

QUARTERLY

# 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 agriculture 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 agriculture sector. It is our vision to maintain it as indispensable reading for everyone interested in developments in the AFF and the South African AFF sector.

This issue looks at the economic developments in the fourth 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

Global output expanded by 5,0% in 2010 following a 0,6% contraction in 2009 as emerging economies continue to lead the global economic recovery process while growth in advanced economies remain subdued. Economic output in emerging and developing economies expanded by 7,1% in 2010 (up from 2,6% in 2009), led by China (10,3%) and India (9,7%); while advanced economies expanded by 3,0% in 2010 (led by Japan with a 4,3% growth rate) following a 3,4% contraction in 2009. Recent reports indicate that China surpassed Japan in 2010 to become the second largest economy in terms of GDP, after the US, while Japan is now ranked third.

World grain production forecast for 2010/11 has been adjusted upwards by 2 million tons to reach 1 728 million tons, while world grain consumption is expected to rise by 3 million tons to 1 790 million tons, mainly due to higher than expected use of maize for ethanol in the US and of wheat for feed. International grain and oilseed prices continued their upward trend in February 2011, after advancing strongly in December 2010 and January 2011 as the US Department of Agriculture cut its grain supply forecast even further. The FAO Food Price Index soared to average 236 points in February 2011, the highest record since FAO started monitoring prices in 1990. World trade in grains is projected to rise by 2 million tons to reach 242 million in 2010/11

The SA economy grew by 4,4% during the fourth quarter of 2010, up from the revised 2,7% GDP growth rate in the third quarter. The real value added by the agriculture, forestry and fisheries sector grew by 12,5% in the fourth quarter of 2010, down from the 16,3% growth recorded in the third quarter. Despite the decline, the agriculture, forestry and fisheries sector remained the second-fastest growing industry in terms of GDP contribution, after the mining and quarrying sector. On an annual basis, the SA economy grew by 2,8% in 2010, following a 1,7% contraction in 2009, boosted mainly by the manufacturing, general government services as well as the finance, real estate and business services sectors.

The annual Consumer Price Index (CPI) inflation for 2010 averaged 4,3%, a significant drop from 7,1% in 2009. The inflation for food and non-alcoholic beverages averaged 1,3% in the fourth quarter of 2010, a decline from a 4,5% average in the fourth quarter of 2009. The Producer Price Index (PPI) inflation for domestic products averaged 6,1% in the fourth quarter

of 2010 while the PPI inflation for agriculture, forestry and fisheries (including mining) averaged 9,3% in the same quarter (down from the revised 12,3% the previous quarter).

The number of people employed in South Africa increased by 157 000 (1,2%) in the fourth quarter of 2010 compared to the third quarter, bringing SA's jobless rate to 24% of the labour force, its lowest level since the second quarter of 2009. The number of people employed by the agriculture, forestry and fisheries sector declined by 13 000 in the fourth quarter of 2010 compared to the third quarter of 2010, however, on a year-on-year basis, employment in the sector increased from 624 000 in the fourth quarter of 2009 to 627 000 in the fourth quarter of 2010.

Gross farm income from all agricultural products amounted to R128,6 billion in 2010, a decrease of 0,4% compared to 2009, mainly due to lower prices farmers received for maize, groundnuts, soya beans, milk, broilers and vegetables. Gross income from field crops declined by 14,1% to R27,6 billion in 2010 – income from maize for 2010 was R13,4 billion, 18,1% less than in 2009. Net farm income amounted to R34,2 billion in 2010, down 15,4% compared to 2009. Expenditure on intermediate goods and services by agriculture during 2010 is estimated at R75,0 billion, 8,5% more than R69,2 billion in 2009; mainly due to large increases in expenditure on packing material, dips and sprays, farm services as well as seeds and plants. Consumption expenditure on food amounted to R350,1 billion in 2010, up 3,2% from R339,4 billion in 2009.

The value of agricultural exports increased slightly by 0,8% amounting to R46,1 billion in 2010, from R45,8 billion in 2009. The estimated value of agricultural imports in 2010 amounted to R34,6 billion, a 1,1% decrease from R35,0 billion in 2009. During 2010, citrus fruit replaced wine to become the main earner of agricultural foreign exchange, with an export value of R6,6 billion. Both fisheries exports and imports declined in 2010 compared to 2009, with fisheries exports amounting to R2,3 billion in 2010 (from R2,4 billion in 2009) while fisheries imports amounted to R1,4 billion in 2010 (from R1,7 billion in 2009).

SA's forestry exports were valued at R9,7 billion in 2010, 16,9% more than the R8,3 billion exported in 2009; meanwhile, forestry imports remained relatively flat at about R6,6 billion in 2009 and 2010.

## 1. GLOBAL OVERVIEW OF THE AGRICULTURAL ECONOMY

Global recovery is proceeding at two varied paces – in **advanced economies**, activity has moderated less than expected, but growth remains subdued, unemployment is still high and renewed stress in the euro area is contributing to downside risks. Meanwhile, activities in many **emerging economies** remains buoyant, inflation pressures are emerging, and signs of overheating due to massive capital inflows are beginning to suffice (World Economic Outlook Update, 2011).

Global output is projected to expand by 4½ percent in 2011, an upward revision of about ¼ percentage point, relative to the October 2010 World Economic Outlook (WEO), owing to the positive impact of fiscal stimulus adopted by the United States. However, downside risks to the recovery remain elevated. A flight to safety bid in reaction to the conflict in Libya and higher oil prices are some of the risks to the growth outlook. Prices of oil and non-oil commodities rose considerably in 2010 in response to global supply shocks for other commodities and raised demand in others. World grain supplies are forecast to increase slightly in 2010/2011. According to the February 2011 report by International Grains Council (IGC), **world grain production** is expected to increase by 2

million tons to 1,7 billion tons in 2010/2011. However, drought ravaged areas such as Russia experienced the biggest fall in grain output, followed by the EU. On the other hand, **world grain consumption** is expected to rise by 3 million tons to 1,8 billion tons, mostly because of higher than anticipated use of maize for ethanol in the US and of wheat for feed.

**World trade** in grains is also expected to rise by 2 million tons to 242 million in 2010/2011. World wheat production is estimated at 648 million tons, with higher than expected harvests in Australia and Argentina. Its consumption estimate is slightly higher at 661 million tons in February 2011 as compared to the previous month. Strong export demand for feed and lower-grade wheat has contributed to an increased forecast for world trade in wheat, up by 0,9 million tons to 123,6 million tons. World **wheat** stock is forecast at 185 million tons, a drop of 13 million tons compared with the year before. In February 2011, the world production forecast of **maize** is forecast at 811 million tons for the 2010/2011 period, 2 million higher than last month, but 2 million lower than the previous year's record. Yield prospects improved in Brazil but declined in Argentina and South Africa. World maize consumption is expected to increase by 3 million tons to a record 845 million tons, 30 million higher than last year, owing to a larger than

expected industrial demand for ethanol production in the US. Global trade is forecast to increase by 8% to 93 million tons.

International grain and oilseed **prices** continued their upward trend in February 2011, after advancing strongly in December 2010 and January 2011 owing to the US Department of Agriculture's decision to further cut its grain supply forecast. Substantial price gains in January and February 2011 were spurred further by concerns about quality milling wheat and the tightening outlook for maize and soybeans. According to reports from FAO, the FAO Food Price Index soared to average 236 points in February, up 2,2% from January 2011 – the highest record since FAO started monitoring prices in 1990. There are also fears that the Middle East crisis and the unexpected oil price hikes could further raise food prices.

According to the International Grain Council (IGC) 2011/2012 outlook, world grain production in 2011 is forecast to increase by 24 million tons while global wheat supply and demand is projected to be broadly in balance in 2011/2012 despite current production uncertainties. Also, strong prices are likely to boost plantings in a number of countries in 2011, and this may bring prices down.

## 2. THE STATE OF THE DOMESTIC ECONOMY OF AGRICULTURAL, FORESTRY AND FISHERIES

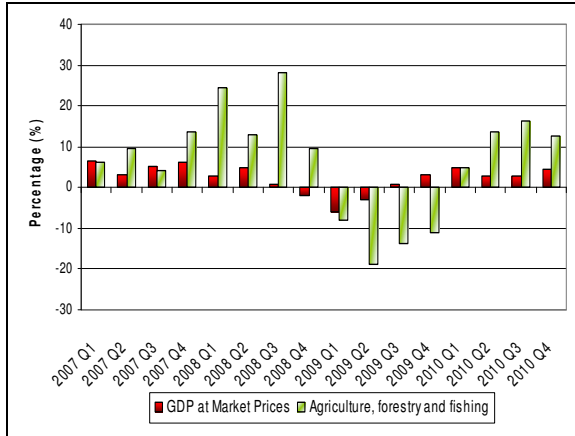
### 2.1 Growth

The annualized and seasonally adjusted real Gross Domestic Product (GDP) at market prices increased by 4,4% during the fourth quarter of 2010, compared with an increase of 2,7% in the previous quarter. The upward trend in GDP was mainly driven by the mining and quarrying sector, which contributed 0,9 percentage points, recording a growth of 17,1% followed by general government services which added a real value of 5,3% resulting in a 0,7 percentage point increase. The manufacturing sector contributed 0,6 percentage points in the fourth quarter of 2010, in contrast to -0,8 percentage point recorded in the preceding quarter. Other sectors that had a significant impact on GDP increase include wholesale, transport and finance; averaging 0,4 percentage points between themselves.

