

## Fruits and Vegetables



### Global Perspectives

China is the leading producer of apples in the world, followed by the United States of America and Poland. Based on the World Apple and Pear Association (WAPA) August 2019 Report, the USA's production is projected to increase by 9% to 5 389 million tons in 2019 compared to the previous year. In the Southern Hemisphere, production is projected to increase by 2% to 5 261 million tons. Argentina and Australia contribute a share of 9% each, followed by Brazil and South Africa who are sitting at 5%. Chile's production is projected to register a decline of 5%, but still remains the largest producer of apples in the Southern Hemisphere with 1 665 million tons projected this year. Brazil comes second with 1 150 million tons. Fuji variety (22%) is a main driver of a 2% increase in the Southern hemisphere, while the Gala and Braeburn varieties are set to register a 7% decline. The EU production is projected to decline by 20%, with only Portugal, Spain, France and Netherlands that have a positive outlook of 15%, 14% 12% and 7% respectively. Poland (2 710 million tons), Italy (2 195 million tons) and France (1 652 million tons) remain the leading producers in the EU.



### Key areas to unlock growth in fruits and vegetables

The agricultural sector remains vulnerable to the changing climate patterns, especially prolonged droughts. Fruit producing areas such as the Western Cape - the country's leading exporter of fruits, remains most affected by water shortage. There is a need for future-proofing agriculture through greater resource (water) efficiency and improved resilience to climate change. The need to monitor water use and manage our available water resources at catchment scale is paramount. Lastly, there is a need to harness water from the ocean.



### Domestic and Regional Perspectives

Production of apples in South Africa is fairly high, making South Africa a net exporter of apples. South Africa is the world's 8th largest exporter of apples. According to the WAPA report (2019), South Africa's production is set to decline by 5% to 925 thousand tons in 2019. In week 35, apples inspected and passed for export of increased by 8% compared to 2018. During week 35, there were 513 861 cartons (1 carton = 12.50kg) exported and 24 628 450 cartons in total so far this season. Africa was the biggest importer of apples in week 35, importing 358 599 cartons, a 125% difference from 2018 in the same week. This is a good reflection as South Africa needs to position itself after signing the African Continental Free Trade Agreement. Apple production is mainly affected by area planted, water availability in the main production region (Western Cape) and weather conditions. The winter rainfall in the Western Cape in the current season is used for the following season, depending on-farm water management systems. Considering dam levels in the region have improved since the drought, the yields are expected to increase in the next season.

**Table 1: Week 35 export volumes (1 carton=12.5 kg)**

Region	2018	2019	Diff	%Diff
Africa	159730	358599	198869	125
Far East & Asia	312841	39385	-273456	-87
Middle East	10288	23917	13629	132
United Kingdom	93439	69220	-24219	-26
Europe	21847	3030	-18817	-86
Indian Ocean Islands	9329	19710	10381	111
USA & Canada	0	0	0	0
Russian Federation	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>607474</b>	<b>513861</b>	<b>-93613</b>	<b>-15</b>

Source: Agri-hub, 2019

# Grains and Oil Seeds



## Global Perspectives

The world wheat production is projected at 768.07 million tons down by 3.3 million tons from previous month. Primarily on lower production in the major competing exporters. EU, Kazakhstan and Russia are respectively lowered by 1.3, 1.0 and 1.2 million tons. These reductions are on the back of confirmed harvest results which include yield losses due to hot and dry June conditions in winter wheat regions. Argentina and Ukraine production respectively increased by 0.5 and 0.2 million tons. On the global trade perspective, wheat exports are down to 0.5 million tons, led by a reduction in the major producing countries, all on the smaller crops.

North Africa, Middle East and South-East Asia wheat imports are expected to remain unchanged. Nigeria's production is to remain below 1 million tons with imports projected at 5.2 million tons for the rest of 2019/20 marketing year. Projected 2019/20 world consumption is 2.0 million tons lower on both reduced feed, residual use, food and industrial consumption. On the price front, U.S HRW (Hard Red Wheat) showed the steepest drop based on the good progress in the maize market. EU prices also declined based on the advancing harvest in the major wheat- producing countries. Black Sea wheat declined by \$2/ton as dry condition in Russia have reduced yield.



