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Grain and Feed Annual

The report includes wheat, corn and rice

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Report Highlights:

Post forecasts that the hectares that will be planted with wheat in the 2012/13 MY will decrease to around 560,000 hectares, on the back of an increase in the hectares that were planted with corn and soya beans at the end of 2011. An area of 560,000 hectares will on average realize a wheat crop of about 1.7 million tons. Wheat imports are expected to reach 1.7 million in the 2012/13 MY. Post forecasts that the area planted to corn later in 2012 for the 2012/13 MY will be around three million hectares. This should result in a crop of about 11.4 million tons. In the 2012/13 MY, South Africa is expected to continue to be a net exporter of corn, despite speculation that South Africa would export all available surplus corn by early 2012. Post estimates that these exports in the 2012/13 MY will be around 1.5 million tons. Post forecasts that rice imports will stay at about 1.0 million tons in the 2012/13 MY. In the 2011/12 MY, rice imports is expected to jump by 45 percent to almost 1.1 million tons. The retail prices of maize meal and some wheat products have increased significantly during the past year, which has increased the demand for rice. For the first seven months of the 2011/12 MY, South Africa has already imported 615,143 tons of rice.

Executive Summary:

Post forecasts that the hectares to be planted with wheat in the 2012/13 MY (October 2012 to September 2013) will decrease from last year to around 560,000 hectares, on the back of increased plantings of corn and soybeans in late 2011. An area of 560,000 hectares will, on average, realize a wheat crop of about 1.7 million tons. As a result, wheat imports for the 2012/13 MY is expected to reach 1.7 million tons.

South Africa's 2011/12 MY (October 2011 to September 2012) wheat crop is estimated at 1.8 million tons on 605,000 hectares. Although it was the second lowest amount of hectares planted with wheat in the past 40 years, good weather conditions contributed to a 30 percent increase in the wheat crop from the 2010/11 MY's crop of 1.4 million tons. However, 1.8 million tons of wheat is still 45 percent less than the expected local demand; hence, wheat imports are expected to be about 1.6 million tons in the 2011/12 MY.

Post forecasts that the area planted to corn later in 2012 for the 2012/13 MY^[1] (2013/14 MY for South Africa) will be around three million hectares, just down from the 3.1 million hectares planted in the previous marketing year. This will, on a national average yield basis result in a corn crop of about 11.4 million tons. According to the Crop Estimates Committee's (CEC) first estimate, commercial farmers planted 2.6 million hectares of corn for the 2011/12 MY. Furthermore, post estimates that subsistence farmers planted about 500,000 hectares of corn. Total corn plantings, at 3.1 million hectares, were almost nine percent more than in the 2010/11 MY. Corn plantings were up in response to record high domestic corn prices on the back of reports that corn stock levels in South Africa are decreasing due to increased exports. Currently, conditions in most of the corn producing regions of South Africa look satisfactory; hence, post estimates the total corn crop for the 2011/12 MY at 12.1 million tons.

With an estimated total corn crop of 12.1 million tons, post forecasts that South Africa will be able to export about 2.0 million tons of corn in the 2011/12 MY. In the 2012/13 MY, South Africa is expected to continue to be a net exporter of corn. Post estimates that these exports will be around 1.5 million tons.

In the 2010/11 MY, South Africa imported 721,000 tons of rice, down 8.5 percent from the previous year on the back of the relative low prices of rice substitute products, such as corn and wheat.

Thailand, with almost 80 percent market share, was South Africa's major supplier. In the 2011/12 MY, rice imports are expected to jump by 45 percent to almost 1.1 million tons. The retail prices of maize meal and some wheat products have increased significantly over the past year, which has increased the demand for rice. For the first seven months of the 2011/12 MY, South Africa has already imported 615,143 tons of rice. India has increased their market share to almost 17 percent at the cost of Thailand, whose market share dropped to 66 percent. Post forecasts that rice imports will stay at about 1.0 million tons in the 2012/13 MY.

US\$1 = Rand 7.72 (02/14/12)

^[1]The marketing years (MY) for corn used in the text refers to the USDA marketing years in the PS&D table and not to the marketing years used by the South African corn industry.

WHEAT

Production

South Africa's 2011/12 MY (October 2011 to September 2012) wheat crop is estimated at 1.8 million tons on 605,000 hectares. Although it was the second lowest amount of hectares planted with wheat in the past 40 years in South Africa, good weather conditions contributed to a 30 percent increase in the wheat crop from the 2010/11 MY's crop of 1.4 million tons. Especially in the southern parts of the Western Cape Province, weather conditions were perfect and many wheat farmers achieved double their average annual yields per hectare, filling the silos in the region to the brim. However, 1.8 million tons of wheat is still almost 1.5 million tons less than the expected local demand.

Post forecasts that the hectares that will be planted with wheat in the 2012/13 MY will decrease to around 560,000 hectares, on the back of an increase in plantings of corn and soybeans in 2011. This is also in line with post's forecast that unless there is an advance in technology or policy changes, the decreasing trend in hectares planted with wheat in South Africa will continue in future. After the deregulation of the wheat industry in 1997 and declining profit margins, local wheat farmers scaled down wheat production and switched wheat fields to other crops like canola, oats, corn, soya beans or increased livestock production. This is illustrated in Figure 1. From Figure 1 it is clear that in the past 40 years there has been a decreasing trend in the area planted with wheat, an increasing trend in the local consumption of wheat, while production basically stayed constant. These trends are even more evident after the deregulation of the market in 1997.

