

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 3/24/2016

GAIN Report Number:

South Africa - Republic of

Grain and Feed Annual

**This report focuses on the supply and demand for grains and
feed in South Africa**

Approved By:

Justina Torry

Prepared By:

Dirk Esterhuizen

Report Highlights:

South Africa should return to be a net exporter of corn in the 2016/17 MY of about 1.0 million tons on higher production. Post forecasts that South Africa's wheat imports for the 2016/17 MY will be five percent lower at 1.9 million tons due to an expected increase in local production, while rice imports are expected to increase by 10 percent to 1.1 million tons on increased demand

For the 2015/16 MY, post estimates that South Africa will have to import about 3.5 million tons of corn, as drought reduced normal corn production by more than 40 percent. Wheat and rice imports could reach about 2.0 million tons and 1.0 million tons, respectively, on increased demand.

Executive Summary

Post forecasts that South Africa will plant about 460,000 hectares of wheat in the 2016/17 MY, as the declining trend in hectares planted with wheat will continue and record high local corn price should motivate an increase in corn area planted rather than an increase in wheat area. An area of 460,000 hectares will, on average yields and normal climatic conditions, realize a wheat crop of about 1.7 million, 17 percent higher than the 2015/16 MY's crop of 1.5 million tons. As a result, South Africa's wheat imports for the 2016/17 MY could be five percent lower than in the 2015/16 MY at 1.9 million.

The area to be planted with corn later in 2016, for the 2016/17 MY, will be influence in a positive manner by record high local corn price levels, especially for white corn prices. Hence, post forecasts that around 2.8 million hectares of corn will be planted later in 2016 under normal climatic conditions, which is about 10 percent higher than the five year average in area planted. Under normal climatic conditions and taking into account the subsistence farming sector, South Africa's corn crop for the 2016/17 MY could reach 12.6 million tons. As a result, South Africa should return to be a net exporter of corn in the 2016/17 MY of about 1.0 million tons of corn.

Post lowered its previous total corn crop (including commercial and subsistence farming) estimate for the 2015/16 MY, by 13 percent or 1.0 million tons to 7.0 million tons on 2.2 million hectares. Post estimates that due to the drought, only about 70 percent of the normal corn area will be harvested. As a result, South Africa will have to import approximately 3.5 million tons of corn in the 2015/16 MY.

In the 2016/17 MY, South Africa's rice imports are expected to increase by 10 percent to 1.1 million tons on increased demand. Post forecast a ten percent increase in South Africa's rice consumption in the 2016/17 MY to 970,000 million tons, due to drought reflected record corn prices. Consumers can substitute rice, wheat and corn products on price and taste preferences.

US\$1 = Rand 15.28 (3/23/16)

^[1] The marketing years (MY) used in the text refer to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African grain industry.

WHEAT

Production

Post forecasts that South Africa will plant about 460,000 hectares of wheat in the 2016/17 MY, as the declining trend in hectares planted with wheat will continue. In addition, corn price levels are at record highs which should motivate an increase in corn area planted rather than an increase in wheat area.

Figure 1 illustrates the declining trend in hectares planted with wheat and the gap it created between the production and demand for wheat in South Africa. Unless drastic technology changes occur that could improve wheat yields, the decreasing trend in hectares planted with wheat in South Africa will continue in future. An area of 460,000 hectares will, on average yields and normal climatic conditions, realize a wheat crop of about 1.7 million tons.

