

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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POLICY

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**GAIN Report Number:**

## **South Africa - Republic of**

## **Grain and Feed Annual**

## **The report includes wheat, corn and rice**

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**Report Highlights:**

South Africa's 2010/11 marketing year wheat crop is estimated at 1.511 million tons, 23 percent less than the 1.958 million tons produce in the 2009/10 marketing year. Hectares planted with wheat decreased by 15 percent to 558,100 hectares, the lowest the past 40 years as South Africa producers are not competitive on the global market. With a local demand of about three million tons, South Africa will have to import a record 1.6 million tons wheat or more than half of domestic demand. Post forecast that around 600,000 hectares of wheat will be planted for the 2011/12 marketing year on the back of an increase in local wheat prices.

South Africa planted three million hectares of corn for the 2011/12 marketing year, eight percent less than the previous year. Most of South Africa's grain producing areas received good rains during December 2010 and January 2011. However, some corn producing areas were reportedly affected by excessive rain, which will impact yields. Consequently, post estimate that South Africa will produce about 12 million tons of corn for the 2011/12 marketing year. South Africa's total corn crop for the 2010/11 marketing year was finalized at 13.421 million tons; hence, South Africa has approximately four million tons of surplus corn available for exports. Post estimates that South Africa will be able to export only about 1.7 million tons of the surplus corn in the 2010/11 marketing year.

In the 2009/10 marketing year the demand for rice in South Africa normalized again after a significant decrease during the 2008/09 marketing year, with imports of rice rising by 35 percent to 788,104 tons.

## **Executive Summary**

South Africa's 2010/11 marketing year (marketing year that started October 2010 and will end September 2011) wheat crop is estimated at 1.511 million tons, representing a 23 percent decrease in production from the 1.958 million tons produce for the 2009/10 marketing year. The main reason for this decrease in wheat production in the 2010/11 marketing year is the 15 percent decline in the hectares planted to wheat at 558,100 hectares. Post forecast that around 600,000 hectares of wheat will be planted in 2011. The slight increase in hectares planted will be due to the increase in the local price of wheat. South Africa's wheat consumption in the 2010/11 and 2011/12 marketing years is expected to be just above three million tons; hence, South Africa will remain dependent on wheat imports to meet local demand.

The first estimate for the area planted to corn by commercial farmers for the 2011/12 marketing year released by the Crop Estimate Committee (CEC) was set at 2.5 million hectares. Post forecasts subsistence farmers planted about 500,000 hectares of corn. This brings total corn plantings to three million hectares, which is eight percent less than in the 2010/11 marketing year. At an average commercial yield of 4.5 tons per hectare, another surplus corn crop of approximately 12 million tons is expected this year. The CEC finalized the 2010/11 marketing year commercial corn crop at 12.815 million tons. The corn crop from subsistence farming was finalized at 605,864 tons. As a result, South Africa's total estimated corn crop for the 2010/11 marketing year is 13.421 million tons, 6.8 percent more than the 2009/10 marketing season's 12.567 million tons.

Local demand for corn is expected to grow to 10.6 million tons in the 2010/11 marketing year on lower corn prices; hence, South Africa will have approximately four million tons of surplus corn available for export. Post estimates that South Africa will be able to export only about 1.7 million tons of the surplus corn due to current rail infrastructure constraints, the relative strength of the rand against other currencies, and the rejection of a grain export pool by the Competition Commission.

In the 2009/10 marketing year, the demand for rice normalized on lower prices after the 2008/09 marketing year. South Africa's rice imports increased by 35 percent to 788,104 tons in the 2009/10 marketing year. Thailand, with more than 70 percent market share, is South Africa's major supplier. Post estimates that rice imports will be slightly less in the 2010/11 marketing year and will only reach 760,000 tons due to of higher prices. Post forecasts that rice imports will increase again in the 2011/12 marketing year to 800,000 tons, on increased disposable income and improved economic conditions.

US\$1 = Rand 7.23 (02/07/11)

Sources:

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

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

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

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

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

## **WHEAT**

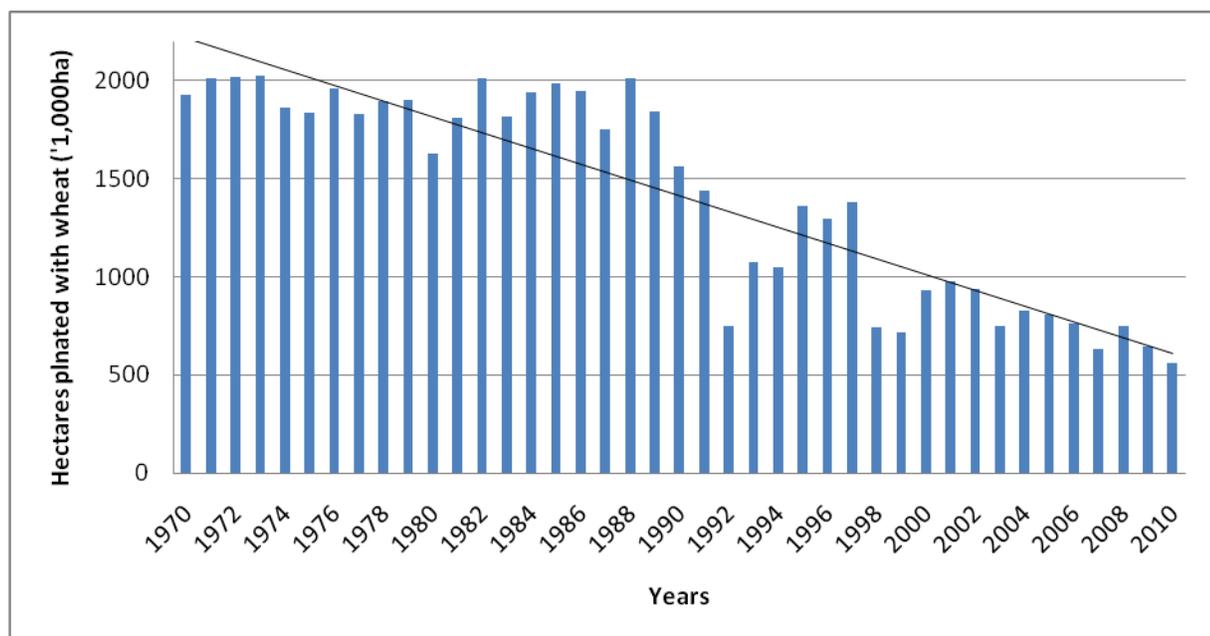
### **Production**

Since the deregulation of the wheat industry in 1997, farmers in South Africa have found it difficult to produce wheat profitably. On the one hand, there has been a continuous decline in wheat prices in real terms and on the other a continuous increase in input costs. With the pressure on profit margins, many local farmers scaled down wheat production and switched wheat fields to other crops like canola, oats, corn, and soybeans, or increased livestock production. Table 1 contains a summary of the processes that led to the deregulation of the wheat industry in South Africa and Figure 1 illustrates the declining trend in hectares planted with wheat.

**Table 1: A summary of the processes that led to the deregulation of the wheat industry in South Africa**

Year	Process
1935	Wheat industry control board established
1937	Wheat control scheme promulgated. Single channel fixed price system
1939	Introduction of the bread subsidy
1991	Termination of bread subsidy & price control on bread & flour
1995	Quantitative import control replaced with tariffs
1997	Wheat board abolished & single channel fixed price system revoked

Source: NAMC, 1999



**Figure 1: The decline in hectares planted with wheat in South Africa (1970 – 2010)**

South Africa’s 2010/11 marketing year (marketing year that started October 2010 and that will end September 2011) wheat crop is estimated at 1.511 million tons. This is the lowest wheat crop produced in South Africa since the drought year of 1992 and represents a 23 percent decrease in production from the 1.958 million tons produce for the 2009/10 marketing year. The main reason for this decrease in wheat production in the 2010/11 marketing year is the 15 percent decline in the hectares planted with wheat to 558,100 hectares. This is also the lowest amount of hectares planted with wheat over the past

40 years in South Africa and is only a quarter of the hectares planted during the 1970's and 1980's (see Figure 1). Another reason is the drop in average yield from three tons per hectare the previous year to 2.7 tons per hectare in the current year due to a dry spell during September 2010 in the Western Cape Province and wet conditions in the Free State province during harvest time.

Post forecasts that around 600,000 hectares of wheat will be planted in 2011. The slight increase in hectares planted will be due to the increase in the local price of wheat. This will, assuming average weather conditions, result in a wheat crop of about 1.8 million tons for the 2011/12 marketing year. The following table details area planted and production figures of wheat for the 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast) marketing years.

**Table 2: Area planted and production of commercial and subsistence corn in South Africa**

MY	Area (hectares)	Yield (tons/ha)	Production (tons)
<b>2009/10 (actual)</b>	642,500	3.0	1,958,000
<b>2010/11 (estimate)</b>	558,100	2.7	1,511,340
<b>2011/12 (forecast)</b>	600,000	3.0	1,800,000

Source: SAGIS and CEC

Table 3 contains the production details of wheat by provinces in South Africa for the 2009/10 and 2010/11 marketing years. In the Free State province, one of the main dry land wheat producing areas in South Africa, only 204,000 hectares were planted, the lowest since 1931. In the Western Cape, the other main dry land wheat producing area in South Africa, 12 percent less wheat was planted than in the previous season. In the other provinces wheat is mainly produced under irrigation explaining the higher average yields in those provinces.

**Table 3: Area planted, yield, and production of wheat by provinces in South Africa**

Marketing year	2009/10 (Actual)			2010/11 (Estimate)		
	Area planted (ha)	Yield (t/ha)	Production (tons)	Area Planted (ha)	Yield (t/ha)	Production (tons)
<b>W. Cape</b>	300,000	2.4	714,000	265,000	2.2	583,000
<b>N. Cape</b>	44,000	5.2	227,200	38,000	6.8	258,400
<b>Free State</b>	235,000	2.6	622,000	204,000	1.9	387,600
<b>E. Cape</b>	5,000	4.0	20,000	4,500	4.2	18,900
<b>KwaZulu</b>	7,000	5.0	35,000	6,100	5.4	32,940
<b>Mpumalanga</b>	7,500	5.5	41,200	4,500	5.6	25,200
<b>Limpopo</b>	18,000	5.5	99,000	12,500	5.7	71,250
<b>Gauteng</b>	2,000	6.4	12,800	1,500	6.5	9,750
<b>North West</b>	24,000	5.7	136,800	22,000	5.7	124,300
<b>TOTAL</b>	<b>642,500</b>	<b>3.0</b>	<b>1,958,000</b>	<b>558,100</b>	<b>2.7</b>	<b>1,511,340</b>

Source: Crop Estimates Committee  
Consumption

South Africa's wheat consumption in the 2010/11 and 2011/12 marketing years is expected to stay flat at just above three million tons after a five percent increase in consumption in the 2009/10 marketing year. The local retail prices of wheat products are increasing on the back of higher international prices, which will flatten wheat consumption. Table 4 indicates the retail prices of wheat products from July 2010 to October 2010. The price of wheat products increased by almost four percent from July 2010 to October 2010. On the other hand, the retail price of maize meal, a substitute product, decreased by two percent during the same period.

**Table 4: The retail prices of wheat products from July 2010 to October 2010**

Wheat products	Price level (Rand)		Percentage change
	Jul-10	Oct-10	Jul-10 to Oct-10
Loaf of brown bread 700g	7.00	7.17	2.4%
Loaf of white bread 700g	7.80	8.00	2.6%
Cake flour 2.5kg	15.51	16.94	9.2%
Spaghetti 500g	9.03	9.10	0.8%
<b>Average</b>			<b>3.7%</b>

*Source: NAMC, 2010*

In Table 5, the consumption of wheat in South Africa is shown for marketing years 2009/10 (actual), 2010/11 (estimate) and 2011/12 (forecast).