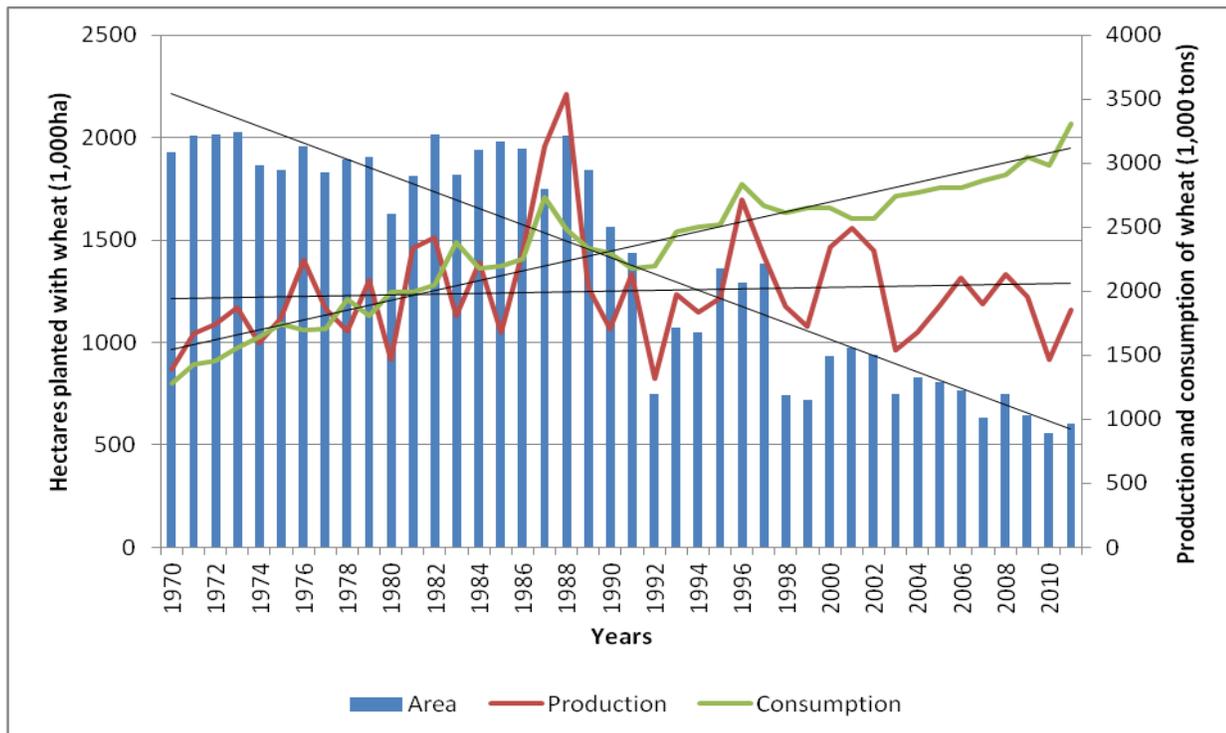


Figure 1: The trends in wheat production, consumption and area planted in South Africa the past 40 years (1970 – 2011)

An area of 560,000 hectares will on average realize a wheat crop of about 1.7 million tons for the 2012/13 MY. The following table details area planted and production figures of wheat for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

Table 1: Area planted and production of wheat in South Africa

MY	Area (hectares)	Yield (tons/ha)	Production (tons)
2010/11 (actual)	558,100	2.6	1,430,000
2011/12 (estimate)	604,700	3.1	1,849,930
2012/13 (forecast)	560,000	3.0	1,680,000

Source: SAGIS and CEC

Consumption

South Africa's wheat consumption decreased marginally in the 2010/11 MY to just under three million tons due to an increase in the prices of wheat products (see also Table 2). However, wheat consumption is expected to increase by at least ten percent to 3.3 million tons in the 2011/12 MY, as the price of corn meal (bread and corn meal are substitute products) is expected to increase on the back of record levels of domestic corn prices, while the price of wheat is decreasing. For the 2012/13 MY, post forecasts that wheat consumption will stay on the same level as the 2011/12 MY at about 3.3 million tons, as domestic corn prices are forecast to return to more normal levels.

Table 2: The retail prices of wheat, corn and rice products from October 2010 to October 2011

	Price level (Rand)			Percentage change	
	Oct-10	Jul-11	Oct-11	Jul-11 to Oct-11	Oct-10 to Oct-11
Wheat products					
Loaf of brown bread 700g	7.17	7.99	8.08	1.1	12.7
Loaf of white bread 700g	8.00	8.90	9.03	1.5	12.9
Cake flour 2.5kg	9.53	9.54	9.62	0.8	0.9
Spaghetti 500g	15.54	17.72	20.26	14.4	30.4
Macaroni plain 500g	20.63	24.74	26.99	9.1	30.9
Wheat price (R/ton)	2,661	2,975	2,908	-2.3	9.2
Maize products					
Maize meal special 5kg	15.54	17.72	20.26	14.4	30.4
Maize meal super 5kg	20.63	24.74	26.99	9.1	30.9
White maize (R/ton)	1,255	1,798	2,178	21.7	73.6
Rice products					
Rice 2kg	20.83	20.35	20.78	2.1	-0.2

Source: NAMC, 2011

In Table 3 the consumption of wheat in South Africa is shown for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

Table 3: Consumption of wheat in South Africa

Wheat (1000 tons)					
Marketing year	Human	Animal	Seed	Other	TOTAL
2010/11 (actual)	2.940	10	13	17	2.980
2011/12 (estimate)	3.250	30	15	15	3.310

2012/13 (forecast)	3.250	20	15	15	3.300
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Source: South Africa Grain Information Service (SAGIS) and Grain SA

Trade

For the 2011/12 MY it is estimated that South Africa will continue its dependence on wheat imports to meet the local demand (see Figure 2). So far in the 2011/12 MY (Oct – Jan), South Africa has already imported 625,050 tons of wheat and imports are expected to reach 1.6 million tons. Argentina (144,795 tons), Russia (125,310 tons), Australia (112,847 tons) and Germany (105,964 tons) are the major importing countries (see also Table 4). South Africa is importing wheat from Russia for the first time in the last decade after the Russian government allowed a ban on wheat exports to expire in the middle of last year.