As depicted in figure 1, the real value added by the agriculture, forestry and fisheries sector grew by 12,5% in the fourth quarter of 2010, lower than the 16,3% growth recorded in the third quarter of 2010. The positive growth in the fourth quarter of 2010 was mainly attributed to positive contributions from horticulture and animal products. Despite the decline in the growth



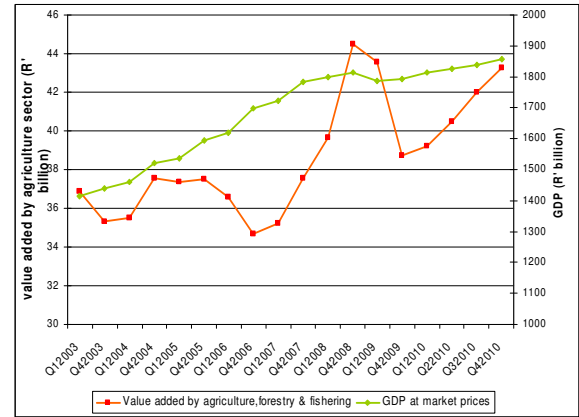
rate, the sector remained the second fastest growing industry in terms of GDP contribution, with mining and quarrying continuing to lead the pack in the fourth quarter of 2010. As compared with -0,3 percentage points recorded in the previous year (2009), the sector managed to contribute positively to GDP, recording an average of 0,3 percentage points in 2010. The agriculture, forestry and fisheries industry's value added of R60 billion was R4 billion less than in the preceding year.



**Figure 1: Trends in the real GDP growth and the growth in the real value by the sector.**

Source: Stats SA

In figure 2, the country's real GDP shows an increase from R1,84 trillion recorded in the last quarter to R1,86 trillion in the fourth quarter of 2010. Meanwhile, the agriculture, forestry and fisheries sector had its value of GDP increased from R42,02 billion in the third quarter to R43,28 billion in the fourth quarter of 2010.



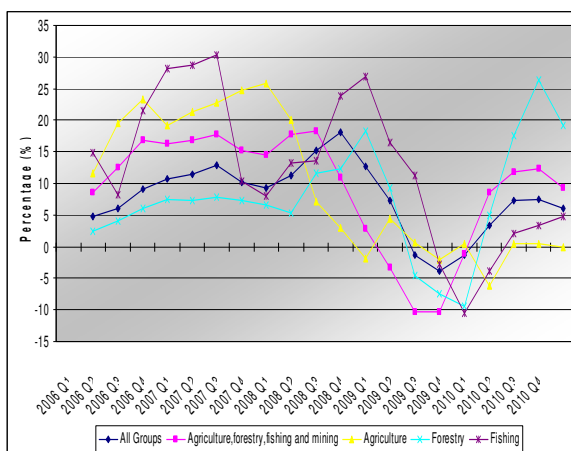
**Figure 2: Trends in the real GDP and the real value added by the sector.**

Source: Stats SA

## 2.2 Inflation

The year-on-year Producer Price Index (PPI) inflation for domestic products continued its downward trend in the fourth quarter of 2010. The rate slowed further to 5,5% in January 2011, after a 5,8% slowdown in December. However, on a monthly basis, prices increased by 1,1% in January 2011 as compared to December 2010. Meanwhile food prices at the agriculture level fell by 2,7% month-on-month, and by 4,9% on an annual basis. The largest contributors to producer inflation has been grain and sugar cane prices, which rose by 15,5% and 17,8% respectively, on an annual basis. Both forestry and fishing industries experienced a rise in producer prices of 14,8% and 4,7% respectively, on an annual basis. However on a monthly basis, forestry prices declined slightly by 0,5% while fisheries industries experienced an increase of 2,4% in producer prices.

As depicted in figure 3 below, producer prices of the entire sector, including mining, averaged 9,3% in the fourth quarter of 2010, from 12,3% posted by the entire sector in the previous quarter. This represent a decrease of 3,1 percentage points from the third quarter.



**Figure 3: Trends in the PPI inflation**

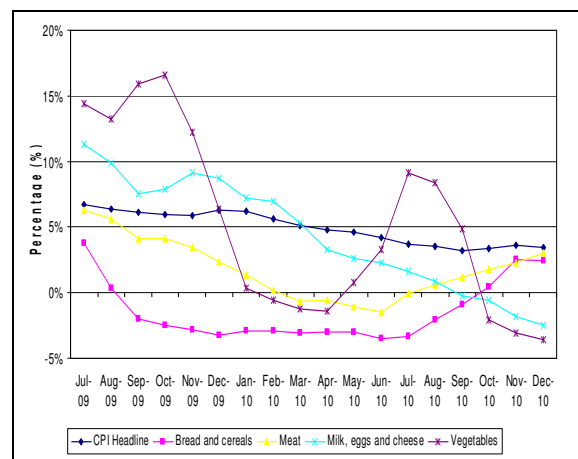
Source: Stats SA

The annual Consumer Price Index (CPI) inflation rose moderately to 3,7% in January 2011, from 3,5% in December 2010. On average, prices increased by 0,2% between November and December 2010. There were no significant changes in the average consumer inflation between the last quarter and the present quarter, as consumer prices continued to average 3,5% per annum. The annual average inflation rate for 2010 was at 4,3% compared with 7,1% in 2009.

Price inflation for food and non-alcoholic beverages in December 2010 was measured at 1,5% year-on-year, although it remains unchanged on a month-on-month basis. This resulted in housing and utilities

remaining the primary contributors to the inflation outcome. Food inflation alone continued to rise, from 1,4% year-on-year in December 2010, to 2,9% in January 2011 as food prices jumped by 2,3% month-on-month. The main drivers to food inflation in January 2011 were meat (up 4% m-o-m) fruit (up 7,1%) as well as oils and fats (up 4,9%). Fuel price increases put further pressure as the 29 cents per litre increase in petrol prices in January pushed petrol prices up by 3,4% month-on-month and 2,5% year-on-year (Nedbank, February 2011).

Figure 4 below shows changes in selected major South African food products and compares the items with the overall inflation. In December 2010, the annual inflation for bread and cereals as well as meat recorded 2,5% and 3,0% respectively. In the same period, inflation for milk, eggs and cheese as well as vegetables fell to -2,5% and -3,6% respectively.



**Figure 4: Trends in the CPI inflation**

Source: Stats SA

## 2.3 Employment

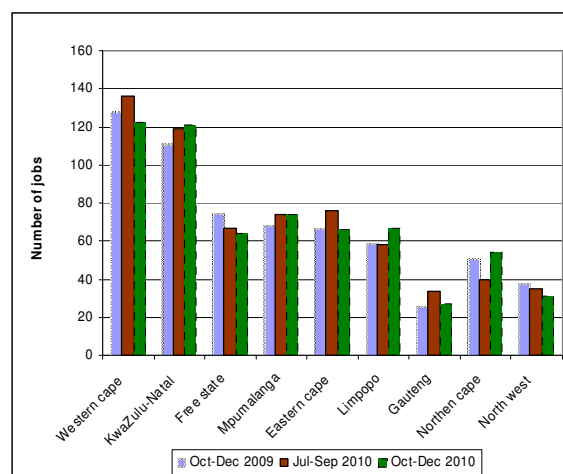
The Quarterly Labour Force Survey (QLFS) for the fourth quarter of 2010 indicated that the country's employment increased by 1,2% or 157 000 jobs, with the highest number of jobs created in the 'community and social services' sector, followed by the manufacturing and trade industries. South Africa's official jobless rate fell to 24% of the labour force – the lowest level since the second quarter of 2009 – compared to 25,3% in the previous quarter. The number of discouraged job seekers again increased significantly (currently at 35,8%), which has contributed to reducing unemployment rate.

The number of people employed by the agriculture, forestry and fisheries sector continued to decrease in the fourth quarter of 2010, as compared to the previous quarter. The sector employed 627 000 people in the fourth quarter of 2010 as compared to the 640 000 people employed in the previous quarter, resulting in a quarter-on-quarter decline of 2,0%. The agricultural sector shed the most number of jobs (13 000) when compared to the mining sector (5000 jobs) on a quarterly basis.

However, year-on-year estimates indicate an inverse scenario whereby the agricultural sector had a 0,5% increase in employment from 624 000 in the fourth quarter of 2009 to 627 000 in the fourth quarter of 2010; while the mining sector contracted by 1,0%

from 301 000 in the fourth quarter of 2009 to 298 000 in the fourth quarter of 2010. On the other hand, the industries that contributed the most to employment were community and social services as well as manufacturing which increased by 5,5% and 4,1% respectively. The latter however contracted by 0,5% on an annual basis.

The unemployment rate continued its upward trend for Black Africans at 28,1% followed by the Colored population group at 21,3%. Indian and White population groups had the lowest unemployment rates at 7,9% and 5,5% respectively. The unemployment rate for the youth and women remained higher than the national average.



