income from agricultural products (R billion)											
Field crops	6 883,38	5 788,88	3 339,98	924,12	6 516,17	6 127,93	3 160,76	963,26	7 122,48	-5,3%	9,3%
Horticulture	7 120,33	5 207,14	4 033,95	5 864,6	6 605,00	4 830,87	4 256,74	59 00,71	6 565,42	-7,2%	-0,6%
Animal products	9 735,26	10 244,52	10 451,26	9 900,69	9 687,29	10 023,71	10 647,13	10 181,87	9 981,76	-0,5%	3,0%
Total	23 738,96	21 240,54	17 825,18	16 689,4	22 808,46	20 982,51	18 064,63	17 045,84	23 669,65	-3,9%	3,8%

Source: DAFF

Table A.3: Private consumption expenditure on food between 2009 and 2010

	Private consumption expenditure on food (R million)									
	Meat	Bread and grain	Sugar	Milk, milk products and eggs	Oils and fats	Potatoes	Fruit and veg.	Coffee, tea	Other	Total food
1st qtr 2009	24 988	24 163	989	8 710	1 867	2 949	8 944	7 261	2 453	82 324
2nd qtr 2009	25 215	23 552	1 204	8 544	1 946	3 067	8 256	7 178	2 426	81 387
3rd qtr 2009	25 803	24 294	1 292	9 654	1 931	2 809	8 805	7 459	2 520	84 567
4th qtr 2009	26 833	23 559	1 368	10 714	1 832	3 422	9 516	7 724	2 610	87 579
1st qtr 2010	27 172	22 335	1 208	9 304	1 675	3 096	8 584	7 337	2 479	83 191
2nd qtr 2010	27 079	22 427	1 194	9 026	1 771	3 186	8 996	7 368	2 490	83 538
2nd qtr 2009 to 2nd qtr 2010	7,4%	-4,8%	-0,8%	5,6%	-9,0%	3,9%	9,0%	2,6%	2,6%	2,6%

Source: DAFF

Table A.4: Export values of agricultural products by destination between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by destination (R million)				Export value as a % of total export value		Cumulative %	
Total	7 657	11 315	12 068	12 126	-	-	-	-
The Netherlands	861	1 399	1 167	1 313	10%	11%	10%	11%
The United Kingdom	1 062	1 378	1 323	1 222	11%	10%	21%	21%
Mozambique	380	514	482	1 158	4%	10%	25%	30%
Zimbabwe	81	526	799	823	7%	7%	31%	37%
Germany	377	510	460	516	4%	4%	35%	41%
The United States	346	338	381	473	3%	4%	38%	45%
Japan	316	392	355	439	3%	4%	41%	49%
China	377	510	460	516	4%	4%	45%	53%
Russia	161	388	286	378	2%	3%	47%	56%
The United Arab Emirates	212	320	415	343	3%	3%	51%	59%
Angola	234	255	346	263	3%	2%	54%	61%

Source: South African Revenue Services

Table A.5: Export values of agricultural products by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by product (R million)				Export value as a % of total export value		Cumulative %	
Total	7 657	11 315	12 068	12 126	-	-	-	-
Edible fruit and nuts	3 040	3 939	3 905	4 275	32%	35%	32%	35%
Beverages	1 540	1 957	2 184	2 587	18%	21%	50%	57%
Preserved food	595	890	869	911	7%	8%	58%	64%
Tobacco	430	471	691	520	6%	4%	63%	68%
Cereals	252	326	379	478	3%	4%	67%	72%
Wool, not carded or combed	282	245	475	446	4%	4%	70%	76%
Miscellaneous food	133	778	454	424	4%	3%	74%	80%
Sugars	79	612	1 146	370	9%	3%	84%	83%
Meat	290	380	270	323	2%	3%	86%	85%
Milling products, malt, starch	60	149	191	223	2%	2%	88%	87%