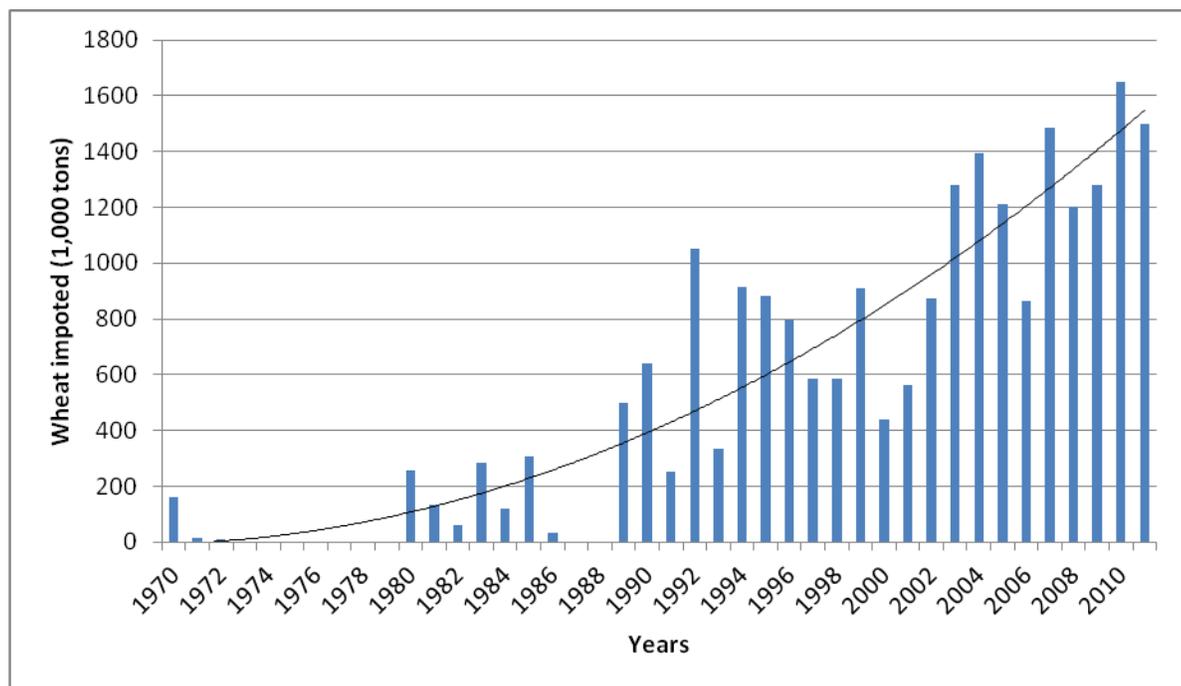


Figure 2: South Africa's increased dependence on wheat imports (1970-2011)

For the 2010/11 marketing year, South Africa imported almost 1.7 million tons of wheat. Most of the wheat was imported from Argentina (629,600 tons), United States (586,200 tons) and Australia (181,637 tons). Wheat imports for the 2012/13 MY are expected to increase by about six percent from the 2011/12 MY to 1.7 million tons, due to a decrease in the area planted with wheat.

South Africa, however, also exports wheat to the Southern Africa region and acts as a conduit for imported grain. For the 2011/12 MY, 108,437 tons of wheat (87,346 tons own stock and 21,091 tons imported wheat) has already been exported to neighboring countries. In the 2010/11 MY, South Africa exported 152,258 tons of wheat from its own stocks to neighboring countries in the Southern Africa region and 66,777 tons of imported wheat. Botswana (85,542 tons) and Lesotho (75,445 tons) were the main markets.

Table 4: Export and import countries for wheat

MY	2010/11 (Oct 1, 2010 – Sept 30, 2011)	2011/12 (Oct 1, 2011 – Feb 3, 2012)
Import Suppliers		
Argentina	629,600	144,795
United States	586,200	0
Australia	181,637	112,847
Germany	88,581	105,964
Canada	79,697	42,264
Brazil	58,551	0
Uruguay	25,249	10,964
Lithuania	0	8,880
Russia	0	125,310
TOTAL IMPORTS	1,649,515	625,049
Export destinations		
Botswana	84,542	34,751
Lesotho	75,445	52,293
Madagascar	6,403	0
Mozambique	234	1,689
Namibia	19,803	3,148
Swaziland	18,026	6,435
Zambia	12,593	8,667
Zimbabwe	1,989	1,454
TOTAL EXPORTS	219,035	108,437

Source: SAGIS

Policy

Given the decreasing trend in wheat production and the increasing dependence on wheat imports, South African wheat farmers have been continuously lobbying Government for more tariff protection against imported wheat. Farmers argue that they cannot continue to produce wheat in South Africa profitably and some producers are calling for subsidies. Wheat farmers also argue that an increase in the price of bread caused by higher tariffs would be worth a resulting revival of wheat production in South Africa by increasing rural economic development and improving food security. However, the government remains more concerned for preserving affordable bread prices as the majority of low-income South Africans rely on bread as an important food source.

In October 2009, wheat farmers applied for an increase in the domestic Dollar-based reference price of wheat, classifiable under import tariff subheading 1001.90, from US\$157/ton to US\$260/ton. It requested that the domestic Dollar-based reference price of US\$157/ton be adjusted by using the latest five year average domestic Dollar-based reference price of US\$236/ton instead of the previous ten-year world reference price which yielded no duty. Furthermore, that this price be further adjusted by including a distortion factor (caused by subsidies) estimated at 10.27 percent, which leads to a domestic Dollar-based reference price of US\$260/ton.

However, the International Trade Administration Commission of South Africa (ITAC) did not support the farmers full request and instead decided that the domestic Dollar-based reference price for wheat be increased from US\$157 per ton to US\$215 per ton based on the 5-year average US No.2 HRW Gulf price of wheat of US\$236/ton, plus an adjustment for the distortion factor evident in the international wheat market of US\$24/ton, less the average ocean transport cost of wheat of US\$45/ton to arrive at an average landed price of wheat. The recommendations by ITAC have been approved by the Minister of Trade and Industry and were implemented by the South African Revenue Service on 30 April 2010. Given the recommended domestic Dollar-based reference price of US\$215/ton, the current import duty on wheat is zero.

