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AGRICULTURAL OUTLOOK CONFERENCE 1986

AGROCON
LANVOKON

'86

LANDBOUVOORUITSKOUINGSKONFERENSIE 1986

PRESENTED BY —

- Agricultural Economics Association of South Africa
- Co-ordinating Committee of Agricultural Marketing Boards
- Department of Agricultural Economics and Marketing
- Department of Agriculture and Water Supply
- National Marketing Council
- SA Agricultural Union

CSIR CONFERENCE CENTRE
Pretoria

10 AND 11 FEBRUARY 1986

AGROCON '86

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MAIZE

1. INTRODUCTION

Since AGROCON '85 was held in January 1985, the maize industry has on more than one occasion been in the news.

On 25 April 1985 the Minister of Agricultural Economics and of Water Affairs announced the maize prices for the 1985/86 marketing season. Since these price arrangements were not acceptable to the producer members of the Board, all eight producer members tendered their resignations to the Minister. Unsuccessful negotiations with NAMPO led to the Minister's appointing six new producer members to the Board in order that the Board could continue its activities.

On 13 September 1985 the Minister announced that the proposed two-market system for maize which the Board had recommended to him, was not acceptable to him or the Government. He instructed the National Marketing Board to investigate the marketing system for maize and to report back to him. At the time of writing this paper, the National Marketing Board had already presented its proposals to the Maize Board, but a final decision in this regard will only be taken during the first half of 1986. No comment can at this stage be made on the proposed amendments to the Summer Grain Scheme, since the implications of some of these amendments first require careful investigation.

Possibly the most important event was the celebration of the fiftieth anniversary of the Board. In this, its fiftieth year, the Board proved that the function which it fulfils as the marketing body for the maize industry in general and for the producer in particular, is of vital importance.

2. PRODUCTION

In Annexure I the production of white and yellow maize, the area planted to maize, the yield per hectare and the gross value of the maize crop for the previous ten years are indicated. Graph 1 clearly indicates the influence of the drought on the previous two seasons' maize crops. The current season's crop, although far below normal, is still sufficient to supply in the domestic needs and the Minister also approved that up to a maximum of 700 kt of yellow maize may be exported.

During November 1985, during the time of writing this paper, the prospects for a normal maize crop in the coming marketing season started declining rapidly and on 30 November 1985 only 1,950 million ha was planted to maize. This represents 47 % of the average area planted to maize during the previous four years. It is, however, important to note that the area planted to maize continued to decrease annually since the 1981/82 marketing season.

Prospects in the longer term are difficult to formulate, and a great deal will depend on the impact of future amendments to the Summer Grain Scheme on the industry. On close examination, it can however be expected that maize production in the summer rainfall areas will maintain its position as the most important industry. Several economic factors during the past years resulted in maize being increasingly cultivated outside of the traditional production areas. Factors such as transport cost to certain consumer areas of the country and the production of maize under irrigation are responsible for the fact that maize is increasingly being cultivated in these uncontrolled areas.

3. DOMESTIC CONSUMPTION

The consumption of maize in the Republic by the different market segments during the previous ten years is indicated in Annexure 2.

Maize which is used for direct human consumption, declined sharply during the previous season after remaining virtually constant for several years. In this market segment a number of products such as bread, rice, etc. exist which can replace maize and maize products in the diet, and it is significant that the direct per capita consumption of maize showed a decreasing tendency during the past ten years (see Graph 2). It appears as if the mixing of yellow maize into white maize products to alleviate the shortage of white maize, had a detrimental effect on the human consumption of maize during the past two seasons. During the first five months of the 1985/86 season this tendency continued in that the sales of white maize products were only 1,25 % higher than in the corresponding period of the previous season, despite the fact that since 11 March 1985 pure white maize products were again marketed.

As far as animal consumption is concerned, the influence of the country-wide drought on the consumption, can be clearly seen in Annexure 2. Where a gradual increase over a long period could be seen, a sharp decline is now being experienced which can be attributed largely to the economic conditions. During the 1984/85 season feed wheat was also imported to replace yellow maize in stock feed, and if the 330 kt of feed wheat which was applied domestically during that season, is taken into account, animal consumption remained at virtually the same level. The commercial domestic consumption of yellow maize during the first five months of the current season was, however, nearly 26 % lower than in 1982/83 which indicates that this figure will be considerably lower this year than in the previous two seasons. Although various factors contibuted to this decline, it is generally suspected that the general economic climate is the single major contributory factor. Other factors which play a role in this regard, are the decline in livestock numbers, a decline in the turnover of feedlots, a surplus of meat and eggs on the domestic market and several others.

