



# NAMMC

Promoting market access for South African agriculture

# MARKET INTELLIGENCE REPORT

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# Grains and Oilseeds



By **Onele Tshitiza**  
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## Global Perspectives

The global maize production for 2022/23 is expected to reach 1 185 899 thousand tons, representing a variation of 93 000 more tons from the June 2022 estimate (USDA, 2022). This is attributable to changes in the estimate for the United States of America (USA) which is now projected at 1.14 million tons more than the June estimate, offsetting the estimated decline in the estimate of Russia which dropped by 1 million tons and the European Union that declined by 250 000 tons. The production of maize during the 2022/23 season is predicted to be lower than the 1.22 billion tons realised during the 2021/22 season, constituting a 2.62% decline (USDA, 2022). The decrease in global production was due to a 40% (from 42.1 million tons to 25.0 million tons) drop in the crop in Ukraine due to the conflict with Russia and the subsequent disruption on maize supply chain. The USA's production is set to decrease by 4% during the 2022/23 from 367.3 million tons in 2021/22. The decline in the USA's production is attributable to variation in rainfall patterns in its corn producing regions.

Global consumption of maize for the 2022/23 season is predicted at 1 185 241 thousand tons and ending stocks are predicted at 312.94 million tons. The global exports of maize are expected to decline by 3.4% to 183.4 million tons, due to exports bans in some countries like India, Ukraine and Russia and trade restrictions in Ukraine. Exports from Ukraine are anticipated to decline by 40%,

corresponding to the production estimate. Global imports for 2022/23 are predicted to decline to 183.3 million tons, 3.4% lower than the volume imported during the 2021/22 season.

An announcement of Russia and Ukraine reaching a landmark deal on the 22<sup>nd</sup> of July 2022 was welcomed around the world (Drury, 2022). This grain deal will allow the exportation of grain and fertilisers from Ukraine and Russia through Black Sea ports. The aim of the landmark deal is to avoid a global food crisis as uncertainty in food availability was influencing prices of food amongst other things.

## Domestic and Regional Perspectives

South Africa's production of maize in the 2022/23 season is expected to reach 7.47 million tons of white maize and 7.21 million tons of yellow maize, a total of 14.68 million tons (SAGIS, 2022). However, this represents a decline of 10% from last season's production. The estimated decline in production is in line with the lower hectares planted, which declined by 4.8% compared to area planted in 2021. The area planted for other summer crops increased more than the area planted for maize, which could be an indication that maize farmers substituted maize with other summer crops such as sunflower seed, soybeans and groundnuts.

South Africa's overall maize exports are estimated at 1.574 million tons for the 2022/23 season, with 1.437 million tons constituted by whole maize and the remainder being maize products (SAGIS, 2022). The ending stock for total

maize is projected at 4 million tons and the country is not foreseen to import maize. South Africa is estimated to export 354 525 tons of white maize and 1.19 million tons of yellow maize in the 2022/23 season.

South Africa continues to export mainly to Asian countries, specifically Japan as the leading market, followed by Korea and Viet Nam. South Africa also exports to African countries such as Zimbabwe, Botswana and Eswatini.

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

It is encouraging that South Africa continues to produce maize as it is a staple crop in the country. With the signing off of the agriculture and agro-processing master plan, it will be important for social partners to commit to the interventions in order to expand production through emerging and new farmers, while addressing the existing issues in the value chain such as fast tracking the applications for registrations of new technologies related to Act 36. The successful implementation of the plan has the potential to place South Africa as a food secure country at household level and generating new markets, especially during times of emergency such as the current crisis in global markets. Funding investment is therefore critical for the industry to expand its production further than the current area planted.

# Fruits and Vegetables



By Moses Lubinga

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## Global Perspectives

According to the Market Research Future report (2022), the global market for raisins is projected to be worth about US\$ 2.32 billion by the year 2030, an equivalent of 5.5% Compound Annual Growth Rate (CAGR) when using the year 2022 as a baseline. Europe remains the major market for raisins. The fast-growing demand is attributable to the increased awareness about the health benefits of raisins, notably, the high level of antioxidants and phenol content they contain. Due to the rich fibre content of raisins, they are used to relieve constipation. The diversity of raisins by cultivar type (i.e., sultana, muscat, seedless and others) is also another factor driving the fast market growth for a fact that certain type(s) of raisins are more suitable for making certain manufactured products e.g., smoothies and cake mixes, among others if not consumed in a raw state. Generally, raisins have increasingly been used for culinary purposes.