Source: South African Revenue Services

Table A.6: Import values of agricultural products by exporting country between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by exporting country (R million)				Import value as a % of import value		Cumulative %	
Total	6 716	8 515	7 788	7 497	-	-	-	-
Argentina	1 605	979	910	724	12%	10%	12%	10%
Brazil	688	754	926	698	12%	9%	24%	19%
Germany	146	361	521	596	7%	8%	30%	27%
China	243	345	617	457	8%	6%	38%	33%
The United Kingdom	325	399	324	446	4%	6%	42%	39%
The Netherlands	172	347	358	443	5%	6%	47%	45%
Thailand	299	938	614	442	8%	6%	55%	51%
The United States	437	514	305	406	4%	5%	59%	56%
Malaysia	288	558	321	351	4%	5%	63%	61%
Indonesia	188	476	273	314	4%	4%	66%	65%

Source: South African Revenue Services

Table A.7: Import values of agricultural products by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd Qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by product (R million)				Import value as a % of import value		Cumulative %	
Total	6716	8515	7788	7497	-	-	-	-
Cereals	1235	1554	1339	1095	17%	15%	17%	15%
Meat	733	557	773	700	10%	9%	27%	24%
Beverages	505	637	665	606	9%	8%	36%	32%
Palm oil and its fractions, not chemically modified	303	699	407	446	5%	6%	41%	38%
Tobacco	189	225	406	394	5%	5%	46%	43%
Soya bean oil cake and other solid residue, whole, not ground	341	666	536	370	7%	5%	53%	48%
Miscellaneous food	355	415	372	364	5%	5%	58%	53%
Soya bean oil and its fractions, not chemically modified	262	530	114	352	1%	5%	59%	58%
Spices, coffee, tea	201	293	264	284	3%	4%	63%	62%
Preserved food	203	269	260	239	3%	3%	66%	65%

Source: South African Revenue Services

Table A.8: Export values of fish and seafood by destination between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by destination (R million)				Export value as a % of total export value		Cumulative %	
Total	814	1057	853	818	-	-	-	-
Spain	203	250	149	157	17%	19%	17%	19%
Hong Kong	44	113	126	128	15%	16%	32%	35%
Italy	128	189	136	113	16%	14%	48%	49%
The United States	46	67	52	51	6%	6%	54%	55%
Australia	42	49	22	43	3%	5%	57%	60%
Japan	103	60	57	39	7%	5%	64%	65%
China	5	7	4	30	0%	4%	64%	69%
Angola	28	1	12	29	1%	4%	65%	72%
France	28	42	23	28	3%	3%	68%	76%
Portugal	39	54	43	23	5%	3%	73%	78%

Source: South African Revenue Services

Table A.9: Export values of fish and seafood by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by product (R millions)				Export value as a % of total export value		Cumulative %	
Total	814	1057	853	818	-	-	-	-
Frozen fish, not fillets	236	212	238	173	28%	21%	28%	21%
Other seafood	149	245	152	187	18%	23%	46%	44%
Crustaceans	128	181	197	193	23%	24%	69%	68%
Fillet, other fish meat	169	276	169	183	20%	22%	89%	90%
Fresh fish, not fillet	122	132	87	63	10%	8%	99%	98%

Source: South African Revenue Services

Table A.10: Import values of fish and seafood by exporting country between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by exporting country (R million)				Import value as a % of import value		Cumulative %	
Total	179	183	176	210	-	-	-	-
New Zealand	16	19	21	33	12%	15%	12%	15%
India	38	29	29	26	16%	12%	28%	28%
Norway	16	12	14	20	8%	10%	36%	37%
China	19	15	14	19	8%	9%	45%	46%
Thailand	11	3	14	19	8%	9%	53%	55%
Argentina	7	4	6	15	4%	7%	56%	63%
Spain	7	12	1	13	1%	6%	57%	69%
Peru	5	7	4	10	2%	5%	59%	74%
Falkland Islands	8	9	8	8	5%	4%	64%	78%
Mozambique	9	9	10	7	6%	4%	70%	81%

Source: South African Revenue Services

Table A.11: Import values of fish and seafood by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by product (R million)				Import value as a % of import value		Cumulative %	
World	179	183	176	210	-	-	-	-
Crustaceans	59	43	67	59	38%	28%	38%	28%
Frozen fish, not fillets	44	36	48	62	27%	29%	65%	57%
Other seafood	36	47	28	47	16%	23%	81%	80%
Fillet, other fish meat	21	39	15	22	9%	10%	90%	90%
Fresh fish, not fillet	6	10	10	12	6%	6%	96%	96%
Fish, dried, salted, etc.	8	4	4	5	2%	2%	98%	98%
Live fish	4	4	4	4	2%	2%	100%	100%