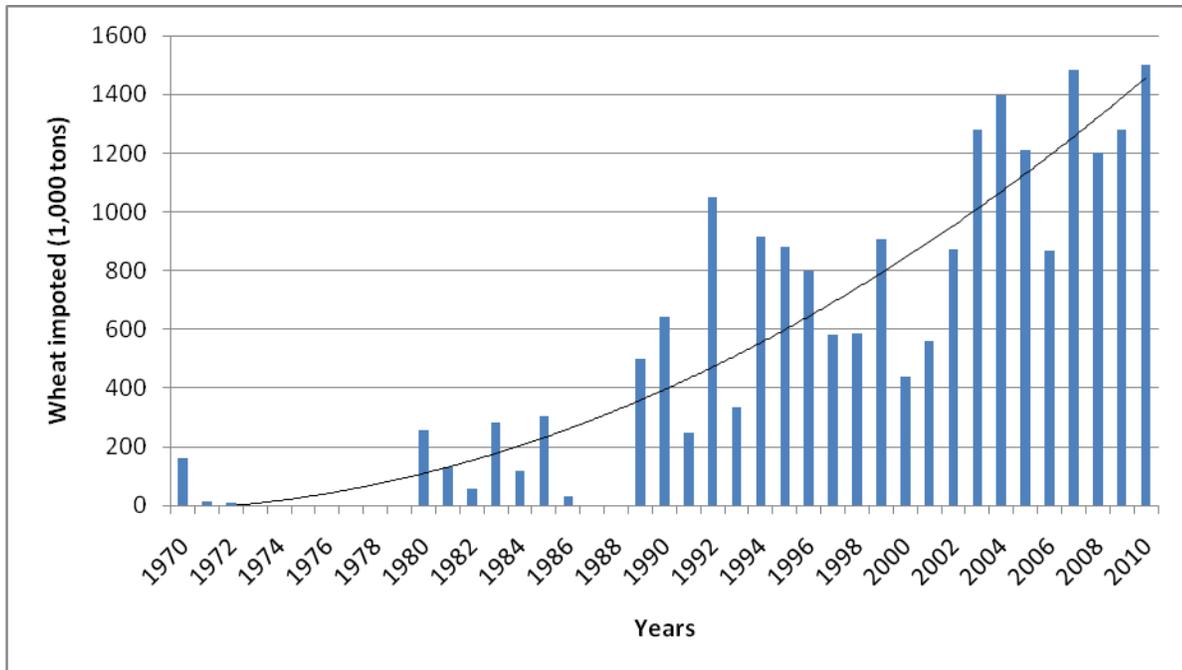
**Table 5: Consumption of wheat in South Africa**

Wheat (1000 tons)					
Marketing year	Human	Animal	Seed	Other	TOTAL
2009/10 (actual)	2,990	26	17	17	3,050
2010/11 (estimate)	2,990	20	20	20	3,050
2011/12 (forecast)	3,000	20	20	20	3,060

**Source:** South Africa Grain Information Service (SAGIS) and Grain SA

## Trade

For the 2011/12 marketing year it is estimated that South Africa will continue its dependence on wheat imports to meet the local demand (see Figure 2). Imports are expected to be 1.5 million tons in the 2011/12 marketing year.



**Figure 2: South Africa's increased dependence on wheat imports (1970-2010)**

As for the 2010/11 marketing year, South Africa has already imported 442,360 tons of wheat, which is at approximately the same pace as the previous year. Most of the wheat, 234,135 tons, was imported from the United States and the rest from the Argentina (63,391 tons), Australia (50,030 tons), Canada (38,226 tons), Germany (31,329 tons) and Uruguay (25,249 tons). Total imports for the 2010/11 marketing year is expected to reach a record 1.6 million tons and represent more than half of domestic demand (see also Table 6).

For the 2009/10 marketing year, South Africa imported 1.278 million tons of wheat. Most of the wheat was imported from Germany (809,934 tons), United States (173,030 tons) and Brazil (123,944 tons).

South Africa, however, also exports wheat to the Southern Africa region and acts as a conduit for imported grain. For the 2010/11 marketing year, 72,569 tons of wheat (62,285 tons own stock and 10,284 tons imported wheat) has already been exported to neighboring countries. In the 2009/10 marketing year, South Africa exported 320,519 tons of wheat from its own stocks to neighboring countries in the Southern Africa region and 109,841 tons of imported wheat. Zimbabwe (101,497 tons), Botswana (95,164 tons), Lesotho (61,699 tons) and Swaziland (38,538 tons) were the main markets.

**Table 6: Export and import countries for wheat**

Marketing year	2009/10	2010/11
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	(Oct 1, 2009 – Sept 30, 2010)	(Oct 1, 2010 – Jan 21, 2011)
<b>Import Suppliers</b>		
Germany	809,934	31,329
United States	173,030	234,135
Brazil	123,944	0
Canada	72,911	38,226
Australia	55,312	50,030
Ukraine	41,230	0
Lithuania	1,611	0
Argentina	0	63,391
Uruguay	0	25,249
<b>TOTAL IMPORTS</b>	<b>1,277,972</b>	<b>442,360</b>
<b>Export destinations</b>		
Botswana	95,164	33,362
Lesotho	61,699	16,129
Mozambique	1,991	0
Namibia	21,630	3,872
Swaziland	38,538	7,121
Zimbabwe	101,497	1,801
<b>TOTAL EXPORTS</b>	<b>320,519</b>	<b>62,285</b>

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 about preserving affordable bread prices, as the majority of low-income South Africans rely on bread as an important food source.

In its newest application of 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.