Statistica (2022) indicates that Turkey remains the leading producer of raisins followed by China, while South Africa ranks number seven (See Figure 1)

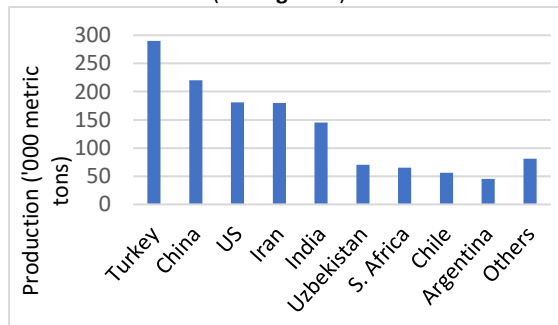


Figure 1: Major raisin producing countries in 2021/22

Source: Statistica (2022)

## Domestic and Regional Perspectives

Within Sub Saharan Africa, South Africa (SA) is the leading producer of raisins. Over the past eight years, the raisin industry's production has doubled to 8500 Metric tons projected to be realised in the 2021/22 marketing year (USDA, 2022b). According to the industry's General Manager, Mr. Botha, the Northern Cape Provincial department of agriculture has invested approximately R400 million in the emerging market sector. Raisins SA is also implementing transformation projects, and over the past 5 years, the industry secured some funding for investment to bolster growth in the emerging sector. Commercial producers have also increased their operations, thereby contributing further to an increase in the volume of raisins produced.

Whereas there are currently no market access constraints faced by the raisin industry, there is limited progress on development of markets (*new & existing ones*). This presents a major challenge in ensuring that there is sufficient market(s) to absorb the increasing volume of raisins produced by the industry. During the International Dried Grape Conference held in Australia in 2019, South Africa took the lead to emphasize the importance of market development as a global collective, but also at the level of the country of origin. However, up to date most of South Africa's raisins (*about 62%*) are still destined for the Netherlands and the United Kingdom, an indication of limited diversity in markets for this product. In the event of an undesired shock in the above stated markets, this presents a huge risk to producers stocking their raisins for much longer periods which is bound to have a detrimental effect on producers' profits, among other aspects.

## Key areas to unlock growth in Fruits and Vegetables

Given the fact that South Africa's raisins industry is well positioned in Europe, with over 70% of the industry's total exports, there is a need to focus on developing other markets. According to Raisin SA's general manager, priority should be accorded to the United States of America (USA). The USA is a strategic market with good potential, most especially that they are among the top consumers of raisins globally but with a small crop size. Other markets of keen interest are China and Japan.

Therefore, given that Raisin SA's market development and export promotion activities are underfunded, predominantly through the statutory levies collected by the industry (NAMC, 2019), there is a need for the government to provide financial support for the industry to be more competitive. For instance, the raisin industry in Turkey and the USA receive financial support and this makes it difficult for the South African industry to effectively compete with the counterparts. According to the General Manager of Raisin SA, the USA spends about R80 million per annum on market development, which is 18 folds greater than the R4.5 million per annum (*on average*) of the statutory levy spent on market development and export promotion. Export promotion activities undertaken include participating in international trade shows, which the industry reckons that has not been able to get involved in to promote their products due to financial limitations.

Conclusively, the involvement of the Department of Trade, Industry and Competition in supporting the industry's market development and export promotion activities is bound to bolster the absorption South Africa's raisins in various markets.

