

AGRICULTURE - MAIZE

1987

JAN - ~~AUG~~^{DEC}EMBER

A HARRIS
 Port from New York

N and JOHANNESBURG
 Port of FEBRUARY 1987

WYNDHAM
 Port from London

PE TOWN
 Port - Tuesday 3 February

ELIZABETH
 Port - Friday 4 February

URBAN
 Port - Friday 6 February

JOHANNESBURG
 Port - Monday 9 February

See the experts please contact
 at the addresses below.



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D858793

30 last year blames the drought for the
 ing natural grazing to deteriorate, with
 the result that woolled-sheep numbers
 fell from 26,1-million in 1982 to 21,3-

account.

The stabilisation fund at the end of the
 year stood at R127,9m.

Big maize crop will reap losses.

A BIG maize crop will carry with it heavy export losses of up to R450m, agricultural authorities say.

With good rains, a crop of between 11-million and 12-million tons is possible.

If the price is determined on the sliding scale announced last year as a guideline for farmers, an 11-million to 12-million ton crop would realise between R150 and R160 a ton.

However, the final price determination will only be made in April. It is pointed out that an 11-million ton crop

6/1/87
GERALD REILLY (3/1/87)

would leave a surplus for export of about 5-million tons.

Based on current world market conditions and the rand/dollar exchange rate, export maize would fetch R163 a ton.

The Maize Board net realisation under these conditions would be about R65 a ton.

The difference between R65 a ton and the local price would be recovered from producer levies.

AIRLINE MOVEMENTS

Tuesday Air Schedule

Johannesburg to Cape Town

Dep	Arr	Flight
0100	0305	SA395
0100	0305	SA397
0710	1040	SA301
0730	0935	SA303
0930	1240	SA309
1145	1350	SA 311
1250	1455	SA343
1430	1635	SA325
1800	2005	SA333
1810	2140	SA331
2030	2235	SA335

Cape Town to Johannesburg

Dep	Arr	Flight
0700	1020	SA300
0800	0955	SA304
1130	1420	SA336
1230	1425	SA312
1430	1625	SA316
1600	1850	SA338
1725	2045	SA324
1800	1955	SA326
1930	2125	SA328
2345	0140	SA398

Johannesburg to Durban

Dep	Arr	Flight
0145	0245	SA595
0705	0805	SA501
0800	0900	SA505
1010	1110	SA529
1300	1400	SA513
1530	1630	SA517
1830	1930	SA521
2100	2200	SA523

Durban to Johannesburg

Dep	Arr	Flight
0700	0800	SA500
0850	0950	SA504
1000	1100	SA512
1155	1255	SA536
1600	1700	SA522
1735	1835	SA524
2040	2140	SA528
2225	2325	SA594

Johannesburg to Port Elizabeth

Dep	Arr	Flight
0500	0705	SA481
0700	0840	SA401
0905	1130	SA403
1215	1520	SA409
1540	1805	SA415
1735	1915	SA417
2330	0110	SA495

Port Elizabeth to Johannesburg

Dep	Arr	Flight
0140	0310	SA496
0750	1115	SA481
0800	0930	SA400
0900	1115	SA401
1150	1450	SA403
1540	1755	SA409
1825	1955	SA415

Johannesburg to George

Dep	Arr	Flight
0930	1120	SA309

George to Johannesburg

Dep	Arr	Flight
1705	1850	SA338

Johannesburg to East London

Dep	Arr	Flight
0500	0840	SA481

East London to Johannesburg

Dep	Arr	Flight
0700	0930	SA400
0925	1115	SA481
0955	1115	SA401
1050	1450	SA403

Johannesburg to New York

Dep	Arr	Flight
1930	0650	SA203

Johannesburg to Frankfurt

Dep	Arr	Flight
1800	1100	SA240

Johannesburg to London

Dep	Arr	Flight
1845	0700	BA054

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Air Bots

MAIZE PRICE CUT

Too little too late

The much-heralded 8,1% cut in the yellow maize price from January 1 will do next to nothing to stem the sharp fall in demand for maize on the local market. While the move must be welcomed, it is too small to have significant impact on consumption or on food commodity prices.

At best, further price increases could be held back in the short term, say industry spokesmen. While the first price cut since 1962 is seen as a move in the right direction, it amounts to little more than a gesture.

The hard truth is that the maize industry is in desperate straits. With a potential bumper crop in the ground, the vital local market is still shrinking and the export outlook gets gloomier by the day. And few farmers — accustomed to years of State support and unrealistic prices — have taken heed of warnings that a huge crop this year will be penalised by lower prices.

Big overhang

The massive world maize overhang will be increased by an expected US surplus of 143 Mt while the 210 Mt Russian crop is well above the projected 195 Mt. Closer to home, Zimbabwe will also have a 2,6 Mt exportable surplus.

The price of Chicago March futures has now dropped to \$1,57 a bushel from \$2,20 last February, notes Maize Board (MB) GM Hennie Davel. "Our surplus," he laments "will have to be exported at a loss into this weakening world market."

As a result the maize industry is now desperately looking to the local market to rescue it from its self-inflicted woes. But even here the chances are slim.

Local yellow maize consumption fell dramatically from the abnormally high 4,119 Mt in the 1984-1985 season to 1,846m t in 1985-1986. The outlook for the current season is even worse.

Davel tells the *FM* average yellow maize consumption has run at 2,2 Mt-2,4 Mt since the 1975-1976 season. "But we have been forced to scale down our original forecast for this season from 1,8 Mt to a mere 1,5 Mt after the 18% drop in sales in the first nine months of the year."

The widely hailed "price decrease" thus begins to look insignificant upon analysis. Last year's basic producer price increase to R266/t was boosted by a R5/t monthly hike to cover storage and distribution. The MB has now dropped the basic price by 5% to R253/t and it is freezing monthly increases for the January-April period.

Effectively, the new price will be R288,27/t until the end of April, when the new season's price will be set. But the frozen

price is still far above the going rate for substitutes like sorghum or barley.

As the *FM* has repeatedly warned over the last two years, substitutes are stealing a large share of the animal feed market from maize and the price cut is unlikely to change anything. Some 90% of yellow maize sold locally goes into animal feeds — and price determines market share.

Little effect

Traditionally, maize constitutes about 50% of animal feed content, and the price cut could have only a 4% effect on feed prices. In addition, many manufacturers already sit with stock bought at old prices and other feed components are also subject to inflation. "The earliest possible beneficial impact on feed prices would be in February," says Roger du Toit, secretary of the Association of Balanced Feed Manufacturers.

But he does say the lower price could increase local sales by 80 000 t to 100 000 t. This would reduce the MB's export losses, but it would not significantly reduce the problem.

SA Poultry Association general secretary Zac Coetzee says a more substantial price cut would be needed if maize is to compete with substitutes. And as the monthly escalation of maize prices could not always be recovered from consumers, producers might use the price cut to recoup losses. He does not expect lower egg or chicken prices.

Nor do major feedlotter see any impact on the current high price of red meat. Maize, they reckon, remains over-priced and, with better grazing in most parts of the country, there is also little hope of increased demand for maize feed.

GERALD REILLY

THE expected big maize crop could be a multi-million-rand disaster for hundreds of farmers, agricultural authorities say.

If they grow 11-million tons or more — and this is the forecast of the SA Agricultural Union — they could get as little as R140 a ton against a current price of R224.

The National Maize Producers' Organisation's economist Kit le

Big maize crop could ruin some farmers

⑤ MAIZE
RUSD41
21/1/87

Clus says it cost farmers about R500 a hectare to plant and grow maize — or about R190 a ton.

Agricultural authorities claim producers were given a timely warning last year that the price for the 1986-87 crop would be determined on a sliding scale — the bigger the production the lower the

price.
This was meant to persuade farmers to plant a smaller area to maize. It was made clear if more than 6-million tons needed for local consumption was produced the price would be adjusted progressively downwards.
So on an 11-million ton harvest

only the most efficient farmers on the most productive land will end the season with a profit.

The others will find themselves in a situation of negative income and escalating debt. Most will not recover production costs.

Authorities point out, too, that the problem is compounded by the

shrinking domestic sales of maize (this led to the Maize Board reducing the price of yellow maize recently); a strengthening rand (which will lower the rand value of exports); and the fierce competition between the US and European Community countries to sell maize on a saturated world market, and at tumbling prices.

2/11/87
3 MAIZE
DD

Maize farmers facing bumper disaster?

JOHANNESBURG —

The expected bumper maize crop could be a multi-million rand disaster for hundreds of farmers, according to agricultural authorities.

If farmers grow 11 million tons or more — and this is the forecast of the SA Agricultural Union — they could get as little as R140 per ton against a current price of R224.

The National Maize Producers Organisation's economist, Mr Kit le Clus, says it costs farmers about R500 a hectare to plant and grow maize, or about R190 a ton.

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So on an 11-million-ton harvest only the most efficient farmers, on the most productive land, will end the season with a profit. The others will find themselves in a situation of negative income and escalating debt. Most will not recover production costs.

Compounding the problem is the shrinking domestic sales of maize, a strengthening rand which will lower the rand value of exports and the fierce competition between the United States and the European Economic Community countries to sell maize on a saturated world market. — DDC

Maize price to go down

THE big 10-million ton maize harvest expected this year would mean a substantially lower price compared with last year, Maize Board GM Hennie Davel said yesterday.

It would be determined on a basis of the sliding scale announced last year which laid down the principle of the bigger the crop the lower the price. Other sources have estimated the country's export surplus this year at five million tons.

Davel told *Business Day* exports to world markets saturated with huge US and European Community

30/11/87
3/11/87
GERALD REILLY

surpluses would mean rock-bottom prices and enormous losses measured against current domestic maize prices.

The price for the 1986/87 crop would be determined sometime during April. Davel said local demand for white maize had fallen steeply in the past two years as consumers switched to bread, potatoes, and rice.

This year's consumption is expected to be the lowest in 15 years.

Backs to the wall for maize farmers

ST 8/2/87

(3) Maize

CHANCES of a recovery in South African agriculture are good in some sectors, but 50% of maize farmers face bankruptcy unless the Government comes to their rescue.

Agricultural economists say good rains have caused optimism in non-maize sectors, but spending sprees of the past are over. As a result industrial sectors that have been ailing along with farmers are unlikely to experience an upturn in sales this year.

The National Maize Producers Organisation (NAMPO) says that if no rescue operation is launched for maize farmers, the farm implement, chemical, fertiliser and transport industries will suffer.

Vetsak, the national farm supplier, has suffered huge losses in recent years and is being recapitalised with a R30-million injection by co-operatives. But several co-operatives cannot afford to make a contribution.

Injection

Tractor-makers are also suffering. They sold 25 000 tractors in 1981, but sales plummeted to less than 5 000 last year.

Wheat, sorghum, wool, cotton and cattle farmers could turn in good profits this year, but most of their income will go to liquidating debt. Wine, fruit,

By Udo Rypstra

oil-seed and nut farmers are also doing well. But they are also feeling the squeeze and have learned to rationalise their operations and make implements last longer.

Barclays Bank agricultural economist Frans Venter says: "Farmers have been frightened out of their wits and have disciplined themselves."

Mr Venter and farming consultant John Harrison say debt repayments will be only a fraction of what is owed by the nation's farmers. The national farm debt is nearly R12-billion.

Discipline

Mr Venter believes the debt may rise.

He and Mr Harrison say maize farmers will receive a low price because of the new market-related pricing system.

The case for the maize farmers — there are between 3 000 and 4 000 big producers — is put by Piet Gous, chief executive of Nampo.

A record 12-million ton maize crop is predicted, but Dr Gous believes it could fall to 9-million tons if mid-summer rains — now three weeks overdue — do not fall in the North-western Free State and Western Transvaal.

South Africans eat about 5,5-million tons of maize a year.

If maize farmers produce more than SA's needs — there is no profitable export market — they are penalised by lower prices. But to maintain their income, never mind keeping up with inflation and debt repayments at punitive interest rates they have to grow more mealies.

Penalised

Dr Gouws says input costs and debt repayments pose a bigger danger than drought — the third biggest problem facing the farmer. Maize farmers are fighting a losing battle.

"The big maize producers will survive, but the little men — about 50% of the total — will go to the wall unless something is done about inflation and the debt burden. Even subsidised interest rates can no longer save mealie farmers."

The collapse of maize farming would harm SA Transport Services, destabilise the platteland and damage the entire economy, he says.

The overhaul of the agricultural sector has been investigated by a Government committee and the State President is expected to publish its report soon.

A farming spokesman says: "I have been in the agriculture for a long time and seen reports being tabled since the 1920s without anything being done. Farmers are sick and tired of reports. They want to see action."

SA exporting maize
at 'considerable' loss

GERALD REILLY

SOUTH AFRICAN maize is still being exported at a "considerable" loss, said a Maize Board report tabled at the Agricultural Outlook Conference (Agricon) in Pretoria yesterday.

The international course grain market had virtually collapsed over the past two years, it said.

World supplies were at record levels and prices were at their lowest since 1972. The cost of financing, handling, storing and transportation of export maize was currently about R97 a ton.

The board would have to retain selling prices for domestic maize at realistic levels.

Sanctions would influence the board's overseas activities and more unconventional maize export methods might be necessary, the report said.

Setback to SA maize crop

JOHANNESBURG — The South African maize crop is not going to be as big as expected.

The general manager of the Maize Board, Mr Hennie Davel, said this could be attributed to the intense heat experienced recently in the most important maize producing areas.

Other factors which had been "significant" were hail damage in the eastern regions and uneven rainfall.

"The crop estimate by our co-operative agents, is now between 7,8 and 8 000 000 tons. This is not however, the official estimate by the Depart-

ment of Agriculture, which will be issued later in the season."

South Africa's internal consumption is about 5 000 000 tons a year, "so it will not be necessary to import maize this year".

"There should even be enough white maize for human consumption and mixing of white and yellow maize could be avoided."

Mr Davel said the co-operative agent's estimates were "as of February 13 and conditions are still fluid. More certainty will only be possible later in the season." — Sapa

③ MAIZE DD 19/2/87

Drought causes drastic drop in Eastern Cape maize production

3 Maize
Evelyn
24/2/87

By DAWN
BARKHUIZEN

MAIZE production in some regions of the Eastern Cape is down to 30% of the normal yield due to bad climatic conditions in the early part of the year.

Hardest hit are farmers in the Queenstown area, according to Mrs Sue Miskin, public relations officer for the Department of Agriculture and Water Supplies in Stutterheim.

Losses have been attri-

buted to low rainfall and a heatwave in late January and early February

In Cathcart, Stutterheim and Komga some maize producers face a crop loss of about 50%.

In the central district — which includes Albany, Grahamstown, Fort Beaufort and Alexandria — rainfall towards the middle of February had been too late to save crops, she said.

This also applied to the

PE, Uitenhage and Humansdorp area, where maize production figures were well down on those for a normal year, she said.

However, Mrs Miskin said, this was a seasonal drought area and the hot dry weather during the early part of the year was not unexpected.

The maize yield in the Eastern Cape, estimated at 48 000 tons, was negligible compared with that of the Highveld, which produced 7,1 million tons.

A departmental report on agricultural conditions in the Eastern Cape for January predicted a crop disaster at areas surrounding Elliot, Queenstown, Cradock, Cathcart, Grahamstown, Elandsrivier and Humansdorp unless rain fell in the first week of February.

Rainfall recorded in the latter part of the month was not in time to prevent crop failure, Mrs Miskin said.

Maize farmers 'have lost up to R540m'

③ Maize B/Day 24/2/77



MAIZE farmers have lost up to R540m due to the intense heat and lack of rain in the past three weeks, according to agricultural authorities. SA Agricultural Union (SAAU) sources estimate that up to three million tons of maize have been destroyed in Western Transvaal, north-western Free State and Eastern Transvaal.

GERALD REILLY

The cost of growing a hectare of maize is estimated at between R400 and R500 by the National Maize Producers Organisation (Nampo). Nampo's Giel van Zyl told *Business Day* that in early January, the crop promised to be one of the biggest on record. However, the return of drought conditions in mid-January caused enormous damage, and total losses of up to R540m were no exaggeration, he said. Agriculture Minister Greyling

Wentzel, his deputy Gert Kotze, and senior officials of his department yesterday visited the drought-devastated areas of the western sector of the maize belt, in what opposition politicians see as an extraordinary demonstration of pre-election concern.

In the party, too, was SAAU president Kobus Jooste. Sources said government was aware of the growing discontent among farmers because of the apparent indifference to their worsening financial plight.

They are unhappy, too, that government is keeping the recommendations of the economic advisory council on the rehabilitation of agriculture under wraps.

The report was submitted to government more than two months ago. Wentzel had discussions with members of the three big co-operatives, the North-Western Co-op at Lichtenburg, the Central Western Co-op at Klerksdorp, and the South-West Co-op at Leeudoringstad.

Maize farmers lose up to R540 million

3 maize

encl 25/2/87

Post Correspondent

JOHANNESBURG — Intense heat and lack of rain in the past three weeks have cost maize farmers up to R540 million, according to agricultural authorities.

SA Agricultural Union (SAAU) sources estimate as much as three million tons of maize were destroyed in the Western Transvaal, North Western Free State and Eastern Transvaal.

Costs of growing a hectare of maize is estimated by the National Maize Producers Organisation (Nampo) at between R400 and R500.

Nampo's Mr Giel van Zyl said that early in January

the crop promised to be one of the biggest on record.

However, the return of drought in mid-January caused enormous damage and total losses of up to R540 million were no exaggeration.

Earlier this week, in what opposition politicians see as an extraordinary demonstration of pre-election concern, Agricultural Minister Greyling Wentzel, his deputy, Mr Gert Kotze, and senior officials of his department visited the drought devastated areas of the western sector of the maize belt.

In the party, too, was the SAAU president, Mr Kobus Jooste.

Urgent aid needed by SA's maize farmers

GERALD REILLY

UP TO 60% of maize farmers will have to sell out at the end of the current season unless government mounts a costly rescue operation, according to authoritative estimates.

Earlier this week, Agricultural Minister Greyling Wentzel visited the drought-plagued Western Transvaal to see for himself the distress caused by five dry years. He promised government would urgently investigate the problem.

Farmers' massive debt is the bottom-line problem. Land Bank sources said farmers owed the bank R2,5bn at the end of last year.

Latest figures from the Department of Agriculture show that at the end of 1985 farmers, in addition to the Land Bank debt, owed commercial banks R3,3bn, co-ops R2,7bn, agricultural credit and land tenure R549,2m, private persons R792m, financial institutions R1,1bn, and others R240,5m.

With debt escalating at more than 12% this would place total debt at more than R12bn at the end of last year. By the end of this year, after further disastrous crop losses in some areas, it could approach R14bn.

Meanwhile, maize producers are expected to demand at Nampo's congress next month that government abandon the system whereby prices are related to the size of the crop.

Nampo economist Kit le Clus says there are 11 500 farmers delivering more than 50 tons a year to co-ops. In 1984, 121 farmers in this category were sequestrated. This increased by 63% in 1985 to 197, and last year by 72% to 339.

"What must be understood is that farmers cannot go on borrowing to pay their debts. Their financial troubles are escalating at an alarming rate."

Recent government aid — although welcome — boils down to a rescheduling of debt and does not tackle the major problem of over-production.

Farmers will have to be assisted substantially to stop planting marginal land and to diversify away from crop farming, Le Clus says.

(3) Mail 8/Day 2-7/2-87

Nampo to discuss prices

GERALD REILLY

PRETORIA — The pricing and marketing of maize will dominate the annual conference of the National Maize Producers Organisation which starts in Potchefstroom tomorrow.

This year's pricing will be according to the principle of the bigger the crop the lower the price. This is aimed at reducing land allocated to maize to minimise export losses, but has not succeeded, according to Nampo.

Producers have planted crops over the usual area of about 4-million hectares. Farmers can expect a price of about R211 a ton for white and R199 for

yellow on the projected 8-million ton crop.

The conference will recommend prices, and these will be discussed with the Maize Board on March 25.

The price has to be announced before the end of May.

Strong support is expected for the paid land diversionary system by which producers are paid to keep their lands fallow. According to Nampo this system has worked in the US.

9 Day 1936

③ Mar

(3) Meat DD
14/3/87

Criticism of meat angers butcher

Dispatch Reporter

EAST LONDON — The owner of a Bisho butchery which has been selling cheap imported mutton in Ciskei has reacted angrily to reports that the meat is not up to the standard of South African mutton.

Mr Andre Linde, who has been importing mutton from Australia and selling it at rock-bottom prices, said yesterday any butcher who claimed Australian mutton was inferior did not know what he was talking about.

He said the imported mutton was equivalent to prime B-grade mutton in South Africa.

Prime B fetched an auction price of R4,80 a kg this week, compared with a trade price of R2,65 a kg from Mr Linde.

Mr Linde said yesterday once existing stocks had been bought he would sell his most recent consignment of Australian mutton for less than R4 a kg. He said he could not give a firm figure before he knew how sales went today.

Late last year Mr Linde shocked the South African retail meat industry when he sold mutton for almost R2 a kg less than South African butchers.

Zimbabwe's desperate hope: late rains

3 (MAY) 23/3/87 STAFF

Zimbabweans are bracing themselves for the impact of a drought which has all the indications of a calamity.

Farmers are beginning to talk of this season as the worst for 15 years and that was the worst in recorded history.

The saving grace, however, is the fact that Zimbabwe has substantial stocks of surplus maize to the tune of 2 million tons in silos and grain stacks around the country.

April can still bring late rains. In the drought season of 1984, the third in succession, late rains in March and April produced a bonus which saved the day.

Fears of a food shortage then led to imports of 270 000 tons of maize, but as it turned out the heavier

In some areas, the maize crop has failed completely, making relief feeding schemes inevitable. Robin Drew of The Star's Africa News Service reports from Harare.

yield from the peasant farming areas meant Zimbabwe had produced enough to feed itself and the embarrassment of becoming another staple food-importing African country was averted.

Last week the first report of the crop forecasting committee said deliveries of maize to the Grain Marketing Board's depots this year were expected to total about 520 000 tons.

Of this total 305 000 tons were expected to come from the commercial farmers and the balance from communal areas and resettlement schemes.

It is estimated that the maize crop will be 930 000 tons. The difference between this figure and the deliveries to the grain depots is accounted for by the producers holding back the balance for their own consumption.

In some areas the crop has failed completely and relief feeding schemes will be inevitable.

In the eastern province of Manicaland, for example, the chairman of the drought relief committee said more than half the rural population would need help from the Government.

He said the erratic distribution of what rain had fallen had contributed to the failure of the crops which had wilted permanently in the long, hot dry spell this month.

In Manicaland more than 500 000 people will need drought relief food, according to officials.

In other drier parts of the country food is already being distributed, though relief organisers have run into problems because of lack of transport.

Grazing in the poorer rainfall ranching areas is deteriorating rapidly and farming sources said urgent steps should be taken now to encourage destocking and there would have to be a repeat of the massive exercise undertaken by the Cold Storage Commission to truck thousands of cattle to areas where grass was available.

Zimbabwe suffered three years of drought from 1982 and it has still not recovered completely from that crippling period.

This year the effect on the economy will be compounded by the severe shortage of foreign exchange for imports which is having serious repercussions on industry and commerce.

Business organisations have warned that thousands of workers could lose their jobs unless something urgent is done to increase import allocations.

Importers of sheet and plate steel, which Zimbabwe does not make, say a critical level is being reached. This material is needed in a wide range of locally manufactured products, including household goods, office equipment, machinery and parts.

② Maize B/Day
26/3/87

SA'S maize industry faced disaster unless government agreed to urgent and substantial aid for producers, National Maize Producers' Organisation (Nampo) GM Piet Gous said yesterday.

The Maize Board met in Pretoria yesterday to decide on a price recommendation for the

expected 7,5-million to 8-million ton crop. Gous said agriculture was at a crossroads. Unless swift action was taken, in a few years SA would be importing a substantial part of its basic food needs.

Gous said if the maize price was fixed according to the sliding scale announced last year, every second maize farmer would go out of business, since the price for an 8-million-ton crop would then be R210 for white and R200 for yellow maize.

The loss could be measured against the fact that an average production cost of a ton of maize was R250. About 2,5-million tons of this year's crop would be surplus and would have to be exported.

At current prices of \$70 a ton, farmers would realise about R50, after taking into account transport, insurance, storage and other costs. This would mean a loss of about R400m, which would have to be met by producers.

Gous said the US government and the EC countries had dumped millions of tons of maize on world markets and forced prices down to a level where no producer could survive.

"But these governments are subsidising producers heavily. The US subsidy to the agricultural industry this year amounts to \$25,3bn," he said.

Compared on a subsidy per hectare basis, the SA producers got a pittance.

Call for
more aid
for maize
farmers

GERALD REILLY

Report by Gerald Reilly, 216 Vermeulen Street, Pretoria.

● See Comment, Page 8

FM 11/91

3 MAIZE

kets, as it is mostly naturally dried," says Fourie.

The board pays the co-ops for the capacity allocated to maize storage, based on the historical "structural costs" (capital and interest). The agents are also paid for their costs of fumigating and handling the maize on behalf of the board.

All the silo costs are then pooled and form part of the board's marketing costs — which are paid by all the maize farmers on a pro rata basis, based on crop size. ■

Let's co-operate

■ Uniegraan's task is to liaise between co-ops and grain boards

The one-channel marketing scheme depends heavily on the 20-odd grain co-ops in the northern summer rainfall area to make their storage space available to the Maize Board for each year's crop.

Countrywide, 39 grain co-ops serve the needs of the four grain boards: the Maize Board, the Wheat Board, the Grain Sorghum Board and the Oilseeds Board.

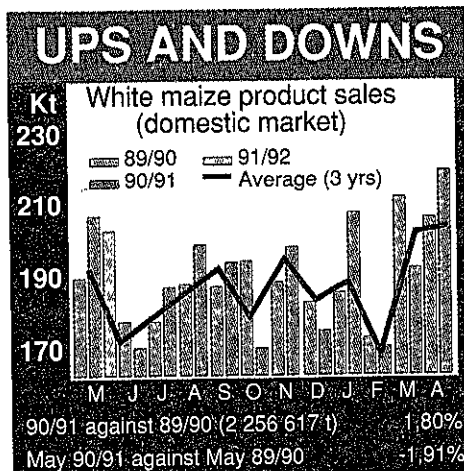
A central organisation, Uniegraan, representing all 39 grain co-ops, co-ordinates their relations with the four grain boards.

Uniegraan GM Piet Louw says: "Our 220 silos in the summer production area offer storage space for 14,5 Mt of grain. The Maize Board uses about 75% of the total storage space each year and is therefore liable for 75% of the silo capital costs.

"Even if the maize crop is only 6 Mt, the board must pay a fixed R15/t capital charge on the total available capacity."

Building costs for the 220-odd silos (from 1960-1985) was about R700m and current replacement costs would be a "conservative" R3bn, adds Louw.

Government has often been criticised by consumers and producers for allowing a silo overcapacity to be built, as producers have to pay the historical costs.



Suggestions have been made that government write off the historical costs or else credit users with the benefit of the outstanding capital balances on each individual silo.

But, as government financed and approved the building of all the silos and as all government loans have not been repaid, the counter-argument is that the principle of averaging or pooling of costs should apply.

But this is not for Uniegraan to decide, says Louw.

"The co-ops merely act as agents for their principals, the boards, and while we account per individual silo, the boards average the storage costs to their producer members.

"Government used to subsidise the cost margin between the producer and consumer prices of maize, which includes the storage and capital costs of the silos. It would be a good principle if government again accepted responsibility for the fixed silo costs of R15/t."

Chris Wentzel, GM of Noordwes Ko-op, Lichtenburg, says the co-ops are already effectively privatised, as they belong to their farmer members. But he doubts if any alternative to averaging out the capital costs would be fair and equitable.

"In eight out of the past 10 years in the western Transvaal, crop sizes were below normal. In the 1984-1985 season, farmers delivered only 76 000 t (or 3,8%) of the normal 2 Mt in the areas served by Sentraalwes, Suidwes and Noordwes co-ops," says Wentzel.

"With 39 bulk storage depots in these areas having a total storage space of 2,7 Mt, it is clear why costs have to be pooled." ■

Mighty maize meal

■ Maize meal in four categories is the major dry-milling product

The National Association of Maize Millers (Namm) represents the interests of SA's dry-milling houses. Its 64 members represent about 300 registered mills countrywide, says Namm executive secretary Roger du Toit.

Don't ask Du Toit about SA's milling capacity and other technical details on the industry — he says this is a "well-kept secret and nobody in the industry wants to divulge such information to their competitors."

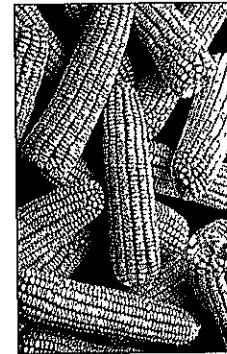
But he believes "it's fair to say that, as most millers only run on a one-shift basis, SA's total milling capacity is only about 25% utilised." Namm's 64 members mill about 90% of all white maize sold for human consumption in SA.

Four categories of maize meal are milled: super (fine); special sifted, mostly enriched with proteins and vitamins and comprising 75%-80% of the market; sifted; and unsifted.

Other products from the milling process include samp, maize grits and maize rice. Du Toit says about 787 kg of super-maize meal, samp or maize rice can be obtained from 1 t of maize milled.

While maize meal is the major product from the dry-milling process, the markets for samp, grits and maize rice are relatively small. By-products from the milling process, such as fine and coarse bran, are used in products like animal feeds and bran break-fast foods.

"Although only 13 kg/t of the maize milled is not used, SA's 300-odd maize millers work on a return of only 1,5% on capital invested," says Du Toit.



Maize ... energy food for the nation

"But, with a population growth of 2,3%-3% each year, it is quite possible that SA could run into shortfalls of white maize produced within the next three to five years — unless maize production is expanded." This could have a positive impact on market

growth and producer prices.

Premier Milling CE Willem de Kok says about 2,3 Mt of white maize was milled in SA in the 1990-1991 year. "This is a highly competitive market, with hundreds of mills competing against one another. Total replacement costs of all the mills in SA must be about R2bn, based on today's costs of about R60m for a 60 000 t/year mill," he says.

Premier operates nine maize mills throughout SA, or about 20% of the market capacity, says De Kok. Currently, there are no plans to expand, based on the 2,3% drop in total sales between 1986-1987 and 1990-1991.

Premier's own sales for the quarter to end-June 1991 were 1,8% down on the previous year, he adds.

Before the riots and looting in Zaire this September, Premier had a very good relationship with the central African country. "We were negotiating with the copper mining group, Gecamin, to manage its two mills in Zaire, while Premier International is also deeply involved in the country," says De Kok.

In neighbouring Zambia, Premier International currently manages five mills for National Milling.

The African potential is huge. Premier International CE Albert Nelissen speculates that SA could soon develop a market for 4 Mt of maize in Africa.

With Africa's population heading for the 1bn mark, food aid could open doors for SA exports in the future. ■

Continue →

Warning to maize traders

By Sue Leeman

SME 2/11/87
3 maize
The Chairman of the Maize Board, Mr Hennie de Jager, has hit out at maize producers and buyers who trade privately, warning that they could lose money and face prosecution.

Industry spokesmen said last month that a "mini-drought" in February had dashed hopes of a bumper harvest this year. It was now estimated South Africa would produce less maize than last year — about 7,814 million tons compared with last year's 7,923 million tons.

Sources also indicated that producer prices would be lower this year than last year.

Mr de Jager said rumours were now reaching the board "almost daily" that

members of the industry were choosing to operate outside the sales system.

He said the board, its agents and maize traders were "the only legal buyers of maize."

"All other sales, disposals or offers for maize are contraventions, and trespassers are liable for prosecution as well as the recovery of maize board levies and even the loss of the full value of the maize in question."

Mr de Jager said the maintenance of the present one-channel marketing system was "in the long-term interest of producers as well as consumers of maize producers. Buyers who obviate these marketing arrangements harm the larger number of law-abiding producers."

Illicit maize dealing is costing millions

Call Times 2/4/87

Own Correspondent

3 maize

JOHANNESBURG. — Black-market dealing by maize farmers is costing the Maize Board millions of rands in lost levies.

By selling direct to outsiders, farmers are being paid more than they get from the board, but less than the board charges its customers after including levies.

Maize Board officials say the dealing has been going on for some months and that they want to stamp it out before the new crop comes in in the next few weeks.

Strong measures

The board warned yesterday that it was ready to introduce strong measures to crush illicit dealing. It said inspectors would be called in to police the industry.

Board chairman Hennie de Jager said he knew illegal transactions had taken place or were being planned.

"Rumours are reaching the board almost daily about contraventions. Maize producers and buyers are seriously warned not to sell or buy illegally."

He said the Maize Board, its agents and maize traders were the only legal buyers in controlled areas — the main growing districts.

Offenders could be prosecuted, were liable to pay the levies and could even lose the full value of the maize in

question.

"Maintenance of the one-channel marketing system is in the long-term interest of producers as well as consumers," he said. "Producers and buyers who obviate these marketing arrangements harm the larger number of law-abiding producers who have to carry the cost and export losses of the industry."

The orderliness and stability of maize marketing would also be upset.

"This can have serious consequences for the industry with regard to quality and continuity of supply.

Existing legislation

"I would like to point out that if problems are experienced due to transactions of this nature, the producer will not be able to revert to existing legislation."

Financial loss could be suffered as producers would not be entitled to possible supplementary payments at the end of a marketing season.

"The Maize Board is aware of contracts which are being concluded to obviate the one-channel prohibition.

"Although the legality of these contracts has not yet been tested in a court, such transactions are contrary to the spirit of the one-channel marketing scheme."

He appealed to farmers and buyers to refrain from actions that could jeopardize their position.

Maize quality crisis as farmers shun fertiliser

③ maize

S/Times (Sun Times) 30/6/91

FARMLANDS are in a "critical" condition because the cash squeeze has forced farmers to neglect the soil.

Crops are showing signs of serious deficiencies because farmers cannot afford fertiliser.

The Maize Board does not grade crops on protein content. As a result, cash-strapped farmers have in the past few years cut back on plant nutrients. The result is that plant growth has been inhibited and maize grades have declined.

John Skeen, managing director of AECI's Kynoch Fertilizer, says the phosphate reserve in most growing areas "is critically low and deficiency symptoms have increased".

The phosphate fertiliser is retained in the soil as a reserve to prompt plant growth. Since 1986, phosphate fertiliser levels have decreased sharply, resulting in a net exploitation of soil phosphorous reserves.

Cattle

Some fertiliser sources say the condition of maize in SA is among the lowest in the world. Phosphate basically provides quality in crops.

Summer crops showed severe nitrogen deficiencies in large areas in the past season and this is reflected in a low protein content of maize. Nitrogen tends to leach out of the soil quickly. Sales of potassium, which assists water retention, have remained steady since about 1982.

Peter Cownie, deputy general manager of the Maize Board, concedes that protein levels are declining.

"We are investigating this because a high protein level is needed for maize used as cattle feed."

Under the six standard grading conditions — defects to kernels, colour and foreign material — SA's grain is among the best in the world because it is dried naturally, has less moisture and is,

By DON ROBERTSON

therefore, subject to fewer infections and fungal attacks, says Mr Cownie.

Manufacturers say farmers' shortage of cash is the main reason for the cutback in fertiliser purchases.

One says: "Farmers used to buy the correct mix of fertiliser for each hectare. But with a shortage of cash, they now allocate a rand value to each hectare. That often means they do not buy the correct fertiliser mix."

"They tend to buy the cheapest fertiliser mix possible without consideration for the soil's requirements."

A spokesman for Sasol Fertilizer says that because of farmers' poor financial position, buyers have moved away from the more expensive products with a high phosphate content to cheaper products. They contain less phosphate and more nitrogen.

"This is, however, not a long-term solution because crop yields will diminish once the phosphate content has been reduced below critical levels."

Sales of fertiliser in 1982 totalled 2,9-million tons, falling to 2,2-million in 1986 and 1,9-million last year — a decline of 33,5% in 10 years.

In 1982, the nitrogen in the fertiliser mix was 462 000 tons and phosphate 210 000. This represented a nitrogen-to-phosphate ratio of 2,2 to one. In 1990, this ratio fell sharply to 344 000 tons of nitrogen to 107 000 of fertiliser — a ratio of 3,2 to one.

Mothballs

In 1986, the ratio was 2,6 to one and has since declined, leaving most soils short of phosphate.

The unit price of phosphate is sharply higher than that for nitrogen and potassium. It has risen much quicker than the producer price index (PPI) in the past 10 years.

This, say fertiliser sources, is because of higher processing costs and a rise in the cost of raw materials, including sulphur which is used to produce sulphuric acid. In the past 10 years, the price index of fertiliser has risen at a slower rate than the PPI.

Phosphate rock, mined by Foskor at Phalaborwa, has risen in price by only 5% from R87,47 a ton fob Phalaborwa in 1987 to R93 at present. The price of the rock represents only 5,8% of a nitrogen-phosphate-potassium mix, or 20% of a single or double super phosphate.

Because of declining fertiliser sales, the three main producers — Kynoch, Omnia and Sasol — have been forced to rationalise operations, retrench staff and put plant in mothballs.

Since 1985, the workforce in the industry has declined from 11 000 to 8 000 — 27,2%. Discounts, which were as high as 30% in 1986, have dried up and early delivery rebates (EDRs) have largely been replaced by consignment deliveries.

This involves manufacturers delivering to co-operatives ahead of the season in an effort to keep plant operational.

27/4/87

NEWS

Maize farmers warned against secret deals

South African maize farmers who negotiate secret deals to sell their crops could disrupt the entire industry, the chairman of the Maize Board, Mr Hennie de Jager, warned this week.

Both he and Dr Piet Gouws, general manager of the National Maize Producers' Organisation (Nampo), said farmers entering contracts to sell their crops direct to big buyers could make enormous profits for themselves, but would leave the maize industry "at the mercy" of big business.

"There are no more than five big buyers of maize in this country," Dr Gouws said. "If a handful decide to sell directly to them at prices to suit themselves, most of the 30 000 maize producers would be hard hit."

Mr de Jager said because maize was a strategic crop, the Marketing Act had been introduced decades ago prescribing the sale of maize through the Maize Board or its agents. Farmers who

WINNIE GRAHAM

entered private contracts with one of the big buyers — Tiger Oats, Premier Milling, Fedfood and Tongaat — were breaking the law.

If the price of yellow maize was fixed at, say, R288 a ton and a farmer knew he would get only R225 after the board's levies, he would be tempted to come to a private arrangement with one of the buyers, possibly splitting the R63 difference.

"South Africa needs about 5 million tons of maize for local consumption," he said. "The rest is exported. The world price of maize, however, has become so competitive with the EEC countries and the United States vying for the market that South Africa sells at a loss ... and the loss this

year is expected to be around R350 million."

He added that in good years South Africa produced 9 million tons of maize, but this year the harvest was expected to yield about 7.5-million tons.

Dr Gouws said the government was expected to fix the price of maize for the coming season sometime in the second half of this month.

The card is addressed to ANC leader Mr. Oliver Tambo. The 50c card on this page is for the ANC.

SMARCE

NEWS

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Maize farmers to get govt aid

GERALD REILLY

PRETORIA — Substantial government support for maize farmers was certain to be announced before the end of the month, sources said here.

Last week, the Maize Board met to make its price recommendation to government against a background of undertakings given by Agricultural Minister Greyling Wentzel and President P W Botha that producers would get State aid.

Nampo said aid would have to be substantial if hundreds of farmers were to be rescued from insolvency. The producer price would be determined by a sliding scale of about R210 a ton for white maize and R200 a ton for yellow maize.

Board GM Hennie Davel said he expected government support for the producer price, and for the consumer price to remain at much the same level. Demand for white and yellow maize was price-sensitive because of strong competition from substitutes.

To retain market share, therefore, it was necessary to avoid drastic price changes.

Nampo sources said it was considered unlikely government aid would exceed R20 or, at most, R25 a ton which would mean heavy losses for large numbers of producers.

MAIZE INDUSTRY

③ Maize
FIM 10/4/87

The end of the cartel?

Free market forces are placing strong pressure on the maize industry's one-channel marketing system. So much so that Maize Board chief Hennie de Jager recently warned farmers to stop bypassing the official system — or face prosecution.

At the heart of the problem is the R80/t differential between producer and consumer prices of yellow maize, which tempts many farmers to bypass the system and sell direct to buyers — at higher than official producer prices.

Under the current one-channel system, farmers are forced to sell their produce to the board — at a pre-determined price.

