



Scan for Capital Harvest

April 2016

This is a monthly environmental scanning document with extracts from a range of press articles deemed to be of possible strategic importance to Capital Harvest. The articles are arranged according to a framework of topics. For each article its title, author (where available) and source are stated.

Editorial

Agriculture

Consumers are increasingly unwilling to accept a lack of transparency when it comes to the contents and origin of food products. At the same time, global markets make it more difficult to trace food back to the farm. In the recent past, some common Parmesan cheese brands were found to contain high levels of wood-pulp; it was discovered that olive oil labelled 'premium extra-virgin' often had cheaper oils mixed in; and fish species are frequently mislabelled when sold. Eight years ago in China, melamine in infant formula sickened hundreds of thousands of babies and killed at least six. Grocery Manufacturers of America says a conservative estimate is that 10% of food may be fraudulently altered in such ways. The organisation has now helped to develop EMAlert, a software programme that models the decision-making behaviour of food-altering fraudsters. Using real-time information, it weighs 12 attributes of a commodity including prices, volumes and geopolitical conditions, then calculates the probability of adulteration. The software uses the same technology employed in terrorism risk-assessment.

A farmer in the Netherlands is using 3D print technology to create cheese from the milk of her 130 dairy cows. Milk contains a component that lends itself to 3D printing, helping the printed cheese to set quickly. The printing of cheese allows for the lowering of its cholesterol content if required. Although some problems are still being experienced with the mixing of ingredients, it is predicted that 3D printing will soon be able to add fruit, nuts, minerals and vitamins to cheese. Within the next decade 3D printing will likely also be used in the production of chocolate, flour, sugar and pasta.

Japan is eager to boost local food production. The country already imports 60% of its food, and this may increase unless a solution is found for its ageing population of farmers. Japan's uncultivated farmland doubled over the past two decades to 420 000 hectares, mainly due to farmers retiring and not being replaced. The country's preferred solution to the problem is to help older farmers boost

production by employing robots. Japan's agricultural ministry has announced plans to spend \$36 million in the year through March to promote farm automation and to develop 20 different types of robots, including one that separates over-ripe peaches when harvesting. Kubota, Japan's largest manufacturer of agricultural machinery, has already developed an autonomous tractor with GPS-technology that can cultivate rice paddies, apply fertiliser and check soil conditions. Kubota also already sells a suit-like robot that one wears like a backpack. This robot can assist elderly persons to easily harvest and carry fruit and vegetables. It performs tasks that would otherwise be difficult to automate. In addition to helping older farmers, it is hoped that the inflow of technology in the sector will appeal to younger people and entice them to farm.

China is seeking to improve its farm efficiency and increase output. Labour productivity is low, and the price of locally-produced crops is therefore higher than international commodity prices. The government now wants to move rural populations to urban areas in order to create bigger farms and gain economies of scale. In order to achieve this, there will have to be an incentive for farmers to move from their land – the process will likely take some time.

2014 marked 20 years since the first GM plants were commercially marketed. The worldwide area planted with GM seeds has increased every year, peaking at 181.5 million hectares by 2014. In 2015 the area planted decreased for the first time, by 1%. The decrease in the price of commodities such as maize and cotton (which are often GM) is likely the main reason for the decline, and it is expected that the area planted with GM varieties will increase again when prices improve. In SA, the decline was mainly due to drought. The US produces the most GM crops, but five developing countries – Brazil, Argentina, India, China and SA – together grew almost half of all GM crops in 2015. It is estimated that 18 million farmers in 28 countries are involved in the production of GM crops.

Burkina Faso is Africa's biggest producer of cotton, and the tenth-biggest producer worldwide. It is also the only West African nation that allows the planting of GM crops, but in April it announced that it would no longer be planting Monsanto's GM Bt cotton. Farmers say the modified seeds did give better yields as promised, but there had been an unacceptable decline in quality. The GM cotton produces fibres that are too short – long fibres are needed to produce strong yarn. Two important reasons the government promoted and subsidised GM seeds in the first place, was that the country is prone to drought, and pests have grown resistant to pesticides. Burkina Faso says it will be producing all-natural cotton for now, but will consider a return to GM cotton once the quality problems are resolved.

In 2015 total UK farm income decreased by 29% to \$5.5 billion, the lowest level in eight years. The main reasons for the decrease were lower prices and lower EU subsidies due to an unfavourable exchange rate. In Britain, more than half of farmers' income comes from the EU, with many farmers essentially surviving on direct subsidy payments. The country will vote in June on whether it is to remain a member of the EU, raising questions about where future farm support may come from. The EU pays around \$4.35 billion in annual subsidies to British farmers, but the UK also pays billions of pounds to the EU for membership each year. For UK farmers, freedom from the EU would mean increased control over their businesses. The EU's Common Agricultural Policy is often criticised for having too many rules, even covering aspects such as crop rotation and ditches on farms. The UK agricultural sector contributes less than 1% to the country's economy, but it provides the country with more than half of its own food. While many farmers are in favour of leaving the EU to gain more freedom, they will likely only vote for an exit if they believe that the government will replace their subsidies, and will implement a favourable visa programme to help them secure the seasonable labour from Europe which they employ during harvest season.

The US government estimates that 25% of farm profits will come from federal subsidy payments in the book year starting 1 October – the highest level since 2006. US farmers are projected to earn less than half of what they did three years ago, with maize and soy expected to lose money on every hectare planted. Maize is the US's most important crop, and the country is both the largest grower and exporter of the grain.

There are 2 100 agricultural co-ops in the US. The largest, CHS, has 550 000 direct and indirect members, annual revenue of \$35 billion, and a presence in 25 countries. This year, due to weak commodity prices, CHS is cutting costs and delaying some capital expenses. It is hoping that staff reductions can be avoided.

The US plans to ship 500 metric tons of its surplus peanuts to Haiti in the form of food aid for hungry children. But critics such as Oxfam say the gesture is hurting local peanut farmers who are already struggling, driving Haiti farther from self-sufficiency, and simply helping the US to reduce its stockpile of unsold peanuts. Some Haitians believe the US, which occupied the country until 1934, has a vested interest in keeping Haiti economically dependent. Haiti is the poorest country in the northern hemisphere. The US has defended its peanut donation, saying 30% of Haiti's children are malnourished and the country has experienced a three-year drought. Haiti's own peanuts are considered unfit for humanitarian aid as they often contain aflatoxin, a carcinogenic fungus that grows on mouldy peanuts. When the US donation arrives, the dry-roasted peanuts will be distributed as morning snacks in rural schools. Over 600 schools already receive daily hot meals made from donated US bulgur wheat, green peas and vegetable oil.

As part of the November elections in the US, the people of Oklahoma will vote on whether “the right to farm” should be written into the state's constitution. Large agricultural companies are in favour of the “right to farm”, because it will free the state's agricultural sector from many regulations and potential lawsuits. Environmentalists and animal rights groups oppose the insertion, saying the clause may supersede existing laws such as those governing pesticides, pollution, livestock treatment and the protection of animals in general. North Dakota and Missouri already have the “right to farm” in their state constitutions, but the wording of Oklahoma's proposal is broader. The Humane Association says the outcome of the Oklahoma election is important as it will determine whether more states may seek to follow suit.

This season's El Nino is now classified as weak to moderate and should be over by the middle of the year. There is presently a 50% chance of a La Nina weather phenomenon developing by September, which is approximately double the average likelihood. La Nina is often regarded as the opposite of El Nino, and may bring wet weather to the areas where El Nino caused drought. In SA, it may bring rain from December to February. The previous La Nina began in 2010 and endured into 2012.

The western parts of the Western Cape will likely receive average rainfall this winter, while the eastern parts of the province may see above average rain. But many are concerned that the drought has already taken its toll in the province, specifically on small-scale farmers.

While farmers hope to recover, SA's Department of Agriculture wants to protect consumers from the effects of the drought. It has established a food price monitoring committee to gauge whether businesses in the food value chain take advantage of the drought by excessively increasing profit mark-ups.

Agbiz and the IDC say the general confidence level in the agricultural sector was at the same disappointingly low level in the last two quarters of 2015, mainly due to the weakening economy and the drought. Confidence in exports has increased due to the weak rand. Absa says up to 70% of SA's farmers are reinvesting in their businesses, despite the drought and the uncertainty over land ownership. AgriSA has confirmed that there is still a lot of confidence in the sector, with a higher level of diversification and larger farming enterprises forming. Bankrupt farms are often purchased

by larger farming businesses – presently it is estimated that 2 000 farmers are in severe financial distress and will not be able to access credit in the coming season. BKB says in the parts of the country worst affected by the drought, there has been a decline in demand for farmland and it now takes much longer to sell farms there. Many sellers are unwilling to compromise on price, as banks have been lenient regarding slow payments and have been reluctant to force drought-hit farmers to sell their farms. In areas that received rain, BKB has seen an increase in the demand for land rentals.

The SA commercial farmers' group Agri-All Africa (AAA) wants to increase investment in eleven African countries: Zambia, Nigeria, DRC, Angola, Mozambique, Malawi, Ivory Coast, Ethiopia, Tanzania, Namibia and Sudan. Charl Senekal serves as a board member of AAA and has said at its recent meeting, at which government officials and various interested organisations such as Afgri were present, that support is warranted in those projects in Africa that are processed through the AAA value chain.

Malawi and Mozambique have both declared national disasters due to drought. Malawi's maize harvest is 12% lower than that of 2015, which was also a bad year due to flooding.

Tanzania is focussing on sisal cultivation with the aim to overtake Brazil as the world's largest sisal producer. Sisal is a fibre used in products such as textiles and dartboards. Tanzania used to be world's largest producer, and is at an advantage as most of its sisal comes from large estates compared with Brazil's mostly small-scale operations. Export demand – mostly from China – is presently so strong that Tanzania is producing far less than it can sell. Other important Tanzanian exports include tobacco, cashews, coffee and cotton. Kenya is the world's third-largest producer of sisal and is also focussed on expanding production.

The SA government is considering banning trucks from urban roads during peak hours. In an attempt to ease congestion, it is proposed that trucks exceeding a gross vehicle mass of 9 000 kg not be allowed on urban roads on weekdays between 6am and 9am, and between 5pm and 8pm. But the Road Freight Association says consumers will pay the price of such a law, as transport and logistics costs make up 20% and 19% of the price of bread and milk respectively. It is estimated that 80% of goods in SA are transported by road, due to a neglected railway system.

A 34% higher wheat import tariff has been placed in effect for the rest of 2016. In the meantime the wheat import duty formula is being reviewed, and similar reviews are planned for sugar and maize. Western Cape wheat farmers are dissatisfied that it took so long for the increased wheat import tariff to be implemented, saying that it is crucial to have certainty about the tariff during their planting season.

After drought severely impacted sugar production in KZN, generous rain in many areas has done further damage. Drought caused yields to be 20% below average. Ample rain since January has caused decreased quality, and processing costs at the mills are higher than usual due to impurities and high fibre content. As a result, the average farmer is being paid 10% less for a 20% smaller harvest, and mills are also negatively impacted. Next year's harvest, however, is very promising.

The Western Cape government says the province's wine and fruit industries face a R1.2 billion loss this year because of the drought. Vinpro estimates the wine industry alone will lose R500 million due to a smaller harvest. The Western Cape produces 55% to 60% of SA's agricultural exports. The drought and excessive heat in October reduced wine grape yields, but Distell says the quality is good and alcohol content is at very acceptable levels. Coastal region yields were around 20% lower this year, with some dryland vines yielding as much as 70% less. Generally speaking, areas west of Elgin were negatively impacted by the drought. Durbanville's yields were normal, while the Little Karoo and parts of the Robertson area recorded an 8% bigger harvest. Vinpro says the Worcester, Robertson and Breedekloof wine areas did well because they were able to irrigate and received rain

from the southeaster. But small crops were harvested in the dryland areas of the Swartland, particularly Darling, and parts of Paarl. On one of Distell's farms near Darling, no attempt was made at harvesting and all efforts went towards saving the drought-stricken vines. Under normal weather conditions it will take two to three years for the vines to recover. For all Western Cape farms there is a possibility that the 2016 drought will impact the 2017 vintage as well, although vines can sometimes prove very resilient. RMB says conditions will remain difficult for wine farmers over the coming 18 months, with the drought taking an even heavier toll on the industry than the possibility of a downgrade in SA's credit rating.

SA's table grape industry says it is responsible for 29 000 direct jobs in the Western Cape, which is the province where 65% of SA's table grapes are grown. At national level the industry provides 11 000 full-time and 42 000 seasonal jobs valued at R950 million in yearly wages. In 2014/2015, R183 million in income was generated on farms with black ownership and 660 black beneficiaries are involved in 32 farming businesses countrywide. Table grapes contribute over R3 billion to the GDP. The Western Cape government is working on the Greater Brandvlei Irrigation Project, whereby the height of the Brandvlei Dam's inlet canal will be increased. This will allow for the irrigation of another 4 400 hectares in the Breede and Langeberg municipalities. The table grape industry has high growth potential and is labour intensive, making it an ideal partner for government in its pursuit of the National Development Plan.

In March two Hex River Valley farmers exported 10 800 cartons of Crimson seedless red grapes to Thailand, and received excellent feedback on the quality of the grapes. This was the first shipment of SA grapes to Thailand in eight years. Capespan says it was hard work for all involved to negotiate the re-opening of the market, which is strategically important as it may open doors to other eastern markets. The plan is to significantly increase the volume sent to Thailand next year.

Total production of stone fruits in SA will likely improve slightly by 0.6% this season due to an increase in the production of peaches and nectarines. The volume of plums and apricots will likely remain flat. Stone fruit exports are estimated at 17 million cartons in the 2015/2016 season. 49% of SA's apricots will go to the Middle East, 25% to Europe and 24% to the UK. SA is the world's 20th largest producer of stone fruits.

SA has been granted quarantine approval by Indonesia in the form of 'Country of Recognition' status for SA's food safety control system. This will allow SA to sell 15 types of deciduous fruits and nuts to Indonesia, which is Southeast Asia's largest economy. The approval includes apples, grapes, oranges, plums, pears, citrus and table grapes among others. Hortgro says the market will have to be developed over time and could potentially be worth about R250 million over the next three to four years. SA is working on getting access to China for pears and plums, and on getting pears, plums and apples to Thailand. Hortgro says the UK buys 58% of SA's nectarines, the Middle East buys 42% of peaches and the EU and Russia combined buy 49% of SA's plums. The Western Cape produces most of SA's fruit exports: in 2014 it produced 93% of nectarine exports, 78% of peach exports and 96% of plum exports.

Tru-Cape has decided to do varietal-specific marketing of the Abate Fetel pear among SA consumers. Strong harvests of this pear variety in Europe reduced export opportunities and prompted the company to focus on selling the pears to the local market. The Abate Fetel pear is rich in history as it was first cultivated in 1866, and the pear does not have to be ripened at home like most other varieties. Tru-Cape has seen a significant increase in Abate Fetel sales.

Lemons are particularly susceptible to black spot, and all fruits grown organically are at high risk because pesticides are not used. SA voluntarily withdrew exports of organic lemons to the EU for 2016 after lemons accounted for four of the total 15 interceptions of the disease last year. The

estimated loss due to the withdrawal is R50 million. The SA Citrus Growers Association says the industry is spending in excess of R1 billion per year to control black spot disease, and that this level of expenditure is not sustainable. The money is spent on additional spraying, inspections, sanitation, sampling and testing. Black spot is, unfortunately, not the industry's only large unwanted expense. Farmers in the Sundays River Valley are stepping up security because they lose millions every season due to fruit theft and vandalism. The past three years have been particularly difficult, with losses now around R12 000 per tonne. The Sundays River Citrus Co-operative says the fruit, mainly lemons – many of them not even ripe – are stripped off trees, damaging branches in the process. The fruit is transported from the orchards at night in trucks and then sold to unknown consumers. One farmer says he has lost at least R3 million, and some believe that a syndicate is involved. In many cases export-quality fruit is stolen. SA competes with Egypt to be the world's largest exporter of oranges. Exports account for 80% of the industry's R9.4 billion in annual revenue.

In April Pick'nPay started displaying signs to apologise for the quality of fruit and vegetables. The signs read as follows: "Sorry, some of our fruit and vegetables are not up to our usual standard. The severe drought is taking its toll. However, to keep supporting our farmers and to provide you with the option to decide, we will continue to stock these products." Pick 'n Pay says the produce is not inferior or unsafe, but often does not meet the cosmetic appearance criteria.

The area under potatoes in SA declined from 71 600 hectares in 1989 to 51 000 hectares in 2014, then increased to about 54 000 hectares in 2015. Over the same period, the area under potatoes in the Sandveld increased from 5 400 hectares to about 7 000 hectares. The Sandveld produces 35 million pockets of potatoes yearly, of which 10 million are sold in the Western Cape. The rest go to inland SA markets and other African countries, and one third goes to processing (such as those used in potato chips). Sandveld potatoes are of high quality and the region is the only one in SA that produces year-round. While 224 farmers produced potatoes in the area 20 years ago, only 84 farming operations remain today. But these are generally large, highly efficient production farms. Average national output has increased from 27 tonnes per hectare to 45 tonnes per hectare due to better cultivars and better management. Sandveld soil is poor and sandy, so more fertiliser and water are required to produce the same volume of potatoes as elsewhere. In 2015 SA had a record potato harvest due to favourable weather. Some Sandveld producers lost more than R6 per pocket due to the oversupply in the market last year, and some also suffered frost damage in June. This year, potatoes are scarce and prices are high, but Sandveld farmers have not seen the same dramatic increase in prices. Input costs have increased by 10% to 15% each year for the past five years. Production costs are about R150 000 per hectare in the Sandveld, while total costs are about R177 000 per hectare when downstream expenses such as marketing and packaging are included. Potato production has become highly mechanised due to labour costs increasing by more than 50% over the past three years. While automation helps efficiency, it is presently expensive as the cost of equipment increased by 21% from November to February due to the weak rand.

SA's rooibos and honeybush teas are selling well in the traditional European market, but also look promising in the new markets of the US, Canada and China. Both teas are caffeine-free and rich in antioxidants. Honeybush tea is naturally sweet and allows consumers to use less sugar. SA's honeybush production increased from 200 tonnes in 2011 to more than 300 tonnes, at a price of R58 to R76 per export kilogram. Demand is presently considerably stronger than supply. Farmers still plant only 30% of honeybush tea, with the other 70% being collected from the wild. Some are concerned that harvesting in the wild may damage the environment. Because 2.5 to 8 tonnes of cultivated honeybush can be harvested per hectare of land, the planting of honeybush is encouraged. Honeybush tea is cultivated in the Western and Eastern Cape provinces.

A number of not-for-profit enterprises in SA are pushing for the poultry industry to change its practices by addressing animal cruelty and keeping egg-laying hens cage-free. In September last year, McDonald's committed to phasing out battery cages from their supply chain in Canada and the US over the next 10 years. Activists, who say 95% of all egg-laying hens in SA are kept in battery cages, are now calling for McDonalds in SA to also phase out caging. The company says it is exploring the viability of this, and will complete its investigation within a year. Meanwhile US retail chain Wal-Mart says all its eggs will be cage-free by 2025. Because Wal-Mart is the leading US retailer, its decisions typically sway the rest of the industry.

Milk production in SA is presently 4.5% lower than last year. There is a possibility that SA may face milk shortages in the second part of the year due to the drought. FNB says farmers will likely not be able to recover quickly enough to produce sufficient milk in the short term, resulting in price increases. Clover says it does not expect a milk shortage during the winter, in part because coastal dairy-producing regions were not as severely affected by the drought. The drought has, however, increased feed costs for all dairy farmers.

The minimum wage for farmworkers increased with effect from 1 March. Government is concerned that many farmers did not implement the increase by this date, with some blaming the drought for their lack of funds. One condition of drought relief assistance from government, is that workers have to be retained. Reports of farmers ignoring the increase were confirmed by women working on farms in De Doorns, Paarl, Wellington, Stellenbosch and Rawsonville.

A fund of R120 million has been established by the Western Cape Department of Agriculture, National Treasury and the deciduous fruit industry. The fund will help smallholder fruit farmers reach commercial status. A grant was secured through the Jobs Fund, and this will benefit 20 black deciduous fruit farmers in the Western Cape and four in the Eastern Cape. The money will be allocated over a four-year period, and the initiative includes technical and management support.