# Livestock and Animal products



By **Lucius Phaleng**  
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## Global Perspectives

Over the years of existence of the leather industry, more countries have been actively involved in the processing of skins and hides. On average, the industry produces about 18 billion square feet of leather per year, with an estimated total value of US\$40 billion. If the by-product of the meat industry (raw hides and skins) was not used to produce this volume of leather, then, all leather products would be manufactured from alternatives which is non-renewable raw materials, such as plastics and other petrochemical based products. Developing countries now produce over 60% of the world's leather, and this proportion is growing at a positive rate. About 65% of leather produced worldwide is estimated to be used in leather footwear and the global production of footwear is estimated at 11 billion pairs. Hence, governments of developing countries are giving stronger attention for the development of proper marketing practices and channels for raw hides and skins.

The leather industry in India accounts for about 13% of the world's leather production of raw hides and skins, with an annual production of about 3 billion square meters of leather. India also accounts for 9% of the world's footwear production. The country has an abundance of raw materials with access to 20% of world's cattle and buffalo, and 11% of the world's goat and sheep populations. On the other hand, Brazil assessed its tanning industry and it was reported that leather products amounting to 13.4 million were shipped in June 2022, which is 6.1% below the value of what was recorded during the same month of 2021. The first half of the year ended with exports of valued at US\$666.5 million, equivalent to 1.9% decline when compared to the same

period in 2021, and 19.5% lower in commercialized area with 73.6 million square meters (CICB, 2022).

## Domestic and Regional Perspectives

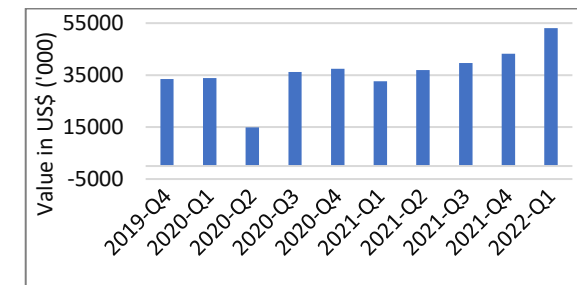
On average, livestock products, such as meat, milk, eggs, wool, hides, and skins, account for 28% of the agricultural Gross Domestic Product (GDP) of African countries south of the Sahara, with wide variation between countries. Hides and skins are the most valuable by-product of the meat industry and are normally converted into leather. In Africa, leather is a type of ancient clothing that was once used to clothe people. The increased demand for clothing in the fashion industry has increased the global production of raw materials. Africa is fast emerging as one of the future markets for sourcing quality skins and hides for the booming global leather industry. Africa's abundance of livestock represents a natural strength for the sector, as leather is a by-product of the meat industry.

Africa has about 15% of the world's cattle population, a percentage that grew by about a quarter over the last decade, thereby overtaking the global trend. Similarly, Africa possesses about 25% of the world's sheep and goat population. This puts Africa at the centre of the booming leather industry as a key supplier of hides and raw materials for leather goods (Africa business page (ABP), 2022). Therefore, it is important to encourage African countries to invest or pay more attention on the development of local leather or textile facilities. In South Africa, the textile master plan presents an opportunity for both reindustrialisation and building of the leather industry. In 2022, the approximate price for South Africa's raw hides and skins ranges between R752.94 and R870.56 per kilogram. Figure 2 highlights the trade balance of South Africa's hides and skins on a quarterly basis. It is evident that South Africa exports more of raw skins and hides than what is imported. China, Italy, Poland and Mexico remain the most important

markets because of the high share of exports by value destined to those countries over the past five (5) years.

## Key areas to unlock growth in livestock and animal products

The increasing population directly impacts the demand for leather products, which leads to an increased number of animals slaughtered. Thus, trade in animals and animal products in international markets needs to be carefully monitored and regulated. Traceability systems should be provided for both live and dead animals, including animal products that are sold on wet markets. For effective traceability, there is a need to monitor public markets that are not supervised. In addition, new conservation strategies must be developed that represent the powerful forces that form and control the modern world, and law enforcement of wildlife/livestock trade regulations must be considered, including the use of skin-free clothing, as well as the increased replacement of animal leather with environmentally friendly raw materials. Governments and stakeholders need to invest in research studies that will allow the development of conservation and demand control.



**Figure 2:** Trade balance of South Africa's raw hides and skins  
**Source:** Trade Map (2022)

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