**Figure 5: Provincial agriculture employment**

Source: Stats SA

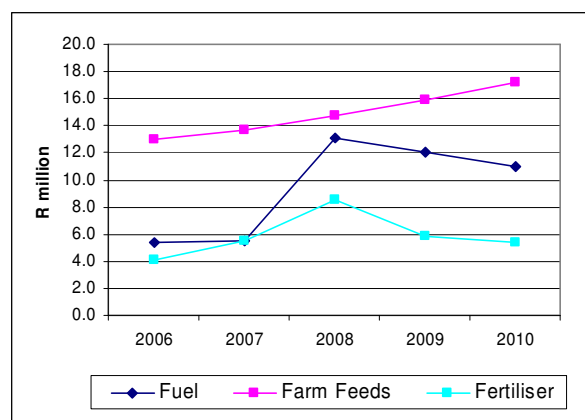
Figure 5 illustrates the distribution of the agricultural sector employment in terms of provinces. Between the third quarter of 2010 and the fourth quarter of the same year job losses were experienced in five of

the nine provinces. Gauteng had the highest number of job losses, followed by Eastern Cape, North West, Western Cape and Free State Province(s), recording job losses of 20,6%, 13,2%, 11,4%, 10,3% and 4,5%, respectively. Only the Northern Cape and Limpopo Provinces recorded significant increases in employment of 35% and 15,5%, respectively, on a quarter-to-quarter basis. KwaZulu-Natal showed an increase of just 1,7% and Mpumalanga remained unchanged.

## 2.4 Expenditure on intermediate goods and services by the agricultural sector

Appendix A.1 shows a trend in expenditure on intermediate goods and services by agriculture during the fourth quarters of 2010, 2009 and 2008. In the fourth quarter of 2010, expenditure on intermediate goods and services increased to reach R21,5 billion, which is 9,5% higher compared to the R19,7 billion in the fourth quarter of 2009 and 13,2% higher than the R19,0 billion expenditure recorded in 2008.

Expenditure on electricity increased by 11,0% In the fourth quarter of 2010, while expenditure on insurance increased by 11,7%, building and fencing material increased by 9,1%, farm feeds increased by 8,6% and fuel increased by 7,0%. Expenditure on fertilizer decreased significantly by 26,1%.



**Figure 6: Expenditure in selected items between 2006 and 2010**

Source: Stats SA

Figure 6 shows the total expenditure on fuel, farm feeds and fertilizer between 2006 and 2010. Expenditure on fuel remained relatively flat between 2006 and 2007 after which it increased sharply to peak in 2008 due to high oil prices before it started to decline as oil prices went down. Expenditure on farm feeds showed an upward trend for the period between 2006 and 2010, while expenditure on fertilizer followed a similar trend shown by fuel as fertilisers are also affected by crude oil prices.

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

Real gross farm income from all agricultural products amounted to R28,3 billion in the fourth quarter of 2010, a decrease of 3,6% compared to the R29,3 billion reported in the fourth quarter of 2009. The lower income can be mainly attributed to both lower production levels of winter grains and

lower prices that farmers received for certain products.

Real gross income from field crops was R4,7 billion in fourth quarter of 2010 compared to R5,3 billion in the fourth quarter of 2009, a decrease of 11,2%. Contribution from canola decreased significantly by 64,2%, while gross income from sugar cane decreased by 43,3% and income from dry beans decreased by 27,8%. Gross income from grain sorghum, groundnuts and barley declined by 23,6%, 23,4% and 17,2% respectively compared to the fourth quarter of 2009, which contributed to the overall decline. Other field crops and wheat also declined by 15,4% and 1,2% respectively. Maize contributed positively to the gross income from field crops during the fourth quarter of 2010, increasing significantly by 45,5%; however, on an annual basis, income from maize was R13,4 billion in 2010, 18,1% less than in 2009. Oats and hay also contributed an increase of 19,8% and 1,7% respectively to the gross income from field crops in the fourth quarter of 2010. (Appendix A.2)

Real gross income from animal products increased slightly by 0,3%, to R17,0 billion in the fourth quarter of 2010 from R16,9 billion in the fourth quarter of 2009. Gross income from cattle and calves slaughtered increased by 16,4%, income from goats slaughtered increased by 16,0%, income from mohair increased by 12,5% and

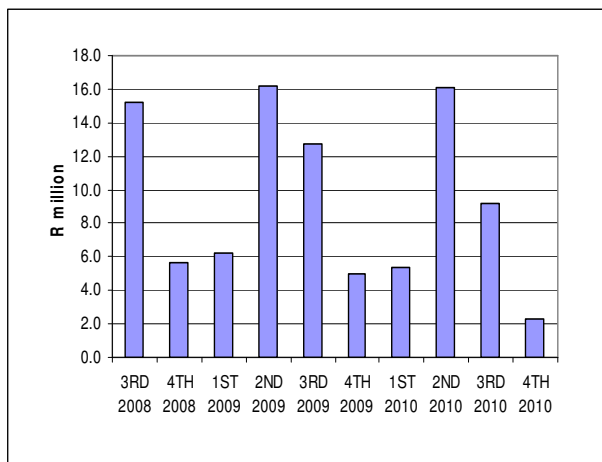
income from wool increased by 8,6%. On the other hand, gross income from ostrich feathers and products decreased by 26,0%, while income from pig slaughtered decreased by 9,5%. Income from milk, eggs and poultry meat decreased by 5,9%, 5,7% and 2,6% respectively.

Income from horticultural crops decreased by 7,1%, to R6,6 billion in the fourth quarter of 2010 from R7,2 billion in the fourth quarter of 2009. Gross income from tea, dried fruit and subtropical fruit decreased significantly by 48,2%, 33,0% and 22,6% respectively. Gross income from vegetables, other horticulture products and nuts also decreased by 10,3%, 7,0% and 5,5%, respectively. Viticulture income decreased by 4,8%, while income from deciduous and other fruits contributed a decrease of 2,1% in the gross income from horticultural products, for the fourth quarter of 2010. Gross income from citrus fruit increased by 25,3% while flowers and bulbs contributed increases of 4,6% between the two quarters under consideration.

The gross income of farmers from all agricultural products decreased by 3,6% in the fourth quarter of 2010 compared to the fourth quarter of 2009. This was due to lower income from field crops and horticulture products, as well as slight increases in income from animal products. The above situation affected the net farm



income negatively in the fourth quarter of 2010.



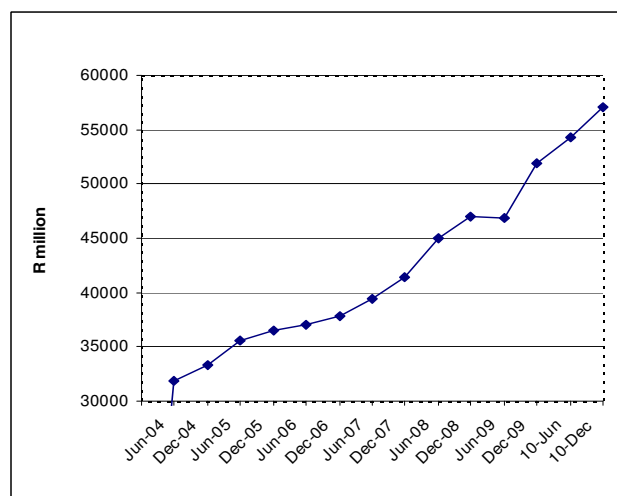
**Figure 7: Expenditure in selected items between 2006 and 2010**

Source: Stats SA

Figure 7 shows that the net farm income in the fourth quarter of 2010 was lower than the net farm incomes for the fourth quarters of both 2008 and 2009. The net farm income decreased significantly by 53,1% to reach R2,3 billion in the fourth quarter of 2010 compared to the fourth quarter of 2009.

## 2.6 Farm debt

As seen in Figure 8, farm debt continued to increase in the fourth quarter of 2010, increasing by 5,0% from R54,35 billion in June 2010 to R57,07 billion in December 2010. On an annual basis, farm debt increased by 9,7% from R51,94 billion in December 2009 to R57,07 billion in December 2010.



**Figure 8: Trends in farm debt between 2004 and 2010**

Source: DAFF

## 2.7 Private consumption expenditure on agricultural products

Appendix A.3 shows that private expenditure on food amounted to R91,3 billion in the fourth quarter of 2010, which is 3,2% higher than the R88,4 billion reported for the fourth quarter of 2009. During the fourth quarter of 2010, the main expenditure was on sugar and potatoes increasing by 16,4% and 10,1% respectively. Expenditure on meat increased by 6,0%, while expenditure on coffee, tea, other food, oils and fats increased by 3,2%. Expenditure on fruit and vegetables increased by 1,7%, while expenditure on bread and grain increased by 0,7%. During the same period expenditure on milk, milk products and eggs decreased slightly by 1,1%.

## **2.8 Trade of agricultural, forestry and fisheries products**

### **2.8.1 Agricultural trade**

The total export value of agricultural products on Table A4 increased from R10,1 billion to R 13,3 billion between the fourth quarters of 2009 and 2010. During the fourth quarter of 2010, South Africa gained most of its agricultural export revenue from agricultural products exported to Zimbabwe. From Zimbabwe, South Africa gained R1,0 billion of agricultural export revenue which represents 10% of the total export value. United Kingdom is the second largest country from which South Africa gained most of its agricultural export revenue. From this country, South Africa gained R 936 million of agricultural export revenue which represents 9% of the total export value. Other countries from which considerable amounts of agricultural export revenue were received include the Netherlands, Mozambique, South Korea, Angola, Germany, Japan, Saudi Arabia and Zambia. All of these countries including Zimbabwe and United Kingdom accounted for 54% of the total export revenue received from agricultural products.