SA's citrus industry has set up a not-for-profit entity for emerging farmers, called the Growers Development Company (GDC). The Citrus Growers Association is contributing R14 million to the GDC. There are 118 black citrus growers in SA, who farm on 7 000 hectares of land, with the majority operating in Limpopo and the Eastern Cape. Black spot disease presents a significant and expensive challenge for small-scale farmers, as the industry hopes to bring their produce to export standard.

In April government announced additional conditions for approving the merger between AB InBev and SABMiller. AB InBev has committed R1 billion to the localisation of farmers and other suppliers of inputs. Of this, R610 million will be used to support the development of 800 new emerging farmers and 20 commercial farmers to produce more local barley, hops, maize and malt. It is hoped that SA will eventually become a net exporter of hops and value-added malt.

More than 27 000 land claims have been received at mobile land claims offices. Six specially adapted vehicles have travelled between remote rural communities since April 2015, reaching more than 100 000 households. Mobile offices help people in rural areas to meet the 2019 deadline for land claims, because the 14 fixed-location offices around the country are mainly in urban areas.

GWK has launched its technologically-advanced new food production facility called GWK Farm Foods factory at Modderivier. The factory is a wheat mill, pasta plant and biscuit bakery and cost R400 million. Of this, R60 million was invested in expanding silo capacity. GWK's 2015 financial results showed a year-on-year increase in profit of more than 50%

In April Zeder appointed Mohammad Karaan as an independent non-executive director with immediate effect. He is also already a director of Pioneer Food.

Banking & Capital Markets

The PIC has been questioning the independence of a number of large companies' directors, and has voted to oppose their appointment to audit committees. Recent examples of this involve directors at Pick'nPay, Illovo, Mediclinic and Foschini. There is no detailed rule in SA about board tenure and independence, but tenure of more than nine to ten years is generally regarded as giving rise to concerns about independence.

SA's National Treasury is concerned about slow spending in some areas of government. One programmed being watched is the Jobs Fund. The fund is spending its money slowly mainly due to project delays, extension of implementation periods, and unfavourable economic conditions.

In April Patrice Motsepe launched African Rainbow Capital (ARC), which will provide financial services and private equity investments. ARC has a R10 billion commitment from Sanlam's empowerment partner, Ubuntu-Botho Investments. Ubuntu-Botho is majority-owned by the Motsepe family trust. ARC is jointly headed by former Sanlam CEO Johan van Zyl and former Sanlam Investments CEO Johan van der Merwe. The aim is to build interests in banking, insurance, distribution, asset management, property, private equity and healthcare administration. The other ARC board members are Patrice Motsepe, Machiel Reyneke and Rejoice Simelane of Sanlam, Andrew Matube and Tom Boardman.

The Constitutional Court has ruled that consumers who fall into arrears with loan repayments can reinstate their credit agreement by bringing their accounts up to date, even after a bank has obtained judgement for the full amount they had borrowed. The case before the court was one of a woman who fell into arrears on her FNB mortgage bond. The bank sued her and obtained a judgement for the full value of her debt and an order allowing FNB to sell her house. Before the bank sold her house, she brought her account up to date. But she did not pay the default charges or the bank's enforcement costs, so the bank proceeded to sell the house. The court found that the loan agreement had been reinstated when she brought her account up to date, and set aside the sale of her home.

Contents

Agriculture

Food fraudsters targeted with software to protect your cheese
Melkboer maak kaas met 3D-drukker!
Japan's next generation of farmers could be robots
China entering global agriculture market
Growth of GM crops slows for first time in 20 years
Top African producer bans GM cotton
U.K. farm income plunges 29% on lower crop prices and subsidies
Farmers reliant on EU subsidy may want Brexit anyway
Farmers get biggest subsidy check in decade as prices drop
Testing times for a giant U.S. Co-op
Donation of surplus peanuts from US dismays Haiti farmers
Oklahoma measure pits farmers' rights against pollution fears
La Nina odds strengthen to 50% as weakening El Nino seen ending
Hier kom La Niña, sê weerkenners!
Rain won't douse farmers' problems
Government is keeping an eye out for businesses profiteering from drought
Landbou se sakevertroue bly swak
Top Africa corn grower unmoved by \$1.1 billion drought need
Droogte plaas druk op grondpryse
SA farmers look to Africa
Malawi, Mozambique issue drought alert
Tanzania seeks to surpass Brazil as world's top sisal grower
Proposed truck ban could hike price of basic food
Gordhan approves 34% rise in wheat import duty
Maer jare duur voort vir suikerriet
Wine grape quality still good amid drought, says Distell
'Droogte erger as afgradering vir wyn'
Droë, moeilike seisoen, tog goeie wyn
Growth potential in SA table grape industry
Eerste SA druiwe in 8 jaar na Thailand|
Peaches, nectarines lift total output of stone fruits
Indonesian market opens for exports of local fruit
SA fruit industry strengthens export ties with Indonesia
Italy's favourite pear fast becoming SA's too
South African citrus growers spend \$66 million on disease curbs
SA's citrus growers voluntarily halt lemon exports to EU
Theft, vandalism cost citrus farmers millions
Sundays River's citrus farmers losing millions
Ugly veg – bitter fruit of drought
Potato farmers feel the pinch
A niche export opportunity ripe for picking
McDonald's under pressure to commit to cruelty-free eggs
McDonald's SA looks at viability of not caging egg-producing hens
Wal-Mart will switch to all cage-free eggs by 2025
Drought set to milk dairy farmers
Farmers slammed for not paying new minimum wage
Fund is established to support emerging fruit farmers
Emerging citrus growers get boost with nonprofit entity
AB Inbev commits R1bn to localisation fund for farmers and other suppliers
On a bus, South Africans claim back land taken under apartheid
GWK opens world-class plant
Sum-of-the-parts ("SOTP") value and recurring headline earnings

Banking & Capital Markets

PIC takes a stand on audit independence
Treasury concerned over slow spending in govt programmes
Motsepe's ambitious financial firm is born
Distressed debtors can restore credit agreement if they meet conditions

Agriculture

Food fraudsters targeted with software to protect your cheese

Is that Parmesan cheese or sawdust? With food fraud on the rise, a software that employs methods used to predict terrorist behavior can help settle the question, according to its developers.

The program, called EMAlert, models the decision-making behavior of fraudsters when they decide which food commodities to adulterate. Increasing cases of fraud have spurred consumer distrust, Joseph Scimeca, the vice president of regulatory and scientific affairs at Cargill Inc., said in an interview. Scimeca chairs a working group on fraud at the Grocery Manufacturers of America, a trade organization for food, beverage and consumer products companies, which developed the software with Battelle Memorial Institute, a non-profit research and development organization.

Battelle has used the same approach for over a decade in its terrorism-risk assessment works for the U.S. Department of Homeland Security, said Ashley Kubatko, principal research scientist at the group. Using real-time information, it weighs 12 attributes of a commodity including prices, volumes and geopolitical conditions, then calculates the probability of adulteration.

Consumers have started to demand more transparency about where food comes from and how it's produced after notorious examples of fraud in recent years. A *Bloomberg* investigation into U.S. Parmesan cheese showed high levels of wood-pulp content in common brands, with some industry insiders saying 20 percent of domestic Italian cheeses could be adulterated. Examinations of olive oil have revealed that premium extra-virgin products are often adulterated with cheaper oils, and fish has come under fire, with various species mislabeled and sold as tuna and snapper. Contamination of infant formula with melamine in China eight years ago sickened hundreds of thousands of babies and killed at least six.

As trade becomes increasingly global, accurately tracing products through supply chains back to the farms where they come from is more difficult, and that opens the door for fraud, Scimeca said. While the Grocery Manufacturers of America estimates that about 10 percent of food in the marketplace is adulterated, Scimeca said the figure is "very conservative." The industry still struggles to predict what foods could be the next targets, he said.

"You only hear about the high-profile cases, but I can assure you, there's lots of opportunity for fraud," Scimeca said. "Consumers mistrusting the food supply is driven by lack of understanding where food is coming from and a sense that the industry is not putting enough diligence in ensuring safety."

Scimeca, who works to ensure Minneapolis-based Cargill meets regulations in the 67 countries the company operates in, said he's seeing governments put more emphasis on economically-motivated adulteration of food. That includes recently finalized regulations from the Food and Drug Administration that require food manufacturers to evaluate potential safety hazards, including those that may come from fraud. Some businesses have to comply starting in September.

Lydia Mulvany, *Bloomberg*, 19 April 2016

Melkboer maak kaas met 3D-drukker!

'n Nederlandse boer beplan om kaas met 'n 3D-drukker te druk met rou melk van haar 130 koeie.

Me. Michaela van Leeuwen het tydens 'n konferensie oor die skep van voedsel met 3D-drukkers in Nederland gesê sy en haar man wil hul eie kaas op hul eie perseel maak, en het daarom hul maatskappy, Print Cheese, op die been gebring.

Hulle bied demonstrasies aan en verskaf die nodige drukvoorraad aan kliënte, soos restaurante. “Print Cheese wil waarde toevoeg deur kaas met ongewone ontwerpe te druk, of om nuwe produkte met kaas en ander betsanddele te skep,” sê sy.

Haar plan het ontspring uit haar navorsing by die Wageningen-universiteit en –navorsingsentrum. “Ek het 3D-druk met bioplastiek ontdek en met my passie vir kaas gekombineer. Ek was nuuskierig om dit te probeer omdat niemand tot dusver het nie.”

“Ons het verskeie mengels getoets, en viskositeit was soms te laag en ons het ontdek dat enige lug in die drukmateriaal ’n ongunstige uitwerking op die eindproduk het. Die uitdaging is om met twee of meer materiale in verskillende vorms te druk, soos bemarkingsmateriaal vir maatskappye,” voeg sy by.

Prof. Maarten Schutyser van Wageningen sê 3D-gedrukte kaas hou ander voordele in, soos die moontlikheid om die hoë cholesterolinhoud van kaas te verlaag voordat dit gedruk word. Natrium koemelkcaseïnaat, wat in melk voorkom, is ’n natuurlike 3D-druk materiaal, sê hy, en is vloeibaar, maar stol vinnig na dit gedruk is.

Hy verwag dat mengselprobleme opgelos sal word en dat ons in die toekoms meer vorms en geurkombinasies, met bestanddele soos vrugte, neuter, minerale en vitamieë, kan verwag. Van Leeuwen voorspel dat daar in die volgende dekade 3D-drukkers sal wees wat ook met sjokolade, meel, suiker en pasta kan druk.

Alan Harman, *Landbou.com*, 29 April 2016

Japan's next generation of farmers could be robots

As the average age of farmers globally creeps higher and retirement looms, Japan has a solution: robots and driver-less tractors.

The Group-of-Seven agriculture ministers meet in Japan’s northern prefecture of Niigata this weekend for the first time in seven years to discuss how to meet increasing food demand as aging farmers retire without successors. With the average age of Japanese farmers now 67, Agriculture Minister Hiroshi Moriyama will outline his idea of replacing retiring growers with Japanese-developed autonomous tractors and backpack-carried robots.

U.S. Agriculture Secretary Tom Vilsack has warned that left unchecked, aging farmers could threaten the ability to produce the food the world needs. The average age of growers in developed countries is now about 60, according to the United Nations. Japan plans to spend 4 billion yen (\$36 million) in the year through March to promote farm automation and help develop 20 different types of robots, including one that separates over-ripe peaches when harvesting.

“There are no other options for farmers but to rely on technologies developed by companies if they want to raise productivity while they are graying,” said Makiko Tsugata, senior analyst at Mizuho Securities Co. in Tokyo. “The government should help them adopt new technologies.”

The meeting will also be attended by ministers from other countries including Germany’s Christian Schmidt, Italy’s Maurizio Martina, and Canada’s Lawrence Macaulay. The U.K. is represented by George Eustice, parliamentary under secretary, and France by Thierry Dana, ambassador to Japan. Moriyama said at the beginning of a bilateral meeting with Vilsack on Saturday that he wants to serve the guests premium Kobe beef, which Japan wants to promote overseas.

The amount of uncultivated farmland in Japan almost doubled in the past two decades, reaching 420,000 hectares in 2015, as farmers retired, data from the ministry show. About 65 percent of growers are 65 years or older. The dearth of young people willing to take up farming has increased concerns that Japan’s reliance on food imports will deepen, with the nation already getting about 60 percent of its food supplies from overseas.

“Aging farmers are threatening the sustainability of agricultural communities in Japan as the population globally is expanding and raising the need to boost food production to meet demand,”

Moriyama said in his opening remarks to the seven-member meeting. "We, as the members of the Group of Seven nations, share common problems and want to discuss them together for a solution." Kubota Corp., Japan's largest maker of agricultural machinery, has already developed its first prototype autonomous tractor for use in rice paddies. Equipped with a global positioning system, the vehicle cultivates fields and fertilizes after checking soil conditions. Iseki & Co. and Yanmar Co. are also developing autonomous tractors and harvesters with Hitachi Ltd. developing systems for farm machinery.

It's not just vehicles. Kubota is also developing and marketing a suit-like device to help farmers harvest and carry fruit and vegetables. The ministry expects the robots, which can be put on like a backpack, to be able to help elderly and female farmers in field work that is difficult to be automated.

"Applying new technologies to farming will boost the appeal of agriculture to younger people and help increase their participation in the sector," said Takaki Shigemoto, analyst at JSC Corp., researcher in Tokyo.

Aya Takada, *Bloomberg*, 23 April 2016

China entering global agriculture market

China is modernising its agriculture sector to improve farming efficiency and agricultural output. In a press meeting following the National People's Congress, Premier Li Keqiang said that agricultural product prices in China, and especially grain prices, were much higher than in the rest of the world. Therefore, in order to render China more agriculturally competitive, it was necessary to upscale production.

"The average price for corn, wheat and rice is [per ton] 600 yen (about R80,00) more than the international price, mainly because our labour productivity is still quite low. To address this issue we will introduce a new type of urbanisation and agricultural modernisation," Keqiang said.

The strategy included increasing the income of more rural people by migrating them into urban areas, and, to enhance agricultural labour productivity and profitability, the development of scaled farming.

According to Ernst Janovsky, head of Absa AgriBusiness, China's decision to implement economies of scale in the agriculture sector, might, temporarily, negatively affect some South African farming industries.

Twenty years ago, China implemented economies of scale in apple production, and flooded the market, which resulted in the bankruptcy of many South African apple farmers. Since then, however, China started juicing and adding value to apples, and so hardly impacts the international market today.

Janovsky added that this type of social engineering would take a long time to succeed.

"China would have to create incentives for farmers to move from their farms to the cities, which won't happen overnight. [Additionally], China has, over the years, become a net importer of food, so most of the food [it] produces will most probably be used to reduce [its] dependence on imported food," Janovsky said.

Glennis Kriel, *Farmer's Weekly*, 21 April 2016

Growth of GM crops slows for first time in 20 years

The growth of genetically-modified crops has dipped for the first time following two decades of steady increases, according to a study released on Wednesday.

Twenty years after the first genetically-modified plant was marketed, the worldwide acreage of GM crops reached 181.5 million hectares in 2014.

But after 19 years of annual increases, the area planted with biotech seeds fell by one percent last year, according to the pro-GM International Service for the Acquisition of Agri-biotech Applications (ISAAA).

The group blamed the slowdown on the collapse of commodity prices including corn and cotton.

"ISAAA anticipates that total crop hectareage will increase when crop prices improve," the organisation said in a press release.

The United States, the world's leader in GM foods, saw a 2.2 million hectare decline in farmland given over to genetically modified crops in 2015.

In South Africa, severe drought reduced acreage of GM corn from three million hectares to 2.3 million hectares last year.

And last week Burkina Faso abandoned its genetically modified cotton crop altogether, saying the project was not profitable.

The ISAAA said that despite challenges, the area devoted to GM crops has "increased 100 times" in the past 20 years and now involves 18 million farmers in 28 countries.

From 1996 to 2014, biotech crops have successfully been grown on a cumulative area of 1.8 billion hectares.

Five developing countries - Brazil, Argentina, India, China and South Africa - grew almost half of all GM crops in 2015.

GM remains hugely controversial in many countries, stirring sharp debate over the crops' use and impact.

The ISAAA said opponents of GM were "opposed to science/evidence-based regulation" and that demands for "onerous" regulation would hurt poor farmers in developing countries.

AFP, 14 April 2016

Top African producer bans GM cotton

Burkina Faso, Africa's top cotton producer and the sole West African nation to venture into biotech farming, is dropping genetically-modified (GM) cotton on quality grounds.

The world's 10th largest cotton producer, with four of its 19 million people dependent on the "white gold", Burkina Faso earlier this month said it was giving up Monsanto's GM Bt cotton because it had proved uneconomical.

Burkina took up GM cotton in the 2000s in the hopes of bumping up returns on what was then its top export product, surpassed in 2009 by gold.

But the country's association of cotton producers now say GM cotton, though producing higher yields, has caused a drop in crop quality.

"The cotton fibre we are producing today is short," Burkina Faso's new President Roch Marc Christian Kabore told *AFP* this month.

Fibre length is key in textiles with longer ones tending to produce stronger yarns because they allow fibres to twist around each other more times, also enabling higher spinning speeds.

But the shorter fibres now being produced from Burkina's GM cotton "means that in market terms it's an activity which is no longer very attractive for us," the president said.

The government, he added, has taken steps "to underpin the sector ... and help producers."

Those measures include tens of thousands of dollars worth of seed and fertiliser subsidies as well as price controls for producers to offset market falls.

Burkina's Inter-professional Cotton Association (AICB), grouping the country's main producers and the national cotton farmers' union, is now targeting "100% conventional" production, Wilfried Yameogo, director of Sofitex, Burkina Faso's main cotton company, said earlier this month.

"It's a battle won," added Christian Legay of the national council of organic food processors, an umbrella organisation of consumer groups and farm workers which wants a five-to-10 year moratorium on transgenic cotton in Burkina Faso.

But qualms over GM products and "frankenfoods" played no role in the about-face.

With Burkinabe cotton once prized for its purity and length of fibre, it was the fall in quality that weighed in favour of a return to conventional cotton.

Producers say this resulted in the sector incurring losses between 2011 and 2016 of some 48.3bn CFA francs (\$82.4m). They insist these must come back to them in the form of compensation.

In the 2000s, the emergence of GM had fueled hopes of greater production and also reduced the need for fertiliser.

This was a key issue in a region prone to drought and where cotton pests had grown resistant to eradication by pesticides.

Insecticide-resistant caterpillars - the 'Helicoverpa armigera known as the cotton bollworm or Old World (African) bollworm - wreaked havoc on crops and producers' livelihoods in 1991, 1996 and 2000.

GM crops were supposed to be a win-win solution - reducing the number of pesticide treatments as well as boosting yields by as much as 90 percent, boosting per hectare profits.

Celestin Dala, a producer in Nayala in the west of the country, said that "with GM cotton two treatments are required - six with conventional."

In 2003, Burkina authorised experimental planting by US seed giant Monsanto and Swiss multinational Syngenta. Then in 2007, Burkina launched large scale production of transgenic cotton.

Two years later, the authorities ordered farmers to seed up to 80% of their crop with the GM variant, leading to a reduction in labour time and facilitating the backbreaking work involved.

Researchers, political and community leaders were critical of the move to launch GM crops from the outset.

"The principal of precaution was not respected," says Jean-Didier Zongo, a genetician from the University of Ouagadougou, who accuses Monsanto of "criminal" acts. He alleges the firm provided insufficiently tested seed varieties.

"These allegations are false," fired back Monsanto spokesman Billy Brennan.

He said Monsanto seeds have brought about "better yields, lower pesticide dosage and greater export volumes" to produce a "positive impact on 350,000 producer farms."

President Kabore told AFP that Burkina Faso's authorities are "pursuing talks with Monsanto".

Though the country's producers are demanding redress for the loss of income they say they can think again in the future.

"If in three, four or five years they (Monsanto) find a solution, there is no reason why we would not go back to towards GM", said Yameogo of Sofitex. "What we have here is a tactical withdrawal - not a total rejection of GM."

But organic activist Legay says Burkina Faso's decision to step back from transgenic cotton is "a timely warning for other African countries".

AFP, 24 April 2016

U.K. farm income plunges 29% on lower crop prices and subsidies

U.K. farm income tumbled by 29 percent last year as the country's growers were hit by falling crop prices and lower subsidy payments, the government said.

Total income dropped to 3.77 billion pounds (\$5.5 billion) in 2015, the lowest in eight years, according to a report from the Department for Environment, Food & Rural Affairs. It was the steepest drop since 2000. Farmers suffered from lower prices for grain, meat and dairy products while an unfavorable exchange rate reduced subsidy payments from the European Union.

