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Grain and Feed

Grain situation Update

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Report Highlights:

The first official estimate of South Africa's 1999/2000 wheat crop has been released. At 1.545 million tons, it is forecast well short of domestic needs. As a result imports of about 850,000 tons can be expected during 2000. PS&D's for wheat have been adjusted to account for the new October/September marketing year. While controversy still rages about the size of the current 89/99 corn crop, farmers are preparing to plant an increased acreage during the new growing season starting this month.

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

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Executive Summary

The first official estimate of South Africa's 1999 (MY99/00) wheat crop has been released. The crop is estimated at 1.545 million tons from 712,000 hectares at an average yield of 2.17 metric tons per hectare, compared to the 1.531 million tons estimate for 1998. Deliveries from the 1998 crop, however, amounted to nearly 1.7 million tons, 167,000 more than the estimate. As a result, the carry over into the 1999/2000 season will be more than initially estimated. With the crop estimate about 100,000 tons more than initially expected, imports needs are scaled down to 850,000 tons, 100,000 tons less than the previous forecast.

Uncertainty still prevails about the size of the FAS 98 corn crop. While the final official estimate puts the crop at 7.1 million tons, stocks surveys indicate that the crop was about 300,000 tons more than estimated, or about 7.4 million tons. The increase in the crop estimates over the past few months increases South Africa's supply situation and exportable surplus.

CORN

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Corn					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Area Harvested	2956	2956	2905	2905	3000	3284
Beginning Stocks	2459	2459	807	807	47	247
Production	7544	7544	7110	7410	8000	8400
TOTAL Mkt. Yr. Imports	98	98	430	430	0	93
Oct-Sep Imports	100	100	400	400	0	0
Oct-Sep Import U.S.	0	0	100	100	0	0
TOTAL SUPPLY	10101	10101	8347	8647	8047	8740
TOTAL Mkt. Yr. Exports	1388	1388	500	600	200	600
Oct-Sep Exports	1500	1500	350	350	550	550
Feed Dom. Consumption	3666	3672	3600	3535	3650	3650
TOTAL Dom. Consumption	7906	7906	7800	7800	7847	7850
Ending Stocks	807	807	47	247	0	290
TOTAL DISTRIBUTION	10101	10101	8347	8647	8047	8740

Production

The National Crop Estimates Committee (NCEC) normally finalizes its estimates for summer crops in August. On request of the Crop Estimates Liaison Committee the previous (August) estimate was reconsidered based on additional information that became available. It appears that the white corn crop on commercial farms is about 250,000 tons and the yellow corn crop 50,000 tons more than the final estimate. This takes the total crop to 7.41 million tons as shown in the PS&D, although the official crop estimate has not been adjusted yet. The original August estimate was in itself 128,000 tons more than the July estimate which caused a furor in its own right. The propensity for the South African crop estimate to increase after harvest is not new and the industry is looking at ways to improve the reliability of the estimates. The reason for the late increase in the estimate is that actual deliveries to the silos become available after the last corn is harvested in August. Total producer deliveries during the current MY99/00 season amounts to between 6.8 and 7.0 million tons, depending on the definition used, which supports the 7.4 million ton crop estimate. The following table contains the latest "unofficial" data as the final crop estimate stands until the new seasons estimate is made:

	Area, ha. PY 98/99	Yield, mt/ha. FAS 98	Prod. mt. MY 99/00	Area, ha. PY 97/98	Yield, mt/ha. FAS 97	Prod. mt. MY 98/99
Commercial agriculture						
White corn	1 829 700	2.40	4 391 000	1 797 200	2.44	4 383 000
Yellow	1 075 000	2.44	2 624 500	1 158 800	2.33	2 699 000
Total	2 904 700	2.42	7 015 500	2 956 000	2.40	7 082 000
Developing agriculture						
White corn	429 490	0.61	262 600	466 000	0.69	322 690
Yellow	157 080	0.84	131 500	137 750	1.01	138 730
Total	586 570	0.67	394 100	603 750	0.76	461 690
TOTAL Agriculture						
White corn	2 259 190	2.06	4 653 600	2 263 200	2.08	4 705 960
Yellow	1 232 080	2.27	2 756 000	1 296 550	2.19	2 837 730
GRAND TOTAL	3 491 270	2.12	7 409 600	3 559 750	2.10	7 543 690

The interesting development in the latest estimate is that the MY 1999/2000 (FAS 98) yield is actually better than for the previous season in spite of the February 1999 drought. This highlights the fact that when farmers cut their acreage they cut out the poorest soils while giving more attention to the remainder, leading to improved yields. This could have repercussions for the new FAS 99 season starting soon.

The NCEC also released a planting intentions report for the FAS 99 crops to be planted from October 1999. The survey shows that commercial producers intend to plant 255,300 hectare (14%) more white corn and 124,200 hectares (12%) more yellow corn than in the previous season. The expected area to be planted to corn in the Free State and the North West Province each appears to be 15% higher and Mpumalanga 9% higher. The increase is mainly due to a shift from sunflower seed.