The 10 most important agricultural products which contributed a considerable amount to the total agricultural export value include preserved foods, cereals, edible fruit and

nuts, beverages, sugars, milling products, malt and starch, fats and oils, vegetables, fish and seafood and miscellaneous grain and seed (Table A5)

According to data on Table A6, the total import value of agricultural products increased from R9,9 billion to R 10,1 billion between the fourth quarters of 2009 and 2010. Of the total import value of agricultural products during the fourth quarter of 2010, 65% was accounted for by Argentina, Thailand, Germany, United States, United Kingdom, Brazil, China, Malaysia, Indonesia and the Netherlands. The 10 most important agricultural products which contributed a considerable amount to the total import value include rice (semi or wholly milled, polished etc or not), soybean oilcake and other residue (whole not ground), soybean oil refined and fractions (not modified), palm oil (refined but not chemically modified), whiskies, wheat (other than durum wheat) and meslim, chicken cuts and edible offal (including livers), frozen, food preparations nesoi, tobacco (partly or wholly stemmed/stripped) and meat of swine, nesoi, frozen (Table A7). All of these products accounted for 52% of the total import value of agricultural products.

### **2.8.2 Fisheries trade**

Based on data in Table A8, the total export value of fish and seafood decreased from R 587 billion in the fourth quarter of 2009 to

521 billion in the fourth quarter of 2010. The most important destinations where South African fish and seafood were exported include Spain, Italy, Hong Kong, Portugal, United States, Cameroon, China, Singapore, Angola and Greece. All of these countries accounted for 79% of the total export revenue from fish and seafood. The biggest proportion of fish and seafood exported during the fourth quarter of 2010 include cuttle fish (frozen, dried, salted or in brine), fish, nesoi, with bones (frozen), fish, nesoi, with bones (fresh or chilled), whiting and hake except fillets, liver, roe (frozen) and lobsters (live, fresh, chilled, dried, salted or in brine) see Table A.9.

Based on data in Table A.10, the total import value of fish and seafood decreased from R453 billion in the fourth quarter of 2009 to R 296 billion in the fourth quarter of 2010. The 10 most important countries which accounted for 85% of the total import value of fish and seafood in the fourth quarter of 2010 include Thailand, China, Norway, Spain, India, New Zealand, United States, Falkland Islands, Philippines and Chile. Imported fish and seafood products which accounted for 74% of the total import value of fish and seafood include sardines/sardinella/ brisling (prepared or preserved and not minced), tunas/skipjack/bonito (prepared or preserved and not minced), cuttle fish and squid (frozen, dried, salted or in brine), fish,

nesoi, with bones (frozen) and molluscs, etc (prepared or preserved) see Table A.11.

### **2.8.3 Forestry trade**

According to data on table A.12, the total export value of forestry products increased from R 2,1 billion to R 2,7 billion between the fourth quarter of 2009 and the fourth quarter of 2010. Export destinations of forestry products during the fourth quarter of 2010 include Indonesia, China, Thailand, United Kingdom, Zimbabwe, India, Germany, Belgium, Taiwan and Angola. All of these countries accounted for 67% of the total export revenue of forestry products. The most important forestry products which accounted for 80% of the total export revenue of forestry products include chemical woodpulp, dissolving grades, kraftliner uncoated, bleached, in rolls or sheets, chemical woodpulp, soda etc, N Dis BI and BI nonconif, printed books, brochures, etc, nesoi, and newsprint, in rolls or sheets (Table A.13).

The total import value of forestry products on table A.14, decreased by less than 1 % between the fourth quarter of 2009 and the fourth quarter of 2010 to reach R 1,6 billion in the fourth quarter of 2010. SA's major import sources for forestry products include United Kingdom, United States, China, Germany, Sweden, Finland, Poland, Italy, Thailand and Brazil, all of which accounted for 70% of South Africa's total import value

of forestry products. The most important forestry products imported during the fourth quarter of 2010 include printed books, brochures, etc, nesoi, paper/pbrd ex lit-wgh writing etc clay ctd ov 10% mec, paper, paperbd, cellulose wadd etc, coat etc, nesoi, chemical woodpulp, soda etc, N Dis, S BI and BI conif, kraft Ppr/Pbrd Ex graphic, clay ctd unbleached roll/ sheet (see Table A.15). These products accounted for 40% of the total import value of forestry products.

Figure 8 shows trends in trade balance for agricultural products, fish and seafood as well as forestry products. Since the fourth quarter of 2005, agriculture experienced negative trade in five quarters, the fourth quarter of 2006, the third quarter of 2007, fourth quarter of 2007, the first quarter of 2008 and the fourth quarter of 2008. The first quarter of 2009 showed signs of improvement in trade as agriculture's trade balance reached R4,08 million in the second quarter of 2009. The fourth quarter of 2009 was not as promising as agriculture's trade balance dipped to R 260 million.

The first quarter of 2010 was more promising as agriculture's trade improved significantly, reaching R 1,56 million in the first quarter of 2010 and further improving to reach R 4,6 million in the third quarter of 2010. The third quarter of 2010 was a highlight as agriculture's trade peaked,

reaching it's highest trade balance since the first quarter of 2005, amounting to R 4,89 million. The fourth quarter of 2010 was rather different as agriculture's trade balance dipped to a low of R 213 million. The trade balance for fish and seafood remained in positive territory since the fourth quarter of 2005, reaching it's highest trade balance of R 600 million in the third quarter of 2006. It thereafter continued its fluctuating trend reaching R 225 million in the fourth quarter of 2010. The trade balance for forestry products experienced a negative trade in two quarters, the first quarter of 2007 and the first quarter of 2008. It thereafter improved significantly between the second quarter of 2008 and the fourth quarter of 2008, reaching R658 million in the fourth quarter of 2008. The second quarter of 2010 saw another increase in trade as the trade balance for forestry products reached R 872 million whilst the fourth quarter of 2010 experienced a peak where the trade balance for forestry products reached R 1,12 million.

## **2.9 Review of agricultural markets**

### **2.9.1 Grain market review**

Table B1 shows monthly and quarterly proxies of supply and demand of major grains in South Africa, i.e maize, wheat, sunflower and soya beans. In the fourth quarter of 2009, the average opening stock for white and yellow maize were 4,1 million tons and 2,8 million tons respectively, while

the average total opening stock ( white maize plus yellow maize) was 6,9 million tons. During the fourth quarter of 2010, the recent adverse climatic events and production shortfalls worldwide brought about a strong demand for agricultural commodities from emerging economies. In the fourth quarter of 2010, the average opening stock of white maize increased from 4,1 million tons to 5,3 million tons while yellow maize dropped from 2,8 million tons to 2,6 million tons. The average total maize opening stock (white maize plus yellow maize) totalled 7,9 million tons in the fourth quarter of 2010 as compared to 6,9 million tons in the fourth quarter of 2009. Consumption of maize in South Africa totalled 732 000 tons in the fourth quarter of 2009. Of this total, 362 000 tons were white maize while 369 000 tons were yellow maize. During the fourth quarter of 2010, consumption of maize increased to 741 000 tons as compared 732 000 tons in the fourth quarter of 2009. Of this total, 493 000 tons were white maize while 248 000 tons were yellow maize. During the same period, total maize exports reached 179 000 tons which is 28 000 tons more than the recorded 151 000 tons in the fourth quarter of 2009.

Production of wheat in South Africa has been declining over time with international fundamentals having an effect. The average opening stock of wheat for human consumption and for animal feeds reached

890 000 tons and 12 000 tons respectively, in the fourth quarter of 2009. In the fourth quarter of 2010, the average opening stock of wheat for human consumption decreased to 784 000 tons, while the opening stock for animal feed decreased to 6 000 tons. The average total opening stock of wheat decreased from 902 000 tons to 790 000 tons between the fourth quarters of 2009 and 2010. Consumption of wheat amounted to 753 000 tons. Of this total, 747 000 tons were for human consumption while the rest was kept at producer level e.g as seed for the next planting season. Imports of wheat totalled 381 000 tons in the fourth quarter of 2010, which is 25 000 tons less as compared to 406 000 tons recorded for the fourth quarter of 2009. Exports of wheat totalled 17 000 tons in the fourth quarter of 2010 as compared to 21 000 tons recorded for the fourth quarter of 2009.

The total opening stock of sunflower averaged 115 000 tons in the fourth quarter of 2010 as compared to 380 000 tons in the fourth quarter of 2009. The decrease in stocks could be the result of huge damages due to flooding in agricultural regions which, according to Agri SA, have resulted in SA farmers incurring losses amounting to R1 billion. Consumption of sunflower seeds decreased from 207 000 tons in the fourth quarter of 2009 to 165 000 tons in the fourth quarter of 2010. Imports of this commodity increased from 23 000 tons to 53 000 tons



between the fourth quarters of 2009 and 2010. The average opening stock of soya beans averaged 159 000 tons in the fourth quarter of 2010, which is 20 000 tons less than the recorded 179 000 tons in the fourth quarter of 2009. Consumption of soya beans decreased from 957 000 tons in the fourth quarter of 2009 to 625 000 tons in the fourth quarter of 2010.

Grain prices continued to exhibit steady price increases due to pressure on both the supply and demand sides. The price of white maize and yellow maize averaged R 1 554/ton and R 1 443/ton respectively in the fourth quarter of 2009 while wheat, sunflower and soya bean prices averaged R 2 133/ton, R 3 010/ton and R 2 929/ton respectively during the same period. In the fourth quarter of 2010, the price of white maize and yellow maize decreased by 16% and 4 % to average R 1 303/ton and R 1 386/ton respectively. During the same period, the price of wheat, sunflower and soya bean increased by 27%, 61% and 12% respectively, to average R 2 713/ton, R 4 847/ton and R 3 293/ton respectively.

### **2.9.2 Fruit and vegetable market review**

According to data on table B.2, the average prices of apples, avocados, oranges, pears, mangoes and grapes increased by 45%, 44%, 8%, 14%, 3% and 17% respectively, during the fourth quarter of

2010 due to increased uptake on markets. During the same period, the average price of bananas decreased by 4% due to increased supplies on markets.

