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# **South Africa, Republic of**

## **Grain and Feed**

### **Monthly Update**

### **2002**

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#### **Report Highlights:**

**Recent international grain price increases triggered South African import tariff reductions and by the end of October both corn and wheat should be duty free. Higher international grain prices will, however negate much of the cost savings. Good rainfall is thus of outmost importance to allow the required 9 million ton plus corn crop for the upcoming season. Planting intentions indicate that the potential is there but early season rain has been very poor with optimum planting dates in the eastern areas fast approaching. Rainfall over the next four to six weeks will be critical and will be closely watched.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Pretoria [SF1], SF

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## Executive Summary

The sharp devaluation of the South African Rand since late 2001 has led to a delayed rise in food prices which is causing commotion in consumer and government circles. Coupled to the recent increases in international grain prices, and South Africa's open and deregulated agricultural economy, more price increases can be expected. Over the past three calendar years South Africa imported an average of 1.45 million tons of corn, rice, wheat, barley and oats annually as well as about 620,000 tons plant of protein and 165,000 tons edible oils. Wheat and corn import tariffs are, however, based on world prices. The recent increases in world prices caused the wheat tariff formula to kicked in with the tariff first reduced from R 196/ton to R43.60/ton on September 19 and then to zero on September 23, 2002. The import tariff on corn is expected to decrease from R137.40/ton to R43.60/ton within the next two weeks while it should also be cut to zero by the end of October. The decreases will only have a small effect on consumer prices as exchange rate, transport and marketing costs, largely negate the savings.

A survey, which was undertaken by the National Department of Agriculture, gives an indication of the planting intentions for summer grains on commercial farms as of the end of August 2002. Based on replies received from about 1,100 producers the area expected to be planted to corn for the 2002/2003 production season is 3.081 million hectare, of which 2.05 million hectare (67%) is for white corn and 1.031 million hectare (33%) is for yellow corn. The forecast is supported by reported seed sales. The survey showed that producers intended to plant 328,470 hectare (19%) more white corn and 81,000 hectares (7%) less yellow corn. The white yellow ratio thus moves from 61:39 in 2001/2002 to 67:33 in 2002/2003 mainly due to the underlying market factors.

The commercial production forecast for the 2002/2003 season is 9.2 million tons and the total crop 9.5 million which should be sufficient to supply in the demand of South Africa and its immediate neighbors. Biotech white corn will also be planted for the first time this season. Rain over the next few weeks is, however, urgently needed to allow planting.

Us Dollar = Rand 10.50 (10/01/2002)

Sources:

[www.fewsnet](http://www.fewsnet)

[www.sagis.org.za](http://www.sagis.org.za)

[www.grains.co.za](http://www.grains.co.za)

[www.safex.co.za](http://www.safex.co.za)

[www.fas.usda.gov/export-sales/corn](http://www.fas.usda.gov/export-sales/corn)

[www.wfp.org](http://www.wfp.org)

[www.vegrains.org](http://www.vegrains.org)

[www.grains.org](http://www.grains.org)

[www.ncga.com](http://www.ncga.com)

**CORN**

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Harvested	3225	3223	3350	3350	3600	3600
Beginning Stocks	2041	2040	490	460	690	850
Production	7483	7500	9100	9200	9500	9500
TOTAL Mkt. Yr. Imports	395	395	600	590	200	300
Oct-Sep Imports	0	350	900	500	350	300
Oct-Sep Import U.S.	0	180	0	385	0	200
TOTAL SUPPLY	9919	9935	10190	10250	10390	10650
TOTAL Mkt. Yr. Exports	1281	1280	1600	1400	1800	1500
Oct-Sep Exports	1415	1470	1350	1300	1700	1400
Feed Dom. Consumption	4148	3575	3900	3600	4000	3625
TOTAL Dom. Consumption	8148	8195	7900	8000	8000	8300
Ending Stocks	490	460	690	850	590	850
TOTAL DISTRIBUTION	9919	9935	10190	10250	10390	10650

**Production**

The following table shows the planting intentions for 2002 and highlights the importance of corn taking 77% of the area planted to summer grain and nearly 70% of the area available on commercial farms in the summer rainfall area. It also shows that the potential to expand is limited and that an increase in one crop invariably leads to a decrease in another. Further land redistribution will also have to be done in such a way that production is not jeopardized as South Africa is far from self sufficient in staples and the current international grain crises should flash some warning signs.

Crop	Area planted 2001	Planting intention 2002	% Change
White corn	1 721 580	2 050 050	+19.1
Yellow corn	1 111 500	1 030 500	-7.3
Total corn	2 833 080	3 080 550	+8.7
Sorghum	75 250	85 700	+13.9
Peanuts	94 160	63 400	-32.7
Sunflower	645 510	598 000	-7.4
Soybeans	124 150	116 000	-6.6
Dry beans	44 900	54 000	+20.3
Total	3 817 050	3 997 650	+4.7
Free State wheat	450 000	432 000	-4
TOTAL	4 267 050	4 429 650	+3.8

As the 2002/2003 summer rainfall season has not really started, and is late already, it is difficult to predict the outcome of the coming season. The fact is that general rains are needed urgently for planting to begin while optimum planting dates in the eastern areas are approaching rapidly. The best yield forecast we can make at this time is to use the average of the last few seasons which gives the following scenario.

