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Report Highlights:

The second official estimate of the 1999 corn crop is more than 9.6 million tons compared to the 7.7 million ton 1998 crop. The big crop is well in excess of domestic needs of about 8 million tons leading to an exportable surplus of about 1.5 million tons. Farmers also intend to increase the area planted to wheat by 13% to more than 800,000 hectares this year which could lead to a crop of more than 2 million tons. This will cut back the 2001 import needs

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Pretoria [SF1], SF

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Executive Summary

The second official estimate of South Africa's 1999 corn crop, soon to be harvested, is more than 9.6 million tons. This is 1.9 million tons more than the 7.7 million ton 1998 crop. With domestic needs of about 8 million tons the big crop is creating an exportable surplus of about 1.5 million tons. Overseas export markets will have to be found as the traditional African markets can only take up a small part of the surplus.

Farmers intend to increase the area planted to wheat by 13% to more than 800,000 hectares during the planting season starting in May. This could lead to a crop in excess of 2 million tons cutting back 20001 import needs.

CORN

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Corn					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		05/1999		05/2000		05/2001
Area Harvested	3491	3568	3980	3865	3700	3700
Beginning Stocks	807	807	550	685	750	1285
Production	7723	7723	9265	9630	8100	8500
TOTAL Mkt. Yr. Imports	500	500	300	300	300	300
Oct-Sep Imports	410	410	150	150	150	150
Oct-Sep Import U.S.	250	250	100	100	100	100
TOTAL SUPPLY	9030	9030	10115	10615	9150	10085
TOTAL Mkt. Yr. Exports	650	550	1250	1300	400	1335
Oct-Sep Exports	450	450	750	750	350	350
Feed Dom. Consumption	3450	3580	3800	3765	3600	3800
TOTAL Dom. Consumption	7830	7795	8115	8030	8150	8150
Ending Stocks	550	685	750	1285	600	600
TOTAL DISTRIBUTION	9030	9030	10115	10615	9150	10085

Production

The new Crop Estimates Committee announced the second production estimate for summer crops on March 22, 2000. The PS&D reflects the new estimate but small adjustments have been made to round off the data.

In the second estimate the area planted to white corn on commercial farms in the North-West province was decreased by 30,000 hectares while the area planted to corn in the developing sector was decreased by 85,000 hectares. The estimate of the crop on commercial farms was increased by 210,000 tons to 9.2 million tons and the crop in the developing sector by 158,000 tons to 443,000 tons. The total crop expected thus increased by 370,000 to 9.63 million tons. Since the estimate was released on March 20 conditions have been favorable and the crop estimate may still increase. The well covered heavy rainfall and floods had a positive effect on the crop far outweighing the damage caused.

The following table contains the details:

'000 ha.		1999/2000*			2000/2001	
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'000 mt.	White	Yellow	Total	White	Yellow	Total
Comm.						
Area	1830	1075	2905	2000	1227	3227
Yield	2.52	2.48	2.50	2.75	3.00	2.85
Production	4603	2662	7265	5509	3679	9188
Developing sector						
Area	504	159	663	479	159	638
Yield	0.63	0.87	0.69	0.64	0.87	0.69
Production	317	138	455	305	138	443
Total						
Area	2234	1234	3568	2479	1386	3865
Yield	2.11	2.27	2.16	2.35	2.75	2.49
Production	4920	2800	7720	5814	3817	9631

Marketing

The increased crop prospects have had a depressing effect on domestic prices. The July futures price for white corn has dropped to the equivalent of \$92/ton at the current Rand/Dollar exchange rate of R6.52. The yellow corn price, at about \$96/ton, is holding up better due to the tighter supply and demand situation. The following table contains the details:

South Africa White/yellow corn PS&D

		1999/2000			2000/2001	
'000 Mt.	White	Yellow	Total	White	Yellow	Total
Stocks 05/01/99	543	264	807	550	135	685
Production	4922	2801	7723	5815	3815	9630
Deliveries	4572	2331	6903	5450	3350	8800
Retention	350	470	820	365	465	830
Imports	0	500	500	0	300	300
Commercial supply	5115	3095	8210	6000	3785	9785
+ Ret.	5465	3565	9030	6365	4250	10615
Exports	500	50	550	1200	100	1300
Consumpt.						
Human	3690	175	3865	3700	200	3900
Feed	375	2735	3110	300	3000	3300
Comm.	4065	2910	6975	4000	3200	7200
Total	4415	3380	7795	4365	3665	8030
Stocks	550	135	685	800	485	1285

It is clear that the exportable surplus from the 1999 crop is more than 1.5 million tons when we take into account the traditional 900,000 tons (500 white and 400 yellow, or six weeks requirements) carry over needed at the end of the season.

