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Nuusbrief | Newsletter

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Young Leaders Laboratory - where government and the private sector meets

»The third Young Leaders Laboratory (YLL) was held in Pretoria on 13 and 14 January 2014. This is an initiative by Grain SA in partnership with the sponsor, Santam Agriculture.

The aim is to convene the next generation of leaders in the grain industry to start building relationships and to begin debating the big challenges of feeding the nation.

Thirty-six people attended the event of which nine were producers (commercial and developing); six were from government departments, namely the Department of Agriculture, Forestry and Fisheries, the Department of Rural Development and Land Reform, and the Department of Trade and Industry. Other attendees were young and upcoming academics and Grain SA staff members.

Each small group was allocated a seasoned mentor within the sector to guide and assist with the discussions and debate.

"The main purpose remains to build relationships between the leaders of tomorrow," Mr Jannie de Villiers, CEO of Grain SA said. "They need to start forming opinions around the critical issues facing the industry."

Food security kept on popping up in almost all discussions. This flows from subjects presented, such as crop insurance, strategic thinking models, agriculture in Africa and global competitiveness.

One exercise that activated extraordinary excitement and debate was the identification, rating and proposals for improvement of the building blocks for food security. Issues identified were:

- Food security policy
- Market information
- Infrastructure
- Access to land, especially communal land
- Access to finance
- Skills
- Regional integration
- Conservation agriculture practices
- Profitability

Access to land and infrastructure were seen as the biggest stumbling blocks to improve food security, whilst market information, research and the skill levels of farmers were seen as big contributors.

The agricultural councillor of the USDA, Mr Eric Wenberg, also shared his experience with the group regarding projections on sub-Saharan Africa.

One of the speakers reminded the group of a quote at the entrance to the Faculty of Agriculture at the University of the Free State, saying: "A nation that looks well after its agriculture is a nation that cares about its future".

At the conclusion of the two days, some interesting observations were made:

- Trade amongst nations creates jobs
- Do proper research before making any decision
- Invest in training continuously
- Keep on studying
- Let the market and prices determine the quantities produced and exported
- Improve listening skills
- A new model of thinking in behavioural change
- South Africa should be more aggressive regarding our speed to access the African markets

Tsikaro Mapena and Johan van Huyssteen from the Grain Academy and Wandile Sihlobo from Grain SA, said they experienced the collaboration between government and different industry role-players very valuable. They found the YLL a great platform where universities, government and private companies can work together to improve and expand agriculture.

Victor Mongoato, vice-chairman of Grain SA, said that something that stood out for him during these two days were the responsibility of leaders in the grain industry to find new markets for producers' products. According to Mongoato, the producers shouldn't wait for the buyers to approach them; they should start being pro-active in looking for new distribution outlets.

Grain SA identified the "next generation" as one of their strategic goals as an organisation for 2014. Another initiative in this regard is the Grain Academy. Grain SA, in partnership with Syngenta, invests in leadership training for young leader producers. This is turning out to be a winning combination right from the start and the second group will commence their training in February 2014.

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SARS announces diesel rebate solution for problems experienced in the past

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

»With regards to where a log book was not kept for diesel usage between 1 November 2009 and 31 March 2013, the South African Revenue Service (SARS) has announced that the diesel purchases that producers qualify for, will be decreased to 20% for this period. According to SARS this is to make provision for potential non-qualifying purchases that can not be supported by a log book.

The first suggestion made by SARS led to the situation where the diesel purchases that producers qualify for, should be decreased to 30%; but after commentary by organised agriculture that SARS should rather make this 10%, they decreased it to 20%.

It is important to note that this suggested solution is only applicable to the period from 1 November 2009 to 31 March 2013. As from April 2013, only the required log book information will be accepted as valid proof of qualifying diesel purchases.

Grain SA and Agri SA are currently busy with negotiations regarding the requirements of a log book.