CORN	Area planted 2001	Final Est.	Intended area 2002	Production forecast
Commercial	'000 ha.	'000 mt.	'000 ha.	'000 mt.
White corn	1 722	5 066	2 050	6 000
Yellow corn	1 111	3 716	1 031	3 200
Total corn	2 833	8 782	3 081	9 200
Developing agriculture				
White	408	245	410	250
Yellow	109	72	109	50
Total	517	317	519	300
Total corn				
White	2 130	5 311	2 460	6 250
Yellow	1 220	3 787	1 140	3 250
Total corn	3 350	9 099	3 600	9 500
Delivery est.		9 200		9 400

Unfortunately the crop estimates and the actual deliveries to the silos shows some discrepancies with white corn deliveries in most cases exceeding the commercial crop estimate as shown in the following table. As a result we have to increase the current, 2001 crop to at least 9.2 million tons.

	White corn	Yellow corn	Total corn
Crop estimate, '000 mt.	FAS 1999	PY 1999/2000	MY 2000/2001
Commercial production	6 155	3 985	10 140
Deliveries *	6 510	4 025	10 535
Difference	+355	+40	+395
Crop estimate	FAS 2000	PY 2000/2001	MY 2001/2002
Commercial production	4 110	3 115	7 225
Deliveries*	4 360	2 910	7 270
Difference	+250	-205	+45
Crop estimate	FAS 2001	PY 2001/2002	MY 2002/2003
Commercial	5 065	3 715	8 780
Delivery to date*			
March 02 to August	5220	3749	8969
+ Expected deliveries	130	100	230
September to March			
TOTAL	5350	3850	9200
Difference	+285	+135	+420

### Consumption

While the report PS&D includes the crop in the developing sector in both production and consumption, the commercial PS&D is more important to analyze the market situation.

South Africa, Corn commercial PS&D based on actual deliveries to the silos:

	FAS 2000	May 2001 to	April 2002	FAS 2001Est	May 2002 to	April 2003
'000 mt.	White	Yellow	Total	White	Yellow	Total
B/stocks	1245	795	2040	250	210	460
(Prod. est.)	(4110)	(3115)	(7225)	(5065)	(3715)	(8780)
Deliveries	4360	2910	7270	5350	3850	9200
Imports	45	350	395	400	190	590
Supply	5650	4055	9705	6000	4250	10250
Exports	760	520	1280	900	500	1400
Dom. use	4640	3325	7965	4650	3350	8000
E/stocks	250	210	460	450	400	850

With the higher than expected FAS 2001 deliveries and the slow exports, import needs are curtailed. South Africa currently needs about 8 million tons for local use annually while its partners in the Southern African Customs Union (the BLNS countries) takes about 600 to 700,000 tons of mainly white corn annually pushing the area needs to 8.7 million tons consisting of about 5.3 million tons of white and 3.4 million tons of yellow.

A 9.5 million ton 2002 crop should be able to supply the demand as financial constraints limits exports to other countries in the region.

## Trade

CORN EXPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
May to April 00/01	810	615	1425
May to April 01/02	760	520	1280
May to August 02			
Overland	221	78	299
Overseas	7	30	37

Total to date	228	108	336
Expected total for season	900	500	1400

In spite of the regional famine exports to date have been slow and if the current rate continues exports for the season will only total about 1 million tons. The slow sales is due to high prices and financial constraints in the region.

CORN IMPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
MY May/April 01/02	45	350	395
MY May/April 02/03			
May -August 02	198	80	278
Expected total for season	400	190	590

**WHEAT**

PSD Table						
Country	South Africa, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	934	934	959	959	935	941
Beginning Stocks	550	536	599	571	639	670
Production	2349	2353	2490	2494	2300	2392
TOTAL Mkt. Yr. Imports	550	499	500	500	500	500
Jul-Jun Imports	550	539	500	420	500	370
Jul-Jun Import U.S.	0	23	0	20	0	25
TOTAL SUPPLY	3449	3388	3589	3565	3439	3562
TOTAL Mkt. Yr. Exports	200	232	250	250	250	250
Jul-Jun Exports	221	205	250	235	250	300
Feed Dom. Consumption	10	60	10	45	10	50
TOTAL Dom. Consumption	2650	2585	2700	2645	2700	2650
Ending Stocks	599	571	639	670	489	662
TOTAL DISTRIBUTION	3449	3388	3589	3565	3439	3562

The second estimate of South Africa's 2002 wheat crop is 2.392 million tons, still insufficient to supply local demand. Imports are expected to continue, bolstered by the removal of the import duty.