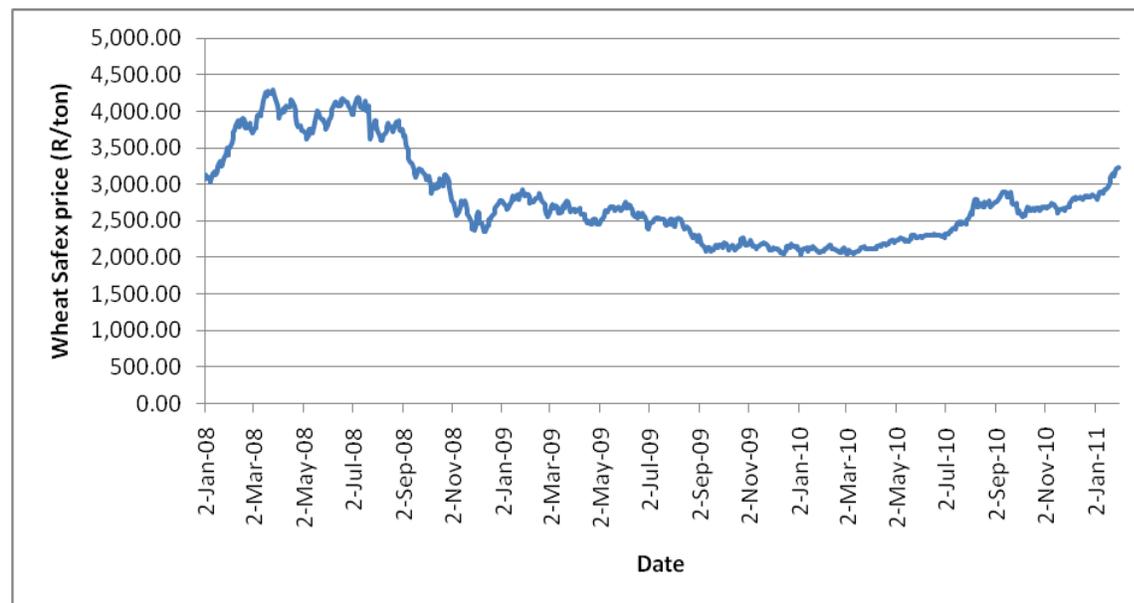
## Prices

The SAFEX prices for wheat as of 01/28/2011 are shown in the following Table. Local wheat prices have increased significantly the past year on the back of higher international prices although the total price impact was somewhat reduced by a nine percent increase in the value of the rand against the US\$ (see Figure 3). Wheat prices are currently 55 percent higher than the same time last year but only 12 percent higher than two years ago.

**Table 7: SAFEX future prices for wheat**

	SAFEX Futures prices (01/29/2011)				
Commodity	2011/02	2011/03	2011/05	2011/07	2011/09
Wheat	R3,191/t (\$441/t)	R3,208/t (\$444/t)	R3,236/t (\$448/t)	R3,277/t (\$453/t)	R3,260/t (\$450/t)

Source: SAFEX



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

## PS&D Table

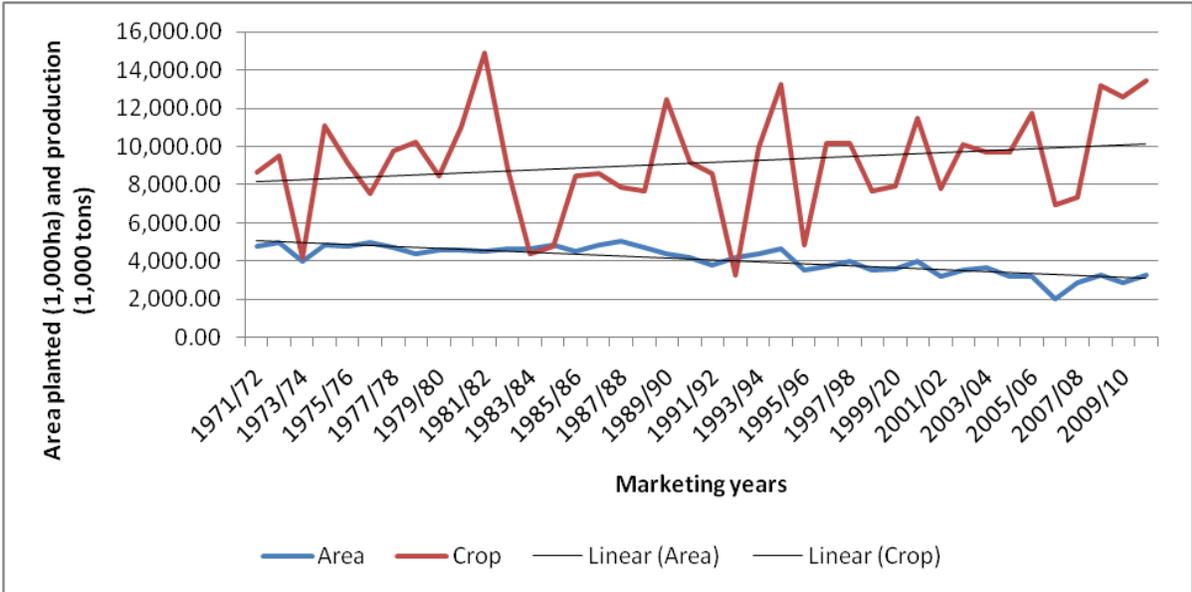
Wheat South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

<b>Area Harvested</b>	642	642	560	558		600
<b>Beginning Stocks</b>	778	778	761	646		507
<b>Production</b>	1,960	1,960	1,575	1,511		1,800
<b>MY Imports</b>	1,396	1,278	1,600	1,600		1,500
<b>TY Imports</b>	1,358	1,358	1,600	1,400		1,400
<b>TY Imp. from U.S.</b>	68	80	0	200		300
<b>Total Supply</b>	4,134	4,016	3,936	3,757		3,807
<b>MY Exports</b>	373	320	350	200		200
<b>TY Exports</b>	200	200	350	150		200
<b>Feed and Residual</b>	50	50	50	40		40
<b>FSI Consumption</b>	2,950	3,000	3,000	3,010		3,020
<b>Total Consumption</b>	3,000	3,050	3,050	3,050		3,060
<b>Ending Stocks</b>	761	646	536	507		547
<b>Total Distribution</b>	4,134	4,016	3,936	3,757		3,807
1000 HA, 1000 MT						