Source: South African Revenue Services

Table A.12: Export values of wood by destination between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by destination (R million)				Export value as a % of total export value		Cumulative %	
Total	798	843	718	849	-	-	-	-
Japan	532	530	378	346	53%	41%	53%	41%
Korea, South	0	0	15	260	2%	31%	55%	71%
United Kingdom	89	103	92	71	13%	8%	68%	80%
Mozambique	41	29	37	32	5%	4%	73%	84%
Zimbabwe	10	10	11	19	2%	2%	74%	86%
The Netherlands	9	12	30	15	4%	2%	78%	88%
Australia	7	9	9	11	1%	1%	80%	89%
Angola	4	14	5	10	1%	1%	80%	90%
Zambia	4	5	9	9	1%	1%	82%	91%
Mauritius	8	6	8	9	1%	1%	83%	92%

Source: South African Revenue Services

Table A.13: Export values of wood by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Export values by product (R million)				Export value as a % of total export value		Cumulative %	
World	798	843	718	849	-	-	-	-
Fuel in log, chips, etc.	536	532	421	614	59%	72%	59%	72%
Wood charcoal	42	52	68	47	9%	6%	68%	78%
Bldersqjoinry + carpnt.	64	70	70	53	10%	6%	78%	84%
Fibrbrd of wd/ot. lign.	18	19	17	25	2%	3%	80%	87%
Rough, not sapwood	33	35	44	21	6%	2%	86%	90%

Source: South African Revenue Services

Table A.14: Import values of wood by exporting country between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by exporting country (R million)				Import value as a % of import value		Cumulative %	
Total	619	674	497	474	-	-	-	-
Malaysia	130	146	95	108	19%	23%	19%	23%
China	78	72	72	73	14%	15%	34%	38%
Indonesia	30	44	38	38	8%	8%	41%	46%
Germany	42	30	28	33	6%	7%	47%	53%
Argentina	23	47	16	27	3%	6%	50%	59%
Brazil	26	29	30	27	6%	6%	56%	65%
Gabon	41	48	40	22	8%	5%	64%	69%
United States	35	34	25	20	5%	4%	69%	73%
France	25	23	22	19	4%	4%	74%	77%
Zimbabwe	38	34	18	14	4%	3%	77%	80%

Source: South African Revenue Services

Table A.15: Import values of wood by product between 2007 and 2010

	2 nd qtr 2007	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2009	2 nd qtr 2010
	Import values by product (R million)				Import value as a % of import value		Cumulative %	
Total	619	674	497	474	-	-	-	-
Lumber > 6 mm thick	237	290	175	174	35%	37%	35%	37%
Cask, barr., vat, etc.+ pts	26	27	22	19	4%	4%	40%	41%
Fibrbrd of wd/ot. lign.	87	58	52	61	10%	13%	50%	54%
Plywood, veneer, etc.	61	86	60	57	12%	12%	62%	66%
Bldersqjoinry + carpnt.	58	59	44	43	9%	9%	71%	75%