Prices

The South Africa Future Exchange (SAFEX) prices for wheat as of 02/03/2012 are shown in the following Table. Local wheat prices have decreased by almost 16 percent in the past year on the back of lower international prices (see Figure 3). Local wheat prices is expected to remain flat on the back of a relative stable international wheat price and a stronger R/US\$ exchange rate.

Table 5: SAFEX future prices for wheat

	SAFEX Futures prices (02/03/2012)				
Commodity	2012/02	2012/03	2012/05	2012/07	2012/09
Wheat	R2,779/t (\$360/t)	R2,811/t (\$364/t)	R2,870/t (\$372/t)	R2,894/t (\$375/t)	R2,910/t (\$377/t)

Source: SAFEX

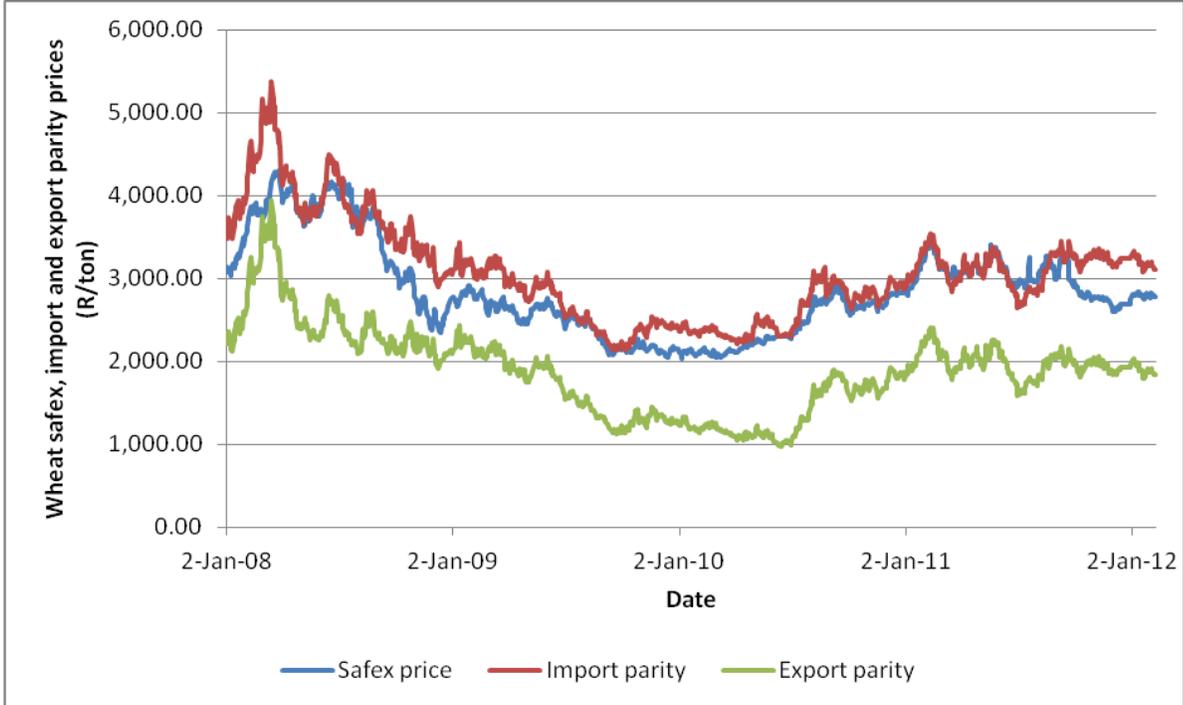


Figure 3: The trend in the SAFEX price for wheat since January 2008

Table 6: PS&D Table for Wheat

Wheat South Africa	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	560	558	600	605		560
Beginning Stocks	761	761	696	711		651
Production	1,465	1,430	1,800	1,850		1,680
MY Imports	1,716	1,650	1,400	1,600		1,700
TY Imports	1,627	1,627	1,400	1,400		1,500
TY Imp. from U.S.	583	583	0	400		500
Total Supply	3,942	3,841	3,896	4,161		4,031
MY Exports	246	150	200	200		200
TY Exports	272	270	200	200		200
Feed and Residual	50	30	40	45		35
FSI Consumption	2,950	2,950	2,950	3,265		3,265
Total Consumption	3,000	2,980	2,990	3,310		3,300
Ending Stocks	696	711	706	651		531
Total Distribution	3,942	3,841	3,896	4,161		4,031
Yield	3.	2.5627	3.	3.0579		3.

CORN

Production

The long term trend in corn production indicates South Africa is producing more corn on less area. Figure 4 illustrates the trend in corn production in South Africa over the past 40 years. The main reasons for this trend are more efficient and effective farming methods and practices, the use of less marginal land in the corn production systems, better seed cultivars, the adoption of biotechnology and the deregulation of the corn industry in the mid-nineties that sifted uncompetitive farmers out of the system. Figure 5 illustrates this remarkable trend, where the average corn yield almost doubled the past 15 years in South Africa. Indications are that this trend of producing more corn on fewer hectares will continue in future. Consequently, post forecasts that the area planted to corn later in 2012 for the 2012/13 MY (2013/14 MY for South Africa) will be around three million hectares. Commercial farmers will plant about 2.5 million hectares and subsistence farmers 500,000 hectares. This will, based on a national average yields, result in a crop of about 11.4 million tons.