Although the industrial consumption of maize only constitutes a small segment of the total maize consumption, this market segment shows an even growth over the past ten years.

As far as the future is concerned, it is the Maize Board's considered opinion that various circumstances contributed to the fact that the maize industry has lost a portion of its domestic market and that concerted attempts will have to be made to regain this portion. It is, however, expected that a declining tendency in the direct per capita human consumption of maize will occur. This is a natural phenomenon emanating from the urbanisation of the black population (see Graph 2). On the other hand it is also to be expected that the indirect per capita consumption of yellow maize in the form of stock feed will increase (Graph 3).

During the previous year the demand for yellow maize in stock feed rations decreased. This decrease was, however, not in the same ratio for all sectors of the live stock market segment. The sector which showed the most significant decline, was producers of red meat. The demand for yellow maize by this sector declined dramatically, firstly as a result of the use of other energy sources (such as defatted germ meal, feed wheat, grain sorghum, etc.) and secondly as a result of the closing of many feedlots.

4. OVERSEAS MARKET FOR MAIZE

South Africa is traditionally a net exporter of maize and international maize prices therefore play an important role in the prices which are normally realised for export maize. The short-term prospects on the overseas markets are presently not very promising. Surpluses are predicted for virtually all feed grains and there is little reason to expect that feed grain prices, especially of maize, will recover significantly in the near future. The USA had a record maize crop of approximately 221,4 Mt for 1985 and most other produ-

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cing countries are expecting good crops. In addition, the USA has large reserve stocks of maize for which they have not been able to find buyers. Russia is traditionally the USA's largest buyer of maize and wheat and a good 1985 grain crop (all grains) in this country resulted in considerably less grain having to be imported than in the previous few seasons. All these factors resulted in the international maize prices reaching record lows during August and September 1985. The only positive factor as far as the limited export of RSA maize is concerned, was the low dollar value of the SA rand which strengthened prices.

South African maize has always been in high demand on certain overseas markets as a result of its outstanding quality, and should normal crops be forthcoming, the traditional buyers of our maize will still be willing to import maize from the RSA at a premium on international prices. It will, however, be necessary to guard against this high quality being allowed to deteriorate as a result of other considerations. Prices will obviously play a role in this, but political considerations can, in the long term, cause problems. The world political situation may, in future, play a more significant role in the export of RSA maize. Actions such as boycotts can, at a later stage, compel the Board to make use of less conventional methods to dispose of its maize at best on world markets. A further challenge with regard to maize exports is the development of the African markets, especially in times when the industry may find it difficult to compete on overseas markets as a result of high input and marketing costs and low yields. It has often already been mentioned that Africa is the Republic's natural market. Marketing in the African countries is, however, accompanied by various problems such as financing, political views, transport and various others. Should some of these obstacles be removed, Africa will be the RSA's most profitable market, and should therefore be developed maximally in the long term. This will require hard work and an aggressive marketing effort, but the potential is definitely there.

5. PRICES

In Annexure 3 the producer and consumer prices of maize over the past ten years up to and including the present season (1985/86) are indicated. Since a large portion of the domestic requirements had to be imported from overseas, prices for the 1984/85 season had of necessity to be fixed on the basis of import parity. Especially as a result of the drastic decline in the value of the RSA rand against the USA dollar, the Government had to finance the imports of yellow maize to a large extent.

The Government has already on several occasions emphasised its policy with regard to smaller involvement in the domestic economy. From this it follows that the subsidising of local industries will take place to an increasingly smaller degree. The direct result of reduced subsidies will of necessity be that the industry will in future move closer to a free-market situation. Producers, as well as consumers, will, as far as prices of maize are concerned, have to move closer together to bridge the gap which a reduction in subsidy will leave with respect to the cost of the Board with the handling and storage of maize. As far as maize in particular is concerned, concerted attempts will have to be made to lower production cost, in order to allow producers once more to produce maize profitably and to offer it at competitive prices on the international markets.

6. FUTURE PERSPECTIVE

At the beginning of February 1986 when AGROCON '86 will be held, final decisions concerning the maize industry's future will not yet have been taken and at this stage it is still not sure which course will be adopted. The Minister of Agricultural Economics and of Water Affairs has, on several occasions, emphasised that he, as well as the Government, has confidence in the maize industry and realises its importance, and that any decision concerning its future will therefore not be taken lightly.

The future of the maize industry in South Africa is presently being closely scrutinised, therefore it is of the utmost importance that each of the different sectors in the industry should make a contribution towards guiding the industry in the right direction, and keeping it there.