With the maize industry deeply in debt many farmers, understandably, are trying to avoid costly annual Maize Board levies by selling directly to consumers. As things stand, thousands face bankruptcy should the official price drop to about R200/t in accordance with this year's new sliding-scale pricing system. Hence the incentive to look after their own interests first.

But with the board's stabilisation fund shortfall approaching R500m this year (government has already written off millions) and with "marginal" storage, handling, treatment and transport costs running to close on R500m a year, the board is worried that the system is in danger of collapsing under its own weight.

That De Jager found it necessary to caution farmers against private selling is symptomatic of the growing dissatisfaction in farming circles with a system perceived to be out of step with current strong moves towards more market-related approaches. It also takes little account of the sharp 1,5m t drop in yellow maize consumption between 1982 and 1986 — market reaction to ever-rising maize prices (see graph).

Adding insult to injury is the success of the virtually free-market floor price system administered by the Grain Sorghum Board. This allows producers to sell cheaply into the market without any levies. Sorghum's resultant march on maize in the animal feed market has led to Maize Board calls for "market division" and other official forms of market manipulation.

Until government's new aid package to the maize industry is announced (*Business* April 3) pressure is likely to be exerted on the rigid one-channel maize marketing structure by cash-hungry farmers out to sell as much as possible at the best prices they can get.

As a result, both producers and consumers benefit from deals above current producer prices — but below the fixed yellow maize consumer price of R288/t.

Maize spokesmen — citing arguments

that maize is a strategic commodity, supports thousands of black families and is the mainstay of many rural communities — say government must resolve the dilemma. Going against official policy to reduce subsidy aid to farming, they say government must up its aid — or face disaster on the platteland.

However compelling, they are not about to dissuade consumers from their implicit belief in the free market.

"Prices must come down. Not only do high prices lead to uneconomic overproduction, but the local market keeps on shrinking. And with last year's exports only bringing in R48/t nett, the board should allow us to buy that maize at more than double the price.

"But the system still allows such export losses, while refusing more profitable sales on the local market. This ridiculous system must change," says Kanhym feedlot manager Henning van Aswegen.

Feedlotter and chicken farmers are the biggest local buyers of yellow maize. But they fear that powerful producer and control interests might make further inroads into a once-profitable industry. Certainly, continuing calls for more State aid cannot permanently solve the problem. Nor can it be squared with government's new market-related policy thrust.

"Maize should follow the sorghum example — after first sending price signals to producers to stop over-production," argues SA Poultry Association executive secretary, Zac Coetsee, whose members annually buy some 750 000 t of yellow maize. "Supporting prices is at best a temporary solution."

Nampo CE Piet Gouws agrees that the system must change. He says a marketing structure similar to the Chicago grain exchange must be formed, with futures markets to hedge against price movements.

"The Maize Board has learnt the lesson well that without a growing market, rising production makes little sense." Nevertheless, he feels it is necessary to have support structures built in over the next five to seven years to "gradually phase out the status quo."

PUBLIC RELATIONS

Going professional?

The Public Relations Institute of SA (Prisa) has set itself the goal of increasing the degree of professionalism and standards within the industry to improve the traditional image of the PR business.

The first step has been to create an autonomous PR Council — much like the existing Medical and Law councils — to monitor PR practice. In line with US practice, it sees only senior and respected members of the profession becoming accredited public relations practitioners (APR).

However, the moves have sparked rumours about the real purpose of accreditation. Some consider it a subtle form of government control, while others see it as an attempt to create a closed shop.

This, Prisa executive director Alan Cockle vigorously denies: "Accreditation," he says, "will be entirely voluntary and is a way of pre-empting any State attempt to control the industry."

Adds Cockle: "We have also created a 20-week course for juniors on PR principles and nature of the industry, tools, techniques, planning and communications."

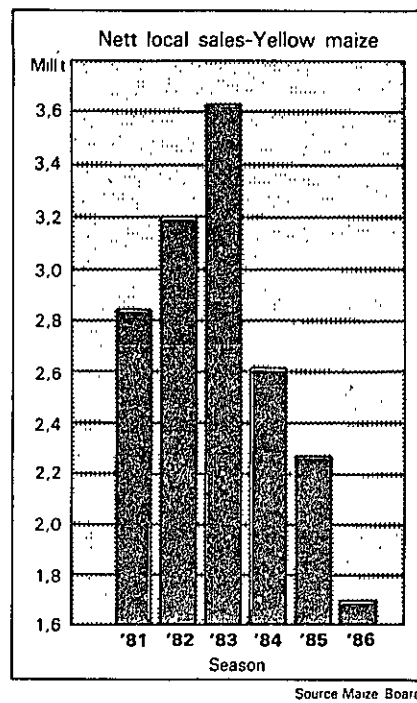
"Apparently, the present grandfather clause in operation allows PRs to qualify as APRs without an exam — if they get 15 points on experience and relevant education. In practice, though, this can mean anything from five to eight years of hands-on PR experience to qualify.

A major omission is that no credit is given for experience in related fields, such as journalism, which is recognised as a good starting point for a career in PR.

"We could have included a laundry list of possible qualifications," says PR Council vice-chairman Llew von Essen, "but decided to draw the line on specific PR experience."

After June 1, prospective APRs will be expected to take a three-hour written exam and a half-hour oral exam, based on the syllabus in the 20-week Prisa course. This is

A collapsing market



News in Brief

Capl. Times 2/14/87
Lower maize price! *3 marks*

JOHANNESBURG. — The maize price to be announced by the Minister of Agriculture, Mr. Greyling Wentzel, this week will probably be lower than that of last year, SABC Radio News reports.

SA's maize price expected to drop

JOHANNESBURG.—The maize price, to be announced by the Minister of Agriculture, Mr Greyling Wentzel, this week will probably be lower than that of last year, radio news reported yesterday.

Statistics released by the Department of Agriculture indicate that the world maize market is saturated.

Although South Africa's maize crop will probably be smaller this year it will exceed local demand and the surplus will have to be sold overseas at a considerable loss.

The price of white maize last year was R240 a ton. Yellow maize sold for R225 a ton.

Factors affecting South Africa's maize export situation are the increased maize production by the European Community countries, which subsidise the export of surpluses, and American subsidies to



MR WENTZEL

regain its position on the world grain market.

Also, the entry by the Chinese into the world market has raised the world surplus of maize in two years from 30-million tons to 147-million tons.

A spokesman for the Department of Agriculture said any notable increase in the local maize price would adversely affect the turnover.— Sapa

3 MAIZE

21/4/87

Dairy

co-ops in

custardy

battle

By CHRIS RENNIE
Court Reporter

TWO dairy co-operatives are locked in a "custardy" case in the Port Elizabeth Supreme Court arising from the similarity of containers in which their products are marketed.

National Co-operative Dairies Ltd of Johannesburg is seeking to interdict United Dairies (Co-op) Ltd of Port Elizabeth from marketing vanilla custard in containers so similar to its own as to constitute "passing off".

It alleges its Ultramel custard is a leading brand name with a tremendous reputation and an annual turnover of R40m. It has been on sale since 1975 and in its present carton design for more than three years.

About R1,27m had been spent on advertising and promoting it.

Shortly before Christmas last year, United Dairies introduced its long-life vanilla custard in a carton design so similar that it "could confuse the buying public".

Both cartons were yellow, orange and brown in colour, both had logos consisting of a Cape Dutch house, a rising sun, clouds and trees.

A major chainstore in Port Elizabeth had started buying the United Dairy product in preference because it appeared to be the same, was in similar cartons and sold for a lower price.

United Dairies replied that it had been using the long-life brand name since 1974 and used the Cape Dutch house, trees and rising sun design on its milk products since that time, although in different colours.

They said that no reasonable purchaser could confuse the products.

3 MAIZE

22/4/87
DD

Maize price drop to be announced?

Dispatch Correspondent

JOHANNESBURG — The Minister of Agriculture, Mr Greyling Wentzel, is expected to announce a decrease in the producer maize price later today.

However, the government has apparently agreed to raise the maize subsidy — an R80-million subsidy was announced last September — by about R150 million.

The price, which will be announced at a Maize Board press conference this afternoon, is expected to have been determined by the sliding scale announced last year.

It means that for the just-less-than eight-million ton crop the price of white maize is expected to be set at around R212 a ton and of yellow at R200.

Nampo, Uniegraan and the SA Agricultural Union have found that if the price was fixed according to the sliding scale and government aid was inadequate, 54 per cent of maize farmers would be out of business.

The current price of white maize is R240 a ton and of yellow R225.

The decreased price will be passed on to consumers. The current board selling price is R335 a ton for white. This is expected to be decreased to around R300.

Yellow maize will remain at R288 a ton. It was lowered to this price in January to stimulate demand.

From the eight-million ton crop about 2½ million tons will be available for export to saturated and highly subsidised world markets at rock bottom prices.

The loss to the Maize Board could be as much as R150 a ton — a loss which will have to be recovered from farmers in levies.

Nampo sources have warned that a decrease in the price unsupported by an adequate subsidy could ruin hundreds of maize farmers.

Consumer price of maize to remain same

copy from 23/4/87
3maic

PRETORIA. — The consumer price of maize will remain the same, the Maize Board announced yesterday, but a vice has been put on maize farmers with the news that producer prices are to drop.

Announcing the new prices here after a meeting with Agriculture Minister Mr Greyling Wentzel, Maize Board chairman Mr Hennie de Jager said this would be "unacceptable" to farmers.

The net producer price of best grade white maize will be reduced from R240 a ton to R215 on May 1, and yellow maize from R225 to R203.

Because of consumer resistance, the National Maize Producers Organization (Nampo) asked for a government subsidy to the industry of R415 million, Mr De Jager said. The government granted R309 million.

No immediate Nampo comment was available.

Taking inflation into account, producers in real terms would earn nearly R68 a ton less this year for white maize and R65 a ton less for yellow maize compared to last year, Mr De Jager told a press conference.

Determining the producer price hinged on the government subsidy, as increasing consumer prices would have led to a decrease in consumption.

The good news for consumers was that they would experience a real-term decrease in prices due to inflation.

Mr De Jager hoped that a special committee, chaired by Mr Japie Jacobs of the Reserve Bank, to assist stricken maize farmers would result in "effective support". — Sapa

Friday, April 23 1987

Many producers may be forced off the land

Farmers dismayed as maize price is slashed

*bl Day 23/4/87
③ maize*

THE maize price for the new season has been sharply cut for the first time in years — and producers have reacted with dismay.

At a Press conference yesterday Maize Board chairman Hennie de Jager said the producer price had been fixed at R215 a ton for white (currently R240 a ton) and R203 a ton (R225 a ton) for yellow.

De Jager said, taking inflation into account, producers in real terms would earn R68 a ton less for white and R65 a ton less for yellow maize than they did last year.

The board's selling price is to be cut from R335 a ton to R301 and consumers should benefit. Yellow maize remains at R288 a ton.

The new selling price will be implemented immediately.

De Jager said a producer price increase could have been recovered only in two ways — by increasing the

GERALD REILLY

consumer price and by a state subsidy.

But because of the alarming decrease in domestic consumption of maize it would have been unwise to raise the selling prices.

De Jager said the extent of the state subsidy was the prime determining factor when the producer price was fixed.

Government would grant R309m — R95m for part payment of the board losses on its stabilisation fund (which is currently R435m in the red); R80m to defray board costs, and R134m to bring the producer price to R215 a ton for white and R203 a ton for yellow.

Asked what farmers' reactions would be, De Jager said many would find the new price "unacceptable".

However, government had established a special committee under Re-

serve Bank Governor Jaapie Jacobs to assist producers who had any chance of survival.

National Maize Producers Association (Nampo) chairman Boetie Viljoen said last night the new price structure would force 50% of maize farmers off their farms in the next decade.

The announced price was 10% lower than the current price, in spite of the increase of 18% in the cost of farm inputs during the year.

Even at Nampo's recommendation that prices should be maintained at R240 a ton for white and R225 for yellow maize, there would still have been substantially lower than average production costs of more than R250 a ton.

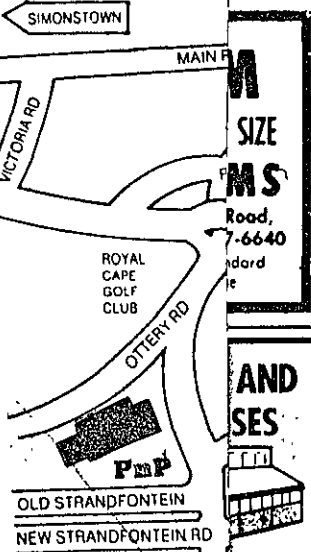
Viljoen said if "unheard-of chaos" was to be avoided a package of policy measures would have to be put together to assist farmers to make the necessary structural adjustments.

Water scheme

THE recovery

ARGUS 23/4/82

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Urgent call to aid maize producers

The Argus Correspondent *3 MAR 82*

PRETORIA. — The drop in the maize price will cause more than half of South Africa's maize farmers to leave agriculture in the next decade unless urgent aid measures are taken now, Mr Boetie Viljoen, chairman of the National Maize Producers Organisation, said today.

Although the State had made a "considerable additional contribution" to maintain price levels at the amount announced by the Maize Board yesterday — a drop of R25 a ton over last year — the "fact is that inflation, exceptionally high interest rates and drought have taken their toll and destroyed thousands of farmers," said Mr Viljoen.

The summer rainfall area would experience "unheard of chaos" unless a package of policy measures and financial aid was implemented.

The dropped price alone would not cause farmers to cut down on maize crops, he said.

The total State subsidy of R309-million is R106-million short of the amount recommended by the National Maize Producers Organisation (Nampo) at its congress this year.

The producer price paid to farmers by the Maize Board from May 1 this year had been set at R215 a ton for white and R203 a ton for yellow maize, the board announced in Pretoria yesterday.

"Unwise to increase price"

This is a drop of about 10 percent on last year's prices but, a board spokesman said, when inflation was taken into account producers would earn nearly R68 a ton — or 28 percent — less this year than last.

Holding the consumer price at last year's levels was motivated by it being "unwise to increase the selling prices because of the alarming decrease in the domestic consumption of white and yellow maize", a board statement said.

The board also announced that it had taken "sustained, special marketing actions to stimulate the internal demand for maize".

Should this scheme prove successful, any savings could be paid to the farmers in the form of an "agterskot".

More aid for farmers 3 MAY 1987 Sharp cut in maize price

PRETORIA — The government has reaffirmed its undertaking to keep as many debt-ridden farmers on the land as is possible.

The Minister of Agriculture, Mr Greyling Wentzel, said in a statement that, since the Economic Advisory Council had made its aid recommendations, circumstances in certain areas had deteriorated and the government had to consider further aid.

To save farmers from possible ruin, the government would establish a special agricultural re-construction committee headed by the deputy governor of the Reserve Bank, Mr Japie Jacobs.

The committee would advise the government on additional measures for the reconstruction of agriculture.

Mr Wentzel said it was hoped the government's contribution of R309 million to the Maize Board would enable the board not to reduce maize prices too drastically this year.

The government had also agreed the carry-over debt for the 1986-87 production season could be incorporated in the existing aid programme. — DDC.

Dispatch Correspondent
PRETORIA — The maize price for the new season has been sharply cut for the first time in years.

The chairman of the Maize Board, Mr Hennie de Jager, said yesterday the producer price had been fixed at R215 a ton for white (currently R240 a ton) and R203 a ton (R225) for yellow maize.

Mr De Jager said producers would earn R68 a ton less for white and R65 a ton less for yellow maize in real terms than they did last year.

The board's selling price is to be cut from R335 a ton to R301 and consumers should benefit, he added. Yellow maize remains at R288 a ton.

The new selling price will be implemented immediately.

Mr De Jager said a producer price increase could have been recovered only by increasing the consumer price and by a state subsidy. But because of the alarming decrease in domestic consumption of maize it would have been unwise

to raise the selling price. This, Mr De Jager said, could have resulted in a further decrease in domestic consumption resulting in increased exports and bigger losses for the board.

The board had launched a special marketing programme to stimulate consumption and any savings from smaller exports could be passed onto producers.

The extent of the state subsidy was the prime determining factor when the producer price was fixed, he said.

The government would grant R309 m — R95 m for part-payment of the board losses on its stabilisation fund (which is currently R435 m in the red); R80 m to defray board costs; and R134 m to increase the producer price to R215 a ton for white and R203 a ton for yellow maize.

Large numbers of farmers were involved in a battle to survive and the price reduction from R240 to R215 a ton would hit them hard, Mr De Jager said.

3 MAIZE SMM 23/4/87

Maize drop 'will make farmers quit'

By Claire Robertson,
Pretoria Bureau

The drop in the mealie price will cause more than half of South Africa's maize farmers to leave agriculture in the next decade unless urgent aid measures are instituted now, Mr Boette Viljoen, chairman of the national Maize Producers Organisation, said today.

Although the State had made "a considerable additional contribution" to maintain price levels at the amount announced

by the Maize Board yesterday — a drop of R25 a ton over last year — the fact is that inflation, exceptionally high interest rates, and drought have taken their toll and destroyed thousands of farmers, said Mr Viljoen.

He added that the summer rainfall area would experience unheated chaos unless a

package of policy measures and financial aid was implemented to achieve planned structural changes.

It was clear that maize farmers were very serious about maintaining the local market for maize, and extending it. At various congresses in the past few years farmers had expressed a willingness to

lower the supply and thus decrease export losses, said Mr Viljoen.

"Unfortunately, they were not permitted to implement these self-help actions." The dropped price alone would not cause farmers to cut down on maize crops.

One of the many farmers who face bankruptcy after a

life on the land, Mr Jaap van Heerden, owner of a typical "average-size" maize farm in the Western Transvaal, told The Star today: "I've farmed mealies for 25 years ... the fourth generation on this land. But it looks like I'll be the one who loses the farm."

"Of course, I understand that there are problems with the

economy and the world price, but we farmers organise and set up study groups ... we do our part, but I could still lose my land through no fault of my own."

Mr van Heerden said the drop in the maize price would make it more difficult to survive.

He estimated that at least 90 percent of neighbouring maize farmers were in the same situation.

MAIZE PRICE

(3) Maize 24/4/87 FM

Facing up to the market?

An anticipated drop in maize prices — the announcement is expected this week — is bound to have a major impact on maize production, food prices, consumption patterns and the economy as a whole.

With a collapsing local yellow maize market (*Business* April 10) and a sharp fall in maize export revenues, one of government's few remaining options is to reduce prices — unless it chooses to subsidise farmers to the hilt or allow prices to find their own level on the free market.

But with government switching policy towards a more market-related approach to agriculture and with a shortage of cash to buy



Agriculture's Wentzel ... the market talks

farm vote support, substantial State aid is not considered likely.

In terms of the Maize Board's (MB) price scenario announced last August, a 7,4 Mt crop should earn producers an average price of about R190/t for white and yellow maize. As this will represent a disastrous fall from the current R240/t for white and R225/t for yellow maize, government is widely expected to support producer prices up to an average of R210/t.

But even this would still represent a substantial fall in farm incomes against last year. Taken together with an 18%-20% inflation rate, real incomes will be eroded even more sharply. Maize producers will not be pleased with this prospect, but there are limits to what even a sympathetic government can do to shield them from the realities of the market place.

Maize export prices dropped from \$155/t in 1983 to \$65/t in February — the result of world grain stocks shooting up from 30 Mt to 147 Mt. Moreover, a rising rand has tended to depress the subsequent price rise to \$74/t. And on the local market, competitor sor-

ghum is forcing the MB to compete — or be displaced from its traditional markets.

With reduced net earnings, farm creditors will be forced to extend credit lines and repayment periods — or more farmers will go the wall.

The crucial question is whether consumer prices will come down in sympathy. The *FM* reported on April 10 that increasing pressures are being exerted on the one-channel marketing system by farmers exploiting the large gap between producer and consumer prices to increase net sales earnings.

Should consumer prices fall — and there are indications that MB officials are already testing the market with suggested price discounts — this could redress falling local demand for maize products.

However, a major yellow maize consumer tells the *FM*, "the price will have to fall at least R60-R80/t before it triggers a strong upturn in consumption."

Years of neglect of its local market has virtually painted the MB into a corner — lower prices mean increased insolvencies, but higher prices mean demand is almost certain to fall even further.

The downside for input manufacturers is that they are certain to feel the effect of the maize farmers' reduced spending power. Tractor and implement sales could fall below last year's R410m level. And while last year's R730m fertiliser sales were already 8% down on 1985, this year they could shrink even further. The same is true for agricultural chemicals.

The upside, if there is one, is that a hurtful

adjustment to market realities now could well lead to a stronger and leaner maize industry in the longer term.

DELTA MOTOR CORP

Back in gear

Delta Motor Corporation (DMC), which started trading on its own account at the beginning of the year, has shown a profit every month so far. It is already several million rand in the black.

This is in sharp contrast to its predecessor, the luckless General Motors South Africa (GMSA), which accumulated a loss of several hundred million before its American parent body decided to divest.

In the first quarter of this year, according to National Association of Automobile Manufacturers of SA (Naamsa) figures, DMC sold 3 909 cars — which is 45,4% up on the 2 688 sold by GMSA during the same period in 1986. The 2 728 commercial vehicles and trucks DMC sold in the first quarter was 30,7% up on last year's 2 088.

Also DMC's share of the car market has moved up from GMSA's 6,4% to 8,5%. And its share of the truck and commercial vehicle market is up from 10,1% to 11,6%.

Marketing Director Willie van Wyk says apart from improved market conditions, DMC's turnaround can be ascribed to General Motors paying all GMSA's debts and allowing the new company to start with a clean slate, totally debt free.

NO JOY FOR CAR PRICES

Speculation that car prices may come down as the result of the stronger rand, seems premature. While the weak rand may have led prices upwards, the reverse does not appear to apply.

Peter Searle, president of the National Association of Automobile Manufacturers of SA (Naamsa), says the rand has only strengthened against the dollar, and not against the other major currencies. He expects price increases of about 12,5% this year.

"SA's motor imports are primarily sourced from Japan and Germany, and the rand has not strengthened against the Japanese yen or the German mark."

Mercedes PRO Delene McFarlane adds that a short-term gain in the exchange rate is not much use. "With Com-

pletely-Knocked-Down (CKD) kits coming in months ahead, we need a long-term recovery before it can filter through."

And, points out BMW spokesman Mike Brand, the industry bears the full brunt of domestic inflation — currently running at around 18% a year — even though the imported component may have been stabilised by the rand's recent movement.

McCarthy Group joint MD Theo Swart says there is no way that price reductions are possible. "The firmer rand to some extent cushioned the price spiral, and we are now looking at price increases of 10%-15% instead of 20%-35%."

Adds Swart: "Anybody who believes that prices are about to come down, is living in a fool's paradise."

Dep FM 24/4/87

Export maize losses 'could top R300m'

B. De Vries
G. M. Gous
GERALD REILLY

PRETORIA — Losses on export maize this year could exceed R300m, seriously aggravating the problems of a "very troubled" industry, according to agricultural authorities.

It is estimated that of the 7.8-million-ton crop at least 2-million tons will be surplus.

Grain prices on world markets have virtually collapsed and the current price for maize is about US\$75 a ton. National Maize Producers' Organisation GM Piet Gous points out it will cost at least R100 a ton to cover export costs.

Calculated on a basis of the maize prices for the new season of R215 a ton for white maize and R203 a ton for yellow maize, farmers' net return on exports would amount to between R50 and R60 a ton.

Meanwhile, the Maize Board has launched a marketing campaign to stimulate local maize consumption which has fallen dramatically in the past few years because of stiff competition from animal feeds and white bread.

Maize Board chairman Hennie de Jager says any increase in local consumption would mean a reduction in the maize surplus and a consequent saving on export losses.

Any savings would be passed on to producers in the form of an agterskot.

24487 (ZMA12B)

League anticipated maize price drop

PRETORIA — The reduced producer prices of maize announced on Tuesday came as no surprise to the Housewives' League of South Africa as they were in line with the pricing structure scheme announced by the Maize Board last year, the League said yesterday.

"It was also no surprise that consumer

prices did not decrease in sympathy, as we knew this was not part of the scheme," Mrs Lyn Morris, national president of the League, said in a statement.

"What is important and which we sincerely welcome is that the Board's consumer prices will not increase. This means we should see no increases at retail level.

"The whole purpose of the new pricing scheme is to try and halt the loss of market share experienced by maize and maize products which can be attributed almost totally to price.

"If the millers take advantage of the uncontrolled nature of the product to increase their own margins and retail prices do increase, the League will

immediately go to the Minister of Agriculture and demand price control at retail level for mealie meal.

"We call on feed users — feed lots, egg and poultry producers, pig producers, and the dairy industry — to ensure that the product they buy as an input benefit comes from the board. — Sapa

Clearing debt

Natal farmers, at least, have cause for a slight smile. Good rains for two successive years have helped the province's maize growers over the hump. A crop of 450 000 t is expected to be delivered to the Natal Agricultural Co-op (NAC) this season, equalling the previous best in 1981.

NAC GM Edwin Schroeder says the favourable crop will alleviate the farmers' debt burden which, at the beginning of the season, stood at a collective R130m.

Most farmers, he says, will be able to make substantial loan repayments on the strength of their crops and he expects to enter next season carrying a vastly reduced debt of R100m, which will include new production credits.

Schroeder is convinced that maize production in Natal has not yet peaked, in spite of the near-record crop. He says that with more intensive farming and better management, production could easily top 550 000 t in a

good season.

It might well have done in the current season, he observes, had not farmers' straitened financial circumstance, brought about by disastrous droughts in 1982 and 1983, curtailed expansion.

"There is enormous scope for expansion," says Schroeder. "The grain growing areas of Natal have a yield potential of 5 t/ha compared with an average of 2 t/ha elsewhere. The low water retention and the high aluminium content of the soils is a problem. But that's been overcome by the addition of lime and gypsum."

According to Schroeder, Natal's ability to reach its full potential will depend largely on the price the Maize Board fixes for maize. Already, he says, there is a tendency to switch to other crops.

Wetland wheat production has grown, on average, by 50% a year in the past three seasons, and this year it is expected to reach 30 000 t. With a price of R300/t, farmers' margins are higher than they are for maize — even with the higher input cost of irrigation.

Likewise, soya bean and grain sorghum production is also up — from around 3 000 t three years ago to 8 000 t this season.

Whatever happens, it seems surrier grain farmers in Natal will never plant maize exclusively. Recalling the difficulties with the maize crop in the past, Schroeder says: "Mixed farming has saved the day for farmers in Natal." ■

Maize transactions explained to probe

(12)

3 MAIZE
DD 25/4/87

Dispatch Reporter

UMTATA — A Transkei businessman and farmer spent yesterday explaining various business transactions to the Commission of Inquiry into the Department of Commerce, Industry and Tourism which included an unfulfilled commitment to sell maize to the government Marketing Board for which the board had already paid him R120 000.

The commission chaired by the former Chief Justice, Mr Justice Van Reenen, heard evidence from Mr Kenneth Magidigidi who was extensively questioned.

The commission heard that this year's

crop grown on various farms would be used to discharge his debt to the East Cape Co-op incurred through a partner, Mr S. H. Wentzel from Maclear.

Previous evidence led revealed that the company which had no definite name but the three directors were Mr Magidigidi, Mr Wentzel and another Transkeian.

Counsel for the Auditor-General, Advocate A. Findlay SC, said that there has been evidence that the Board was instructed by the former minister, Mr E. Z. Booie, to buy maize from Mr Magidigidi.

The Board received only 3 525 bags of mixed maize and they were

still owed 2 475 bags.

Mr Magidigidi said the maize he sold would never have been mixed, although previous evidence stated the bags received were definitely mixed.

The Chief Justice pointed out that it was Mr Magidigidi's responsibility to make sure the maize — which the board had paid for — was delivered.

When asked what would his reaction be if the Board immediately demanded the remainder owing them, Mr Magidigidi said he would go to his friends and borrow what he needed.

The commission continues on Monday.

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FIN MAIL 25/4/86
MAIZE PRICE 3 MAIZE

Accepting reality

Government's decision to hold producer price increases for white and yellow maize at 10% and 5% respectively (to R240,35/t and R225,27/t) reflects the new sense of realism in an industry struggling for survival.

But maize producers will still be squeezed by their massive debt burden and the fact that any price increase will cost them further market share.

A bigger price hike, however, would have been suicidal. Local yellow maize consumption is down to a mere 2 Mt a year — after dropping 1,4 Mt in the last two years — and revenue from the 2,2 Mt of exportable yellow is projected at only R115/t (*Business* March 28).

Even government's switch in policy by providing an extra R17m in consumer price subsidies to a total for the 1986-1987 season of R129m will not prevent a consumer price rise of 13,9% for white maize and 9,7% for yellow maize to new levels of R280,89/t and R266,27/t respectively.

Swing continues

"I foresee the black consumer continuing his swing away from white maize meal to bread and other substitutes," says a spokesman for a major grain merchant.

And the 7,5% increase in the producer price of grain sorghum offers no hope of reversing the swing to cheaper stockfeed substitutes because sorghum, even at its new price of R187,05/t, is still much cheaper than yellow maize.

Projections point to an available white maize crop of some 3 Mt and yellow maize deliveries of 4 Mt to the Maize Board (MB), says chairman Hennie de Jager. This means SA will have to import more white maize, even after the 200 000 t bought from Zimbabwe.

So why does SA produce too little white maize while yellow maize has to be exported at a book loss? De Jager explains: "We cannot put too high a premium on white maize because we would price ourselves out of the important local market. Furthermore, white maize is mainly produced in the drought-prone western parts of the country, which leads to white maize shortages in dry years."

Consumption is also bound to be affected by the decision to increase local consumer prices by 5% a month to recover storage and handling costs.

Obviously, the industry remains in deep trouble, and there's little chance of the gloom lifting soon.

Carried over debt remains the biggest problem. De Jager says many farmers are

already treading water, "and unless there's further State aid many will sink.

"It is essential to restructure the maize industry. We are already investigating the possibility of doing away with the effective cross-subsidisation of export transport costs in the industry." ■

CAPE TOWN 28/11/47 (2292)

R134m for Maize Board

PRETORIA. — The government has decided to make an extra R134 million available to the Maize Board to support the net producer price of maize — in view of the present unrealistic low export prices for maize, the Bureau for Information said yesterday. The bureau statement said this amount would be additional to the R175 million already voted to the Maize Board.

Case Tents 28/10/77 32/9/76

R134m for Maize Board

PRETORIA. — The government has decided to make an extra R134 million available to the Maize Board to support the net producer price of maize — in view of the present unrealistic low export prices for maize, the Bureau for Information said yesterday. The bureau statement said this amount would be additional to the R175 million already voted to the Maize Board.

Marketing strategy launched

Maize Board bid to recoup losses

PRETORIA — A high-powered marketing strategy to win back lost market share for the severely troubled maize industry has been launched by the Maize Board.

Board GM Hennie Davel said yesterday: "In the interests of the country and the industry, we simply have to sell more maize locally and reduce export losses."

The first step in the board's strategy had been taken — millers have been supplied with white maize and pure white maize products will be back on the shelves on May 1.

GERALD REILLY

The board has a two-pronged strategy for stimulating yellow maize consumption.

End users using 10% or more maize than in the previous year will be entitled to a R68 a ton discount on the increased consumption — a price cut of 24%.

The reasoning is that it is better to give the local industry and consumer the benefit flowing from the discount than to export the maize at a loss.

Export losses of the approximately 2-million-ton surplus to saturated world markets could result in losses of between R150 and R200 a ton — a potential total loss in excess of R400m.

The board has also acted to eliminate the black market, in which some producers were bypassing its single channel marketing system and selling direct to users, by "legitimising controlled direct sales". Under certain conditions, users in production areas will be allowed to purchase maize directly from farmers.

Davel said the aim was to create a freer flow of maize, and allow producers to negotiate directly with buyers.

The scheme would result in a saving on the board's storage and handling costs, and buyers would benefit directly by R25 a ton.

Davel stressed the single channel system was the unanimous choice of producers, and it was in the country's interests that the scheme be protected and retained.

Those who bypassed the system, would be severely dealt with, he said.

Davel stressed that the measures not intended to water down the channel marketing system.

Future of maize farmers 'at stake'

THE maize industry has called on government for a firm commitment to accept responsibility for export losses on possibly 2-million to 3-million tons of maize — before the planting season.

In the latest edition of Maize News, the industry says such a step would ensure that SA has sufficient maize at all times for local consumption.

"Whatever the viewpoint of the authorities may be, finality will have to be reached during the next few months before the planting season. Congress has fixed a date for end-July/beginning of August for a special congress at which a decision will have to be taken and a direction set for the maize industry."

The future of thousands of farmers, it says, is at stake. "For others it is of

MICK COLLINS ³Maize

vital importance to regain a vision of the future which will enable them to perform the task they are so well equipped to do — namely maize production."

The publication says a clear message emerged from the recent Nampo conference — that the farming community is extremely irritable and demands action.

"The time for investigations has passed and something really positive must now be undertaken or else agriculture, and in particular maize farming, offers no future."

The drought of the past few years, it says, is not the only reason for the impoverishment of the maize farmer.

"It only underlines the fact. It has

also been pointed out that drought measures and additional subsidised loans ... do not get down to the gist of the farmers' problems — his declining profit margin — and only postpone the inevitable.

"The consequences of shrinking or non-existent profit margins expressed as farming debts have now become an ailment in its own right. This new disease ... will have to be tackled without delay and must be solved before the maize industry can again offer a decent future to farmers."

13/5/87
The article goes on to say that a document compiled by the SA Agricultural Union, Unigraan and Nampo clearly pointed out the consequences of these developments.

PRETORIA — The maize harvest could be down on the official estimate of 7,8-million tons by as much as 500 000 tons, Maize Board GM Hennie Davel said yesterday.

He said that was based on reports from producers and board agents.

The smaller crop would ease the problem of export losses, although losses would still be heavy.

Under market conditions, the board's losses on exports, after taking into account storage, handling and financing charges, would be about R130 a ton.

However, the loss would be aggravated by the increase in rail freight charges. The higher tariffs would also mean an upward adjustment in the price of maize meal.

Davel said export losses could be reduced by the expected response to the board's high pressure marketing campaign to raise consumption of yellow maize.

At this stage, it looked possible to raise consumption by 20%.

On export prospects, Davel said Russia expected a poor crop which meant an

b/day 29/5/87
Maize crop
could be
down by *3 maize*
500 000 tons

GERALD REILLY

increased demand on world markets with a consequent strengthening of prices.

Prices were, therefore, unlikely to reach the record low levels of about \$64 a ton in recent deals. In the US, farmers had planted substantially less this year because of saturated world markets. It was estimated about four-million hectares were kept out of production.

out of the hon the Minister's reply, can he give us a guarantee that no action will be taken against any teacher who wishes to teach and refuses to register under the existing single race register?

†The MINISTER: No, Mr Speaker.

Universities

*6. Mr R M BURROWS asked the Minister of Education and Culture:

Whether he or his Department has taken or intends taking any steps to restrict the admission of students to universities falling under his control on the basis of racial criteria; if so, what steps?

†The MINISTER OF EDUCATION AND CULTURE:

No.

Race quotas/restrictions

*7. Mr R M BURROWS asked the Minister of Education and Culture:

Whether, with reference to his reply to Question No 3 on 2 September 1986, any amendment is being contemplated or has been made to the policy of race quotas or restrictions in regard to the admission of students to technikon; if not, why not; if so, what is the present policy?

The MINISTER OF EDUCATION AND CULTURE:

Yes, in the sense that the Minister maintains a dialogue with Rectors of Technikon under his jurisdiction regarding the rendering of service to members of other population groups, taking into consideration the provisions of the Constitution, academic merit, regional needs, the character and ethos of the institutions and ensuring that other and smaller technikon are not deprived of potential students.

Mr R M BURROWS: Mr Speaker, arising out of the hon the Minister's reply, can he give us an indication as to whether the quota for Whites at any technikon has been reduced below 90%?

†The MINISTER: Mr Speaker, if the hon member had been listening he would have

realised that we have ongoing discussions with the principals of technikon, and after negotiations with individual principals of technikon we are busy adjusting the policy in the light of the needs so determined at a particular technikon.

Universities

*8. Mr C J DERBY-LEWIS asked the Minister of Education and Culture:

- (1) To what extent are student fees in respect of universities falling under the control of his Department subsidised;
- (2) whether these subsidies are granted subject to certain conditions; if so, what are these conditions?

†The MINISTER OF EDUCATION AND CULTURE:

- (1) The universities are subsidised in terms of a scientifically determined formula. The implication is that the Department of Education and Culture subsidises student fees by approximately 80%;
- (2) subsidies are determined purely on the number of full-time equivalent students.

For written reply:

General Affairs: *Haward*

Maize: landed cost

20. Dr M S BARNARD asked the Minister of Agriculture:

- What was the (a) landed cost of each consignment of maize imported in 1985 and (b) (i) outflow of foreign currency and (ii) extra cost to the taxpayer as a result of these imports?

The MINISTER OF AGRICULTURE:

- (a) The landed cost of each consignment of maize imported in 1985 is not available. During the period 1 May 1984 to 30 April 1985, 2 043 543 tons of maize were imported at an average landed cost of R248,06 per ton. No maize was imported after 30 April 1985.

- (b) (i) The total landed cost was R506 914 526.
- (ii) An amount of R92 789 776 could not be recovered in the selling price of the imported maize and had to be financed by the State.

Universities: students registered

(a)	3 123	427
(b)	531	80
(c)	86	29

Medical University of Southern Africa

32. Mr K M ANDREW asked the Minister of Education and Development Aid:

How many applications by students for admission to the first-year course in the faculties of (a) medicine, (b) dentistry and (c) veterinary science have been (i) received and (ii) accepted at the Medical University of Southern Africa in respect of 1987?

The MINISTER OF EDUCATION AND DEVELOPMENT AID: *Mr Andrew*

(b)	University of Zululand.....	3	0	3	1 223
	University of the North.....	0	2	0	1 448
	Medical University of Southern Africa.....	0	0	18	414
	Vista University.....	0	51	2	614

Work opportunities

46. Mr J J WALSH asked the Minister of Education and Development Aid:

- (a) How many new work opportunities were created for Blacks in each employment sector by each of the development corporations in the 1985-86 financial year and (b) what was the cost per opportunity in each sector?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

The powers concerning work opportunities created by the national development corporations vest in the governments of the respective self-governing territories and I can therefore not furnish the information requested in that regard.

Particulars regarding work opportunities created by the South African Development Trust Corporation, Limited, are as follows:

	Commerce, services and housing	Establishment of industries	Small industries	Mining	Agriculture	Transport	Other
(a)	23	2 731	10	—	1 600	—	—
(b)	R7 391	R1 672	R2 482	—	R8 141	—	—

16/6/87 *Haward*

3 *Haward* 16/6/87

Haward 16/6/87

Board receive motor-car loans; if so, (a) how many, (b) what position is held by each of these persons, (c) what is the model and year of manufacture of the motor-cars purchased by each of these persons with these loans, (d) what was the (i) original amount of the loan granted to each and (ii) interest rate applicable in respect of each loan and (e) what allowance, in rand, does

each staff member receive in respect of expenses in connection with these motor-cars?
The MINISTER OF AGRICULTURE:
Yes—Staff members who have to use their private cars on official duty.
(a) 15.

(b)	(c)	(d) (i)
Area Manager	1978 Mercedes Benz 2 1/2	R4 005,00
Chief: Computer Services	1982 Volkswagen Passat	R9 752,00
Assistant Area Manager	1983 Toyota Cressida	R10 000,00
Senior Marketing Officer	1983 Mazda	R10 000,00
Chief: Home Economist (Schools)	1983 Mercedes Benz 2 1/2	R12 000,00
Chief: Data Processor	1983 Suzuki Hard Top	R5 701,00
Chief: Personnel	1985 Toyota Cressida	R13 916,00
Area Manager	1983 Mercedes Benz 2 1/2	R14 101,92
Senior Accountant	1985 Volkswagen Passat	R12 374,04
Legal Officer	1983 Toyota Cressida	R8 000,92
Technical Officer	1984 Toyota Corolla	R8 000,00
Chief Accountant	1983 BMW 2 1/2	R17 240,00
Area Manager	1982 Audi 100	R6 400,00
Senior Inspector	1978 Fiat Station Wagon	R4 732,00
Assistant Area Manager	1982 Volkswagen Golf	R2 367,68

(d) (ii) 8 per cent.
(e) None. The staff members are however remunerated at Public Service rates for the distance travelled on official duty.

Foreign media representatives

211. Mr D J DALLING asked the Minister of Home Affairs:

- (1) How many applications for (a) new, and (b) the renewal of, visas were received from foreign media representatives during the period 1 July 1986 to 31 May 1987?
- (2) how many such applications (a) had been (i) granted and (ii) refused and (b) were pending as at the latest specified date for which information is available?
- (3) what is the average time taken before such applications are decided upon?

