WINE

SA wine exports reach record level

Wine exports from South Africa reached their highest ever levels in 2013. According to a statement released by Wines of South Africa (WOSA), export volumes increased to 525,7 million litres in 2013, up 26% from 2012. Industry experts said that some of the market share had been gained because of a significantly reduced wine grape crop in major European wine-producing countries Italy, France and Spain. It was also encouraging, they added, to see growth in the UK and German export markets.

Sales to the UK, South Africa's biggest wine export destination, made up slightly more than a fifth of total volumes exported last year, with volumes rising by 21% to 111.2 million litres. Exports to Germany increased by 24% to 96.3 million litres, while exports to Russia were up 18% to 37.3 million litres.

The newly appointed CEO of WOSA, Siobhan Thompson, said that the dramatic rise in exports could be attributed to the country's bumper harvest in 2013. This had enabled South Africa to fill the gap created by the poor European harvest, and to penetrate new markets. Thompson said the substantial growth in Russian sales had also been partly the result of the European harvest shortfall, where yields in some cases were at their lowest in 40 years. Growth in high-potential markets such as the USA was good for long-term growth, she said. Exports to the USA, the world's biggest wine market, increased by 35%, buoyed by improved distribution and ongoing positive media exposure.

—Denise Ensmies


Fiona MacPherson

SOYA BEANS

Expectations of a bumper soya crop lead to lower prices

The price of local soya bean-based food products and animal feed may decline due to bumper soya bean crops in Brazil and Argentina, according to the United States Department of Agriculture (USDA).

De Wet Boshoff, executive director of the Animal Feed Manufacturers' Association (AFMA), said that although international prices were under downward pressure, it did not necessarily mean that feed prices would also come down.

He pointed out that there were more variables involved in feed production than raw input costs and the exchange rate.

"You should also remember that the inclusion rate of certain raw materials varies between types of feed," he said. "For instance, broiler feed consists of 55% to 60% maize and 25% to 30% soya. The feed ratio of cattle would be very different to this."

Boshoff said that maize prices were currently higher than normal, due to tight supply and high demand. Prices were further fuelled by droughts and dry conditions in North West and the north-west Free State.

"There’s also uncertainty around numerous farmers’ ability to finance a maize crop this year due to the difficulties they faced in the two previous seasons,” added Boshoff.

Meanwhile, the International Trade Administration Commission (I-tac) recently indicated that it was investigating the possible revision of the current import duty structure on oilcakes, which currently hold a 6% ad valorem duty, according to the January edition of Afma Matrix.

The previous soya oilcake review started on 16 March 2011. At the time, I-tac noted that there was a shortage of soya oilcake in the Southern African Customs Union (SACU) and that this was the most important protein source for feed manufacture in South Africa.

I-tac found that a reduction of the import tariff on soya oilcake would have an adverse effect on the competitive position of the oilseed production sector (farming) as well as the crushing side of the sector (oilcake producers). As a reduction in the duty would lower their already moderate duty structure, I-tac recommended in March 2012 that the 6.6% import duty remain in place for another three years in order for the local industry to prepare for heightened competition from the rest of the world.

According to SARS statistics, the import duty paid on imports since March 2012 amounted to R202 million, which further added to the industry’s costs.

AFMA has already made it clear that it would be in favour of the removal of import duties on soya beans and soya oilcake.

AFMA members utilised 814,604t of the 1,092,390t available in the feed manufacture market during 2012/2013. Of this, 67% (728,150t) was imported. — Susan Botes