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ANNEXURE 1

PRODUCTION OF MAIZE, AREA PLANTED TO MAIZE, YIELD AND GROSS VALUE OF PRODUCTION IN WHITE AREAS, 1975/76 TO 1984/85

Marketing season	White maize	Yellow maize	Total	Area planted to maize	Yield	Gross value of production
	kt	kt	kt	'000 ha	t/ha	R million
1975/76	4 656	4 144	8 800	4 488	1,961	492,800
1976/77	3 573	3 551	7 124	4 548	1,566	463,060
1977/78	4 828	4 657	9 485	4 453	2,130	701,890
1978/79	4 721	5 180	9 901	4 499	2,201	831,684
1979/80	3 496	4 673	8 169	4 305	1,898	833,238
1980/81	4 017	6 657	10 674	4 322	2,470	1 307,502
1981/82	6 702	7 721	14 423	4 338	3,325	1 933,687
1982/83	4 269	3 993	8 262	4 278	1,931	1 281,023
1983/84	2 031	1 973	4 004	4 065	0,985	680,880
1984/85	1 492	2 817	4 309	3 953	1,090	934,698

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ANNEXURE 2

DOMESTIC CONSUMPTION OF MAIZE, 1975/76 TO 1984/85

Marketing season	Human consumption	Animal consumption	Industrial consumption	Seed	Losses	Total
			kt			
1975/76	2 841	2 787	90	47	12	5 777
1976/77	3 019	2 838	92	50	–	5 999
1977/78	2 950	2 818	99	50	11	5 928
1978/79	2 935	2 587	103	55	15	5 695
1979/80	3 038	2 823	123	56	10	6 050
1980/81	2 920	2 834	133	68	7	5 962
1981/82	3 072	2 962	146	76	23	6 279
1982/83	3 220	3 245	141	61	4	6 671
1983/84	3 077	3 792	155	95	13	7 132
1984/85*	2 671	2 814	154	78	7	5 724

*During the 1984/85 marketing season 330 kt of imported feed wheat and 66 kt of imported maize grits were used in lieu of yellow maize in stock feed.

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ANNEXURE 3

PRODUCER AND CONSUMER PRICES FOR MAIZE, 1976/77 TO 1985/86

Marketing season	Gross producer price		Net producer price		Board's minimum selling price	
	White	Yellow	White	Yellow	White	Yellow
			R/t			
1976/77	65,00	65,00	65,00	65,00	59,00	59,00
1977/78	74,00	74,00	73,60	73,60	71,50	71,50
1978/79	84,00	84,00	79,95	79,95	83,10	83,10
1979/80	102,15	102,00	100,15	100,00	102,15	102,00
1980/81	122,65	122,40	118,25	115,00	122,65	122,40
1981/82	134,15	134,00	118,25	115,00	134,15	134,00
1982/83	155,05	155,05	134,05	134,05	155,30	155,30
1983/84	170,05	170,05	167,05	167,05	170,05[1)]	170,05[1)]
1984/85	219,50	215,55	218,55	214,60	224,50	220,55
1985/86	221,45	217,50	218,60	214,65	246,60	242,65

[1)] The Minister on 1 January 1984 increased the Board's selling price of both white and yellow maize by 10 % to R187,05/t.