The MINISTER OF HOME AFFAIRS:

- (1) (a) 698, but 117 applicants withdrew their applications.
- (b) 150.
- (2) (a) (i) 445, (ii) 23/6/87

Handwritten signature and date: Hammond 23/6/87

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Yes.

	(a)	(b)
Cape Town	12	1
Wynberg	5	None
Simon's Town	1	None

(c) 31 May 1987

Algoa Bay: ammunition dumped

215. Mr D J N MALCOMESS asked the Minister of Defence:

- (1) Whether the South African Defence Force recently dumped any ammunition close to Algoa Bay; if so, (a) why, (b) when, (c) what (i) type and (ii) quantity of ammunition and (d) at what distance from (i) Bird Island and (ii) the entrance to Port Elizabeth Harbour was this ammunition dumped;
- (2) whether the Defence Force have taken any measures to ensure that the ammunition so dumped will not be caught in fishermen's nets; if so, what measures; if not, (a) why not and (b) what action will be taken in the event of this happening?

The MINISTER OF DEFENCE:

- (1) Yes.
- (a) There is no suitable demolition area for such a large amount of ammunition in the Eastern Cape.
- (b) 13 August 1986.
- (c) (i) and (ii) 776 2.5 inch projectiles, 607 nose fuses for these projectiles and an amount of Martin-Henry cartridges from which the lead bullets had apparently been removed prior to it having been buried initially, possibly during the colonial period.
- (d) (i) 17 nautical miles, (ii) 28.1 nautical miles.

Handwritten signature and date: Hammond 24/6/87

(a) Falls away.
(b) The Naval Base Port Elizabeth should be advised and they will dispose of the ammunition. The probability of this occurring, is very low.
Maize crop

216. Mr R W HARDINGHAM asked the Minister of Agriculture:

- (1) (a) What is the latest estimate in respect of the anticipated maize crop for the 1986-87 year and (b) on what date was this estimate made;
- (2) what estimated quantity of this crop will be required for (a) local consumption and (b) export?

The MINISTER OF AGRICULTURE:

- (1) (a) 7.82 million tons, (b) 30 April 1987
- (2) (a) Approximately 6 million tons, (b) Approximately 1.8 million tons will be available for export.

WEDNESDAY, 24 JUNE 1987

Indicates translated version. 24/6/87

For written reply: General Affairs:

Black spots

101. Mr P G SOAL asked the Minister of Education and Development And:

- (1) (a) How many Black spots were removed in each (i) magisterial district and (ii) province since the beginning of 1986 up to the latest specified date for which figures are available, (b) what was the (i) name and (ii) population of each such Black spot and (c) where were the inhabitants of each such spot resettled;
- (2) what was the total (a) amount paid out in compensation for, and (b) cost of removing, each of these Black spots in 1986?

Handwritten signature and date: Hammond 24/6/87

Board calls off maize exports

W. Day *(Maize)*
GERALD REILLY

PRETORIA — The Maize Board has had to cancel a number of long-term export contracts because of a drastic revision of the 1986/87 crop.

Based on official Department of Agriculture estimates, the board expected deliveries totalling 7.5-million tons. But Maize Board GM Hennie Davel said reports from the board's agents indicated the estimate would have to be lowered to 6.2-million tons.

This is 1.3-million tons less than the board used to plan its 1987/88 marketing strategy. Davel said reasons for the big decrease was an under-estimation of the severe damage caused by drought and the bushel weight.

This is the first time the official estimate has been so far out and it has caused serious marketing complications, he said.

The shortage is so serious that the board would have to revoke some of its long-term contracts to ensure enough maize for local consumption, he added.

FARMING ON FRIDAY

Edited by
FRED CRONEY

Maize harvest drops

3 MAIZE
00 10/7/83

This year's maize harvest will be smaller than expected. The general manager of the Maize Board, Dr Hennie Davel, said the harvest, the bulk of which would be delivered by the end of this month, would amount to about seven-million tons in comparison with the original estimate of 12-million tons.

Dr Davel said the main reasons for the small harvest were the drought, and the mass per volume, which was considerably lower than in previous years.

He did not think there would be a shortage of white maize. A shortage of yellow maize was expected, but steps were being taken to overcome this.

Dr Davel pointed said farmers would probably receive more for their maize in the form of backpayments as a result of reduced export losses.

(a), (b) and (c) Fall away.

(3) (a) Yes.

(b) No.

(1) In July 1984 in terms of the aforementioned under-standing an official of the Department of Foreign Affairs discussed the occupation of the premises by the representative concerned with the South African Police. The South African Police agreed to handle the matter in the best interests of South Africa.

(ii), (iii) and (iv) Fall away.

(4) (a) No, but a conversation on this matter was conducted with the then Member of Parliament for Germiston.

(b) No. This is not required.

(1) to (iii) Fall away.

Canada: SA ambassador

*27. Mr D S PIENNAAR asked the Minister of Foreign Affairs:†

(1) (a) Who is the South African ambassador to Canada at present and (b) for how long has this person been in the service of his Department;

(2) whether this person's service in his Department has been interrupted; if so, (a) when, (b) why and (c) for how long was his service so interrupted;

(3) whether he will furnish information on the posts occupied by this person during the interruption in his service; if not, why not; if so, (a) what posts and (b) for what specified periods in each case?

The MINISTER OF FOREIGN AFFAIRS:

(1) (a) Mr J H de Klerk.

(b) 14 years and 6 months.

(2) Yes, just as is the case with some other members of the Department.

HoA

Board with comprehensive information regarding the relative resistance of several cultivars to the disease in question.

Bekkersdal, Westonia

*29. Mr P J PAULUS asked the Minister of Constitutional Development and Planning:†

(1) What total amount was spent by the State on effecting improvements in the Black township of Bekkersdal, Westonia, in the latest specified period of five years for which information is available;

(2) whether a long-term plan for improving and extending this Black township has been drawn up; if so, (a) when, (b) whom and (c) what are the particulars thereof?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Five-year period ended 30 December 1986 R2 018 447.

Total compiled as follows:

(a) water, sewer and storm-water services: R890 163.

(b) erection of 140 houses: R1 128 284.

(2) Yes.

(a) 1985.

(b) The defunct West Rand Administration Board.

(c) Approval of the project and advance of R17 667 407 was made on 20 February 1987 for upgrading of the town and the installation of water-borne sewerage network and engineering services to serve 2 200 new and existing erven.

A contract for R12 674 512,06 was approved on 12 June 1987 for installation of new and upgrading of existing services. This contract provides for surfaced roads, storm-water drainage, water-supply and water-borne sewer connections plus the con-

version of existing houses using the bucket system to a water-borne sewer system. It will also provide electricity to every erf in Bekkersdal. The contract will be completed during 1988. An additional contract of R1,5 million will shortly be approved for the erection of a sewerage pump-station and sewer-mans to convey sewerage to the disposal works.

A contract for R1,5 million has also been approved for erection of a water-purification works.

Artificial fertilizer: import protection

*30. Mr D G H NOLTE asked the Minister of Economic Affairs and Technology:†

(1) Whether any applications for import protection were recently received from artificial fertilizer companies; if so, (a) from which companies, and (b) when, in each case;

(2) whether his Department intends taking any action in this connection; if not, why not; if so, (a) what action and (b) when?

†The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) Yes.

(a) AECL Ltd

FEDMIS

Kynoch Fertilizer Ltd

Omnia Fertilizer Ltd

Sasol Fertilizers (Pty) Ltd

(2) During February 1987.

(b) Yes. (a) and (b) The Board of Trade and Industry published the application for increased tariff protection by the companies concerned in respect of urea, di-ammonium phosphate (DAP), mono-ammonium phosphate (MAP) and mixtures in *Government Gazette* No 10671 of 23 March 1987 for general information and possible comments by interested parties. As far as urea is concerned, the Board has completed its investigation and additional tariff protection on urea was published on 3 July 1987 in Gov-

HoA

board to cut exports to minimum

Disease causes massive maize crop failure

3rd 7/87
② Maize
H/Dav

POOR volumes and grades of yellow maize from the eastern regions have contributed to the national crop being the worst in living memory.

Maize Board chairman Hennie de Jager said in a statement yesterday ear rot had affected the yield to such an extent the board would be exporting maize only to fulfil long term agreements.

GM Hennie Davel said this will bring in less foreign exchange for the country, but could have the positive effect of reducing the board's export losses.

"There may be an additional payment, at the end of the season, to farmers out of the savings on losses," said Davel.

Incidence of ear rot, caused by the build up of spores and plant stress under fluctuating weather conditions, has reduced the yield of grade 1 yellow maize to 40%. The eastern Transvaal managed a yield of only 14%, compared with 90% in normal years.

Several farmers have produced sample grade (maize quality below

HELOISE HENNING

third grade) that is not bought by the board but can be traded for animal use.

Ear rot has not affected the white maize used for human consumption, said Davel.

The board is also backing research on the effect of ear rot in maize used as cattle fodder.

③ Maize B/Daw 12/8/87

A N G R Y
maize farmers will want answers from Agricultural Minister Greyling Wentzel

Irate maize farmers set to quiz minister on viability

at a National Maize Producers Organisation (Nampo) conference in Potchefstroom on August 27.

Farmers claim if the advance sliding scale pricing system for the 1987/88 season is applied, many more will be forced into sequestration and out of the industry.

It is understood that maize farmers griev-

ances, and suggestions for the survival of the threatened maize industry, were discussed at a meeting between Wentzel and a Nampo delegation in Pretoria last week.

Nampo's view is that the restructuring of the agricultural industry, and particularly the maize industry, will not be possible until profitability is re-established,

and the massive debt problem solved or substantially alleviated.

The elimination of marginal land and its use for other farming purposes is seen as another vital factor in restoring the industry's viability. Nampo has accepted that far reaching and co-ordinated plans for the needed structural changes are necessary if

viability is to be attained.

Wentzel is expected to outline government's plans to put new life into the industry at the Potchefstroom conference. The issue of industry viability and the large number of farmers threatened with ruin is a major item on the agenda for the Transvaal Agricultural Union's annual congress, which starts in Pretoria on September 1.



WENTZEL

3 MAY 1987

SPR 14/8/87

Maize growers fear new pricing system

Maize farmers claim they will lose as much as R52 a ton if the Maize Board's proposed advance sliding scale pricing system is put into effect.

The budget producer prices recently announced by Maize Board chairman Mr Hennie de Jager will, in effect, mean higher prices for a

smaller national crop and lower prices for a larger crop.

If the crop is 6 million tons, farmers will receive R260 a ton for white and R255 a ton for yellow maize. Should the crop double, these prices will drop to R155 and R150 respectively.

Figures released by the National Maize Pro-

ducers' Organisation (Nampo) indicate that maize prices were cut by 10 percent in spite of a ruling inflation rate of 17 percent earlier this year.

The organisation says that if it is assumed the inflation rate will remain at this level and next season's crop is 8 million tons, farmers will receive R95 a ton less than the

Maize Board's selling price.

It says it fears this discrepancy will see many farmers and co-operatives go out of business. And, it adds, since producers are required to foot the bill for spiralling export costs, many could switch from maize to more profitable branches of agriculture.

Farmers will lay down hard facts

Pretoria Bureau

The hard realities facing South Africa's maize farmers will be put on the table this month when the National Maize Producers' Organisation (Nampo) holds an extraordinary congress in Potchefstroom.

The Minister of Agriculture, Mr Greyling Wentzel, is expected to attend and is certain to face questions from angry maize farmers about the plight of the industry which has been hit by inflation, high lending rates — and the worst drought in 200 years.

The administrative manager of Nampo, Mr Giel van Zyl, said the congress would address the hard facts of

the industry "without allowing emotions to become involved".

"At the last Nampo congress it was decided to launch an investigation, in co-operation with all the parties concerned, including the South African Agricultural Union, the Maize Board, the Department of Agriculture and Nampo, to come to grips with the situation facing the maize farmer.

"This has now been done and the results will be discussed at this extraordinary congress of Nampo," he said.

"Unless something is done quickly, less than 50 percent of maize farmers can be expected to survive financially," said Mr van Zyl.

BALANCE

Nampo says export costs have risen by about 16 percent and these cannot be covered by the current R80 million Government subsidy.

Mr de Jager says the new pricing policy is aimed at maintaining producer prices by striking a balance between supply and local demand. This means marginal land will have to be withdrawn from maize cultivation and farmers will have to rethink planting maize on a large scale.

PRETORIA —

The Maize Board is investigating what appears to be a large-scale racket to avoid paying producer levies to the board.

Maize Board GM Hennie Davel says prominent producers who delivered maize to the Magaliesberg Co-operative are involved in the investigation, which could be completed next week.

A senior official of the co-operative has resigned since the probe. Although no detailed assessment has yet been made, hundreds of thousands of rand could be involved.

The board's levies amount to R85 a ton — R60 to meet export losses and administrative costs, and R25 for storage and handling costs.

Normally a producer is paid by

Maize Board in levy-scam probe

B. J. O'Leary 20/8/87
G. Maize

GERALD REILLY

the co-op after deduction of the levy, which is then passed on to the board.

If producers are found to be culpable, they will have to pay the levy in full. They and any officials involved could also be prosecuted in terms of the Marketing Act.

Davel says the board is disturbed at the frequency of attempts by producers to avoid levy payments.

Normally individual farmers are involved, often through ignorance of the regulations. But this time the avoidance appears deliberate and on a large scale.

Maize farmers describe their 'alarming' plight

By Chris van Gass,
Pretoria Bureau

Maize farmers today explained their serious plight at an extraordinary congress of the National Maize Producer's Association (Nampo), and described the situation as "alarming".

It boiled down to a microcosm of the ills facing the South African economy — the debt burden, accumulated interest payments, inflation and, more specifically, the biggest drought in decades, the organisation said in Potchefstroom.

The Minister of Agriculture, Mr Greyling Wentzel, heard that squeezed margins had sent maize farmers into a rapid decline over the past years.

Nampo, which says it represents 90 percent of maize producers in the summer planting region, said internally the market volumes — the amount of maize sold in South Africa — had declined.

In the export market the costs of exporting the "surplus" production had to be borne by the local maize farmer.

In the inflationary spiral, and competing on international markets with heavily subsidised products — like those from the United States — costs had been pushed up, making the local product uncompetitive.

A number of solutions were suggested, but each had problems of its own.

One proposal was to expand the local market. Not a panacea, but a long-term project, agreed the producers.

Subsidies could be increased, but this would be costly.

The land at present being used for maize could be converted to another crop.

The last possibility was described by Nampo as the "most rational measure". But it held problems such as loss in foreign exchange, decreased turnover for the SA Transport Services, decreased potential for peripheral and supporting industries and possible maize shortages in future years.

MAIZE INDUSTRY

Getting out of it

③ Maize
MM 28/8/87

Government seems set to have yet another stab at resurrecting the stricken maize industry. Agriculture Minister Greyling Wentzel is expected to make an important announcement this week at a special Nampo congress called to discuss the industry's future.

The background to the meeting is the total collapse of the export market which has created a chaotic situation in the R1,7 billion industry, already deep in debt following five years of catastrophic droughts. And with the new planting season at hand and many growers faced with insolvency, farmers are running out of time for fresh initiatives.

Prompted by the huge world grain surplus of around 300 Mt, which shows little sign of diminishing, Chicago fob prices have fallen as low as \$74/t. In consequence, it has become totally uneconomic for South African producers to export high-quality maize competitively. The market for maize has, therefore, shrunk to the size of local demand — a mere 5 Mt a year.

As maize farmers have geared themselves to producing the maximum possible crop — in 1981 the crop reached 14 Mt — they will have to adapt to the massive drop in effective demand for their product. In short, farmers will have to stop producing surplus maize — or pay the penalty of export "losses."

For the past two years government has been sending frantic price signals to farmers to scale down production or face plunging prices. But, apparently inured to reality by the maize lobby's strident demands that taxpayers and consumers should make good farming losses, the signals have been largely ignored.

Fortunately, crops of the past two years have not been too high, thus limiting the industry's potential export "losses."

But with government growing impatient with maize producers' intransigence, and the maize lobby's creeping realisation that possible bumper crops in the coming season could spell price disaster for the industry, reality is at last beginning to dawn.

Maize producer organisation Nampo accordingly met Wentzel recently and requested that government spell out what assistance was likely to be forthcoming to tide over maize producers who take the costly step of moving out of maize into alternative crops. Alternatives like soya, sunflower, sorghum, groundnuts, cotton, dry beans and milk could help in a limited way, but any mass move into these crops would merely transpose the maize quandary onto another sector — leading to more uneconomic surpluses.

The most logical — but also costly — option is to move into the production of

livestock, wool, chicken or eggs as there are ready markets for these products. However, a few major problems stand in the way of an effective switchover.

Firstly, farmers' already meagre drought-ravaged cashflows will be further stretched if they have to make the costly — and time-consuming — switch. Not only will they have to buy livestock at excessive prices caused by the high level of red meat prices, but they will have to plant grazing which could also prove to be a costly affair.

Secondly, interest on outstanding farm debts is growing by leaps and bounds. Few farmers have yet availed themselves of government's special R400m package to help consolidate their debt and liquidate excess assets in order to arrange settlement schemes with creditors. Government can hardly be enamoured with the lack of response to its helping hand.

Moreover, the red meat industry is jealously guarding its control over the ready availability of meat on urban markets

debt mountain, many are unable to continue the uneven battle without massive State aid. The question is whether Wentzel will cast out yet another lifeline to maize farmers — or tell them to take the bitter medicine of the market and what's left of government's limited R400m rescue package.

Wentzel's address in Potchefstroom this week should be a pointer to which way the cookie will crumble.



through a complex system of floor prices, controlled markets, slaughter permits, hygiene requirements, abattoir tariffs and levies on slaughtering. It would, in all probability, resent the additional competition.

The industry's built-in protection and control systems carry a weight of vested interests which artificially keep meat prices high and effectively lock out free market access — and lower prices.

Maize producers who wish to enter the red meat market will therefore have to face the powerful meat lobby. For this they might need ministerial assistance to deregulate the system and break the power of the cartels.

The truth is that with maize farmers carrying the brunt of agriculture's R14 billion

31/10/87
S 28/8/87

The Star Friday A

Farmers praise new measures

Pretoria Bureau

POTCHEFSTROOM

The National Maize Producers Organisation (Nampo) yesterday acclaimed the more than R400 million "survival package" for the maize industry as a very positive action.

But at their congress here yesterday, Nampo warned that unless attention was given to production and marketing costs, the advantage would be wiped out.

Agriculture Minister Mr Greyling Wentzel announced the new package on Wednesday.

The Government has created a platform on two legs:
● A decreasing subsidy over four years to cover export marketing costs, a subsidy amounting to about R175 million.
● A programme to switch maize fields to pasture, costing about R280 million.

Maize survival plan welcomed

By Chris van Gass POTCHEFSTROOM

The fact that Minister of Agriculture Mr Greyling Wentzel announced a major R375 million "survival plan" for the beleaguered maize industry this week can be seen as a sideswipe at the image of the National Maize Producers Organisation (Nampo).

This was the undertone here at yesterday's special congress — which Mr Wentzel addressed.

The congress had been called specifically to address the dire position in which maize farmers in the summer rainfall region had found themselves.

It had been expected that Mr Wentzel would announce the survival package, said to be based almost entirely on Nampo recommendations.

But sources said they saw his announcement of the package in Parliament as pre-empting it. Nampo represents Farmers would have to start using farming implements jointly to cut input costs. Dr A S "Japie" Jacobs of the Department of Finance said at the special Nampo congress, Mr Potchefstroom yesterday: Farmers would have start sharing.

about 90 percent of all maize producers in the summer rainfall area. Despite certain Nampo misgivings, the package can only be seen as good news for farmers.

The plan is based on two legs, the first a R175 million subsidy which will be phased out over four years.

The other leg is a R200 million subsidy, also over four years, which will allow maize farmers to switch their lands from maize to pastures.

Should the provision of low cost housing by the Government be debated at the National Maize Producers' Organisation special congress?

Only if a delegate gets a bee in his bonnet that the funds for the project are taken from the Central Fuel Fund, established to finance the search for energy resources. The levies paid on diesel by farmers went into this fund which was a "hot-

tomless pit" that earned no interest and caused inflation, argued a delegate.

Yes, replied MP Mr Steyn Viljoen, in the same way as money was lent to finance the housing project so too a similar loan had been made to the Arnamants Corporation. But this money is placed with the Debt Commissioner whose responsibility is to invest the money to ensure a return for the State.

'Share tools' Fuel fund levies rile a farmer

Maize Board in contention

Nampo representatives are elected democratically via the congress.

Mr Wentzel replied that he was answerable to the highest democratic institution in the land, Parliament. He as Minister appointed the Maize Board in consultation with the South African Agricultural Union (SAAU) who generally passed on the nominations from member bodies such as Nampo.

"Mostly I would take the first nomination, but I can also use my discretion. In these specific cases I told the Nampo chairman that I couldn't appoint the first-choice candidates in terms of my competence under the Act. It is not that I am against anyone. I accept full responsibility for what I did."

What could have been a hotly-debated issue fizzled out. The congress accepted that the matter had been concluded.

3 Maize
B/dpny
14/9/87

Loss on maize exports could top R250m

PRETORIA — Losses on the export of surplus maize this year could soar above R250m, say agricultural authorities.

This is based on a surplus of 1,5-million tons from the Department of Agriculture's final crop estimate of 7,3-million tons.

Prices on saturated world grain markets have hit rock bottom, and the loss on SA maize exports is expected to average R160-R200 a ton, says Maize Board

GERALD REILLY

GM Hennie Davel.

The expected enormous loss highlights the need — strongly supported by government — for maize farmers producing on marginal land to diversify away from maize production.

Losses are being paid for by producers from a levy of R60 a ton. A further

R25 a ton is being levied for handling and storage charges.

Government has allocated R134m this year to help defray export losses, but when final calculations are made, farmers will be big losers.

Nampo says the local price for maize, after reduction of the levies, amounts to R203 a ton and average costs of producing a ton of maize is now about R260.

Catastrophic consequences if single-channel marketing system is replaced'

2 M 11 100
[Signature]

Maize price collapse warning

PRETORIA — A free market system for maize would lead to a serious price collapse on the domestic market with catastrophic consequences for producers, Maize Board GM Henrie Davel told the National Association of Maize Millers' annual meeting recently.

However, the Maize Board's single channel, fixed price system was being subjected to pressures which demanded change, he said. Among them was the trend towards freer marketing systems, greater deregulation and privatisation. The board was not interested in control

GERALD REILLY

for the sake of control.

"It is also, however, not prepared to dismantle its marketing system to fall into line with the popular but often not clearly analysed move towards free market systems." The maintenance of the one channel marketing system was in the best interests of producers and consumers, he said.

The board planned to bring the whole country under control. This would enable the board to collect levies in all magisterial districts which produced significant quantities of maize.

It also planned to close any loopholes in its marketing scheme through which levies could be avoided. The board would come down heavily on anyone illegally bypassing the levy system. This year the board froze its selling prices at the same level as last year.

This, in real terms, meant a drop of about 15%. It was reasonable, therefore, to expect domestic maize prices to increase in the new season. The overseas market for maize had virtually collapsed in the past two years.

International prices were at their lowest level since 1972 because of saturated markets.

PRETORIA — Planting of the new maize crop will start in earnest next month according to the National Maize Producers Organisation (Nampo).

Although September rainfall has generally been above average in most growing areas, Nampo warns farmers not to be too optimistic.

The two previous seasons started as well, then in the critical months of January-February the drought set in. At the beginning of January this year a Nampo spokesman said authorities were forecasting a crop of 13-million tons.

However, large planted areas were devastated by drought in the first three months of the year and just over 7-million tons was eventually harvested.

Latest figures show that production costs have more than doubled since 1984.

MAIZE farmers, battered by drought and disastrously low export prices, are suffering a loss of R45 on every ton produced according to producer calculations.

The National Maize Producers' Organisation (Nampo) says the cost of growing a ton of maize is around R260. But, even taking into account a R60 a ton levy to meet huge export losses, farmers' net return this season amounts to R215 a ton for white and R203 a ton for yellow maize.

Nampo GM Piet Gous says: "This explains the financial plight of most maize farmers and why they must take marginal land out of production."

If they did, export losses and unit production costs would decline sharply, leaving the producer with a viable price.

In determining this year's price earlier in the season it was estimated production would exceed consumption by 2,8-million tons. To export this under current conditions would have meant a loss of R630m, or about R225 a ton, the Department of Agriculture said.

Unlike the Wheat Board, which has a well-filled reserve fund — it has contributed R10 a ton this year to the new R395 a ton wheat price — the Maize Board's stabilisation fund is in the red to the tune of more than R450m.

Government had to make a R95m

Maize farmers 'lose R45 a ton'

3 MAIZE B/day

GERALD REILLY 28/9/87

grant to reduce the deficit. If government had not contributed this amount, or another R80m for the board's storage and handling charges and R134m to support the producer price, the net price for white maize would have slumped to a disastrous R187,20 a ton, and yellow to R175,20.

Without surplus production and without a deficit in the fund, the net producer price of white maize could have been R237,50 a ton.

The department said that was the background to why the price of wheat was increased from October 1, and the maize price had to be reduced this year. Factors supporting the wheat price rise are no surplus production, increasing demand for bread and the relatively slow increase in the net-producer price of wheat during the past few years.

Consumption of yellow maize has decreased steeply since 1983/84 and indications are the decline will continue.

Maize farmers lose R45 for every ton produced

Cap. Trunk 28/9/87 3 HAZG

Own Correspondent

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sales manager of Tedalex Electronics, left, and Tom Geary, director of the planetarium.

Maize farmers lose R45 for every ton produced

Cart Trucks 28/9/87 3 HAIR

Own Correspondent

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‘Six countries’

Maize railage hike could hit EL hard

3 MAR 22
23/10/87 20

by DAVE MARRS
EAST LONDON — Fears that the harbour here would be "crippled" were expressed yesterday following an announcement by South African Transport Services of another increase in railage tariffs on the transport of maize this year.

The chairman of the transport committee of the East London Chamber of Commerce, Mr George Orsmond, said the increased rates would "cripple East London".

He said the tariff hike was an "extravagant act" which put farmers into a position where they were going to have to look for another port through which to export their crop.

A spokesman for the Maize Board in Pretoria said the board had already expressed its "shock and concern" at the increase — of which it had no prior knowledge — in telex messages to both the Minister of Agriculture, Mr Greyling Wentzel, and the general manager of Sats, Dr Bart Grové.

The total increase in

railage for the present financial year now varies between 23 per cent and 29 per cent, depending on the distance.

Mr Orsmond said it would become even more difficult for harbour authorities to persuade farmers to ship their maize through East London, as opposed to Durban or the proposed Richards Bay development.

"One wonders if Sats has given due consideration to the consequences of its decision on the national economy.

"They will never be able to compensate in this manner for the R2 700 million railways loss that was announced recently," he said.

The economist of the National Maize Producers' Organisation (Nampo), Dr Kit le Clus, warned that if the government and parastatal organisations continued to raise tariffs at the current rate, all industry in South Africa, not only agriculture, would be on the road to disaster.

Dr Le Clus, who described the tariff hike as "devastating", said the rate of inflation, currently running at about 16 per cent, had already limited the total land area under maize and

reduced the supply of maize for export from South Africa.

The flow of maize through East London harbour and the income accruing to the city from this had been limited as a result.

The government was already encouraging farmers to reduce their cash crops, including maize, which was also reducing the export supply, he said.

Any local increase in costs, especially transport, meant that East London became less competitive compared with Durban, which was closer to the maize triangle and therefore more viable.

A decrease in the exportation of maize would have a greater effect on the city than on Durban, he added.

"The increases this year are significantly higher than the general inflation rate and will support the cost spiral.

"If the Sats increase reflects a new attitude in parastatal bodies, it will increase inflationary pressure on farmers, further reducing cash crop production and the flow of maize through East London harbour," Dr Le Clus said.

Mr Orsmond, who is also the chairman of the East London Harbour Advisory Committee, said: "We already have the infrastructure for the handling of vast amounts of maize in East London. It is crazy to encourage the development of Richards Bay as a handler of maize when we are perfectly capable of doing it here.

"Is there any justification for building a large grain elevator at Richards Bay at immense cost with an export market that is often crippled by drought and is so unpredictable as a result?" Mr Orsmond asked.

"You cannot increase the cost of production of a basic food in this manner when maize is already being exported at a great loss to the taxpayer."

The Maize Board spokesman said the increase in railage would have "an extremely detrimental effect on the maize industry" because it could lead to a decline in the domestic con-

sumption of maize and an immense increase in export losses.

"The board realises that all organisations have to contend with increased costs, but is of the opinion that the implementation of the latest tariff increases, which are both unexpected and without prior notification, seriously harms the board and any other utiliser of Sats.

"With regard to the market for maize and especially those consumers who are situated far from the main production areas, the latest increase can be regarded as a death blow and a disaster.

"The board has launched certain marketing actions this season to stimulate and extend the consumption of yellow maize, but now these actions will be thwarted by the increased railage.

"The increase will seriously affect the maize industry and the Maize Board's marketing strategy, and the ever declining domestic market will decline further."

Dr Le Clus said the margin for inflation on maize was already small, with a cost of production for a normal crop of R266 per ton and a price of R270 per ton for yellow maize and R300 per ton for white maize.

He said the inflationary effect of the increase would result in less maize being produced for local consumption.

"We are never going to get inflation down like this. South Africa will be worked out of the world market," he said.

The Maize Board spokesman said the periodic increase in railage, which was "evidently to keep pace with the rate of inflation", would seriously harm agriculture in the long term, as well as result in a dwindling of rail traffic and subsequent problems for Sats.

"Tragic will be the day when, owing to transport costs, the domestic consumer in the coastal regions utilises imported feed grain at the expense of locally produced feed grain," he said.

Bladwy 23/11/87
3 MAIZE

Maize farmers may lose R1,4bn

GERALD REILLY

THE spectre of a 12-million-ton maize crop is beginning to haunt farmers who might have to pay R1,4bn for surplus export losses.

A 12-million-ton crop would leave a 7-million-ton surplus.

In the saturated world market, this means losses of up to R1,4bn.

Agriculture Minister Greyling Wentzel has warned export losses could come to R200 a ton or more.

He said in Pretoria at the weekend that if farmers produced only 5-million tons, they could expect a viable price of about R270 a ton.

Due to maize overproduction, government has launched a scheme of subsidising a switch from crop farming to pastures on marginal land.

MAIZE PRICES

Defying markets

A major row is brewing between (uncontrolled) poultry producers and the single-channel fixed price Maize Board (MB). The row comes in the tracks of significant, ongoing declines in the consumption of maize, reflected in continual market gains by poultry against red meat products.

The SA Poultry Association (Sapa), concerned about the maize price, as maize constitutes one of its major inputs, has criticised reports that the MB is to pay producers an *agterskot*. Sapa argues that the *agterskot* should, as a "surplus fund, be passed on to consumers of yellow maize to allow the maize industry to regain and expand its (domestic) market share."

The MB refused to comment on this statement. But clearly, it is a classic anti-market move and contrary to MB statements that it is to become more market-orientated.

Apart from the hope of future *agterskotte*, there is practically no other reason for maize producers to be optimistic. The South African maize price is substantially higher than the world price; surpluses marketed abroad have to be heavily subsidised by the South African consumer.

Prices between 1970-1986 have risen roughly as follows: maize 753%; beef 643%; lamb 902%; pork 609%; eggs 396%; and poultry 332%.

Domestic consumption of maize has declined from 6 Mt during 1976-1977 to 5,5 Mt in 1985-1986. About half is used as animal feed. Compared to other main ingredients for animal feeds, between 1973-1974 and 1986-1987, maize rose 667%; fish meal 488%; groundnut oilcake 378%; and sunflower oilcake 390%.

Meanwhile, the markets have worked, control boards or not. In 1963, poultry consumption by weight equalled about 9% of beef's consumption; poultry cost 140% of the beef price. In 1985-1986, poultry cost less than half the cost of a comparable kilogram of beef; its consumption equalled almost 90% of beef's. Regression analysis shows that poultry will overtake beef in about 1992.

Is it coincidence that price changes seem to depend on how strict "marketing" is? Regulation and control, of course, always open the doors to abuse. A classic example of this is the "gap" between the producer and the consumer price of maize. This varies according to how much the consumer price is marked up by the MB to subsidise unprofitable exports.

In 1983-1984, the "gap" was a mere

R2,50, widening in following years to R5,95; R28; and R46,38. For 1987-1988, it is R85. In other words, producers who make deals with retailers — illegally outside the MB's knowledge — stand to "make" R85.

The MB's *agterskot* (if it is indeed paid) will signal all the wrong things. Inflation will make exports even less competitive. The consumer will have to subsidise exports at a higher rate. South African sales will shrink.

While some form of "market stabilisation" can be accepted for red meat producers, who stand at higher risk because of the longer production period, the same cannot be said for maize, a seasonal cash crop. ■

MAIZE — 1988

MAIZE FARMING

3 MAY 88
FM 16/12/88

Last outpost for farmers

Natal farmers are threatening all-out rebellion against the Maize Board (MB), over plans to extend marketing control to the province.

Following pressure from the MB and National Maize Producers Organisation (Nampo), Agriculture Minister Greyling Wentzel has announced that MB control will be extended to all parts of the country from April 1 1989.

Maize producers in the Free State and Transvaal are already compelled to pay substantial levies to the MB. Now other farmers are expected to register with the MB and pay limited levies.

Natal farmers, who have been exempt, fear it may be only the first step in total MB

freedom.

Southern Natal Maize Producers' Organisation spokesman Sam Knox says the province's farmers are gearing up for a long fight with the MB.

"We've tried every official channel, including deputations to the minister of agriculture, with no success. We will become militant if we have to."

Many Natal maize farming regions were once under MB control, before being de-regulated to the status of uncontrolled areas. Now they are being forced back under the MB's wing.

A number of farmers in these areas — places like Richmond, Underberg, Boston, Creighton and Ixopo — began building their

own storage silos, while others formed syndicates, applied for licences and built their own mills.

"It worked well. The farmers were getting more for their maize; small, private mills could process the maize cheaper and

undercut the big millers; and wholesalers were buying and selling the final product cheaper," says Knox.

"Everybody was happy, until a MB deputation visited the area and told us we were to be regulated again. Unless we do something, it will be illegal for us to produce maize without MB registration."

He says this could force many farmers out of business. "I can farm maize successfully, but if I have to sell at MB prices I will go out of business and lose the farm."

Farmer John Bredin, from the Ixopo district, says: "I could get my maize cheaper by buying it from my neighbour, a specialist maize farmer. So I stopped growing maize and turned the fields into pastures for cattle. I could get my maize up to R100/ton cheaper than from the MB, mainly because I don't have to pay transport costs."

Then the MB announced the area was to be regulated again.

"That means I've lost two seasons of maize growing. I sold equipment and cancelled contracts I needed to grow maize."

At Creighton, farmers and co-ops erected 18 silos for maize storage. They say these will be wasted under MB control, because they will have to use MB storage facilities.

There are also fears for small maize farmers in border areas, who have been selling direct to black neighbours in KwaZulu.

There are fears that black-white relations could be strained if farmers are barred from selling maize to their black neighbours, who will have to pay more to buy elsewhere. ■

SYNTHETIC FUELS

Little lev(it)y at Sasol

Government's apparent feet-dragging on tariff protection for Sasol synthetic fuels could discourage other companies engaged in syn-fuel projects.

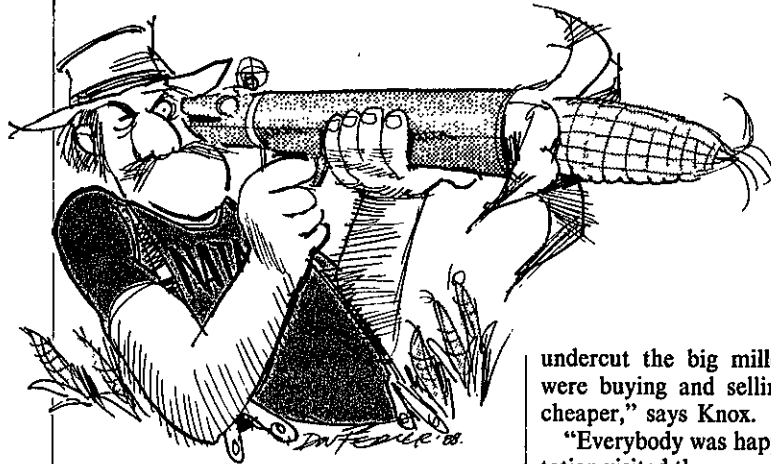
Government has awarded Sasol additional protection of 2,4c/l, bringing the total to 6c/l. This will be funded through the Equalisation Fund and will not affect the pump price of liquid fuels.

Though the extra 2,4c/l will be effective for 1988, Sasol says it isn't enough.

Economic Affairs and Technology Minister Danie Steyn disagrees, and says government's commitment to protection was not established to ensure profitability for the industry.

Sasol points out that government's original undertaking was recorded in Sasol's prospectus at the time of the public issue in 1979. Government assured investors that "should the ratio between the rise in general cost factors and the rise in the prices of petroleum products materially deviate from the assumptions made for the purpose of the economic evaluation of the Sasol undertaking, (the protection) may be adjusted upwards or downwards by the State."

Sasol maintains the added protection still does not fully meet the needs of the synthetic fuel industry. But government has proposed further discussions to find "an acceptable long-term solution" to the problems of the



control over their operations. They say it could force many of them into bankruptcy.

The Underberg Farmers' Association, at a meeting last week, passed a resolution refusing to fill in MB registration forms. Others could follow.

The MB and Nampo have steered the maize industry to a point where its stabilisation fund is almost R400m in the red, the industry has lost about 1 Mt of its local market and priced itself out of export markets.

MB-controlled farmers have had to pay substantial levies for export losses and storage fees to the MB, which operates a one-channel marketing system. It recently moved towards a more market-related system, but industry problems are compounded by the huge personal debts carried by many maize farmers.

Until now, large parts of Natal have remained free from MB control (and debt). Producers sell their crop locally below official MB prices, as they are exempt from levies. Now the MB is extending its control — and Natal farmers are rebelling against what they see as restrictions of their market

TOURISM FOREX DRAIN

Tourism is a drain on SA's foreign exchange, says Finance DG Chris Stals.

Foreign tourists spent R1,2bn in SA last year, but this was outweighed by the R1,5bn spent by South Africans holidaying overseas.

Stals says the tourism industry should develop without government assistance. "SA has become a country that thrives on subsidies. We complain about the high level of taxation, but we also ask for more assistance from the government. The great potential for expansion should provide a challenge for the industry."

Not in Natal, please

The furore over the extension of Maize Board control over Natal is the result of arbitrary moves to "deregulate" an industry by first extending control. Such sophistry is clearly unacceptable — and the refusal of Natal farmers to be bulldozed warrants wide support (see *Business*).

National extension of the board's one-channel marketing system has been sanctioned by Agriculture Minister Greyling Wentzel in terms of the Brand committee's report on alternative marketing arrangements for maize — with the ministerial proviso that districts producing less than 5 000 t of maize a year can apply for exemption.

It is disquieting that the effective extension of control over the successful free maize market in Natal (and elsewhere) from May 1 1989 is the *only* Brand recommendation accepted to date. This raises serious questions about government's commitment to a freer market in agriculture.

The Brand Report tackled some ancient agricultural taboos. In particular, it proposed the creation of a floor for individual free market dealings in surplus maize, wheat and sorghum. This proposed change from the one-channel control philosophy (which could lead to SA's own grain futures market) was welcomed by the *FM*. But the decision to

extend the one-channel maize marketing system puts the wrong emphasis on the Brand Report.

Natal producers who will be forced into the new dispensation are justifiably upset on two scores. Firstly, that the minister's 5 000 t production limit is arbitrary and unrealistic; secondly, that Natal as a province is a net *importer* of maize, so should not be subject to any levies for export "losses" — or to the Maize Board's fixed-price system.

The province's pleas for the retention of differentiated marketing arrangements fits in with government's own emphasis on regionalisation and the devolution of power. With the growing success of the province's free market in maize (extending to the milling and distribution of the product), it seems clear that attempts to squash this excellent example of free enterprise must be laid at the door of vested interests who do not like freedom — or competition.

Suggestions that large milling companies used their representative clout on the Brand committee to crush competition in Natal should be investigated. Otherwise government's role is reduced to accepting the pleas of interests (in organised agriculture, in its own control boards and in the private sector) out to squash a burgeoning free market. ■

New maize marketing system for SA next year

17/11/88
GERALD REILLY
3 MA 125

A SINGLE channel maize marketing system will be imposed from May 1 next year.