## CORN

### Production

South Africa has a corn carry-over stock of about five million tons after three excellent crop years in a row. 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 and the adoption of biotechnology. Indications are that this trend will continue in future. Consequently, post forecasts that the area planted to corn later in 2011 for the marketing year that will start May 2012 and end April 2013 (2012/13 marketing year for South Africa and split year 2011/12 in the PS&D table) will be around three million hectares. Commercial farmers will plant about 2.5 million hectares and subsistence farmers 500,000 hectares. This will, on a national average yields, result in a crop of about 12.3 million tons.



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

The first estimate for the area planted to corn by commercial farmers for the 2011/12 marketing year (May 2011 to April 2012 and split year 2010/11 in the PS&D table) was released by the CEC on January 25, 2011. According to the CEC, commercial farmers planted 2.515 million hectares of corn for the 2011/12 marketing year. Post forecasts subsistence farmers planted about 500,000 hectares of corn. This means total corn plantings, at 3.016 million hectares, are eight percent less than in the 2010/11 marketing year. Commercial farmers planted 1.481 million hectares with white corn, 14 percent less than the previous year, and 1.035 million hectares with yellow corn, one percent more than the previous year. White corn plantings are down in response to South Africa’s five million ton corn carry-over stock, which is predominantly white corn.

Most of South Africa’s grain producing areas received good rains during December and January, due to a very strong La Nina weather pattern. However, excessive rain in some fields might impact yields; consequently, post estimates that 12 million tons of corn will be produced for the 2011/12 marketing year.

On November 25, 2010 the CEC finalized the 2010/11 marketing year (2009/10 split year in the

PS&D table) commercial corn crop at 12.815 million tons. This is 228,000 tons or 1.8 percent lower than the CEC's final crop estimate in September. The corn crop from subsistence farming was kept unchanged and finalized at 605,864 tons. As a result, South Africa's total corn crop for the 2010/11 marketing year is 13.421 million tons, 6.8 percent more than the previous season's 12.567 million tons. The CEC kept the area planted with corn unchanged at 3.263 million hectares, approximately 13 percent more than the previous year. Of the area planted with corn, 64 percent was white corn and 36 percent yellow corn.

Commercial white corn production for the 2010/11 marketing year was finalized at 7.83 million tons, nearly 16 percent more than the previous season on the back of increased plantings. Commercial yellow corn production was finalized at 4.985 million tons, five percent less than the previous season. Subsistence white corn production was finalized at 421,969 tons, 11 percent more than the previous season. Subsistence yellow corn production was finalized at 183,895 tons, compared to the 138,057 tons of the previous season.

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

**Table 8: Area planted, yield, 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		
<b>Commercial corn</b>									
White	1,720	4.5	7,830	1,481	4.3	6,368	1,400	4.5	6,330
Yellow	1,023	5.1	4,985	1,035	4.9	5,072	1,100	4.9	5,400
<b>Sub Total</b>	<b>2,742</b>	<b>4.8</b>	<b>12,815</b>	<b>2,516</b>	<b>4.5</b>	<b>11,440</b>	<b>2,500</b>	<b>4.7</b>	<b>11,730</b>
<b>Subsistence corn</b>									
White	372	1.1	422	350	1.1	380	350	1.1	390
Yellow	149	1.2	184	150	1.2	180	150	1.2	180
<b>Sub Total</b>	<b>521</b>	<b>1.2</b>	<b>606</b>	<b>500</b>	<b>1.1</b>	<b>560</b>	<b>500</b>	<b>1.1</b>	<b>570</b>
<b>TOTAL</b>	<b>3,263</b>	<b>4.1</b>	<b>13,421</b>	<b>3,016</b>	<b>4.0</b>	<b>12,000</b>	<b>3,000</b>	<b>4.1</b>	<b>12,300</b>

Source: SAGIS and CEC

Table 9 indicates the area planted with commercial corn by province in South Africa. The majority of South Africa's corn is planted in the Free State, North West and Mpumalanga provinces. Plantings of corn for the 2011/12 marketing year in the Free State province are estimated at 1.057 million hectares - a decrease of 8 percent in comparison with 1.156 million hectares in the 2010/11 marketing year. Plantings of corn in the North West province decreased by 14 percent from 775,000 hectares to 664,000 hectares. In Mpumalanga province corn planting increased by three percent, from 482,000 hectares to 495,000 hectares in the 2011/12 marketing season.

**Table 9: Area planted with commercial corn by province in South Africa**

Marketing years	2010/11 (Actual)	2011/12 (Estimate)
	Area (1,000 ha)	Area (1,000 ha)
<b>WHITE CORN</b>		
Western Cape	1	0
Northern Cape	2	2
Free State	690	615
Eastern Cape	3	3
KwaZulu-Natal	46	36
Mpumalanga	232	215
Limpopo	26	25
Gauteng	85	75
North West	635	510
<b>TOTAL</b>	<b>1,720</b>	<b>1,481</b>
<b>YELLOW CORN</b>		
Western Cape	2	2
Northern Cape	51	48
Free State	466	442
Eastern Cape	13	12
KwaZulu-Natal	42	41
Mpumalanga	250	280
Limpopo	19	15
Gauteng	40	41
North West	140	154
<b>TOTAL</b>	<b>1,023</b>	<b>1,034</b>
<b>TOTAL</b>		
Western Cape	3	2
Northern Cape	53	50
Free State	1,156	1,057
Eastern Cape	16	15
KwaZulu-Natal	88	77
Mpumalanga	482	495
Limpopo	45	40
Gauteng	125	116
North West	775	664
<b>TOTAL</b>	<b>2,742</b>	<b>2,516</b>