The problem is that the bulk of the expected surplus is in the North West Province or the western Free State, far from the harbors. Transport and loading costs are about \$20/ton, effectively bringing the producer price down to about \$80/ton if the export price is \$100/ton. Domestic prices are expected to move down to export parity once the full impact of the potential surplus is discounted.

Tariffs

The import tariff was cut to \$15/ton or R107/ton on March 23, 2000, after it has been pegged at \$25/ton or R151/ton since December 24, 1999. The variations in exchange rate over the reporting period must be taken into account when the tariff is calculated but the change was due to the strengthening of the international grain prices over the period. The import tariff is subject to a formula that tracks the price of U.S. #2 yellow corn over a 21 day moving average. When

the monitored price exceeds \$110/ton, the duty is lifted; between \$100 and \$110 the duty is \$5/ton; between \$90 and \$100 the duty is \$15/ton; between \$80 and \$90 the duty is \$25; and between \$70 and \$80 the duty is \$35/ton. The lowering of the tariff is not expected to have a major effect on imports as the bulk of the needs of the coastal areas will be covered by the 2000 TRQ.

The country is complying with its WTO commitments and has instituted Tariff Rate Quotas (TRQ's) for both wheat and corn. The 1999 corn TRQ provision was not used as the applicable tariff was initially lower than the TRQ tariff. The 2000 corn TRQ is 269,000 tons for which permits have already been granted. The allocations to companies were made based on historical trade patterns for 95% of the allocation and 5% for new entrants. The TRQ tariff is 20% of the 50% bound rate, (or about 10%) which cuts the tariff down to about R65/ton or \$10 compared to the R107/ton full tariff. Discussions between government and industry regarding the 2001 TRQ's have already started.

WHEAT

PSD Table						
Country:	South Africa					
Commodity:	Wheat					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	748	748	718	718	709	809
Beginning Stocks	1005	1005	696	771	350	535
Production	1704	1884	1561	1747	1625	2000
TOTAL Mkt. Yr. Imports	483	483	600	600	650	500
Jul-Jun Imports	432	432	500	500	600	450
Jul-Jun Import U.S.	77	77	250	250	250	250
TOTAL SUPPLY	3192	3372	2857	3118	2625	3035
TOTAL Mkt. Yr. Exports	54	74	50	70	50	75
Jul-Jun Exports	50	70	50	70	50	70
Feed Dom. Consumption	52	58	50	75	50	50
TOTAL Dom. Consumption	2442	2527	2457	2513	2475	2560
Ending Stocks	696	771	350	535	100	400
TOTAL DISTRIBUTION	3192	3372	2857	3118	2625	3035

Production

The Crop estimates Committee recently released a planting intentions survey which indicated that farmers intended to increase the area planted to wheat by 12.7% or 91,000 hectares this year. The expected area planted to wheat in the Western Cape, Free State and Northern Cape Provinces appear to be respectively 17.7%, 5.3% and 4.7% higher than in 1999. The increase can be ascribed to favorable soil moisture conditions in the Free State, more irrigation water available in the Northern Cape, poor summer grain prices and better expected wheat prices. If more than 800,000 hectares are planted to wheat a crop of more than 2 million tons can be expected which will limit import needs.

The PS&D shows some changes from the previous submissions as the production data has been brought up to SAGIS delivery figures. The Crop estimates Committee and SAGIS has still not been able to reconcile their data but the NDA is using the SAGIS delivery figures for production. This implies that both production and consumption is higher than expected. The impasse will hopefully be cleared in the foreseeable future.

The following table contains the wheat area planted data:

Hectares	Area planted, 1998	Area planted, 1999	Planting intentions 2000
Western Cape	300,000	310,000	365,000
Northern Cape (Irrigated)	36,000	43,000	45,000
Free State	350,000	300,000	316,000
Eastern Cape	5,000	4,000	5,000
Kwazulu-Natal	5,000	6,000	6,500
Mpumalanga	9,000	11,000	16,000
Northern Province	9,000	8,000	17,000
Gauteng	2,000	4,000	4,000
North-West	32,000	32,000	34,500
TOTAL	748,000	718,000	809,000