Table B.3 shows the total quantities of various fruits that passed through the FPMs during the fourth quarter of 2008, 2009 and 2010. Between the fourth quarter of 2009 and 2010, the quantities of avocados, bananas and pears that passed through the FPMs increased by 8%, 11% and 30% respectively, due to local supply and demand fundamentals. Grapes on the other hand experienced no change in quantities sold through the FPMs.

Quarterly average prices of various vegetables sold through the FPMs during the fourth quarter of 2008, 2009 and 2010 are shown on table B.4. Between the fourth quarter of 2009 and 2010, most vegetables experienced price increases supported by good uptake on markets. The prices of beetroot, carrots, cucumber, lettuce, spinach, cabbage and green beans increased by 15%, 15%, 5%, 2%, 6%, and 11% respectively. Onions, potatoes, tomatoes and sweet potatoes on the other hand decreased by 36%, 40%, 9% and 18% respectively.

Between the fourth quarters of 2009 and 2010, the quantities of most vegetables traded through FPMs increased with the

quantities of beetroot, onions, potatoes, spinach, tomatoes and cabbage increasing by 2%, 10%, 21%, 8%, 3% and 17% respectively due to supply and demand fundamentals. Carrots, cucumber, lettuce, green beans and sweet potatoes decreased by 6%, 9%, 9%, 5 % and 15 % respectively (Table B.5).

### **2.9.3 Meat Industry Review**

The meat industry posted gains in terms of the gross production value during the fourth quarter of 2010 as compared to the fourth quarter of 2009 due to improved demand. During the fourth quarter of 2010, the gross production value of beef increased by 19% to R 3,96 million as compared to R3,32 million recorded for the fourth quarter of 2009. Between the fourth quarter of 2009 and the fourth quarter of 2010, the average price of beef decreased slightly, by less than 1%, from R21,34/kg to R21,29/Kg. The number of cattle slaughtered in the fourth quarter of 2010 increased by 7% to 648 703 as compared to 607 660 recorded for the fourth quarter of 2009 (Table B.6).

Poultry meat on the other hand trended lower in terms of gross production value and the average price per ton in the fourth quarter of 2010 as a result of seasonal decrease in demand. The gross production value of poultry meat in the fourth quarter of 2010 was R 5,62 million, 3% less than the

gross production of R 5,77 million recorded for the fourth quarter of 2009. During the same period, the average price of poultry decreased by 6% to R 15 900/ton as compared to R16 830/ ton recorded for the fourth quarter of 2009. Commercial production of poultry in the fourth quarter of 2010 increased by 3%, from 327 746 tons of poultry meat in the fourth quarter of 2009 to 338 138 tons of poultry meat in the fourth quarter of 2010 (Table B.7).

### **2.9.4 Eggs and dairy Industry Review**

#### **2.9.4.1 Eggs**

The egg market weakened in terms of the gross production value and the price per dozen in the fourth quarter of 2010 due to moderate supplies and limited demand. The gross production value between the fourth quarter of 2009 and the fourth quarter of 2010 decreased by 6%, from R 1,77 million to R 1,68 million. The average price of eggs also decreased by 6 %, from R 9,59/dozen in the fourth quarter of 2009 to R 9,00/dozen in the fourth quarter of 2010. Production of eggs on the other hand increased between the fourth quarter of 2009 and the fourth quarter of 2010 from 185 345 dozens to 186 265 dozens (Table B.8).

#### **2.9.4.2 Milk**

South Africa has traditionally been known as a surplus producer of milk; however, this trend has been changing overtime.

According to the Milk Producers Organisation (MPO), the 2008 season ended with a production deficit of 37 million litres while a production deficit of 46 million litres was forecasted for 2010. This indicates that production of milk in SA is slowing down to its lowest levels as most milk producers are opting to shift to beef production due to attractive beef prices compared to low milk prices.

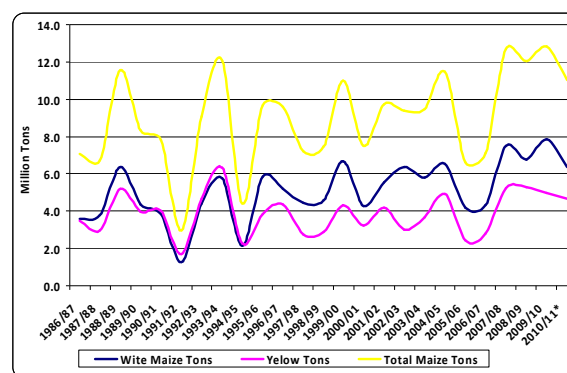
According to data on table B.9, the gross production value of milk and the average price received by farmers decreased between the fourth quarter of 2009 and the fourth quarter of 2010. Between the fourth quarter of 2009 and the fourth quarter of 2010, the gross production value of milk decreased by 6%, from R2,66 million to R2,50 million. During the same period, the average price received by farmers also decreased by 7%, from R3,05/litre to R 2,85/litre between the fourth quarter of 2009 and the fourth quarter of 2010. Production of milk on the other hand, increased by 1%, from 871 657 litres in the fourth quarter of 2009 to 877 800 litres in the fourth quarter of 2010.

### 3. OUTLOOK OF THE AGRICULTURAL ECONOMY

#### 3.1 Production

South Africa experienced above normal rainfalls from December 2010 which

continued into January 2011 over most summer rainfall areas. February also received above normal rainfall over the Western half of the country except the West Coast district, while the remainder of the country experienced normal rainfall, though the rainfall was below normal over provinces in the East. The season July - January 2011 received normal to above normal rainfall over the central and eastern parts but below normal towards the west (DAFF, 2011). The above normal rainfalls will impact negatively on crop production. Figure 9 below depicts the tons of maize expected in the current crop season.

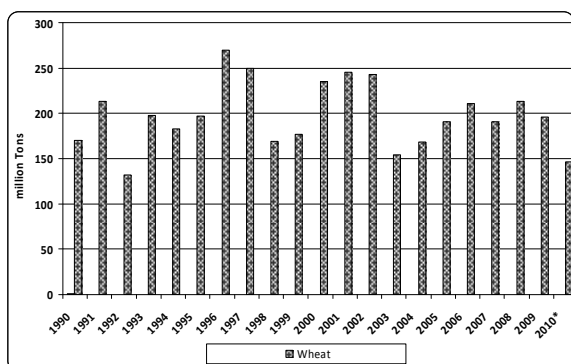


**Figure: 9 White and Yellow Maize Tons Estimates**

Source: DAFF

Total maize tons expected for the 2010/2011 season are 13,8% lower than the previous season. There has been a significant decline in tons expected in 2011 due to above average rainfall received that resulted in floods in important crop producing areas in the country. White maize crop is expected to decline by 18,7% while yellow maize is expected fall by 6,2%.

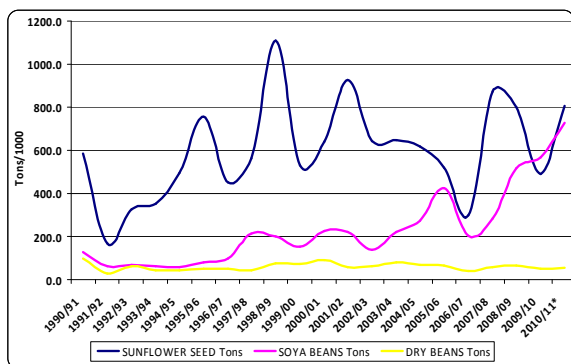
Wheat crop is forecast to decline by 3,1% in 2010 compared to the previous year, showing that the tons produced in South Africa are declining further even though there is a production shortfall globally (Figure 10).



**Figure 10: Wheat Tons Estimated**

Source: DAFF

Figure 11 below gives an estimation of tons expected for Sunflower Soybeans and Dry beans.



**Figure: 11 Sunflower, Soybeans and dry beans tons expected**

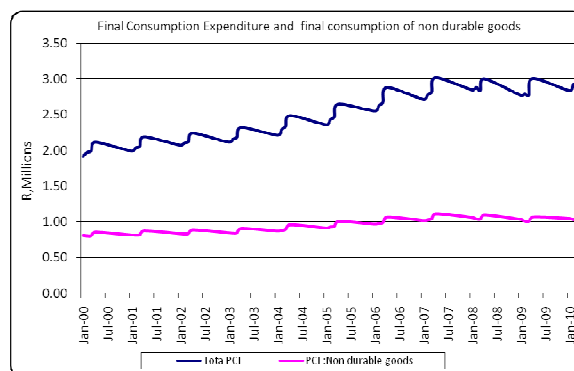
Source: DAFF

The tons expected for sunflower, soybeans and dry beans are expected to rise by 65%, 28,8% and 1,8% respectively. The area planted for sunflower has increased by 34,2% in the current production season

compared to 2009/10, although the yields might be affected by the recent flooding in the country. The price of oilseeds is high making oilseed production attractive.

## 3.2 Consumption

The SARB has reduced the repo rate by 650 basis points since December 2008, bringing relief to consumers although, according to most economists, no further cuts are anticipated. The graph below depicts that total final consumption by households is starting to rise due to a steady rise in income.