Source: CEC

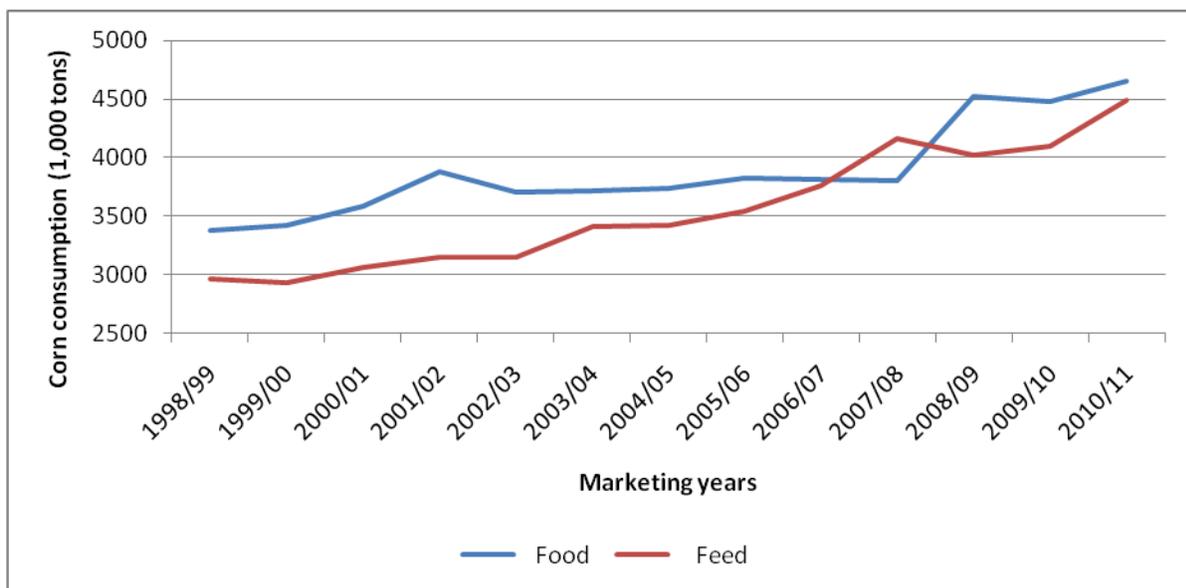
### Consumption

Figure 5 illustrates the commercial consumption trend of corn in the food and feed markets of South Africa since the 1998/99 marketing year. The demand for corn in the human food market (mainly white corn) increased by an average of three percent per annum over the past 13 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 maize 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. However, as general economic conditions improve, middle-income consumers will consume more meat which will increase the demand for corn as the major animal feedstock in the future.

Given these trends, post forecasts that the demand for corn for human consumption will increase by two percent to 4.7 million tons in the 2012/13 marketing year, while the demand for corn for animal feed purposes will increase by three percent to 4.72 million tons. As a result, the total domestic demand for corn will increase by almost three percent to 10.26 million tons in the 2012/13 marketing year.



**Figure 5: The commercial consumption trend of corn in the food and feed markets of South Africa since the 1998/99 marketing year.**

Total commercial corn consumption for the 2011/12 marketing year is expected to be around 10 million tons. Corn for human consumption is expected to remain flat due to higher prices, while corn for feed purposes is expected to increase by two percent. In the 2010/11 marketing season, Post estimates that corn demand in South Africa will increase from the previous marketing year, due to lower domestic corn prices. Human consumption of corn is expected to increase by almost four percent to 4.65 million tons. Animal consumption of corn is expected to increase by almost ten percent to 4.49 million tons. Hence, total commercial corn consumption is expected to increase by

6.8 percent to 9.97 million tons on lower prices. Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors.

The following table outlines the commercial consumption for white and yellow corn for the 2010/11 (estimate), 2011/12 (estimate) and 2012/13 (forecast) marketing years.

**Table 10: The commercial consumption of white and yellow corn in South Africa**

<b>CORN 1,000 t</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>	<b>White</b>	<b>Yellow</b>	<b>Total</b>
<b>MY</b>	<b>2010/11</b>			<b>2011/12</b>			<b>2012/13</b>		
<b>Human</b>	4,300	350	4,650	4,250	350	4,600	4,350	350	4,700
<b>Animal</b>	1,400	3,090	4,490	1,000	3,580	4,580	1,000	3,720	4,720
<b>Other</b>	320	510	830	300	520	820	310	530	840
<b>TOTAL</b>	<b>6,020</b>	<b>3,950</b>	<b>9,970</b>	<b>5,550</b>	<b>4,450</b>	<b>10,000</b>	<b>5,660</b>	<b>4,600</b>	<b>10,260</b>

Source: SAGIS, Grain SA

## Trade

In the marketing years starting May 2011 and May 2012, South Africa is expected to continue exporting corn. Post estimated that exports will be around 1.5 million tons per annum.

With one of the largest corn crops ever produced in the country, South Africa has approximately four million tons of corn available for export in the 2010/11 marketing year, excluding pipeline supplies. So far this season, South Africa has exported 1.314 million tons of corn, mainly yellow corn (see Table 11). It is one of the few seasons where more yellow corn than white has been exported by South Africa. The limited demand for white corn throughout the rest of Africa, South Africa's traditional market for white corn, reflects the reportedly good agricultural production seasons enjoyed in most east and southern Africa countries for the 2010/11 marketing year. The largest share was exported to Korea (452,116 tons of yellow corn), a new corn market for South Africa. Korea was followed by Botswana (129,631 tons) and Japan (97,880 tons).