Bumper harvests around the world in the past two seasons have boosted global grain stockpiles to the highest in decades, eroding crop prices for farmers and eating into profits for agricultural companies including Deere & Co. and Monsanto Co. In Britain, more than half of farmers' income comes from the EU.

Many in the U.K. "are essentially surviving on direct payments" they receive from the bloc, agricultural economist Allan Buckwell said in an interview earlier this month. The country will vote in June on whether to remain a member of the EU, raising questions about where future farm support may come from.

Whitney McFerron, *Bloomberg*, 28 April 2016

Farmers reliant on EU subsidy may want Brexit anyway

For Britain's farmers, leaving the protective custody of the European Union would mean a kind of freedom they haven't experienced in decades. It's just not clear if the change would be profitable.

A U.K. vote in June to determine continued membership in the bloc is creating a dilemma for everyone from Welsh dairymen to English wheat farmers and Scottish potato growers. They are weighing the opportunity to gain more local control of their businesses against the risk of losing some 3 billion pounds (\$4.35 billion) in annual subsidies that many rely upon to stay afloat.

"The heart says vote to leave, but the head says stay in," said Simon Pain, who farms 350 acres that include barley fields, pastures and a livery stable outside Berkeley, a town in southwest England near the River Severn. Pain says about a quarter of his revenue comes from subsidies, without which his farming operation would lose money.

While recent polls suggest Britain probably won't quit the EU, Pain says he plans to vote with his heart, joining a group of farmers arguing that the country's agricultural producers would be better off on their own. The bloc's Common Agricultural Policy has been derided for years as a bloated bureaucracy with too many rules governing everything from crop rotation to ditches. Even U.K. Farming Minister George Eustice has defied Prime Minister David Cameron in arguing in favor of a so-called Brexit.

"I accept there's some anxiety among some farmers, but the truth is, if we do this and we take back control, in five years' time I think the question people will ask is why we didn't we do it sooner," Eustice said during an April 15 interview. "The farming industry is crying out for change."

Concerns about lost subsidies are overblown because the U.K. pays billions of pounds to the EU every year and only gets back about half of that in benefits, including farm payments that carry restrictions and dead-weight costs, Eustice said. Prime Minister Cameron, who backs remaining in the EU, has still pledged to continue farm aid under his watch if Britain exits the bloc.

The U.K. should devise its own ways of helping growers that are more efficient or cheaper, like government-backed crop insurance programs, Eustice said. Local control would make it easier to ensure aid goes directly to farmers instead of wealthy landowners, and environmental rules could be better tailored to fit the British countryside, he said.

While agriculture has a small footprint in the U.K., generating less than 1 percent of the economy, it provides more than half the food its citizens eat. The country is Europe's third-largest wheat grower, a major dairy and meat producer and the supplier of grain like barley used in whisky exports valued at about 4 billion pounds annually. The EU has provided price supports to farmers since the 1960s, and the U.K. joined the bloc in 1973.

At a time of global crop surpluses and weak prices, the risk of Brexit may be too great for some agricultural producers. Earlier this month, the National Farmers Union said it supported the idea of remaining in the EU, though it won't actively campaign because the issue is so divisive among members.

“People say of course that farmers will receive support, but we don’t know that for sure,” said Tanya Robbins, a sheep farmer near Stow-on-the-Wold, southwest England. “I would love that we were out and independent. But the reality is, without the EU subsidies, I know with our present system I would not be farming.”

Even in years when prices are up, the EU supplies more than half of the income U.K. farmers receive, usually 20,000 pounds to 22,000 pounds on average, said Allan Buckwell, an economist and emeritus professor from Imperial College London who has studied the impacts of European farm policy on Britain. Leaving the trade bloc would create more market uncertainty, stifle long-term investment and lead to tighter credit, he said.

“The current recession in agriculture will turn into a depression” if the U.K. votes to leave, Buckwell said. “There will be an immediate noticeable impact in the farm economy, which is a negative one, because of the uncertainty.”

The referendum also may muddy trade relationships with the EU, which may not be easy to renegotiate, Buckwell said, though Eustice remained more optimistic. More than 70 percent of British food exports are destined for European markets, valued at 9 billion pounds annually. The U.K. still has a trade deficit with the bloc in food.

Some farmers are still on the fence and looking for evidence of how leaving the EU would affect their business.

Anthony Snell, a fruit grower based in Herefordshire, England, says his workforce triples to about 300 when he is harvesting strawberries and raspberries from May to October, usually with laborers from Bulgaria and Romania, which are fellow EU countries. If the U.K. could provide a substitute visa program for the European workers he relies upon, that might convince him to vote in favor of Brexit. “I could be swayed by very good arguments either way,” Snell said. “Like many people, I’m listening to all the debates and questions before I make a final decision.”

Whitney McFerron, *Bloomberg*, 28 April 2016

Farmers get biggest subsidy check in decade as prices drop

The agriculture slump is getting so bad in the U.S. that farmers are about to get more government aid than at any time in the past decade, signaling the rising public cost of crop surpluses and cheap food.

About \$13.9 billion of net farm income this year will be federal payments, or about 25 percent of total profit estimated at \$54.8 billion, according to estimates by the U.S. Department of Agriculture. That’s the biggest payout and highest ratio since 2006, as programs authorized by Congress two years ago cost more than originally forecast.

Farmers will earn less than half what they did just three years ago, before global surpluses sent commodity prices plunging. Corn and soybeans, the biggest U.S. crops, are so cheap that farmers are expecting to lose money on every acre they plant this season. That’s putting a bigger strain on government safety nets for agriculture.

“This is a sign of a weak farm economy that is much weaker than even a couple years ago,” said Patrick Westhoff, director of the Food & Agricultural Policy Research Institute at the University of Missouri in Columbia.

Since corn and soybeans touched record highs in 2012, global output has increased faster than demand and prices tumbled. Income for U.S. farmers is headed to a 14-year low, the USDA estimated in February. A new subsidies law approved in 2014 scrapped an aid program that wasn’t tied to prices. The replacements were payments tied to market swings, which raises expenses in less-profitable years.

In a different measure of government farm payments, a report from the Congressional Budget Office last month said the cost of price-support programs will peak at \$10.2 billion in the year that starts Oct. 1. That was 13 percent more than the agency estimated for the same period a year earlier.

Subsidies should decline as oversupply abates and prices recover, the CBO said. Payments will bottom out at \$5.2 billion in the 2024 fiscal year, though that's still a deeper trough than anticipated a year earlier and still more expensive than the old direct-payment program, which sent checks to producers regardless of price, the office said in its report.

Lawmakers should have seen the higher expenses coming because it was clear when the new programs were approved that farmers were headed for reduced income, said Vincent Smith, an agricultural economist at Montana State University in Bozeman.

Whether the government's percentage of farm income increases or declines in coming years will be largely dependent on the price of corn, he said. The grain is the most valuable crop in the U.S., which is the biggest grower and exporter. Under the new farm program, certain price points trigger higher subsidy payments.

According to a 10-year price forecast the USDA made in February, corn will average between \$3.60 and \$3.75 a bushel until 2025. This year, farmers may receive \$3.55 a bushel, more than a dollar below the average over the past decade, the department said in a separate report released Tuesday. Prices reached a record \$8.49 in 2012.

Should corn stay above the USDA's forecast, payments may remain similar to what they would have been under previous farm programs, and the portion of farm profits attributable to the government may decline, Smith said. Should they plunge near \$3, "you would see the cost rise dramatically," he said. "That's the snake in the woodpile."

Crop oversupply, and the accompanying low prices that boost payments, may persist for several years, said Harwood Schaffer, an agricultural economist at the University of Tennessee in Knoxville.

Lawmakers in agricultural states are still looking for ways to provide a safety net for farmers. One such request is to have the USDA allow cottonseed, which is used for oil or meal rather than fiber, to be added to the list of commodities covered under new farm programs. Agriculture Secretary Tom Vilsack has said such a move isn't legally possible.

Prospects for additional government relief through disaster bills or other one-time payments, a standby during previous farm slowdowns, are less likely this time, Schaffer said.

"This Congress won't do anything," he said. "Prices haven't been low enough for long enough to force them."

Alan Bjerga, *Bloomberg*, 12 April 2016

Testing times for a giant U.S. co-op

At the start of the Great Depression, some grain growers in Idaho banded together to command better prices for their crops. Today, after a string of mergers, that farm cooperative is the largest in the country, with 550,000 farmers represented by 1,100 voting member co-ops and 75,000 farmers with individual votes. After five years of breakneck expansion, CHS faces slumping commodity markets and plunging oil prices, which have cut into its two largest businesses: refined petroleum products and grain handling.

With almost \$35 billion in annual revenue, CHS is an agro giant in its own right, alongside the so-called ABCDs—Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus. "It takes that scale to play," says Carl Casale, who as chief executive officer has presided over an expansion that has netted CHS a presence in 25 countries including Brazil, Hungary, and Taiwan.

CHS does for its farmer-owners what many can't do on their own. That includes storing millions of bushels of grain and refining petroleum into diesel fuel to power farm equipment. It also crushes canola for salad dressing and operates convenience stores where farmers can buy milk at 10 p.m.

after a long day of harvesting. Farmer-owners decide how they want to tap CHS. Some sell crops to it; others only buy fertilizer, diesel, or price hedging services. Members get a cut of CHS profits based on how much business they've done with the cooperative each year.

CHS is cutting expenses this year and will freeze costs during the next two to avoid large-scale layoffs, says Casale, who's been at the helm for five years and was previously the chief financial officer at Monsanto. It's delaying completion of a big software upgrade and may trim refinery expansion plans and slow the tempo of grain terminal additions, he says. CHS has as much as \$6 billion left of the \$11 billion earmarked for capital expenditures from 2011 through 2019, and Casale says he may still take advantage of investing opportunities at the bottom of the cycle.

As Casale steers CHS through the commodity downturn, he is keeping in mind the example of Farmland Industries. Once the largest farmer cooperative in the U.S., it filed for Chapter 11 protection in 2002, after a slide in fertilizer sales and a cash crunch. CHS, which is about three times larger than Farmland was at its peak, manages its balance sheet "much more conservatively," he says.

Howard Haas, board chairman of member MaxYield Cooperative in Iowa, understands that CHS needs to bulk up to compete with the ABCDs. Still, he questions whether farmers have benefited from some recent investments. In August, CHS announced it was shelving plans to build its own fertilizer plant in North Dakota and instead taking a \$2.8 billion stake in a subsidiary of CF Industries Holdings, a global leader in fertilizer. Haas says the deal curbs competition in an already concentrated industry and that he would have preferred the cheaper fertilizer coming from the CHS plant over a share of CF Industries' profits.

Agricultural cooperatives, of which there are more than 2,100 in the U.S., will be tested in the coming years by a generation of retiring farmers, who may be replaced by fewer growers, each cultivating bigger tracts of land. CHS and other companies serving the industry will have to "step up their game," says John Campbell, a managing director for Ocean Park Advisors. Casale acknowledges the challenge. "If you show up on a farm and they know more about what's going on than you do, you're probably not going to get a second call," he says. "Loyalty has to be earned, and I believe it can be."

That loyalty may be cemented in tough times such as these, when farmers face plunging incomes. CHS can offer farmers products and services to increase yields, hedging to reduce risk, and succession planning as grandparents and parents retire. "The cooperative is in it for the long haul," says Todd Ludwig, CEO of member cooperative Central Farm Service in Truman, Minn. "We need a partner in good and bad times."

Shruti Singh, *Bloomberg*, 1 April 2016

Donation of surplus peanuts from US dismays Haiti farmers

The barefoot farmer oversees three teenage workers as they attack weeds with spades in a sunbaked field of peanut plants, a vital cash crop often grown on Haiti's marginal farmland.

If he's lucky, Francois Merilus will reap a meager harvest amid a lengthy drought that has shriveled yields and worsened Haiti's chronic hunger. Now the subsistence farmer is dismayed by what he believes could be the latest challenge to his ability to eke out a living: free peanuts arriving from the U.S. as humanitarian aid.

"Foreign peanuts can only make things harder for us," said Merilus, whose organic farm in central Haiti is plowed by oxen and maintained without pesticides or chemical fertilizers only because he could never dream of affording them.

A recently announced plan to ship 500 metric tons of surplus American peanuts to help feed 140,000 malnourished schoolchildren in Haiti has set off a fierce debate over whether such food aid is a humanitarian necessity or a counterproductive gesture.

Critics say agricultural surplus aid and heavily subsidized food imports do more harm than good by undercutting local farmers and pushing the hemisphere's poorest nation farther from self-sufficiency. "This program does nothing to boost capacity in Haiti and does nothing to address consistent food insecurity," said Oxfam America senior researcher Marc Cohen.

While an online petition is circulating calling for President Barack Obama's administration to stop surplus "dumping" on Haiti, the U.S. government and the U.N. food agency are defending the aid program, which they say represents only 1.4 percent of Haiti's average annual peanut production.

They say critics don't take into account how dismal Haitian harvests have been and how badly struggling children need more nutrition. As many as 30 percent of Haitian youngsters suffer from chronic malnutrition, and the cumulative impact of a three-year drought is so severe that Haiti is facing "unprecedented food insecurity," the U.N. Office for the Coordination of Humanitarian Affairs says.

"If this donation arrives in Haiti, it is doubtful it will make any difference to the economy, but for sure it will make a difference in improving the diets of the most vulnerable children attending schools," said Alejandro Chicheri, a U.N. World Food Program spokesman.

The humanitarian program calls for packaged, dry-roasted peanuts from a vast U.S. stockpile to be distributed as morning snacks to youngsters in rural schools. Over 600 schools are already receiving daily hot meals with donated U.S. bulgur wheat, green peas and vegetable oil.

To prevent leakage into the Haitian marketplace, the U.S. is designing a monitoring program with the U.N. food agency to ensure the peanuts go only to the targeted children, said Matt Herrick, communications director with the U.S. Agriculture Department.

Herrick said the argument that the U.S. should simply source Haitian peanuts doesn't take into consideration the fact that the local supply has a high incidence of aflatoxin, a carcinogenic fungus that grows on moldy peanuts. While the USDA is funding research into the use of local peanuts in emergency rations and school feeding programs, he said for now "the only factory in Haiti that produces peanut-based food rations to address the current health and nutrition crisis has routinely had to import aflatoxin-free peanuts."

The donation from the American peanut stockpile, which saw an influx of a whopping 113,167 metric tons from U.S. farmers last year, is being made in coordination with Haiti's interim government. Senior officials at Haiti's agriculture ministry and its food security unit declined to comment.

The peanut contribution is a minuscule addition to the billions of U.S. dollars in assistance that have flowed into Haiti aimed at promoting stability, health and prosperity. The U.S. has long been the largest donor of foreign aid that Haiti is dependent on.

But Haiti has a complicated relationship with foreigners who provide aid and there is no shortage of Haitians who insist the United States, which occupied the country from 1919 until 1934, has a vested interest in keeping their homeland economically dependent.

The troubled history of U.S. involvement in Haitian agricultural policy has done nothing to ease these suspicions.

In the early 1980s, fearing Haiti's Creole pigs could spread African swine fever amid a deadly outbreak, the U.S. Congress authorized \$23 million to slaughter local pigs and replace them with hybrid pigs from Iowa. The imported pigs struggled to adapt, often became sick and had few litters.

For Haitians, the most bitterly remembered example is the collapse of the local rice market.

Haiti was largely self-sufficient in rice by the mid-1980s. But in subsequent years, Haiti repeatedly slashed tariffs on cheaper imported rice at the behest of the U.S. and the World Bank. As a result, U.S. subsidized rice inundated the market and the Caribbean country roughly the size of Maryland is now the second-biggest export destination for American rice growers, according to the USA Rice Federation.

"If the U.S. really wanted to help Haiti they would focus on serious work improving irrigation and farmers' access to credit," said Haitian economist and activist Camille Chalmers, who argues that the peanut aid is mainly about drawing down the U.S. stockpile and benefiting American agribusiness.

But efforts to lead Haiti to self-sufficiency face a slew of chronic obstacles, including political gridlock or instability, severe environmental degradation and neglected rural infrastructure. Although almost 80 percent of rural households farm, the agriculture sector with its persistent litany of natural disasters receives less than 4 percent of Haiti's budget.

Some international aid experts, like Cohen of Oxfam America, warn that the U.S. peanut donation could eventually become another cautionary tale about humanitarian aid from a wealthy nation that undermines a flimsy economy in a poor one.

If this agricultural surplus aid results in a "consistent policy of shipping U.S. peanuts into a market that has the potential to supply itself then it very well could cause lasting damage to Haiti's fragile agricultural sector," he said.

David McFadden, *Associated Press*, 15 April 2016

Oklahoma measure pits farmers' rights against pollution fears

For advocates, it is all about protecting a fundamental right of Americans to farm their land. For opponents, it is about big business, pollution and puppy mills.

Oklahoma's "right to farm" measure, which would declare agriculture as a vital economic sector that must be safeguarded by the state constitution, is dividing voters ahead of a November ballot and is seen as a bellwether for similar amendments in other states.

"All eyes are on Oklahoma," said Joe Maxwell, political director for the Humane Society Legislative Fund, which opposes the proposal. "If we win here and defeat it, we throw cold water on a very hot fire."

The language in Oklahoma's proposed amendment may seem innocuous and tug at America's rural heartstrings, but critics like Maxwell contend it is a Trojan horse for agriculture companies and could lead to environmental devastation.

By placing a right to farm in the state constitution, critics say the provision could supersede state rules on items such as pesticides, pollution and livestock treatment, letting big industrialized farms sow destruction and trample smaller family farms that cannot compete with them.

Opponents also fear the measure could allow puppy mills and cockfighting to operate unchecked, because those enterprises could claim they are existing agriculture ventures that are protected by the amendment. A puppy mill is a business that breeds puppies for sale, often in conditions regarded as inhumane.

Supporters counter that Oklahoma's proposal, called State Question 777, would protect farmers from burdensome regulations and frivolous lawsuits, creating a healthy environment for investment in agriculture.

"Agriculture deserves extra protection so our farmers and ranchers can continue to produce affordable, abundant food," said Michael Kelsey, executive vice president of the Oklahoma Cattlemen's Association, which supports the measure.

All U.S. states have some form of legislation designed to protect farmers from nuisance lawsuits. Such complaints are often brought by developers of suburbs encroaching on farming areas who try to change local ordinances in favor of their new communities, according to the National Conference of State Legislatures, which tracks local laws.

The first state to elevate the concept and enshrine a right to farm in its constitution was North Dakota in 2012, followed by Missouri two years later.

But critics argue that the Oklahoma proposal would go further, barring lawmakers from enacting any measure that hurts the rights of farmers and ranchers without first demonstrating "a compelling state" interest to do so.

Maxwell, of the Humane Society, said the measures are part of a worrying trend.

"It is a national movement by industrial agriculture and multinational corporations to level out all rules and regulations to prevent what they would perceive as legislation that would protect family farmers, or the traditional farmers," he said.

Once the state is barred from meaningful environmental and livestock welfare regulations under a right to farm amendment, it falls to the U.S. government to enforce national regulations.

But federal monitors could be handcuffed because they often rely on local officials to help them in enforcement.

Protect Oklahoma Family Farmers, one of the leading supporters of the Oklahoma proposal, said the measure would in no way hand farmers a blank check.

Other supporters say the amendment is needed after states including California imposed egg production rules requiring that eggs sold in the state be from fowl with enough room to turn around and extend their wings in confinement. Such regulations, they said, raise costs for both farmers and consumers.

"We can live without electricity, we can live without gasoline, but no one can live without food," said Kelsey of the Oklahoma Cattlemen's Association. "Because of this, we feel agriculture deserves extra protection."

Jon Herskovitz, *Reuters*, 27 April 2016

La Nina odds strengthen to 50% as weakening El Nino seen ending

The chances of a La Nina developing this year have increased to 50 percent as the Pacific Ocean cools, according to Australia's government forecaster, which upgraded its outlook for the weather pattern to "watch."

Five of eight climate models surveyed suggest La Nina is likely by spring, with three neutral, the Bureau of Meteorology said on its website on Tuesday. Australia's spring starts in September. A La Nina watch means there is about a 50 percent chance of the pattern developing in 2016, about twice the normal likelihood, it said.