GRAPH 1: PRODUCTION OF MAIZE ON
FARMS OF WHITES

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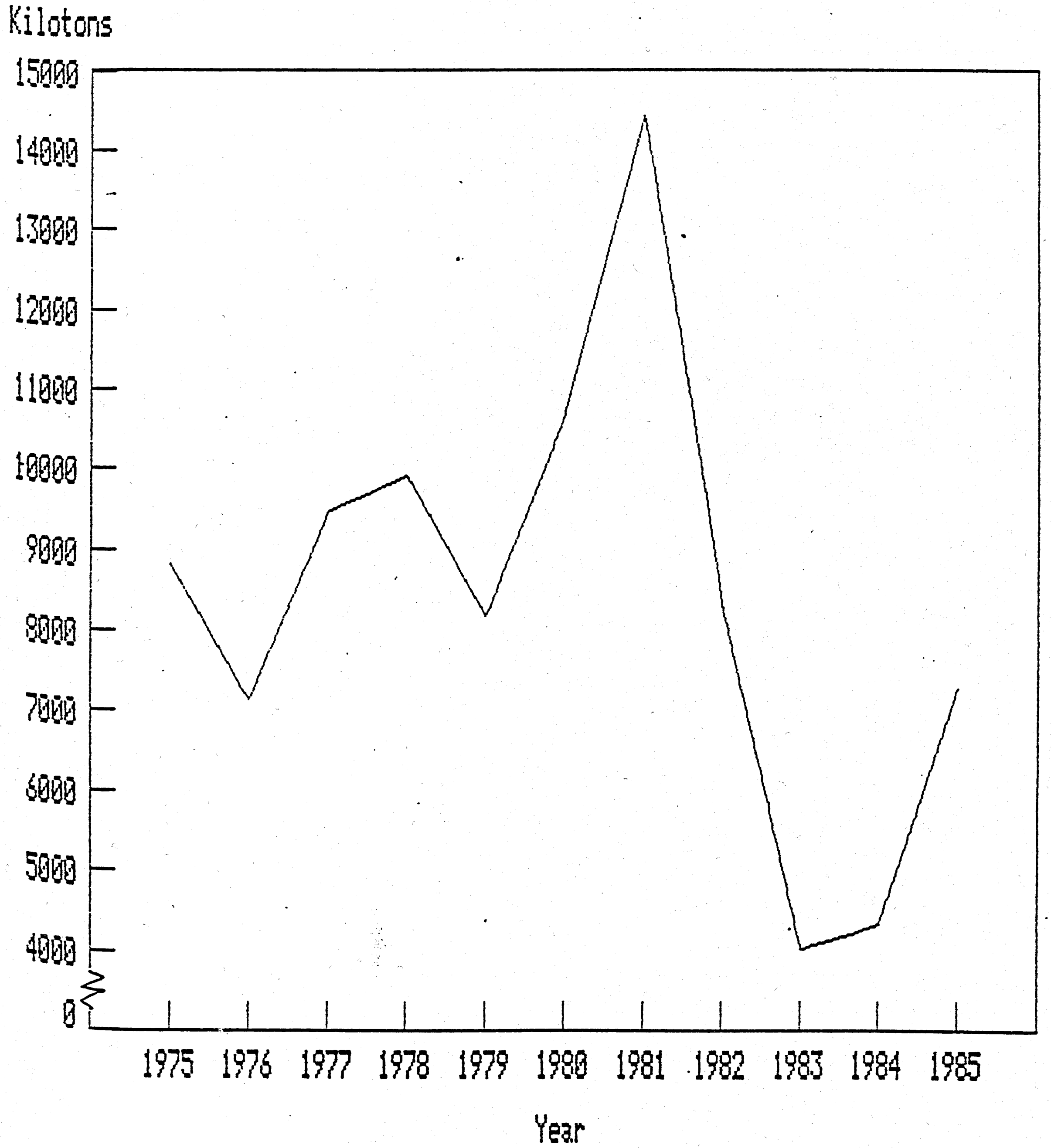

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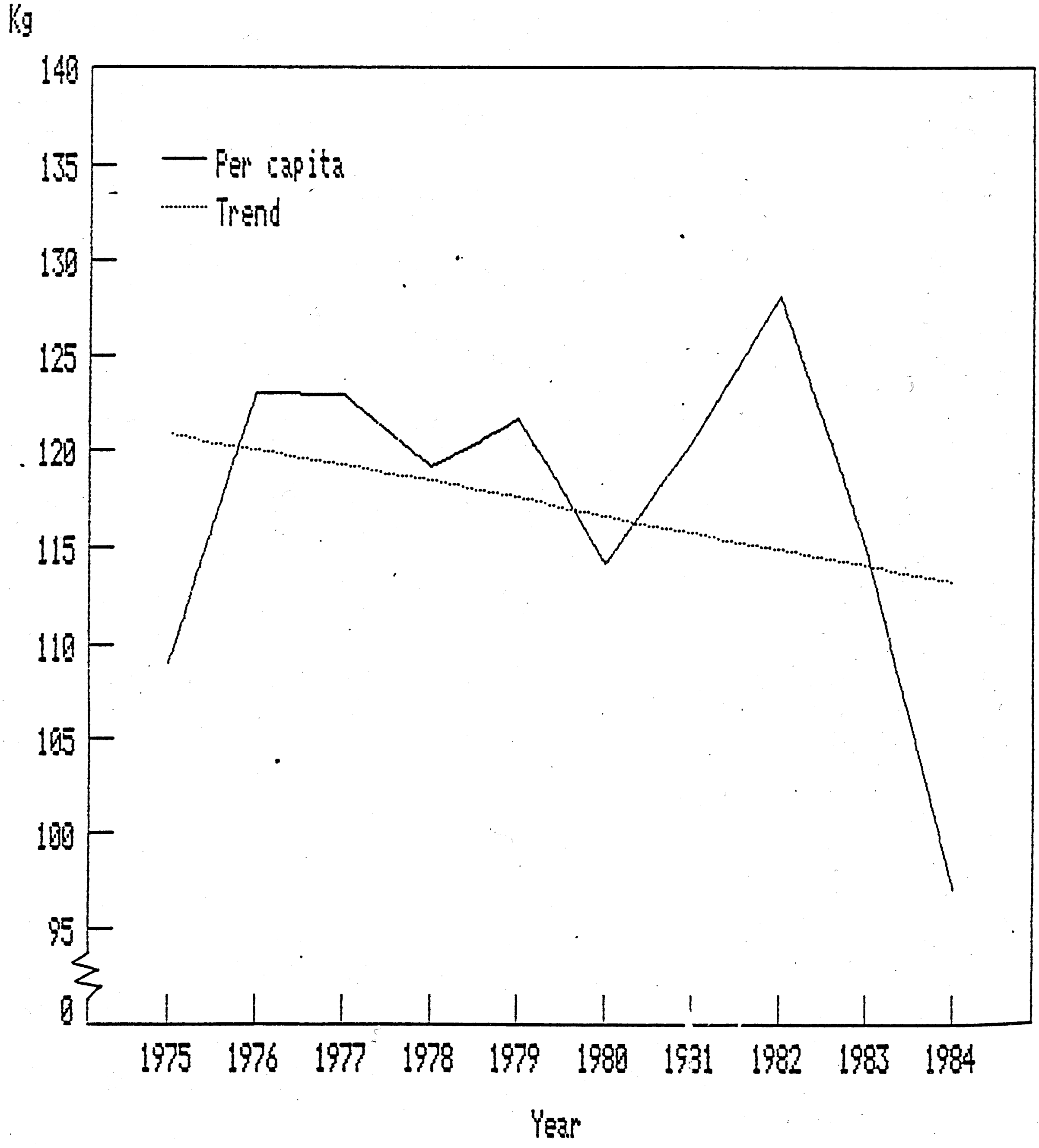
GRAPH 2: PER CAPITA CONSUMPTION OF MAIZE DIRECT THROUGH MAIZE PRODUCTS