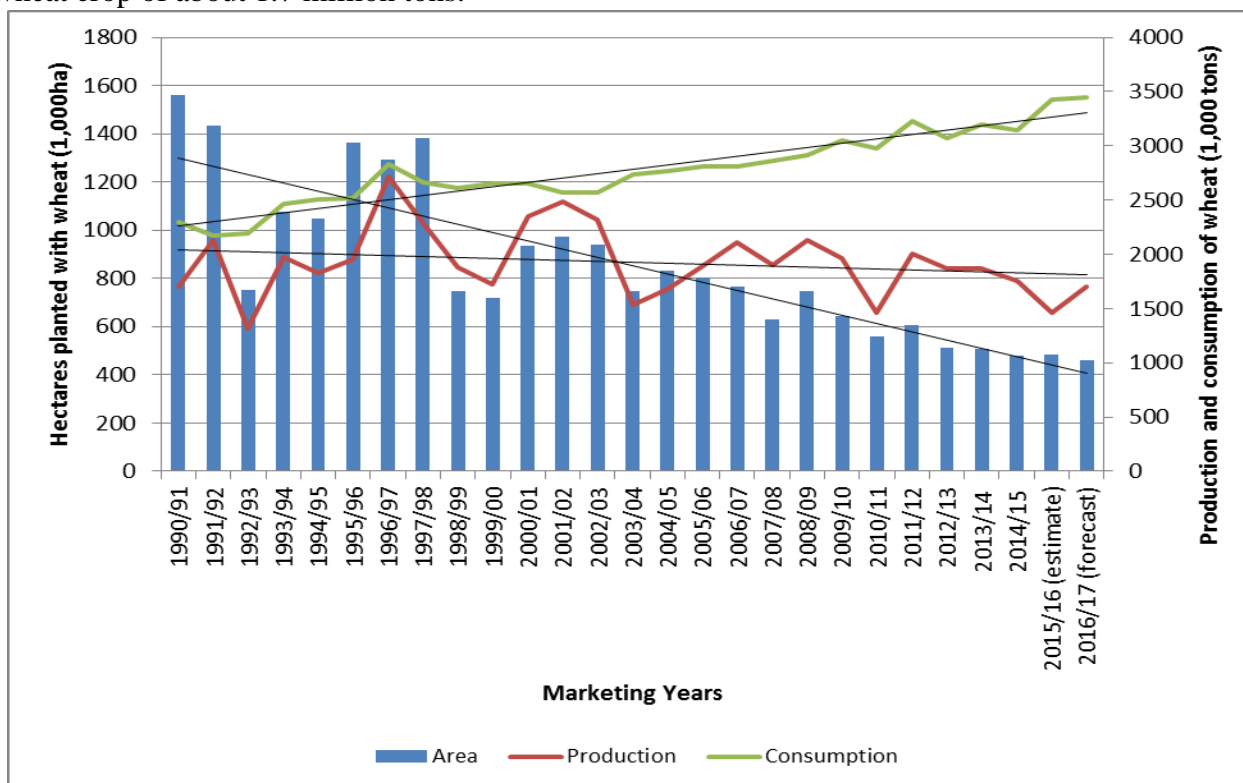


Figure 1: The trends in wheat production, consumption and area planted in South Africa (1990/91 MY – 2016/17 MY)

The Crop Estimates Committee (CEC) released its final estimate for wheat production in South Africa for the 2015/16 MY on February 25, 2016. The CEC kept the area planted unchanged at 482,150 hectares, but lowered the production estimate to 1.46 million tons, due to the impact of the drought conditions, especially in the Western Cape province. Most of South Africa’s wheat crop was produced in the Western Cape Province (697,500 tons or 48 percent), followed by the Northern Cape (259,200 tons or 18 percent) and Free State (184,000 tons or 13 percent) provinces. The 2015/16 MY wheat crop is 17 percent lower than the 2014/15 MY’s crop of 1.75 million tons.

The following table indicates the area planted and production figures of wheat in South Africa for the 2014/15 MY (actual), 2015/16 MY (estimate) and 2016/17 MY (forecast).

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

MY	Area (hectares)	Yield (tons/ha)	Production (1,000 tons)
2014/15 (actual)	476,570	3.7	1,750
2015/16 (estimate)	482,150	3.0	1,457
2016/17 (forecast)	460,000	3.7	1,700

Source: The Crop Estimates Committee (CEC)

Consumption

Post forecasts that wheat consumption in the 2016/17 MY should be on the same levels as in the 2015/16 MY levels i.e. 3.45 million tons as corn prices will stay relatively high for at least until next years' harvest season. Consumers can substitute white corn products for wheat or rice products on price preferences.

Post estimates that wheat consumption for the 2015/16 MY will be around 3.43 million tons, nine percent higher than the 3.14 million consumption in the 2014/15 MY. Due to the current extreme drought in the corn producing areas of South Africa, especially in the white corn growing area, white corn prices are currently trading higher than wheat prices as white corn is not freely available on the world market. As already mentioned, consumers are substituting white corn products for wheat or rice products on price preferences.

In Table 2, the consumption of wheat in South Africa is illustrated for the 2014/15 MY (actual), 2015/16 MY (estimate) and 2016/17 MY (forecast).