Source: South African Revenue Services

Appendix B: Review of agricultural markets

Table B.1: Proxies of grain supply and consumption and grain prices

	Apr	May	Jun	2 nd qtr	Apr	May	Jun	2 nd qtr	2 nd qtr 2009 to 2 nd qtr 2010 % change
	2009	2009	2009	2009	2010	2010	2010	2010	
	Volumes (1000 tons)								
White maize opening stock*	1 203	762	814	926	1 742	1 362	1 443	1 516	64%
Yellow maize opening stock*	1 039	819	1 124	929	1 028	769	1 024	940	1%
Total maize opening stock*	2 242	1 518	1938	1899	2 770	2 131	2 467	2 456	29%
White maize processed for local consumption	342	386	385	371	435	455	435	442	19%
Yellow maize processed for local consumption	333	348	360	347	255	269	268	264	-24%
Total maize processed for local consumption	675	734	745	718	690	724	703	706	-2%
Total white maize exports	152	157	196	168	70	89	45	68	-60%
Total yellow maize exports	13	18	13	15	67	10	11	29	100%
Total maize exports	165	175	209	183	137	99	56	97	-47%
Wheat opening stock: human market*	1 605	1 431	1 205	1 414	1 540	1 449	1 308	1 432	1%
Wheat opening stock: feed market*	14	13	12	13	14	12	10	12	-8%
Wheat opening stock*	1 619	1 444	1 217	1 427	1 554	1 461	1 318	1 444	1%
Wheat consumption: human consumption	216	245	257	718	210	245	257	712	-1%
Wheat consumption: animal feed	1	1	0	2	4	1	1	6	200%
Total wheat consumption	223	249	259	731	217	250	260	727	-1%
Wheat imports (for human consumption only)	50	33	140	223	127	116	101	344	54%
Wheat exports	16	26	17	20	16	21	19	19	-5%
Average opening sunflower stock*	222	423	519	388	174	218	305	232	-40%
Sunflower seed imports	0	0	0,3	0,3	0,9	0	0,2	1,1	267%
Total processed sunflower for consumption	62	73	82	217	65	66	56	187	-14%
Average soya bean opening stock*	43	310	382	245	48	183	381	204	-17%
Soya bean consumption	22	27	28	77	34	43	35	112	45%
	Market prices (R/ton)								2nd qtr 2009 to 2nd qtr 2010 % change
White maize	1 630	1 598	1 512	1 580	1 103	1 117	1 052	1 091	-31%
Yellow maize	1 432	1455	1 452	1 446	1 156	1 183	1 102	1 147	-21%
Wheat	2 526	2627	2 603	2 585	2 165	2 245	2 286	2 232	-14%
Sunflower	2 802	3018	3 151	2 990	3 298	3 429	3 384	3 370	13%
Soya bean	3 203	3 371	3 456	3 343	2 530	2 547	2 531	2 536	-24%

Table B.2: Prices of selected fruits traded at the FPM

	Average prices at FPM (R/ton)			Percentage change	
	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Apples	3 745	3 877	4 002	4%	3%
Avocados	5 890	4 466	3 021	-24%	-32%
Bananas	3 519	4 068	3 614	16%	-11%
Oranges	1 539	1 571	1 662	2%	6%
Pears	3 749	3 736	3 679	-0,3%	-2%
Mangoes	5 916	4 598	6 876	-22%	50%
Grapes	4 455	5 334	6 859	20%	29%

Source: DAFF

Table B.3: Quantities of selected fruits traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Apples	39,2	39,7	41,6	1%	5%
Avocados	5,6	7,4	6,1	32%	-18%
Bananas	49,6	47,9	55,0	-4%	15%
Oranges	51,2	56,6	58,5	11%	3%
Pears	11,4	11,2	13,8	-1%	23%
Mangoes	1,6	0,4	0,7	-78%	104%
Grapes	7,9	6,5	20,6	-18%	215%

Source: DAFF

Table B.4: Prices of selected vegetables traded at the FPM

	Average prices at FPM (R/ton)			Percentage changes	
	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Beetroot	2 290	2 625	3 021	15%	15%
Carrots	2 588	3 557	4 204	37%	18%
Cucumber	3 113	3 266	4 876	5%	49%
Lettuce	2 283	2 432	3 927	7%	61%
Onions	2 614	4 190	3 513	60%	-16%
Potatoes	1 870	2 881	2 590	54%	-10%
Spinach	2 981	3 162	4 330	6%	37%
Tomatoes	3 010	3 853	5 462	28%	42%
Cabbage	1 166	1 780	1 375	53%	-23%
Green beans	5 315	4 714	5380	-11%	14%
Sweet potatoes	1 927	1 810	1 705	-6%	-6%

Source: DAFF

Table B.5: Quantities of selected vegetables traded at the FPM

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Beetroot	8,2	8,3	7,2	2%	-14%
Carrots	19,7	19,4	18,4	-2%	-5%
Cucumber	0,1	0,2	0,1	50%	-63%
Lettuce	6,6	6,3	6,1	-4%	-4%
Onions	70,4	64,0	68,8	-9%	8%
Potatoes	238,9	217,5	226,1	-9%	4%
Spinach	2,7	3,0	2,2	10%	-26%
Tomatoes	64,8	61,8	54,4	-5%	-12%
Cabbage	27,9	26,4	27,7	-5%	5%
Green beans	3,0	3,4	3,2	13%	-4%
Sweet potatoes	6,6	8,5	9,1	29%	7%