The area expected to be planted to Sorghum shows an increase of 48% while the plantings of sunflower seed, soybeans and peanuts shows a decrease of 34, 29 and 15% respectively. The decrease in the area planted to oilseeds can be ascribed to poor price expectations, high input costs and high stock levels. The following table contains the details:

South Africa, planting intentions for summer crops on commercial farms, 1999

Crop	Area planted 1998, ha.	Planting intentions 1999	% Change
White corn	1 829 700	2 085 000	+14%
Yellow corn	1 075 000	1 199 200	+12%
Total corn	2 904 700	3 284 200	+13%
Sorghum	98 900	146 000	+48%
Peanuts	94 550	80 000	-15%
Sunflower seed	828 000	548 000	-34%
Soy beans	130 500	93 000	-29%
Dry Beans	64 800	66 000	+2%

The intention to increase the area planted to corn caused a commotion in the industry as the increased area could easily lead to a crop in excess of 8.5 million tons which could lead to a serious oversupply situation and cut prices accordingly.

Consumption

An estimated white/yellow PS&D is supplied giving an indication of the improved local supply situation as well as increased export prospects.

'000 Mt.	White	Yellow	Total	White	Yellow	Total
	FAS 97	MY98/99		FAS 98	MY 99/2000	
Stocks 05/01	1179	1280	2459	543	264	807
Production	4706	2838	7544	4654	2756	7410
Imports	0	98	98	0	430	430
Total supply	5885	4216	10101	5197	34500	8647
Exports	1108	280	1388	500	100	600
Consumption	4234	3672	7906	4265	3535	7800
Stocks 04/31	543	264	807	432	-185	247

Trade

Since the beginning of May up to the end of August 1999 South Africa imported 281,000 tons of yellow corn into the coastal areas while exports amounted to 169,000 tons of white and 14,000 tons of yellow to total 183,000 tons.

Policy

The National Department of Agriculture has requested the Board of Tariffs and Trade to open a provision for a minimum tariff rate quota on corn as required by the World Trade Organization. As soon as that has been done, the Department will place an ad in the government gazette for buyers to apply for a quota to import corn under this provision. Approximately 161,000 tons could be imported under this provision during 1999. The import tariff will be 20% of the bound rate which is 50% of the F.O.B. value. The tariff on the 161,000 tons will therefore be 10% of the F.O.B. value. Calculated on a F.O.B. price of \$90/ton it will give a tariff of \$9 or R54/ton at \$1=Rand 6 which is a bit lower than the current rate of R84/ton.

At the moment corn can only be imported into the coastal areas where it has to be processed. We are also still awaiting a ruling on the importation of GMO corn from the U.S. as well as any restrictions on the movement of such corn.

WHEAT

PSD Table						
Country:	South Africa					
Commodity:	Wheat					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		10/1998		10/1999
Area Harvested	1382	1382	748	748	700	712
Beginning Stocks	576	576	877	1005	348	700
Production	2450	2450	1531	1698	1450	1545
TOTAL Mkt. Yr. Imports	524	524	600	517	950	850
Jul-Jun Imports	663	663	650	650	900	700
Jul-Jun Import U.S.	133	133	100	100	250	250
TOTAL SUPPLY	3550	3550	3008	3220	2748	3095
TOTAL Mkt. Yr. Exports	72	72	50	60	50	55
Jul-Jun Exports	204	204	50	60	50	50
Feed Dom. Consumption	82	46	50	50	50	50
TOTAL Dom. Consumption	2601	2473	2610	2460	2650	2540
Ending Stocks	877	1005	348	700	48	500
TOTAL DISTRIBUTION	3550	3550	3008	3220	2748	3095

Production

The official marketing year for wheat has been changed to October/September to incorporate all new season deliveries. The NCEC made the first crop estimate for winter grains on September 20. The FAS 99 wheat crop is estimated at 1.545 million tons. The slight increase is forecast in spite of a 4.8% decrease in the area planted to 712,000 hectares based on expectations of improved weather.

In the Western and Northern Cape the area planted increased by 3 and 11% respectively. In the more northern parts of the country decreases occurred in the Free State (14%) and in the North-West Province (9%).

Although the yield in certain parts of the Western Cape is poor, a production increase of 45,000 tons (8%) is expected. Decreases are expected in the Free State (36,000 tons) and North-West Province (13,000 tons).

Unfortunately for the NCEC, the 1998 crop, estimated at 1.531 million tons, led to producer deliveries of nearly 1.7 million tons, 167,000 tons more than the estimate. SAGIS confirmed the delivery and stock figures in a special survey done August 31.

The following table contains the details:

Province	Area planted 1999	First estimate 99	Area planted 98	Final estimate 98
	'000 hectares	'000 metric tons	'000 hectares	'000 metric tons
Western Cape	310	580	300	535
Northern Cape*	40	210	36	205
Free State	300	500	350	536
Kwazulu-Natal*	6	30	5	20
Mpumalanga*	11	44	9	47
Northern Province*	8	32	9	35
Gauteng*	4	20	2	11
North-West	29	120	32	133
TOTAL	712	1 545	748	1 531

* Mainly irrigated.

Trade

The current crop estimate still falls well short of domestic demand and imports of about 850,000 tons can be expected during the October 99/Sept. 2000 marketing year. The increased carry over from the 98/99 season, depressed consumption figures, and the bigger than expected crop estimate led to the 100,000 ton decrease in the import forecast for 99/00. Recent SAGIS figures indicate that consumption has stabilized at between 205,000 and 210,000 tons per month, smaller than the previous 210,000+ consumption pattern.