**Figure 12: Private consumption**

Source: SA Reserve Bank

Real consumer spending on durable goods is currently stable as depicted on the graph. The consumption of agricultural commodities is expected to rise by 2% in 2010 compared to 2009, after the average consumption of agricultural commodities declined by 0,5% in 2009 compared to 2008. The rise in food consumption will be boosted by a rise in household income. The

BER expects real household consumption expenditure to continue an upward trend this year, averaging 4.3% in 2011 (BER, 2011)

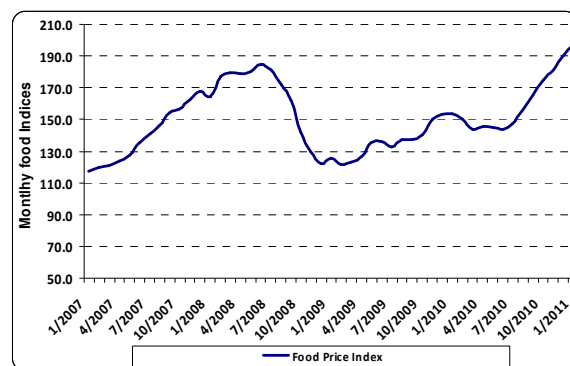
### 3.3 Employment

SA employment has increased by 1,2 percent in the fourth quarter of 2010 compared to the third quarter of 2010, while year-on-year it has declined by 0,9 percent. Employment in the agricultural sector has declined by 2 percent in quarter 4 of 2010 compared to quarter 3 of 2010, although year on year it has risen by 0,5 percent in quarter 4 of 2010 compared to the same quarter in 2009. Skilled workers in the agriculture sector have also declined by 3,9 percent quarter on quarter, while year on year they have declined by 14,1 percent. The resulting decline in employment may be the result of a slack in demand of SA agricultural commodities in 2010. The rise in agricultural commodity prices globally due to supply shortfalls might boost employment in agriculture in the short term.

### 3.4 Inflation

The FAO's food prices index has risen for seven consecutive months beginning in July 2010. The increase in January 2011 mostly reflected continuing increases in international prices of wheat and maize due to tightened supplies. The oil and fats price index rose by 5,6 percent which is near the

June 2008 record levels, reflecting increasingly tight supplies across the oilseeds complex. The FAO's Dairy Price Index is up 6,2 percent from December 2010. A firm global demand for dairy products against the seasonal decline in production in the Southern hemisphere countries, continued to strengthen dairy prices. Prices of all the commodity groups monitored registered strong gains in January 2011 compared to December 2010, except for meat, which remained unchanged (FAO, 2010). Below is the FAO's monthly food price index graph (Figure 13). FAO estimates the food price index to rise by an average of 24.7% in 2011 compared to 2010.



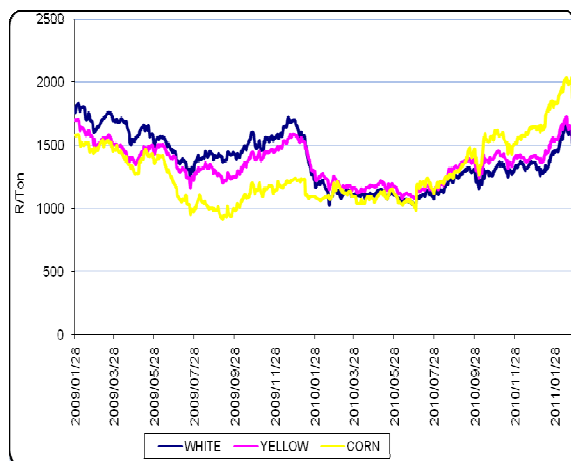
**Figure: 13 FAO's Food Price Index**

Source: FAO

South African Futures Exchange (Safex) spot prices for SA white maize, yellow maize, sunflower and soybeans for the three months beginning in December 2010 ending in February 2011 are 1,1%, 7,3%, 43,8% and 50,4% higher, respectively, compared to the same period last year while the US maize price rose by 53.7%. Figure



14 shows that the local maize is currently trading below the US maize price, although the price is starting to firm due to tightened supplies.



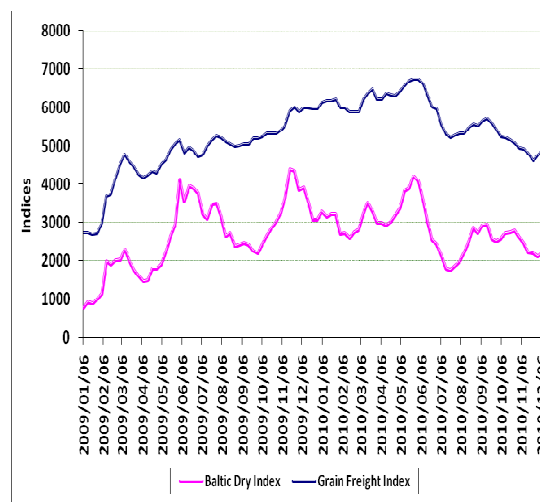
**Figure 14: Safex prices**

Source: Johannesburg Stock Exchange

The rise in food prices is supplemented by a rise in input costs. The local petrol price has increased by 11,4% since September 2010 with another hefty rise of around 30c/litre on the cards for March 2011 (BER, 2011). According to the Bureau of Economic Research (BER), food price pressure is set to build through in 2011, posing a risk to SA's inflation outlook. The BER forecast a food price gain of 2,4% in 2011, and with the rising energy prices there is growing risk that food gain might be higher than anticipated. The BER expects consumer inflation to remain well contained in the first quarter 2011 averaging 4% but price pressures are set to build in the second half leading to a CPI average of 4,7% in 2011.

### 3.5 Agricultural trade

The Baltic and the Grain freight index which tracks dry bulk shipping and trading costs, show that grain shipping has been rising slightly during the beginning of December 2010 compared to the previous months, a sign of improving trade.



**Figure 15: International grain freight Index**

Source: Sagis

The Rand's expected appreciation is forecasted to average R7,13/US\$ and R7,10/US\$ in the fourth quarter of this year and first quarter of 2011 respectively, depicted on Table 1. The Rand's strength has a negative impact on the SA agricultural sector's trade performance.

**Table 1: Forecast of the exchange rate**

Quarter 3 2010		Quarter 4 2010	Quarter 1 2011
7,50	BER	7,14	7,11
	Standard Bank	7,07	7,30
	Absa	7,17	6,88
	Average	7,13	7,10

Source: BER, STD Bank and ABSA

## 4. CONCLUSION

Global growth recovered positively in 2010 following a contraction in 2009; however, this recovery may be under threat following the recent earthquakes and Tsunami in Japan – the world's third largest economy that has been the main driver behind economic recovery in advanced economies. Following a contraction in 2009, the SA economy also expanded in 2010 boosted, *inter alia*, by recovering consumer spending as interest rates have reached their lowest levels in over thirty years. However, recent soaring fuel prices and food prices may push inflation up which might result in interest rate hikes, and this could dampen consumer spending and consequently dampen economic activity.

The agriculture, forestry and fisheries sector remains one of the fastest growing industries in terms of value added growth; and since food remains a necessity, demand for agriculture products is rarely affected by indirect factors. However, rising input costs may put further pressure on farmers' net income which is already showing a significant decline. Expenditure on agriculture intermediate goods and services increased by 8,5% in 2010, and with recent soaring oil prices and subsequent hikes in fuel prices, intermediate expenditure might rise even further.

The agricultural sector recorded an annual increase of 0,5% (3 000) in employment between the fourth quarter of 2009 and the fourth quarter of 2010. The sector – which has been identified by government as one of the key sectors for job creation, especially in rural areas – needs to improve its employment numbers if it is to contribute significantly to the government's job creation drive.

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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	Maintenance and repair of machinery and implements	Fertilizers	Packing material	Seeds and plants	Farm feeds	Insurance	Water tax	Other	Total
4 <sup>th</sup> Qtr 2008	1 761	509	3 106	159	271	1 968	3 086	827	1 309	4 183	178	147	36	18 976
4 <sup>th</sup> Qtr 2009	2 001	540	2 793	195	300	2 322	2 211	1 001	1 623	4 525	205	163	38	19 669
4 <sup>th</sup> Qtr 2010	2 392	589	2 989	230	333	2 740	1 635	1 297	1 915	4 894	229	188	40	21 535
4 <sup>th</sup> Qtr 08 to 4 <sup>th</sup> Qtr 2009	13.6%	6.1%	-10.1%	22.6%	10.7%	18.0%	-28.4%	21.0%	24.0%	8.2%	15.2%	10.9%	5.6%	3.7%
4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010	19.5%	9.1%	7.0%	17.9%	11.0%	18.0%	-26.1%	29.6%	18.0%	8.6%	11.7%	15.3%	5.3%	9.5%

Source: DAFF

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

Year	2008				2009				2010	4th Qtr 2008 to 4th Qtr 2009	4th Qtr 2009 to 4th Qtr 2010
Quarter	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th		
Real gross income from agricultural products (R billion)											
Field crops	3408,60	9232,23	6536,57	6129,93	5270,71	9786,06	7042,32	5286,00	4678,91	54,6%	-11,2%
Horticulture	4034,58	5858,34	6680,18	4752,99	7152,57	5865,92	6520,37	4783,99	6641,90	77,3%	-7,1%
Animal products	10 451, 26	9 900, 69	9 687, 29	10 023, 71	16 907,68	10 198, 65	9 996, 05	10 334, 07	16 953,68	61,8%	0,3%
<b>Total</b>	17894,50	16 682,25	22 903,97	20 906,63	29 330, 96	17 043,18	23 558,73	20 404,07	28 274,49	63,9%	-3,6%