La Nina weather, which cools the equatorial Pacific Ocean, is sometimes thought of as El Nino's opposite. The two are extreme phases of a naturally occurring cycle, according to the National Oceanic and Atmospheric Administration. Forecasters from Japan to the U.S. and Indonesia have predicted a La Nina could develop this year, potentially changing weather globally.

"While the current El Nino is expected to persist until late autumn or early winter, there are early signs that the chance of a La Nina developing by spring 2016 has increased," the Australian bureau said. "La Nina watch criteria have been met following expert assessment of the steady cooling in the surface and sub-surface of the tropical Pacific Ocean and updated model outlooks indicating increased likelihood of cooling to La Nina thresholds by spring 2016."

The 2015-16 El Nino remains weak to moderate and is expected to return to neutral levels by mid-2016, the bureau said. The current event is the strongest since the record 1997-98 El Nino and has reduced Indian rainfall, parched farmland in Asia and curbed cocoa production in West Africa.

La Nina can also roil agricultural markets as it changes weather. More rain could fall across Indonesia and parts of Australia and Brazil. At the same time, the U.S. Great Plains, Rocky Mountains and Florida could get less. The previous La Nina began in 2010 and endured into 2012.

Phoebe Sedgman, *Bloomberg*, 12 April 2016

Hier kom La Niña, sê weerkeners!

Uiteindelik: Hier kom verligting vir die droogte-geteisterde Suider-Afrika, sê Australiese en Amerikaanse weerkeners.

Met El Niño wat nou uiteindelik verswak, bestaan 'n 50:50-kans dat 'n La Niña-weerverskynsel dit later vanjaar gaan vervang, sê Australiese voorspellers.

Die La Niña-weerverskynsel lei tot natter as normale weeromstandighede in Suider-Afrika – van Desember tot Februarie – en droër as normale toestande oor ekwatoriale Oos-Afrika oor dieselfde tydperk.

Die Australiese Buro van Meteorologie se El Niño Suidelike Ossilasie (ENSO) uitkykstatus het na 'n La Niña verander, wat beteken dat 'n La Niña kan ontwikkel. Hierdie moontlikheid is nou twee keer meer as normaal.

Die uitkykstatus word uitgereik wanneer toestande gunstig is vir die ontwikkeling van 'n La Niña- of El Niño-weerverskynsel binne die volgende ses maande.

Die Amerikaanse Nasionale Weerdiens sê 'n La Niña-weerverskynsel kan een tot drie jaar duur, maar daar is 'n aansienlike variasie in sy tydsberekening, intensiteit en evolusie.

Die Australiese buro sê terwyl die huidige El Niño swak tot matige vlakke handhaaf, het onlangse veranderings in die tropiese Stille Oseaan en atmosfeer, gekombineer met die huidige vooruitsigte, die waarskynlikheid van 'n La Niña in 2016 met sowat 50% laat toeneem.

Die Suidelike Ossilasie-indeks en winde toon ook duidelike tekens dat El Niño aan die kwyn is en internasionale klimaatmodelle dui aan dat El Niño teen die middel van 2016 sal terugkeer tot sy neutraal vlak.

Alan Harman, *Landbou.com*, 13 April 2016

Rain won't douse farmers' problems

Despite the expectation of heavy rainfall in winter in the Western Cape, the agricultural sector is expecting challenges after the ongoing drought.

AgriSA chief executive Omri van Zyl said the sector is expecting more challenges this winter.

He said even though the Western Cape receives more rain in winter, drought had already affected many farmers, who had to get rid of their animals.

Van Zyl said the situation had stabilised, but AgriSA was still concerned about the small farmers, who are battling to survive.

"The West Coast region is very important in our sector and we hope it doesn't get affected severely," he said.

He added that AgriSA was doing all it could and, if the drought became worse, the government would need to assist.

The region's famous wine industry also took a knock from the drought.

Industry body VinPro said the overall crop was down compared with record harvests in 2014 and last year.

"While areas such as Worcester and Robertson were able to largely substitute rainfall with irrigation, dryland farmers – notably from Swartland, Darling and parts of Paarl – produced significantly smaller crops," Van Zyl said.

VinPro executive director Rico Basson said the wine industry lost about R500 million because of the smaller harvest.

VinPro's head of consultation services, Francois Viljoen, said: "This year's dry season could negatively impact the 2017 vintage as well, if there is not significant rainfall this winter. A grapevine is, however, a tough and resilient plant and is known to have bounced back remarkably well after difficult seasons like this one."

Economic Opportunities MEC Alan Winde said the dams are, on average, half what they were last year.

"We are still in big trouble. We need rain and snow because rain fills our dams and snow replenishes underground water.

He said the province would take a while to recover and the pressure was continuous.

Winde said the government was concerned that the sector had lost billions because of the drought.

He said the government would decide on action to take if winter produced little rain.

South African Weather Service senior forecaster Henning Grobler said the expected rainfall for April to June in the eastern part of the region was expected to be above normal.

And in the western part, chances were fairly good for normal rainfall, he added.

Siyabonga Kalipa, *Cape Argus*, 15 April 2016

Government is keeping an eye out for businesses profiteering from drought

The Department of Agriculture, Forestry and Fisheries is keeping a close watch on food prices to determine if those involved in the food value chain are taking advantage of the drought by excessively increasing their margins, deputy-director-general Elaine Alexander said on Friday.

Where this practice did occur, the department would engage with those involved. The department has already stepped in over the price of maize on the futures market, after the issue was raised by the Congress of South African Trade Unions.

"If there is profiteering, we will investigate further and we will ask for the support of the Department of Trade and Industry to do that," she said at a media briefing held after Agriculture, Forestry and Fisheries Minister Senzeni Zokwana's budget vote speech in the National Assembly on Thursday.

Mr Zokwana said he was concerned about the increase in food prices. The department has established a food price monitoring committee at the National Agricultural Marketing Council (NAMC) to track and report on food price trends.

According to figures released by Statistics SA this week food price inflation increased 9.8% in March compared to March 2015, with bread and cereals rising 13.3% and fruit and vegetables 18.7%.

It said this was the highest monthly year-on-year rise in food since February 2012. Food inflation has followed an upward trend since November 2015, with year-on-year figures of 4.8% (November), 5.8% (December), 7.0% (January), 8.8% (February) and 9.8% (March).

Democratic Alliance spokeswoman on agriculture Annette Steyn noted in her budget vote speech that the NAMC believed the inflation rate could rise to 30% by the end of this year.

The South African Reserve Bank has warned that higher food prices posed a risk to inflation, which stood at 6.3% in March compared with 7% in February, the highest in nearly seven years.

Consumer rights groups have written to the finance and trade ministries, demanding action to curb bread price rises.

"What we are witnessing is a pattern of profiteering in the basic food manufacturing sector that is now causing untold suffering to our most vulnerable citizens," said the Consumer Action Network and the South African Food Sovereignty Campaign.

The nongovernmental organisations said some firms had raised prices up to 30% over the past six months.

Linda Ensor, *Business Day*, 22 April 2016

Landbou se sakevertroue bly swak

Die droogte en verswakkende plaaslike ekonomiese uitsigte knel steeds sakevertroue in die landbousektor.

Die algemene vertrouensvlak in die vierde kwartaal van verlede jaar, soos gemeet deur die landbousakekamer Agbiz en die Nywerheidsontwikkelingskorporasie (NOK), was op feitlik dieselfde baie lae vlak as in die vorige kwartaal.

Dit was ook sowat 25% laer as 'n jaar tevore. Dr. John Purchase, uitvoerende hoof van Agbiz, sê die hoof faktore wat vertroue afgedruk het, is die verslegtende ekonomiese vooruitsigte vir die ekonomie en die swak algemene landboutoestande weens die rampdroogtesituasie, wat op nasionale vlak sigbaar is.

Vertroue in die land se ekonomiese groei was in die vierde kwartaal 44% laer as in die derde kwartaal, en 82% laer as 'n jaar gelede.

Vertroue in algemene landboutoestande was op 'n kwartaalgrondslag 35% laer en op 'n jaargrondslag 70% af. Landbousakelui se vertroue in netto bedryfsinkomste het verder vanaf die derde na die vierde kwartaal met 14% gesak.

Vertroue rakende volume wat uitgevoer kan word, het egter in dié tydperk met 48% gestyg. Purchase sê dit kan aan die swak rand toegeskryf word, wat Suid-Afrikaanse ondernemings meer mededingend in die wêreldmark maak.

Vorige kere sedert 2001 wat die vertrouensvlak baie laag was, selfs laer as einde verlede jaar, was in 2005 en 2009.

Purchase sê in 2005 het Suid-Afrika ook 'n droogte beleef en tesame daarmee was wêreldpryse vir primêre produkte laag. Die prys vir mielies was so laag as sowat R450/ton en die jaar daarna is net sowat 1,6 miljoen ton ha geplant.

In 2009 was die lae vertrouensvlak 'n gevolg van internasionale gebeure, naamlik die wêreldwye resessie. "Die huidige lae vlak is meer 'n gevolg van Suid-Afrikaanse gebeure die droogte en ons eie swak ekonomiese vooruitsigte. Die wêreld se ekonomiese groei koers is stadig besig om opwaarts te beweeg," sê Purchase.

Carien Kruger, *Landbou.com*, 5 April 2016

Top Africa corn grower unmoved by \$1.1 billion drought need

Farmers in South Africa, which produces about a fifth of the continent's meat and corn, are confident about increasing investment despite the worst drought in more than a century and government policies that have created uncertainty over their land holdings.

As many as 70% of growers are reinvesting in their businesses, Ernst Janovsky, the head of agribusiness at Johannesburg-based Barclays Africa Group, said by phone Wednesday.

"Confidence levels remain high," Omri van Zyl, the chief executive officer of farmers' lobby group Agri SA, said in an interview at *Bloomberg's* offices in Johannesburg. "The guys that may not make it get quietly gobbled up by others, so the production base is getting smaller but the units are getting larger and more diversified."

South Africa, a net exporter of agricultural products, last year had the least rainfall since records started in 1904, damaging crops and herds and raising food prices. The farmers will need as much as R16.6 billion (\$1.1 billion) in the year through March to subsidise feed purchases, provide grants and interest-rate subsidies to aid commercial growers in financial distress and help operators pay workers, a study by Agri SA and others showed.

The government in 2014 said it's considering buying half of every farm and would deposit payments for that land in a trust that will finance production as it seeks to change land-ownership patterns that were skewed in white people's favour during apartheid rule, which ended in 1994.

The Regulation of Land Holdings Bill, first outlined by President Jacob Zuma in February 2015, will limit the amount of land anyone can hold to 12 000 hectares (29 652 acres). It proposed a ceiling of 1 000 hectares for a commercial small-scale operation, and 5 000 hectares for a large farm, Land Reform Minister Gugile Nkwinti said in a speech last year.

While farmers are putting money in, they are despondent about a lack of certainty over land-reform policies, Janovsky said. "All these laws that are coming along, those are the things that create more havoc and it's also not economically viable to implement some of those things."

Growers' organisations support bringing in more black farmers, but require policy consistency, Van Zyl said.

"Clearly we need to get our house in order," Van Zyl said. "Time for talk and lip service is over. If we can iron out these kinds of policy uncertainty, we can really pull in a lot of investment into this country."

Linda Page, a spokeswoman for the Department of Rural Affairs and Land Reform, didn't immediately respond to questions about the status of the policy change when contacted by phone and e-mail.

About 2 000 of the nation's farmers are in severe financial distress and won't be able to access credit in the coming season because of the drought's effect on their operations, according to the industry report. There are about 35 000 commercial farmers in the country.

The state-owned Land Bank of South Africa plans to raise R15 billion over the next three years to help farmers with drought relief, CEO Tshokolo Nchocho said last month.

"If you really want to change the game, then you channel all of that money through the Land Bank," Van Zyl said. "Prioritise that, get proper extension services for emerging farmers and put the thing on steroids."

The funds required to help agricultural producers through the drought are "a moving average, depending on the amount of rain we get," Van Zyl said. "There is no piggy bank for a national disaster. We need to protect the production base of South African farmers."

Agri SA has had meetings with United Nations's Food and Agricultural Organisation about the effects of the drought on the Southern African Development Community, or SADC, countries. The SADC Council in March declared a regional drought disaster and issued a statement of appeal for help. Agri SA has also held discussions with the African Development Bank for help, Van Zyl said.

While the price of corn in the US, the biggest producer, has more than halved from a record in 2012 because of a glut in supply, the cost of the white variety of the grain produced in South Africa has more than doubled since the start of last year because of the drought. The white type is used to make a staple porridge locally, while yellow is fed to animals.

Farmers who have been able to produce white corn "are going to make a lot of money," Van Zyl said. For those who can't, "it will take longer to recover financially. Those that are losing are losing big."

Tshepiso Mokheba & Andre Janse van Vuuren, *Bloomberg*, 15 April 2016

Droogte plaas druk op grondpryse

Die vraag na landbougrond, veral in dele van Suid-Afrika wat die ergste deur die droogte getref is, is tans beperk en dit neem baie langer voor verhandeling plaasvind, sê mnr. Gawie Kleinhans, bestuurder van lewende hawe en eiendom by BKB.

Kleinhans sê moeiliker finansiering deur handelsbanke, politieke onsekerheid en hoër rentekoerse plaas 'n demper op verhandeling. "Gegewe die koste wat boere in die droogtetyd aangegaan het, is die goeie pryse wat tans vir die meeste landbouprodukte betaal word, nie 'n sterk genoeg dryfkrag om 'n algemene verhoging in die vraag na en prys van landbougrond tot gevolg te hê nie."

Hy sê die meeste verkopers is nie bereid om hul vraprys te verminder nie. Hy meen daar was tot op hede min verpligte verkope omdat finansiers bewus is van die druk wat die droogte meebring en bereid is om uitstel vir agterstallige betalings toe te laat.

Waar dit gereën het, is daar 'n oplewing in die vraag na huurgrond, wat gemiddeld R300 per ooi-eenheid kos. Terwyl die omskakeling na wildboerdery 'n paar jaar gelede opwaartse druk op grondpryse geplaas het, is dit nie meer die geval nie, aangesien wildpryse ook sywaarts beweeg. "Die uitsondering is egter waar wildboere wat met sekere eksotiese diersoorte boer en 'n klein stukkie geskikte grond soek, bereid is om 'n goeie prys daarvoor aan te bied."

Theuns Botha, *Landbou.com*, 11 April 2016

SA farmers look to Africa

South African commercial farmers group Agri-All Africa (AAA) has announced plans to step up agricultural investments in 11 African "priority destinations".

These include Zambia, Nigeria, DRC, Angola, Mozambique, Malawi, Ivory Coast, Ethiopia, Tanzania, Namibia and Sudan.

In a position paper issued days after Agri-All SA client farmers met at Senekal Farm in the Free State to discuss ways to ensure the successful implementation of agriculture investments in the priority destinations, the group said the success of agro-investments would depend on consensus and cooperation between the respective governments and farmers.

"Featured in the meeting were current opportunities to make a difference in agricultural development and upliftment, as well as potential future. Focal areas of investment were discussed. The client-farmers, AAA structures including three board members, diplomatic representation, and agribusiness value chain representatives, including PB Projects, Senter360, and AFGRI were represented on the Senekal Farm discussing agricultural investment opportunities and how to minimise risk and create assurance into Africa options.

"Consensus was achieved that the cooperation among the key elements and actors are essential to reach proper managed and implementable projects that will change the lives of people on the ground inclusive of commercial viability for all stakeholders.

"Charl Senekal of Senekal Boerdery, as an AAA board member, expressed satisfaction as well as willingness to support projects that are processed through the AAA value chain," AAA said.

The group said more South African farmers had joined it and expressed serious interest in setting out for new destinations, especially in West Africa where the prospects of profitable and secure agricultural investments have been buoyed by the recent appointment of Dr Johanne Kotze as AAA Director of Strategic Development Planning, as well as Johan Jonker, as Project Developer for Western Africa with special emphasis on Nigeria.

"The amount of interested farmers who are contacting AAA on a daily basis have increased to such an extent that the capacity of AAA must be strengthened, as well as to give support to the AAA platforms that were formed in Zambia, Nigeria, DRC, and on the verge of being launched in Angola, Mozambique and Ethiopia. "

Andre Botha, AAA Katanga, DRC, has stated his confidence in these structures is high as they approach business opportunities with a full social upliftment agenda which is deemed critical for sustainability of farming operations in Africa," the group said.

Addressing the meeting, Zambian High Commissioner to South Africa, Emmanuel Mwamba, said South African farmers should take advantage of the absence of conflict, investor friendly policies, political stability and the abundance of arable farmland in Zambia to develop the agricultural sector.

"Zambia is one of the richest countries in terms of natural resources. We have huge tracts of arable land across a country of over 700 000 square kilometres, but unfortunately we only utilise about 10 percent of this. You can fly into Zambia today to register your company and within 24 hours the process would have been completed," he said.

In Zambia, land and other immovable investments are guaranteed and protected against nationalisation or appropriation by the State through a Certificate of Registration issued to the investor in terms of the Zambia Development Agency Act of 2006.

Oscar Nkala, *African News Agency*, 28 April 2016

Malawi, Mozambique issue drought alert

Malawi and Mozambique sounded alarm bells on Wednesday over worsening food shortages caused by severe drought as concerns grow over a hunger crisis spreading across much of southern Africa. Zimbabwe, Lesotho and Zambia are also suffering food supply problems, while South Africa has said the recent drought was its worst in more than 100 years.

"I declare Malawi (in) a state of national disaster following prolonged dry spells during the 2015/16 agriculture season," President Peter Mutharika said in a statement.

"The projected drop in maize harvest is estimated at 12 percent from last year's output.

"More people will be food insecure and will require humanitarian relief assistance for the whole of the 2016/17 consumption year."

Neighbouring Mozambique issued a "red alert" because of drought conditions in the country's central and south regions affecting 1.5 million people.

The government released \$9.5 million of emergency aid after 90 percent of crops were destroyed in some areas and thousands of cattle died from lack of water.

The World Food Programme said it was currently assisting nearly three million people in Malawi, with about 23 of 28 districts badly affected.

"The current drought situation in Malawi came on the back of a bad crop last year, due to flooding which affected parts of the country," WFP's southern Africa spokesman David Orr told AFP.

"The situation is quite dire and we believe the worst is still to come. It will take a long time before the situations improves. Any improvement in the next months would be negligible."

In February, the WFP warned that Malawi was facing its worst food insecurity for a decade. The country has recently suffered flash floods in the north as well as drought.

The United Nations and aid groups in Mozambique have released a total of \$15 million since the beginning of the crisis, Michel Le Pechoux of the Humanitarian Country Team (HCT) which coordinates relief efforts, told AFP.

"But the response is still very limited compared to the actual needs, which amount to about \$200 million," he said, adding that central Mozambique was the worst-hit area.

Renewed conflict between government troops and the armed wing of main opposition party Renamo since January has also made delivery of aid difficult due to attacks on roads.

"Some drought-stricken districts are located in areas of military tensions and are almost inaccessible," Le Pechoux said.

In Zimbabwe, 2.8 million people - more than a quarter of the rural population - do not have enough to eat.

The WFP, which is providing assistance for about 730 000 Zimbabweans, has reported that casual agricultural labourers have no work and many children are missing school because of hunger.

Southern Africa endured a poor harvest last year combined with a strong El Nino weather phenomenon, which resulted in reduced rains across the region.

South Africa, which in the past has exported food to its regional neighbours, is to import maize after last year was the driest year in the country since records began in 1904.

AFP, 13 April 2016

Tanzania seeks to surpass Brazil as world's top sisal grower

Tanzania is increasing sisal cultivation with the aim of producing as much as 100,000 metric tons a year by 2021 and eventually surpassing Brazil, the world's largest grower of the crop, the head of the industry regulator said.

The East African country, which is the second-biggest producer of the fiber used in textiles and dartboards, has been implementing a 10-year production plan since 2012, Yunus Mssika, the director of the Tanzania Sisal Board, said Tuesday in a phone interview from the coastal town of Tanga.

"Our aim is to overtake Brazil because in the past Tanzania used to be the leading sisal producer," he said. "Right now the demand for fiber is so huge and what we produce is essentially a small portion of the demand. We cannot match the demand."

Output could increase to 43,000 tons this year from 40,000 tons in 2015 as farmers start to harvest a new crop planted three years ago, Mssika said. Producers sowed as much as 3,000 new hectares (7,314 acres) last year in addition to 2,400 hectares in 2014, which is part of a plan to nearly triple acreage to 174,000 hectares.