This was recommended by the Simon Brand committee which inquired into alternative marketing systems, and accepted by government.

Agricultural Minister Greyling Wentzel said magisterial districts producing and marketing less than 5 000 tons of maize a season could ask the Maize Board to be excluded from control.

The committee also recommended that different marketing arrangements and levies be applied in various regions, depending on the extent of production in that magisterial district.

It also recommended that the board and the marketing council divide the country into A and B areas.

Supported

Maize Board GM Hennie Davel said the board had been asked by the National Maize Producers' Organisation to press for nationwide control.

The move was supported by farmers responsible for 90% of maize production, all of them in the A area.

Those in the B area, which covered only five magisterial districts, were free to sell directly to buyers.

However, they would be levied to meet export losses and promotional and administration costs. They would not be asked to contribute to the board's storage and finance costs, and would share in export profits and losses.

Davel said current marketing regulations, in a simplified and less complicated form, would still apply which meant farmers in the A area had still to sell their produce to the board.

200 (170) 25/11/88

Section 15A.

Other companies give oblique reasons for why they are operating under the protection of S 15A. Kersaf, for example, states: "Details of certain subsidiary companies have not been disclosed as the directors are of the opinion that such disclosure could be detrimental to the future earnings of the group. The necessary consent in terms of the (Act) has been obtained . . ."

Again, this statement comes in an annexure to the group's annual report. Further, Anglo American, in a statement under a list of associated companies, states: "With the necessary consent, in terms of the (Act), certain information regarding associated companies has been excluded."

As Singer says, S 15A exemptions need not be related to "sanctions" or "strategic" issues at all: "Because the section refers to the company and subsidiary, it could refer to any information."

And that information is at the discretion of officials who have to guess at its relevance. It is an unenviable task and their inclination is probably to err on the side of caution and place too great a weight on the applicant's argument. It is within the nature of a bureaucratic mind that expediency is given more weight than the erosion of the integrity of accounting standards.

This is all too evident in the administration of taxation, where, increasingly, backdating is used for the expediency of the Exchequer, allowing tax law and practice to be suspended.

Apart from that, there are some accountants concerned at what is happening under S 15A who believe there is ample scope elsewhere in the Act to provide whatever secrecy might be needed. Apart from using off-balance sheet transactions as protection, the Act permits companies to not deal with subsidiaries in group accounts if the:

- Subsidiary is "immaterial;"
- Inclusion is "misleading;" or
- Inclusion is "impractical."

In other words, the activities most likely affected by sanctions — transactions of a foreign subsidiary — have long qualified for non-disclosure under the Act. Why then is S 15A used *in addition*?

This has led some accountants, like Steele, to the conclusion that use of "S 15A is more an issue related to a company's management than it is a matter of disclosure. It appears that companies are requesting S 15A exemption in the wrong circumstances, and that the Registrar is granting it in the wrong circumstances.

"We should be talking about something which is harmful to the country — not something which is harmful to the company," Wilmot echoes this: "Frequent use is made of S 15A. Whether this is in the best interests of the country is open to doubt. In the earlier years, S 15A was used to not disclose overseas investments — and this was to be accepted, if not applauded. But lately S 15A has been used more liberally: for example, for the non-disclosure of directors' emoluments. And one gets the impression that the authorities are fairly liberal in granting the S 15A exemption."

Registrar Janse Van Rensburg does not agree: "There's not one case of abuse that I can think of. Our decisions are taken on good grounds and a number of companies are turned down. There is certainly no case where we have consciously assisted non-disclosure. If there is any suspicion at any stage we will go back to the company for further information."

That may be so. But the question has to be asked whether the Registrar and his staff are in a position to know.

What would improve the situation is that once S 15A protection has been granted,

companies be required to give the sort of information contained in Dekro's annual financial statements. This company, which manufactures paint, coatings, polyesters and resins, says in its directors' report that exchange control approval has been obtained to establish a subsidiary abroad: "A suitable property has been acquired in the EEC . . . this venture is not expected to contribute to group profits in the short term . . . The company has been granted exemption (under S 15A)."

Few would deny that in the face of sanctions some secrecy is necessary. But there appear to be sufficient grounds for reconsidering whether S 15A is the best means of determining what it should be. There appear to be four legs to a solution. First, the application should be made to a committee that is more broadly representative. Second, companies should be required to reveal a lot more about what their exemption entails. Third, the exemption should be given prominence in the directors' report. And finally, as Norton suggests, the application for an exemption should be accompanied by a certificate signed by the company's auditor and attorney, to the effect that the application is motivated by reasons falling within the spirit of the Act.

SA cannot afford inroads into its standards of financial disclosure. As shown in the recently published *A Survey of Financial Reporting in SA 1988*, these standards are among the highest in the world and they fulfil a vital economic function.

If S 15A is used to succour the inefficient, inhibit competition and mask the deceitful, the outcome is to reinforce — certainly not ameliorate — the economic damage sanctions are doing to this country's economy. No one in their right mind would want to do that — least of all those whose need for some secrecy is legitimate.

Barry Sergeant

AGRICULTURE

A freer future

PMML/3
25/11/88
MAIZE

■ Grain sales could become more market-related — if the Brand report is accepted

It's too soon to cry "hoorah!" for a free market in agriculture. But the essential restructuring of the sector is about to be taken a step further. This is plainly foreshadowed by the release of the long-awaited report of the committee of inquiry into alternative marketing arrangements for maize under the chairmanship of Development Bank CE Simon Brand. The report is ingenious, and if its recommendations are carried through, the convoluted problems facing the maize, wheat and grain sorghum industries should become tractable.

Central to the report is a proposal to create a single marketing body that will sell all

surplus maize, wheat and sorghum (after "human" and industrial needs have been met) into the local stockfeed and export markets. A new "market floor" will be created for all three surplus grains and prices will be based on quality, supplies and location of the stock. "Eventually it could lead to a grain futures market in SA," says Maize Board economist Johan Willems.

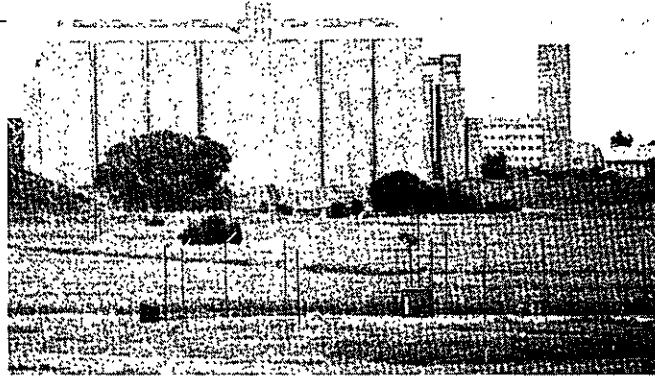
While the new system will not necessarily lead to better prices, it should create an essential price-setting element for the surplus stock of each of the three grains. Buyers will bid according to the acceptability and location of each grain commodity.



Chairman Brand . . . breaking down the marketing taboos

3 MAIZE
 25/11/88
 FMAIL

While the recent abundant rains substantially improved the fortunes of the grain producers, they still face daunting problems. The R1,6bn maize industry, for example, carries the heaviest part of the R14bn farm debt burden. It also faces a declining local market; fundamentally weak export prospects notwithstanding the recent US



Grain silo ... helping to set an area price

drought; ever-rising production costs; and increasing competition from the two other crops in the cut-throat local feed grain market.

As far as the Maize Board is concerned, it has an outstanding R395m debit on its stabilisation fund, while State support for the industry is gradually being phased out.

Wheat is facing its own crisis, following a record 3,5 Mt crop that left a 1 Mt surplus to be exported or sold into the overstocked feed grain market. This forced the Wheat Board to slash its fixed producer price by R45/t to R350/t, setting off a furious response from aggrieved Western Cape producers, whose traditional crop has been hit by the tremendous overspill of Free State maize farmers into winter wheat production.

Free State farmers — who get higher crop returns per hectare than their Cape counterparts and are therefore less financially prejudiced by lower prices — retort that they are merely following market signals to get out of the declining maize market. Government recommended they do so.

Meanwhile, following this free-for-all in the local feed grain market, the Grain Sorghum Board was forced to lower its producer floor price and is expecting an increasing challenge from the 8 Mt/year maize industry. The 1987-1988 sorghum crop of 550 000 t left 300 000 t to be sold into the

feed market after the demands of the malt industry had been met.

All this is of course a perfect situation for consumers. But, predictably, the grain lobbies have used their clout in attempts to redress the "imbalances" facing maize and wheat. What the Brand committee was required to do was come up with some answers, and it has done so. The producers will not be wholly pleased.

While Brand recommends some "temporary" extensions of control, it clearly points the way towards a more competitive, sophisticated and market-related grain sector.

Before this can be done, however, the representative producer bodies for maize, wheat and sorghum will first get a chance to discuss and consider the committee's recommendations. Their views will be submitted to Agriculture Minister Greyling Wentzel, who should have the final word in 1989.

While the Maize Board will retain its single-channel marketing system for the time being, the committee recommends that the way to a freer, more flexible and market-related system be opened by allowing producers to sell their maize direct to end-consumers. Meanwhile, a "price-forming mechanism" will be developed over time in the form of a trading floor or "similar system" for all three grain crops.

Brand's recommendations are so framed

that they could ensure producer support while laying the foundation for a market-related system — which implies at least the possibility of a futures market for grain products in SA.

But then what is needed is a serious commitment by the relevant boards to open up the market as soon as possible — and not to use extended control as a way to fix prices. And some hard questions need to be asked about the nature and make-up of the single producer body that will handle sales of surplus grain commodities on the proposed trading floor.

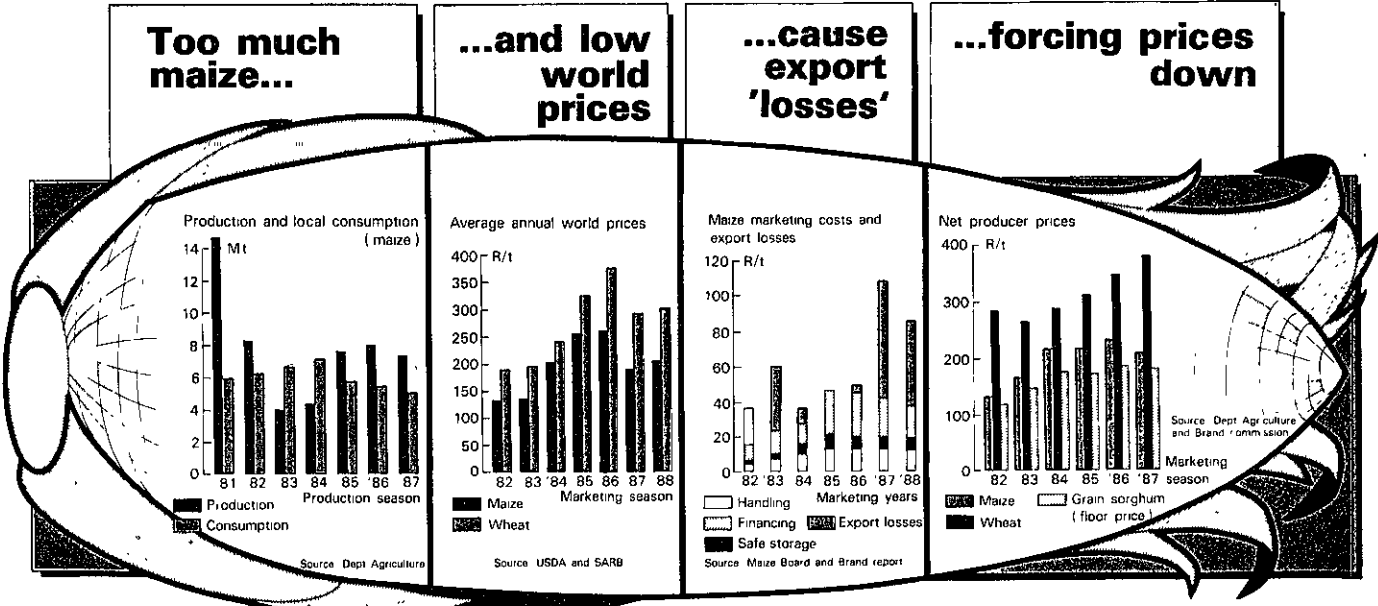
For instance, how will the interests of the three competing grains be effectively handled by a single body? Could the Maize Board use its extended powers to "lock out" other competing grains in the local feed grain market — ensuring that it would effectively control that market entirely?

Willems, secretary of the Brand committee, believes the new system will work. He says: "What the committee envisaged is that dealings on the floor will be based on quality samples from individual silos, to be presented to potential buyers. Buyers will then be able to bid for surplus grains from specific silos, taking into account the location of the grain and transport costs involved. Dealings will be free and this system should ensure that differentiated prices will be created per product and per silo."

Surplus stock of all three grain types should be available for sampling by buyers, so there should be no discrimination between the three. Sales could take place weekly or monthly, dictated by need.

"And there will be free competition between the three commodities, notwithstanding the single-channel marketing system," says Brand.

In this way, market and price signals will be sent to producers via the co-ops that control the stocks in their silos. And there should be no reason why individual farmers



BRAND 25/11/88

~~SAFEX~~

~~SAFEX~~

(or their co-ops) could not later become involved in direct floor dealings with buyers.

Chairman of the National Winter Grain (wheat) Committee, Japie Neethling, is "cautiously optimistic" about the Brand recommendations. He says the single marketing body will have pro rata representation from each sector, based on crop sizes.

But chairman of the Grain Sorghum Board Morris Leonard would like to make sure that the new system is an improvement before giving it his support. "Our surplus removal scheme is as close to a free market as you can get and most sorghum producers are satisfied with its effective working. A new one-channel system will cost money to administer — and in the current year we only had to buy in 14 000 t of our 550 000 t crop. This means our system works effectively and at low cost."

But, says Willemse, the proposed one-channel market floor system for the three grains would ensure that farmers become more sensitive to price movements and market demands.

Could all this lead to the development of a futures market in grains — along the lines of the immensely successful Chicago grain and

soya futures markets, backed by the US government's floor price surplus removal schemes? Tony Holness, joint MD of Holcom Futures, has some definite views.

"Futures markets only develop successfully under specific conditions: the price-forming mechanism should be relatively free (and not administered, for example, by a control board); there must be an existing market infrastructure with a lot of players, trading in particular commodities; and a need for a risk-management hedging mechanism that will attract speculators to the market."

In the case of agriculture, the players needed would be farmers, middlemen like merchants and traders, and buyers, with speculators adding liquidity to the market. But, says Holness, in SA only potatoes, being a freely traded commodity, could possibly justify a futures contract — and he has doubts about the size of the market.

"This is in contrast with the size of the maize and the live cattle markets, which would probably be able to justify a futures contract. But the downside is that prices are not freely formed by the forces of demand and supply," he notes.

Based on the example of the newly-formed

SA Futures Exchange (Safex), dealing in financial futures, he says Safex could provide the infrastructure and base that an agricultural futures market would require.

Brand says: "At the moment, the time is not yet ripe for an agricultural futures market in SA, as the necessary market mechanisms must first be created to allow freer price-forming. No futures market can be successful while government still has a say in price-forming. But, once the market mechanism starts to work effectively, the way will be cleared to move in that direction."

A vital element is that the new market should provide sufficient information about the quantities, quality and location of the commodities available for sale on the floor, says Brand. He adds that a commodity's minimum floor price would have to be related to international prices.

Should the various producer bodies and Agriculture's Wentzel accept the Brand recommendations, SA's vital grain sector could enter a new, exciting period — with the market at last allowed to play its proper role in price-forming and hedging.

Consumers and producers alike are certain to benefit from this. ■

5 MAR 22
B/pan 10/88

Many maize producers 'in a no-win situation'

PRETORIA — Maize farmers could plant themselves into even deeper financial distress this coming season, agricultural authorities say.

Nampo expects producers to plant more than 3,5-million hectares in spite of warnings to keep marginal land out of production.

It says the gross costs of planting and growing the crop will exceed R1,7bn when the 15% inflated costs of inputs is taken into account.

GERALD RELLY

The direct cost, including fertilisers, seed, fuel and labour, is around 60% of the gross figure.

And large numbers of producers, agricultural authorities say, are in a no-win position.

Nampo GM Piet Gous says a 9-million-ton crop is possible if the season is reasonable. This would leave around 3-million tons for export and losses on shipping the surplus abroad would be huge. And as the Maize

Board's stabilisation fund is deep in the red, producers would have to pay for the losses.

An added complication is the price scenarios announced earlier this year in which the bigger the crop the lower the price.

For a 8-million-ton crop the price of white would be around R225/ton and yellow R250. However, the price drops sharply up to 10-million tons, where it is R208 for white and R203 for yellow.

NEW GROUP TO HELP

1) Home Prof Davies sec 119 wit; 2) Mainz

2

BRENMILL

Spreading out

Brenner Mills (Brenmill) had its shares placed at 150c in June and currently stands at 100c. However, the group has performed to expectations by lifting EPS by 14% and offers a p/e of 6,2 against the average for the food sector of 8,9.

Like those of many other new listings, the balance sheet has remained highly liquid; at year-end, there was no debt and cash balan-

FINANCIAL MAIL AUGUST 19 1988

Activities: A maize miller in the northern Transvaal which also manufactures sorghum beer and produces animal feeds.

Control: Directors have control.

Chairman: A Brenner; joint managing directors: Z and M Brenner.

Capital structure: 23,3m ords of 10c. Market capitalisation: R24m.

Share market: Price: 100c. Yields: 6,5% on dividend; 16,2% on earnings; PE ratio, 6,2; cover, 2,5. 12-month high, 315c; low, 95c. Trading volume last quarter, 146 000 shares.

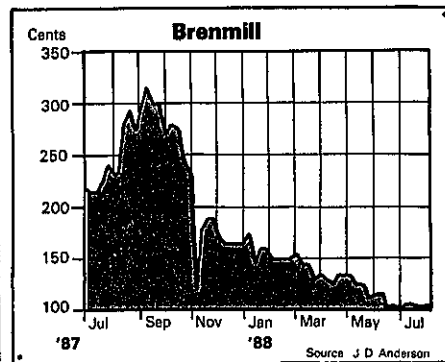
Financial: Year to February 29.

	'86	'87
Debt:		
Long-term (Rm)	0,8	—
Debt:equity ratio	0,06	n/a
Shareholders' interest	0,83	0,81
Debt cover	5,12	n/a

	'86	'87
Performance:		
Return on cap (%)	30	27
Turnover (1985 = 100)	131,4	156,2
Pre-int profit (Rm)	6,5	7,5
Taxed profit (Rm)	3,3	3,8
Earnings (c)	14,2	16,2
Dividends (c)	—	6,5
Net worth (c)	78,9	96,4

ces totalled R2,8m. Net asset value is 96,4c — only 6,4% below the share price — and the fleet of 50 trucks were all bought for cash. Until now, growth has been organic, but the company hopes to make some acquisitions, the funding of which should not present any problems.

While spending on food may remain more stable than other consumer markets during an economic slowdown, the sector is intensely competitive. Chairman Arnold Brenner



says, however, that Brenmill has increased and maintained market share and all the group's mills continue to show increased turnover, notwithstanding the competition in the industry.

Black trade in the northern Transvaal is thought to offer growth opportunities and the group is starting to spread its business to the PWV area. Added value that results from pre-packing should contribute significantly to turnover. Brenner is forecasting that the current rate of growth in the food industry will continue in the forthcoming year and expects the group's results to show a "satisfactory" increase.

Whether investors will be persuaded to accord the share a better rating is another matter; the failure to disclose turnover is certainly no incentive.

Louis Venter

(3) *Maize*

FOR SOME MAIZE FARMERS IT'S THE LAST GAMBLE

PRETORIA — Maize farmers would invest more than R1,4bn in planting and growing the 1988/89 maize crop and for many of them it could be their last gamble with the weather, the National Maize Producers Organisation (Nampo) said yesterday.

It said because some farmers had switched to wheat production, the area planted was likely to be 200 000

GERALD REILLY
hectares less than last year's 3,6-million hectares.

Nampo estimates that last season it cost producers about R302 a hectare to plant and grow maize. This year, the figure is likely to increase by about 15%.

The SA Agricultural Union says some farmers can finance the crop

from their own resources, but many drought-battered producers will battle to find the necessary credit.

Main resources of funds will again be the agricultural co-ops, with money borrowed at market-related interest rates from the Land Bank. The commercial banks will also take part of the load, plus the Department of Agricultural Credit and Land Tenure.

Nat bid to win moderate voters

(Handwritten scribble)

Board forecasts R203 to R255 a ton

Maize price expected to increase 6%

30/8/88
③ Maize
B/Day

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IN spite of the bullish expectations for maize exports in the coming year, the Maize Board has raised its expectation on producer prices for the coming year by only 6% compared with the price the last crop fetched.

This year, the board seems more prepared to deal with surpluses because the top price estimated for the 6-million-ton crop is only 22% higher than for a 10-million-ton crop. Last year's scenario differed by 47%.

Deputy GM Peter Cownie said the reason for the sliding scale was that the board incurred extra costs when marketing maize surpluses.

Chairman Hennie de Jager said the price scenario would assist farmers preparing to plant in October but the crop could be affected by several variables by the time it was harvested. These risks made it impossible to determine an accurate delivery price.

The ceiling estimated price of R255 a ton for delivery of 6-million tons of white maize is marginally lower than

HELOISE HENNING

R260 forecast last year. The actual producer price fetched last year on a crop of 6-million to 7-million tons was R230 a ton.

On a total crop of 7-million tons the forecast price is R242 for white and R237 for yellow maize. The returns slide to R208 a ton for white maize and R203 a ton for yellow maize if producers yield 10-million tons.

De Jager said the board could not afford to price its product out of the market as government's plan to phase out food subsidies would have a direct effect on the sensitive market.

The US drought had overshadowed the international market, making exports profitable this year. However, the market had been extremely volatile and would be approached with caution. The board was not currently in the export market.

De Jager said succesful domestic marketing depended on promotional activities. The maize industry was experiencing strong competition.

...detainee's death

Maize farmers may look to new pastures ³

PRETORIA — The Maize Board's price scenario for the 1988-89 season would force many farmers into wheat and meat production, National Maize Producers' Organisation (Nampo) GM Piet Gous warned yesterday.

The board's sliding-scale scenario indicated maize prices would range between R250 a ton for a six-million ton

GERALD REILLY

crop to R203 a ton for a 10-million ton crop.

"These prices are far below production costs and many producers will have to switch their operations because to attempt to produce maize at these

● To Page 2 →

B Day

3/18/88

Maize farmers may look to new pastures

prices carries the grave risk of bankruptcy," Gous said.

The cost of producing the eight-million ton crop last year worked out at about R268 a ton.

The price in the board's scenario for an eight-million ton crop next season was R223 a ton.

With rising interest rates and other cost increases the actual cost of producing a ton of maize in the new season would be close to R280 a ton.

"So what farmer in his right mind

would produce at R280 a ton for a gross return of R223."

Gous said last season the crop was planted over 3,6-million hectares, but because of the board's new sliding price scale this could be expected to shrink close to three-million hectares.

"If we have a poor season we might... have to import maize to meet the domestic demand."

● See Comment Page 8

3) Maize

● From Page 1 *3/18/88*

B Day

3MAY 2022
B/day
30/6/88

Maize crop estimate cut

GERALD REILLY

PRETORIA — The maize crop estimate has been drastically reduced to 6,1-million tons compared with an original official estimate of 7,3-million tons.

According to Maize Board GM Hennie Davel, final deliveries could be even less.

The smaller crop could leave a surplus for export of around 650 000 tons.

Davel said although prices had reached spectacular levels on world markets, they could go higher. They would, however, start hedging as demand reacted to the high prices.

US farmers would also be tempted to plant on a vast scale and prices would inevitably tumble.

However, favourable prices could last the rest of the season.

He stressed the market was highly volatile and wild fluctuations were possible.

Prices for the first tender of the season — 33 000 tons — had actually exceeded world prices.

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CAPE

STREET

R120-m to save ^{Maize} maize farmers ⁽³⁾

Star
28/10/86 Pretoria Bureau

The Government will effectively pay up to 4 000 maize farmers to stay on the land with a R120 million one-off aid scheme announced yesterday, according to Dr Piet Gous of Nampo.

Dr Gous, chief executive of the National Maize Producers Organisation, welcomed the scheme whole-heartedly, and interpreted it as buying time for both the maize industry and platteland towns threatened with extinction following six years of serious drought.

With a maximum payment per farmer of R40 000, the R120 million will assist between 3 000 and 4 000 cash-crop farmers in 15 districts and farmers in 11 other districts.

● See Page 5.

auction and the...

RLS 28/6/88

3 maize

R120m for farmers

The Argus Correspondent

PRETORIA. — The Government will effectively pay up to 4 000 maize farmers a total of R120-million to stay on the land, says Mr Piet Gous of the National Maize Producers Organisation (Nampo).

Dr Gous, Nampo's chief executive, welcomed the one-off aid scheme to drought-stricken farmers which was announced yesterday, and interpreted it as buying time for both the maize industry and platteland towns threatened with extinction following six years of serious drought.

With a maximum payment

per farmer of R40 000, the R120-million will help between 3 000 and 4 000 cash-crop farmers in 15 districts, mainly in the north-western maize growing area, and farmers in parts of 11 other districts.

They represented up to half of the country's maize farmers, he said.

Although some farmers had complained that the scheme would not apply to all, Dr Gous welcomed the plan to help only the neediest as a new departure in the allocation of farm aid on a more judicious basis.

● See page 8.

Exports cut back over maize crop doubt

3 min 20
Bldg
28/4/88

GERALD REILLY

PRETORIA — The Maize Board has cut back on exports because of doubt about the size of last season's crop.

This is to ensure there is enough maize for local consumption, and until there is greater certainty about the size of the crop.

Board estimates are that instead of an officially estimated 7.3-million-ton crop, the harvest could be closer to 6.5-million tons, according to reports from the board's agents.

However, tenders have been accepted and quantities of maize have been, and will be, exported, especially to honour long-standing commitments.

Industry sources say it is ironic that the first time in decades maize can be exported without incurring huge losses, quantities are limited.

Maize Board GM Henrie Davel says he expects a sharp correction in the spiralling world market prices for maize caused by the devastating drought in America's mid-west grain belt.

Political comment in this issue by Ken Owen. Newsbills by Neil Jacobsohn. Headlines and sub-editing by Michael Moon. All of Times Media Ltd, 11 Diagonal Street, Johannesburg.

By ELAINE DURBACH

OK, SO R3.5 million later, do you feel that you're part of the Maize Generation? — Don't get indignant if you don't; it wasn't taxpayers' money that financed the Maize Board's recently-concluded two-month airwaves and Press blitz.

It came out of the pockets of the producers and millers and thus will take a while to filter through to us.

Just as well. If English-speaking Capetonians had been the Maize Board's target, it would have taken more than copywriters' ingenuity to convey the notion that maize meal is a NOW food.

"Maize meal?" queries a typical local yokel. "Oh, you mean mealie meal? Oh — I had it once at a potjiekos braai in the Transvaal. It had a weird smell."

Allen as mealie meal might be to most gourmards here, to much of the nation it is a staple. Or at least it always used to be. In rural homes — white and black — it features at breakfast, lunch and dinner, with milk and sugar, or sopping up gravy, boiled, braised, baked or fried. The way the Chinese eat rice, the Italians pasta or the Irish their spuds, so South Africans eat maize — or corn, as others know it.

Of course, we are not the only corn eaters around. The Mexicans eat it in all manner of styles. The Italians love their polenta. And Vo Pol-

Breakfast, lunch time, tea time and dinner, don't forget the maize

lard, a food fundi who has hosted indigenous feasts for curious tourists, stopped serving mealie meal to Americans when she realized that for them it was mere home-from-home "grits". But we are amongst the most serious consumers of the stuff in the world — even before you include all its hidden uses in other products.

So why the radical extravagance of the media campaign? — To the growing concern of the industry, the mid-1980s had been showing a sharp decline in maize consumption. Despite the drop in output caused by drought and flood, they saw a surplus growing as buyers backed off. The low rand pushed produc-

tion costs up so high that exporting the excess at a competitive price became unprofitable. To compensate for the export losses, according to Peter Cowie, deputy general manager of the Maize Board, local demand needed to be hoisted by at least 20 000 tons this year.

Explanations for the drop vary depending on whom one speaks to. Black buyers, who make up 90% of the market, appeared to be moving away from their customary reliance on maize, but why? — A few years back, market researchers say, urban blacks began shunning traditional ways in favour of Western notions, but these days there is a sense of pride in an African

identity, so there had to be other factors at work.

It could be that those aspiring to a more sophisticated lifestyle linked mealie meal with poverty, or perhaps — given the expanded options in the cities and the onslaught of advertising — they were simply exploring new diet options.

The Johannesburg advertising agency of Klerk and White were hired to stem the tide. Their mission: to convey the notion that up-and-coming people do use maize, that it is a tradition worth making a part of the future. They launched all manner of projects to show how versatile it is. Everyone from maize region hoteliers to recipe writ-

ers got roped in to explore — and promote — the culinary possibilities.

The figures aren't conclusive yet, but according to John Dobie of Klerk and White, various millers have expressed "glee" over the response to the campaign. The associated competition drew over a million entries, and if that translates into buyers, the 20 000-ton goal looks secure.

So how about a local response?

In a Paarman, cookery teacher and peripatetic food writer, says people in the Cape cringe at the sight of mealie meal, then taste it and want more! Like most fans, she waxes lyrical on the subject. But it would take a rigid bias to resist her description of a breakfast of crumbly, steaming krummelpap, served with fresh cream and melting sugar...

Cookery buff Ian Logan, whose familiarity with local appetites comes from running restaurants and teaching others the art, suggests combining fresh mealie kernels with your maize meal. But like a true mealie meal lover, he insisted that the pungent singed smell is what makes one *fas*.

His appreciation for maize came from living in Zimbabwe, Inas from living in the Transvaal. Few Capetonians have discovered their taste for it here — but maybe all that is about to change.

36/11/82

Cape Times

25/6/88

Maize price climbs back

3/MA/78 *B/day*
GERALD REILLY 24/6/88

PRETORIA — The price of maize on world markets had spiralled to a five-year high, Maize Board GM Hennie Davel said yesterday.

And if the devastating drought in the US mid-West grain belt continued, the price could go even higher.

"Currently September future prices are around \$134 a ton. This compares with the high in 1983 of \$156.

"In August last year the September future price was \$60,23 a ton, which makes the current price a huge 124% higher," Davel said.

This meant, he said, the board would be able to export at a profit instead of the disastrous losses involved in recent years.

However, he said, the high prices could meet with resistance from big buyers, including the feedstock industry. Speculator involvement was fuelling the market, which was due for a sharp correction.

However, Davel was confident the price would remain above normal until the board disposes of this year's export surplus.

and expectations and to provide a direct communications channel between producers and the MB.

"This will improve our forward planning and follows requests by Nampo. I am convinced 80% of all producers are in favour of the extension of MB control and am prepared to test this in a free vote. Economic realities dictate farmers will remain in favour of the MB one-channel marketing dispensation," he says.

These "realities" include: the "oligopolistic" situation in the industry with 15 000 producers selling to about 10 major buyers; ongoing availability of supplies from the MB; financing of farmers before they sell their crops; and quality control. Moreover, the market is improving.

"We are winning back some of our lost local market share through discount packages to major consumers. At the same time, Chicago export prices are slowly going up. July fob Gulf prices have moved up to US\$92/t, compared with \$67/t a year ago. Drought in the US cornbelt and crop failures in India, as well as the general firming of commodity prices, underpin the market," says Davel.

But questions about farmer registration remain. Producers who fail to register will have to pay penalties and criminal action can be instituted by the State. This is contrary to government's stated aim of freeing agriculture.

The developments also take place against the background of the Brand Commission's investigation into a new marketing and pricing structure for the maize industry and possible changes to the MB's existing single-channel, flexible-pricing system. The report is expected by August.

Other agricultural marketing boards have avoided the registration route. Wheat Board (WB) GM Dennis van Aarde says the WB obtains its information on crops and plantings from agents. It is not considering registration.

"Producer registration and quotas would go against official privatisation and deregulation policies," he says.

Grain Sorghum Board GM Danie van Rensburg says of his crop: "There is no fixed price, nor do we have a one-channel marketing system. Each producer is free to sell for the best price and we have a surplus removal floor price of R172/t for unsold stock. But we have little need to buy in."

Pretoria University agricultural economist Jan Groenewald says of the MB's latest steps: "Once you have registration, you can also impose further controls. I see this as an attempt by existing producers to protect themselves against future entrants to the market."

Natal University economist Lieb Nieuwoudt says the extension of MB control may be an attempt to levy more farmers in order to reduce export "losses" of R150/t. "Net export realisations are about R70/t, against the local market selling price of R210/t," he says.

AGRICULTURE

(3) Maize

Maize men want it all

The Maize Board (MB) has moved a step closer to imposing its will on all of SA's maize farmers — in direct conflict with government plans to create a freer agriculture market.

By extending its control over the whole of SA — forcing producers in Natal and the Cape to pay MB levies and disallowing lucrative direct sales to bulk buyers — the maize lobby is in the position to force all producers to register.

The move could eventually lead to the imposition of producer quotas on the whole industry — a long-held ideal of the National Maize Producers' Organisation (Nampo).

Maize Board (MB) GM Hennie Davel insists otherwise. He says the main aim of compulsory registration is for the MB to obtain more information on crop plantings

Larger maize crop expected

Latest estimates put this year's maize crop at 300 000 tons more than last year's crop.

According to the Department of Agricultural Economics and Marketing's third crop estimate for 1988, this year's maize crop will be 7,3 million tons, of which 3,8 million tons will be white maize.

The department also expects a bigger grain sorghum crop of 488 000 tons, compared with last year's 478 000 tons. *star 25/1/88*

The groundnut crop at an estimated 156 000 tons will be nearly twice last year's crop. — Sapa.



MR WENTZEL

Maize market shake-up

D(1) 2015788

Drastic changes in the marketing of maize are expected to be introduced next year based on the recommendations of the Simon Brand Commission.

According to Nampo sources the need for a more streamlined and up to date system has become urgent.

The fact that the commission has been instructed by the Minister of Agriculture, Mr Greyling Wentzel, to report by August is an indication of this. Dissatisfaction with the current marketing system is rife in the maize

industry.

③ Maize

It is understood the commission is likely to hear strong pleas from the organised maize industry for a consolidation of three control boards — the maize, wheat and grain sorghum boards.

Justification for the plea is the need for more orderly and co-ordinated marketing, especially in the feed grain industry where the three boards compete. Another is the potential substantial saving in admin costs which would result.

SV 12/5/88

Usage of maize must go up for cost to go down

3 ^{Maize} By Caroline Mehliiss

Consumers may not benefit from the discounted price of yellow maize, spokesmen for the animal feeds and poultry industry have warned.

The discounted price, which is between six and 11 percent lower than last year's price, applies only if buyers purchase more yellow maize than they did last year.

If they do not better last year's usage, an increase of R7 a ton will be applicable.

A spokesman for the Animal Feed Manufacturers Association says unless consumers of animal feed are themselves in a high growth phase it is unlikely that manufacturers will be able to increase usage of yellow maize to qualify for the discount.

Mr Zach Coetzee, secretary of the SA Poultry Association, says it is unlikely that a demand for animal feed in the poultry industry will increase.

Because of genetic research, chickens become progressively more efficient at converting food to body weight.

The importation of cheaper French chickens had caused an expansion phase to be shelved, he said.

Selling of maize set for change

By *day*
11/5/68 GERALD REILL

2 MAIZE

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Justification for the plea is the need for more orderly and co-ordinated marketing, especially where the three boards compete. Another is the potential substantial saving in administration costs which would result.

New law for maize producers

D10615788
All producers of summer grain — maize and buckwheat — for sale are now compelled by law to register with the Maize Board. (3) *Maize*

A statement by the board says an efficient system of registration of maize producers is essential in developing the industry to the maximum. The main objective of the registration of producers is to obtain a proper record and information system to ascertain how many producers there are, who they are, and where they cultivate maize. (2) *48*

The maize producers benefit from such a system is that important information which the board might like to pass onto producers, can now be conveyed to each producer individually or by means of pre-arranged meetings.

Application forms for registration will be sent to producers in area "A" this month via the cooperative agents. Forms will also be available at depots of cooperatives.

Application forms to producers in area "B" will be sent directly from the board, while a further supply will be sent to local maize traders. Producers in the exempted area are requested to obtain the required application form via their local cooperative or directly from the board.

A registration number will be allotted to each producer and maize producers will be expected to furnish the board annually by October 15 with a return.

White maize costs more

88/5/2
B/day 2/5/88
3 MAIZE

WHITE maize is to cost more after a Maize Board announcement at the weekend that the price was to rise 3.9%.

The board said the reason behind the price increase was that there was not one for white maize last year.

Board chairman Hennie de Jager said: "The new selling prices are proof that the maize industry has heeded the State President's appeal to agriculture, trade and industry to exert the necessary financial discipline regarding price increases in a joint attack against inflation."

He said the board had continued with its consumer-oriented approach in its price deliberations and had taken a realistic view of the current and expected changes in local and international market factors.

It was understood government's undertaking to cover part of the expected export costs enabled the board to keep the increase in the selling price at a minimum and had also helped in reducing the gap be-

MICK COLLINS

tween producer and selling prices.

Since the season began, the average selling price for yellow maize had been lowered by about 6% compared with last season.

"The board has expressed its confidence that this price benefit will be passed on to the end-consumer," the statement said.

The board's selling prices for cleaned bulk maize of the best grades are R322 a ton for white maize and R295 a ton for yellow maize.

The net producer prices on delivery for best grades of maize in bulk have been fixed at R240 a ton for white maize and R235 a ton for yellow maize.

This meant, the statement said, that after taking into account the supplementary payment on their previous crop, producers would receive R4 a ton more for white maize and R11 a ton more for yellow maize for the new crop.

③ *Maize*

Cropping prices

With demand for their products falling as prices rise, the maize and wheat boards have taken an in-depth look at the marketing and pricing of their products. The results are encouraging.

Maize prices for the next year, to be announced soon, should show minimal increases — and could even fall. "We must retain our market share against competitors, even if it costs the industry," says Maize Board (MB) economist Johan Willemse.

Last year's official yellow maize consumer list price of R288/t was subject to special marketing arrangements offered by the MB to its regular consumers and the average price panned out at R275/t. This year, with a 550 000 t wheat surplus and an expected 7,3 Mt maize crop, further downward pressure is expected.

Pastures are generally in excellent shape and the demand for feed grains is likely to fall.

"New producer and consumer prices for white and yellow maize, to be announced any day now and applicable from May 1, will apply for the year to April 30, 1989. But should market demand, and consequently

FINANCIAL MAIL APRIL 29 1988

prices, change in the year ahead, farmers might receive an *agterskot* later," says Willemse.

Yellow maize sales have declined over the past five years, but the MB hopes to lift sales this year to around 2,15 Mt — from last year's 1,88 Mt. This still leaves 1,4 Mt to be exported at a loss.

But while the price outlook for the 3,5 Mt yellow maize crop is clouded, white maize consumption continues to recover. After a fall from 3,3 Mt in 1985-1986 to 2,9 Mt last year, Willemse predicts sales of 3,2 Mt this year.

On the export front, the outlook is improving following a reduction to 206 Mt on last year's 234 Mt surplus of world carry-over grain stocks. With stocks down, Chicago prices have improved — from US\$68/t fob Gulf in December 1986, to \$90/t this March. Current price levels should be sustained for the year ahead.

The Wheat Board (WB), meanwhile, had a surplus of 550 000 t of good quality wheat, which it planned to sell locally as feed grain. But, having disposed of some 240 000 t-300 000 t, it may now export the balance.

"We can't compete against US and EEC prices. In 1986, State subsidies to the US farming sector amounted to \$26bn, while the EEC's Common Agricultural Policy takes up some 70% of its budget. But our R180m stabilisation fund should be able to take the loss of R100m," says WB GM Dennis van

GM 29/4/88

Aarde.

③ *Maize*

He adds that while EEC producer prices last year were R440/t, fob export prices were R200/t. To compete with the latter, means an effective loss of R260-R270/t to local producers.

Van Aarde says the bread price must be increased by October, unless government increases its subsidy assistance. This year's subsidy of R100m is R50m less than last year's and should run out by the end of September.

D1D 22/4/86
Lucerne at low level

A scientific analysis of lucerne production in the East Cape indicates that production levels are still far below the potential in terms of yield a hectare and quality factors.