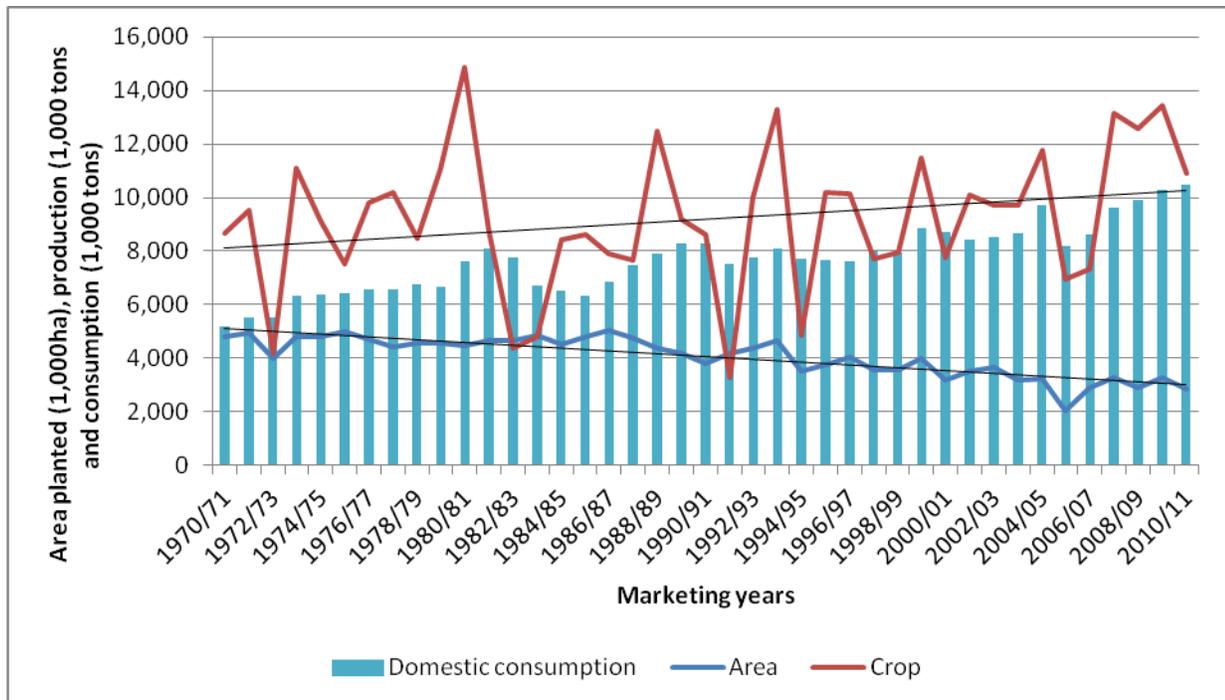


Figure 4: The trend in corn production and consumption in South Africa the past 40 years

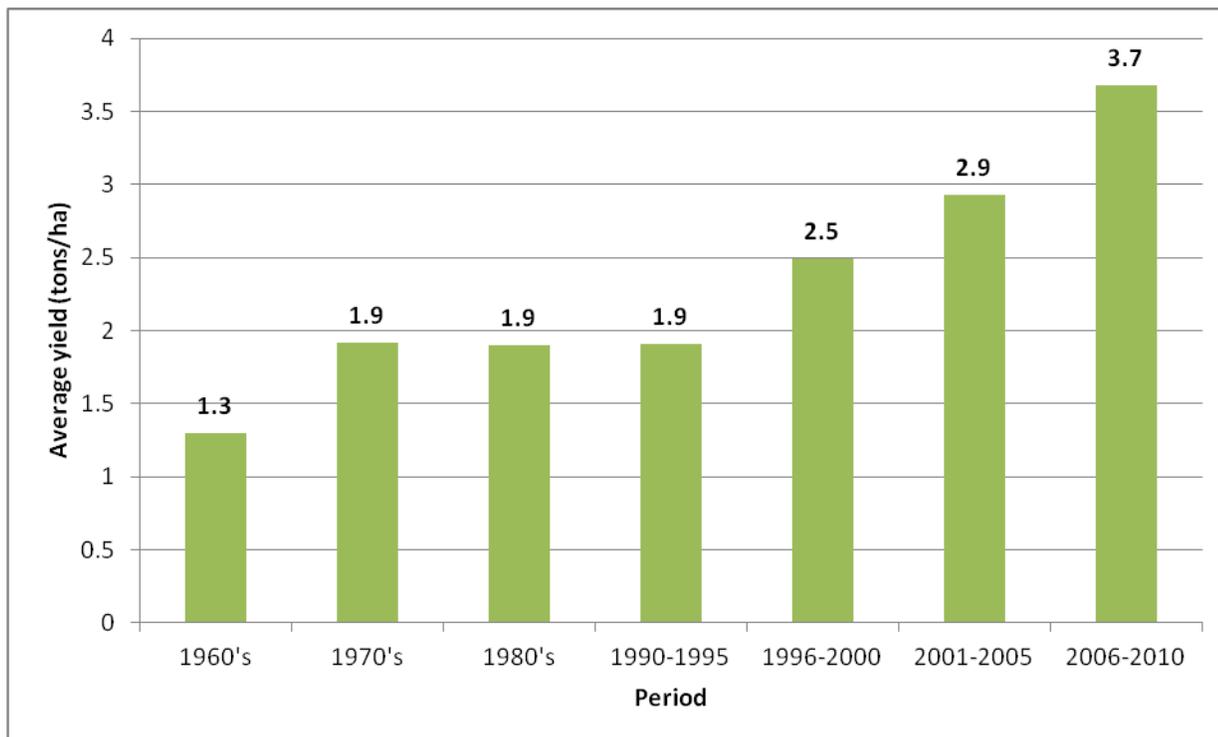


Figure 5: Trends in the average corn yields in South Africa

The first estimate for the area planted to corn by commercial farmers for the 2011/12 MY (the 2012/13 MY in South Africa which runs from May 2012 to April 2013) was released by the CEC on January 24, 2012. According to the CEC, commercial farmers planted 2.6 million hectares of corn. Furthermore, post forecasts that subsistence farmers planted about 500,000 hectares of corn. This means total corn

plantings, at 3.1 million hectares, were almost nine percent more than in the 2010/11 MY. Corn plantings are up in response to higher domestic corn prices (almost double) compared to the previous season. Domestic corn prices were up on the back of speculation that corn stock levels in South Africa are decreasing due to increased exports. Commercial farmers planted 1.6 million hectares with white corn, 12 percent more than the previous year, and 1.0 million hectares with yellow corn, nine percent more than the previous year.