In 2013, Brazil produced 150,584 tons of the crop that's also used to make rope and twine, statistics by the Food and Agriculture Organization of the United Nations show. Kenya, in third place, exported 21,464 tons of the fiber in 2015, according to its Agriculture, Fisheries and Food Authority.

Prices have stabilized since 2010, giving Tanzanian farmers confidence to invest in the crop, Mssika said. A ton of sisal fiber fetches between \$1,900 and \$2,200. Tanzania's government, with a \$48 billion economy, is trying to diversify its agriculture exports earned \$35.5 million from sisal last year, he said.

The nation also exports tobacco, cashews, coffee and cotton. It last ranked as the world's biggest sisal grower in 1964, when it produced 230,000 tons, before the use of synthetic fibers curbed demand, according to Mssika.

China has overtaken the U.K. as the biggest buyer of fiber from Tanzania, which also sells to Saudi Arabia, Spain, Japan and Morocco and is now targeting markets in Israel, the Philippines and Pakistan.

Most of the production in neighboring Kenya is on large holdings by growers such as REA Vipingo Plantations Ltd., while the nation is also encouraging farmers with limited land in a bid to meet demand for the fiber from construction industries in Nigeria and Saudi Arabia.

Tanzanian sisal covers about 60,000 hectares, mostly on estates, and authorities are now recruiting subsistence farmers to accelerate expansion, which it believes will catapult it the top position. Brazil relies chiefly on small-scale growers.

"The advantage we have as a country is that the players we have in our industry are large-scale producers of sisal while Brazil is predominantly small scale," Mssika said.

Joseph Burite, *Bloomberg*, 7 April 2016

Proposed truck ban could hike price of basic food

New regulations banning trucks on urban roads during peak hours could trigger a spike in the cost of essential goods.

Transport Minister Dipuo Peters has signalled her intention to introduce amendments to the National Road Traffic Regulations of 2000, which will see trucks exceeding a gross vehicle mass of 9,000kg being banned from urban roads on weekdays between 6am and 9am and 5pm and 8pm.

The minister made this known in April last year and published draft regulations for public comment in May 2015.

The ministry cited congestion and the country's high road mortality rate as the key drivers for the proposed regulations.

However, Road Freight Association spokesman Gavin Kelly said consumers would bear the brunt of this as nearly 20% and 19% of the price of bread and milk, respectively, factored transport and logistics costs. Mr Kelly said companies would have to change their delivery schedules, many of which were planned months in advance and this would have cost implications.

"Some basic goods could see a 20% increase in a short time. The indirect costs are difficult to calculate, but it is clear there will be some," said Mr Kelly.

The association estimates that 80% of goods are moved by road.

In its public comment submission on the draft regulations, the Justice Project SA said that in an ideal world, the proposals would constitute a "no-brainer".

"Unfortunately, however, SA is not part of the ideal world, not even by a long shot," it said. "The majority of freight and goods on supermarket shelves are conveyed on our roads due to the fact the rail network has been so neglected and mismanaged by the Department of Transport for a long time now."

Trade Law Centre researcher JB Cronje said if the objective of the proposal was to alleviate congestion, then all vehicles — regardless of size — should be targeted.

Patricia Pillay, head of legal and regulatory affairs at the Consumer Goods Council, said there was no clear indication what penalties would be imposed on companies if their trucks were found on the road outside of set hours.

Ms Pillay also said that while the proposals were excellent, they would be difficult to enforce.

Department spokesman Ishmael Mnisi said he did not have progress details of the draft regulations at hand when he was contacted for comment.

Colleen Goko, *Business Day*, 18 April 2016

Gordhan approves 34% rise in wheat import duty

Finance Minister Pravin Gordhan has approved a 34% increase in the import duty on wheat from R911.20 a ton to R1,224.31 a ton pending an urgent review of the current variable import duty formula for wheat by the International Trade and Administration Commission.

The new tariff will apply for the rest of 2016. The formula is based on the international price of wheat.

Treasury said in a statement that Mr Gordhan had proposed the review to Trade and Industry Minister Rob Davies as he "is particularly concerned about the impact of the higher import duty on wheat on the price of bread and other staple food but also mindful of the need to ensure policy certainty, food security and the financial health of the farming industry.

"The Ministry of Finance also proposes that the review also be extended thereafter to the formulae for sugar and maize, as similar concerns apply."

While SA is the sub-Saharan region's biggest producer of the wheat after Ethiopia, it is still a net importer of the grain, according to the US Department of Agriculture data.

The driest conditions since 1992 have damaged crops and livestock and sent local wheat prices to the highest on record, driving up food prices. The government has declared disaster areas in several provinces of the country, the continent's biggest maize and sugar grower.

South African inflation accelerated to 7% in February, the fastest pace since June 2009, adding to the central bank's policy dilemma of rising consumer prices and slowing economic growth.

"It is sad that we had to threaten SARS (South African Revenue Service) with legal action to do their job, because this thing triggered in December and it took them three-and-a-half months and it is still not published in the Government Gazette, so we've got a promise but it's still not published," said Jannie de Villiers, CEO of farmers' lobby group Grain SA.

Mr De Villiers said although the review of the variable import duty formula for wheat gave farmers more certainty, the delays caused by the process had already affected farmers.

"The farmers here in the Western Cape, they have already started planting so this delay a lot of farmers to have uncertainty about whether they should plant or not and how much they should plant, so the announcement is helping us with certainty but it's very late, even the fact that they took so long," he said.

"The government is honouring the decision that the minister of Trade and Industry took in 2013 to protect local farmers against international subsidies. So now they have honoured that."

"So I saw two things in the press release: one was that we approved the levy that he should have approved long-time ago; the second is we asked that the whole system be reviewed, so you now have to take a loan of R5m or R8m from a bank, you have to put it in the soil, you are not sure what the price is going to be because they want to review the whole system. So this is the uncertainty that they create," said Mr De Villiers.

"We have done a lot of things as the industry to try and revive the industry, so we just hope that this is not going to be a turnaround of all of those investments that we made... it's not a one-year project, it's a long-term project to try and improve the yields of farmers in this country to make sure South Africa can at least grow enough to feed ourselves."

"This came at a good time because the guys are about to start planting," Wandile Sihlobo, an economist at Grain SA, said by phone. "International wheat prices are at lower levels and are expected to stay lower because they had good output. This will encourage domestic production."

Wheat in Chicago is trading near the lowest in five-and-a-half years, while South African futures for the grain surged to a record in January.

Linda Ensor, *Business Day*, 8 April 2016

Maer jare duur voort vir suikerriet

Die droogte het suikerrietboere in die Middelland van KZN erge skade berokken – ironies genoeg het welkome reën verdere skade aan die oes aangerig.

Suikerrietboere in die KwaZulu-Natalse Middelland het 'n swaar begin aan die nuwe seisoen beleef, te midde van goeie reën wat sedert Januarie in die gebied uitgesak het.

Volgens mnr. Friedel Eggers, algemene bestuurder van landboudienste by die UCL-suikermeule in Dalton, is dit nie net opbrengs wat power lyk nie.

"Die droogte het veroorsaak dat ons tans meer as 20% minder suikerriet per hektaar as die langtermyn gemiddelde oes. Maar weens 'n reeks faktore is die herwinbare waarde, waarvolgens boere betaal word, aansienlik swakker as normaal en die verwerkingskoste per ton by die meule aansienlik hoër.

"Normaalweg loop die herwinbare waarde van die suikerriet hierdie tyd van die jaar in die omgewing van 10,5%, maar tans spook ons om meer as 9,5% te realiseer. Dit beteken dat boere ongeveer 10% minder betaal word vir oeste wat 20% kleiner is. Daarbenewens is die suiwerheid van die suikerriet skaars 81% teenoor ons norm van 84% hierdie tyd van die jaar en die veselinhoud van die suikerriet is tans 15.9% teenoor ons norm van 14%. Hierdie twee aspekte maak die raffineringsproses baie duurder, so die meule, nes die boere, kry swaar.

"Die hoofrede vir die swakker as verwagte gehalte skryf ons toe aan die goeie reën wat ons gekry het sedert Januarie. Oor die afgelope vier maande het ons meer as 300mm reën in meeste plekke gemeet. In stede daarvan dat die suikerriet dus nou ryp word, gebruik die suikerriet die energie om te groei eerder as om suiker te maak. Ten minste lyk die oes vir volgende jaar baie goed, so dit is die silwer randjie aan die donker wolk," sê Friedel.

Johan van der Merwe, *Landbou.com*, 14 April 2016

Wine grape quality still good amid drought, says Distell

The quality of this year's wine grape crop is "surprisingly good" considering the drought, according to Distell, which produces almost a third of SA's wine.

SA is in the middle of its worst drought in decades and many parts of the country, including the Western Cape — the main wine producing province — still lack sufficient rainfall. SA produces about 3% of the world's wine from nearly 100,000ha of vineyards.

The Western Cape's wine and fruit industries face a R1.2bn loss this year because of the drought, according to the provincial government. The province produces 55%-60% of SA's agricultural exports. The provincial government said at the weekend that its disaster management centre had recommended that water restrictions be implemented in the province during the rainy winter until dam levels increased to acceptable levels.

Erhard Wolf, responsible for Distell's grape and wine supply, said this year's wine grape harvest had been one of "the hottest, driest and most difficult to plan, but surprisingly good in terms of quality, judging by the season's young wines, with alcohols at very acceptable levels".

Mr Wolf said yields were significantly down on average as a result of the drought preceding the harvest, although not all areas had been equally affected.

"In our experience, the coastal region yields were down about 20% although there were some instances of volumes being lower by as much as 70%, particularly (for) dry-farmed vines."

"The later-ripening aromatic whites are showing extremely well in the cellar, and the reds have delivered excellent colour and concentration of flavour. We are also very happy with alcohol levels at around 13% for our red wines."

Mr Wolf said Distell's substantial footprint across the wine-growing areas of the Western Cape and along the Orange River in the Northern Cape, with ready access to grape supplies, had helped to offset the drop in yields.

"We have a very flexible sourcing policy, with the manoeuvrability to respond to a variety of climatic outcomes. We were also ... able to find alternative sources of organically cultivated fruit to make up for the shortfall. These grapes were all from relatively dry-climate areas, but with access to water and where conditions are not generally conducive to fungal disease."

Western Cape local government, environmental affairs and development planning MEC Anton Bredell said rainfall predictions for the winter rainy season were "not ideal. If the drought persists, the availability of water in the next summer is of some concern."

Bekezela Phakathi, *Business Day*, 11 April 2016

'Droogte erger as afgradering vir wyn'

"Die droogte slaan die uitvoergerigte wynbedryf harder as die dreigende afgradering."

Die wynbedryf moet banger wees vir die huidige droogte as vir die moontlikheid dat Suid-Afrika se kredietgradering rommelstatus bereik.

Me. Jackie Visser, streekshoof vir kliëntediens van RMB, het gesê die ekonomiese omstandighede bied op die oomblik bykans geen pret of plesier nie.

"Ons moet 'n vlak van realisme handhaaf. Dit gaan al die afgelope 18 maande taai, maar ek dink ons moet ongelukkig regmaak vir 'n verdere 18 maande van klippe kou."

Haar boodskap aan wynboere by die Sauvignon blanc-belangegroep se bemarkingseminaar op Joostenberg-vlakte was dat die droogte die uitvoergerigte wynbedryf harder slaan as die dreigende afgradering.

"Dit sal veral uitvoersyfers hard slaan en ons al 'n afname in uitvoer sien. Ons sit reeds met 'n tekort op ons handelsbalans (die verskil tussen invoer en uitvoer). Dit sal dus baie negatief wees vir die ekonomie."

Visser wou nie uitbrei wat die omvang van die impak sal wees nie, maar het gesê die ekonomie sal minstens tot 2017 nog ly daaronder.

Sy het gesê dis “bitter moeilik” vir plase om kop op te tel ná die droogte, veral waar die invloed só verwoestend was dat wingerde beskadig is.

Oor die afgradering het Visser gesê die wynbedryf se plaaslike mark sal hierdeur getref word.

“Die land se skuld sal duurder raak as ons afgradeer word. Vir die wynbedryf beteken dit vanuit ’n krediet-oogpunt dat finansiering duurder sal raak. Die man op straat gaan die knyp selfs meer voel. Alles gaan duurder raak, want krediet gaan duurder wees. Dit sal lei tot werkloosheid en uiteindelik ook armoede,” het sy gesê.

Lucille Botha, *Landbou.com*, 24 April 2016

Droë, moeilike seisoen, tog goeie wyn

Wynmakers is vol hoop dat dié oesjaar uitstekende wyne gaan oplewer

Hoewel die droogte op plekke tot 70% van die wyndruifoes ingesluk het, is wynmakers vol hoop dat die oesjaar uitstekende gehalte wyne gaan oplewer.

Mnr. Erhard Wolf, bestuurder van Distell se druiwe- en wynvoorraad, sê die afgelope oes was een van die warmste, droogste en moeilikste jare. In die kusstreke was die opbrengs tot 20% minder.

“Die oes was op plekke tot 70% kleiner. Droëlandwingerde is die kwaaieste geraak. Die grootste impak was in die Swartland, in dele soos Darling, maar ook in Stellenbosch en Noorder-Paarl, waar boere nie toegang tot water gehad het nie.”

Wolf sê op Papkuilsfontein, een van die maatskappy se plase naby Darling, was die droogte só erg dat wingerdstokke gevrek het.

“Ons het nie eers probeer oes nie, ons het net die stokke probeer red. Wingerd is ontsettend gehard en sal ’n droogte oorleef, maar daar kan op die lang duur ’n invloed op die opbrengs wees. Die herstel is ook nie binne een jaar nie, maar duur minstens twee tot drie jaar mits die seisoene weer goed is.”

Hy het gewaarsku dat as El Niño-toestande voortduur en die winterreënval swak is, sal selfs die besproeiingsgebiede volgende jaar ly.

Op plekke soos Durbanville was die opbrengs egter soos gewoonlik en in die Klein-Karoo en dele van die Robertson-streek, wat goeie reën gekry het, was die oes selfs gemiddeld 8% hoër.

Distell produseer net minder as ’n derde van al die wyn in die land. Wolf sê dit het gehelp dat hulle druiwe vanaf ’n breë front kry – van die Kaapse kusgebiede tot langs die Oranjerivier.

“Ons het beweegruimte om op uiteenlopende klimaatstoestande te reageer. Ander bronne van organies gekweekte druiwe het ook vir tekorte vergoed. Dié druiwe kom van gebiede met ’n betreklik droëklimaat, maar met toegang tot water.”

Volgens mnr. Francois Viljoen, bestuurder van wingerdboukundige dienste by VinPro, stel die bedryf eers einde van die maand sy oesverslag vry.

“Dit lyk egter nie oral sleg nie. Op plekke soos Robertson, Worcester en die Breedekloof lyk dit selfs beter, danksy die suidoos-reën. Die skeiding kom egter van Elgin af langs die kus tot by Darling. Op plekke is die oes tussen 20% en 50% af, afhangend van hoeveel water die boere beskikbaar gehad het om te besproei”.

Hy sê die hitte en die watertekorte het saamgespan om toestande te bemoeilik. “Ons het in Oktober al kwaai hitte in die blomtyd gehad. Die stok sluit homself dan basies om te oorleef en om te herstel moet daar water beskikbaar wees, anders gaan die fabriek nie ten volle werk nie. Dis hoekom die korrels klein en lig gebly het.”

Lucille Botha, *Landbou.com*, 13 April 2016

Growth potential in SA table grape industry

The table grape industry provides over 29 000 direct jobs in the Western Cape each year. About 65% of the total table grape production volumes in SA is generated in the Western Cape. These figures were shared at the South Africa Table Grape Industry's annual general meeting. In 2014/2015, R183m in income was generated on farms with black ownership and 660 black beneficiaries are involved in 32 farming businesses countrywide. The industry provides 11 000 full-time and 42 000 seasonal jobs valued at R950m in wages per year nationally. The industry makes a significant contribution to downstream production income – R3.2bn to other product input providers, R720m to packaging material suppliers and R250m to logistics suppliers. The industry's contribution towards SA's gross domestic product (GDP) is estimated at over R3bn. At the AGM Western Cape Minister of Economic Opportunities Alan Winde said the numbers were encouraging and added that the Western Cape government would continue to support the industry to grow.

"One of the ways in which we are currently partnering with the SA Table Grape Industry (Sati) is through the Fruit Logistica Asia Expo. We need to ensure that our agri-businesses have access to markets and the right support to grow their enterprises. These programmes will continue to be key priorities," said Winde.

"In the Western Cape, we have set ourselves on the path to ensure a 70% success rate of all the land reform projects in which we invest. Over the next three years, we will support 4 195 new farmers to take their businesses to the next level. The SA Table Grape Industry are a valued partner in this mission."

He said a key priority was improving local agri-processing capacity to boost production for domestic and key export markets.

"To develop more product for processing, including table grapes, we are continuing work on the Greater Brandvlei Irrigation Project. By increasing the height of the Brandvlei Dam's inlet canal, we will be able to irrigate another 4 400 hectares of land in the Breede and Langeberg municipalities," said Winde.

"This project will deliver a significant job creation boost, adding up to 8 000 jobs to our economy. We are executing this project in concert with an intergovernmental team encompassing 11 departments."

Michael Laubscher, chairperson of Sati, said: the table grape industry has a high growth potential and it is labour intensive.

"This industry is the ideal partner of government to pursue and achieve the following National Development Plan goals and objectives, job creation, rural development and the earning of foreign revenue, crucially important for our quite vulnerable balance of payments," said Laubscher.

Fin24, 27 April 2016

Eerste SA druive in 8 jaar na Thailand

Die hawens van Thailand is ná agt jaar weer oop vir SA tafeldruive – en twee broers het dié geleentheid benut.

Een van die Wes-Kaap se Jongboer van die jaar Finaliste, mnr. Jacques Beukes, en sy broer Eugene, van Modderdrift Boerdery in die Hexriviervallei, het nie op hulle laat wag om hierdie nuwe geleentheid te benut nie.

Op 25 Maart vanjaar het 10 800 kartonne Crimson pitlose rooidruive van Modderdrift in Thailand geland.

Volgens mnr. Ewan Krige, eenheidsbestuurder van druiwe by Capespan, wat die uitvoeragent vir die druiwe was, was dit 'n enorme spanpoging om die Thailandse mark weer oop te kry vir plaaslike druiwe.

“Die Departement van Landbou, SATI, FPEF en nog ander rolspelers het baie moeite gedoen om hierdie prestasie te vermag. Thailand het weer sy deure oopgemaak teen einde Januarie 2016 en dit is vir ons 'n voet in nóg 'n deur na die res van die Verre-Ooste,” sê Krige.

Die Beukes-broers, wat dadelik bereid was om te begin pak vir uitvoer na Thailand, meen dit was 'n té goeie geleentheid om te laat verbygaan. “Ons hou van waag en dit kon maklik in ons gesigte ontplof het. Genadiglik het ons baie mooi druiwe in daardie stadium gepak en, tesame met die Suid-Afrikaanse ambassadeur in Thailand, het Thailandse amptenare daar drie vraghouders met pragtige druiwe ontvang.

“Ons het uitstekende terugvoer gekry en die aansien van ons gehalte in Thailand is met die eerste besending goed bevestig. Ons sien dus uit daarna om die volume wat ons volgende jaar na Thailand gaan stuur, aansienlik te vergroot,” sê Beukes.

Volgens Krige is Thailand 'n belangrike strategiese mark om die vraag na Suid-Afrikaanse tafeldruiwe verder in die Ooste uit te brei. “Ons is seker dat hierdie eerste besending die regte grondslag gevestig het om handelsverhoudinge met Thailand goed te hervestig,” sê Krige.

Johan van der Merwe, *Landbou.com*, 7 April 2016

Peaches, nectarines lift total output of stone fruits

The National Agricultural Marketing Council has said the total production of stone fruits for the current season will improve slightly by 0.6 percent due to the estimated increase in the production of peaches and nectarines.

The council said it did not expect any increase in the production of plums and apricots. South Africa's exports of stone fruits to the world markets for the 2015/16 season are estimated to total 17 million cartons.

The variety of stone fruits exported depends on the consumer preferences in the particular market. South African apricots during the current season are destined for the Middle East, with a market share of 49 percent, followed by Europe (25 percent) and the UK (24 percent).

South Africa's production of grapes has fluctuated over the past 10 years with the highest peak in 2014/15 at 291 tons of total production, showing 16 percent growth during the period under review.