GRAPH 3: PER CAPITA CONSUMPTION OF MAIZE INDIRECT THROUGH ANIMAL PRODUCTS

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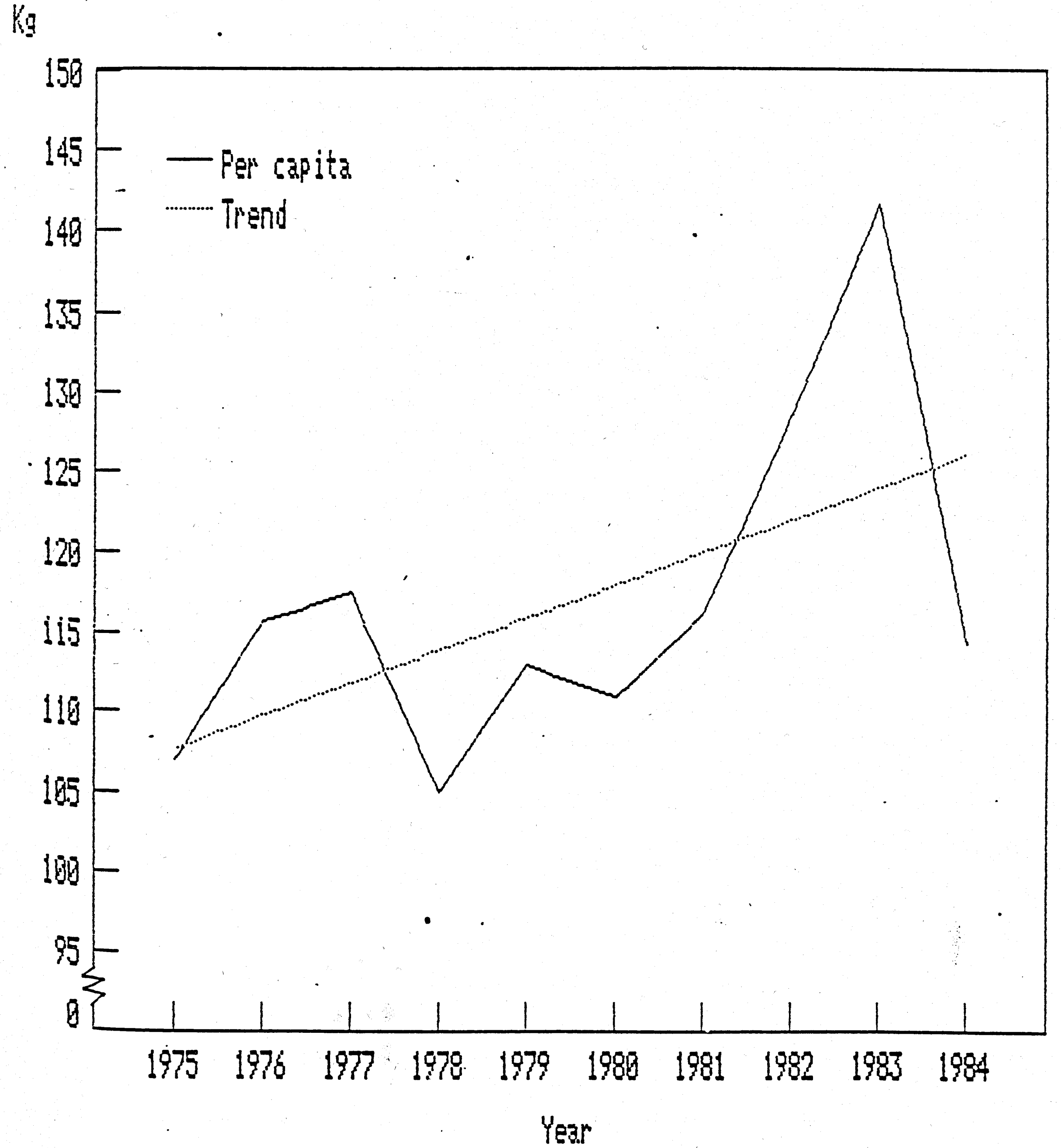