## Domestic and Regional Perspectives

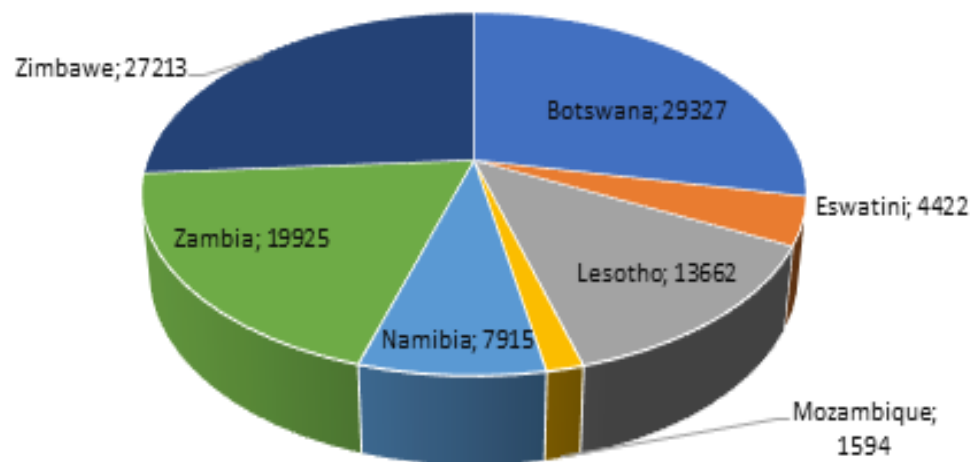
South Africa's wheat production for 2019/20 season is projected to increase from 1.868 million tons to 1.915 million tons on the back of improved area planted in Free State and Western Cape. Although wheat production is expected to slightly improve, South Africa is projected to remain the net importer for the season with imports of 1.5 million tons. According to the latest SASDE report for 2019/20 marketing year, South Africa is projected to have sufficient wheat supplies to meet the demand. At the end of 2018/19 marketing season in September 2019 South Africa will have ending stocks of 552 thousand tons. At an average processed quantity of 275 thousand tons per month, this represents available stock levels for 2.0 months or 62 days. On the regional trade perspective, albeit South Africa is a net wheat importer. The country is still able to supply other neighboring countries.



## Key areas to unlock growth in Grains and Oil Seeds

Lower wheat production coupled with high volumes of imports in South Africa is a matter of concern to the economy for both Industry and Public sector. From the latest Crop Estimate Committee (CEC) report, it indicates that wheat can be productive in all 9 provinces of South Africa, with Free State and Western Cape remaining the biggest producers. Eastern Cape area planted increased by 46% from the previous season. It is advisable for farmers to plant wheat in the traditional production areas for rotational planting. It is also of importance for farmers to realize wheat demand in the region is forecast to increase in years to come due to changing climatic conditions and slow pace of adopting new technology by farmers.

Environmentally related risks such as drought and limited breeding technology are an increasing threat to food security. Staple food such as wheat and others are mainly produced under dryland and require improved technologies like seeds in order to able farmers to produce sufficiently. One of the biggest challenges faced by the wheat industry is the lack of improved breeding technology to produce improved cultivars. It is important for government to invest in research and development in order to allow or open entrance for new developing farmers.



**Figure 1: RSA wheat exports**  
Source: SAGIS (2019)



# Livestock and Animal Products



## Global Perspectives

China imports are forecast at record high in 2019 due to impacts from African Swine Fever (ASF). The virulent disease continues to spread and is driving a significant liquidation of the swine herd. Lower pig supplies this year will cause a forecast 10-percent decline in production. Imports will partially offset lower supplies, with the EU, Canada, Brazil, and United States all expected to boost shipments to China. On the other hand, the demand for chicken meat will be robust as outbreaks of ASF spur consumers to turn away from pork as elevated prices fuel expansion. However, China continues to be challenged by its Highly Pathogenic Avian Influenza (HPAI)-related bans which limit the supply of imported genetic stock, constraining additional growth.