Source: DAFF

Table B.6: Beef market statistics

	Units	1 st qtr 2008	1 st qtr 2009	1 st qtr 2010	2 nd qtr 2008	2 nd qtr 2009	2 nd Qtr 2010	1 st qtr 2008 to 1 st qtr 2009	1 st qtr 2009 to 1 st qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Gross value	R000	2 816	3 278	3 748	3 017	3 092	3 874	16%	14%	2%	25%
Average price	R/kg	21,43	23,73	22,56	21,37	21,49	23,64	11%	-5%	1%	10%
Quantities	Heads	499 380	526 143	546 916	519 642	504 717	538 720	5%	4%	-3%	7%

*Heads refer to the number of cattle slaughtered

Source: DAFF

Table B.7: Poultry market statistics

	Units	1 st qtr 2008	1 st qtr 2009	1 st qtr 2010	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	1 st qtr 2008 to 1 st qtr 2009	1 st qtr 2009 to 1 st qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Gross value	R000	4 539	5 859	5 825	4 658	5 934	5 842	29%	-1%	27%	-2%
Average price	R/Mt	13 677	17 090	16 457	14 033	17 307	16 503	25%	-4%	23%	-5%
Commercial production	Mt	317 024	327 746	338 623	291 231	327 746	338 623	3%	3%	13%	3%

Source: DAFF

Table B.8: Egg market statistics

	Units	1 st qtr 2008	1 st qtr 2009	1 st qtr 2010	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	1 st qtr 2008 to 1 st qtr 2009	1 st qtr 2009 to 1 st qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Gross value	R000	1 472	1 737	1 705	1 546	1 692	1 637	18%	-2%	9%	-3%
Average price	R/dozen	7,58	9,31	9,22	7,94	9,17	8,84	23%	-1%	16%	-4%
Commercial production	1 000 dozen	194 274	186 546	184 874	194 829	184 499	185 132	-4%	-1%	-5%	0,3%

Source: DAFF

Table B.9: Milk market statistics

	Units	1 st qtr 2008	1 st qtr 2009	1 st qtr 2010	2 nd qtr 2008	2 nd qtr 2009	2 nd qtr 2010	1 st qtr 2008 to 1 st qtr 2009	1 st qtr 2009 to 1 st qtr 2010	2 nd qtr 2008 to 2 nd qtr 2009	2 nd qtr 2009 to 2 nd qtr 2010
Gross value	R000	2 358	2 095	2 2456	2 332	2 037	2 174	-11%	7%	-13%	7%
Average price received by farmers	R/litre	3,15	2,86	3,03	3,30	3,02	3,07	-9%	6%	-9%	2%
Commercial production	1 000 litre	748 961	731 685	740 485	706 753	675 340	708 721	-2%	1%	-4%	5%

Source: DAFF

Appendix C: Descriptions of forestry import and export products

Table C.1: Descriptions of forestry import and export products

<p><u>Export product descriptions</u></p> <p>Fuel in log; Chips, etc.: Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms Fuel wood, wood in chips and sawdust and wood waste</p> <p>Wood charcoal: Wood charcoal (including shell or nut charcoal), whether or not agglomerated</p> <p>Blders' joinry + carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p> <p>Fibrbrd of wd/Ot. lign.: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Rough, not sapwood: Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared</p>
<p><u>Import product descriptions</u></p> <p>Lumber > 6 mm thick: Wood sawn or chipped length-wise, sliced or peeled, whether or not planed, sanded or end-jointed, of a thickness exceeding 6 mm</p> <p>Cask, barr, vat, etc. + pts: Casks, barrels, vats, tubs and other coopers and apos; products and parts thereof, of wood, including staves</p> <p>Fibrbrd of wd/Ot. lign.: Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p>Plywood, veneer, etc.: Plywood, veneered panels and similar laminated wood</p> <p>Blders' joinry + carpntr: Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p>