GRAIN SA
GRAAN SA

Perspektief | Perspective
Nuusbrief Newsletter

28/06/2013 WEEK 26 - 2013 KLIK HIER VIR DIE AFRIKAANSE WEERGAWE CLICK HERE FOR THE ENGLISH VERSION

In this issue...

Changes to the Marketing Act

Jannie de Villiers (CEO: Grain SA)

»On 14 June 2013, the Minister of Agriculture published a proposed change to the Marketing Act for commentary.

This came as a surprise and not even the board members or the chief executive of the National Agricultural Marketing Council (NAMC) was aware of this. Apart from a few small changes and improvements, there are a few fundamental and radical changes that the minister proposes:

1. Goals of the act will be extended to provide all sorts of support to producers (probably only to developing producers) and agricultural businesses. This also includes the establishment of cooperatives.
2. Goals will be broadened to establish an agricultural-economic research unit at the NAMC and also to establish advice services regarding international trade.
3. Significantly more power to the minister to release regulations and prescriptions in order to promote the goals of the act and what is in the best interest of agriculture according to the minister.
4. Proposed changes that will give the minister the power to change the deeds of agricultural trusts and empower her to prescribe what they have to do with their money. Additionally, she also gets the power to stop the income of these trusts via statutory levies if she is of the opinion that it is not applied in the right manner.
5. There are also several clauses that end with: "...any other matters that the minister regards as in the interest of the objectives of the act." This basically sounds like carte blanche regarding everything concerning the act.
6. The minister also proposed changes to get better control over imports and exports via permits that only the DG of Agriculture is allowed to issue.
7. Some of the positive elements in the changes are that the statutory prescriptions on how pools need to be managed, is removed and more focus is placed on the monitoring of tasks/decisions. There is also more emphasis on food security than in the previous edition.

It is expected that the proposed changes will result in considerable tension between commercial agriculture and the minister.

Interested parties can submit written commentary on or before 14 August 2013 or attend public hearings where they can contribute verbally. Grain SA is currently busy reviewing the proposed changes and to quantify the possible implications thereof. A copy of the changes is available at www.daff.gov.za.

Back to Top

The latest concerning the diesel rebate

Corné Louw (senior economist: Industry Services, Grain SA)

»Since 15 February 2013, when the good news was received regarding the keeping of logbooks of past activities (before 1 April 2013), the South African Revenue Service (SARS) asked for public commentary on their proposed amendments to Schedule 6 of the Customs and Excise Act.

It was the goal of SARS to have these amendments, which will allow producers to use alternative information for past activities for which no logbooks were held, implemented by the end of May. The implementation has presently been hampered due to a shortage of, and a dispute regarding the average diesel usage figure for certain crops in certain areas.

Further it is widely experienced that the VAT claims of producers who have been audited is being retained. This aspect has been taken up with SARS and they've appointed a dedicated person to follow up these cases on an individual basis in order for VAT claims to be paid out again.

It is of critical importance that producers rigorously log their diesel usage as from 1 April 2013. Agri SA and Grain SA commented on how a logbook should look, but it has not been cleared by SARS. Meanwhile producers are encouraged to keep track of the minimum information that is currently required by the law by means of a logbook at the main distribution points:

- Date that diesel was pumped
- Amount of diesel pumped
- Description of vehicle
- Use that diesel was applied for

Grey areas that have emerged through the past two years' audits will also be taken up with SARS.

Back to Top

Weekly maize exports have more than doubled

Wessel Lemmer (senior economist: Industry Services, Grain SA)

»For the first eight weeks of the 2013/2014 marketing year, South Africa already exported 404 064 tons of maize. This is more than double the 190 269 tons exported for the same period a year ago.

Yellow maize

The weekly yellow maize exports for the first eight weeks of the marketing year already amounts to 298 312 tons compared to the 15 794 tons exported in the previous marketing year. A weekly yellow maize export tempo of 7 311 tons per week is needed in order to export the 620 000 tons of yellow maize that is available for export, within the remaining 44 weeks.

South Africa has exported 102 683 tons of yellow maize to Taiwan and 178 423 tons of yellow maize to Japan over the past eight weeks. The average weekly maize export tempo for the past four weeks amounted to just more than 60 000 tons per week. If the average weekly export tempo of the past eight weeks (37 289 tons/week) should be maintained, the remaining export maize of 321 688 tons should be exported within the next nine weeks. This means that the yellow maize available for export should be completed by the end of August.

Any further exports thereafter can support higher domestic yellow maize prices and possibly necessitate a bigger intake of white maize in the domestic fodder market. South Africa can potentially experience a shortage in yellow maize for the biggest part of this marketing year (September 2013 tot April 2014). It is however during this period (as from September) that the USA maize crop comes onto the market and expectations are that, if weather conditions play along, international prices can be lower. Import parity can therefore be lower, but the domestic price of yellow maize should be supported by the yellow maize shortage. The expected lower parity price and availability of white maize, limits yellow maize prices.

White maize

The weekly white maize exports for the first eight week of the marketing year, amounts to only 105 752 tons compared to the 174 475 tons exported in the previous marketing year. South Africa needs a weekly white maize export tempo of 17 142 tons per week in order to export the 860 000 tons of white maize available for export, within the remaining 44 weeks. At this stage the weekly white maize exports for the past four weeks have fluctuated between 4 400 tons and 8 200 tons per week.

Apart from the 36 700 tons that was reported five weeks ago for exports to Mexico, no other deep sea exports have taken place. The weekly maize export tempo is currently very low and it can keep domestic maize prices (including yellow maize prices) under pressure.

Figure 1 shows the weekly white and yellow maize exports. Consult Grain SA's web page for more information regarding progress that is made with the weekly maize exports.

