**BIO-FUEL**

**R1,7 billion bio-ethanol plant in FS**

Construction of the first licensed bio-ethanol project in South Africa is set to start in June 2012. The timeline for the construction of the 1,7 billion plant in Bothaville in the Free State is 24 months. The plant will use sorghum as feedstock, according to Phil Bouwer, executive director of Mabele Fuels which will construct the plant.

“We will need about 400 000t of sorghum to meet a 2% blending rate. The plant will have the capacity to produce 153 million litres of fuel-grade bio-ethanol per year,” Bouwer said.

“All indications are that government will announce the compulsory inclusion of at least 2% bio-ethanol in fuel before the end of May 2012,” Bouwer told the Grain SA sorghum working group at a recent Grain SA congress.

He added that the global trend towards renewable energy sources, together with the sophistication of the production technology and opening of potential markets, make the conversion of agricultural feedstock crops to ethanol an attractive opportunity.

“We plan on contracting producers to produce sorghum at a pre-determined price. Mabele also has a strong focus on sourcing sorghum from developing farmers and contributing to the development of emerging sorghum producers,” he said. Louis Claassen, chairperson of Grain SA’s sorghum working group, said this is good news given the fact that fewer and fewer producers are planting sorghum.

“Sorghum risks are much higher than that of maize, for instance. Sorghum is prone to a host of diseases such as bollworm, leaf spot and rust. Quelea infestation is a serious threat. But I believe the increased hectares will help to alleviate the quelea problem, giving the birds a wider range to feed from.”

His advice to Mabele Fuels is to set a competitive sorghum price timely – the price must make it worth the while for producers to plant sorghum.

Hannes Haasbroek, a grain producer from Bothaville, said agro-processing, such as bio-ethanol production, will ensure the long-term sustainability and profitability of grain production in South Africa.

“The bio-fuel industry creates the opportunity for producers who have cut sorghum production down dramatically because of dwindling profitability, to re-enter the industry. This also creates an enormous new market for emerging farmers.”

— Annelie Coleman

**WOOL**

**5% drop in SA wool production**

Rift Valley fever (RVF) had a much bigger impact on the South African wool industry than initially anticipated. National Wool Growers Association (NWGA) chairperson Harry Prinsloo said it is too early to quantify the extent of the damage, but the disease did play a marked role in the 4.6% decrease in wool production in the last season. “The NWGA has appointed a task team to determine the damage caused by RVF. We expect the report at the end of March,” he said recently.

SA wool production dropped from 46.1 million kilograms in 2010/11 to 44.2 million kilograms in 2011/12. This is according to Cape Wool’s statistics. Prinsloo explained that the biggest decline in wool production occurred in the more extensive areas such as the Free State and Northern Cape. He said the industry in Mpumalanga has come to a standstill because of theft and the unchecked expansion of the mining industry. Virtually no wool is produced in KZN anymore because of land reform initiatives.

Prinsloo said predation from black-backed jackal, caracal and feral dogs to a lesser degree posed a serious threat to wool production.

“Stock theft plays a big role in the drop in production. The State Veterinary Services must also get protocols in place in order to adhere to the World Organisation for Animal Health’s regulations. We still encounter export problems because of our perceived foot-and-mouth disease status.”

The growing demand for natural fibres resulted in wool price increases and stability in the industry. "Local wool prices remain constant despite the stronger rand. Commodity prices usually fall when the rand gets stronger, but not in our case. This illustrates the strength of the market.”

James de Jager, wool manager at CMW, said that this season’s average fleece weight went down by 3% because of the drought in the extensive production regions.

"Despite the lighter fleece I am not overly concerned about the drop in production in the short term. Although RVF did have an impact, we still have shorn virtually the same number of sheep as the previous season.”

— James de Jager