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
1 <sup>st</sup> Qtr 2009	25 855	24 163	989	8 635	1 879	2 949	8 944	2 481	7 341	83 237
2 <sup>nd</sup> Qtr 2009	26 057	23 552	1 204	8 469	1 958	3 067	8 256	2 452	7 256	82 269
3 <sup>rd</sup> Qtr 2009	26 646	24 294	1 292	9 557	1 944	2 809	8 805	2 546	7 535	85 428
4 <sup>th</sup> Qtr 2009	27 679	23 559	1 368	10 610	1 847	3 422	9 516	2 636	7 800	88 437
1 <sup>st</sup> Qtr 2010	28 394	22 336	1 208	9 267	1 678	3 096	8 584	2 519	7 456	84 539
2 <sup>nd</sup> Qtr 2010	28 053	22 185	1 349	8 977	1 779	3 186	8 996	2 518	7 453	84 498
3 <sup>rd</sup> Qtr 2010	28 436	24 394	1 387	9 891	1 904	3 180	10 075	2 677	7 922	89 823
4 <sup>th</sup> Qtr 2010	29 327	23 732	1 593	10 496	1 907	3 769	9 677	2 720	8 050	91 272
4th Qtr 2009 to 4th Qtr 2010	6,0%	0,7%	16,4%	-1,1%	3,2%	10,1%	1,7%	3,2%	3,2%	3,2%

Source: DAFF



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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	6 980	11 468	10 121	10 329	-	-	-	-
Zimbabwe	146	1 956	810	1 002	8%	10%	8%	10%
United Kingdom	830	940	1 005	936	10%	9%	18%	19%
Netherlands	591	752	871	836	9%	8%	27%	27%
Mozambique	332	745	524	657	5%	6%	32%	33%
Korea South	123	10	19	418	0%	4%	32%	37%
Angola	265	478	359	417	4%	4%	35%	41%
Germany	424	471	503	414	5%	4%	40%	45%
Japan	235	347	239	365	2%	4%	43%	49%
Saudi Arabia	112	105	100	273	1%	3%	44%	51%
Zambia	118	358	214	265	2%	3%	46%	54%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	6 980	11 468	10 121	10 329	-	-	-	-
Preserved Food	75	78	121	541	1%	5%	1%	5%
Cereals	24	387	347	481	3%	5%	5%	10%
Edible Fruit and Nuts	368	264	217	240	2%	2%	7%	12%
Beverages	406	231	228	173	2%	2%	9%	14%
Sugars	503	170	211	90	2%	1%	11%	15%
Milling products, malt, starch	11	102	52	64	1%	1%	12%	15%
fats and oils	9	10	24	38	0%	0%	12%	16%
Vegetables	39	21	17	32	0%	0%	12%	16%
Fish and Seafood	22	23	39	26	0%	0%	12%	16%
Miscellaneous. Grain, Seed	9	34	21	26	0%	0%	13%	17%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	9197	11700	9862	10117	-	-	-	-
Argentina	1697	2276	1321	1182	13%	12%	13%	12%
Thailand	851	1356	1214	984	12%	10%	26%	21%
Germany	177	400	614	715	6%	7%	32%	28%
United States	670	482	364	706	4%	7%	36%	35%
United Kingdom	505	719	562	646	6%	6%	41%	42%
Brazil	864	1050	715	582	7%	6%	49%	48%
China	504	591	536	512	5%	5%	54%	53%
Malaysia	359	424	467	501	5%	5%	59%	58%
Indonesia	176	480	232	441	2%	4%	61%	62%
Netherlands	471	462	539	332	5%	3%	67%	65%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	9 197	11 700	9 862	10 117	-	-	-	-
Rice, Semi- Or Wholly Milled, Polished Etc Or Not	849	1 161	1 186	914	12%	9%	12%	9%
Soybean Oilcake & Oth Solid Residue, Wh/Not Ground	359	871	619	763	6%	8%	18%	17%
Soybean Oil, Refined, And Fractions, Not Modified	311	285	141	737	1%	7%	20%	24%
Palm Oil, Refined But Not Chemically Modified	359	579	477	693	5%	7%	25%	31%
Whiskies	439	646	503	597	5%	6%	30%	37%
Wheat (Other Than Durum Wheat), And Meslin	641	892	574	588	6%	6%	35%	42%
Chicken Cuts And Edible Offal (Inc Livers), Frozen	352	422	313	289	3%	3%	39%	45%
Food Preparations Nesoi	238	321	242	243	2%	2%	41%	48%
Tobacco, Partly Or Wholly Stemmed/Stripped	120	250	345	177	3%	2%	45%	49%
Meat Of Swine, Nesoi, Frozen	167	292	336	295	3%	3%	48%	52%

Source: South African Revenue Service

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	523	646	587	521	-	-	-	-
Spain	203	184	189	156	32%	30%	32%	30%
Italy	75	69	84	76	14%	15%	47%	45%
Hong Kong	20	42	31	34	5%	7%	52%	51%
Portugal	27	37	29	30	5%	6%	57%	57%
United States	40	42	27	29	5%	6%	61%	62%
Cameroon	0	0	36	22	6%	4%	67%	67%
China	3	8	19	20	3%	4%	71%	70%
Singapore	3	9	12	18	2%	3%	73%	74%
Angola	2	3	1	14	0%	3%	73%	77%
Greece	13	2	7	13	1%	2%	74%	79%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
Total	523	646	587	521	-	-	-	-
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	142	50	97	110	17%	21%	17%	21%
Fish, Nesoi, With Bones, Frozen	44	185	92	107	16%	21%	32%	42%
Fish, Nesoi, With Bones, Fresh Or Chilled	112	121	103	59	18%	11%	50%	53%
Whiting & Hake, Except Fillets, Liver, Roe, Frozen	42	72	44	55	7%	11%	57%	64%
Lobsters, Live, Fresh, Ch, Dried, Salted Or In Brine	4	26	31	35	5%	7%	63%	70%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	305	412	453	296	-	-	-	-
Thailand	136	256	229	140	46%	53%	46%	53%
China	22	39	41	39	7%	10%	53%	63%
Norway	15	19	16	19	11%	7%	64%	69%
Spain	5	5	10	13	4%	4%	67%	74%
India	8	13	13	12	3%	3%	70%	77%
New Zealand	36	8	24	11	4%	2%	74%	79%
United States	7	4	3	7	7%	2%	76%	81%
Falkland Islands	8	3	1	6	2%	1%	78%	82%
Philippines	7	6	5	6	1%	1%	79%	84%
Chile	6	3	10	5	2%	1%	81%	85%

Source: South African Revenue Services

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

	4 <sup>th</sup> Qtr 2007	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	305	412	453	296	-	-	-	-
Sardines/Sardinella/Brisling Prep/Pres, Not Minced	87	188	199	118	44%	40%	44%	40%
Tunas/Skipjack/Bonito Prep/Pres Not Minced	61	62	54	39	12%	13%	56%	53%
Cuttle Fish & Squid, Froz, Dri, Salted Or In Brine	26	32	32	29	7%	10%	63%	63%
Fish, Nesoi, With Bones, Frozen	45	27	27	17	6%	6%	69%	69%
Molluscs, Etc., Prepared Or Preserved	11	15	16	17	4%	6%	72%	74%

Source: South African Revenue Services

**Table A.12: Export values of forestry products by destination between 2007 and 2010**

	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr
	2007	2008	2009	2010	2009	2010	2009	2010
	Export values by destination (R millions)				Export value as % of total export value		Cumulative %	
Total	1 706	2 635	2 082	2 718	-	-	-	-
Indonesia	253	384	462	471	22%	17%	22%	17%
China	63	230	150	289	7%	11%	29%	28%
Thailand	90	28	113	193	5%	7%	35%	35%
United Kingdom	147	167	124	161	6%	6%	41%	41%
Zimbabwe	48	65	96	145	5%	5%	45%	46%
India	104	171	113	130	5%	5%	51%	51%
Germany	120	170	111	115	5%	4%	56%	55%
Belgium	52	12	63	110	3%	4%	59%	59%
Taiwan	60	22	26	100	1%	4%	60%	63%
Angola	29	47	28	98	1%	4%	62%	67%

Source: South African Revenue Services

**Table A.13: Export values of forestry products by product between 2007 and 2010**

	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr
	2007	2008	2009	2010	2009	2010	2009	2010
	Export values by product (R millions)				Export value as % of total export value		Cumulative %	
World	1 706	2 635	2 082	2 718	-	-	-	-
Chemical Woodpulp, Dissolving Grades	775	973	960	1232	46%	45%	46%	45%
Kraftliner, Uncoated, Bleached, In Rolls Or Sheets	250	423	184	372	9%	14%	55%	59%
Chem Woodpulp, Soda Etc, N Dis S Bl & Bl Nonconif	123	404	146	339	7%	12%	62%	71%
Printed Books, Brochures, Etc., Nesoi	71	78	49	145	2%	5%	64%	77%
Newsprint, In Rolls Or Sheets	27	69	63	83	3%	3%	67%	80%

Source: South African Revenue Services

**Table A.14: Import values of forestry products by exporting country between 2007 and 2010**

	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr
	2007	2008	2009	2010	2009	2010	2009	2010
	Import values by exporting country (R millions)				Import value as % of import value		Cumulative %	
Total	1627	1977	1616	1606	-	-	-	-
United Kingdom	245	308	268	249	17%	16%	17%	16%
United States	204	269	222	233	14%	15%	30%	30%
China	171	200	201	213	12%	13%	43%	43%
Germany	190	200	117	132	7%	8%	50%	51%
Sweden	80	75	87	72	5%	4%	55%	56%
Finland	47	70	40	52	2%	3%	58%	59%
Poland	127	160	72	46	4%	3%	62%	62%
Italy	45	58	39	45	2%	3%	65%	65%
Thailand	10	23	20	41	1%	3%	66%	67%
Brazil	17	35	40	41	2%	3%	68%	70%