With South Africa's current rail infrastructure constraints, the relative strength of the rand against other currencies, and the rejection of a grain export pool to export surplus corn by the Competition Commission, post estimates that South Africa will export only about 1.7 million tons of corn between May 2010 and April 2011. This means South Africa will have approximately 5.3 million tons of corn carry-over stock available for the next marketing year.

**Table 11: Export and Import Countries for white and yellow corn (1,000 tons)**

<b>Marketing year</b>	<b>2010/11 (May 1, 2010 – Jan 28, 2011)</b>		
	<b>White corn</b>	<b>Yellow corn</b>	<b>Total</b>

<b>Export Destinations</b>			
Botswana	117	13	130
Cameroon	8	5	13
Chad	3	0	3
Guinea	5	0	5
Italy	24	0	24
Japan	0	98	98
Kenya	41	0	41
Korea	0	452	452
Kuwait	0	82	82
Lesotho	90	3	93
Mauritius	0	10	10
Madagascar	0	2	2
Mozambique	55	18	73
Namibia	46	16	62
Nigeria	13	0	13
Senegal	0	4	4
Somalia	27	0	27
Spain	0	26	26
Swaziland	34	41	75
Taiwan	0	51	51
Zimbabwe	31	0	31
<b>TOTAL EXPORTS</b>	<b>494</b>	<b>820</b>	<b>1,314</b>
<b>TOTAL IMPORTS</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: SAGIS

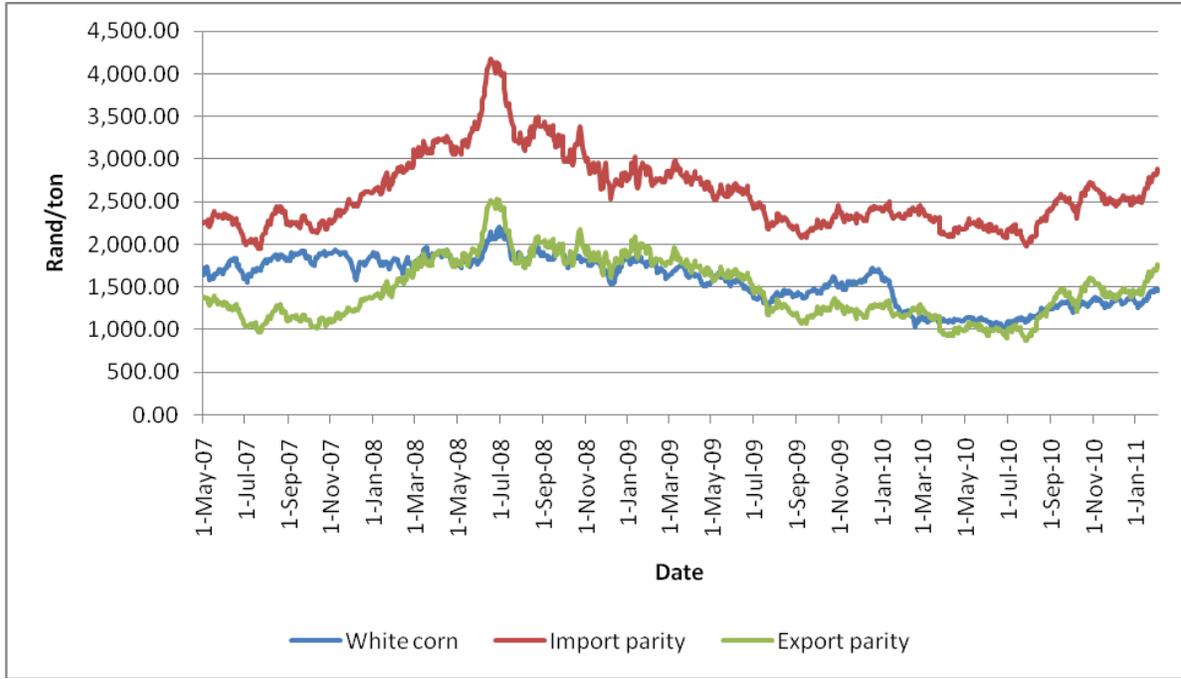
## Prices

The South Africa Future Exchange (SAFEX) prices as of January 28, 2011, are shown in Table 12. Currently, white corn prices are at R1,451 per ton and yellow corn prices at R1,550 per ton, both trading below export parity levels. On a year-on-year basis local white corn prices increased by 24 percent and yellow corn prices by 26 percent (see also Figure 6 and Figure 7). Since early 2008, white and yellow corn prices are trading at export parity levels, illustrating the oversupply of corn on the local market. The upward movement in local corn prices over the past year follows the international trend although the total price impact was somewhat reduced by the increase in the value of the rand against the US\$ the past year.