It is especially quality, which is a function of management skills, that shows considerable room for improvement, says the East Cape Agricultural Union.

It appears that, due to flood damage in the production areas of the Vaal and Orange rivers, a shortage of lucerne hay could occur.

Lucerne seed is fairly readily available, although the proportion of the local cultivar (S.A.S-standard) is low in relation to the amount of imported seed.

Taking everything into account, the East Cape lucerne producers and prospective producers can plan for the following season(s) with reasonable confidence.

In their planning, producers are urged to make maximum use of all the information sources available to them. Particular emphasis is laid on those services furnished by the Dept. of Agriculture and water supply, such as:

- visits to and liaison with experimental stations;
- liaison with departmental extension officers and those of co-operatives and private firms;
- the use of the leaflet series of the Department of Agriculture information and the holding of farmers' days at local level at which experts can contribute information.

The establishment of lucerne is a costly procedure and good planning is essential to ensure that no weak link occurs in the chain of procedures that are necessary.

D1D 22/4/86
Maize inquiry (3) Maize

The chairman of the committee of enquiry into alternative marketing arrangements for maize, Dr S. S. Brand, has appealed to interested groups and individuals to make submissions to the committee as soon as possible.

"The terms of reference to the committee include inter alia to investigate the problems experienced with the marketing arrangements for maize and to submit possible alternative marketing arrange-

ments, in which maize and other feed grains from the national states in Southern Africa can possibly also be handled through for example a grain exchange," Dr Brand said.

He said that interested parties must contact the secretary of the committee "as soon as possible on (012) 325 2133 to make arrangements with regard to the format of the submissions and the date of tabling".



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B/doug 20/4/88

GERALD REILLY

Maize: no big price changes

PRETORIA — New maize prices, expected to be announced by the month end, would be little different from current prices, the Maize Board said yesterday.

Board GM Hennie Davel said the producer price was expected to be set at about R215 a ton for white maize and R203 a ton for yellow.

However, this year the board paid an agterskot to producers of R21 a ton, bringing the prices to R236 and R224.

Board economist Johan Willemse said earlier it was possible and likely the selling price — currently R288 a ton, or R275 a ton, discounted — would drop slightly.

In the Budget, government granted an R80m subsidy to lower the consumer maize price — the same as the amount granted last year for the current season which ends this month.

Last year government also gave another R134m as a producer price support subsidy to compensate for rock bottom prices for export maize on saturated world markets.

So far, however, no firm decision has been taken on a subsidy to help defray the big losses which would inevitably result from exporting more than a million tons of maize from the current 7,3-million ton crop.

Davel said, however, that when government announced the subsidised

scheme to encourage the conversion of crop lands to pasture, mention was made of a maximum grant of R200m to meet export losses. This provision, if in fact it was decided on, would only be included in the 1989/90 budget.

□ ROGER SMITH reports Willemse as saying that the new selling prices would be affected by different factors in the board's three markets — white maize, yellow maize and export.

Promotion of domestic market sales had meant a 15% increase this year in local sales of yellow maize and 9% in white maize.

It was unlikely there would be a yellow maize price increase, given increased competition from wheat.

Despite the losses expected on exported maize, Willemse pointed out that export prices were currently much better than those last year — about R180 a ton compared with R140 last year.

Farmers told to

Farmers told to grow less grain

GERALD REILLY

PRETORIA — The Maize Board has urged farmers to withdraw profit marginal lands from grain production and switch to grazing crops.

Board GM Hennie Davel said against a background of an expected improvement in the rainfall pattern, farmers should not be optimistic about future maize prices.

The domestic white-maize market could not be dramatically increased overnight and depended on consumer preference, the economic growth rate, the availability and prices of substitutes and the population growth.

Davel said the availability of natural grazing could put a damper on yellow-maize sales because of the land-switching scheme and good rains.

On international markets grain stocks were gradually levelling off and a moderate price improvement was expected.

The world market would, however, remain under pressure in the short and medium term and significant price improvements were not envisaged.

Meanwhile the new maize price — to be announced on Friday — is expected to be little changed from last season's R215 a ton for white and R203 a ton for yellow.

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Answer

HOUSE OF ASSEMBLY

Indicates translated version.

For written reply:

General Affairs:

Strikes involving Blacks

18. Mr P G SOAL asked the Minister of Manpower:

- (a) How many strikes involving Black workers occurred in 1987, (b) in how many cases did the strikes arise out of wage demands and (c) what were the main causes of the remainder of the strikes?

The MINISTER OF MANPOWER:

- (a) 1 128
- (b) 461
- (c) Working conditions 174
Disciplinary measures 147
Various other reasons 346

Note: The figures furnished under (a), (b) and (c) are for strikes and workstoppages for all population groups, as separate figures are not kept. In 20 instances out of a total of 1 148 strikes and workstoppages Blacks were not involved.

Trade unions: applications for registrations

28. Mr P G SOAL asked the Minister of Manpower:

How many trade unions applied between 1 January and 31 December 1987 for registration in respect of (a) Black employees only, (b) White employees only, (c) Coloured employees only and (d) employees of more than one population group?

The MINISTER OF MANPOWER:

- (a) 2
- (b) 0
- (c) 1
- (d) 8

Subsidies: amount paid out

45. Mr R J LORIMER asked the Minister of Agriculture:

What amount was paid out in subsidies in respect of (a) bread, (b) maize and (c) butter for consumer use in the 1986-87 financial year?

The MINISTER OF AGRICULTURE:

- (a) R147 million
- (b) R120 million
- (c) Nil

The said payments were made under Vote 18: Programme 6: Agriculture Economics and Marketing.

Milk/Industrial milk: producer's price/price increases

73. Mr R J LORIMER asked the Minister of Agriculture:

- (a) What was the producer's price of (i) milk and (ii) industrial milk as at 1 June 1987 and (b) what price increases have come into effect in respect of each category since that date?

The MINISTER OF AGRICULTURE:

- (a) (i) On 1 June 1987 minimum producer's prices only were in force in the Dairy Board's controlled areas and the minimum prices which distributors had to pay for fresh milk were as follows:
 - Bloemfontein area 47,43 c/litre
 - Cape Peninsula area 50,85 c/litre
 - Transvaal area 48,72 c/litre
 - Natal area 48,54 c/litre

(ii) In respect of industrial milk minimum prices only were in force on 1 June 1987 and the minimum prices for the various classes of industrial milk were as follows:

- Class A+ — 450c X% butterfat + 674c X% protein per kg
- Class A — 450c X% butterfat + 387c X% protein per kg
- Class B — 450c X% butterfat + 358c X% protein per kg
- Class C — 450c X% butterfat + 324c X% protein per kg

(b) None

Nasella trichotoma: approximate area in RSA infested

74. Mr R J LORIMER asked the Minister of Agriculture:

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MAIZE INDUSTRY

Looking for a way out

③ Maize

Government is having a last ditch attempt at unravelling the messy situation in the maize industry.

This unenviable task falls to Development Bank of Southern Africa chairman Simon Brand, who was last week appointed chairman of the committee of inquiry into the effective marketing of maize.

Brand is required to focus on the problems of an industry which has:

- Virtually lost its export market. World surpluses exceed trading in grain by 100%, according to Volkas's *Economic Spotlight*, following subsidies in the order of US\$100bn a year paid to farmers in the US, EEC and Japan; and
- Lost some 1 Mt of its largely black local market through overpricing.

Although Gulf fob maize prices for export maize recently firmed, they are still way below South African farmers' recovery levels of production, storage and transport costs. Government, meanwhile, has undertaken to subsidise all grain exports by up to R100/t, to a maximum of 2 Mt/year.

But it has made it clear this interim measure will only apply while maize producers take roughly 1m ha — of the existing 4m ha — out of maize and into cultivated pastures for the production of beef, mutton and wool.

Maize farmers have already reduced the area under maize by some 400 000 ha-800 000 ha, mostly in favour of wheat, sorghum, sunflower and groundnuts. But in the process they could merely be switching the surplus in maize to other commodities.

Wheat farmers this year produced a record 3 Mt.

But if this should be repeated in 1989, they could end up with a headache similar to that faced by maize farmers as wheat is also in oversupply on world markets.

The R65/t differential between maize producer and consumer prices has encouraged moves towards alternative crops like

sorghum and feed wheat. Alternatives now undercut yellow maize in the local animal feed market. Producers formerly outside the "controlled" area of the Maize Board (MB) — Natal, eastern and western Cape — also increased maize production and profitably sold maize to consumers by avoiding the MB levy.

But government has now put a stop to this by declaring the whole of SA a "controlled" area under MB control.

The maize lobby has once again shown its muscle. All producers now have to sell at MB prices.

The central problem is that the maize industry is in dire financial straits.

The MB's stabilisation fund is R500m in the red and maize farmers carry the biggest share of the massive R14bn national farm debt.

Over the past six years the drought slashed cashflows to zero, interest rates zoomed out of sight, input costs mushroomed and both the local and export markets sagged. In short, the maize bandwagon has come unstuck.

Many farmers — especially in the drought-plagued western parts — have had virtually no cashflows for six years.

The industry's annual R1,9bn interest bill is now the biggest single cost item in agriculture.

To unravel the tangle created over decades will be difficult. Innovative solutions will have to be found.

The commercial banking sector, for example, is involved to the tune of some 70% of the total farm debt.

And nobody would be foolish enough to merely pull the plug on a whole sector of the economy.

"Farm land values would plummet, pulling down more farmers and leading to massive write-offs. Government would not be prepared to pay the political and social price of such a rash move. Agriculture remains the largest employer of black labour and the

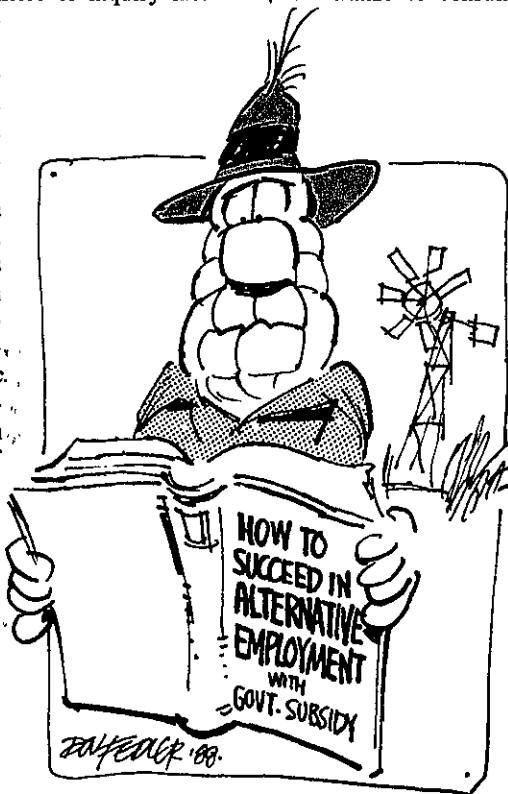
social effects of a farming collapse would be catastrophic.

"Government also has a strategic interest in keeping outlying areas populated," says a bank economist.

So the only alternative is a long-term plan to restructure the maize industry. But the situation is complicated because many farmers also produce wheat, sorghum, groundnuts, sunflower, beef, mutton and wool.

Agriculture Minister Greyling Wentzel therefore extended Brand's committee's brief (the report is expected by August) to include the effect that changes in the marketing system for maize could have on other farm crops and on maize production in the self-governing states and members of the customs union; the possible establishment of a southern African grain exchange; and the management and redemption of the MB's stabilisation fund debt burden.

Most solutions will be costly and painful. *But the only practical way out seems to be a balance between well-managed switch-overs to alternative crops, the gradual phasing out of uneconomic producers and, as unpalatable as it may seem, some State aid to farmers to reduce the effect of painful economic adjustment.*



DCP 11/3/88

Probe into marketing of maize

CAPE TOWN — The Minister of Agriculture, Mr. Greyling Wentzel, said yesterday yesterday he had decided to appoint a committee of inquiry into marketing arrangements for maize.

It would be headed by the chairman of the Development Bank of Southern Africa, Dr Simon Brand.

Among the aspects to which it would give particular attention were shortcomings in current marketing arrangements and possible alternatives; the effect that possible changes would have on other agricultural industries and the economy; the effect they would have on maize production in the homelands and other members of the customs union agreement; and the management and redemption of the debt accumulated by the Maize Board before the current marketing arrangements came into force.

It would also look into the possible establishment of a Southern African grain exchange "on a co-operative basis or otherwise."

Mr. Wentzel said he trusted the investigation and report would be completed by August this year. — Sapa

3MAY28

Govt probe into maize marketing

PRETORIA — Agricultural Minister Greyling Wentzel has appointed a committee to inquire into an alternative system for marketing maize.

Its chairman, he said in a statement here yesterday, would be Development Bank of Southern Africa chairman Simon Brand.

The inquiry will also look into the management and redemption of the Maize Board's huge debt burden. This is in excess of R400m.

SAPA reports that aspects to be covered include:

- The shortcomings in the current marketing arrangements for maize in accordance with the summer grain scheme in terms of the Marketing Act, and possible alternative marketing arrangements, as well as the requirements for an orderly transition from the current to the alternative marketing arrangements;
- The problems experienced with the effective application of the current marketing arrangements for maize and how these problems could be countered by possible alternative marketing arrangements;
- The effect that possible changes in the

GERALD REILLY

marketing arrangements of maize could have on other agricultural industries, and sectors of the SA economy and measures which may therefore be necessary;

- The effect that alternative marketing arrangements for maize could have on maize production in the self-governing territories of the RSA and the other member states of the Customs Union Agreement;
- The possible establishment of a southern African grain exchange on a co-operative basis or otherwise;
- The management and redemption of the debt burden of the Maize Board as reflected in the Stabilisation Fund at April 30 1987, before the current marketing arrangements came into force, and;
- Any further matters concerning the marketing of maize and other grains which the committee sees fit to investigate, and make recommendations with regard to its directive.

Wentzel also said the selection of committee members would be finalised shortly, after which they would be informed of their appointments. He hoped the report would be ready by August.

More maize is expected

SA raised its estimate for the national maize crop to 6,8-million tons from its first assessment in February of 6,6-million tons after rains saved fields menaced by drought.

A Maize Board official said the two weeks of rain in Natal, Free State and northern Cape recently caused severe flooding, but it had not affected important maize areas.

He said it was too early to estimate flood damage to maize. — Reuter.

3 MAIZE 4/3/88
B/daw

3 MAIZE

New plan for maize marketing

CAPE TOWN — Alternative marketing arrangements for maize will be investigated by a special committee to be appointed by government, Agriculture Minister Greyling Wentzel announced yesterday.

The committee and its terms of reference have still to be decided upon, but it will be required to come up with recommendations by August.

Wentzel also approved a Maize Board decision to extend its control on maize marketing to all areas.

CHRIS CAIRNCROSS

Areas to be brought within the board's control include Natal and the eastern Cape.

Wentzel said magisterial districts producing less than 5 000 tons of maize a season, and not yet under any form of control, could request to be excluded.

He stressed the extension of controls was a temporary measure, designed to enable the Maize Board to maintain

the highest possible degree of stability within the industry, until such time as alternative marketing arrangements were made.

Wentzel urged producers and millers in areas still uncontrolled to wait until there was greater certainty about new marketing arrangements before taking any decisions on extending facilities, or concluding any new production agreements on the basis of existing marketing benefits.

SA farmers want cheaper maize

Transvaal stock farmers want yellow maize, currently exported at a loss, to be sold to them at the same price that the Maize Board pays maize producers.

Star 21/3/88
At a red meat congress held in Pretoria, farmers claimed they paid R288 a ton, while surplus maize was being exported at a loss. Maize farmers receive R263 a ton.

③ Maize
The congress unanimously accepted a motion to this effect last week.

The Maize Board, however, says it would be unrealistic to sell yellow maize at R263 a ton on the domestic market.

Mr Poena Fourie, assistant manager of the Maize Board said it had to be taken into account that maize farmers paid an annual levy to cover export losses and other marketing costs.

In effect, this meant the producer price was considerably higher than the R263 maize farmers pocketed. If yellow maize was sold to stock farmers at the lower price, they would also have to pay storage costs, he said. If these amounts were added up, the price would be almost the same as the current domestic price of yellow maize.

The congress referred the issue to the management committee of the Transvaal Agricultural Union, which is to approach the Maize Board.

Call to merge grain boards

PRETORIA — The demand that certain commodity control boards be forced to merge in the interests of overdue rationalisation is expected to be made to the Simon Brand committee.

The committee is soon to start its investigation into alternative marketing systems for the troubled maize industry.

Producers claim the maize, wheat and grain sorghum boards could be consolidated into one cheaper and

more efficient unit.

Administration costs — paid by producers — could be cut drastically and the consolidation would lead to far greater marketing efficiency.

Meanwhile, National Maize Producers' Organisation chairman Boetie Viljoen said yesterday some farmers in the areas controlled by the Maize Board had switched part of their production to other grains.

18/3/88
GERALD REILLY

SM 1234

D/D 29/2/88

EL offered maize transport perk ^③ _{maize}

EAST LONDON — South African Transport Services has offered to transport maize to East London from all maize producing areas at a cost lower than existing tariffs.

The MP for East London City, Mr Peet de Pontes, said Sats was waiting for the Maize Board to agree to the plan before it was implemented.

Mr De Pontes said Durban was being used as a port to export maize more than East London, because of shorter distances from the production area.

"Durban, however, is not a popular maize harbour and it is over-util-

ised in handling other products.

"East London has better maize facilities but transportation costs push the price up," Mr De Pontes said.

The Maize Board had wanted to use Richards Bay as the main maize port, but that would mean the board would have had to provide the facilities.

"It has been estimated that to build maize facilities in Richards Bay comparable to that of East London would cost in the region of R350 million," he said.

The regional manager of Sats here, Mr Louis du Toit, could not be contacted for comment.

—DDR.

Maize losses ahead

PRETORIA — Maize producers' gross income from the current crop will amount to about R1,5bn — but it will have cost them 20% more to plant and grow the crop, according to Nampo sources.

The estimate is based on the Maize Board's first assessment of the current crop at 6,6-million tons, and that farmers will retain about 800 000 tons for their own use.

The board hopes the total available for export will be reduced to about one-million tons by increased domestic consumption.

19/2/88 GERALD REILLY B/200

This would mean losses of about R220 a ton under current over-supplied world market conditions.

Nampo says the costs of planting and producing this year's crop are about R1,8bn.

The big gap between farmers' gross returns and the costs is a reflection of severe drought damage in the first five or six weeks of the year.

According to the sliding scale on which the producer price is determined, farmers' gross return will be around R255 a ton.

D/D 19/2/88 (3) Maize
30pc maize loss predicted

PRETORIA — Maize producers' gross income from the current crop will amount to about R1,5 billion — nearly 30 per cent less than the overall costs of planting and growing the crop, according to Nampo sources.

The estimate is based on the maize board's first assessment of the current crop at 6,6-million tons, and that farmers will retain about 800 000 tons.

The board hopes the total for export will be reduced to one million tons by increased domestic consumption.

This would mean losses of about R220 a ton under current over supplied world market conditions.

Nampo says the costs of planting and producing this years crop amounts to R1,8bn. — Sapa

ery for the industry.

The anticipated seasonal maize crop of 10,5 Mt has now been downgraded to 7 Mt. At an average R180/t, maize producers have lost R630m in potential earnings.

The bill could be even higher unless good rains fall soon in the western areas of the Transvaal and the Free State, as well as in a few dry patches in the east.

Maize farmers are not alone in their plight. Producers of grain sorghum, sunflower, cotton, vegetables and even red meat have also lost millions through lack of rain.

"Even crop returns on irrigated maize will be reduced from a potential 10 t/ha-15 t/ha to around 6 t/ha. While the roots remain wet, heat stress does not allow for proper growth," says Nampo economist Kit le Clus.

Agriculture Minister Greyling Wentzel spent two days in the drought-stricken areas this week assessing potential crop damage. It's early days yet but the bill for millions of rands in drought relief could eventually be passed on to the taxpayer.

Le Clus says the position is critical — though it's too soon for definite projections of final plantings or potential losses.

"While provisional assessments show a 15% swing away from maize this year, many farmers went for other crops also subject to the weather. Should they even get a crop, export maize will only earn around R70/t compared with production costs of R264/t. So more State support is needed for the new subsidised land diversion scheme to encourage crop farmers to plant grazing for livestock," he adds.

Le Clus says the unused portion of the R400m debt consolidation scheme could be set aside for this. But this is a longer-term solution — many farmers need cash now.

Theoretically, increased livestock production should mean more red meat reaching the markets. But the Meat Board (MB) still operates a permit system which allows only limited amounts of meat to reach controlled urban markets. Unless it deregulates, producers can't diversify fully into livestock or consumers enjoy lower prices.

"The MB won't automatically allow new producers to enter an oversupplied market to the detriment of existing producers," warns MB GM Pieter Coetzee.

But market forces may create pressures even the MB cannot withstand — meaning cheaper meat and perhaps lower inflation.

"Last year, cattle slaughterings dropped 10,6% below 1986, while we expect a further 5% fall this year," adds Coetzee. "Beef prices, on average, jumped by 38,6% in 1987, mutton by 16% and pork by 19,2%. This year we expect beef to increase 10%-15%." □

AGRICULTURE (3) Maize

Feeling the heat

Just when SA's maize farmers felt the good early summer rains meant an end to their problems, the savage heatwave of the last three weeks has dashed hopes of a full recov-

FM 12/2/88

Three-quarters of crop lost

Many drought-hit maize farmers face financial ruin

STZ. 10/24/88

3 Many

By David Braun
and Paul Olivier

Drought-stricken maize farmers are facing economic ruin because of the failure of 75 percent of the country's white maize crop.

January 10/27/88
30
higher than
December

Car makers had reason to smile when January vehicle sales figures were released yesterday.

January sales are traditionally lower than December's but last month's tally of 16 517 was 3.4 percent up on December 1987 and a healthy 17.5 percent higher than January last year.

This was even more encouraging in the light of ongoing stock shortages which were aggravated for some makers by Christmas shutdowns.

VW SA's marketing director Mr Clive Warillow said: "We started 1988 with zero yard stock, and our dealers had the lowest stock levels that I can remember."

Although the light-commercial tally of 7 908 was 5 percent down on December, it was 13.2 percent higher than in the same month last year.

Combined sales of medium and heavy commercials were up

The Minister of Agricultural Economics, Mr Greyling Wentzel, currently on a two-day helicopter tour of most of the Transvaal and the Free State, said yesterday that he was shocked at the extent of the damage.

Mr Wentzel will report to President Botha and the Cabinet when he has finished his tour today.

The new setback will require further Government assistance, putting pressure on the Government to increase its expenditure at a time when it is trying to reduce this as part of the programme to boost the economy.

It is already too late to save some areas scorched by the heatwave of the past few days and it is feared that the total harvest in the Western Transvaal could be lost if it does not rain very soon.

South Africa, normally a maize-exporting nation, may once again have to import this staple foodstuff.

Other crops at risk, it is feared, include sunflowers, dried beans and groundnuts.

Farmers in the summer rainfall areas will continue to receive indirect financial aid and assistance.

Mr Wentzel told more than 250 farmers near Ottosdal in the

western Transvaal yesterday that the Government could not allow the collapse of the infrastructure in the rural areas. He encouraged farmers to diversify their crops.

He said organised agriculture could not compensate maize farmers financially for the loss of their harvests or write off their debts but it would do everything in its power to help.

Many farmers, hit by the drought, are facing sequestration.

The yellow maize crop, used mainly as cattle feed, is not at much risk as this grows primarily in the Eastern Transvaal which has had good rains.

Mr Wentzel today ends his tour in Bothaville, heart of the maize belt, after holding discussions with representatives of the South African Agricultural Union, the Transvaal Agricultural Union, the Free State Agricultural Union, the Northern Cape Agricultural Union, the National Maize Producers' Organisation and representatives of other organisations.

The crop failure could have serious repercussions on the food industry. Last year food price rises were the major contributor to inflation, increasing by 26 percent against 13.7 percent for all prices.



Mr Greyling Wentzel, the Minister of Agricultural Economics, inspects a maize plant in the drought-stricken Ottosdal district of the Western Transvaal. Mr Wentzel has urged all farmers in the area to diversify their crops in order to survive.

Man shot trying to rob shop owner

A gunman was shot and wounded when he tried to rob a German shop owner of R25 000 yesterday. Police said Mr J Sequeira (24) was accosted by the gunman, outside his house in Lambton at 5 pm.

A struggle ensued and Mr Sequeira pulled out a firearm. Two shots were fired, wounding the gunman in the stomach. He is in a serious condition in Willem Cruywagen Hospital. — East Rand Bureau.



ARGUS
10/2/88

NATIONAL

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Maize crop loss a threat to economy

The Argus Correspondent

JOHANNESBURG. — A new agricultural disaster looms following the failure of 75 per cent of the total white maize crop and the crisis may affect the implementation of the new economic dispensation.

The Minister of Agricultural Economics, Mr Greyling Wentzel, is currently on a two-day helicopter tour of most of the Transvaal and the Free State amid reports that it is already too late to save some areas scorched by the relentless sun.

He said yesterday that he was shocked at the extent of the damage.

About 75 per cent of this year's crop has been ruined by a lack of rain and is feared that the total harvest in the Western Transvaal could be lost if it does not rain within a few days.

Sunflowers

South Africa, normally a maize-exporting nation, may once again have to import this staple foodstuff.

Other crops at risk include sunflowers, dried beans and groundnuts.

The yellow maize crop, used mainly as cattle feed, is apparently not at much risk as this grows primarily in the Eastern Transvaal where good rains have fallen.

The Minister is accompanied by his Deputy Minister, Mr Kraai van Niekerk. Mr Wentzel will report to the State President and the Cabinet when he returns to Cape Town.

Mr Wentzel ends his tour in Bothaville, heart of the Maize belt, today after discussions with representatives of various agricultural unions, co-operatives and other agronomy organisations.

Last year food price rises were the major contributor to inflation, increasing by 26 per cent as against 13,7 per cent for all prices.

Mr Wentzel said at a Press conference two weeks ago the country's 59 000 farmers had come through seven years of drought.

Setback

During that period the Government had spent R2,4 billion in special assistance to farmers.

A new setback in the agricultural sector will require further aid, putting pressure on the Government to increase its expenditure at a time when it is trying to reduce this as part of a new economic programme to boost the economy.

Drought-stricken maize farmers in the summer rainfall areas will continue to receive indirect financial aid and assistance to prevent them leaving the land, Mr Wentzel told more than 250 farmers near Ottosdal in the Western Transvaal yesterday.

He said the Government could not allow the collapse of the infrastructure in the rural areas and encouraged farmers to diversify their crops in order to survive.

5/2/88
Maize crop disaster (3)
threatens this year

PRETORIA — Another maize crop disaster is threatened in the western Transvaal and north western Free State.

A Nampo economist, Mr Kit le Clus, said reports from parts of the eastern Transvaal also indicated severe crop damage caused by lack of rain and high temperatures in the past three weeks — a critical growth period.

"The destruction caused in only a few weeks has to be seen to be believed.

"In many parts of the western maize belt the crop is dying, and the potential is zero.

"Literally thousands of tons of maize are being destroyed every day the rains hold off. If they don't come soon it will be a write off on a huge scale."

He said the crop potential had decreased from the 10-million ton estimate to 7 million tons — and it could be substantially lower.

"The crop showed great promise at the end of last year but weeks of withering heat since then have devastated large tracts of maize lands," Mr Le Clus added. — DDC

DD 29/1/88
**Loss on
export
maize**

A payment will be made to all farmers who marketed maize under the marketing scheme of the maize board during the 1987/88 season, says Mr Hennie de Jager, chairman of the board.

Mr De Jager said this supplementary payment was made possible by a smaller export loss and the conservative basis on which producer prices for the 1987/88 season have been determined.

"As a result of the smaller than expected maize crop, maize has been exported at a loss. The export loss has been reduced through the board's successful efforts to market more maize domestically," Mr De Jager said.

"The board's income from export maize has also been higher than expected as more favourable prices were obtained on international markets."

The board will also create a contingency reserve to establish a new stabilisation fund to reduce further risks.

As the maize surplus for the export market had already been sold by the end of December 1987, payments can be made this year before the end of the marketing season on April 30, 1988. He pointed out, however, that future payments, if any, would not necessarily be made before the end of the marketing season as is the case this year.

The supplementary payment in respect of grade 3 yellow maize has been fixed at R10 a ton since it had to be marketed at a discount due to its quality.

The present supplementary payment does not mean that the income of maize producers will be higher than it should have been. The fact that the crop delivered was 1 million tons less than expected means that producers' income will only be in line with the prices announced at the beginning of the planting season.

MAIZE INDUSTRY

③ Maize

Battle to extend control

The Maize Board (MB) has made some admirable changes to the rigid fixed-price, one-channel marketing system that previously governed the R1,7bn a year industry. But moves to extend its control over maize farmers countrywide look set to cause a furore.

Coupled with attempts to control maize production in outlying areas of the Cape and Natal is the MB's announced intention to change the Marketing Act and make it compulsory for any maize farmer to register with a central authority.

These moves, which look suspiciously like extending insidious controls over farming, seem to run counter to the MB's own concept of *glasnost* — its slow but definite moves in the direction of a more market-related pricing policy. It confirms the view that the MB is, at heart, still a *control* board, in contrast to being a *marketing* board.

The plan to extend MB control countrywide — announced by GM Hennie Davel at a Pretoria press conference last week — appears to be an attempt to clamp down on producers in "uncontrolled" areas

R140m a year.

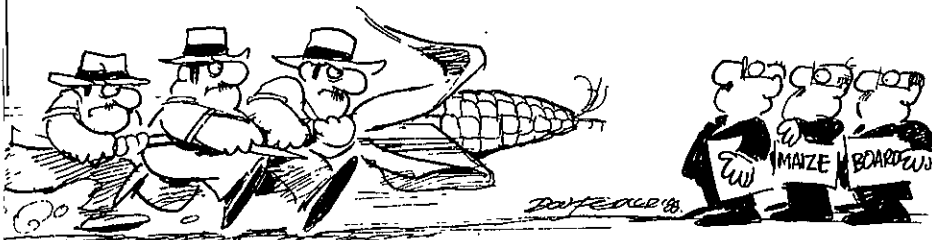
The industry too wants to get its financial house in order — especially after it lost 1 Mt of the local maize market to substitute products. The target of the MB's current ire — and its intended clampdown — is some farmers in the Natal Midlands who have, over the past year or two, extended their maize plantings in response to favourable market signals. Not being committed to the MB's levy system, they have been able to sell maize at favourable prices as feedstock to producers of pork, chicken and beef.

"We find that our local market is in equilibrium of supply and demand. We do not need the MB — they have never done anything for us and we see no reason why we should be compelled to fall under the MB's control and be subjected to the levy system," says well-known Natal farm leader Gerrie de Jongh.

He notes that Midlands farmers do not produce on the scale of the Transvaal-OFS "maize triangle" but, due to excellent rainfall and good soils, their yields are well in

sinister in the board's intention to demand registration of all producers. He says this has nothing to do with control over production and will merely be a means of increasing communications links and obtaining vital planting and crop statistics.

The minister will have the final say. ■



outside the major maize-producing areas, who have been circumventing the MB's two-price system. They have been evading the R80/t levy to the board.

"It is patently unfair that producers outside our control should be able to make use of the high consumer prices for maize (some R310/t) by selling directly to consumers, and evade the compulsory levy paid by all producers in controlled areas," says Davel.

The reason for the levy is to compensate the MB for "losses" suffered from the export of surplus maize into a world market which is still suffering from an oversupply. Nevertheless, export prices — fob Chicago — have moved up around 23% (from US\$72/t to the current \$89/t) since the board announced its prices last year.

The board's stabilisation fund is also still deeply in the red, after it hit a high of R497m as a result of successive government assistance schemes. The MB has made a commitment to repay the outstanding debt to the State, and government, at the same time, has reduced its liberal subsidisation to around

excess of the national average of 2 t/ha.

Natal farmers are strongly against what they see as the board's interference in a regional market — and they intend circumventing its rulings should they be imposed. However, the MB also has some strong cards to play.

"We were told by MB officials at a public meeting at Howick last November that the board would consider declaring the 'uncontrolled' area of Natal an 'export zone' and dump their surplus yellow maize here at export prices unless we play ball," says De Jongh.

This could mean the end of the Midlands producers, who would not be able to compete profitably against dumped market prices. According to Natal Agricultural Union director Steve Shone, the matter now rests with Agriculture Minister Greyling Wentzel, who is expected to make an announcement on the issue soon.

"Once he makes his decision, we will take the matter further," says Shone.

Meanwhile, Davel says there is nothing

WHEN you complain about farmers, don't do it with your mouth full.

That is the advice from the Western Transvaal, where maize crops are in the balance and the next few weeks' weather holds the key to success or failure for another season.

On the other hand, it would not appear to make too much difference either way except to compound an already critical situation. Even a good season could mean bad prices.

The Maize Board is losing about R200 a ton on export maize, for which the farmers ultimately pay through levies, and thus a good crop which provides more maize for export will not effectively help farmers.

Government has finally stepped in to produce a long-term solution to the worsening problem. In essence, farmers are now being encouraged to farm for a subsidy.

As from last October they are being paid a subsidy for every hectare they take out of cash crop production and put into pasture farming for livestock.

Agriculture received R592,1m in subsidies last year of which R167,7m was for the maize industry.

But, says Dr Kit le Clus, economist for the National Maize Producers Organisation (Nampo), agriculture is by no means the biggest recipient of the subsidy cake. In 1986/87 passenger and other transport received R1,038bn in subsidies, and commerce and industry R926,6m.

Already nearly 530 farmers —

'Farming for a subsidy' ³ in the SA ^{Maize} maize belt

B/Day 18/1/88



□ MAIZE ... good crops won't help farmers

Most farmers can no longer produce maize profitably, so they are learning how to 'farm for a subsidy' to stay in business.

DIANNA GAMES reports.

the majority in the Western Transvaal and north western Free State — have applied for the new land diversion subsidy.

Government hopes, within eight years, to encourage cash crop farmers to switch a total of 1-million hectares to pastures, to reduce especially the maize crop and to save natural pastures.

In terms of the scheme, farmers are subsidised to the tune of R80 per hectare for the cost of establishing pastures, then R50 per hectare for rental income for the next four years, but a condition is that farmers maintain the pasture land for a minimum of eight years.

Since it was implemented, 42 000 ha out of this year's target of

100 000 ha have already been "diverted".

Norman Payne, a third generation north-western Free State farmer, blames the end price of commodities for a saturated market.

"People can't afford to eat our produce. If there weren't so many middlemen prices would be lower, and there wouldn't be a situation of over-supply."

He backs up this argument with figures on his peanut crop. He gets only about 65c/kg for peanuts but the consumer pays anything up to R6/kg.

One of the pressing problems is how to stem the tide of sequestrations in the maize industry.

Nampo, in a report on the maize farmers' economic situation late last year, said government's drought aid measures succeeded in preventing widespread sequestration by enabling farmers to reschedule their debts at subsidised interest rates.

But despite this, the number of sequestrations from 1984 to the end of 1987 nearly trebled, knocking 1 208 farmers off their land.

As long ago as 1983 the Jacobs Committee into the long-term viability of the maize industry identified the crux of farmers' problems as the deterioration in the net export earnings of maize and farmers' inability to cut their crops accordingly.

The committee recommended a two market system for maize as the most rational solution.

Each farmer was to be given a quota for delivery to the market on the basis of past deliveries. The farmer was then free to produce as much maize as he liked which would have to be used on his farm or delivered to an export pool, the earnings of which would be shared on a pro rata basis.

This would have enabled each farmer to determine his own net price, would have shown him the real net export price, thus giving him the opportunity to direct his production decisions accordingly, and would have required no extra subsidy from the taxpayer.

But government, waiting for market forces to induce the necessary adjustments, rejected the scheme in 1984. And now, just three years later with several thousand more farmers facing bankruptcy, the taxpayer is to be responsible for yet another subsidy.

Nampo and the South African Agricultural Union found that for every R10 reduction in the net producer price, 6,5% fewer farmers would be able to survive.

The Maize Board's September 1986 scenario, which included a price subsidy of R80m, would yield

a producer price of R198/ton (white maize) and R186/ton (yellow maize).

These were the price expectations behind the farmers' decision to plant maize in 1986.

But of eight major growing regions only the north-eastern Free State, with a production cost per ton of R176,75, would have been able to grow maize profitably in such a year.

Thus, concludes Nampo, the majority of maize farmers planted maize for that season on loss expectations.

The general rationale seems to be that they would at least get paid something for their maize by the Maize Board even if the resulting overproduction in a depressed market meant lower prices.

Le Clus says there is already a 15% cutback on maize production.

Decline in consumption was accompanied by several hefty price increases for maize products.

The world price of maize also dropped from US\$163/ton in August 1983 to a low of US\$66/ton in September 1986. It has since recovered to around US\$80/ton.

It has been shown that even in "normal" years, farmers can on average no longer produce maize profitably.

Nampo predicts that the Maize Board's export losses will steadily decrease and the net producer price of maize is more likely to decrease than increase in the next few years.

Since 1979, the board's stabilisation fund has accumulated losses which now stand at R500m despite increasing state subsidies.

Last year the gap between the board's selling price and the net producer price was R85 per ton and it had to institute special measures to prevent the illegal sale of maize outside the system.

Nampo predicts illegal sales will increase rapidly unless the gap is narrowed.

Maize aid in the dairy

DD 15/11/88
③ Maize.

Dairy farmers in the vicinity of George are advised to plant their own maize — not as a cash crop, but to produce their own concentrate, says Mr Johan Blomerus, assistant director: Extension of the South Coast Subregion.

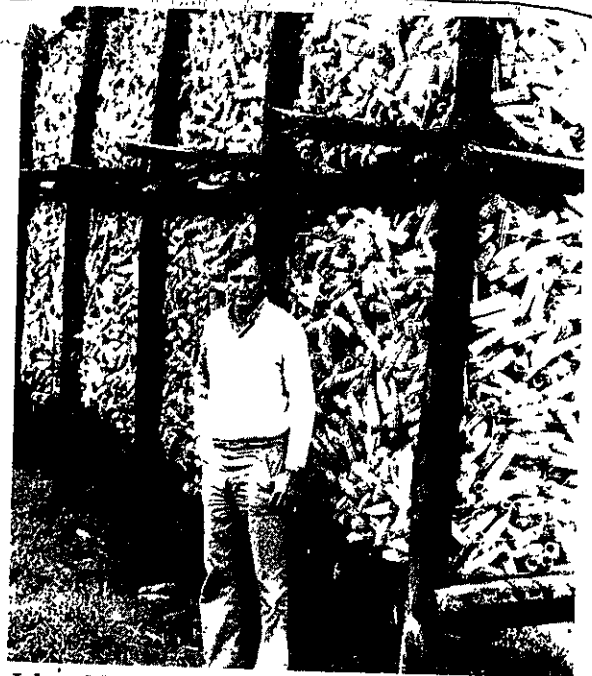
According to him the maize is grown on dryland with supplementary irrigation and stored. It is later milled and mixed with fish meal and other ingredients to compile a ration.

Mr Blomerus says depending on the farmer's yield, he could produce a concentrate that will

be a third cheaper than the "bought" product.

According to him 16 ha of maize was established on the Outeniqua experimental farm in 1986 and the planting was irrigated once. It produced a yield of 154 tons of maize cobs; 9,6t/ha or about 6,5 tons of kernels per ha.

Mr Blomerus says if the maize should be sold as a cash crop, it would have yielded a gross margin of R13 000. However, by mixing it, 210 tons of concentrate could be produced, which meant a saving of R42 000.



Johan Blomerus with a typical example of the so-called maize cage.

2/11/75
14/1/88

R3-m effort to boost maize sales

Pretoria Correspondent

The lower consumption of white maize has moved the Maize Board to launch a R3 million advertising campaign to ward off "foreigners" such as pasta and rice.

The consumption of white maize products has sharply decreased during the past three to four years and the countrywide advertising campaign is aimed at reversing the trend, according to an editorial in the January edition of *Maize News*.

Maize News is the official mouthpiece of the National Maize Producers' Organisation (Nampo).

The campaign will include a national competition and the supply of point-of-sale material, "promotions and related items" and a prize-giving function.

"A decrease in the consumption of white maize is not only detrimental to South African farmers, but to the whole economy. Instead of consuming more white maize, imported products such as pasta and white rice are consumed.

"It is consequently of national interest that we market more white maize domestically."

DD 13/1/88
Plan to boost maize

PRETORIA — The Maize Board is about to launch a concentrated promotional campaign to stimulate the consumption of white maize.