The country is known globally as a producer and exporter of citrus, deciduous and sub-tropical fruits. According to the Department of Agriculture, Fisheries and Forestry, South Africa is the largest producer of stone fruits, which include apricots, peaches, nectarines and plums, in Africa.

Globally, it is ranked 20th in the production of stone fruits.

The current season's production of stone fruits showed slight growth from the previous season's 110 million cartons, led by peaches with a notable increase from 73 million cartons in 2012/13 to 83 million cartons in 2014/15, followed by plums with a total of 13 million cartons and apricots with a total of 12 million cartons.

It is estimated that the total production of stone fruits for the current season will improve slightly by 0.6 percent due to the estimated increase in the production of peaches and nectarines, despite there being no predicted increase in the production of plums and apricots.

Sandile Mchunu, *Business Report*, 6 April 2016

Indonesian market opens for exports of local fruit

The agricultural sector in the Western Cape has received a major boost following the decision by Indonesia to grant recognition of SA's food-safety control system.

This will enable local producers to export 15 types of fruit and nuts including apples, grapes, oranges and plums, to the Asian country.

Agriculture is a key sector in the Western Cape, which produces half of SA's agricultural exports.

According to provincial government data, the Western Cape makes up the bulk of SA's total fruit exports. In 2014, the province produced 93% of nectarine exports, 78% of peach exports and 96% of plum exports.

Access to Indonesia, southeast Asia's largest economy, is expected to increase job opportunities in the fruit-export sector.

According to Hortgro, the deciduous fruit producers' body, local produce can now be sent to the port of Jakarta in Indonesia, which will motivate exporters to increase volumes to that market.

"The market will have to be developed over a period of time and could potentially be worth about R250m over the next three to four years," said Hortgro executive director Anton Rabe.

SA was working on getting access to China for its pears and plums, and wanted to send both types of fruit as well as apples to Thailand, he said. SA had already sold 50 containers of pears valued at R22m, Mr Rabe said.

Indonesia has a population of about 255-million. The World Bank forecasts that the economy will expand 5.1% this year after growing 4.8% last year.

Western Cape economic opportunities MEC Alan Winde said that the decision to grant quarantine approval for SA's produce to Indonesia would deliver a major boost to the province's exports.

"Market access is key if we are to increase our exports. Gaining access to southeast Asia's largest economy is a big win for us.

"Research has found that only a 5% increase in the value of deciduous fruit and table grape exports will create 4,261 and 2,073 new jobs, respectively. A 5% increase in wine exports will lead to 986 new jobs, and two-thirds of these jobs will be off-farm," said Mr Winde.

To make this a reality, the government would need to make access to both its new and traditional markets much easier.

"That is why in the 2016-17 financial year, (the Western Cape provincial government) is investing R23.4m in agricultural economic services," said Mr Winde.

The UK was the top export destination for South African nectarines, buying 58% of the fruit, said Jacques du Preez, GM for trade and markets at Hortgro.

The Middle East purchases 42% of peaches exported.

The European Union and Russia take up about 49% of the country's plums.

Bekezela Phakathi, *Business Day*, 21 April 2016

SA fruit industry strengthens export ties with Indonesia

Export ties between South Africa and Asia were strengthened this week when the Indonesian Quarantine Agency granted 'Country of Recognition' status for South Africa's food safety control system, thereby increasing the export potential for SA deciduous fruit, according to a statement issued by Hortgro.

"This has been a long and complex process and the industry is heartened by this break-through," said Anton Rabe, Hortgro executive director.

It will pave the way for the fruit industry to establish a new trading regime and effectively opened up the port of Jakarta as entry point into Indonesia.

Rabe thanked officials from the Department of International Relations and Cooperation and the Department of Agriculture, Forestry and Fisheries and at the embassy in Jakarta, Indonesia, for the successful conclusion of the negotiations.

"This is the result of a team effort between the public and private sector and will greatly assist with creating a more stable trading regime to grow our exports to Indonesia," said Rabe.

Products included under SA's Country of Recognition status are apples, pears, stone fruit, citrus and table grapes.

Farmer's Weekly, 14 April 2016

Italy's favourite pear fast becoming SA's too

Tru-Cape Fruit Marketing, the largest marketer of South African apples and pears, and the biggest supplier of Abate Fetel pears, is investing in a varietal-specific promotion to drive consumer awareness of Abate Fetel and sales at retail level.

Tru-Cape managing director Roelf Pienaar says with each season that Abate Fetel is marketed locally, more and more consumers get to experience the versatile pear which, unlike most other pears that need to be ripened at home, is good to eat fresh and crisp and as delicious as it ripens and the white flesh becomes juicy.

"People also seem to like that Abate Fetel is Italy's favourite pear and one of the most ancient - it was cultivated by a French Monk, Abbe Fetel, in 1866", he says adding, "While Packham's Triumph is still the most popular pear, plantings of Abate Fetel are increasing and far in the lead of other historically popular pear varieties like Rosemarie, Forelle and Bosc."

There is a material increase in Tru-Cape's Abate Fetel sales year on year.

"It is only in the last couple of years, following an especially strong European crop of Abate Fetel which made it hard for us to reach the wanted export price, that we decided to develop the market in South Africa for this varietal," said Pienaar.

"It is one of the best things we did, and we expect Abate Fetel to take the lead as Italy's and South Africa's favourite pear in years to come."

Fin24, 22 April 2016

South African citrus growers spend \$66 million on disease curbs

South Africa's citrus industry is spending more than R1 billion (\$66 million) annually to control black-spot disease in fruit from the country, according to the main industry lobby.

Farmers have spent that amount in each of the past three years to pay for additional spraying, inspections, sanitation, sampling and testing, Deon Joubert, the South African Citrus Growers' Association's European Union envoy, said by mobile phone on Thursday.

"It's costing us a lot of money - our total estimate is over 1 billion rand of additional control costs," Joubert said. "We can comply, but it is an unfair compliance."

South Africa is trying to control incidents of black spot, caused by the fungus *guignardia citricarpa* Kiely, which results in leaf spotting and fruit blemishes, with lemons particularly susceptible. The European Food Safety Authority has said the fungus can survive transport and storage, and could establish itself in EU citrus-fruit production areas. The region, which buys about 43 percent of South Africa's citrus exports, refused entry to some of the nation's produce in 2014 after there were 28 interceptions of fruit with the disease in that year.

"We've had the success, we've had the obvious excellent results from the industry doing it, but its costing a lot of money," Joubert said. "The industry has always said its not a sustainable thing, you can't do this long-term."

South Africa has withdrawn exports of organic lemons to the EU for 2016 after four of the total 15 interceptions of the disease were found in the fruit last year, the growers' association said Thursday. The Eastern Cape province is the nation's biggest producer of lemons, accounting for 50 percent of total output, the group said.

South Africa vies with Egypt to be the world's largest exporter of oranges, according to the US Department of Agriculture, and the local industry employs an estimated 100 000 people. Exports account for 80 percent of the industry's R9.4 billion in annual revenue. The nation last year suffered its lowest rainfall since records began in 1904, cutting output of crops such as grains, wine grapes and peanuts.

Tshepiso Mokhema, *Bloomberg*, 8 April 2016

SA's citrus growers voluntarily halt lemon exports to EU

Citrus growers in SA face losses of about R50m after voluntarily suspending all exports of organic lemons to the European Union (EU) due the risk of citrus black spot (CBS).

However, despite being highly priced, organic lemons make up a small portion of citrus production. While acknowledging the losses, farmers said they were choosing to view the suspension of exports to EU as a way to help safeguard a key market.

Growers said on Thursday that they would withdraw all their organic lemon exports to the EU in 2016.

Citrus growers have had a difficult two years after the EU imposed a ban on South African imports in November 2013 because of citrus black spot. The ban was lifted in January 2014.

Citrus black spot, which affects some South African produce, causes blemishes on the fruit's peel.

The citrus industry generates R9bn from global exports, R4bn of which comes from the EU. This represents 40% of SA's citrus exports.

Citrus growers felt that while the latest decision to suspend exports of organic lemons to the EU would affect some farmers, it would also serve to strengthen and improve the credibility of the industry's risk management system that was put in place to mitigate the risk of citrus black spot.

"It will have an impact on those growers. It could be (a sacrifice of) about R50m ... on their side and for them to voluntarily (do) this is very commendable," Citrus Growers Association EU envoy Deon Joubert said.

Citrus Growers Association CEO Justin Chadwick said the action by lemon growers should be commended as it showed responsibility.

It also showed ongoing efforts to mitigate the perceived risk of citrus black spot spreading to the EU.

"This highlights the extreme measures being taken by the South African farmers in order to maintain uninterrupted market access for other citrus varieties, despite an ongoing scientific dispute about the real risk of CBS infection in the EU," said Mr Chadwick.

Farmers growing organic products did not use chemicals, so it was more difficult to control environmental effects, said Mr Chadwick.

Mr Joubert said farmers could explore opportunities in other regions, including the Middle East and Russia, although finding alternative markets was difficult.

Nompumelelo Magwaza, *Business Day*, 7 April 2016

Theft, vandalism cost citrus farmers millions

Citrus farmers in the Sundays River Valley are losing millions every season because of theft of fruit and vandalising of orchards, said Hannes de Waal, CEO of the Sundays River Citrus Co-operative (SRCC).

De Waal told *Farmer's Weekly* that producers have been battling with this problem for the past three years. One of the main concerns raised by producers was that police did not react when complaints of vandalism and theft were reported by the farmers.

"The vandals cause enormous damage to orchards.

Tons of fruit, mainly lemons – many of them not even ripe – are stripped off the trees, breaking and damaging the branches in the process," said De Waal.

"Blocks and blocks of orchards, in some instances whole orchards, have been damaged, causing huge losses for the producers."

According to farmers, the stolen fruit is transported from the orchards at night in trucks and bakkies and then sold to unknown consumers.

"It is of the utmost importance that producers increase protection of their properties to keep the thieves and vandals out," said Deon Joubert, chairperson of the Sundays River Agri Association.

Vicky Knoetze, DA MPL for the area said she and the party's MEC for safety and security in the Eastern Cape's provincial legislature, Bobby Stevenson, visited the area after complaints were received from a number of producers.

"One of them had suffered a loss of at least R3-million when his orchards were stripped of fruit. These cases of theft and vandalism are threatening thousands of job opportunities and should be stopped forthwith," said Knoetze.

She said she and Stevenson had discussed the complaints that police are not investigating cases of theft of fruit and vandalism with the officer in charge of the Addo police station: "He told us that all reported cases will be investigated."

"I have personal knowledge of two cases that have been opened and investigated successfully," said SAPS spokesperson Lt Gerda Swart.

Lourens Schoeman, *Farmer's Weekly*, 1 April 2016

Sundays River's citrus farmers losing millions

Sundays River's citrus farmers are still suffering millions of rand in losses (R12 000/t) per year due to vandalism and fruit theft.

Hannes De Waal, CEO of the Sundays River Citrus Co-operative (SRCC), said that this is despite increased police action. The region's producers had been battling this problem for three years without success.

"Orchards are damaged in the process as transgressors wait until nightfall before they start picking. It is believed that a syndicate is involved. Valuable fruit, some not even ripe, are stripped from the trees. Many orchards are damaged [in the process]. The fruit, mainly [of] export quality, are apparently carted away during the night by trucks and bakkies, [and] then sold to consumers," De Waal said.

He added that the SRCC was satisfied that police had increased their efforts to combat the vandalism and theft, but said that the organisation was disappointed that transgressors were freed after appearing in court. "We have therefore asked for a meeting with the police, but a date still has to be set," he said.

De Waal said the SRCC had recently met with producers to discuss how to end the crimes. "Producers complained that their biggest problem is that, despite several complaints [made to] police, there seems to be no progress."

Ken Nieuwenhuizen, Director of Transformation and Development at the SRCC, said that while the vandalism and theft had not yet affected its BEE farm, Siyaphambile, the SRCC would have to eventually employ full-time security and upgrade the farm's fence.

"We are not yet harvesting on Siyaphambile, but we have a security officer looking after the house and other buildings. Any farm's income would be affected by theft and it is therefore important that the farm be managed properly," said Nieuwenhuizen.

Lourens Schoeman, *Farmer's Weekly*, 22 April 2016

Ugly veg – bitter fruit of drought

It's no longer just rising food prices in grocery stores that are reminding shoppers about the impact of the drought.

Starting about a week ago, Pick n Pay began displaying signs that apologised for fruits and vegetables that they say fall below their normal quality standards.

The signs, put up in grocery stores nationwide said: "Sorry, some of our fruit and vegetables are not up to our usual standard. The severe drought is taking its toll. However, to keep supporting our farmers and to provide you with the option to decide, we will continue to stock these products."

David North, a strategy executive with the Pick n Pay Group, said in an e-mail that the grocery chain decided to display the signs to give customers a transparent choice about the appearance of the fruits and veg they purchase.

"In a small number of cases, suppliers have made available some fresh produce which, while perfectly good to eat, does not conform exactly to our specifications, for example on size or shape. We have highlighted these products to our customers, indicating that we are giving them an opportunity to support our farmers, reduce waste and buy perfectly nutritious local products," he said.

North stressed that the produce is not inferior or unsafe to eat in any way, but it simply doesn't have a generically cosmetic appearance.

For example, on the shelves of the Pick n Pay in Auckland Park, Johannesburg, some of the apples flaunted black speckles, a handful of potatoes looked half their regular size and a few tomatoes looked greyish.

The manager of the Auckland Park Pick n Pay, Trinity Shai, said that the apology signs had gone up last Tuesday.

"Before the signs went up, a few customers had complained about the size of the potatoes and such," he said.

Many Pick n Pay customers voiced their support of the policy.

"I think the signs are good because it means that the prices won't increase as much," said University of Johannesburg student Sbonga Ndlovu, as he picked up a lopsided lemon.

"Food is getting so much more expensive. I used to spend R500 a month, and now I spend about R1 000 for the same food."

Lerato Mahlaba, a Johannesburg resident who has been shopping at Pick n Pay for six years, agreed, saying, "Now we just need lower prices. So far, we've seen higher prices and not as nice a quality for our produce."

Pick n Pay did implement the policy to ensure that "any price increases are kept to a minimum" and to "support our farming community", according to North.

However, executive director of AgriSA, Omri van Zyl, said that he did not believe that the fruit and veg sector of the agricultural industry had seen a significant enough decrease in production to warrant selling produce that fall below standards.

"From our farmers' perspective, we haven't seen a dramatic lapse of quality as far as production is concerned and have not yet seen a drastic drop in the veg production," he said.

Still, he offered that the consumer standards are often different from general standards for food. "We cannot compromise quality for availability, but clearly if there's not enough vegetables around, you've got to make do with what you can get."

Executives from other grocery outlets, Woolworths and Spar, could not be reached for comment on their fruit and vegetable supply.

Daily News, 6 April 2016

Potato farmers feel the pinch

Sandveld potato producers' earnings remain under pressure, despite potato prices reaching record highs this year. Jan van Zyl, chairperson of the Sandveld Potato Producers' Association, spoke to Glenneis Kriel about the region's future in potato production.

- *Potato farmers countrywide struggled with low margins due to a record high harvest last year. With prices as low as R28/10kg pocket, many producers were making a loss of R2/ pocket. How did the oversupply affect Sandveld producers?*

It had an even greater impact on us. Our soils are poor and sandy, so more fertiliser and water are required to produce the same volume of potatoes as elsewhere. Producers in this region who misjudged the market last year lost more than R6/ pocket. Some farmers also suffered severe loss due to frost damage in June.

- *What caused the oversupply?*

The country as a whole produced a record harvest due to favourable weather. Production in the interior is usually affected negatively by frost towards the end of the production season, but there wasn't any frost in these regions last year.

- *Could better market information and communication have prevented the situation?*

No. Potatoes SA does a good job gathering production and market information, and communicating this to farmers to help them with production decisions. The details include the quantities of specific cultivars planted per hectare, and the markets these are destined for. All this is communicated through various platforms and at regional meetings.

- *Have the higher prices, which hit over R60/a pocket in January, helped Sandveld producers get back on their feet?*

It'll take time for farmers to recuperate, as their production margins have been under pressure for quite a few years. Also, while prices in some markets have reached those heights, we in the Sandveld haven't really experienced them. Prices usually depend on whether there's supply in the market. Whereas production is seasonal in other regions, we supply the market almost year-round. So when prices hit R60 in January, they were still about R12 lower here. Producers are also struggling with rising input costs.

- *How much has input costs increased?*

Input costs have increased by 10% to 15% each year for the past five years. Potato production has become highly mechanised due to labour costs increasing by more than 50% over the past three years. But farming equipment has to be imported, and this has become very expensive, with the rand deteriorating by more than 40% against the currencies of our main supply countries over the past year. The price of equipment increased by 21% between November last year and February this year. The price of fertiliser and plant protection has also gone up by 20% to 26%.

Then there's the escalation in electricity prices. Farmers, on average, pay about R120 000/ month for electricity, depending on the area under production. Electricity costs about R6 700/ ha, and our total production cost is about R150 000/ ha. When you include marketing, packaging, and all other costs, production costs amount to R177 000/ ha. There are regions with an even higher cost per hectare, but they produce higher yield per hectare to offset the higher cost.

- *Would switching to solar energy assist farmers in reducing costs?*

That would be very expensive. It would cost about R1,5 million to buy a solar pump with the capacity to irrigate 18ha under one centre- pivot. In addition, solar pumps work only during the day, and most farmers have to irrigate for more than 12 hours a day. Farmers prefer to irrigate at the night, as they lose 2mm to 3mm of water through evaporation during the day.

- *How can farmers further reduce costs?*

Most farmers have already cut costs to the bone. We're using variable speed pumps, and highly effective sprinklers. Workers are sent on training courses to ensure they're efficient in their jobs. Farms have become bigger to create economies of scale. There were 224 farmers here 20 years ago, and only 84 are left. Those who remain are highly efficient.

The area planted to potatoes in South Africa declined from 71 600ha in 1989 to about 51 000ha in 2014, but increased to about 54 000ha in 2015. Over the same period, the area under potatoes in the Sandveld increased from 5 400ha to about 7 000ha. Average national output has increased from 27t/ ha to 45t/ha due to better cultivars and improved production management. This has helped producers in the Sandveld to remain sustainable.

- *Do you think the municipal markets were to blame for last year's low prices?*

No. The markets are doing a great job in moving supplies, especially into the informal market. Of all the potatoes that land up at the Cape Town market, about 67% is sold in the informal market. The market might be able to do a better job if agents could be somehow motivated to become more active, however. It isn't easy for agents to compete with large retailers, and there are also some very good agents with the ability to think out of the box. On the other hand, some simply move the produce given to them; they don't actively source produce during times of shortage, or look for new markets when there's an oversupply.

Perhaps the way in which agents are remunerated should be changed, because they make money regardless of whether suppliers are making a profit or not. When there's a shortage, they make more commission because of higher prices. When there's an abundance, they still profit, as lower prices are negated by higher volume.

- *Is the Sandveld mostly dependent on the municipal markets?*

Municipal markets are important to us, but we're well-diversified. Of the 35 million pockets of potatoes produced here, about 10 million go to the markets in the Western Cape. There's a good demand for our potatoes on the Johannesburg and Pretoria markets, because these regions are associated with good quality. Only niche potatoes are sent there, however, because of the high cost of transportation – they're on the road for 18 to 25 hours. In addition to the high cost of fuel and labour, there are risks associated with such transportation.

About 5,5 million to six million pockets are exported to the rest of Africa. Currently, the low oil price is affecting sales in Angola. And we sometimes have problems with Namibia closing its borders during its potato-growing season in June/July, so we can't transport our exports through Namibia during that time. Many of our seed potatoes are exported to Mozambique, Namibia, Angola, Zambia and Botswana. A great number of our potatoes are also sold via Shoprite Checkers outlets in Africa. We sent about two million pockets to the Middle East last year, but this region gets most of its potatoes from Europe, so I don't know whether this market has much potential to grow. About a third of our potatoes are sold in the processing market.

- *Apparently, Simba moved 400t of potatoes into the feed market to dispose of supplies. Is there a problem in the processed market?*

If there is, I don't think it's Simba's fault, as they have grown very well over the past five years. With the oversupply, Simba basically helped farmers move volumes out of the market. The company was even willing to pay the difference between feed and processing prices.