Currently, conditions in most of the corn producing regions of South Africa look satisfactory. However, due to dry weather conditions that persisted during planting season, most of the corn crop was planted two to four weeks later than optimal. This will have an impact on yields. For the rest of the season, above average rainfall is forecast due to the presence of a strong La Nina weather pattern. Hence, post estimates South Africa's total corn crop for the 2011/12 MY at 12.1 million tons.

On December 1, 2011, the CEC finalized the 2010/11 MY commercial corn crop at 10.4 million tons. The corn crop from subsistence farming was finalized at 564,335 tons. As a result, South Africa's total corn crop for the 2010/11 MY is 10.9 million tons, almost 19 percent lower than the previous season's 13.4 million tons on the back of lower yields and a decrease in area planted. The area planted with corn at 2.9 million hectares, was approximately 12 percent less than the previous year. Of the area planted with corn, 62 percent was white corn and 38 percent yellow corn.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2010/11 MY (actual), 2011/12 MY (estimate) and 2012/13 MY (forecast).

Table 7: Area planted and production of commercial and subsistence corn in South Africa

	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t	Area 1,000ha	Yield t/ha	Prod. 1,000 t
MY	2010/11			2011/12			2012/13		
Commercial corn									
White	1,418	4.3	6,052	1,590	4.3	6,800	1,500	4.3	6,370
Yellow	954	4.5	4,308	1,040	4.5	4,700	1,000	4.5	4,450
Sub Total	2,372	4.4	10,360	2,630	4.4	11,500	2,500	4.4	10,820
Subsistence corn									
White	347	1.1	396	350	1.1	390	350	1.1	390
Yellow	140	1.2	168	150	1.2	180	150	1.2	180
Sub Total	487	1.1	564	500	1.1	570	500	1.1	570
TOTAL	2,872	3.8	10,924	3,130	3.8	12,070	3,000	3.8	11,390

Source: SAGIS and CEC

Consumption

Total commercial corn consumption is expected to increase by three percent to 10.0 million tons in the 2010/11 MY, driven mainly by an increase in the demand for corn for feed purposes (mainly yellow corn). Corn for human consumption (mainly white corn) is expected to reach be 4.7 million tons, while corn for feed purposes is expected to reach 4.5 million tons.

For the 2011/12 MY, post expects that the commercial demand for corn for human consumption and animal feed purposes will remain basically flat at 4.7 million tons and corn for feed purposes will increase only marginally to 4.6 million tons, on the back of increased corn prices.

Figure 6 illustrates the commercial consumption trend of corn in the food and feed markets of South Africa since the 1997/98 MY. The demand for corn in the human food market (mainly white corn) increased by an average of three percent per annum the past 14 years, while the demand for corn in the animal feed (mainly yellow corn) increased by an average four percent per annum. After staying basically flat during the period 2001/02 to 2007/08, the demand for corn in the human market increased by 19 percent during the food price crisis of 2008. The main reason for the increase was that the domestic price of corn meal (a staple food for many poor households) stayed relatively constant during the food price crisis compared to the prices of other starches like bread or rice that rose sharply. The over production of corn in South Africa saw the domestic corn price moving from import parity levels to export parity levels. As a result, the local price of maize meal decreased by two percent between October 2007 and October 2008, while the price of bread increased by 35 percent.

On the other hand, the demand for corn for animal feed decreased by three percent during the food price crises of 2008. This was attributable to the economic situation which forced many South Africans to buy cheaper basic foods and use less meat and other value added foodstuffs.

Since 2008, the human consumption of corn grew only by one percent per annum while the demand for animal feed corn grew by almost three percent per annum on the back of improved general economic conditions which increased the demand for meat. However, slower growth for the South African economy is predicted the next two year which will also slow down the demand for meat.

Given this trend, post forecasts that the demand for corn for human consumption will increase by one percent to 4.8 million tons in the 2012/13 MY, while the demand for corn for animal feed purposes will increase by two percent to 4.7 million tons. As a result, post predicts that the total domestic demand for corn will increase to 10.3 million tons in the 2012/13 MY.

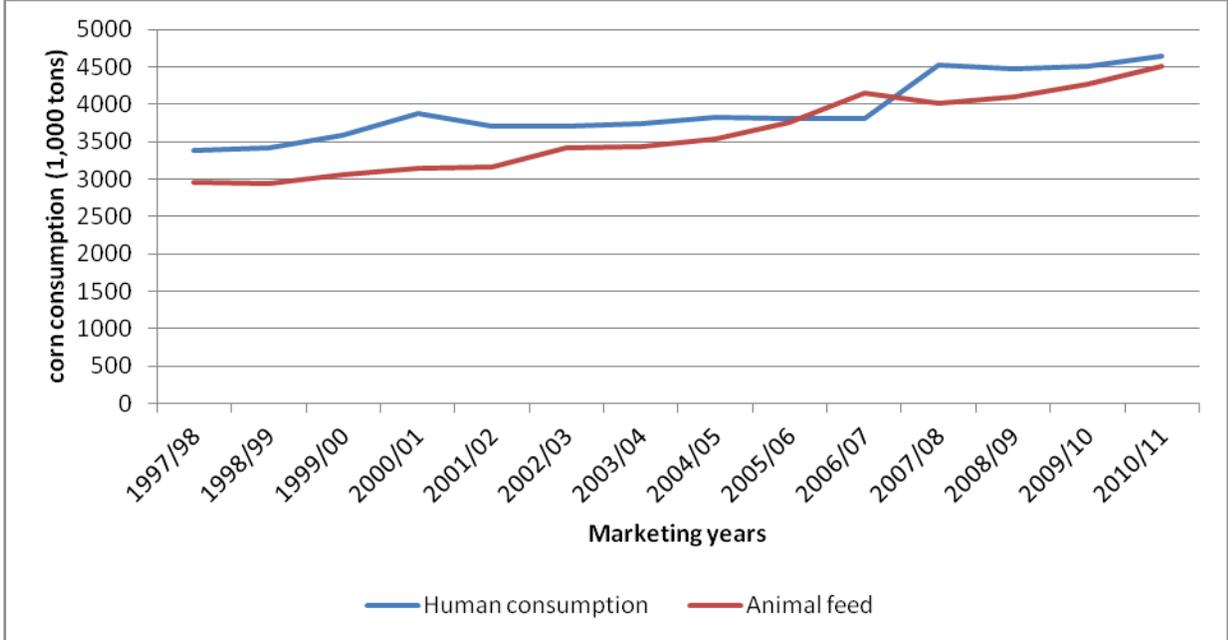


Figure 6: The commercial consumption trend of corn in the food and feed markets of South Africa since the 1997/98 MY.