Table 2: Consumption of wheat in South Africa

Wheat (1000 tons)					
Marketing year	Human	Animal	Seed	Other	TOTAL
2014/15 (actual)	3,109	4	23	4	3,140
2015/16 (estimate)	3,400	5	20	5	3,430
2016/17 (forecast)	3,420	5	20	5	3,450

Source: Sagis and Grain SA

Trade

Post forecasts that South Africa's wheat imports for the 2016/17 MY will be five percent lower than in the 2015/16 MY at 1.9 million tons due to an expected 17 percent increase in local production under normal climatic conditions.

Post estimates that wheat imports in the 2015/16 MY could reach about 2.0 million tons on an increase in demand due to the expected shortage of white corn after extreme drought hit South Africa's summer rainfall area resulting in an estimated 33 percent decrease in local white corn production. For the first five months of the 2015/16 MY, South Africa already imported 916,409 tons of wheat, mainly from Russia and Germany (see also Table 3). For the 2014/15 MY, South Africa's wheat imports reached 1.8 million tons.

South Africa also exports wheat to the Southern Africa region and acts as a conduit for imported grain. In the 2014/15 MY, South Africa exported 274,255 tons to neighboring countries. South Africa's wheat exports are expected to reach 300,000 tons in the 2015/16 MY and 2016/17 MY, respectively.

Table 3: Export and import countries for wheat

	2014/15 MY (Oct 1, 2014 – Sept 30, 2015)	2015/16 MY (Oct 1, 2015 – Mar 4, 2016)
Import Suppliers		
United States	28,311	25,947
Argentina	59,607	24,934
Australia	95,254	38,329
Germany	348,385	178,930
Canada	105,457	72,613
Finland	0	0
Latvia	61,005	0
Ukraine	279,364	61,129
Poland	91,483	48,258
Lithuania	43,791	44,853
Russia	719,784	421,416
TOTAL IMPORTS	1,832,441	916,409
Export destinations		
Botswana	68,037	47,341
Lesotho	21,940	39,661
Mauritius	1,532	0
Mozambique	56	2,490
Namibia	22,780	4,601
Swaziland	16,349	20,914
Zambia	53,138	169
Zimbabwe	90,423	25,310
TOTAL EXPORTS	274,255	140,486

Source: Sagis

Table 4: PS&D Table for Wheat

Wheat Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		May 2015		May 2016	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	477	477	482	482	0	460
Beginning Stocks	830	830	997	997	0	724
Production	1750	1750	1500	1457	0	1700
MY Imports	1832	1832	2000	2000	0	1900
TY Imports	1901	1900	2000	2000	0	1900
TY Imp. from U.S.	0	0	0	25	0	50

Total Supply	4412	4412	4497	4454	0	4324
MY Exports	275	275	300	300	0	300
TY Exports	250	250	250	250	0	250
Feed and Residual	30	30	30	30	0	30
FSI Consumption	3110	3110	3400	3400	0	3420
Total Consumption	3140	3140	3430	3430	0	3450
Ending Stocks	997	997	767	724	0	574
Total Distribution	4412	4412	4497	4454	0	4324
(1000 HA) ,(1000 MT)						

CORN

Production

The area to be planted with corn later in 2016, for the 2016/17 MY, will be influence in a positive manner by record high local corn price levels, especially for white corn prices. Local corn prices is expected to trade at import parity price levels for at least until next years' harvest season, giving farmers enough initiative to plant more fields to corn. Hence, post forecasts that around 2.8 million hectares of

corn will be planted later in 2016 under normal climatic conditions, which is about 10 percent higher than the five year average in area planted. Under normal climatic conditions and taking into account the subsistence farming sector, South Africa's corn crop for the 2016/17 MY could reach 12.6 million tons.

The CEC released its second estimate for the 2015/16 MY corn crop on February 25. According to the CEC, South Africa's commercial corn crop is estimated at 7.3 million tons which is 27 percent lower than the 2014/15 MY's crop of 10.0 million tons and almost half that of the 2013/14 MY's crop of 14.3 million tons. South Africa is battling one of the worst droughts ever recorded that already started in early 2015. According to the South African Weather Services, 2015 was then also the driest year on record in South Africa dating back to 1904. The CEC estimate the commercial area planted with corn at 2.0 million hectares. Many of these corn fields were also planted late and after the optimal planting period, especially in the Free State and Northwest provinces, which will negatively impact on yield and makes the current crop estimates extremely difficult.