Source: South African Revenue Services

**Table A.15: Import values of forestry products by product between 2007 and 2010**

	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr
	2007	2008	2009	2010	2009	2010	2009	2010
	Import values by product (R millions)				Import value as % of import value		Cumulative %	
Total	1627	1977	1616	1606	-	-	-	-
Printed Books, Brochures, Etc., Nesoi	358	481	363	371	22%	23%	22%	23%
Ppr/Pbrd Ex Lit-Wgh Writng Etc Clay Ctd Ov 10% Mec	106	102	76	102	5%	6%	27%	29%
Paper, Paperbd, Cellulose Wadd Etc, Coat Etc Nesoi	55	58	46	68	3%	4%	30%	34%
Chemical Woodpulp, Soda Etc. N Dis S BI & BI Conif	23	72	60	51	4%	3%	34%	37%
Kraft Ppr/Pbrd Ex Graphic, Clay Ctd Unblch RII/Sht	46	47	52	44	3%	3%	37%	40%

Source: South African Revenue Services

## Appendix B: Review of agricultural markets

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

	Oct	Nov	Dec	4 <sup>th</sup> Qtr	Oct	Nov	Dec	4 <sup>th</sup> Qtr	4 <sup>th</sup> Qtr 2009 to
	2009	2009	2009	2009	2010	2010	2010	2010	4 <sup>th</sup> Qtr 2010 % change
	<b>Volumes (1000 tons)</b>								
White maize opening stock*	4 544	4 047	3 607	4 066	5 822	5 310	4 758	5 297	30%
Yellow maize opening stock*	3 249	2 841	2 428	2 839	2 972	2 612	2 266	2 617	-8%
Total maize opening stock*	7 793	6 888	6 035	6 905	8 794	7 922	7 024	7 913	15%
White maize processed for local consumption	386	354	347	362	500	517	463	493	36%
Yellow maize processed for local consumption	372	370	366	369	259	256	228	248	-33%
Total maize processed for local consumption	758	724	713	732	759	773	691	741	1%
Total white maize exports	181	119	99	133	58	54	66	59	-55%
Total yellow maize exports	18	21	16	18	130	86	142	119	551%
Total maize exports	199	140	115	151	188	140	208	179	18%
Wheat opening stock: human market*	686	711	1 274	890	573	631	1 148	784	-12%
Wheat opening stock: feed market*	8	8	19	12	6	6	5	6	-51%
Wheat opening stock*	694	719	1 293	902	579	637	1 153	790	12%
Wheat consumption: human consumption	252	257	245	754	264	260	223	747	-1%
Wheat consumption: animal feed	0	0	3	3	0	0	0	0	-
Total wheat consumption	254	260	253	767	265	260	228	753	-2%
Wheat imports (for human consumption only)	98	179	129	406	174	144	63	381	-6%
Wheat exports	17	19	26	21	14	8	30	17	-16%
Average opening sunflower stock*	448	377	316	380	159	103	83	115	-70%
Sunflower seed imports	8	8	7	23	7	43	3	53	130%
Total processed sunflower for consumption	80	71	56	207	64	61	40	165	-20%
Average soya bean opening stock*	217	178	142	179	189	157	131	159	-11%
Soya bean consumption	317	335	305	957	317	282	26	625	-35%
	<b>Market prices (R/ton)</b>								4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> 2010 % change
White maize	1 493	1 528	1 640	1 554	1 255	1 314	1 341	1 303	
Yellow maize	1 358	1 439	1 533	1 443	1 361	1 396	1 400	1 386	
Wheat	2 135	2 160	2 105	2 133	2 661	2 680	2 797	2 713	
Sunflower	2 702	3 034	3 295	3 010	4 593	4 910	5 038	4 847	
Soya bean	2 711	2 905	3 171	2 929	3 158	3 357	3 365	3 293	

\* Quarterly figures are reported in averages and where there is not asterisk quarterly figures are reported in totals.

Source: SAGIS



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

	Average prices at FPM (R/ton)			Percentage changes	
	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Apples	4 349	4 282	6 191	-2%	45%
Avocados	6 813	5 227	7 549	-23%	44%
Bananas	3 351	3 977	3 816	19%	-4%
Oranges	1 956	2 419	2 621	24%	8%
Pears	5 307	5 819	6 617	10%	14%
Mangoes	4 565	5 712	5 882	25%	3%
Grapes	11 459	12 388	14 442	8%	17%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Apples	41.0	44.9	30.2	10%	-33%
Avocados	5.6	4.4	4.7	-22%	8%
Bananas	68.5	59.3	65.9	-13%	11%
Oranges	20.7	13.2	12.6	-36%	-5%
Pears	5.4	4.6	6.0	-15%	30%
Mangoes	3.9	3.8	2.4	-3%	-36%
Grapes	4.1	3.9	3.9	-5%	0%

Source: DAFF

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

	Average prices at FPM (R/ton)			Percentage changes	
	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Beetroot	2 111	1 665	1 909	-21%	15%
Carrots	1 854	2 320	2 671	25%	15%
Cucumber	3 497	3 261	3 415	-7%	5%
Lettuce	2 951	2 869	2 937	-3%	2%
Onions	1 674	2 831	1 824	69%	-36%
Potatoes	2 626	3 728	2 243	42%	-40%
Spinach	2 445	2 808	3 413	15%	22%
Tomatoes	4 448	3 769	3 427	-15%	-9%
Cabbage	1 397	1 323	1 397	-5%	6%
Green beans	6 499	5 217	5 802	-20%	11%
Sweet potatoes	3209	3276	2699	2%	-18%

Source: DAFF

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

	Total quantities sold at FPM (1000 tons)			Percentage changes	
	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Beetroot	10.0	12.8	13.1	27%	2%
Carrots	30.4	27.6	25.8	-9%	-6%
Cucumber	0.2	0.1	0.1	-15%	-9%
Lettuce	9.3	7.8	7.2	-16%	-9%
Onions	77.6	75.3	82.7	-3%	10%
Potatoes	246.2	223.3	270.7	-9%	21%
Spinach	3.3	3.1	3.3	-7%	8%
Tomatoes	66.4	73.9	75.8	11%	3%
Cabbage	27.5	24.0	28.1	-13%	17%
Green beans	2.8	3.4	3.2	22%	-5%
Sweet potatoes	4.3	5.5	4.7	26%	-15%

Source: DAFF

**Table B.6: Beef market statistics**

	Units	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Gross Value	R'000	3 221	3 316	3 957	3%	19%
Average Price	R/kg	22,74	21,34	21,29	-6%	0%
Quantities	Heads	588 934	607 660	648 703	3%	7%

\*Heads refer to the number of cattle slaughtered

Source: DAFF

**Table B.7: Poultry market statistics**

	Units	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Gross Value	R'000	5 567	5 770	5 620	4%	-3%
Average Price	R/Mt	16 773	16 830	15 900	0%	-6%
Commercial Production	Mt	317 024	327 746	338 138	3%	3%

Source: DAFF

**Table B.8: Eggs market statistics**

	Units	4 <sup>th</sup> Qtr 2008	4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2010	4 <sup>th</sup> Qtr 2008 to 4 <sup>th</sup> Qtr 2009	4 <sup>th</sup> Qtr 2009 to 4 <sup>th</sup> Qtr 2010
Gross Value	R'000	1 648	1 777	1 676	8%	-6%
Average Price	R/dozen	8,7	9,59	9,00	10%	-6%
Commercial Production	1000 dozen	189 364	185 345	186 265	-2%	0%

Source: DAFF

**Table B.9: Milk market statistics**

	<b>Units</b>	<b>4<sup>th</sup> Qtr 2008</b>	<b>4<sup>th</sup> Qtr 2009</b>	<b>4<sup>th</sup> Qtr 2010</b>	<b>4<sup>th</sup> Qtr 2008 to 4<sup>th</sup> Qtr 2009</b>	<b>4<sup>th</sup> Qtr 2009 to 4<sup>th</sup> Qtr 2010</b>
Gross Value	R'000	2 507	2 659	2 502	6%	-6%
Average Price received by farmers	R/litre	2,85	3,05	2,85	7%	-7%
Commercial Production	1000 liter	879 269	871 657	877 800	-1%	1%

Source: DAFF

## Appendix C: Descriptions of forestry import and export products

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

<p><b><u>Export products descriptions</u></b></p> <p><b>Fuel In Log;Chips,etc.:</b> 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><b>Wood Charcoal:</b> Wood charcoal (including shell or nut charcoal), whether or not agglomerated</p> <p><b>Blders' Joinry+Carpntr:</b> Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p> <p><b>Fibrbrd Of Wd/Ot Lign:</b> Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p><b>Rough,Not Sapwood:</b> Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared</p>
<p><b><u>Import product descriptions</u></b></p> <p><b>Lumber &gt; 6 mm thick:</b> 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><b>Cask,Barr,Vat,etc.+Pts:</b> Casks, barrels, vats, tubs and other coopers and apos; products and parts thereof, of wood, including staves</p> <p><b>Fibrbrd Of Wd/Ot Lign:</b> Fibreboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances</p> <p><b>Plywood,Veneer,etc.:</b> Plywood, veneered panels and similar laminated wood</p> <p><b>Blders' Joinry+Carpntr:</b> Builders and apos; joinery and carpentry of wood, including cellular wood panels, assembled parquet panels, shingles and shakes</p>