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Current agricultural production conditions for summer grains

Petru Fourie (economist: Industry Services, Grain SA)

»The summer grains production conditions for the various regions, were recorded on 20 January 2014 as follows:

KwaZulu-Natal

- The season is almost a month later than normal due to late rainfall.
- Conditions during December were cold and wet, where after it was very hot following Christmas. These conditions led to root development being less than desirable.
- The potential of maize yields are lower than compared to the previous season.
- Average yields are generally expected.
- Due to relatively weak root development, follow-up rains are vital.

Mpumalanga

- In the Highveld, the maize has mainly started to come into seed.
- There are many wet patches - waterlogged damage (damage is not yet known).
- The big occurrences of hail during the month of November have definitely harmed the crop in places.
- In general the maize crop looks promising, excluding the waterlogged and hail damage.
- Soybeans are not looking as promising in certain areas - yellowish, and that is mainly due to the wet and cold conditions that have occurred.

Eastern Free State

- This is one of the areas that are looking the best and that have received good follow-up rains.
- Summer crop yields look very promising.
- Wheat: The largest percentage of wheat in the Eastern Free State was negatively affected by the continuous rain. The grades dropped considerably and lower grades were mostly delivered. Yields and grades in the Reitz area were however very good.

North Western Free State/Central Free State

- Patchy rain occurred and therefore the agricultural conditions in the North Western Free State/Central Free State vary considerably.
- Crops look good where rain has recently fallen.
- In the Brandfort/Theunissen/Bloemfontein area the crops are suffering.
- Severe drought conditions occurred in the Hertzogville/Hoopstad area during cultivation.
 - Planted very late due to a rain shortage.

- Estimated that only 85% of this area has finished planting.
- Rain is urgently needed as plants are at a stage where yield potential is being determined.
- Follow-up rains have become very critical. It can make or break the crop at this stage.

North West Province

Southern areas

- It is a possibility that agricultural conditions are currently better than a year ago.
- Conditions started changing since the first week in December - the arrival of rain was celebrated.
- Subsoil moisture has however still not recovered.
- Plants are still small and are currently under stress.
- Follow-up rains are urgently needed.

Northern areas

- Conditions have also started changing since the first week in December due to the occurrence of rain.
- Good rainfall occurred in the Lichtenburg/Coligny/Koster area. Conditions are looking good.
- Less rain fell in the Delareyville/Vryburg area and conditions are dry.
- Follow-up rains are critically needed in a widespread area as the subsoil moisture has not yet recovered and the young seedlings are under immense stress.

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Fuel price expectations for February 2014

Wandile Sihlobo (economist: Industry Services, Grain SA)

»According to the Central Energy Fund's fuel update report, the petrol price is still expected to increase on 5 February 2014 by 32 cents per litre. At the same time the diesel price is still expected to increase by 16 cents per litre.

Domestic fuel prices are mainly influenced by the international price movements, as well as the exchange rate movements. Currently, the weakening of the exchange rate is the most dominating factor, contributing to the under-recovery of domestic fuel prices - 27 cents per litre to the expected petrol and 28 cents per litre to the expected diesel prices.

The rand continues to trade at low levels; currently (on 22 January) trading around R10,8523 to the dollar. Since last year, the rand has significantly weakened against most major currencies. The biggest driver of the currency has recently been US tapering. It is anticipated that the US Fed's gradual reduction of US securities purchases will hurt currencies dependent on large capital inflows, such as the rand. Furthermore, the rand is expected to remain under pressure, mainly due to concerns of further labour unrests, widening current account and budget deficits as well as the uncertainty of the outcome of the upcoming elections.

International price movements are contributing 5 cents per litre to the expected under-recovery of petrol prices. On the other hand, the contribution is 12 cents per litre to the over-recovery of the expected diesel prices. Brent crude oil prices are expected to soften, due to expected increase of supplies from Iran and Libya. Flat Chinese economic growth, which eased at 7,7% in the fourth quarter of 2013, from 7,8% in the third quarter, also added some pressure on Brent crude oil prices because of its impact on oil demand.

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