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LANVOKON '86

G R A A N S O R G H U M

1. INLEIDING

Hoewel somergraanoeste gedurende die 1985/86-bemarkingseisoen (1 Mei tot 30 April) ietwat groter was as in 1984/85, was dit as gevolg van ongunstige klimaatstoestande nog geensins 'n normale seisoen nie. Wat graansorghum in die besonder betref, is die produksieseisoen gekenmerk deur die grootste beplante oppervlakte die afgelope tien jaar wat die grootste oes in die geskiedenis opgelewer het. Die gemiddelde opbrengs was egter slegs ongeveer 2t/ha.

Die graansorghumbedryf het ook gedurende 1985 'n mylpaal bereik deurdat die Minister van Landbou-ekonomie en van Waterwese aangekondig het dat 'n selfstandige graansorghumraad ingestel is. Graansorghumprodusente het sedert 1956 periodiek vertoë gerig dat 'n eie selfstandige graansorghumraad in die lewe geroep word.

2. PRODUKSIE

Graansorghumproduksie in die Republiek is baie wisselvallig, beide wat betref die jaarlikse oppervlakte wat beplant word en die gemiddelde opbrengs. Tot nou toe was klimaatstoestande die grootste enkele faktor wat bygedra het tot hierdie groot variasies wat van jaar tot jaar voorgekom het. Hierdie verskynsel kan heelwaarskynlik toegeskryf word aan die feit dat produsente as gevolg van die huidige droogtetoestande verkies het om graansorghum wat meer droogtebestand as mielies is, in die droër gebiede te plant.

In Tabel 1 word die oppervlakte, produksie en bruto waarde van die graansorghumoes vir die afgelope tien jaar aangetoon.

TABEL 1: OPPERVLAKTE BEPLANT, PRODUKSIE EN BRUTO WAARDE VAN GRAANSORGHUM OP PLASE VAN BLANKES, 1976/77 TOT 1986/87

Bemarkingseisoen (Mei-April)	Oppervlakte beplant ('000 ha)	Produksie (kt)	Waarde van produksie 1) (R miljoen)
1976/77	213	263	18,804
1977/78	227	373	30,213
1978/79	259	592	49,728
1979/80	208	354	33,453
1980/81	243	681	76,565
1981/82	193	518	64,750
1982/83	170	280	39,760
1983/84	185	188	28,619
1984/85	283	498	93,126
1985/86 2)	315	641	129,386
1986/87 2)	300	550	....

1) Produksie X bruto vloerprys
2) Voorlopige beraming

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3. PLAASLIKE EN OORSESE MARKTE

3.1 Plaaslike Mark

Die binnelandse mark vir graansorghum bestaan uit drie duidelik onderskeibare marksegmente, elkeen met unieke eienskappe en in wese heeltemal verskillend van die ander. Die markaandeel van elkeen van dié marksegmente, sowel as die uitvoer van graansorghum oor die afgelope tien jaar, word in Tabel 2 aangetoon. Vervolgens word elkeen van die marksegemente kortliks in oënskou geneem.

