

The challenges that lie ahead

Exports of agricultural products from South Africa grew by 7% last year to reach a record level of \$10,6 billion (±R150 billion), with fruit and wine making a major contribution. Africa and Europe remain the most significant export destinations.

Reduced grain production is predicted for this year due to non-optimal rainfall. Summer grain hectares planted have fallen from 3,85 million hectares in 2017/18 to an estimated 3,58 million hectares in 2018/19. Groundnuts have been particularly hard hit, with a cut of 66% in hectares planted. This will reduce the groundnut crop to its lowest in the past decade, and roughly 55 000 tons of imports will be required to satisfy demand. Yields for summer crops this year are predicted to be lower across the board.

Soya bean meal is unfortunately still a contributor to South African agricultural imports with an estimated 465 398 tons, worth R2,6 billion, imported during 2018. Some of the primary contributors to agricultural imports are rice, wheat and palm oil.

Growth in the South African soya bean industry is steadily reducing annual import requirements for soya bean meal (51% reduction during the past seven years) and should continue its contribution to reducing agricultural imports, which were \$3,9 billion (±R55 billion) last year.

Difficulties and opportunities

The economic prospects remain gloomy, particularly considering the burden the debt of state-owned enterprises has placed on the economy. Eskom's dismal failure at a time when the problem was considered manageable and under control will also have grave repercussions on the growth of the economy. Only time will tell how long we are to suffer from the negative impact of this setback.

Agriculture is an important part of the economy and will need to play a major role in forging the country's progress. The focus on production for export, with the support of an enabling business environment, is reason for optimism. Uncertainty regarding land ownership will, however, continue to dampen optimism and confidence and must be resolved without delay.

The prolonged drought in certain areas of the country in 2018/19, which caused low yields and crop failure, is putting major strain on the financial viability of several farming operations, and future survival in these areas will be tough.

We trust that we will face up to this year's many challenges and emerge victorious.

Dr Erhard Briedenhann

Send us your contributions and suggestions to make *Oilseeds Focus* an enjoyable and valuable publication for the oilseeds industry. Contact Dr Briedenhann at erhardb@netactive.co.za for more information.

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