Given the above, post lowered its previous total corn crop (including commercial and subsistence farming) estimate by 13 percent or 1.0 million tons to 7.0 million tons on 2.2 million hectares (see also Table 5). Post estimates that due to the drought, only about 70 percent of the normal corn area will be harvested.

The following table details area planted and production figures of white and yellow commercial and subsistence corn for the 2014/15 MY (actual), 2015/16 MY (estimate) and 2016/17 MY (forecast).

Table 5: 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	2014/15			2015/16			2016/17		
Commercial corn									
White	1,448	3.3	4,735	950	3.0	2,800	1,700	4.1	6,900
Yellow	1,205	4.3	5,220	900	4.1	3,700	1,100	4.7	5,200
Sub Total	2,653	3.8	9,955	1,850	3.5	6,500	2,800	4.3	12,100

Subsistence corn									
White	280	1.6	443	200	1.5	300	200	1.5	300
Yellow	117	2.0	232	100	2.0	200	100	2.0	200
Sub Total	397	1.7	675	300	1.7	500	300	1.7	500
TOTAL	3,050	3.5	10,630	2,150	3.3	7,000	3,100	4.1	12,600

Source: SAGIS and CEC

Consumption

Post forecasts a recovery in the commercial demand for corn in the 2016/17 MY to 10.3 million tons, due to increased production. Post expects that South Africa will use 4.9 million tons of corn for human consumption and 5.1 million tons of corn for animal feed, excluding corn utilized by the subsistence farming sectors and commercial on-farm usages.

Post kept the commercial demand for corn in the 2015/16 MY unchanged at 10.0 million tons as drought related high corn prices will impact negatively on any demand growth. Post foresees a seven percent drop in the commercial consumption of white corn to 4.2 million tons in the 2015/16 MY, due to the drought and the unavailability of white corn on the world market.

For the 2014/15 MY, post estimates that the commercial consumption of corn will drop by three percent to 10.0 million tons, due to higher corn prices. Post estimates a 27 percent drop in the commercial consumption of white corn due to an almost 40 percent drop in production. On the other hand, commercial yellow corn consumption is expected to increase by more than 30 percent from the 2013/14 MY's 4.3 million tons to 5.7 million tons, as yellow corn is more readily available on the world markets for imports.

Table 6 outlines the commercial consumption for white and yellow corn in South Africa for the 2014/15 MY (estimate), 2015/16 MY (estimate) and 2016/17 MY (forecast).

Table 6: The commercial consumption of white and yellow corn in South Africa

CORN 1,000 Mt	White	Yellow	Total	White	Yellow	Total	White	Yellow	Total
MY	2014/15			2015/16			2016/17		
Human	4,200	500	4,700	4,050	550	4,600	4,400	500	4,900
Animal	100	4,950	5,050	50	5,050	5,100	500	4,600	5,100
Other	50	200	250	100	200	300	100	200	300
TOTAL	4,350	5,650	10,000	4,200	5,800	10,000	5,000	5,300	10,300

Source: SAGIS; Grain SA

Note: Please note that consumption figures in the PS&D table also include corn utilized by the subsistence farming sectors and commercial on-farm usages.

Trade

Under normal climatic conditions, South Africa should return to be a net exporter of corn in the 2016/17 MY on higher production. Post estimates South Africa could export about 1.0 million tons of corn in the 2016/17 MY.

For the 2015/16 MY, post estimates that South Africa will have to import about 3.5 million tons of corn, as the drought reduced normal corn production by more than 40 percent. Argentina and Brazil seems to be South Africa most favorable trading partners in terms of yellow corn, while Mexico and the United States is the preferred in supplying white corn. South Africa will continue exporting corn to its neighboring countries, which should amount to about 600,000 tons in the 2015/16 MY

For the 2014/15 MY, post increased its imports estimate for corn to 1.6 million tons as South Africa already imported 1.4 million tons in the first 45 weeks of the marketing year. Most of the imports are yellow corn (1.3 million) as it is more readily available on the world markets for imports. South Africa continues exporting corn to its neighboring countries, which should amount to about 600,000 tons in the 2014/15 MY (see also Table 7).