The following table outlines the commercial consumption for white and yellow corn for the 2010/11 MY (estimate), 2011/12 MY (estimate) and 2012/13 MY (forecast). Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

Table 8: The commercial consumption of white and yellow corn in South Africa

CORN 1,000 t	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2010/11			2011/12			2012/13		
Human	4,250	400	4,650	4,300	400	4,700	4,350	400	4,750
Animal	1,300	3,200	4,500	1,000	3,600	4,600	1,000	3,700	4,700
Other	300	500	800	300	500	800	300	500	800
TOTAL	5,850	4,100	9,950	5,600	4,500	10,100	5,650	4,600	10,250

Source: SAGIS, Grain SA

Trade

With an estimated total corn crop of 12.1 million tons, post forecasts that South Africa will be able to export about 2.0 million tons of corn in the 2011/12 MY. In the 2012/13 MY South Africa is expected to continue to be a net exporter of corn. Post estimates that these exports will be around 1.5 million tons.

South Africa has thus far exported 2.2 million tons of corn in the 2010/11 MY, which includes 1.5 million tons of white corn and 688,695 tons of yellow corn (see also Table 9 below). Almost half of the corn exports (1.1 million tons of white corn) went to Mexico. With reports that current stock levels could be depleted before the start of the new marketing season, which resulted in a sharp increase in domestic prices, post expects corn exports to slow down in the next few months. Furthermore, export parity prices for white corn and yellow corn decreased, respectively, by 35 percent and nine percent the past three months on the back of a stronger Rand and a downward movement in international corn prices, making corn exports less attractive. As a result, post expects corn exports to reach about 2.4 million tons in the 2010/11 MY. South Africa has also started to import yellow corn from Romania and Ukraine and small amounts of white corn from Zambia. Post expects that corn imports could reach 300,000 tons in the 2010/11 MY.

Table 9: Export and Import Countries for white and yellow corn (1,000 tons)

MY	2010/11 (May 1, 2011 – Feb 3, 2012)	
	White corn	Yellow corn
Export Destinations		
Botswana	117	19
Ghana		7
Iran		41
Italy	68	
Japan		49
Korea	45	302
Kuwait		28
Lesotho	110	5
Madagascar		3
Mexico	1,054	
Mozambique	48	13
Namibia	18	14

Senegal		3
Somalia	19	
Swaziland	6	43
Taiwan		162
Venezuela	31	
TOTAL EXPORTS	1,517	689
Import Suppliers		
Zambia	66	0
Ukraine	0	25
Romania	0	93
TOTAL IMPORTS	66	118

Source: SAGIS

Prices

SAFEX prices as of February 3, 2012, are shown in Table 10. Currently, white corn prices are at R2,483 per ton and yellow corn prices at R2,555 per ton, both trading lower than the record levels achieved in January. Both yellow corn and white corn prices skyrocketed to import parity in January on the back of reports that South Africa's corn export push might have exhausted stocks (see also Figure 7 and Figure 8). Although prices have moved downwards in February, local white corn prices are still 64 percent higher and yellow corn prices almost 55 percent higher on a year-on-year basis.

Table 10: SAFEX prices for corn

Commodity	SAFEX Futures prices (as of 02/03/2012)				
	2012/02	2012/03	2012/05	2012/07	2012/09
White corn	R2,483/t (\$322/t)	R2,464/t (\$319/t)	R2,220/t (\$288/t)	R1,982/t (\$257/t)	R2,014/t (\$261/t)
Yellow corn	R2,555/t (\$331/t)	R2,481/t (\$321/t)	R2,185/t (\$283/t)	R1,951/t (\$253/t)	R1,982/t (\$257/t)