- *Do you believe that the Sandveld has a future in potato production, with such small margins?*

These things are cyclical. The Sandveld, with its sandy soils and warm climate, produces a very high-quality potato. We're also the only region that can supply the market with potatoes throughout the year. I predict that the Sandveld will become a major potato- and vegetable-producing region over the next five to 10 years.

A niche export opportunity ripe for picking

The herbal tea market is escalating worldwide, and SA's indigenous rooibos and honeybush teas are increasingly prized, not only in the traditional European market, but also in new markets in the US, Canada and China.

The current demand is primarily for export. Annual honeybush production has increased from 200 tonnes in 2011 to more than 300 tonnes today, at a price of about R58–R76 per export kilogram. Demand considerably outstrips the supply.

"Honeybush tea, like rooibos tea, is regarded as the healthy alternative, because they are both caffeine-free and high in antioxidants," says ecologist Shirley Pierce Cowling.

"Honeybush, which is a naturally sweet tea, has additional appeal, because of the growing global awareness of the dangers of excess sugar consumption.

"There is also evidence that it may be effective in the treatment of diabetes."

She led a one-year research project funded by the WWF Nedbank Green Trust on honeybush harvest and cultivation in the Eastern Cape that she completed last year.

"A key problem is that cultivation only accounts for 30% of production today, while 70% of honeybush production is still largely collected in the wild," Pierce Cowling says.

Of the 23 honeybush or *Cyclopia* species that occur across the fynbos region of the Eastern and Western Cape, six species are of commercial interest.

The most heavily wild-harvested honeybush species is bergtee or mountain tea (*Cyclopia intermedia*). Its distribution extends from the eastern Kouga Mountains in the Eastern Cape into the Western Cape along the Langeberg and inland mountains.

Given the rising demand, there is a need for rigorous monitoring, regulation, and enforcement of the wild harvesting of honeybush to ensure wild stocks are not depleted.

"A model of sustainable wild-harvesting and production is a farm called Melmont in the eastern Kouga Mountains, owned by the Nortje family," says Pierce Cowling. "They have been harvesting and processing honeybush for three generations. Their pure, organic bergtee is considered among the best by honeybush connoisseurs, and they supply overseas markets."

Another popular commercial honeybush species is *Cyclopia subternata*, commonly known as vleitee or marsh/wetland tea. Its natural distribution spans the Langkloof and Tsitsikamma areas, and it is more favoured for cultivation due to its faster growth.

Pierce Cowling's project included co-ordinating training courses in the propagation of vleitee for previously disadvantaged people and communal landowners.

A third commercial species, *Cyclopia genistoides*, or kustee, is cultivated in the Overberg region of the Western Cape.

To meet the rising demand and, simultaneously, to reduce pressures on wild populations of the plant, scientists at the Agricultural Research Council (ARC) who have researched the honeybush, are supporting its cultivation.

Considering that 2.5-8tonnes of cultivated honeybush can be harvested per hectare of land, it has considerable potential for commercial as well as communal farmers.

"There is a slow but growing increase in honeybush-cultivation on disused, old lands by farmers in the Langkloof and Elands River valley of the Eastern Cape," Pierce Cowling says.

Assisted by geographer Gillian McGregor, who is doing her PhD on honeybush at Rhodes University, they used geographic information systems to estimate that there are more than 8,000ha of old land that would be suitable for growing honeybush.

A cultivated stretch of communal land known as Guava Juice, which falls under the Fingo people's Tsitsikamma Development Trust, is the site of a vleitee project near Kareedouw.

Marlise Joubert, of the ARC's Infruitec-Nietvoorbij Research Institute in Stellenbosch, has guided the community in establishing a plantation of vleitee.

Last year, only 18 months after planting about a quarter of a hectare, the community harvested its first crop of 650kg of honeybush. They are now working on increased production.

Researchers at ARC Infruitec-Nietvoorbij, led by Cecilia Bester, are working on improving the genetic material of *Cyclopia subternata* and *Cyclopia genistoides*, with the aim of increasing yields. They are also evaluating the quality of the improved plant material.

"In the first instance, it is important to confirm that the aroma and flavour of the tea, produced from the improved plant material, remain on par or are even superior to original plants," explains the ARC Infruitec-Nietvoorbij's Lizette Joubert.

"Secondly, we want to retain the high levels of the bioactive compounds in the plants, which are responsible for their health properties," she says.

Her research includes optimising processing conditions to maximise the sought after aroma and flavour of honeybush tea.

Pierce Cowling says there are five processing plants in the Eastern Cape that require permits and are subject to several compliance audits.

'The department of economic development, environmental affairs and tourism in the Eastern Cape is working towards this, and they have classified the two major commercial species — bergtee and vleitee — as protected species.

"Another of my priority recommendations is that the South African National Biodiversity Institute initiates a programme of collecting seeds and samples of *Cyclopia* species from across their range, and storing them in the Millennium Seed Bank," she says.

"Furthermore, it would be helpful if exporters were made to distinguish between rooibos tea, honeybush tea, and other teas, because at the moment, they are all listed under 'tea', which is far too generic in a market that needs to be monitored."

Heather Dugmore, *Business Day*, 7 April 2016

McDonald's under pressure to commit to cruelty-free eggs

A petition against the eggs used in McDonalds meals in SA has been signed by 16,756 supporters so far.

Yolanda Guse of Cape Town started the campaign on change.org, demanding that McDonalds "stop the suffering of hens and commit to cage-free eggs".

Beauty without Cruelty SA, United Front 4 Animals (UFA), Southern African Faith Communities' Environment Institute (SAFCEI) and Compassion in World Farming are supporting the campaign.

"Battery cage farms are a living hell for the innocent hens who lay eggs for McDonald's SA," Ms Guse said.

"A battery cage is a wire box, the size of an A4 (piece of) paper, where hens spend their lives laying egg after egg for human consumption. They will most (likely) never see the sunlight or take a breath of fresh air. Extensive research shows that (battery-bred) hens are frustrated and suffer psychological stress. They also suffer from physical harm, including bone weakness and breakage, feather loss and diseases. To make matters even worse, standard factory-farm practices are inflicted upon them — slicing off parts of their beaks without painkillers and manipulating their laying cycles by starving them."

Supporters of the campaign who signed the petition endorsed the attitude that humane standards should be applied to food production.

Elodi Jansen from Bloemfontein said: "Cruelty to animals for human consumption is simply inhumane and selfish."

"I'm signing this petition to stop a brand that inflicts such cruelty upon our animals just to maximise company profits," Jenny Ruiters from Johannesburg said.

In September 2015, McDonald's publicly committed to phasing out battery cages from their supply chain in Canada and the US, albeit over 10 years.

McDonalds SA could not immediately be reached for comment. On its website, it answered a range of questions about other issues with the tagline, "We've heard just about every rumour out there and so have you. So, we're taking you behind the scenes to see exactly where your McDonald's comes from and how it's made."

A statement shared by the animal rights groups attributed to the company states: "McDonald's SA takes note of the moves made by their USA and Canadian counterparts, and though we are exploring the viability of expanding McDonald's cage-free policy to SA, we cannot, at this stage, make a similar commitment as the one made by McDonald's USA and McDonald's Canada."

Ms Guse said the company and the farmers it sourced its eggs from should commit to changing their methods of production.

"Intensive confinement is a horrid reality that our farm animals face on a daily basis — 95% of all egg-laying hens in SA are kept in battery cages.... Please ... let McDonald's know that the humane treatment of egg-laying hens is important to South Africans, and that McDonald's should adopt a cage-free policy for its supply chain within SA.

"Get McDonald's egg-laying hens out of cruel battery-cages, so we can enjoy Egg McMuffins guilt-free."

Business Day, 26 April 2016

McDonald's SA looks at viability of not caging egg-producing hens

McDonald's SA said it is currently exploring the viability of expanding McDonald's cage-free policy to South Africa, and that it aims to complete its investigation within a year.

The company was responding to a petition against the eggs used in McDonald's meals, signed by over 16,000 supporters.

Yolanda Guse of Cape Town started the campaign on change.org, demanding that McDonald's SA "stop the suffering of hens and commit to cage-free eggs".

Beauty without Cruelty SA, United Front 4 Animals, Southern African Faith Communities' Environment Institute, and Compassion in World Farming are supporting the campaign.

"Battery cage farms are a living hell for the innocent hens who lay eggs for McDonald's SA," Guse said.

In September 2015, McDonald's publicly committed to phasing out battery cages from their supply chain in Canada and the United States – albeit over 10 years.

In its response, McDonald's SA said it had taken note of the moves made by its US and Canadian counterparts to fully transition to cage-free eggs for all restaurants over the next 10 years.

"We are currently exploring the viability of expanding McDonald's cage-free policy to South Africa and we will complete our investigation within a year," McDonald's SA said in a statement.

Business Day, 26 April 2016

Wal-Mart will switch to all cage-free eggs by 2025

Wal-Mart Stores Inc., the world's largest retail chain, will sell 100 percent cage-free eggs in the U.S. by 2025, joining an industrywide shift toward a practice that's seen as more humane.

As part of the transition, Wal-Mart and its Sam's Club warehouse chain will require that its egg suppliers adopt United Egg Producers rules or an equivalent set of standards, the retailer said in a statement Tuesday. Compliance will be checked annually by a third party.

Wal-Mart sells more groceries than anyone else in the U.S., and its decisions typically sway the rest of the industry. The Bentonville, Arkansas-based company has offered cage-free eggs since 2001, though not exclusively.

Other companies, meanwhile, have set various timelines for making the switch. That includes consumer-food sellers and restaurant chains such as Taco Bell and Burger King. The idea is to give chickens more room to move around, improving the animals' welfare.

The challenge for Wal-Mart is transitioning to cage-free eggs while keeping a lid on prices, something the chain said it can do with the 2025 deadline.

"Our customers and associates count on Wal-Mart and Sam's Club to deliver on affordability and quality, while at the same time offering transparency into how their food is grown and raised," Kathleen McLaughlin, the retailer's chief sustainability officer, said in the statement.

Nick Turner, *Bloomberg*, 5 April 2016

Drought set to milk dairy farmers

The devastating drought that has ripped through the country's agricultural provinces and emaciated livestock has hit milk production with reports now emerging that South Africa may face serious shortages in the second part of the year.

First National Bank senior agricultural economist Paul Makube said yesterday that the shortages would lead to a rise in the milk price by at least 60 cents a litre from next month.

Makube said the price increase would hike operating costs for the entire milk value chain, leaving retailers with no choice but to increase the price that consumers paid for milk and dairy products.

He said the cost would be passed on to consumers, leaving the already-stretched South African consumer with a steep hike in food prices.

"The challenge we are currently facing is that most dairy farmers are still recovering from the impact of the drought and will not be able to produce enough milk in the short term," Makube said.

"Consequently, some dairy processors are already paying commercial farmers 60c more per litre on average for milk to ensure consistent supply in winter. Poor pasture conditions due to the drought and the sharply higher grain prices have squeezed margins at farm level and the increase should help improve the situation."

Milk and general dairy products are key ingredients in the daily food basket of many South Africans, particularly the poorest of the poor.

Since last year, the price of maize, which is also used for cattle feed, has escalated rapidly and left South Africa needing to import in order to augment its available stock.

Grain SA said the March contract for white maize cost up to R4 781 a ton, while the same contract for the yellow variety climbed to R3 677 a ton at the beginning of this year.

The group said the prices for white maize, the staple crop that provides much of the caloric intake for lower-income households, more than doubled while those for yellow maize, used for animal feed, rose roughly 70 percent last year.

The government's crop estimates committee also said it expected a harvest of just more than 7 million tons, 29 percent less than last year.

Milk producer Clover said yesterday that it had managed to keep the milk price in check by implementing prudent actions.

"Clover sources most of its milk from the coastal regions, which have not been as severely affected by the drought in the country.

“The company’s unique milk procurement system also allows Clover’s producers to better plan production as they have visibility of off-take.

“Currently Clover does not expect a shortage of raw milk during winter.

“To mitigate any eventualities, the company has built sufficient inventory of products to see it through winter into the coming spring, when the high-flow season of raw milk commences,” Jacques van Heerden, the executive for legal, secretarial and human resources at Clover, said.

The severe drought, which has mainly hit KwaZulu-Natal, Free State, North West and parts of other provinces, has resulted in low availability of various feed components and this has, in turn, led to very high feed prices, which are still escalating and affecting raw milk production.

“Clover continues to monitor the situation closely and will implement prudent actions as the circumstances in different regions dictate,” Van Heerden said.

Makube said the price of milk was determined by demand and supply from the market.

He warned that since dairy farmers were price takers and did not set the prices, the determination lay with milk processors who often increased the price paid to dairy farmers to guarantee supply as they also catered for the domestic and export markets.

However, recent rains across the country in the past few weeks are expected to go a long way to improving grazing conditions in the short term.

A report compiled by the Department of Agriculture, Fisheries and Forestry last year said the local dairy industry was important to the job market with more than 4 000 milk producers employing about 60 000 farmworkers and providing 40 000 people with indirect jobs within the value chain, such as in the milk processing and milling industry.

The chief economist at the Milk Producers’ Organisation, Koos Coetzee, said although the country faced a lower output of milk, it would not necessarily lead to a shortage of milk.

Coetzee said the drought had decreased production and had caused high feed prices and low roughage availability.

He said production was 4.5 percent lower than what it had been the year before.

Sandile Mchunu, *Business Report*, 6 April 2016

Farmers slammed for not paying new minimum wage

Unions have condemned farm and forestry employers who are not complying with the latest minimum wage for workers.

As another fuel price increase looms, they say farmworkers will be one of the groups hardest hit.

In February the Department of Labour announced that from March the daily wage for a farmworker who works nine hours a day will be R128.26, up from R120.32.

The hourly rate of R13.37 will increase to R14.25, the weekly rate of R601.61 will increase to R641.32 and the monthly rate of R2 606.78 will increase to R2 778.83.

Labour Minister Mildred Oliphant recently said she was aware that “most” farm and forestry employers were not complying with the increase in the sector and cautioned against disingenuous practices, as it “flies in the face of the drought relief funding that government provides to them”.

“Most of these employers are reportedly paying workers far less than the current stipulated minimum wages in this sector.

“The reasons advanced by these employers are attributed mainly to the drought currently experienced by farmers. One of the undertakings made by farmers in receiving drought relief assistance from government is that they will retain workers during these drought conditions,” Oliphant said.

The provincial Economic Opportunities Department last week threw drought-ravaged farmers in the province a R23 million lifeline. Economic Opportunities MEC Alan Winde said a R1.2 billion loss to the wine and fruit industries was estimated.

Women on Farms Project director Colette Solomon said from reports they had received from women working on farms in De Doorns, Paarl, Wellington, Stellenbosch and Rawsonville, many farmers were not adhering to the new minimum wage.

The project works to strengthen the role of women who live and work on farms, through socio-economic rights-based and gender education, advocacy and lobbying.

Rural Agricultural and Allied Workers Union chief negotiator Nosey Pieterse called for farmers to be severely penalised if they were identified as intentionally not paying farmworkers the correct amount.

"It is disgusting to know that even though farmers are getting relief from government that they are not paying workers the minimum, at least.

"The minimum wage is already so low and farmworkers can hardly do anything with the money. If they do not get paid more and the price of fuel increases, they are going to be hit, and hard," Pieterse said.

Food and Allied Workers' Union general secretary Katishi Masemola said farmworkers' wages would be eroded even faster with the new fuel increases.

"We are happy that the minister has publicly condemned farmers for doing this, because when we do so we are accused of politicking and raising emotions," Masemola said.

Francesca Villette, *Cape Times*, 4 April 2016

Fund is established to support emerging fruit farmers

Emerging fruit farmers in the Western Cape can look forward to better times, following the establishment of a multi-million rand fund aimed at supporting smallholder farmers to reach commercial status.

The R120m fund is a partnership between the Western Cape Department of Agriculture, National Treasury and the deciduous fruit industry.

Agriculture is a key sector in the Western Cape, which produces half of SA's agricultural exports.

Western Cape Economic Opportunities MEC Alan Winde on Thursday said 20 black deciduous fruit farmers in the province and four in the Eastern Cape would benefit from the grant which was secured through an application to the Jobs Fund. The money will be allocated over a four-year period and in total 24 farmers will benefit.

"The. In the Western Cape, we have the goal of ensuring a 70% success rate of the land reform projects we invest in and this is why we are supporting this project," said Mr Winde.

Farmers were selected based on the potential for commercialisation and job creation, and support for emerging farmers was a key priority in the Western Cape, the MEC said.

"Through this initiative, farmers will receive technical, management and financial support. In the Western Cape, through additional projects, we are investing R259m in the development of emerging farmers in this financial year. Over the next three years, we will support 4,195 new farmers to grow their agri-businesses."

Deciduous Fruit Development Chamber chairperson Pitso Sekhoto said the support offered to the fruit farmers will create 504 new permanent jobs and will ultimately allow space for new entrants to the sector.

He said he was confident that beneficiaries of the fund will be able to graduate into the mainstream commercial sector.

"This will not only increase the production footprint and ensure increased market access of our black farmers in the deciduous fruit industry, but will also enhance their participation in the off-farm value chain of the sector."

Mr Winde said improving market access was another objective of the initiative to support emerging fruit farmers.

Last week Indonesia granted recognition of SA's food-safety control system thus enabling local producers to export 15 types of fruit and nuts, including apples, grapes, oranges and plums, to the Asian country.

According to data from the provincial government, the Western Cape makes up the bulk of SA's total fruit exports. In 2014, the province produced 93% of nectarine exports, 78% of peach exports and 96% of plum exports.

Access to Indonesia, southeast Asia's largest economy, is expected to increase job opportunities in the fruit-export sector.

Mr Winde said the agreement means that the province will be able to export fruit directly through the Jakarta port for the first time. In 2014, the total fruit exports to Indonesia were valued at R120m.

"Jakarta is the main market destination within Indonesia where these fruits are sold. The new agreement will reduce the costs to enter this market and the industry suggests that importers from Indonesia are eager to buy more South African fruits."

He added that there had been strong growth in the market for South African fruit even with the more restrictive access conditions in the past. Apples and pears are currently the main exported fruits, followed by citrus and grapes.

Bekezela Phakathi, *Business Day*, 21 April 2016

Emerging citrus growers get boost with nonprofit entity

SA's R10bn citrus industry has set up a nonprofit entity for emerging growers, through which it will bolster dwindling production and help new players enter the lucrative export market.

Last month, Agriculture, Forestry and Fisheries Minister Senzeni Zokwana endorsed the Growers Development Company, which will be headed by MD Lukhanyo Nkombisa.

Citrus Growers Association CEO Justin Chadwick said on Thursday that the organisation would contribute R14m to the newly formed entity.

But the entity, the transformation arm of the Citrus Growers Association, is entering an industry that has been beset by persistent outbreaks of citrus black spot over the past two years, with the latest hitting organic lemon growers.

Deon Joubert, a European Union (EU) envoy at the Citrus Growers Association, estimates that organic lemon growers will suffer R50m in losses after they voluntarily suspended exports to the EU, citing the risk of citrus black spot.

They have done this to protect the rest of the market.

SA accounts for about 40% of the EU's citrus imports. In total, the country exports about 650,000 tonnes of citrus to the EU a year.

The EU lifted its ban on SA citrus imports in January 2014.

It is against this backdrop that the Growers Development Company will have to assist emerging citrus growers enter the export market, which was previously dominated by commercial farmers.

There are 118 black citrus growers, who farm on 7,000 hectares of land, with the majority operating in Limpopo and the Eastern Cape.

Mr Zokwana said: "The involvement of black people in the fruit industry in the past was mainly confined to that of being a farm worker or a street vendor.

"The creation of this company will hopefully turn the situation around and increase meaningful participation of historically disadvantaged groups in this sector."

But he also highlighted a series of challenges that could bedevil emerging growers, among which were a skills shortage in fruit production, orchard management, mistrust and miscommunication among exporters, and access to revolving credit facilities.

"The Growers Development Company will assist in addressing these, and other factors that contributed to dwindling citrus production," Mr Chadwick said.

Mr Nkombisa said the company's main aim was to tackle transformation issues and production-infrastructure challenges.

Nompumelelo Magwaza, *Business Day*, 8 April 2016

AB Inbev commits R1bn to localisation fund for farmers and other suppliers

Economic Development Minister Ebrahim Patel on Thursday disclosed additional conditions he has imposed on the merger of Anheuser-Busch InBev (AB InBev) and SABMiller.