Figure 1: The weekly white and yellow maize exports.

Back to Top

Additional crop survey information available on Grain SA website

Petru Fourie (economist: Industry Services, Grain SA)

»Grain SA was requested by the National Crop Estimates Committee (NCEC) at various meetings to release additional information regarding the establishment of crop estimate figures. This information is important to support the estimates and to better explain them.

During the release of the latest production estimate figures, the distribution of maize between dryland and irrigation was also included. Grain SA is very excited about the complementary information because it promotes the transparency of the crop estimate. We would like to encourage you to go to the Grain SA website and click on our new Crop Estimates link. Other additional information entails the following:

1. Yields per magisterial district as received from producers
2. Data input suppliers taken into regard each month
3. Objective of the Crop Estimates Committee

We trust that this additional information will improve the transparency of the crop estimate and will strengthen the trust in the crop estimate process. We therefore encourage you, if you aren't already taking part in the crop estimate, to please complete the questionnaires that are sent to you. If you haven't received a questionnaire, please contact Rona Beukes, member of the Crop Estimates Committee, at 012 319 8032 or send her an email to RonaB@daff.gov.za.

Link to Crop Estimates: http://www.grainsa.co.za/pages/industry-reports/crop-estimates.

Back to Top

Agricultural conditions in the summer production areas

Petru Fourie (economist: Industry Services, Grain SA)

»The forecast for the summer production areas' agricultural conditions is as follows:

Mpumalanga

Maize

- On average producers are ± 70% finished with harvesting
- Some producers are finished, while others are still waiting to harvest (long growers)
- Ripe should soon start drying off the maize that is still wet
- Average yields achieved in general

Soybeans

- Finished harvesting
- Average to below average yields was achieved
- February's drought caused a major set back for yields

Free State

Eastern Free State

Maize

- ± 60% harvesting finished
- In the Harrismith/Fouriesburg/Vrede/Reitz and Bethlehem areas, average to above average yields are expected - yields are better than expected
- The rest of the Eastern Free State - average to above average yields

- **Soybeans**

- Finished harvesting
- In the Harrismith/Fouriesburg/Vrede/Reitz and Bethlehem areas, average to above average yields are achieved
- Rest of the Eastern Free State - below average yields was achieved

Sunflower

- Producers have finished harvesting
- Generally above average yields was achieved

Wheat

- There has been a further expected decline in area compared to last season
- Profitability of summer crops causes less wheat to be planted
- Producers started to plant wheat on 20 June and the planting conditions currently looks good
- No fallow land is available

Northwest Free State

Maize

- Producers have finished harvesting maize 50% - 55%
- There is talk that producers in large areas of the Northwest Free State is harvesting less than expected and therefore a below average yield is expected for this area
- Charcoal rot has appeared in certain areas and is expected to place further pressure on yields

Soybeans

- Finished harvesting
- Producers have generally achieved disappointing yields
- Below average yields achieved

Sunflower

- Producers have finished harvesting
- Sunflower yields varied from between 0,3 tons/ha to 3,3 tons/ha
- Reasonably satisfied with sunflower yields - average yields

Groundnuts

- Disappointing yields and grading

Wheat

- Decline in wheat areas compared with last season
- Started planting during the last week in April - finished planting - area planted looks good
- A lot of seed returned due to drought conditions
- Profitability of summer crops causes less wheat to be planted

North West Province

Southern parts of the North West Province

Maize

- ± 40% harvesting finished
- Below average yields generally expected - 50% of the normal yield
- Ground profile is very dry

Sunflower

- ± 75% harvesting finished
- On an average basis producers harvest ± 25% less than their long term average

Northern parts of the North West Province

Maize

- ± 50% - 60% harvesting finished
- Producers are harvesting even worse than expected

- Below average yields expected - 40% of the normal yield
- Grading problems occur due to shrinked seed
- Ground profile is very dry

Sunflower

- Mostly finished with harvesting - here and there a single producer is still busy harvesting
- Better than expected yields achieved, but still below the long term average

Groundnuts

- Groundnuts suffered severely due to the drought
- Very weak yields were achieved

Back to Top

Producers reminded of the Sclerotinia survey

Petru Fourie (economist: Industry Services, Grain SA)

»The Crop Estimates Committee has been asked to determine the impact of the Sclerotinia fungus infection in sunflower seed and soybeans for the current season. The attached questionnaire has been sent to you with a previous newsletter, but Grain SA would like to encourage you to complete it if you have not already done so. Our sincere gratitude to those producers who have already completed it; this survey can not be conducted without you.

The questionnaire can be downloaded from the link given below and returned to Marda Scheepers by fax at 012 319 8031/5 or emailed to MardaS@daff.gov.za.

This link will take you to the Sclerotinia survey questionnaire: http://www.grainsa.co.za/upload/report_files/Sclerotinia-questionnaire-June-Grain-SA.PDF.

Back to Top

Fuel prices for July 2013

Petru Fourie (economist: Industry Services, Grain SA)

»According to the most recent information from the Central Energy Fund, the petrol price can **INCREASE** on 3 July 2013 with 83 cents per litre and the diesel price with 76 cents per litre.

This expected increase is mainly due to the weakening of the rand against the dollar a month ago. The rand has thus far in June traded against the dollar at an average of R10,044, compared to last month's average of R9,331. The oil price has increased with 0,4% during the same period, which will lead to bigger expected increases in fuel prices.

Back to Top

GRAAN SA • GRAIN SA

Posbus 74087 • PO Box 74087

Lynnwood Ridge 0040

+27 (012) 807-6023 www.grainsa.co.za

+27 (012) 807-3166 susan.engelbrecht@grainsa.co.za

Navrae/Enquiries: susan.engelbrecht@grainsa.co.za