The Maize Board general manager, Mr Hennie Davel, said white maize product sales had fallen dramatically over the past few years.

Potatoes were becom-

ing maize's main competitor.

"The main thrust of the campaign is to encourage the growth of a new white maize generation — this is not only aimed at the black market," Mr Davel said.

He said producers would foot the R3 million bill, with a contribution from the milling industry. — DDC

MAIZE

1989

Big Soviet orders help maize price

GERALD REILLY

PRETORIA—International maize prices have been stabilised, by huge buying orders from the Soviet Union in the past few months, lifting a significant amount of the world surplus from the market, a Maize Board spokesman has said. *(3) Maize*

Prices have moved in a narrow band between \$107 a ton in October to \$110 in November and \$106 in December.

Of the Maize Board's 4.2-million ton surplus, 2.6-million tons have already been exported. The remaining 1.6-million tons will be shipped out before the end of April. *By Day 12/8*

Forex earnings have been reassessed at about R1.3bn.

kets," he said.

fears of change and technology. Although many traders were happy with

tracts in interest rate futures hav from about 1 000 in August 1988 to September 1989.

5/12/89
New hotel for Randburg CBD

DAVE LOURENS

THE Randburg Town Council has made land with a market value of R6m available to the developers of a R200m hotel and office complex in the heart of the Randburg CBD for a nominal amount, believed to be around R100.

In terms of the deal, development company Gulfcon International is required to provide a replacement for the 540-bay parking lot which will make way for the 29-storey, 117 000m² complex.

Management committee chairman Frans Lourens said the project "will not only fulfill a desperate need but will also stimulate further development in Randburg as a whole".

Present

The four-star, 200-room hotel will incorporate conference facilities for about 1 000 people as well as extensive recreational facilities.

At present there are only two hotels in the area.

Twenty-two storeys of the building are to be used to provide 32 800m² of office space.

Gulfcon director Rob Parker said a consortium of financial institutions would finance the project, but he would not identify them yet.

5/12/89
Bank probes figures for informal sector

DAVE LOURENS

TO ASSESS the informal sector's contribution to GDP and national employment, the Development Bank of Southern Africa has analysed 44 community-level studies.

Development Bank policy analysis director Stef Coetzee said there had been widely differing estimates of the importance and extent of the informal sector.

A Central Statistical Service's survey of the PWV area suggested the omission of informal activities from official statistics involved a 3% under-statement of the GDP in the region, while other surveys suggested as much as a 40% contribution to total employment nationwide and a 30% contribution to GNP.

Coetzee said the lack of a reliable figure posed problems for the formulation of economic development policies. An over-estimation could be as misleading as an under-estimation.

He said an over-estimation could lull policymakers into the belief that SA's economic dilemma, particularly the poverty problems of a large part of the population, was less serious than was actually the case.

To achieve greater clarity on the importance of the informal sector, Development Bank researcher Marie Kirsten examined 1975-1985 studies in SA, the TBVC states and the self-governing territories.

These studies, directed primarily at black participation in the informal sector, had the advantage of covering the full spatial economy of SA and the self-governing states.

The studies were analysed in metropolitan, squatter, urban and rural areas.

From this classification Kirsten found 22% (1,72-million) of the economically black population was involved in the informal sector.

Output

From the community level studies she calculated the average monthly income of people employed in the informal sector was R350, or R4 200 a year, representing an income of R7,2bn being generated in 1985.

The Bureau of Market Research says the recorded personal income of blacks was R20,6bn in 1985, indicating 25,9% of blacks' income went unrecorded. This represented 6,5% of SA's GDP for that year.

Coetzee concluded the true contribution of the informal sector to employment creation and output generation was impossible to determine in the absence of a representative survey for the country as a whole.

Maize crop will need R2,5bn investment

PRETORIA — Farmers will make a huge R2,5bn investment in this season's maize crop, according to the National Maize Producers Organisation (Nampo). ^{(3) Maize}

The bulk of the funds needed will be channelled from the Land Bank to the co-ops, but a substantial amount will come from commercial banks.

Some producers claim, however, that commercial banks have become less eager to finance the crop because of what they see as the high risk and the enormous debt burden of most producers.

Interest payments comprise a

GERALD REILLY

major segment of total production costs. This season farmers will pay more than 17% for the funds.

According to Nampo, about 3,5-million hectares will be planted to maize this season.

Last year's costs were about R600 a hectare. This year the figure will rise to near R700.

For the past two years, since the introduction of the land conversion subsidy scheme, Nampo has been pressing farmers on marginal land to switch to pastures.

In the two years the target of 25 000

hectares was passed. However, Nampo stresses this is not fast enough.

It is hoped the process will be speeded up after the increase in the subsidy from R90 a hectare to R130 a hectare in November.

Meanwhile the Maize Board's price scenario for the coming season is a price of R190 a ton on a 10-million-ton crop rising to R261 a ton on a 6-million ton crop.

This, says Nampo, is against an average production cost per ton of between R200 and R235 on yields of at least three tons a hectare.

SAF 1/12/89

Rains are life-saver

Respite for debt-bound maize farmers

(3) Maiz

By Karen Stander

Scattered rain over the Western Transvaal maize area has brought some relief to debt-burdened farmers and hopes of a good season.

But agricultural authorities said the rains had come too late for the hoped-for bumper crop needed to set the industry's finances back on the road to health.

The area was gripped by a severe drought which lasted five years. It caused farmers to accrue huge debts.

The past two seasons were much better, but many farmers have not yet recouped their losses.

Dr Koos du Toit, chief economist for the South African Agricultural Union (SAAU), said a good crop could be expected this season, but not as good as last year, which yielded the second largest harvested — close to the 1980/81 season record of 14,3 million tons.

Prospects good

He said the union had been worried about the lack of rain in the Western Transvaal and north-eastern Free State, but good rains had now fallen in many areas, and prospects were good.

However, the rains had come later than the "optimal planting date" of mid-November. For this reason a record crop was not expected.

There was still doubt about the moisture status of the soil in central and Northern Transvaal, where not enough rain had fallen.

What was also worrying for farmers was the ratio between the producer price, which had not increased much, and the input cost, which had increased alarmingly.

"Although the debt of maize farmers has declined overall, it will still take a long time for them to recover from the negative effect of the prolonged drought in the mid-1980s," said Dr du Toit.



An artist

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Some light amid farmers' gloom — Nampo

B. de V. 20/11/59
Maize

PRETORIA — The maize industry — and therefore the agricultural sector — is threatened by a multiplicity of serious problems, says the National Maize Producers Organisation (Nampo).

In its journal Maize-Mealies, Nampo says among these problems are the possible collapse of the one-channel marketing system and widespread liquidations of farmers.

These are also looming labour problems and reduced mechanical efficiency because farmers are no longer able

GERALD REILLY

to replace ageing implements and tractors.

Threatening the industry, too, are proposals for the division of white agricultural land "in a new state order by so-called intellectuals".

However, the future is not without opportunities.

These include the speeding up of rational adaptations under the land conversion scheme and the removal of the "depressive" nature of indirect taxation

on production inputs.

For instance, almost 40% of the retail price of a tractor is made up of taxes.

Removal of these taxes will bring about a dramatic improvement in farmers' production capabilities.

Nampo adds that the country has a new team from President F W de Klerk through to new Minister of Agriculture Jacob de Villiers and new SAAU president Nico Kotze.

This team had the chance to solve problems and present the industry with opportunities.

Sowetan 17/11/89

Call for support to keep maize price down



THE Consumer Institute for Research and Promotion has appealed to Soweto residents to support the Soweto Independent Shopkeepers Association in its demand to the Delmas Milling Company that a five percent increase in the price of maize meal be absorbed by the company.

The CIRP said it supported the stand taken by Soinsa.

"Other companies have agreed to consider the request from the traders to absorb the increase. Mealie meal is our staple food and we can no longer afford to pay the ever-escalating prices demanded by some milling companies," the organisation said in a statement.

Concern

The Greater Soweto Chamber of Commerce and Industries has also backed Soinsa.

The chamber's secretary, Mr Sydney Mahlangu, said their members were concerned about the dispute and wanted first-hand information from Soinsa before tackling the matter.

Soinsa claims that Delmas Milling was refusing to consider proposals from the shopkeepers on the pricing of maize meal.

The company has denied allegations that it was arrogant and has asked for a meeting with the traders.

~~3~~

3 MAY 89

conditions which delayed the crop," says Swart.

The delay also forced the board's co-op agents to accept a massive 3,06 Mt in two weeks from July 17 to July 31 — almost half the total 6,8 Mt received by the co-ops came in before the end of July. Most of this year's crop has now been delivered to the co-op's silos.

Exports usually take place from only two harbours, Durban and East London. During the previous record three-month shipment (about 1,35 Mt) Cape Town harbour was also used. "The fast service rendered by Sats allowed us to benefit from the higher world maize price of about \$108/t. The price subsequently dropped to about \$100/t — but it has since recovered to about \$114/t, based on large Russian orders," says Swart.

Russia has ordered about 3 Mt (to be delivered by December) as part of its on-going purchasing commitments.

Sats' 24-hour service helped "earn" maize farmers millions. But the high silo turnover at Durban harbour was also instrumental in getting the maize to its overseas destinations. The Durban silo takes a mere 37 000 t — which meant it had to be filled more than five times a month to meet the shipment schedules.

"We loaded about five ships a month at Durban. East London's 67 000 t silo was filled about four times a month, which resulted in turning around about 10 ships a month over the three-month period. With harbour staff working 24-hour shifts, seven days a week, the maize sector also created lucrative business for the shipping industry," adds Swart.

The scope of the three-month export operation is demonstrated by the fact that in August alone 13 200 Sats maize freight cars — giving a combined length about 150 km — were transported to the two harbours. "That means that each of Sats' maize freight cars was used three times a month," he says.

Farmers have to transport 3 400 full truckloads of maize to the inland co-op silos in order to fill one 34 000 t bulk cargo ship. Sales of petrol, diesel, parts and trucks thus also provided an additional fillip to the economy.

"This year's maize export programme is the largest ever undertaken. Due to the crop

delay, we will have to ship a total of 5,3 Mt in only 10 months (July to end-April, 1990), compared with the previous record of 5,2 Mt in 12 months. The demand is to transport 500 000 t a month," says Swart.

To plan the whole operation, the board's sales and logistics division first met with Sats officials on April 5. Complicating the issue was the simultaneous export of a record wheat surplus. A similar problem could face the two grain sectors and Sats in December, when wheat exports start rolling once again. ■

F. Mail 13/10/89

MAIZE EXPORTS 3 MAZE

Broad impact

This year's healthy 10,7 Mt maize crop is likely to have a powerful ripple effect throughout the economy.

Maize farmers will gross an estimated R2,3bn, but an additional R1,2bn is likely to find its way into the pockets of other parties — including the farming co-ops (for silo storage), SA Transport Services (Sats) (for transport), insurance companies, financial institutions (debt repayment) and the export houses.

Total maize export revenues of some US\$500m should gladden the heart of the Reserve Bank, while stockists of tractors, trucks and bakkies, cars, agricultural implements, fertiliser and seed, as well as the banks and other farming creditors, should also have reason to smile.

Sats alone should gross around R500m for transporting the maize crop. Moving anticipated exports of 5 Mt should yield around R340m in rail costs and R21m in harbour charges, while a further R140m should be earned for transporting maize intended for domestic consumption.

Maize Board assistant GM Hans Swart says Sats proved this year that it could rise to the logistical challenge of transporting such a large maize crop.

"To date, we have exported about 1,7 Mt (earning SA about R480m), of which 1,5 Mt was shipped out in the three months from July to September. This is the highest tonnage ever shipped over a three-month period. The bottleneck was caused by wet weather



Maize crop... exports bring benefits to many

Nampo warns of threat to maize price

③ mail

B/Day 16/10/89

GERALD REILLY

PRETORIA — Maize farmers by-passing the Maize Board and selling direct to feed merchants and other big buyers could seriously disrupt the one-channel marketing system.

The National Maize Producer Organisation (Nampo) has warned that the one-channel system faced the "biggest crisis in its history".

A Nampo spokesman said some of the large feed merchants, in conjunction with certain maize farmers, were "deliberately and mercilessly attempting to destroy the system."

"These people enjoy the support of most, if not all, of middlemen in the industry with whom the interests of

the consumer and producer carry little weight."

Nampo warned that if the one-channel system collapsed, the producer price would sink to the level of the export price — estimated currently at about R90 a ton for 1990/91.

"How many maize farmers would survive a price crisis of this magnitude?" Nampo asked.

The retention of the one-channel system in the short term was of cardinal importance for producers' survival.

"Every producer who through his

actions placed the system in danger of collapse is preparing the way for not only his own demise but that of all his co-farmers."

On the 1989/90 crop, Nampo said with the current soil moisture status, a crop of 10-million tons was possible. This meant a maximum producer price of R200 a ton. Any planning should be based on that figure.

It was pointed out that if about 500 000ha could be removed from cultivation in terms of the land conversions scheme, the supply of maize could be reduced to a level closer to local consumption needs

Unprotected against assaults and meagre wages, farmworkers are

At the bottom of the pile

FOCUS

3 Months
18/10/89
Sowetan

* MR Levy Kolobeng (62) worked on a farm for 30 years earning R14 a month, 30 bags of maize a year and a litre of milk a day.

Fragile, sick and broke, he now lives in poverty in a shack at Tshing Township in Ventersdorp. He exists on handouts and part-time gardening jobs which he does if health permits.

In 1987 Kolobeng was dismissed by one of the three farming brothers he had worked for in Potchefstroom since 1959. For many years, he says, he ran the farm single-handedly after the eldest brother was declared insolvent and had to seek employment elsewhere.

This is Kolobeng's story: "In 1977 one of the brothers took over and immediately accused me of living like a lord on his father's property. I told him he could pay me the 240 bags of maize plus the R2 280 wages his late father and his brother owed me and I would gladly leave. But he said he would do so only after I had built two double-storey mansions - with swimming pools - for himself and his other brother.

"I did as he said but when I demanded my money the farmer told me I could go away and do as I wished as I was a kaffir who did not know the

The maize industry is a constant victim of crippling drought in this country. Yet the Maize Board is still able to boast a success story, producing up to R3 000 million worth of maize each year, and selling R1 million worth every hour on the domestic market alone.

THEMBA MOLEFE highlights the plight of farmworkers who make this kind of success story possible, yet have no claim to fame - the people who toil for long hours under the blazing sun or in bitterly cold winter winds on the maize and cotton fields, the sugar plantations or the dairy farms. They are the pawns who cannot also say they are proud of South Africa's agricultural heritage.

value of money. He did not pay me.

"He also took the van I had bought from his late father for R350."

Kolobeng tried, with the help of the Northern Cape/Western Transvaal Council of Churches, to claim what he believes is owed to him by the farmer. But lawyers told him that too much time had elapsed.

* Mrs Emily Nhlapo is a widow who lives at Three Rivers in the Vaal Triangle. Her husband, Johannes, suffocated after he fell into a 10 metre deep silo pit on a dairy farm in February 1984.

After five years of waiting, Mrs Nhlapo was told on March 30 this year that the Commissioner for Workmen's Compensation had ruled she could not be paid out because her husband was

drunk when he fell and died in the boiling hot pit.

In affidavits Nhlapo's colleagues said he died at about 5am. He had finished milking the cows after starting work at 4am, and was not intoxicated.

Workers on the farm knocked off at about 10pm every night.

Reports

The Orange Vaal General Workers Union has demanded from the Commissioner post-mortem and inquest results which prove that Nhlapo, who was a member, was drunk at the time of his death. No reports have been forthcoming, only a reply that the matter was closed.

Mrs Nhlapo now lives in a shack on another plot as she had to leave the farm after her husband died. She earns about R80 a month as a part-time domestic worker. Her husband earned R50 plus a bag of maize a month on the farm.

* Tractor driver Mr Daantjie de Klerk claims he was tortured and assaulted by his employer for eight hours on a Highveld farm on June 1. The farmer allegedly accused De Klerk of stealing a welding machine.

De Klerk alleges that when he went to lay charges, the police station commander locked him up for seven days because he had gone to his lawyers and the newspapers. The police have denied this allegation and warned the *Sowetan* of possible prosecution in terms of

Section 27 of the Police Act if there was no reasonable proof that the claim was true.

The Attorney-General of the Transvaal, Mr Don Brunette, still has to decide whether to prosecute the farmer, a Conservative Party town councillor. He has said that attempts to get more statements from De Klerk had been fruitless as he seemed to have disappeared.

The *Sowetan* has subsequently learnt that De Klerk and his family disappeared after he was hounded by people opposed to his laying charges.

Laws

Researchers, trade unionists and legal experts have ascribed the conditions of farm workers to their exclusion from the provisions of laws such as the Wage Act, the Basic Conditions of Employment Act and the Labour Relations Act.

Employers in the agricultural sector agree to some extent.

In a recent interview Mr Giel van Zyl of the National Maize Producers Organisation (Nampo), a body representing 5 700 maize farmers, said that he did not rule out that some farmers ill-treated and abused workers.

A recent *Sowetan* investigation showed that most couples working on farms in the Transvaal and Free State had a joint monthly income of R60. Men, who work up to 12 hours a day, are paid R40 a month plus a ration of maize or eggs and milk.

Women, who work as domestics on the farms, earn R20 a month. Children as young as eight years old were paid R5 a week as farm labourers.

Van Zyl said Nampo had commissioned the Human Sciences Research Council to investigate labour practices in the agricultural (maize) sector.

What then can be done to improve the lives of farmworkers?

Protection

A Johannesburg-based research group has found, having studied several court decisions and sections of industrial law, that farmers were not only protected politically and economically, but also legally.

The exclusion of farmworkers from legal protection means that:

* Their rights are only protected under the common law;

* The farmer is in a very strong position against his employees. He is only really touchable when he assaults the worker and his family or evicts them unlawfully; and

* Assaults, evictions, the withholding of outstanding wages or compensation after dismissals or injuries or occupational diseases are common on the farms.

This means that farmworkers are only able to organise themselves around common, criminal and civil violations, and seldom for employment violations.

Trade unionists argue that organisation should focus on the Wage Act rather than the Labour Relations Act.

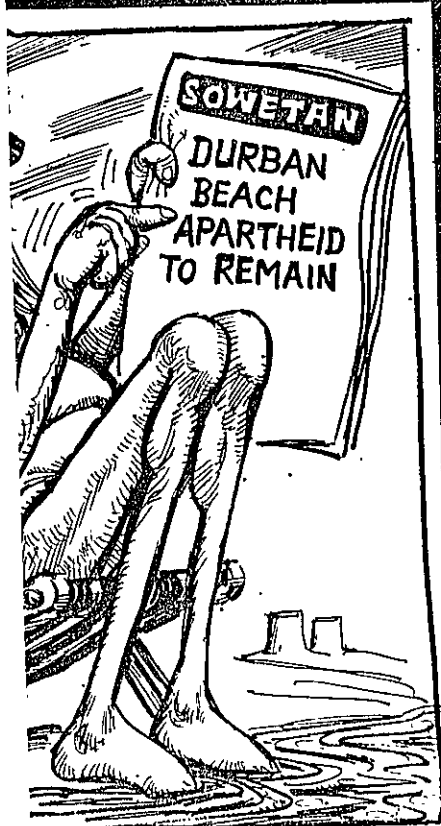
Wage Act

In terms of the Wage Act employers are forced to adhere to wage minimums.

If farmworkers succeeded in negotiating around the Wage Act, they would automatically be protected by other laws such as the Unemployment Insurance Act and the Basic Conditions of Employment Act which guarantee basic rights such as pension, unemployment, disability, maternity and related benefits.

The unions point out that although the Labour Relations Act excludes farmworkers, the law does not forbid freedom of association and as such, their right to belong to trade unions.

"A human rights struggle for the farmworker should be waged," said one unionist.



Political comment in this issue by Aggrey Klaaste and Joe Tholoe. Sub-editing, headlines and posters by Sydney Matlaku. All of 61 Commando Road, Industria West, Johannesburg.

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Lack of rain threatens ^{3 maize} maize farms

By Karen Stander

Maize farmers in the Western Transvaal are facing ruin as persistently clear skies reduce the chances of the bumper crop needed to ease the industry's debt load.

Agricultural authorities say there is no need to panic yet, provided rain falls in the next two weeks. The Western Transvaal produces about 40 percent of the country's total crop.

Farmers have been unable to start ploughing in preparation for planting as the dry weather has left the ground too hard to work.

DROUGHT

The later they begin planting, the less chance they have of a good crop.

The area was gripped by a severe drought which lasted five years and caused farmers to accrue huge debts. The last two seasons were better, with higher rainfall bringing improved crops, but many farmers have not yet recovered or recouped their losses.

A spokesman for the Maize Board said the situation was not yet critical.

"We are a little uneasy, but not too worried yet. But if I were a farmer I would also be calling it a crisis by now."

MAIZE CHIEF WARNS FARMS IN DANGER AS COSTS GROW

 GERALD REILLY *Maize*

PRETORIA — Survival of many farmers is seen as hazardous without a sizeable maize price rise this year.

Nampo GM Piet Gous added continually rising input costs were crippling this sector of agriculture.

His organisation had warned farmers repeatedly to trim production to local and international markets.

Gous said not all had heeded the warning. He listed, in a statement from Bothaville in the OFS, price rises in fertilisers, fuel, licence fees and transport among necessary inputs that had risen sharply during the past few months. *13/11/89*

Interest rates were among several factors that had also risen dramatically.

Gous said that in every case suppliers claimed the increases were made necessary because of general pay increases, higher transport and raw material costs and financing charges.

Against this background it was clearly necessary that urgent attention would have to be paid to the producer price of maize.

The Maize Board's pricing formula is related to the size of the crop — the bigger the crop the lower the price — but, if the crop is too big, production costs could far exceed the listed price.

Gous said the Maize Board's market-orientated approach to prices would meanwhile, however, be supported.

Diesel increase the last straw

By Day 18/11/87
GERALD REILLY *mail*

PRETORIA — Angry maize farmers claim the 10% increase in diesel prices could be the last straw for large numbers of financially stressed producers.

With the vast majority of farmers struggling against mounting debt and rising interest rates, Nampo claims the recovery process on the platteland had suffered a severe setback. Nampo had asked government to postpone the increase until after the crop now in the ground had been harvested. The appeal was rejected.

Producers say it is "scandalous" that cash-strapped farmers battling to recover from years of drought should be made to contribute to lavish pay increases for government workers.

SA Agricultural Union economist Koos du Toit said the industry's total fuel bill amounted to about R800m a year. The latest increase would add another R100m to the total.

MORE FROM MAIZE?

3M 1989 FMM L 3/3/89.

The expected bonanza from this year's maize crop could be far higher than predicted (*Business* February 17).

Based on current, highly favourable weather patterns in the maize-growing areas (soaking rains, followed by warm sunshine and light winds), an 11 Mt crop would not be surprising. Some analysts are going as far as to predict an 11,5 Mt crop.

With US corn (maize) stocks still down after last year's drought, and with the USSR remaining a strong buyer of US maize (Holcom Futures chief trader Lindsay Williams says the Soviets should buy an additional 5,5 Mt, on top of their contracted 10,5 Mt), Chicago prices are not expected to fall before June at the earliest, by which time the size of SA's crop should be known.

"In fact, I expect prices to firm further, based on strong export demand," says Williams. By June, US summer weather patterns should also be clearer, adding to speculative price-forming on the Chicago futures exchange.

"Now we can sell SA maize for about R300/t, and a premium can be added due to the quality," says SA Agricultural Union economist Koos du Toit.

Should a crop of 11,5 Mt materialise, and Chicago prices retain their level of R300/t (or more), SA's projected exports of 5,5 Mt could earn the country about R1,65bn in foreign exchange in 1989.

3 MAIZE

24/3/89

Going with a bang

The failed bid by National Maize Producers' Organisation (Nampo) GM Pieter Gous for chair of the organisation, shows maize politics has a lot in common with the national variety.

The spoils are hugely tempting — the maize industry could this year gross a record R3,3bn from an 11 Mt crop, says Maize Board (MB) GM Hennie Davel. "Projected R1,5bn forex earnings will be well in excess of the R800m wool farmers expect to earn from exports," he notes.

Davel's calculations also show the costs of administering this year's crop should total R1bn: a massive outgoing which adds to the power of those controlling the industry.

Personality differences provided the backdrop to Nampo's leadership crisis at its Potchefstroom congress.

The populist Gous opened his power play by unexpectedly resigning as GM, prior to being nominated for chairman. Existing chairman Boetie Viljoen then withdrew his candidacy, sensing a split vote could destroy Nampo unity.

MB chairman Hennie de Jager, accusing Gous of "shock tactics" in announcing his candidacy, described the proceedings as a "scandal," then also resigned from Nampo's top management. In discussions with Viljoen

De Jager will stay on as MB chairman until his term expires next year.

SA Agricultural Union present Kobus Jooste, acting chairman of the Nampo congress after its three leaders resigned in succession, notes that De Jager should resign as MB chairman.

De Jager, however, says his MB appointment is a ministerial one, notwithstanding that Nampo's constitution does not allow members to be on the MB — unless he is on Nampo's *Hoofbestuur* (from which De Jager resigned).

Meanwhile, down on the farm, maize producers can look forward to higher prices this year. The MB's price scenario for the 1989-1990 marketing season shows producer prices of R221/t for the expected 6,4 Mt white maize crop, and R216/t for the anticipated 4,6 Mt of yellow maize. Consumer prices should also rise.

Last week's constitutional crisis in SA's powerful maize industry obscured other important issues discussed at the congress. The new executive could speed up important changes that are pending.

The essential background to the Nampo congress was the provisional approval of recommendations by the Brand committee on alternative marketing arrangements for the

for maize;" and
 Joint marketing of all three grains, leading to the eventual creation of a single grain board.

The National Grain Sorghum congress last week also provisionally accepted the Brand committee suggestions. Changing to a one-channel marketing scheme could be accompanied by a three months' "open window" period, when producers would negotiate directly with customers.



and Gous, he then used the same "unity" ploy to persuade Gous to withdraw his candidacy.

Instead of winning the chair, Gous now has lost his job as GM and much of his clout in Nampo. Instead, Nampo has a new chairman (Neels Claasen), vice-chairman (Jan Schabert, current MB vice-chairman) and acting GM (Giel van Zyl).

maize, sorghum and winter wheat sectors.

Inter alia, the Brand committee suggested:
 Formation of a single organisation to market all surplus grains for export and for the local feed grain market on a co-ordinated basis;

Reducing the price gap between producer and consumer prices of maize;

Moving towards "a freer, more flexible and market-orientated one-channel system

Jan 27/14/89

Maize rise 'defies the laws of ^{Maize} ⁽²⁾ economics'

A prominent agricultural figure has blasted the Maize Board over the maize price increase, saying the consumer was being "held to ransom".

The chairman of the SA Freedom Association, Mr Dirk van Reenen, said in a statement the price increase was a "rare phenomenon which is not ... rapidly found in economic text books, since it defies the law of supply and demand".

Many critics of the increase have pointed out the increase comes despite a good maize crop.

"Neither the sellers nor the buyers are satisfied," Mr van Reenen said.

"In the real world ... where there is no Maize Board influence, buyers are at times pleased and the sellers unhappy, or vice-versa.

The question is how it was possible for a board ... to be responsible for such strange actions?

"The answer, I believe, is simple. Due to the single channel marketing system, the board as such is the sole seller of maize, and has a captive consumer market they are holding to ransom."

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MAIZE DEBT

What's the taxpayers' reward?

■ R1,4bn is the tip of iceberg

Make no mistake, government's decision to write off in one whack the R460m deficit on the Maize Board's (MB) stabilisation fund has clobbered taxpayers with a bill for R1,4bn payable over 14 years. That is the quantifiable cost — the actual is much higher — of collectivist agricultural marketing policies which have prevented accurate price signals from reaching producers who, in turn, have had their freedom to respond rationally severely curtailed.

It is disingenuous to argue that, because of the current R76m annual maize subsidy, the additional cost to taxpayers will be only about R24m annually.

Moreover, the principle, that taxpayers should stand in for losses that were sustained by maize farmers, is invidious. It forms part of the sorry tale of agricultural mismanagement that began with the collectivist policies — control boards, fixed prices, agricultural co-ops, State subsidies — of the Thirties which created the R14bn debt mountain that now faces agriculture in this country.

The wider ramifications of agricultural mismanagement do not stop at subsidies and price-fixing. The size of this year's R3,3bn maize crop (with projected export revenue of R1,5bn) and farming's R15bn total revenue last year (7,5% of GNP) signifies its central role in the economy. And food price rises are a major contributor to inflation.

The maize industry also supports a R2,34bn grain silo sector, the R2,9bn milling industry, the R2,3bn poultry industry and summer grain co-ops with capital investments of about R4,9bn. Grain prices have a direct impact on the production costs of eggs, milk and red meat, while the industry directly supports a few million dependants.

White maize is one of SA's staple foods, while yellow maize is the major feed grain.

Accountability of farmers for their own

production decisions is, therefore, a central issue, which will only be possible in a free market. This already applies to vegetable and potato farmers, who accept that, in years of surplus, prices come tumbling down, while in times of shortage they recover losses from higher prices. The essential discipline of the market leads to sharpened management, long-term financial planning, increased productivity to meet the demands of a competitive market and long-term profitability.

Not so the maize farmer, who has been isolated and protected from the implications of his actions by wrong price signals sent out by the Maize Board, the Department of Agriculture's teams of advisers and the agricultural co-ops, which last year financed the maize crop with R1,8bn. The co-ops, which act as retailers and bankers to farmers' short-term financing needs (an invidious situation, funded by billions obtained by the Land Bank at preferential rates from the captive commercial banking sector), have a vested interest in maximising this folly.

"The loss was created by government's decision — before the status quo was changed on May 1 1987 — to allow the MB to borrow funds from the Land Bank in order to subsidise producer prices during years when low export revenues necessitated a drop in these prices. This artificial stimulation of the market was a mistake, as it sent the wrong signals to producers," says Nampo's new chairman, Kerneels Claassen.

Nampo's previous management was instrumental in "demanding" these increased maize prices from government, citing financial hardships caused by the drought as the reason for supporting farmers through price subsidies. A few years back, Nampo's MB members resigned en masse when government refused its request to hike prices by R50/t. So accountability for the loss is wide, though the minister, until then, accepted final responsibility for determining maize prices. But this is water under the bridge.

Under an agreement between Agriculture Minister Greyling Wentzel

and Nampo in late 1986, the MB was given "freedom" to determine maize producer and consumer prices from May 1 1987, subject to certain minimum requirements. Added to this was a rider that government would see to it that the industry could start with a "clean slate" — implying the write-off of the stabilisation fund deficit. A big burden for a country fighting a war on its borders and unable to afford equal education for blacks and whites.

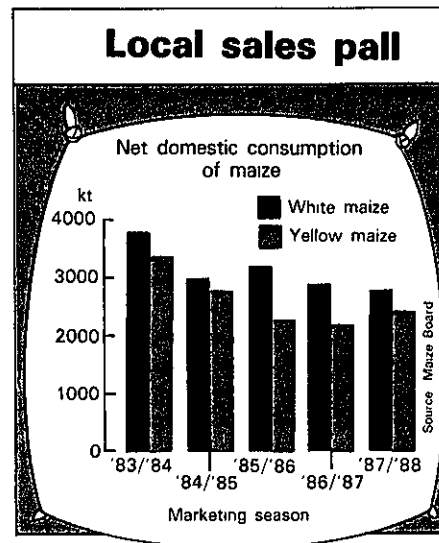
The undertaking by Nampo (which now effectively runs the MB, subject to ministerial control) that the MB would ensure that its books would balance in future, meant that, from 1987, taxpayers would no longer be held to ransom for "losses" sustained on lower export revenues. But it also means (as became clear this year) that local consumers would have to pay for these "losses" through higher prices, while farmers would receive less per ton.

Export "losses" are not losses in the real sense of the word, but merely reduce net revenues per export ton, compared with local market prices. Taken as part of farmers' gross income, "surplus" production, in fact, increases total revenue, but at lower average prices. "Farmers should not look at the price they receive per ton, but at total income, which will be R800m higher this year than in 1988," says MB economist Johan Willemse.

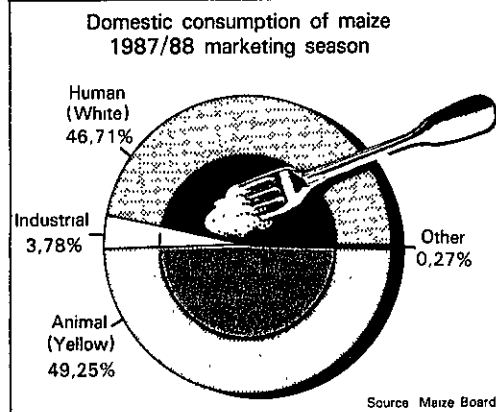
Granted the one-channel marketing system that still operates in the maize industry, the MB's logic is sound — but some questions must be raised:

□ Why, if the Grain Sorghum Board effectively operated a surplus removal system at a loan cost of only R1,2m from the Land Bank (via the co-ops) in 1988, did it cost R1,8bn to administer the maize crop? Granted, the size of the crop differs hugely.

□ Why will it cost about R990m this year to administer the estimated 11,5 Mt maize crop? Administering local sales of 5,5 Mt will cost R330m, while getting rid of the export crop will add R660m to the bill. Are these excessive amounts properly monitored and accounted for — or are there hidden "costs" that could entail substantial revenues for undertakings which are not direct-



Maize: Who eats what



3mmZE

5/5/89

ly party to the production process?

Why the delay in implementing the Brand Commission's recommended "grain floor" for dealing in surplus feed grains (maize, wheat and sorghum) and what stops the development of a grain futures market to create a hedging mechanism? These developments will reduce if not obviate the need for the costly one-channel marketing system and enable farmers to produce and plan for realistic demand; and

Why are farmers still overinvesting in fertiliser, tractors, implements and chemicals when it has been proven beyond doubt that reduced inputs (and lower crop targets) not only save costs, but also guarantee steady income, limited debt and less costly surplus removal (export) programmes?

Answers to these questions are not easy to come by, but proper analysis does paint a picture of a maize industry (and of agriculture) that cries out for drastic changes. An invidious system has been created that funnels cheap money via the Land Bank to the co-ops and from there to farmers, with plenty of levies, charges and commissions along the way for middlemen and "administrators" with limited, if any, accountability to their members and the public at large. But farmers have also been effectively coaxed and cajoled into a situation where their production and marketing decisions depend on information from co-ops which have strong vested interests in maximising input costs.

The R10bn/year co-op movement was created to serve the farmer — today he is enslaved by its control over his input costs and his credit.

While it can be argued that the principle of accountability does not dismiss farmers' responsibility to face their own bad management decisions, the collectivist nature of maize marketing has done much to remove individual choice and responsibility.

Wentzel recognises that. At Nampo's recent meeting, he said that government recognises and supports attempts to reduce farmers' dependency on State aid. "Financial aid and support measures that permanently enslave the industry to the authorities is, in the long term, unhealthy."

But changing the system could entail the same problems that Gorbachev has with implementing his *perestroika* policies. Powerful vested interests will fight to retain their "privileges" — and these are huge.

Sources close to the fertiliser industry estimate that maize farmers annually still overinvest about R400m in excessive fertiliser applications. This has not only increased the cost input, but led to other farming practices that have snowballed their debts. These include modern, costly (and often unnecessary) tractors and implements, using costly chemicals when mechanical weed-control would be acceptable. The situation has led to the setting of production targets which are in excess of SA's long-term climatic potential.

And co-ops, supposed to be utility organisations serving the farmer, have branched out into multi-billion businesses, funded and financed from the farmers' proceeds — and cheap Land Bank finance. Last week, Sentraalwes Co-op reported a R57,3m profit on business turnover of R815m, financing income of R41m and grain agency (silo stor-

age) transactions of R954m — a total of R1,8bn — for the year to end-February 1989. Employees earned almost R79m, capital goods suppliers creamed off R104m, while taxes of R28,5m were generated.

There is a reasonable way out. Government can:

Reduce the flow of cheap money via the Land Bank to the co-ops by introducing market interest rates;

Change the control board systems where these depend on manipulating prices and markets;

Create marketing mechanisms which will allow farmers to make market-related production decisions;

Create an accountability mechanism in the R10bn/year co-op movement which will allow greater public scrutiny of accounts and reduce inflationary inputs; and

Allow farmers to base their production and marketing decisions on sound, scientifically supported information, so that individual decision-making can be restored in an economic sector that has been savaged by the manipulations of shadowy collectivists who exploit an often defenceless farmer.

In fact, in view of the tab it is forcing the taxpayer to pick up, government should guarantee that it will make these changes.

It is all very well to argue that the present minister of agriculture inherited this situation and is moving — too slowly perhaps — to change it. But the fact is that Nats never want to accept culpability for past folly. They could start by asking Hendrik Schoeman to hand back his honours and awards and make him wear a hairshirt in public. ■

MAIZE BAIL-OUT

Something vital missing

Under the Baker plan to assist Third-World debtors — as well as under International Monetary Fund supervised re-scheduling of those debt payments — debtor nations have to undertake to run their economies according to certain sensible economic rules.

That essentially is what is missing from the Brand-Wentzel plan (see page 24) that aims to wipe out maize farmers' debt at a cost to taxpayers of R1,4bn over 14 years. The recent agreement between Nampo and the minister to allow maize prices to be determined to a greater extent by supply and demand is no guarantee that this sensible economic measure will be applied while the Maize Board, which is unnecessary, and the farming co-operatives continue to exist.

Over the years, because of inadequate accountability, the management of these undertakings has become so powerful and their vested interest in forcing up the cost of farming inputs so manifest, that their continued existence — in almost any form — is a threat to the functioning of a free market.

If this massive debt repayment being foisted on the taxpayer is not intended just as an election sweetener, then the minister of agriculture must find some way of dismantling the co-ops — and make his intention clear — even if this can be done only by Act of parliament. Indeed, while we have nothing against the principle of freedom of association, the economic hold the co-ops have over the farmer has become so powerful that in this instance catharsis is necessary.

Having said that, it is difficult to accept that the maize debt is sufficiently overwhelming to be a major financial instability in the economy. Maize farming is a large industry that has in the past benefited — at the consumers' expense — from the collectivist (though mistaken) agricultural policies of government.

Something like 80% of maize output is produced by 20% of the farmers. That is by any yardstick Big Business and there is no precedent for the taxpayer taking over financial obligations to which a business of that size entered of its own free will.

The popular image of the farmer being a noble bucolic individual, plough in hand, labouring to provide essential sustenance for you and me, is as romantic as it is false. The hazards he faces in his business are certainly no greater or uncertain than those faced by the miner.

It can be argued, too, that if the maize farmers, why not the wool farmers. Foreign loans arranged by the Wool Board are costing the wool farmers R290m. And what about the sugar farmers, also in debt, and who delude themselves that they are selling such a strategically vital crop that their mercantilism needs to be shrouded in secrecy?

Unless the undertakings we have stressed are forthcoming, then the ultimate benefit for the consumer in having this maize debt burden removed is dubious indeed. It must be seen for what it is — the cynical use of taxpayers' money to capture votes. ■

CORRUPTION

Hysteria's the wrong word

In some countries, it is acceptable for politicians to use power for personal enrichment. In Paraguay, for example, a member of deposed President Stroessner's Cabinet remarked plaintively recently that his substantial wealth was "no more than is reasonable for someone who's spent a lifetime in politics."

In others — like Britain — though legislators are paid less than they might earn on open market, even modest attempts to earn on the side by journalism or "advising" private-sector interest groups are closely monitored — and much criticised.

In SA, as so often, we seem to be getting the worst of both worlds: highly-paid legislators (and senior civil servants), with amazing pension rights, some of whom nevertheless adopt a Latin American approach to wealth maximisation. Right now, three parliamentary seats are vacant as a result of their incumbents' behaviour, two judicial inquiries (soon to become three) are investigating public-sector corruption, and prominent private-sector personalities are involved.

These are facts, not matters of opinion or political point-scoring. If opposition politicians do use them to score points, well, that's part of the system too.

It is thus depressing to hear a man responsible for doing an

excellent job in exposing irregularities warning against elevating anti-corruption feeling into "hysteria," with an implicit suggestion of Boer-bashing. And not only depressing: unworthy of Judge Harms and his position.

And it's not even true. Surnames can be deceptive, but the home languages of individuals whose names have been linked to corruption allegations include English, Greek, South Sotho and Portuguese. It's also ironic that, when Sun International's misadventures in Transkei were exposed, there were veiled accusations of anti-Semitism.