Table 7: Export and import countries for white and yellow corn (1,000 tons)

	2014/15 MY	
	May 1, 2015 – Mar 4, 2016	
	White corn	Yellow corn
Export Destinations		
Botswana	135	51
Central African Republic	0	1
North Korea	0	3

South Korea	0	2
Lesotho	58	10
Mozambique	59	35
Namibia	90	39
Swaziland	23	48
Zimbabwe	21	0
TOTAL EXPORTS	385	190
Imports		
Argentina	0	665
Brazil	0	487
Mexico	51	0
Paraguay	0	172
Zambia	21	0
TOTAL IMPORTS	72	1,325

Source: SAGIS

Table 8: PS&D Table for Corn

Corn Market Begin Year	2014/2015		2015/2016		2016/2017	
	May 2015		May 2016		May 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
South Africa						
Area Harvested	3048	3050	1900	2150	0	3100
Beginning Stocks	2198	2198	2498	2628	0	1528
Production	10800	10630	6500	7000	0	12600
MY Imports	1900	1600	3500	3500	0	25
TY Imports	469	470	2700	2000	0	25
TY Imp. from U.S.	2	0	0	0	0	0
Total Supply	14898	14428	12498	13128	0	14153
MY Exports	700	600	800	600	0	1000
TY Exports	745	745	800	500	0	500
Feed and Residual	6000	5500	5500	5500	0	5600
FSI Consumption	5700	5700	5500	5500	0	5700
Total Consumption	11700	11200	11000	11000	0	11300
Ending Stocks	2498	2628	698	1528	0	1853
Total Distribution	14898	14428	12498	13128	0	14153

(1000 HA) ,(1000 MT)

RICE

Production

South Africa is totally dependent on rice imports to meet the local demand as no rice production takes place in the country, due to the high water requirements of the crop. As a result, rice imports are duty free and local consumption is based on the import data as supplied by the Global Trade Atlas.

Consumption

Post forecast a ten percent increase in South Africa's rice consumption in the 2016/17 MY to 970,000 million tons, due to drought reflected record corn prices. Consumers can substitute rice, wheat and corn products on price and taste preferences.

Post lowered its previous local rice consumption estimate for the 2015/16 MY by nine percent to 880,000 tons based on updated trade data. South Africa also consumed approximately 880,000 tons of rice in the 2014/15 MY (see also Table 9).

Table 9: Consumption of rice in South Africa

Marketing years	2014/15 (actual)	2015/16 (estimate)	2016/17 (forecast)
Consumption (1,000 tons)	880	880	970

Source: Global Trade Atlas

Imports

In the 2016/17 MY, South Africa's rice imports are expected to increase by 10 percent to 1.1 million tons on increased demand. In the 2015/16 MY post estimates South Africa will import about 1.0 million tons of rice. So far in the 2015/16 MY (May 1, 2015 to January, 2016), South Africa already imported 715,174 tons of rice (see also Table 10). India and Thailand, together, supply more than 90 percent of South Africa's rice demand.

Table 10: South Africa imports of rice (metric tons)

Countries	2014/15 MY (May/April)	2015/16*MY May/January
Imports from:		
United States	528	414
Others:		
Thailand	547,475	449,949
India	357,856	199,323

China	2,410	626
Vietnam	39,814	34,993
Singapore	15,933	2,400
Pakistan	10,270	4,825
Total for Others	974,286	692,530
Others not Listed	7,308	22,644
Grand Total	981,594	715,174

*05/01/2015 – 01/31/2016

Exports

South Africa imports a small amount of rice to export to neighboring countries. In the 2014/15 MY South Africa exported 122,262 tons of rice to neighboring countries. Post estimates rice exports in the 2015/16 MY and 2016/17 MY would be at the same level i.e. 120,000 tons, respectively.

Table 11: PS&D Table for Rice

Rice, Milled Market Begin Year South Africa	2014/2015		2015/2016		2016/2017	
	May 2014		May 2015		May 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	30	30	13	10	0	10
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
Milling Rate (.9999)	0	0	0	0	0	0
MY Imports	980	982	1080	1000	0	1100
TY Imports	1000	982	1000	1000	0	1000
TY Imp. from U.S.	1	0	0	2	0	2
Total Supply	1010	1012	1093	1010	0	1110
MY Exports	117	122	120	120	0	120
TY Exports	120	110	90	90	0	90
Consumption and Residual	880	880	960	880	0	970
Ending Stocks	13	10	13	10	0	20
Total Distribution	1010	1012	1093	1010	0	1110

(1000 HA) ,(1000 MT)