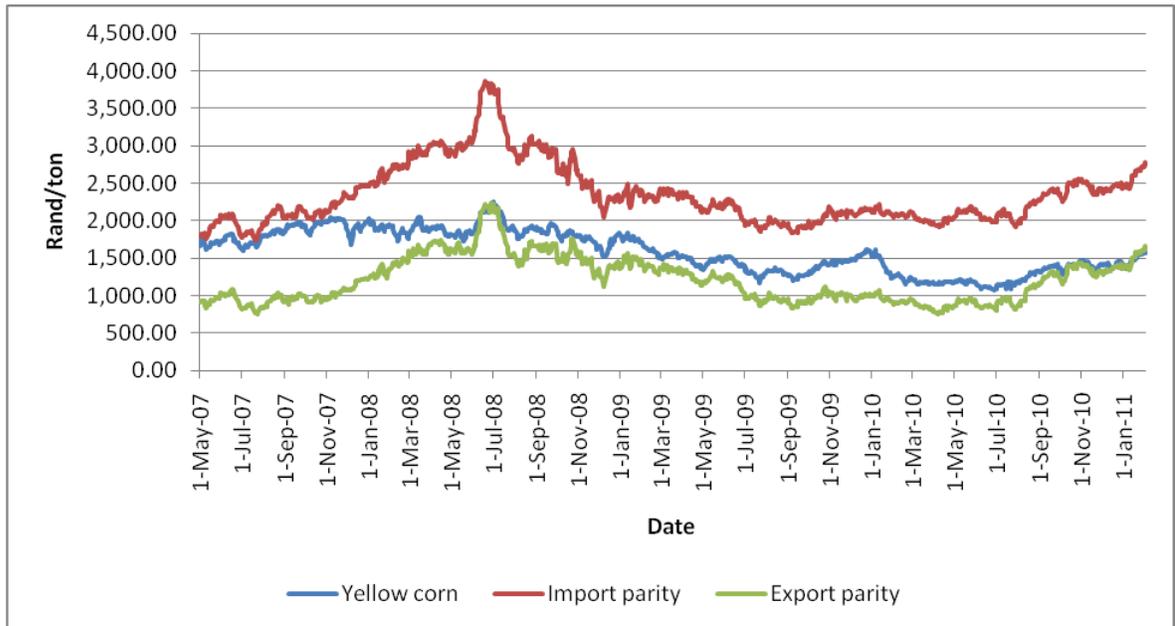
**Table 12: SAFEX prices for corn**

	<b>SAFEX Futures prices (as of 01/28/2011)</b>				
<b>Commodity</b>	<b>2011/02</b>	<b>2011/03</b>	<b>2011/05</b>	<b>2011/07</b>	<b>2011/09</b>
White corn	R1,451/t	R1,466/t	R1,490/t	R1,513/t	R1,546/t

	(\$200/t)	(\$202/t)	(\$206/t)	(\$210/t)	(\$214/t)
Yellow corn	R1,550/t (\$214/t)	R1,573/t (\$218/t)	R1,568/t (\$217/t)	R1,588/t (\$220/t)	R1,618/t (\$224/t)



**Figure 6: The trend in white corn prices in South Africa since 2007**



**Figure 7: The trend in yellow corn prices in South Africa since 2007**

## PS&D Table

Corn South Africa	2009/2010		2010/2011		2011/2012	
	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
<b>Area Harvested</b>	3,263	3,263	3,000	3,000		3,000
<b>Beginning Stocks</b>	4,113	4,113	5,158	5,263		5,028
<b>Production</b>	13,420	13,420	12,500	12,000		12,300
<b>MY Imports</b>	25	0	25	25		25
<b>TY Imports</b>	27	0	25	25		25
<b>TY Imp. from U.S.</b>	0	0	0	0		0
<b>Total Supply</b>	17,558	17,533	17,683	17,288		17,353
<b>MY Exports</b>	2,000	1,700	2,500	1,700		1,500
<b>TY Exports</b>	1,586	1,586	2,500	1,500		1,500
<b>Feed and Residual</b>	4,700	4,700	5,000	4,800		4,900
<b>FSI Consumption</b>	5,700	5,870	5,700	5,760		5,930
<b>Total Consumption</b>	10,400	10,570	10,700	10,560		10,830
<b>Ending Stocks</b>	5,158	5,263	4,483	5,028		5,023
<b>Total Distribution</b>	17,558	17,533	17,683	17,288		17,353
1000 HA, 1000 MT						

## RICE

South Africa does not produce rice, mainly due to the high water requirements of the crop in a generally dry country. Imports are duty free and consumption is based on the import data supplied by the Global Trade Atlas. In the 2009/10 marketing year, the demand for rice normalized after a significant decrease associated with high prices during the 2008/09 marketing year. South Africa's imports of rice increased by 35 percent to 788,104 tons in the 2009/10 marketing year. Thailand, with more than 70 percent market share, is South Africa's major importing country.

The average retail price for a two kg bag of rice decreased by 12.6 percent from October 2009 to October 2010 to cost around R20.80/bag (\$2.88/2kg bag). However, the price of the same bag of rice increased by 1.6 percent from July 2010 to October 2010, hence post estimate that imports of rice will be slightly less in the 2010/11 marketing year and will only reach 760,000 tons. Post forecast that rice imports will increase again in the 2011/12 marketing year to 800,000 tons. Increased disposable household income due to improved economic conditions will increase the demand for rice.

**Table 13: Imports of rice to South Africa**

Marketing years	2008/09	2009/10	2010/11	2011/2012
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<b>Total imports (1,000 tons)</b>	581	788	760	800
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Source: World Trade Atlas

### Import Trade Matrix

Country South Africa

Commodity Rice, Milled

Time Period	May/April	Units:	MT
Imports for:	<b>2009</b>		<b>2010*</b>
U.S.	548	U.S.	786
Others		Others	
Thailand	564,575		321,464
Pakistan	74,598		41,593
China	60,162		16,977
Brazil	44,143		3,314
India	21,772		15,033
Vietnam	6,988		18,210
Uruguay	2,950		2,137
Paraguay	4,125		1,000
Total for Others	779,313		419,728
Others not Listed	8,243		2,291
Grand Total	788,104		422,805

\*01/05/2010 – 11/30/2010

Rice, Milled South Africa	2009/2010		2010/2011		2011/2012	
	Market Year Begin: May 2009		Market Year Begin: May 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	0	0	0	0		0
<b>Beginning Stocks</b>	38	38	58	42		37
<b>Milled Production</b>	0	0	0	0		0
<b>Rough Production</b>	0	0	0	0		0
<b>Milling Rate (.9999)</b>	0	0	0	0		0
<b>MY Imports</b>	800	788	900	760		800
<b>TY Imports</b>	800	748	850	760		750
<b>TY Imp. from U.S.</b>	0	1	0	1		0
<b>Total Supply</b>	838	826	958	802		837
<b>MY Exports</b>	30	24	30	25		30
<b>TY Exports</b>	30	24	30	25		30
<b>Consumption and Residual</b>	750	760	850	740		760
<b>Ending Stocks</b>	58	42	78	37		47
<b>Total Distribution</b>	838	826	958	802		837

1000 HA, 1000 MT