Sadly, no language or race group can claim lily-white purity. It is not "hysterical" to point out that corruption has become endemic in our public life. Nor is it irrelevant — though far from the only reason — that this has developed under a government that, after 40 years in power, has become incapable of distinguishing personal and party interests (a party, incidentally, which is steadily less identifiable with Afrikanerdom) from those of the State.

One of the labours of Hercules was cleaning out the Augean stables. We are now faced with a comparable task. It must not get bogged down in racist irrelevancies. Least of all must Cabinet rank be used as a shield of immunity. ■

in SA. The ...
press and, possibly, radio.

MEAT PRICES (3 MEAT) 5/5/89

Butchering buyers

No one, it seems, is making much money in the red meat business. It's always "someone else" who's making the big profits.

That's why the Red Meat Producers' Organisation's (RPO) request to Agriculture Minister Greyling Wentzel to investigate price-forming in the fresh meat trade and meat manufacturing industry, could lead to some red faces.

Marketing consultant Jim Lindell says a retail mark-up of about 42% adds R1,3bn to end-costs in the R4,4bn red meat industry and the average 9% wholesale mark-up adds R259m (*Business* March 31).

Farmers fear they are losing out. "The producer's share of the consumer rand has not increased, despite price increases, while it would appear that gross trading margins are becoming bigger," says RPO chairman Manie Schoeman.

Surprisingly, retailers also welcome the proposed investigation. They say the cost-bulge lies somewhere between the livestock sale and the retailer — and that the role of wholesalers (and agency commissions) should be investigated.

"I want the freedom to buy my meat direct from the feedlotter or the farmer, as is the case in the US and Europe. This will enable us to enter into long-term contracts, proper planning and special price-launches. But the MB will not allow us to sidestep the auction system. They protect the farmers," says a spokesman for a major supermarket chain.

Retailers must pay agency commissions, and are in the hands of wholesalers and agents not necessarily interested in getting the best (cheapest) deal for the best meat. In fact, their own vested interests could be one of the reasons for price fluctuations of as much as 15%-20% a day.

SA's major meat wholesalers — Kanhym, Vleissentraal and Imperial Cold Storage (ICS) — and their in-house agents have a large stake in price-forming, and the MB's auction system protects their interests. Retailers cannot negotiate directly with produc-

3 MEAT

FMAIL 5/5/89

ers (feedlotter and farmers) and the system allows a huge cost-bulge in the middle of the chain.

Juicy commission rates earned by in-house agents are often the most profitable contributor to groups' bottom-line profits. But the battle for an increased share of this lucrative — and protected — market has now led to a positive spin-off for some farmers.

Following a sortie by Vleissentraal into its opposition's arena a few months ago by offering customers a cash kickback, ICS hit back a month ago by offering the same kickback *plus* a 25% cut in the 2% commission tariff.

"Our discount and premium means farmers can save up to R21 an animal sold," declares ICS in full-page advertisements in the agricultural press.

While commission income has dropped, its customer base is broadening. ICS is happy with the result.

"We have been able to bring about greater efficiencies in our agency operations, thereby reducing our cost structure. As a result of the level of service we offer throughout has increased, bringing about attendant income. Thirdly, increased auction prices over the past two years have enabled us to reduce our



rates," says ICS executive director Hendrik Lombard.

Vleissentraal and Kanhym are still licking their wounds. Vleissentraal won't comment beyond saying that "delicate communications" are in progress. Meanwhile, the group is still on its old commission tariff. Abe Malan, executive director of Karoo-Osche — which handles Kanhym's in-house sales

— says his group has also not cut rates.

Vleissentraal deputy senior GM Derek Bartie says his group will co-operate with RPO's proposed commission, provided it leads to a "scientific" investigation of the price chain. But he asks whether such an exercise will not duplicate Pretoria University's of a few years ago, which found nothing wrong with the red meat trade

Grain drain *small*

Disquiet continues over the Maize Board's (MB) pricing system, which has led to a 13% increase in the yellow feed maize price at a time the MB is exporting a 5,5 Mt surplus.

Maize farmers are also upset by the fall in producer prices, leading to a R126/t-R142/t differential between producer and consumer prices. A central issue is not so much the so-called export losses, but the MB's R990m administration costs on the 11,5 Mt crop.

The Wheat Board (WB), also operating a one-channel, fixed-price marketing system, this year exported 1,2 Mt of a 3,4 Mt crop.

"This year's producer price for wheat is R350/t, while the selling price to the milling industry is R400/t. To this we add a monthly levy of R9,72/t, representing storage and finance charges. Those who buy earlier, get an effective discount. The MB calculates total average storage and finance charges for the year and adds this to fixed consumer prices," says WB GM Ivan Hemingway.

Hemingway says WB consumer prices for the year average out at R455/t, just over R100/t above producer prices. Due to phasing-in of higher prices, there are less incentives for farmers to ignore the one-channel system and negotiate directly with buyers.

The WB is faced with the same dilemma as the MB in having to make use of the costly grain silo storage system owned and operated by the co-operatives. The lower the utilisation, the higher the average costs of using these huge structures.

It may reasonably be asked why the MB does not offer details of the R990m bill which it will recover this year from SA's consumers and farmers — for storing, fi-

nancing and transporting the maize crop.

Hemingway says it will cost the WB about R60/t for the six months in which the board will store, handle and finance its crop. Based on its figure of a R990m administration cost on an 11,5 Mt crop, the MB's average costs are about R86/t. It's a difference that cries out for MB explanation.

Volkscas agricultural economist Andre Louw says the MB system "costs too much" and a less costly surplus removal scheme should be considered.

"Establishment of a grain floor, a single grain marketing board and a grain futures market for SA should now receive urgent attention," he says.

"One cannot consider a total free market for the grain sector. This does not operate anywhere in the world. But we need a more market-related system."

Kahn & Kahn grain merchants director Robin Feldman says the MB fulfils a neces-

sary function but its power is excessive.

"The problem is that we deal with administered prices. What we need are floor prices, with the MB taking in only the excess maize produced. In this way, the market will take over the function of the board and costs will be sharply reduced.

"Producers will then also have a freer, market-induced choice of which crop to produce. If maize does not bring home the bacon, they can branch out to sesame seed, sunflower, soya or cotton." ■

12/5/89

Japan's maize imports from SA set to soar

1987
12/15/87
DAILY MAIL

TOKYO — Japanese maize imports from SA are expected to soar by about a million tons this year, despite international pressure on Tokyo to reduce trade with Pretoria.

Trade sources said yesterday that the increase would mean lower maize imports from the US and would take advantage of renewed availability of SA maize after a 1988 drought.

Traders expect SA imports to Japan to rise by about a million tons in calendar 1989 and US imports to fall by the same amount. Some traders said US sales could drop by nearly 2-million tons.

Japan came under international attack in 1987 after it replaced the US as Pretoria's number one trading partner, with \$4.1bn worth of business.

Guidance ³ maize

Tokyo asked trading houses to restrict imports in line with Western economic sanctions against SA in protest against apartheid, and the Japanese steel industry responded by cutting coal and iron ore imports.

There is no strict guidance on the maize trade with SA. The government has only requested maize-using industries and trading houses to cut back imports from SA to below the 1986 level of 1.28-million tons. One trading source said that if Tokyo failed to demand stricter sanctions, Japanese buying of SA maize was likely to pick up.

One trading house said that Japanese non-feed maize users, who were more sensitive to quality, had decided to return to SA maize this year due to its high quality and a recovery in its export availability.

SA was expected to produce 11-million tons of maize in the year starting May 1, of which 4.4-million tons could be earmarked for export. — Sapa-Reuter.

Star 17/5/89

Japanese imports of SA maize likely to rise

TOKYO — Japanese maize imports from South Africa are expected to soar by one million tons this year, despite international pressure on Tokyo to reduce trade.

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There is no strict guidance on the maize trade. The government has merely requested maize-using industries and trading houses to cut back imports from SA to below the 1986 level of 1,28 million tons.

Only if Japan's maize imports from SA rose above the limit, would the government consider

penalties, officials said.

"If there is no demand from the government for sanctions, Japanese buying of SA maize will definitely pick up," a source at a major trading house said.

"This will mean the likelihood of further declines in US maize imports."

In 1988, Japan imported 239,689 tons of SA maize, down sharply from 1,68 million tons in 1987.

Japan, which is one of the world's biggest maize buyers, used about 72 percent of its 1988 maize imports of 16,56 million tons for livestock feed, the rest going for food use.

Japanese non-feed maize users, who are more sensitive to quality, have decided to return to SA maize this year because of its high quality and a recovery in its export availability.

SA is expected to produce 11 million tons of maize in the year beginning May 1, of which it will be able to export 4,4 million tons.

China and Argentina are Japan's other main suppliers.— Sapa-Reuter.

PROBLEMS AS RAINS DISRUPT MAIZE HARVEST

PRETORIA — Harvest operations on rain-saturated maize lands have been disrupted, causing local supply and export problems.

According to a maize board spokesman, normally by this time of year nearly 800 000 tons would have been delivered to the board.

The most recent count showed probably less than 100 000 tons had been reaped and delivered.

More than 95% of the big crop was still on the lands, and the board

GERALD REILLY

was praying for a week of dry, warm weather to make harvesting possible.

The delay in harvesting meant about 1-million tons of the estimated a 5,5-million ton surplus would have to be carried over into the new season starting in April next year, the spokesman said.

Other sources said even under

more normal conditions Sats would have found it virtually impossible to have transported this year's huge surplus to the ports for export within the current season.

They say if there was another big maize crop this coming season, the surplus pile-up would pose even more serious storage and transport problems next year.

Meanwhile ships are standing idle at the ports waiting to be loaded with contract maize.

Maize farmers' govt 'gift'

Political Staff

THE government's decision to write off the maize farmers' debt meant a present of R93 333 for each of the country's 15 000 maize farmers, the MP for Port Elizabeth Central, Mr John Malcomess, said yesterday.

Speaking during the second reading debate on the budget, Mr Malcomess said the government had decided to write off the R460 million maize debt and a further R1,4 billion of the

next 14 years. This worked out at R93 333 per farmer.

Mr Malcomess said the only reason why the debt existed was that the Maize Board was keeping the price of maize artificially high and normal laws of supply and demand had been totally ignored.

"The fact that this money has been used to keep the staple diet of the black population at an artificially high level makes Marie Antionette look like a beginner."

Maize farmers to get 'R93 333 lollipop' each

CAPE TOWN — Government's decision to write off maize farmers' debt meant a R93 333 "lollipop" for each of the 15 000 maize farmers, John Malcomess (DP Port Elizabeth Central) said yesterday.

He said, during the second reading debate of the Budget, government had decided to write off the R460m maize debt and another R1,4bn during the next 14 years. That worked out at R93 333 a farmer.

The only reason why the debt existed was because the Maize Board was keeping the price of maize artificially high and the normal laws of supply and demand had been totally ignored.

8/Dec/1975/87
3 Maize Political Staff

If the R460m had been used for sub-economic housing, a total of 46 000 houses could have been built which meant, at 10 people a house, that 460 000 people could have a decent roof over their heads.

If government spent the R1,4bn over 14 years then 1,5-million people could be housed.

Malcomess said the reason why the debt was written off and the houses not built was because black people did not have a vote and white maize farmers did.

□ Sapa reports from Cape Town that Mal-

comess also said too many civil servants earned excessively high salaries — at least 1 025 more than R80 000 a year — and unless such costs were cut the private sector could not hope to perform adequately.

The figure excluded the Defence Department, "own affairs" and provincial administrations.

Although he welcomed the announcement that a number of state employees would be transferred to the private sector, this was subsidiary to the main objective which was not to transfer jobs from one sector to another, but to dispense with such jobs altogether.

Sats can handle bumper exports

S Times 4/6/84
SOUTH African Transport Services believes it can handle the bumper export maize crop to be carried between the beginning of last month and the end of April next year.

A spokesman says planning engineers are aware that the crop will be much larger than last year, but at present Sats is able to meet transport demands.

Should there be an increase in transport requirements towards the end of the year, additional trucks will be brought into use.

By Don Robertson

Maize exports are expected to total about 5-million tons compared with only a million tons last season. This year's exports are about 900 000 tons below the record sold in the 1981-82 season.

The crop is expected to be between 10-million and 11-million tons compared with about 7-million in 1988-89.

Depending on the size of the American crop which dictates international prices, it is expected that between R278 and R320 a ton will be realised on the sale of between R1,4-billion and R1,6-billion.

Wheat, sugar, wool and other agricultural products are expected to earn R5-billion to R6-billion from exports this season.

Farmers, however, are angered by the decision to reduce the price paid to them by about 12% to R212 a ton for white mealies and R207 for yellow. They say their receipts are lower than production costs.

Maize exports cost R600m

PRETORIA — The cost of exporting the country's huge 5-million ton maize surplus this season would exceed R600m, a Maize Board spokesman said yesterday.

Interest charges alone on money borrowed by the board to pay farmers for deliveries was estimated at R375m, he said.

The spokesman said there were delays of months sometimes between the board paying the farmer and the eventual sale of the maize.

Maize exports this year are estimated to earn the country in excess of R1,5bn.

Other charges associated with exports include handling and storage, transport and shipping, harbour costs and the board's administration costs.

At a Press conference this week board chairman Hennie de Jager warned if government withdrew its financial support for co-operatives the entire industry would collapse.

GERALD REILLY

Defending the state's write-off of the board's R460m accumulated debt, De Jager said this had not been politically motivated.

Nor had it been an effort to buy votes in the coming general election.

De Jager said the board was not married to the one-channel marketing system, but if it were abandoned at this stage chaos would result in the industry.

3 Maize Illegal

He warned farmers who by-passed the system and sold direct to buyers they would have to pay the board levies and face prosecution.

Since May 1987, R1,5m had been collected from farmers in actions against illegal transactions.

Swind 9/16/89

EMMA

In defence of agri-business

Sir — It is clear that the author of the leader "Maize bailout: Something vital missing" (*FM* May 5), though pretending to be an objective critic of events in agriculture, is in fact riding one of his private hobbyhorses and/or is trying to gain political advantage by knocking the establishment. The very negative approach towards co-operatives and marketing boards seems to indicate vast ignorance of them; or vested interests somewhere within big business looking to coin even bigger profits from supplying farmers and/or processing and marketing their produce.

I deny that the farmers, co-operatives and the marketing boards are guilty of the things of which they are accused. Agriculture is facing such a multitude of problems outside its control that the sector taken as a whole is suffering more, financially, than other sectors of the economy.

Many government measures, such as taxation on production inputs, surcharges on inputs, unjustified industrial protection, and so on affect agriculture more adversely than other sectors, especially in cases (maize,

wheat) where we must sell on a world market without any protection and in competition with highly subsidised farmers in other parts of the world.

The SA Agricultural Union's policy, with which I agree strongly, is to seek agriculture's salvation in absolutely independent farmers, with a minimum of government interference and preferably no subsidies — especially in view of the uncertainties which await us in the political arena.

It would, however, be suicidal and futile for the SA farmer to struggle forth on his own in this direction if the government and the rest of the SA economy do not afford him this opportunity by creating an environment in which everybody is subjected to the same rules.

You can help me by encouraging large companies which supply inputs to agriculture — fuel, fertiliser, herbicides, maintenance and repairs, spares, packaging material, and so on — to open up their books (costs, mark-ups, margins, profits and distribution of profits) to us. I will undertake to get the farmers, co-operatives and marketing boards to do the same. In this way we will get to the truth and I will be the first to admit that your leader article is fair — if substantiated by such an investigation.

I set only one condition: the investigation

must be in the open and the results must also be made public.
J A Jooste, President, SA Agricultural Union, Pretoria.

MAIZE MARKETING

3 MAIZE

Resisting reality

Final 9/6/89

The Maize Board (MB) continues to strongly support the one-channel maize marketing system — overriding public outcry, growing disenchantment among farmers, and Brand Commission recommendations to create a grain market floor.

This defiant stance follows the recent increase in maize consumer prices and a reduction of producer prices against the background of SA's second-largest maize crop — and forced exports of the 5 Mt crop surplus (Business May 12).

The R126/t-R142/t differential between consumer and producer prices has upset both farmers (who receive less) and consumers (who pay more).

The one-channel system is accordingly under severe strain, as consumers and producers alike look for ways to avoid compulsory MB levies by doing "private" (and illegal) deals, which could lead to heavy fines and penalties.

Long, hard look

The situation has encouraged sorghum producers to offer their product to the feed market at well below the yellow maize consumer price.

All these signs would force any private sector enterprise to take a long, hard look at its marketing, pricing and production policies. Not, apparently, the MB, safely cocooned by its statutory powers under the Marketing Act.

In terms of the Marketing Act, the MB is legal custodian of SA's 14 000 maize producers. It has a duty to ensure their best interests are served by its policies — which means not only getting the best price, but also ensuring the local market grows with the population.

Recent policy measures may have cemented public perceptions that the MB is often more interested in protecting its own interests, than those of farmers.

Otherwise, why the adamant defence of

FINANCIAL MAIL JUNE 9 1989

3 MAIZE Final 9/6/89.



the one-channel marketing policy, when it will cost more than R1bn to market this year's maize crop? And why the ongoing support for a system that allows a R124/t differential between producer and consumer prices, when a market floor and a futures market could provide the necessary price signals to determine farmers' marketing decisions — at far lower cost to the farmer?

"The more I learn of the futures market, the less I think it will ever be part of the solution for SA's maize industry," says MB GM Hennie Davel. Chairman Hennie de Jager adds: "Maybe in the next decade we could look at an alternative to the one-channel system for maize."

Such sentiments are understandable, given the board's immense powers under the one-channel system. But perhaps it's time for government to make a policy decision on the matter.

The one-channel system is administered in terms of the Marketing Act. But so is the surplus-removal, floor-price system that is successfully administered by the Grain Sorghum Board (GSB), at minimum cost to producers.

The minister of agriculture should put a spoke in the wheels of any plans to create a single, one-channel grain marketing board out of the MB, GSB and the Wheat Board.

If implemented, it would reduce consumer choice, while SA's grain farmers could become captives of a dictatorial system which may not have their best interests at heart. Power-hungry bureaucrats should be put on a forced diet. ■

FINANCIAL MAIL JUNE 9 1989

By Don Robertson

BUMPER wheat and maize crops in the past season promise the fertiliser industry a boost in sales this year.

But because of rising raw material costs and the disappearance of discounts, fertiliser prices are expected to jump.

It is expected that last year's total sales of 2.2-million tons will rise by between 5% and 10%. Many farmers are now better off than in the drought years and are using the early delivery rebate (EDR) system to buy fertiliser ahead of requirements.

Hilmar Venter, executive director of the Fertilizer Society of SA, says: "The two good wheat crops in the Western and Eastern Free State have helped a lot, and nitrogen and potash-based fertilisers will be the main requirements."

First-quarter sales to the

Sales, prices of fertiliser set to rise

③ Maize
S/Times 18/6/89

sugar industry were good, but a 35% rise in the price of potash-based fertiliser has made farmers unhappy.

John Skeen, managing director of AECI's Kynoch Fertiliser, says there will be an improvement in demand for fertiliser this year, but much will depend on international grain prices and the rand's value.

Should America have a drought similar to last year's, grain prices could rise. American prices dictate world values. If prices move above \$120 a ton for maize,

SA exports could be profitable.

The Maize Board expects between \$110 and \$120 a ton for last season's crop.

Fertiliser prices have risen because of rationalisation in the industry after the withdrawal of Sentrachem's Fedmis operation. The Fedmis plant was sold to the three remaining contenders — Kynoch, Sasol Fertilizer and Omnia.

The "quality" of the market has improved, says Dr Skeen, and as a result discounts, which ranged from

15% to 25% last year, have vanished. The 16% to 17% rise in the price of fertilisers caused by increased costs of raw materials has aggravated the problem.

Increased demand for fertiliser has made it necessary for all plants to work at full capacity, probably for the next three months.

Peter Viljoen, managing director of Sasol Fertilizer, says the stabilisation of the industry after the Fedmis withdrawal will be in the long-term interests of farming because it will allow producers to absorb increased costs.

Uneconomic capacity has been removed and with a better supply-and-demand equation, destructive price wars have ended.

The price of rock phosphate rose by 15% last year and is expected to go up by 17% this year. The price of sulphur on international markets increased by 18.4% last year and is expected to go up 22% in 1989.

Sulphuric acid prices have risen by 5% this year.

Harvest delay hits maize producers

6/10/91
5/11/88
GERALD REILLY (3) Maize
PRETORIA — SA's big maize harvest has been delayed by rain, resulting in serious cash flow problems for a large number of producers.

The delay has created a need for extended credit and increased interest payments, intensifying their financial plight.

Maize Board GM Hennie Davé said yesterday that deliveries to the board were picking up, however, and the entire crop should be off the land by early August.

Contrary to earlier reports the late harvest had caused no loading delays of export maize at the ports, he said.

Based on the original estimate of a crop of 11,6-million tons, it would be possible, Davé said, to export the surplus of about 5,4-million tons by the end of the current season at end-April next year.

However, he said, although no final assessment of the crop size could be made at this stage, indications were it could be as big as 12,5-million tons, in which case more than a million tons might have to be carried over into the 1990/91 season.

Davé, who has just returned from a marketing trip in Europe, the Middle and Far East, said potential markets in these areas were vast "and we have succeeded in opening new non-traditional markets for maize in some countries in these regions".

Foreign Staff
TOKYO — Imports of South African maize by Japanese manufacturers soared to an estimated 150 000 tons in the January-May period.

This represented a 57,1 percent increase from last year, despite government exhortations to Japanese businessmen to reduce ties with South Africa.

OUTBURST

The Japanese government faced an outburst of international criticism in early 1988 when it became known that the country had surpassed the US, West Germany and the UK, to become

Japan imports more SA maize

South Africa's largest trading partner. However, exports to Japan dipped by only 7,8 percent.

The government attempted to curb trade with South Africa by placing pressure on Japanese businessmen to think twice about their trade.

According to trade figures released by the Ministry of Finance, the government's efforts did bring some results because Japan's imports from South Africa were 17,3 percent down on the

1987 total. However, exports to Japan dipped by only 7,8 percent. **HIGHER** Japan's imports of South African maize this year have risen because US prices are higher after a poor crop last year.

South Africa's prices, on the other hand, remain low.

According to an official at Japan's Ministry

of International Trade and Industry (Miti), the increase in imports was justifiable because the volume of South African maize was relatively low.

For the time being, the ministry intends to do nothing more than continue advising companies to exercise caution and not to undermine Japan's relations with the US.

Last year, the Japanese government asked that maize imports from South Africa be limited to the 1986 figure of 1,2 million tons.

Analysts say this year's total will probably be reasonably within that limit.

3 maize

3 MAIZE

9/9/89.

and the rewards for planting it. This year's crop is a record 80 000 t, more than twice the total of three years ago. But the national demand is still four times larger.

The shortfall of 220 000 t has to be imported. If this demand was supplied domestically, SA maize farmers switching to soya would stand to reap R185m from farmland that now produces around R62m from maize.

Growing soya adds to farmers' profits in other ways, too.

"Not only will the 'loss' on surplus maize exports no longer be a factor, but soya is an

excellent rotational crop, guaranteeing two crops in some years," says Michiel Smit, the crop physiologist for the Grain Crops Research Institute. "It also binds nitrogen into the soil, providing the equivalent of about 70 kg/ha of nitrogen fertiliser. This can be an enormous cost-saver."

Rotational growing also ensures better use of farm machinery and other fixed capital. In addition, soya can improve a farm's cash flow because the crop is normally marketed before the maize season. Farmers raising both crops "can spread their risks," says Smit.

Officials of the Department of Agriculture and Water Supply are busy outlining soya's advantages to summer crop farmers via seminars.

The effort is being supported by the two major food corporations, Premier and Tiger Oats.

But the expansion of soya production is constrained by several factors. There's a lack of expertise; soya is more complicated to grow than maize. And there are limited seed supplies because demand has grown faster than anticipated. Soya can be grown in most of the same areas as maize, but it's a finicky crop. It needs more rainfall and warmer temperatures than maize.

But the biggest hurdle to clear is probably the farmers themselves. They're a stubborn lot who find it difficult to break from tradition. Planting soya means buying new equipment and learning new techniques. Government subsidies and loans kept farmers in maize when times were bad; now the government's move to end maize subsidies is part of its ongoing effort to encourage them to plant alternative crops.

Not only does the demand for soya in SA far outstrip the supply, demand is growing. Smit is convinced demand could increase to 600 000-700 000 t/year, with animal feed taking about 500 000 t and the market for human consumption 50 000-70 000 t/year. All but 10 000 t of the 300 000 t current demand is for animal feed.

The Food Science and Technology division of the Council for Scientific and Industrial Research predicts demand for soya will be even greater. It projects an animal protein feed shortage of about 400 000 t by the year 2000, the equivalent of a 1 Mt soya crop, because soya has a 40% protein content. A crop of this size would be valued at R560m at current prices.

But several factors may hold back growth in the human consumption market. Firstly, there's the fact that soya just doesn't taste very good. Then there's the aversion of blacks to mixing the traditional maize meal with other ingredients.

Even so, demand in this market is expanding at 10% a year. One reason is that soya is used extensively as filler in processed meat products.

But rapid growth will depend on the research that food companies are conducting into how to improve the taste, and also on how well the mixing of soya with maize meal,

FIGHT FOR FREEDOM

SA played a profound role in the defence of the free world through its participation in World War 2. That role is too easily forgotten now that our country is held up as an enemy of Western values, as long as it adheres obdurately to apartheid. It was not always so.

The decision to enter the war was a point of high parliamentary drama that affected the lives of generations. And the participation of SA troops in battles in East Africa, North Africa and Italy played a substantial role in the preservation of civilised values.



The distinguished former editor of the *Sunday Times*, Joel Mervis, tells the story of SA's contribution to the war effort with style, compelling insight and economy in a new Times Media publication, *SA in World War 2*. The book, which is extensively illustrated, has been issued to mark the 50th anniversary of the call to arms.

It is offered to FM readers at the special price of R12,24 (including GST, postage and packaging). Send replies to: World War 2 Book Freepost JH129 (no stamp needed) Johannesburg 2000.

3 MAIZE

to provide a highly nutritional food, is marketed.

SA has the potential to grow an annual soya crop of 3 Mt-4 Mt, says Smit. But, though the world market is 100 Mt a year, export prospects are not very good. The reason: major producers — the US, Brazil, Argentina and China — have the market sewn up.

But a drought, like the one that devastated the US farm belt last year, and political instability could open the door. More important, SA has the huge Southern Africa market on its doorstep. ■

B1 Day 12/9/89. (3) maize

'The maize industry is facing destruction'

PRETORIA — The maize industry faces destruction unless government adopted a responsible economic management policy and controlled state spending, the National Maize Producers Organisation (Nampo) warns.

In an editorial in its journal *Mielies* Maize, Nampo says inflation and high interest rates had dropped like a plague with dire consequences for agriculture and the maize industry.

Now, after harvesting what could be the second biggest crop on record, farmers were despondent about the future, the editorial says.

If drastic and far reaching steps are not taken by government to establish a financial policy and discipline which would provide the framework for economic recovery the maize industry might not be able to produce enough

GERALD REILLY

maize for the local market.

This would be a direct result of inflation, the editorial says.

"Scores of farmers are watching incomes from record crops being poured into the bottomless pit of debt arrears.

"The camels back is broken and traditional farmer enthusiasm for the future is absent.

"Unless economic realities triumph, and government places sufficient emphasis on responsible economic management by controlling state spending, the lack of firm action will see the sands run out for the once proud maize industry," the editorial warns.

Farmers will invest about R2,4bn in the 1989/90 maize crop in their annual

race with the weather, according to Nampo's preliminary calculations.

Last season's crop totalled a near record 11,5-million tons, and the earnings are estimated at more than R1,5bn.

The restructuring of the agricultural sector is vital to the efficient functioning of the whole economy, according to the Directorate of Agricultural Economic Trends in Pretoria.

In a report the directorate says factors in agricultural development had been identified at a national level where state involvement seemed necessary.

The reports says where it is not possible under free market conditions to become self sufficient in certain products the state will "have a certain responsibility".

3 MAIZE

Mail 29/9/89

A one-channel cul-de-sac

SA's bumper 11,5 Mt maize crop is creating one of the Maize Board (MB)'s biggest ever headaches. Worsening its problems, a huge "black market" in maize sales is putting its one-channel marketing system under immense strain.

The R210/t producer price paid by the board to farmers is well below the R320/t it charges its consumers (mainly millers and animal feed manufacturers). The difference between the two prices represent the board's "marketing costs." Predictably, a growing number of farmers are now by-passing the board and selling, illegally, directly to consumers.

With local market demand around 6 Mt



and net export receipts only about R135/t fob Gulf, the export of the 5,5 Mt maize surplus is shown as a "loss". And, as the board is responsible for storing, grading, insuring and financing of the massive crop, its total marketing costs amount to about R1,2bn.

By selling outside the "system", both producers and consumers win, farmers receive more for their maize, while buyers obtain their supplies at a discount. The only loser is the board, which religiously protected farmers in tougher times by guaranteeing high fixed prices (subsidised by government).

But now, with government phasing out its support for the industry (its last open support was writing off the debit on the board's stabilisation fund prior to the election), farmers are dropping the board like a hot potato. By by-passing the system, they are leaving the problem of covering the industry's

costs in the board's lap. As it stands, the board faces several options — it could eventually go bust, file for State support or devise a new marketing structure. The latter course would obviously be preferable.

This week, MB members were huddled in a closed conference with maize millers and other interested parties in an attempt to devise an alternative marketing structure to the one-channel system farmers were rejecting.

Ironically, by creating the black market in maize, farmers are forcing the board to speed up its march towards a more market-related environment in the maize industry — as recommended by last year's Brand Commission.

Meanwhile, the problem remains acute.

One agent tells the *FM*: "Over the past year, orders for maize that I normally handle outside the board's jurisdiction dropped by 90%. The only logical explanation is that buyers and sellers are now both operating in the black market." It is extremely doubtful that either buyers or sellers are paying the board's levies — the condition under which it "allows" direct sales to take place.

A further dilemma for the board is that it dare not police its regulations and levies too strictly, for fear of setting off a massive revolt against it by the powerful maize lobby.

Meanwhile, in Natal another revolt is simmering. Traditionally, Natal maize farmers have operated outside the board's control as their annual production was minimal in terms of the national crop size. The board did not interfere with them, build them any silos or offer them support. But, over the past few years, Natal production mushroomed as demand from chicken battery farmers soared.

Now the board has extended its "control" to Natal farmers who now also have to pay board levies — without the benefit of its storage silos. A "Natal stand" is in the making. Farmers have been beating a trail to the agriculture minister's door with their complaints.

Board economist Johan Willemsse says the board is now looking at a number of alternatives to the single channel marketing scheme. These include:

- Basing local prices on local market forces;
- Differentiating between local and export market producer prices. Currently these are "pooled" so that export "losses" are charged against producer prices. The system proposed would involve annually determining local market demand as a percentage of the total crop. For his "local market" percentage, a farmer would receive the "local" price, while he would get only the net export

price on the balance.

The "penalty" of receiving the lower export price on half his crop could force farmers to tone down on surplus production and thereby reduce export "losses;"

- Phasing out cross-subsidisation, whereby farmers sited far from markets receive the same price as those on the market's doorstep. The current situation means farmers living close to the market effectively subsidise the transport costs of their counterparts in the platteland;

- Creating area or co-operative quotas (not a popular suggestion);

- Allowing direct negotiations between sellers and buyers, but subject to payment of the board's silo levies;

- Creating a privatised marketing body, separate from the board and similar to the Unifruco company handling Cape fruit sales; and

- Creating a market floor, as suggested by the Brand Commission.

The most logical alternative — creating a floor price support system, based on export price parity — is not included as the board feels it would be "unacceptable" to farmers.

But, with the market now effectively underlining the "facts of life" to the board and farmers, it would be logical to move towards such a system as the most effective disincentive there is for overproduction. Farmers would be forced to produce alternative crops, as the market dictates. And alternatives like soya could double earnings. ■

MAIZE - 1990

Worst drought in 60 years

Farmers hope for late rains

Maize
3
Star 1/12/90

FARMERS are relying on a wet January, February and March to break the worst drought in 60 years and to provide a bigger maize harvest.

If rain doesn't fall in substantial amounts, all that will be left to do is to plant sunflowers — and hope that this will help to recoup mammoth financial losses.

South African Agricultural Union (SAAU) chief economist Dr Koos du Toit said yesterday that farmers were getting very worried about the situation "which has not changed in two weeks".

Infestation

He reiterated a statement made by the Maize Board in Pretoria yesterday that good rains had to fall within the next fortnight to help the maize harvest — "but the weather doesn't look very helpful", Dr du Toit added.

The board disclosed that only a third of the 2,5 million ha available for maize planting had been utilised up until Thursday, and in some districts only 10 percent had been planted.

For the first time since the extent of the drought became apparent it was also disclosed that a cutworm infestation had added to farmers' misery by decimating crops in some eastern Transvaal areas.

It was reported this week that there was a possibility that maize and wheat would have to be imported to meet domestic needs.

The Wheat Board expects a 500 000-ton shortfall this season.

Dr du Toit said in the north-eastern districts of the eastern Transvaal about 70 percent of the maize crop had been

NORMAN CHANDLER Pretoria Bureau

planted "but the amount for the Standerton and south-eastern parts of the province was much lower. There, farmers were adopting a wait-and-see attitude.

"For them it is almost too late to plant and they may have to turn to sunflowers as one way to off-set costs.

"Some farmers in the western Transvaal have started planting. They are fortunate because they have until at least mid-December, and in some areas, until the end of the month, to sow their crops. If no rain falls, then it's sunflowers as well," he said.

One of the biggest problems for farmers is the standard of grazing.

"They usually bargain on reasonable grazing but as this is now no longer the case, they are coming up against stock feed problems," Dr du Toit said.

It was reported earlier that R500 000 was being spent monthly by farmers in some areas on feeding livestock.

An investigation by the Saturday Star in the western and northern Transvaal shows that grazing conditions are very poor in most districts.

Dr du Toit said "Let's hope for a wet January, February and March. Apart from helping the veld to recover, it could mean that in the Free State and western Transvaal we should be able to expect a big harvest under such conditions. But it all depends on the weather."

The SAAU anticipates that farmers may have to make do with harvesting two tons a hectare as against the normal three tons of maize. This lower yield will place an additional financial burden on an industry which has already accumulated debts totalling R14,9 billion.

The bleak agricultural outlook comes on top of the devastating oil shock to the balance of payments — estimated by one economist, assuming a price of \$33 a barrel, at an annualised R3,5-billion.

The outlook for the current account is further blackened by disappointing gold and platinum prices.

Economists say that without these blows, the Reserve Bank could have released the economic brakes this year.

Fortunately, imports are falling, and foreign-debt repayments next year will be lower at \$1,5-billion. Capital flows are positive — so most economists now hope the brakes can be eased in mid-1991.

Worst

Drought-stricken maize farmers are suffering one of the worst years ever. On a forecast crop of 2-million tons, their income is expected to decline to about R600-million this season from last year's R2-billion.

Their losses will add to total debt of R14,9-billion owed to commercial banks and the Land Bank.

Last year about 5-million tons of mealies, helped by the sale of accumulated stocks, were exported. This raised about R1,3-billion. In previous years, exports have been between 2-million and 3-million tons.

The Government will be unable to meet the bill and the additional cost of imports will have to be paid for by consumers, says Maize Board general manager Hennie Davel.

Ironically, SA started exporting maize in May this year and is committed to sales of about 1-million tons. But, says Dr Davel, all sales have since been stopped. The board is now trying to buy back maize which, although committed, has not left the country.

Should the crop total only 2-million tons, it might be necessary to import 6-million tons of maize. The crop last year was 7,45-million tons and domestic demand was 7,2-million tons.

Worst

If it does not rain this week and a worst-case 6-million tons of mealies are imported, the cost could rise to R2,2-billion and the net reverse to the current account could be as high as R3,5-billion.

The board has asked all farmers who are able to plant to concentrate on white instead of yellow mealies.

White mealies are for human consumption.

By November 21, only 601 000 hectares had been planted to maize compared with 1,9-million in the same time last year and an average of 1,3-million in the previous four years. Since November 21, no rain has fallen

in the major maize-growing areas, says Dr Davel.

The prime planting time has passed in the eastern area. Only 40% of the area has been planted. Planting normally takes place from October to November 10, says Dr Davel.

In the west, it is possible to plant up to the first week in December. But if late rains fall, farmers may plant up to December 20. To date, little has been planted in this area.

In Natal, only 27% of normal maize planting has been completed.

It had been intended to plant about 3,1-million hectares this season.

The threat of a failed crop comes at a time when the Government is paying maize farmers R130 a hectare in the first year and R60 in the second to switch to other crops. Already 283 000ha have been taken out of maize production.

Dr Davel says the board has sufficient stocks, built last year, to meet domestic demand until May. A further strategic stockpile of about 1,2-million tons will last until August.

The board will release planting and rainfall figures each week until conditions in production areas are normal.

We are running out of time and the position is getting worse by the day.

Wheat

The drought has also affected wheat, which will be harvested early next year. A maximum crop of 1,9-million tons is expected. This compares with requirements of about 2,4-million tons, says Wheat Board deputy general manager Andries Liebenberg.

There was no rain in the wheat-growing areas in September and only light falls in October. The yield will be low.

In January, the board will have to start importing between 400 000 tons and 500 000 tons at a price of about R400 a ton.

Dr Davel and Mr Liebenberg fear that if large-scale imports are necessary, transport difficulties could arise.

Frikkie du Plessis, business assistant at the agricultural division of the railways, says imports of this size could be handled.

Last year the railways shipped record exports of 5-million tons.

Simon Swanich, head of the corporate marketing division at Portnet, says it could "be touch and go" if imports of this size are needed. He believes, however, that with innovation and co-operation and the use of Port Elizabeth and Cape Town, large imports could be carried.

DROUGHT in the summer rainfall areas threatens a R2,6-billion setback to the balance of payments and more agony for farmers. Last year's maize exports earned a net R1,3-billion in foreign exchange. But it is conservatively estimated that net imports of maize will be R1,1-billion this year. Wheat imports will add to the bill.

By DON ROBERTSON

Grain-import threat to payments balance

S1 Times 2/12/90

3 Maize

Maize planting plummets 38%

DESPITE low rainfall so far this year, SA had not passed the point of no return and still had a sporting chance of achieving a six-million ton maize crop, SA Agricultural Union chief economist Koos du Toit said yesterday.

About 744 000 hectares of maize had been planted so far this year — a 38% reduction on the amount of land under seed at the same time last year, he said.

The optimum planting period in the eastern maize producing areas had already passed, but the optimum planting period for the western parts, which produced more than 50% of SA's maize crop, had not arrived yet.

Planted

If good rains fell in these areas for the rest of the season, SA could still produce something close to a normal crop, despite the fact that only 15 000 hectares had been planted so far in the western areas.

At the same time last year, more than 834 000 hectares had been planted with maize in the western areas, chiefly the western Transvaal and Free State.

Farmers in the western areas could still plant maize during the next two weeks and hope for a normal crop, he said.

If these areas had good rains for the remainder of the season, a crop of six million tons could be achieved, compared to a crop of seven-million tons achieved last year.

Farmers could no longer plant

TIM COHEN

groundnuts and cotton, but could still plant sunflowers later in the season.

Du Toit said he would be surprised if this year's cotton crop was half the size of the crop achieved last year.

Sheep farmers were especially in need of good rains, because wool exports had been badly affected by the depressed export markets and because of the locally depressed mutton market.

He said the need to import the four-million tons of maize which would be necessary if the maize crop failed would be disastrous for the country.

Last year agricultural produce had earned SA about R5,8bn in foreign exchange, but only slightly more than half that figure could be expected this year, which would have important implications for SA's balance of payments. However, last year was exceptional, and over the last five years agricultural produce had earned SA on average about R3bn in foreign exchange.

The shortfall in maize production would largely be compensated for by dramatically increased exports of the fruit farmers of the western Cape, where good rains had fallen this year.

The fruit farmers had benefited by the relaxation of restrictions imposed on the importation of fruit by European countries, and would benefit further because they had managed to achieve the quality and quantity demanded by this sophisticated market, Du Toit said.

Maize Board blames retailers for ^{3 maize} price hikes

Bloom 15/10/92
MEREDITH JENSEN

THE single-channel marketing of maize had cost the Maize Board more than R400m in the past year, chairman Jan Schabort said in an open forum in Pretoria yesterday.

Schabort explained the bulk of the cost came from borrowings which the board had incurred to pay producers.