As brisk demand outpaces increasing domestic production, imports are forecast to surge nearly 70 percent in 2019. In 2018, China produced 54 million tons of pork, this year it is expected to be 40 million tons and for 2020, it is estimated to amount to 34 million tons. The ongoing US/China trade war weighs on the global pork market. The US diverted their exports to other markets impacting global prices to be under pressure. In terms of the wool industry, the first sale of 2019/20 took place on 4 & 5 September 2019 with 8 634 bales on offer of which 81,8% was sold. The wool market closed 28,3% (5 837 points) down at a value of R147,70 c/kg (Clean), with the Cape Wools All Wool indicator closing 28,3% lower. The Australian EMI moved 27,4% down.



## Domestic and Regional Perspectives

The pork industry has suffered losses due to the listeriosis outbreak in the ready to eat meat market and this has affected consumer confidence which is now recovering at a slow pace. South African pig farmers are struggling to produce local bacon and related products due to low prices this year, but could benefit from a swine fever problem in China, the world's largest producer of the pork meat. In the domestic pork market the retail prices for pork products increased by 3.65% month on month and the price of kassler and neck chops declined by 5.73% and 2.01% respectively. Compared to a year ago, current prices are 6.89% higher on average. The African swine fever outbreak, which is hampering production in the world's most populous nation, is expected to put upward pressure on global pork prices.

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## Key areas to unlock growth in Livestock and Animal Products

Following the current outbreaks of ASF, farmers are advised to only buy pigs from confirmed healthy herds, as auctions are a mixture of multiple pigs of unknown origin and this may cause a high risk. Government could consider government payments to farmers as incentives for those affected by the outbreak, as provided for in the Animal Diseases Act and more awareness programs should be created about the outbreak.

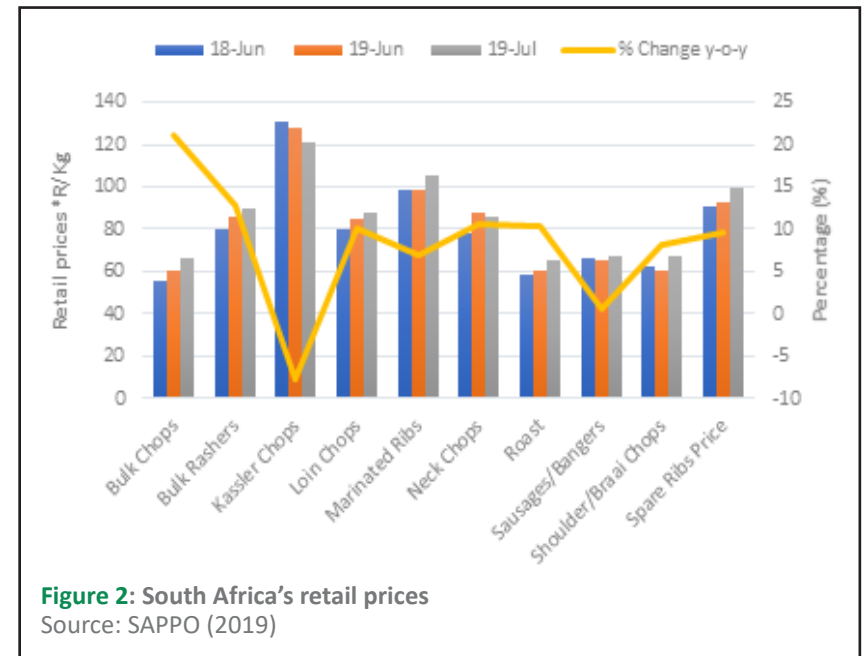


Figure 2: South Africa's retail prices  
Source: SAPPO (2019)



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