Figure 7: The trend in the SAFEX price for white corn since January 2008

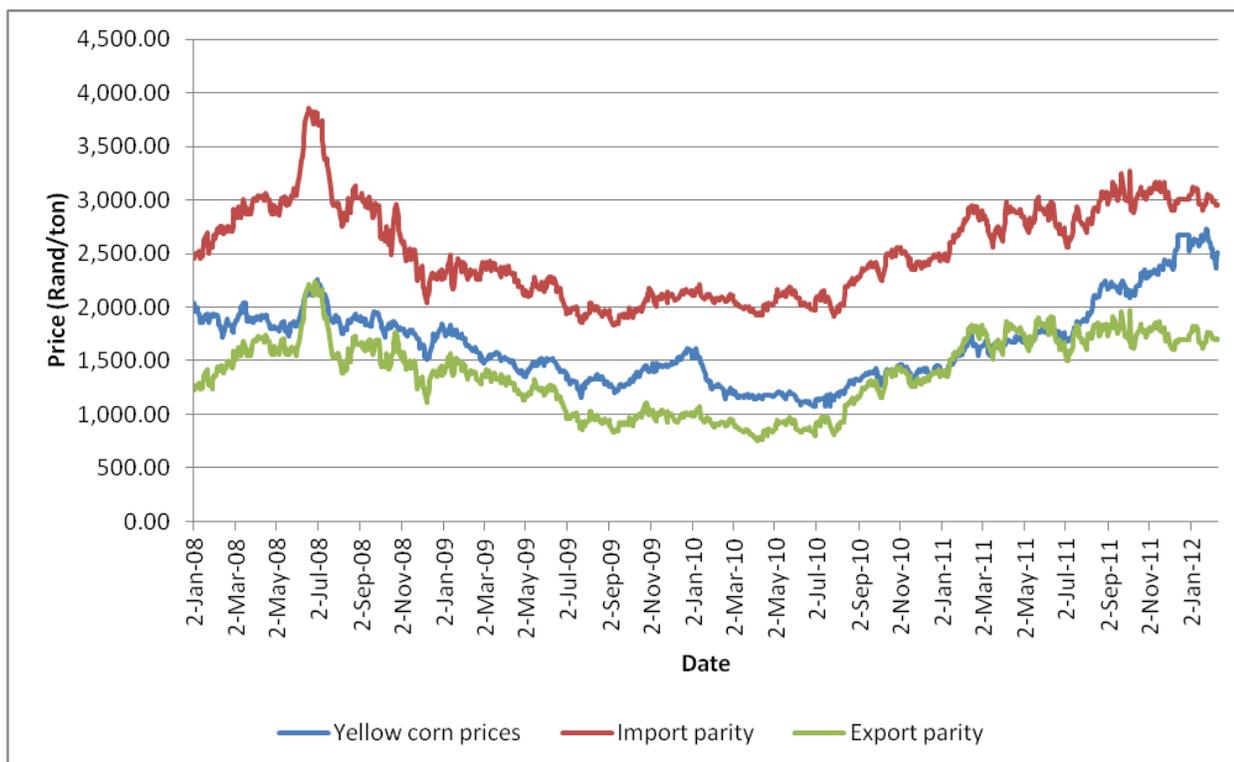


Figure 8: The trend in the SAFEX price for yellow corn since January 2008

Table 11: PS&D Table for Corn

Corn	2010/2011	2011/2012	2012/2013
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South Africa	Market Year Begin: May 2011		Market Year Begin: May 2012		Market Year Begin: May 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
	Area Harvested	2,859	2,872	3,000	3,130	
Beginning Stocks	5,169	5,169	3,393	3,493		2,963
Production	10,924	10,924	12,500	12,070		11,390
MY Imports	300	300	25	0		0
TY Imports	6	6	300	300		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	16,393	16,393	15,918	15,563		14,353
MY Exports	2,500	2,400	2,000	2,000		1,500
TY Exports	2,839	2,839	2,000	2,000		1,500
Feed and Residual	4,800	4,800	4,800	4,850		4,950
FSI Consumption	5,700	5,700	5,700	5,750		5,800
Total Consumption	10,500	10,500	10,500	10,600		10,750
Ending Stocks	3,393	3,493	3,418	2,963		2,103
Total Distribution	16,393	16,393	15,918	15,563		14,353
Yield	4.	3.8	4.	3.8		3.8

RICE

Currently, South Africa does not commercially produce any rice, mainly due to the high water requirements of the crop in a generally dry country. However, commercial rice production in South Africa can become a reality in the next few years. Last year, successful rice production trials under irrigation were completed in various parts of South Africa and 600 tons of seed has already been produced. Some farmers are already in the process of putting up infrastructure to make commercial rice production possible. Although it is still a long way to go, theoretically, rice could become the third largest grain in terms of production in South Africa. But until then, South Africa is dependent on rice imports to satisfy the local demand.

Imports are duty free and consumption is based on the import data supplied by the Global Trade Atlas. In the 2010/11 MY, South Africa imported 721,000 tons of rice, down 8.5 percent from the previous year on the back of the relative low prices of its substitute products, corn and wheat. Thailand, with almost 80 percent market share, was South Africa's major importing country.

In the 2011/12 MY, rice imports are expected to jump by 45 percent to almost 1.1 million tons (see Table 12). The retail price of maize meal and some wheat products have increased the past year by about 30 percent, while the retail price of rice was basically unchanged (also refer to Table 2). This has increased the demand for rice. For the first seven months of the 2011/12 MY, South Africa has already imported 615,143 tons of rice (see also Table 13). India has increased their market share to almost 17 percent at the cost of Thailand, whose market share dropped to 66 percent. Post forecasts that rice imports will stay at the same level of 1.0 million tons in the 2012/13 MY. Slower growth for the South African economy is predicted the next two year which will also slow down the demand for rice.

Table 12: Imports of rice to South Africa

Marketing years	2009/10	2010/11	2011/2012	2012/13*
Total imports (1,000 tons)	788	721	1,050	1,000

Source: World Trade Atlas

*Forecast

Table 13: Import Trade Matrix

Country South Africa

Commodity Rice, Milled

Time Period	May/April	Units:	MT
Imports for:	2010/11		2011/12*
U.S.	1,331	U.S.	892
Others		Others	
Thailand	559,480	Thailand	411,879
India	27,496	India	102,205
Brazil	14,391	Brazil	66,824
Pakistan	67,719	Pakistan	16,813
Vietnam	23,815	Vietnam	5,160
Uruguay	3,242	Uruguay	3,358
Paraguay	2,000	Paraguay	2,304
China	18,656	China	1,397
Total for Others	716,799	Total for Others	609,940
Others not Listed	3,221	Others not Listed	4,311
Grand Total	721,351	Grand Total	615,143

*01/05/2010 – 11/30/2010

Table 14: PS&D Table for Rice

Rice, Milled Africa	South	2010/2011		2011/2012		2012/2013	
		Market Year Begin: May 2010		Market Year Begin: May 2011		Market Year Begin: May 2012	
		USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested		0	0	0	0		0

Beginning Stocks	42	42	37	31		51
Milled Production	0	0	0	0		0
Rough Production	0	0	0	0		0
Milling Rate (.9999)	0	0	0	0		0
MY Imports	760	721	800	1,050		1,000
TY Imports	760	721	750	1,000		1,000
TY Imp. from U.S.	0	1	0	1		1
Total Supply	802	763	837	1,081		1,051
MY Exports	25	32	30	30		30
TY Exports	25	32	30	30		30
Consumption and Residual	740	700	760	1,000		1,000
Ending Stocks	37	31	47	51		21
Total Distribution	802	763	837	1,081		1,051
Yield (Rough)	0.	0.	0.	0.		0.
TS=TD		0		0		0