In his budget vote speech in the National Assembly, Mr Patel announced that AB InBev had committed R1bn to the localisation efforts for farmers and other suppliers of inputs, in what he said "was the largest financial commitment yet by a company in merger proceedings".

Of this amount, R610m would be used to support the development of 800 new, emerging farmers and 20 commercial farmers to produce more local barley, hops, maize and malt. The aim is to create at least 2,600 new jobs in agriculture.

"The company is looking to turn SA from a net importer of hops from other countries, to a net exporter of hops and value-added malt," Mr Patel said.

AB InBev has agreed not to retrench any worker involuntarily as a result of the merger, now or at any point in the future.

"In addition to this commitment, the company also agreed to maintain their workforce in the beer and cider divisions — roughly 5,900 permanent employees — at current levels for the next five years," the minister said.

Other terms of the agreement dealt with economic empowerment, keeping their African headquarters in Johannesburg, access for small brewers to fridges and cooler space, and promoting alcohol-free and low-alcohol products in the SA market.

"An Implementation Board will monitor the progress with the R1bn commitment, with equal representation from the company and government.

This is the most comprehensive agreement of its type yet that has been placed before the competition authorities for consideration," said Mr Patel.

He also said the authorities were still in dispute with Coca-Cola and its partner, SABMiller, on the combination of three existing soft-drink bottlers.

The government was concerned about substantial job losses that may result from the transaction over the next few years as well as the practices of Coca-Cola that close the market to smaller soft-drink producers by refusing access to fridge or cooler space to rival brands.

Linda Ensor, *Business Day*, 21 April 2016

On a bus, South Africans claim back land taken under apartheid

South Africans whose land was confiscated under racist laws in the apartheid era have lodged more than 27 000 legal claims at "mobile land claims offices" housed in buses and four-wheel-drive trucks, a land rights commission said.

Six specially adapted vehicles have traveled between remote rural communities since April 2015, reaching more than 100 000 households, according to the Commission on the Restitution of Land Rights, which operates them.

They are part of an initiative to contact victims of racially motivated land dispossession and help them claim back their land.

Under the previous Union and apartheid white-minority governments, segregationist laws severely restricted the right of black South Africans to own land and forced millions onto reservations.

Alfred Msibi, 97, and Maria Sibisi, 79, from northeastern Mpumalanga province, told commission officials they hoped the use of mobile offices would speed up access to compensation for their historical claims.

“We have had no peace since the day we were dispossessed of our ancestral land,” a commission statement quoted them as saying.

The Restitution of Land Rights Bill, aimed at restoring land to those who had it taken from them during the apartheid era, was among the first laws passed by the country’s first democratic government in November 1994.

But many people failed to claim their land in the initial period from 1995 to 1998, and President Jacob Zuma re-opened their right to make claims when he signed the Restitution of Land Rights Amendment Act on June 30, 2014.

Nomfundo Ntloko-Gobodo, chief land claims commissioner, said the decision was made to re-open claims because many families had not been aware that they qualified for the process, the commission statement said.

It quoted her as saying she was confident the mobile offices would enable farmers to reclaim their land by the 2019 deadline.

The vehicles contain electronic equipment to register claims on site, and have toured sparsely populated areas of northeastern Limpopo province and towns in desert regions of Northern Cape province.

The initiative aimed to contact rural people who could not reach the 14 fixed-location offices, which are mostly in urban centres.

Staff are registering claims for South Africans who were dispossessed of land after June 19 1913 – when the notorious “Natives Land Act” came into force. The act prevented black South Africans from owning land outside designated reservations which amounted to just 7% of agricultural land, though black South Africans formed 67% of the population.

Under the Act and subsequent legislation, more than 3 million people were forcibly relocated to black townships and “Bantustan” homelands.

Land remains a highly emotive issue in South Africa, where 300 years of colonial rule and white-minority government left the vast majority of farmland in the hands of a tiny, mainly white, minority. The 1996 constitution places a duty on the government to ensure equitable land distribution and address the consequences of the 1913 act.

In 1996, two years after the end of apartheid, 90% of all agricultural land was owned or leased by just 60 000 white commercial farmers, according to government figures.

The National Development Plan set a target of transferring 20% of agricultural land to black South Africans by 2030. Between 1994 and 2014, the state handed 7.5 million hectares to black farmers, 46% of this target, according to official figures.

Matthew Ponsford, *Thomson Reuters Foundation*, 28 April 2016

GWK opens world-class plant

One of the most modern and technologically-advanced new food production facilities on the African continent was launched by GWK at Modderivier on Thursday (07/04).

The initiative affirmed GWK’s confidence in the future of the South African agricultural sector through the launch of this new GWK Farm Foods factory.

An amount of R400 million was invested to complete development of the new GWK Farm Foods wheat mill, pasta plant and biscuit bakery by the farmer-owned South African agribusiness.

Of the R400 million, a total of R60 million was invested in expanding the silo capacity at the plant to service the new facility, which boasts the latest and most advanced milling, pasta and biscuit manufacturing technology imported from Italy and Switzerland.

Wheat flour, pasta and biscuits, under the new Nature's Farms brand in addition to GWK's already established maize meal products, will initially be produced by GWK Farm Foods, who is a subsidiary of GWK.

The product names and packaging designs showcase GWK's origin on the farm, and the new product offering is a clear response to consumers' growing interest in knowing where their food comes from. The company has already signed up with retail stores like Pick n Pay and Spar for their products to hit the shelves.

Pieter Spies, GWK's managing director, explained during the launch that thorough understanding of the category for pasta had been required and what needed to be done from a product development point of view, had been ensured.

"For biscuits we made absolutely sure that we have the right flavours, cutting-edge innovation and the best taste profiles.

"For our wheat flour, understanding the results required for the baker was pivotal in all our planning. "We will continue to innovate our maize meal to ensure that we stay ahead in the category," added Spies.

Other food products from GWK farms will also be brought to the market under the new Nature's Farms brand as consumer demand dictates – or where the GWK team identifies opportunities to enter more categories with new products.

Spies said GWK was very selective in its route to market for the new product line.

"Alignment with the correct partners up to and onto the shelf is absolutely crucial. Our brands are premium products with authentic origin, therefore top-end retail is key.

"As part of GWK's business strategy, implementing the best technology to produce Nature's Farm products and honouring the farmer produce was crucial in the planning phase.

"This has allowed us to take ownership of the value chain, implement product diversification and produce premium goods while keeping cost as low as possible."

Tom Meintjes, general manager of grain products at GWK, also revealed that the new facility had been commissioned at full capacity, two and a half years after construction had started.

"The project was completed on time and within a deviation of less than 2% of original cost projections.

"More than 400 temporary employment opportunities were created during construction with 88 contractors and 48 subcontractors involved at different times.

"More than 100 permanent jobs have also been created at the new plant," he said.

The new agri-processing plant boasts a capacity of 25 tons per hour for wheat flour, 1,3 tons per hour for biscuits and 1 ton per hour for pasta.

The wheat used at the plant is sourced from irrigation farms that produce premium grains and are known for their high quality in the GWK production area.

The new GWK Farm Foods plant creates a close-to-source market for wheat produced in the area and directly impacts positive economic development for affiliated industries including, amongst others, distribution and service trades.

The unveiling of the new plant and product line comes shortly after GWK announced record financial results for the 2015 financial year, which include a more than 50% year-on-year increase in profit.

Boipelo Mere, *Northern Cape Express*, 13 April 2016

Sum-of-the-parts ("SOTP") value and recurring headline earnings

Zeder, an investment holding company, continues to use SOTP value and the recurring headline earnings per share benchmarks to provide management and investors with a realistic and transparent way of evaluating Zeder's performance.

Zeder's SOTP value is calculated using the quoted market prices for all JSE-listed investments, and market-related valuations for unlisted investments.

Zeder's recurring headline earnings is the sum of its effective interest in that of each of its underlying investments. The result is that investments in which Zeder holds less than 20% and are generally not equity accountable in terms of accounting standards, are included in the calculation of consolidated recurring headline earnings. One-off items are excluded from recurring headline earnings.

- *Trading statement*

In terms of the Listings Requirements of the JSE Limited, a listed company is required to publish a trading statement as soon as it becomes reasonably certain that the financial results for the next period to be reported on will show a 20% or more difference from those of the previous corresponding period.

Zeder hereby advises that a reasonable degree of certainty exists that:

1. Its SOTP value per share as at 29 February 2016 was R8.03, being 12.5% lower than the R9.18 reported as at 28 February 2015;
2. Its SOTP value per share as at 31 March 2016 was R8.37;
3. For the year ended 29 February 2016:
 - - Recurring headline earnings from investments per share will be between 53.5 cents and 54.5 cents, or between 16.1% and 18.2% higher than the 46.1 cents reported for the year ended 28 February 2015;
 - Recurring headline earnings per share will be between 41.9 cents and 42.9 cents, or between 18.7% and 21.5% higher than the 35.3 cents reported for the year ended 28 February 2015; Headline earnings per share will be between 36 cents and 37 cents, or between 63.6% and 68.2% higher than the 22 cents reported for the year ended 28 February 2015; and
 - Attributable earnings per share will be between 52 cents and 53 cents, or between 152.4% and 157.3% higher than the 20.6 cents reported for the year ended 28 February 2015.
 - The increase in recurring headline earnings per share was due to improved earnings contributions from the majority of Zeder's underlying investments.

Zeder's headline earnings per share increased as a result of the aforesaid and no performance fee being payable in respect of the year under review.

Attributable earnings per share increased by a higher percentage than headline earnings per share mainly due to a dilution gain made by Capespan following Golden Wing Mau's, an associate, merger with Joyvio. Both Golden Wing Mau and Joyvio are leading players in China's fresh fruit business.

This financial information has not been reviewed or reported on by the auditor of Zeder. The audited results for the year ended 29 February 2016 will be published on or about 11 April 2016.

- *Change to the board of directors*

In accordance with paragraph 3.59(a) of the Listings Requirements of the JSE Limited, shareholders are hereby advised that Prof Mohammad Karaan has been appointed as an independent non-executive director of Zeder with immediate effect.

Prof Karaan joined the Development Bank of Southern Africa as an economist and later returned to Stellenbosch to join the Rural Foundation as Head of Research. In 1997, he joined the University of Stellenbosch as a lecturer in Agricultural Economics. In October 2008, he became Dean of the Faculty of Agri Sciences at Stellenbosch University. He is a member of the National Planning Commission and holds various directorships in the agribusiness sector, including Pioneer Food Group Limited.

The board welcomes the appointment of Prof Karaan and looks forward to his contribution.

Zeder, *Moneyweb*, 6 April 2016

Banking & Capital Markets

PIC takes a stand on audit independence

The Public Investment Corporation (PIC), the largest investor on the JSE, is questioning the independence of Pick n Pay Stores director Hugh Herman.

Mr Herman has been on the Pick n Pay Stores board for 39 years and the PIC believes this raises questions about his independence and ability to serve on the audit committee.

The Companies Act and the JSE require audit committee members to be independent.

The PIC, which holds 7.56% of Pick n Pay Stores, also says Mr Herman should not be the lead independent director because of his prolonged tenure.

At Pick n Pay Holdings, Rene de Wet has been on the board for 34 years and is still considered independent and appropriate to chair the audit committee.

Other long-serving directors claiming to be independent and singled out by the PIC in its recently released proxy voting report include Len Konar, who continues to be regarded as an independent director after 20 years at Illovo Sugar and is on the audit committee. AA Raath, who has been on the Mediclinic board for 19 years, was re-appointed to the company's audit and risk committee last year.

At The Foschini Group, SE Abrahams was appointed to the audit committee although he has been on the board for 17 years.

At the annual general meetings of each of these companies, the PIC voted against the appointment to the audit committees of the named directors.

There is no hard-and-fast link between board tenure and independence. However, anything after nine to 10 years is generally regarded as giving rise to concerns about independence.

The King 3 code of corporate governance talks about nine years, while the draft King 4 is nonprescriptive, but urges companies to review the situation annually. In the European Union, the cut-off is about 10 years. Remuneration policies that provide inadequate disclosure and are too generous also raised the ire of the PIC.

The fees paid to Illovo Sugar's departing chairman were described as "excessive" by the PIC, which hopes the incoming chairman's fees will be lower, in line with the proposal.

Two resolutions at Accelerate Property Fund were opposed by the PIC. The remuneration policy was deemed inconsistent with best practice as there were no key performance indicators, targets or weightings. And the fees paid to chairman Tito Mboweni were considered too excessive to warrant approval.

The 100% increase in bonuses paid to the CEO and executives at Pick n Pay was considered unacceptable in light of the company's performance.

The remuneration policies of Advtech, Investec, Lewis, Vukile Property Fund, Telkom and Foschini all warranted a negative vote from the PIC. At Steinhoff's shareholder meeting called to approve the transfer of its primary listing to Frankfurt, the PIC, which holds 11.38%, voted against the move offshore.

Ann Crotty, *Business Day*, 7 April 2016

Treasury concerned over slow spending in govt programmes

South Africa's National Treasury expressed concern on Tuesday over the slow spending of some government departments.

According to Dondo Magonje, an acting director general at the Treasury, there were a number of reasons for the under-spending, and that saving money was one of them.

Red flags were raised over underspending and slow spending on these programmes:

- The Department of Justice and Constitutional Development underspent by an amount of R380.7m mainly due to delays in filling vacant posts and outstanding payments for merit awards and notch adjustments. There were also postponements in criminal justice system modernisation projects caused by interruptions to procurement processes;
- The National Treasury Jobs Fund spent its money slowly mainly due to project delays, extension of implementation periods, and less-than favourable economic conditions;
- Slow spending on transfer of funds for disaster relief because of the slow verification of costs and delays in requesting disbursements;
- The school infrastructure backlog grant was slow because of delays in submitting invoices by the implementing agents;
- Persistent low spending on the Maths, Science and Technology grant in five of nine provinces since its inception. The grant is supposed to help improve school results.
- Only 285 589 patients out of a target of 425 000 are registered for chronic medication because of storage and pick up point issues in the health department;
- Only R29.5m out of an allocated R150m was spent on male condoms mainly because of local supply problems after the health department started ordering fragranced condoms when users complained that they did not like the previous type handed out at clinics.
- The Health Department spent 53% of the budget allocated to non-profit organisations for HIV/Aids because new non-profit organisations were still being appointed.
- There are 9 413 vacancies in the SA Police Service partially because they are trying to save money to cover last year's salary increase;
- The Independent Investigative Directorate has 51 vacancies, partially because of delays in vetting;
- Money meant for some substance abuse centres is not being spent because invoices and other paperwork is outstanding.

The biggest transfers up to the end of the third quarter were:

- R9.7bn to the SA National Roads Agency;
- R7bn to the SA Revenue Service;
- R6.4bn to the National Student Financial Aids Scheme for student loans and bursaries as per an agreement during the #FeesMustfall protests last year; and
- R4.9bn to the SA Social Security Agency for the administration of social assistance.

Jenni Evans, *News24*, 12 April 2016

Motsepe's ambitious financial firm is born

Billionaire businessman Patrice Motsepe took a step closer on thursday to implementing his ambitious plan for a world-class, black-owned financial services giant with the official launch of African Rainbow Capital (ARC).

The company, which will focus on financial services and private equity investments, has a R10bn commitment from Ubuntu-Botho Investments, insurer Sanlam's empowerment partner.

Ubuntu-Botho's empowerment deal matured in 2013, and shareholders, which include women's groupings and unions, were encouraged to reinvest the R17bn in value created. Ubuntu-Botho is majority-owned by Mr Motsepe's family trust.

"ARC is 100%-owned by Ubuntu-Botho and reflects the diversification (from insurance to other financial services products)," said Mr Motsepe after the launch.

"What we are building is a world-class financial services giant."

The venture, jointly headed by former Sanlam CEO Johan van Zyl and former Sanlam Investments CEO Johan van der Merwe, seeks to build interests in banking, insurance, distribution, asset management, property, private equity and healthcare administration and management.

It has already — jointly with Sanlam — invested R200m in insurance broker Indwe Broker Holdings; and backed JSE-listed special purpose acquisition firm Capital Appreciation. Other investments include PayProp, an online rental property manager; and Metrofibre, which provides fibre-to-the-home broadband solutions.

Mr van der Merwe said ARC would house the nonfinancial services investments in its private equity fund, which was in the process of being set up.

Mr Motsepe said ARC was already partnering with black businesspeople, such as Matome Maponya Investments, to find opportunities to invest in.

One of them is former Polokwane mayor Freddy Greaver, who said at the event that he had identified about three opportunities "that we are really pushing for at the moment". Two of them were in SA and one abroad.

"Freddy (Mr Greaver) will bring the opportunities, and we will assess," said Mr van der Merwe. "If we decide to invest (we will) pay him a finder's fee.

"We want to invest in really good businesses that will do well for our shareholders. We do not want to miss anything."

Barclays Africa CEO Maria Ramos also attended the event. She said she was there to support her "old boss" Mr van Zyl, who sat on Absa's board before it was bought by British bank Barclays and renamed Barclays Africa.

Barclays is now selling down its 62.3% stake in the bank. Last week *Bloomberg* said a consortium of investors — led by the Public Investment Corporation — would meet with Barclays to discuss buying 10% of its shares.

Asked if there were a possibility of Mr van Zyl being back on the board perhaps as a Barclays Africa stakeholder, Ms Ramos referred further questions to him.

But Mr van der Merwe said ARC was not currently part of the consortium. "We are looking at what the possibilities are, but currently we are not part of the consortium."

He said if the deal was done in a certain way — such as Barclays selling some of the assets or splitting the retail bank and the investment bank — ARC could consider investing in the bank. ARC's mandate was not to become a controlling shareholder, but an "influential" one, holding about 25% of a company's shares, he said.

Reflecting its Sanlam roots, ARC has Mr Motsepe — a Sanlam deputy chairman — as chairman, while former Sanlam finance chief Machiel Reyneke joins Mr Van Zyl and Mr van der Merwe on the executive. Rejoice Simelane, a Sanlam director and CEO of Ubuntu-Botho, sits on the board. African Rainbow Minerals director Andrew Matube and Tom Boardman round out the rest of the board.

Moyagabo Maake, *Business Day*, 15 April 2016

Distressed debtors can restore credit agreement if they meet conditions

The Socio Economic Rights Institute (Seri) on Thursday welcomed a Constitutional Court judgment that has thrown a lifeline to distressed credit consumers.

The court held that consumers who fell into arrears with their loan repayments could reinstate their credit agreement by bringing their accounts up to date, even after a bank had obtained judgment for the full amount they had borrowed.

The court passed judgment in the case of Nomsa Nkata, a businesswoman who fell into arrears with her mortgage bond with First Rand Bank.

After Ms Nkata missed some payments on her bond, the bank sued her and obtained a judgment for the full value of her debt and an order allowing it to sell her house.

Before the bank sold her house, Ms Nkata brought her account up to date, but she did not pay any default charges or the bank's enforcement costs. The bank then sold her house.

The section in dispute, 129(3) of the National Credit Act, allows a credit consumer who has fallen into arrears to reinstate his or her credit agreement without paying back the full debt.

The consumer need only pay the amount of his or her arrears, default charges and the reasonable costs of enforcing the loan agreement.

This must be done before any judgment obtained on the court has been executed, whether by the sale of a consumer's property, or otherwise.

The Constitutional Court had to decide whether Ms Nkata, by paying all her arrears, "reinstated" her agreement within the meaning of section 129(3) of the Act.

If she had, the sale of her house was illegal.

The majority of the court's judges ruled in her favour. They found that Ms Nkata's loan agreement had been reinstated when she brought her account up to date. The court also set aside the sale of her home.

Writing for the majority, Deputy Chief Justice Dikgang Moseneke said the purpose of section 129(3) was to encourage consumers to pay their overdue debts, default charges and legal costs.

Consumers in good standing were rewarded with reinstatement of the credit agreement and the return of their attached property, Justice Moseneke said.

Seri, which was admitted as a friend of the court, said the Constitutional Court upheld the importance of fair dealing between very powerful banks and distressed consumers of credit.

The minority judgment, by Justice Edwin Cameron, found that Ms Nkata had not reinstated the credit agreement.

Justice Cameron said that by paying her arrears but not the bank's legal costs, Ms Nkata had failed to pay all of the amounts required by section 129(3) for reinstatement.

Ernest Mabuza, *Business Day*, 21 April 2016



18 Papegaa Street, Stellenbosch, 7600
PO Box 12309, Die Boord, Stellenbosch, 7613
021 886 7030