TABEL 2: KOMMERSIëLE VERBRUIK VAN GRAANSORGHUM VOLGENS MARKSEGMENT EN UITVOERE, 1975/76 TOT 1985/86

Bemarking seisoen	Moutvervaardiging	Meel en voedsel	Veerantsoene	Heelgraanverkope 1)	Uitvoer	Totaal
				kt		
1975/76	165	12	109	13	189	488
1976/77	173	12	61	14	-	260
1977/78	172	12	79	16	59	338
1978/79	170	15	51	13	299	548
1979/80	165	27	7	48	155	402
1980/81	169	43	127	26	230	595
1981/82	165	57	186	26	-	434
1982/83	168	40	70	13	-	291
1983/84	165	28	37	17	-	247
1984/85	137	45	61	71	17	331
1985/86 2)	129	23	270	34	97	553

1) Sluit in verkope aan verbruikers in die RSA, BLS-lande, Suidwes-Afrika en die TBVC-lande.
2) Voorlopig

3.1.1 Die Moutmark

Die gebruik van graansorghum vir die vervaardiging van graansorghummout was jare lank die grootste en bestendigste mark vir graansorghum in die RSA. Gedurende die afgelope aantal jare het hierdie mark egter gestagneer en daar is selfs aanduidings dat dit besig is om te krimp. Die menslike mark is hoofsaaklik in die vorm van graansorghumbier en word, veral in die stedelike gebiede, deur die toenemende veranderings in drankvoorkeure van die swart verbruiker bedreig.

3.1.2 Die meelmark

Die mark vir graansorghummeel vorm slegs 'n klein deel van die totale mark vir graansorghum in die Republiek. Gedurende die afgelope vyf jaar het hierdie marksegment in grootte toegeneem, maar vanweë die relatief klein omvang daarvan, het dit nie 'n noemenswaardige invloed op die bedryf gehad nie.

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3.1.3 Die Veevoermark

Die veevoermark is in die verlede slegs periodiek deur die Raad betree hoofsaaklik as gevolg van die wisselende graansorghumoeste. In jare wanneer daar surplus graansorghum onder die voerprysskema ingeneem is, het die Raad graansorghum op die plaaslike voermark beskikbaar gestel teen pryse wat in die jongste tyd 15 % laer as die prys van geelmielies is. In die huidige seisoen het die Raad dieselfde bemarkingsweë gevolg en na raming sal ongeveer 270 kt plaaslik op dié wyse verbruik word.

Die veevoermark vir graansorghum het die potensiaal om in die toekoms verder uitgebou te word en die mark kan heelwaarskynlik nog die grootste afsetgebied vir graansorghum word. Graansorghum word as 'n plaasvervanger vir geelmielies in die voermark aangewend. Een van die grootste probleme om in die voermark te bly, is die afwesigheid van kontinuïteit in graansorghumvoorrade as gevolg van wisseling in oesgroottes.

'n Verdere probleem is dat in baie produksiegebiede probleme met voëls ondervind word wat hulle ongeskik maak vir die produksie van nie-voëlproefgraansorghum. In die veevoermark word egter teen voëlproefgraansorghum gediskrimineer en oplossings sal vir dié probleem gevind moet word, soos die neutralisering van polifenole (tannien) deur byvoorbeeld die byvoeging van bytsoda, en die ontmoediging van die produksie van voëlproefgraansorghum behalwe in gebiede waar daar geen keuse is nie.

3.2 Oorsese Mark

Die hoeveelheid graansorghum wat jaarliks uitgevoer word, wissel baie na gelang van die grootte van die oes en die binnelandse verbruik. Graansorghum het in die verlede nog altyd 'n laer uitvoerprys as mielies gerealiseer, hoofsaaklik omdat daar in sommige oorsese lande 'n verbruikersweerstand teen Suid-Afrikaanse graansorghum is. Graansorghum is in 1985 weer vir die eerste keer sedert Februarie 1981 vir uitvoer verkoop en dié laer prystendens is weer eens waargeneem. Tydens oorsese besoeke, het dit duidelik geword dat die oorsese markte net bereid is om voëlproefgraansorghum teen 'n aansienlike korting bo nie-voëlproefgraansorghum te koop.

4. PRYSE

Die produsente- en verbruikerspryse vir graansorghum vir die afgelope tien jaar word in Tabelle 3 en 4 aangetoon.

TABEL 3: MINIMUM PRYSE VIR GRAANSORGHUM VIR ONDERSKEIE MARKSEGMENTE VERGELEKE MET VERBRUIKERSPRYSE VIR GEELMIELIES, 1976/77 TOT 1985/86

Bemarking-seisoen	Minimum prys vir moutbedryf1)	Toename bo vorige jaar	Netto vloerprys1)	Toename bo vorige jaar	Minimum verbruikersprys vir geelmielies	Toename bo vorige jaar	Minimum prys vir moutbedryf as % van geelmielieprys
	R/t	%	R/t	%	R/t	%	%
1976/77	71,77	13,61	71,50	15,32	59,00	18,00	121,6
1977/78	81,00	12,86	80,50	12,59	71,50	21,19	113,3
1978/79	95,80	18,27	74,55	-7,39	83,10	16,74	115,3
1979/80	109,04	13,82	80,00	7,31	102,00	22,74	106,9
1980/81	122,92	12,73	90,00	12,50	122,40	20,00	100,4
1981/82	131,26	6,78	95,00	5,56	134,00	9,48	98,0
1982/83	145,19	10,61	134,16	41,22	155,30	15,90	93,5
1983/84	167,45	15,33	163,22	21,66	170,05	9,50	98,5
1984/85	205,70	22,84	196,03	20,10	220,55	29,70	93,3
1985/86	228,61	11,14	184,10	-6,10	242,65	10,02	94,2

1) Graad KM1 tot 1981/82 en graad GB1 daarna.

TABEL 4: NETTO VLOERPRYS VIR GRAANSORGHUM VERGELEKE MET NETTO PRODUSENTEPRYS VIR GEELMIELIES, 1976/77 TOT 1985/86

Bemarking-seisoen	Netto vloerprys vir graansorghum1)	Toename bo vorige seisoen	Indeks 1976/77 = 100	Netto produsenteprys vir geelmielies	Toename bo vorige jaar	Indeks 1976/77 = 100
	R/t	%		R/t	%	
1976/77	71,50	15,32	100,0	65,00	16,07	100,0
1977/78	80,50	12,59	112,6	73,60	13,23	113,2
1978/79	74,55	-7,39	104,3	79,95	8,63	123,0
1979/80	80,00	7,31	111,9	100,00	25,08	153,8
1980/81	90,00	12,50	125,9	115,00	15,00	176,9
1981/82	95,00	5,56	132,9	115,00	-	176,9
1982/83	119,96	26,27	167,8	134,05	16,57	206,2
1983/84	148,00	23,37	207,0	167,55	24,99	257,8
1984/85	177,33	19,82	248,0	214,60	28,08	330,2
1985/86	174,00	-1,88	243,4	214,65	-	330,2

1) Graad KM1 tot 1981/82 en graad GC1 daarna.

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6. TOEKOMS VAN DIE GRAANSORGHUMBEDRYF

Omstandighede in die graansorghumbedryf het die afgelope aantal jare heelwat verander. Produksie het toegeneem en aanduidings is daar dat produksie-uitbreidings nog gaan plaasvind. Die redes vir laasgenoemde hou veral verband met die akkerboukundige eienskappe van graansorghum wat daartoe lei dat graansorghum onder marginale toestande steeds goeie opbrengste lewer.

6.1 Verkope aan die Handel

Moutvervaardiging het die afgelope tien jaar 'n dalende tendens getoon hoofsaaklik as gevolg van die dalende verbruik van sorghumbier. Die verwagting is dat hierdie tendens sal voortduur as gevolg van die omeswaai na die gebruik van garsbier en sterk drank deur die tradisionele verbruikers van sorghumbier.

As gevolg van nuwe produkte wat die afgelope tyd op die mark verskyn het kan 'n matige groei in die verbruik van graansorghum as meel en voedsel verwag word. Hierdie mark was tot op hede tradisioneel klein gewees.

Die oordrag van graansorghum in die Handel was op 30 April 1985 132 kt gewees. Die beraming vir 30 April 1986 is minder as 50 kt. Hierdie verskil kan lei dat die handel in die 1986/87 bemarkingseisoen meer graansorghum sal aankoop as die verwagte aankope vir die 1985/86-bemarkingseisoen.

6.2 Verkope aan Veevoerders en Veevoervervaardigers

Indien goeie reëns in die ekstensiewe veegebiede voorkom kan daar 'n afname in die veevoermark as geheel ontstaan.

'n Matige verbetering in vleispryse, wat kan ontstaan as gevolg van 'n tekort in die aanbod van slagvee sowel as 'n matige ekonomiese herstel, kan daartoe lei dat voeraankope verhoog. Hierdie verhoging sal waarskynlik hoër wees as die waarskynlike afname in die ekstensiewe gebiede.

As gevolg van die mislukking in die koringoes wat daartoe gelei het dat voerkoring vir maaldoeleindes aangewend word kan graansorghum sy posisie in die voergraanmark behou of moontlik verbeter in die 1986/87-bemarkingseisoen, mits die prysverhouding tot geelmielies dit toelaat.

6.3 Uitvoermark

As gevolg van die lae dollarprys van graansorghum in die buiteland sal die uitvoermark baie moeilik lonend wees veral indien die rand verder appresieer teenoor die dollar.

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