The board had paid R242m in interest alone to pay for last year's crop, while an additional R156m was paid to store the maize in silos throughout the country. A further R18m went to the administrative costs of the board itself.

However, Schabort denied these costs were a major factor in rising consumer prices.

"Recent attacks made on the marketing boards by the Board on Tariffs and Trade as well as the Kassier committee and the Press have been an attempt to discredit the system," he said.

The domestic price of maize had remained stable despite years of both exporting and importing of the commodity, he said.

The price for maize was R495 a ton, or 50c/kg delivered by the board to millers and processors. Average retail prices closed in on R2/kg.

Maize Board consumer member Tobie van Rhijn blamed retailer mark-ups for the high cost to consumers.

"We have found that retailers contribute a large proportion to prices, much more so than the boards."

Pick 'n Pay director Richard Cohen said the mark-up was not coming from the major chains.

"It is like the bread price. The highest margins are put on by the corner cafes. In fact, we mark up well below the average on maize meal because it is a staple food for so many people," Cohen said.

According to the board, blacks consumed 94% of the maize for human consumption last year, but National Black Consumers' Union representative Dupree Vilakazi said blacks had no representation on the board.

Maize Board GM Peter Cowne said the board was considering more representation for black consumers, as well as lower prices.

"We are striving to narrow the gap between the producer and consumer price and have been monitoring retail prices ourselves," said Cowne.

Maize disaster 'is a week away'

GERALD REILLY

PRETORIA — A maize crop disaster is just seven days away, the National Maize Producers' Organisation (Nampo) forecasts. ³Maize

Nampo GM Danie Schoeman said its latest survey indicated more than 70% of farmers in the north-western Free State and western Transvaal had not yet planted. 810ay 5/12/90

"Without good solid rain in the next week we are faced with the alarming prospect of a crop which is likely to fall below 6-million tons against a domestic need of 6,8-million tons."

It could cost the country upwards of R400m in foreign exchange to import the million tons that would be needed. This was based on the international price of \$80 a ton.

He said another consequence would be the unavoidable mixing of white and yellow maize meal.

And yesterday Maize Board chairman Jan Schabert appealed to farmers who had not yet planted to concentrate on white maize production to provide for the needs of the domestic market.

The board would pay a premium on deliveries of good grades of white maize in the 1991/92 marketing season.

Schabert said a board survey had shown 576 000 ha had been planted to yellow maize compared with 1,109-million hectares at the same time last year.

However, only 160 000 ha of white maize had been planted compared with 856 000 ha last year.

500 000-ton shortfall in SA's wheat crop

By Norman Chandler
Pretoria Bureau

Drought has resulted in the country's wheat crop being less than expected for the second year in succession, it was disclosed in Pretoria yesterday.

Last year, the crop was a million tons less and this year it is expected that the shortfall will be at least 500 000 tons.

The Wheat Board said in a statement that it had made an "ultimate final estimate" of 1,95 million tons for last season but that this

would not affect the current price of bread. Bread was increased in price last month and is expected to rise substantially in March when the Government subsidy scheme ends.

Board chairman Eddie Pienaar said that what the board was paying producers for last season's crop would also not affect wheat selling prices.

Producers were being paid this week and cheques were already being transferred to them. Producers of all grades of wheat will be paid R18,24 a ton while those of feed-grade wheat will receive R37 a ton.

"The final payment is

possible because the total crop was marketed for domestic consumption and some utility grade wheat could be used for milling," Mr Pienaar said.

The 1990-91 crop potential is at present being assessed. It is expected it will not meet the 2,4 million ton domestic demand and that at least 500 000 tons will have to be imported, at a cost of about R400 a ton.

Meanwhile, the Maize Board is monitoring maize production.

The drought in large areas of the western Transvaal and north-western Free State — which provides 40 percent of the

country's crop — has had a devastating effect on planting possibilities.

There has been speculation that the maize crop could fall by as much as 4 million tons.

Widespread rain over the Transvaal, Free State and northern Natal in the past week has not alleviated the drought, and although some farmers are ploughing, many have not yet done so.

The Weather Bureau's latest rainfall figures for the period to 8 am yesterday show that only 1 mm of rain fell at drought-stricken Delareyville.

8/12/90

maize

Rains good but drought still threatens

Star
8/12/90
NORMAN CHANDLER
Pretoria Bureau

EVEN though it rained over many maize-producing areas this week, the crop situation remains critical as a result of the drought.

The Maize Board said in Pretoria yesterday that although "the situation has somewhat improved, only time will tell whether lost ground that has been built up can be recovered".

The board says that so far 932 157 ha of potential maize had been planted throughout the country.

But the biggest shock is that in the western production areas — covering western Transvaal and north-west Free State — a mere 125 089 ha had been planted by last Wednesday. At the same time last year, 2 231 528 ha had been planted.

Maize **White maize**

The board said, however, that there was still hope because three more weeks remained for the planting of white maize "provided that good saturating rainfall occurred".

Earlier this week, the board asked farmers to rather plant white maize than yellow as this would provide a better yield for domestic consumption.

"Although most areas in the western production area had some rain during the past week, almost 50 percent recorded less than 10 mm compared with 20 to 70 mm of rain in the other 50 percent."

Time runs out for farmers

By Gareth Bell

THE amount of maize already planted was dramatically lower than last year and time was running out for farmers who had not yet planted, a Maize Board spokesman said at the weekend. ^{(3) Maize}

The normal planting season in the eastern production area had already expired, while three weeks remained before the optimum planting season for white maize in the western area expired.

The spokesman said only 125 089 ha were planted up to December 5, compared with 1 689 573 ha up to December 15 last year.

Total plantings in the previous season were 2 231 528 ha.

Over the past week, almost 50% of the western area recorded less than 10mm of rain, in contrast to the 20mm to 70mm in the other 50% of the area.

Rain and oil price bring needed relief

By Des Parker

The rains and a renewed drop in oil prices promise some relief from what looked a bleak outlook for 1991.

While still reporting low planting figures, the Maize Board concedes that the situation has somewhat improved as a result of the rain.

Oil prices have stayed lower, encouraged by news that Opec is producing almost the same volume of oil as in July and that world stocks are at a 10-year high.

Hanging over SA's delicate balance of payments account less than 10 days ago was the prospect of having to import huge stocks of grain next year as drought delayed planting of summer food crops.

Oil prices looked likely to rise above \$30 a barrel, carrying with it possible further increases in fuel prices and more strain on the trade balance.

Oil prices, which last Monday moved back above \$30 a barrel, have since tumbled. On the New York Mercantile Exchange late last week, oil for January delivery was \$26.40 after going as low as \$25.25.

SA's petrol and diesel costs are based on a price of about \$32.

Although a spokesman

for the National Energy Council has said it would be premature to adjust pump prices, Volkskas senior economist Adam Jacobs says the Government would be eager to bring them down as soon as possible to help fight inflation.

It was reported last weekend that SA might have to import as much as two-thirds of its annual maize requirement of six million tons, with the cost of all agricultural imports possibly as high as R2,6 billion.

An oil price of \$33 a barrel would add R3,5 billion a year to the national import bill.

However, good soaking rain over virtually the entire country in recent days has improved chances that granaries will at least hold enough after the next harvest to feed people and livestock through next winter.

Although less than one million hectares of maize has been planted in the high-output Western Transvaal — compared with 2,23 million ha for the whole of last season — there is still another three weeks for farmers to get their seeds in.

A farmer himself and consequently reluctant to make predictions about agriculture, Volkskas's Mr Jacobs says: "We are predicting a smaller harvest than last year (when

maize exports earned R1,3 billion) because of the late planting and we only hope there will be no import requirement."

Droughts in the grain baskets of the US and Australia this year mean there is little to spare for importer countries.

In addition, most countries grow yellow maize for animal feed, almost to the exclusion of the white maize SA concentrates on for human consumption — hence the Government's undertaking to pay farmers a premium for deliveries of white mealies.

Mr Jacobs says several economic indicators look positive.

Apart from good prospects of cheaper fuel, the money supply growth rate is still falling, banks are extending less credit and it is on the cards that inflation could be 11 percent or less by the end of next year, he says.

"Added to that is the fact that we are in a downward phase of the business cycle, so imports are down, particularly of capital equipment."

"We also expect that the current account surplus for this year will be about the same as last year — around R4,5 billion — and foreign debt repayment should not be more than R1,5 billion," he says.

star 10/11/90

3 maize

1990

Farmers not yet out of the woods

GERALD REILLY

3 Maize

PRETORIA — Ploughing of maize land has started in the Free State and northwestern Transvaal after recent good rains. 6 Day 11/12/70.

But National Maize Producers' Organisation (Nampo) chief economist Kit le Clus said: "No one is cheering yet."

For a crop big enough to meet the domestic need, good rains were crucial over the next three months. A long summer was needed as it would be late maturing crop.

The first quarter next year would be critical. Depending on rainfall, the crop could be anything between a disastrous 4-million tons and an adequate 7-million to 8-million tons.

About 6,5-million tons are needed for local consumption.

Le Clus estimated maize farmers would have invested more than R2bn in this season's crop.

A crop failure would, therefore, be disastrous for many producers.

SA barters cars for neighbour's maize

HARARE — Zimbabwe is to exchange its maize for South African motor vehicles in a countertrade deal worth as much as US\$50m. *B/Dent 19/2/90*

It will be the first deal of its kind between the two countries since 1980.

Zimbabwe's weekly Financial Gazette reported last week that the final go ahead depended on whether the maize seed passed SA Maize Board tests.

As long as Zimbabwe receives good rains, delivery of a minimum consignment of 200 000 tons of maize will begin in March and, if successful, will be increased to 400 000 tons. Although SA has sufficient maize to satisfy local demand, the Zimbabwean maize will be used to supplement export orders. It will be delivered to the northern Transvaal.

ADRIAN OOSTHUIZEN

In return, Zimbabwe will import 2 000 Nissan car kits and 300 heavy duty trucks, backed by spares worth US\$11m. The vehicles will be assembled by Leyland Zimbabwe. *(SA) (3) maize (SA)*

Earlier, Nissan proposed sending refurbished second-hand Skylines, but the Zimbabwean government rejected the offer as it did not want to import used cars.

The Gazette reported that the package faced snags, as multinational company Lonrho was keen to obtain a stake in the deal to import luxury Mercedes cars. It appears this part of the deal depends on whether SA takes the full consignment of 400 000 tons.

MAIZE

③ Maize F/M 21/12/90

SEARCHING FOR AN ALTERNATIVE

Farmers who haven't planted maize because of the lack of rain may still be able to cover expenses — and even show a small profit — if they get enough rain soon to sow other crops, such as sunflower, grain sorghum and beans.

This does not apply as much to farmers in the eastern growing areas, from Springs and Delmas to Ermelo and Standerton, who have been able to plant 60% of their normal acreages in maize. In the Delmas district up to 90% has been planted. Much is in cultivars that mature in 90 days but yield 30% less than those that mature in 120 days.

Free State and western Transvaal farmers aren't that lucky. Dries du Toit, deputy-GM marketing of the South-West Transvaal Co-operative Society, says a survey completed on December 13 showed that only 26% of the land under maize last year, when his co-op took in 900 000 t, had been planted to maize this year. Rain has fallen since and more maize planted but not enough, he says, to alter the picture dramatically.

"The first rain fell on December 1. It was patchy. Leeuwardstad had a lot of rain but Wolmaransstad is still too dry to plant. We can plant up to December 31 and still hope for some sort of crop."

Danie Schoeman, GM of the National Maize Producers Organisation, paints an even gloomier picture: "There are other areas where the situation is very bad. It is still very dry from Delareyville towards Lichtenburg and Bultfontein is a drought-stricken area. Two weeks ago some farmers thought their ground was wet enough and started planting. There has been no rain since and their plants which were just germinating have been killed by wind and heat."

Weather forecasters have little good news for farmers still waiting for rain. Kees Estie, the Weather Bureau's director of forecasts, says: "Things are looking bad now. We have reverted to the dry situation we had in October and November, when history shows we're supposed to be in the upswing of a wet cycle. The good news is it may not last for long."

Schoeman says many Free State farmers decided not to risk planting maize but leave their ground fallow during the summer and plant wheat in May or June. Some would have liked to have planted beans but cannot because they have already applied

Antrazine, a weed killer that kills broad-leaved plants.

"We may just produce enough maize to meet our own requirements," Schoeman says. "If we produce 6,5 Mt-7 Mt farmers can expect R324/t, which will be more than the R265/t they got last year, but then their crops will be smaller."

Former agriculture minister Hendrik Schoeman says farmers who were late with their maize can consider planting soya beans. He believes the market will hold at around R600/t, which means that with a yield of 1,25 t/ha, it can compete profitably with maize. But it is a pernickety crop; its pods can shatter if not reaped in time.

Wessel Venter, GM of the Dry Bean Board, knows that many farmers will want to plant beans. "But there are problems. There isn't an inexhaustible supply of certified seed and, if they use fair average quality beans they buy from merchants, they may have germination problems. They will have to consider that beans are more expensive to establish than many other crops and more labour intensive, particularly at reaping time."

The dry bean market was reasonably stable at the end of last season because the surplus could be exported at reasonable prices. This year, however, the US, the world's biggest dry bean exporter, is expecting a bumper crop and it may be difficult for SA to find profitable export markets.

Andries Liebenberg, deputy-GM of the Wheat Board, points out that there is a surplus of wheat in international markets (*Business* December 14). He says farmers who left their land fallow to plant wheat "must realise the financial implications; if

there is an overproduction, we may have to export the surplus at a loss. That's the way it goes in SA." ■

AIRLINES F/M 21/12/90

TAKING ON SAA

Don't expect much price competition on SA's newly deregulated domestic air routes. Even before Trek Airways begins its services from Johannesburg to Cape Town, Durban, East London and Port Elizabeth, it has said it will follow SA Airways' basic price structure. Competition will take place on service and, to a limited extent, on promotional fares.

Trek MD Jan Blake says: "There is a low margin and a high break-even point in SAA's fare structure. We intend to be different on service and there will be some innovations on the type of tickets we'll offer."

SAA promises more of the same. Says airline spokesman Leon Els: "We have been advocating competition for more than two-and-a-half years. We would like passengers to fly with us because they have chosen to, not because they have to. We have engaged in a marketing drive, including the introduction of midnight fares, to prepare ourselves for competition."

SAA's marketing efforts will be backed up by a massive investment of R3,2bn over the next two years. Trek, on the other hand, is likely to start with just three or four aircraft. Blake says the type will be chosen at a board meeting next month. Press and TV reports that two 737s have already been chosen are incorrect, he adds.

Trek will need at least four aircraft to take up its full quota of routes, which include four flights each way from Johannesburg to Cape Town and Durban, two flights between Durban and Cape Town, and one Johannesburg to Port Elizabeth and East London flight.

So far only the Safmarine group has applied for head-on competition with SAA. Safair Freighters has applied for freight routes and 37%-owned Trek Airways for passenger routes. As part of this strategy, Safairlines, which flies along the south and west coasts of the Cape, has been sold to Trek. The company has leased Safairlines' two Convair 580s from Safmarine but intends introducing more modern, fuel-efficient aircraft on the routes later.

The friendly division of tasks does not extend to the international market, however. Trek has opposed Safair's application to operate on external routes already served by scheduled airlines.

Safair's Felix van der Merwe says Safair does not have the infrastructure nor exper-



2m-ton mealie drop

By DON ROBERTSON

SOUTH AFRICA's maize crop is expected to be at least 2-million tons lower than last year's. *Stimie 23/11/90*

The latest official estimate is that even with a stock surplus of about 1-million tons, there will not be enough for domestic demand and imports will be necessary. A Maize Board spokesman is unable to estimate how much will have to be imported.

Farmers produced 7,5-million tons of maize last summer. Because of accumulated stocks, 5-million tons worth R1,3-billion were exported. Last year domestic demand was 7,2-million tons and 300 000 tons was retained on farms to feed livestock.

Plantings were 2,01-million hectares by December 15 this year compared with 2,8-million by the same date in 1989. *Maize*

The board says total plantings are expected to be about 2,6-million hectares compared with 3,4-million last year.

Zimbabwe may sell about 400 000 tons of maize to SA in a barter deal involving motor vehicles.

ARGUS 24/12/90

3 MAR 26

Killer drought hits maize crop

The Argus Correspondent

PRETORIA. — The worst drought in 60 years has resulted in the maize industry's worst fears being realised this Christmas.

Official Maize Board estimates — announced at the weekend — for the next crop show that the country will have to import almost two millions tons of maize to meet local demand.

The estimate is that just under five million tons will be available plus 900 000 tons which was surplus from last year's harvest. Normal domestic consumption is 7,2 million tons.

HIGHER COST

The Wheat Board earlier announced that its crop would be down by 500 000 tons.

An added problem for the Maize Board, however, is that export orders have had to be frozen and the board has been negotiating to re-purchase these orders — in some instances at a higher cost than the original sale — to meet consumption demands.

Negotiations are also taking place with Zimbabwe for 400 000 tons to be exchanged for motor vehicles and spare parts.

It is expected by the industry that a large amount of maize will be bought from the United States and, possibly, Canada. Both these countries have, however, earmarked supplies for eastern Europe and Russia.

The drought has been particularly devastating in the western Transvaal and north-west Free State production areas, in the northern and central Trans-

vaal, and in the Eastern Cape.

Despite some late rains, farmers have not been able to plant their summer rainfall crops in time to meet the seasonal deadline.

The Maize Board said in a statement at the weekend that 2,6 million hectares of maize had been planted — a million hectare less than last year.

Searing heat in the so-called maize triangle — which stretches from the eastern Transvaal highveld to the other two production areas and accounts for 40 percent of the country's yield — has continued almost unabated since April.

Temperatures recorded have been between 25 and 35 deg C on most days, and some districts, particularly in the west, have had little rain to beat the drought.

The result has been that fields are bone-hard, grazing is almost non-existent in many districts, and thousands of rands have had to be spent by farmers each week in a bid to feed their livestock.

The drought has also affected the living standards of thousands of people on the platteland.

Hundreds of black farm workers have been laid off, with many leaving the lands for larger urban areas in search of jobs.

Drought forces import of maize

(3) Maize Star 24/12/90

By Norman Chandler
Pretoria Bureau

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The drought has also affected the living standards of thousands of people on the plateau.

Hundreds of black farm workers have been laid off, with many leaving the lands for urban areas in search of jobs. Unemployment has resulted in squatter camps springing up around small country towns.

Farmers are also leaving their properties in order to find work. Many of their wives have taken up former professions, such as nursing, teaching and secretarial work.

Stec 22/11/90 3 maize

Lack of rain 'is hampering maize planting'

The drought conditions in South Africa are hampering maize plantings.

In a statement yesterday the Maize Board said it had undertaken a weekly survey with its co-operative agents of the progress made with planting.

"Up to and including November 15, 472 000 ha were planted in comparison with 925 000 ha for the corresponding period of the previous production season," the statement said.

Average plantings for the corresponding period of the last four produc-

tion seasons was 1 357 000 ha.

The Board said the only production areas where significant rainfall had occurred were northern Natal and the eastern Transvaal.

Only 40 percent of plantings, compared with previous seasons, had been made so far, but the board said "immediate follow-up rain will, however, improve the situation substantially".

The board said it had sufficient stocks of maize at its disposal for the needs of domestic buyers. — Sapa

Blowan 29/11/90

③ maize

Maize Board reins in exports

PRETORIA — Drought and the threat of a greatly reduced 1990/91 maize crop have forced the Maize Board to stop selling surplus maize for export, says a board spokesman.

And the National Maize Producers Organisation (Nampo) and the Wheat Board confirm grain will have to be imported to supplement the drought-ravaged crops.

Meanwhile, levels of major dams in the Transvaal and Free State have started to fall as drought tightens its grip over a huge area in the two provinces.

Although most dams are about 75% full, if the hot dry conditions persist the average fall of 1% a week will quicken.

The Maize Board spokesman said

GERALD REILLY

the board's aim in ending export sales was to have 1,2-million tons at the close of the marketing season at end April next year.

Nampo GM Danie Schoeman said the ideal planting time was just about over and only 16% to 17% of the usual area had been planted so far.

In the eastern Transvaal, northeastern Free State and Natal, the planting season had passed and only limited areas had been sown.

Meanwhile, the Wheat Board's most optimistic assessment is a crop of 1,9-million tons against local need of 2,4-million tons.

But it could be less. The board has urgently called on its agents to update their estimates.

The board, the spokesman said, had already applied to government for authority to import wheat.

Other authorities claimed at least 500 000 tons will have to be imported at a cost exceeding R230m.

Because of oversupplied world markets and big US and EC subsidies, wheat could be landed at SA ports for around R400 a ton.

Of the dams on the Vaal River, Bloemhof last week dropped from 47% full to 46% (last year at the same time it was 74%), Vaal Dam from 75% to 74% (90%), Vaalhartz from 79% to 68% (71%), Erfenis 82% to 80% (86%) and Grootdraai from 78% to 77% (86%).

In the western Transvaal, Hartebeespoort dropped from 76% to 75% (87%) and Rooideplaat from 89% to 88% (100% plus).

Payout despite tough times

MARC HASENFUSS

BRENNER Mills' (Brenmills) after-tax profit declined 14% under extremely difficult trading conditions to R1,3m (R1,5m previously) for the six months ending August 1990. *BIDAY 28/11/90*

The Northern Transvaal company mills maize meal, malt for sorghum beer, and animal feeds.

Despite its earnings drop to 5,8c (6,7c), the board declared an interim dividend of 2,75c (3c).

Chairman Arnold Brenner said the increased interest burden, at R539 000 (R219 000), was a result of a company decision to lay in stocks — particularly of maize — prior to anticipated price increases.

The board was unable to assess group results for the next financial period because of the current economic and political climate. *(3) maize*

The share did not trade today, remaining at its 40c low. It peaked at 68c in May. Analysts said there were no indications of an early recovery.

Brenmill shares performed well at listing three years ago, rising to an August 1987 high of 315c.

However, they slid to 110c. Although they recovered to 190c in November 1987, they have not seen a similar price since.

AGRICULTURE F/M 5/10/90

3 maize.

PUTTING MAIZE FIELDS TO PASTURE

Surplus red meat production and falling demand have led to a 7,7% drop in auction prices at abattoirs over the past year. But retail prices have increased simultaneously by 9,7%.

This anomaly has added fuel to a blazing row in agriculture, with the huge red meat and maize sectors at opposite sides of the scrum. Encouraged by government, maize farmers are busy switching over to livestock production, adding to red meat supplies.

Maize surpluses are exported at less than local market prices — and US Gulf fob maize prices have dropped from \$124/t in June to \$99,90/t. They went as high as \$162/t in August 1983 — and dropped to a low of \$66/t in August 1986, according to economist Kit le Clus of the National Maize Producers' Organisation (Nampo).

With the new planting season at hand maize farmers can, therefore, be expected to queue for State subsidies to switch from maize to pasture land used for livestock production.

According to Freek du Plooy, senior farm management adviser, agronomy, Department of Agriculture, 284 000 ha of former maize land has already been switched to pastures. Applications for subsidies on a further 284 000 ha have been approved and the conversion should take place by early next year.

"Government's aim is that at least 1m ha of former maize land should be transferred to cultivated pastures. A State subsidy of R150/ha is paid, with an annual R50/ha support payment for the following six years. To date, R23m has been paid out on the 284 000 ha under pasture."

Free market advocates will no doubt point out that misleading price signals sent out by a State-controlled marketing body led to the over-production in the first place. Now taxpayers' funds are being used to "rectify" the mistake. But the scheme will at least bring "normality" to maize production.

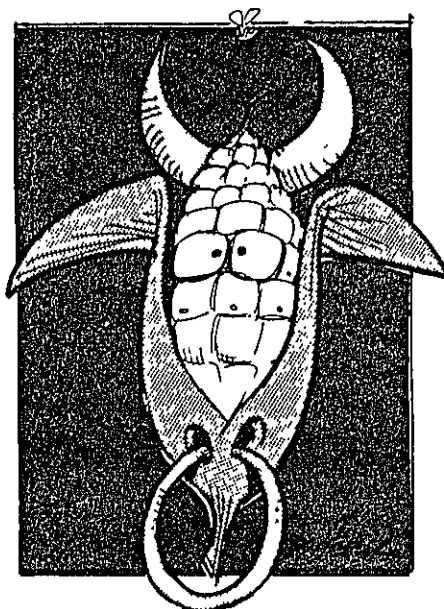
An added spinoff is that the move to livestock production on new pasture land should also relieve the pressure on over-grazed areas, where overstocking has led to an alarming decline in the quality of natural grazing areas and increased desertification — notwithstanding the R230m paid out by the State since 1946 for farm conservation.

The State encouraged overstocking — to the detriment of SA's natural environment — by subsidising feed loans to farmers during droughts (between 1983 and 1989, emergency drought relief paid out to livestock farmers totalled R524m).

"Worldwide soil loss caused by soil erosion averages about half a ton per person globally," says Agricultural Development Minister

Kraai van Niekerk. "In SA, where annual soil loss exceeds 300m t, the average is more than 10 t per person a year." And SA's dams are silting up at an alarming rate — dams in the Orange River system are given only until the middle of the next century to last.

Nampo has encouraged the switch from



maize since 1981, Le Clus says — and farmers also have diversified into other crops such as soya, sunflower, sorghum and wheat. While total acreage under maize was 4,7m ha in 1983-1984, this is expected to fall to 3,1 ha in the current season, he adds.

"Should free market principles apply in the maize industry, the total acreage could fall to about 2,5m ha," he says. This would obviously lead to a substantial increase in livestock (and red meat) production.

The switch over also gives the controversy between the red meat and maize lobbies a political dimension — livestock farmers in outlying districts form the backbone of Conservative Party support. The Meat Board, therefore, presents the interests of many farmers who seem to prefer the board's over-regulated approach to controlling the market.

Apart from the increasing clout of the former maize belt in red meat production, many livestock producers, as well as consumers, support moves to deregulate the antiquated meat scheme, devised originally to "protect" the outlying farming lobbies (*Business* September 28). Forming an indivisible part of this scheme, which divides SA into controlled and uncontrolled meat areas, is the Abattoir Corp, controlled by the Abattoir Act.

The Organisation of Livestock Producers

(OLP) has strongly criticised the proposed amendments to the Abattoir Act, which governs, in the finest detail, how livestock must be slaughtered in urban areas. "The amendments give the minister, the director-general of agriculture and their appointed officials total control over every aspect of the abattoir industry," says OLP president Sandy Speedy. "It is hard to imagine that any prospective entrepreneur will be happy to risk his capital by entering the abattoir business under the provisions of this Act."

Increased livestock production in the maize belt should force government to focus on the deregulation of the costly meat scheme, providing freer flows of red meat supplies between uncontrolled and controlled areas. And this should also allow rural feedlots to play a bigger role in providing SA's growing urban markets with reasonably priced supplies of quality meat.

"Strangulation of feedlots by rules that prevent them from making proper market-related decisions will have to be addressed," says SA Feedlot Association chairman Sam Hyman. "Tremendous financial strain is levied on feedlots by the existing grading standards and regulations. We stand for deregulation of any rules that stand in the way of an orderly, normal, healthy free market-orientated system, which should promote the consumer's choice for red meat."

Kanhym CE Dirk Jacobs adds that developing export markets for processed meat products, as well as creating a futures market for red meat in SA, should assist producers (and consumers) in creating a better red meat market in SA.

MEDICAL COSTS F/M 5/10/90

REFORM IN THE WINGS?

The biggest obstacle to the creation of a more rational and less expensive healthcare system could soon be overcome.

The SA Medical & Dental Council does not allow doctors to be employed by private hospitals nor medical schemes, or to form interdisciplinary partnerships with other professionals. The argument has been that unless doctors are independent and self-employed their integrity could be compromised — though apparently this doesn't happen when they work for the State.

But a meeting convened by the council in Pretoria on Friday showed very considerable support for allowing group practice and health maintenance organisations (HMOs). The support came from medical aid schemes, private hospital groups, the Department of National Health and even the left-leaning

Maize export earnings set to plunge

SA would earn R1bn less in foreign exchange from this year's maize crop, Maize Board MD Hennie Davel said yesterday.

The country would earn R350m from maize exports, he said, compared with last

6/10/90 9/10/90
ACHMED KARIEM

year's earnings of R1,4bn.

"The reasons for this are a smaller exportable surplus (1,3-million tons against 4,2-million tons last year); a lower world price

of maize compared with that of last year (at present \$100 a ton against \$120 a ton last year); and the stronger rand/dollar exchange rate," he said.

Davel said a large maize crop meant higher earnings for SA.

However, as export losses were carried by the maize producers, large surpluses meant lower prices per ton to the farmer.

He said 7,4-million tons were delivered to the Maize Board against last year's 10,6-million tons, primarily because of a lower yield and a less favourable climate. *Maize*

The US was expecting a bumper crop of 206-million tons, while the Soviet Union had experienced a good crop and would import 8-million tons less.

Yellow maize for exports currently sold for R256 a ton, while on the local market yellow maize sold for R342 a ton (net), he added.

Financial future grim, warns Nampo

PRETORIA — Farmers' prospects for financial survival are grim, if present trends continue, the National Maize Producers' Organisation (Nampo) warns. ^{8 May 29/10/70} ③ *Maize*

After the recent agricultural summit, Nampo said it was clear that farmers will have to look out for themselves in the years ahead.

In its journal *Mealies/Maize*, Nampo stresses that withdrawal of government support and the establishment of a free market for agricul-

GERALD REILLY

tural products will exacerbate farmers' financial problems.

Under such conditions, sequestration rates are bound to escalate and maize farmers will have to work out their own futures to survive.

"The chances of success remain slender.

"Even if one achieved no more than to avert an avalanche and stabilise farmers' profits, this would be no mean feat," says Nampo.

(Handwritten scribble)

③ Maize:

FED UP WITH CONTROL BOARDS

With food prices surging by 17,7% over the past year, pushing the inflation rate to 13,6% last month, the structural factors that are forcing up prices are coming under scrutiny.

Farm co-operatives have been pinpointed as a major factor in escalating food prices (*Business* September 14). Now control boards are under fire for their role in runaway prices — with the schemes operated by the Meat Board and Maize Board the special targets of criticism.

At a congress this month in Durban Deputy Director-General for Agriculture Chris Blignaut confirmed that government's structural economic adjustment programme involves taking a hard look at the price- and market-distorting mechanisms operating in the farm sector.

The minister of agriculture must emphasise a number of factors when he evaluates the agricultural marketing schemes, Blignaut said. These include:

- Whether fixed prices will ensure that all production will be sold "in the light of the present supply-and-demand situation;"
- Whether the comparative advantage of different production regions are taken into account by the scheme; and
- The impact of international agreements such as the Uruguay round of the General Agreement on Tariffs & Trade.

This is music to the ears of disgruntled livestock farmers who complain that the costly meat scheme prevents the market from efficiently allocating resources, distorts prices and leads to red meat losing market share to white meat. One reason for all this is that red meat prices are never allowed to fall below the Meat Board's floor price levels.

While red meat production increased by only 43% between 1955 and 1989 (from 613 000 t to 875 000 t), white meat production rocketed by a startling 1 900% over the same period — from 29 000 t to 552 000 t.

At the same time Minister of Agricultural Development Kraal van Niekerk says SA's population doubled while per capita red meat production fell from 40,6 kg to 24,2 kg.

Had this been the record of any private company it would have gone out of business. In the case of the Meat Board, it is protected by the Marketing Act.

The Organisation of Livestock Produc-

ers, which represents independent livestock farmers, has drawn up a resolution calling for the virtual abolition of the meat scheme. It says this would allow farmers to sell direct to butchery chains, a system long called for by Pick 'n Pay's meat retailing arm.

"Such a system would allow butchery chains to contract their meat supplies directly with feedlots or farmers, would allow forward contract buying (thus ensuring security of production to farmers) and would reduce the enormous costs due to farmers being forced to slaughter only at the official abattoirs run by the Abattoir Corp in most urban centres," the organisation says.

With more marketing channels opening up, both producers and consumers would benefit from lower meat prices — and this would also allow farmers to process meat in rural areas where costs are far lower than in cities.

The organisation estimates that the existing meat scheme adds R800m in annual costs to the meat chain of production.

"And, with the Meat Board's floor price scheme falling away, prices will be allowed to drop in times of surplus, thus eliminating the costly meat storage scheme operated by the board while broadening the sector's market share," the organisation says.

The Maize Board is also under attack — this time from the R3bn-a-year animal feed industry, which is upset by the latest yellow maize consumer price hike — from R360/t to R375/t.

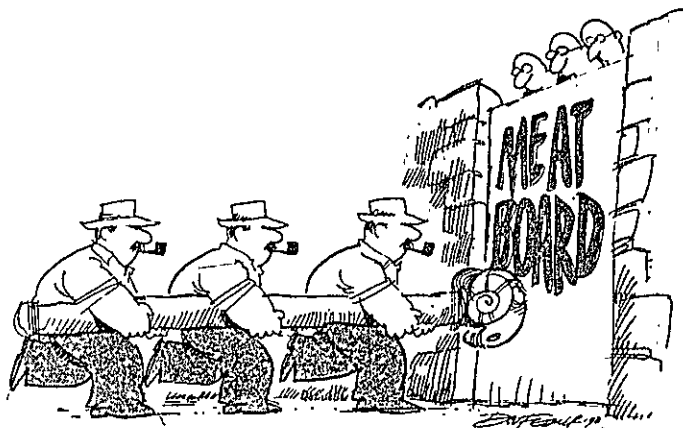
"The price index of farm feeds increased from 100 in 1975 to 638 last year," Van Niekerk says. "This places feed margins under pressure." And, due to the distorted price signals sent out by the board, farmers produce costly and uneconomic maize surpluses, while animal feed protein (mainly soya and fishmeal) must still be imported to the tune of about R315m a year.

But, apart from the price complaints, feed manufacturers feel that the "autocratic" maize scheme operates against their interests in other ways. Complaints include:

- That the Maize Board's discounting scheme discriminates against the large manufacturers because the discount applies where consumption increases annually — something that is difficult to achieve for the large feed manufacturers;
- While small, fly-by-night operators therefore qualify for discounts of up to R80/t, large manufacturers lose market share and turnover. With the economies of scale turning against them, they are forced to increase their own prices to consumers — again to the detriment of both producers and consumers;
- That the board is forcing feed manufacturers to contract with it, thus limiting their manoeuvrability in obtaining other, cheaper feeds such as sorghum and wheat. "They are trying to protect the one-channel marketing system which is busy disintegrating," says one source.

The meat and maize boards could not be reached for comment. But with these attacks, it is clear government will be forced to take a close look at the structural defects in agriculture, which are benefiting the bureaucrats in Pretoria more than either the farmers or consumers in the rest of the country.

Arnold van Huyssteen



Maize farmers take R2bn gamble

GERALD REILLY

PRETORIA — Farmers are preparing to gamble well in excess of R2bn in planting and growing the 1990/91 maize crop over an area of about 4-million hectares.

The National Maize Producers' Organisation (Nampo) estimates farmers will borrow up to R1,6bn from agricultural co-operatives and commercial banks to meet this year's escalating costs and the total debt of the agricultural industry could be pushed up to a record R15bn by year-end if the gamble fails because of drought or other adverse conditions.

10 49
1890 Production

Nampo says growing last season's crop cost farmers R468/ha. This was a 27% increase on the costs involved in the previous year's crop.

The actual costs, including capital costs, for the 1989/90 season amounted to

R726/ha. Based on an average yield of 2,1 tons a hectare at a price of R265 a ton, the gross return amounted to about R550/ha.

This year's inputs — labour, fuel, fertilizers, seed and other production related costs — are expected to increase by as much as 25%.

A Nampo spokesman said sequestration of farmers unable to cope with rising costs and low product prices would continue.

The number who went to the wall last year was 348. In 1988 there were 425 and the year before that, 691.

Meanwhile, applications have been received by the Agricultural Department for aid to help farmers switch 550 000ha of marginal cropping land to pastures in terms of a government scheme.

So far, 260 000ha of pastures have been established in terms of the scheme.

Forex earnings hit by lower returns from wool, maize

GERALD REILLY

PRETORIA — Substantially reduced returns from wool and maize exports will help keep SA's foreign exchange earnings from agricultural exports to around R4bn this year, according to agricultural authorities.

This compares with the estimated R5,8m earned last year from the sale of surplus farm products abroad.

SA agricultural economist Koos du Toit told Business Day that although exports earned about R2,257bn in the first five months of the year — compared with R1,967bn in the same five months last year — earnings would slow significantly during the rest of the year.

To be taken into account, too, was the fact that instead of exporting surplus wheat this year the small crop had meant the importation of more than 200 000 tons to meet the local demand.

Authorities pointed out the impressive earnings in the first five months of the year could mainly be ascribed to the fact that much of the 4,5-million tons of surplus maize from the above-average 1988/89 crop would have been exported in those five months.

The estimated earnings from total maize exports from the 1988/89 crop was R1,5bn. The surplus from the 1989/90 crop is around 1,2-million tons, so foreign earnings will be sharply down. Earlier this month the Wool Board announced a 15% cut in producers' voorskot prices. This followed a 20% reduction in the floor price of the world's biggest producer — Australia.

There is currently great uncertainty about international wool demand trends and Australian producers have a massive stock pile of 4-million bales. Du Toit said even though earnings from deciduous fruit exports would reach and probably exceed R1bn this year, and wine exports would be buoyant, total foreign earnings would still fall far short of last year's total.

However, the potential for widening markets abroad was enormous and would continue to improve provided the reform programme remained on track. Indications were that trade attitudes, while still fragile, had taken a turn for the better.

Even in the Scandinavian countries, where sanctions had been virtually impenetrable, there was hope of a change — again on condition of reasonable progress towards a new constitution, he said.

Zimbabwe set to sell maize stockpile to SA for R800m

HARARE — Zimbabwe's parastatal Grain Marketing Board is on the brink of signing an R800m deal to sell Pretoria nearly a third of Zimbabwe's cumbersome maize stockpile.

Sources in Harare confirmed that officials of the board and the SA Maize Control Board had negotiated the sale of 300 000 tons of Zimbabwean white maize at approximately \$106 a ton.

It does not appear to be causing political embarrassment here that the sale comes as President Robert Mugabe, on an East African tour, is calling for sustained trade boycotts of SA.

The deal represents a much-needed foreign currency boost for Zimbabwe and relief of some of the burden of its 1,1-million ton maize stockpile, for which it lost 450 000 tons of orders last year from international famine relief agencies because of the inability of the Zimbabwe National Railways to deliver.

Zimbabwe's partner in the Southern African Development Co-ordination Conference (SADCC), Angola, currently heads the list of SADCC countries with a serious maize shortage.

Its 565 000-ton estimated need was

MICHAEL HARTNACK

ahead of import requirements for Mozambique, Botswana, Malawi, Lesotho and Swaziland, Zimbabwe's Commercial Grain Producers' Association chairman John Parkin told his annual congress here yesterday.

At a pre-conference briefing he noted the inability of Zimbabwe's peasant farmers, who had produced 60% of Zimbabwe's maize over the past five years, to repay government loans.

Losses ³ Maize

He predicted continued reliance on the 1 200 commercial growers — mainly whites — for food security and urged liberalisation of heavily controlled trading and pricing policies.

The grain marketing board was buying maize from the farmer at R247 a ton yet was making losses despite supplying at R545.

Sources say the Zimbabwe-SA maize deal is likely to be signed early next week. Details of the methods of payment are reportedly still being worked out.

Construction of Tiger Oats meal mill has begun

B. Day 18/7/90
CONSTRUCTION of the largest maize and wheat processing mills in the country — Tiger Oats's new R85m mill in Maritzburg — began earlier this month, a company spokesman said yesterday.

The mill, adjacent to the company's existing Meadow Feeds Mill, will have the capacity to process 43 tons an hour.

It will be phased into operation slowly and be fully operational as an automated, computer-controlled facility incorporating state-of-the-art technology and equipment by 1992.

It was too early to say how big the workforce would be, the spokesman said.

It will include silos, a mill building, bulk storage for finished products, a warehouse for bagged products, offices and ablution blocks and workshops.

"Maritzburg was an obvious site for the mill because it is central to our market.

MANDY JEAN WOODS

The Maritzburg-Durban corridor is the fastest growing area in SA.

A lot of the group's baking capacity is located in Natal and it therefore also made sense to locate new flour milling capacity there."

The new mill, in the planning stages for the past year, will help increase wheat milling capacity to meet the continued growth in the wheat market and high capacity utilisation at existing plants.

The new mill will also alleviate space pressure on the maize mill at Maydon Wharf in Durban.

"It has been operating since the turn of the century.

"Loading and despatch facilities are limited, and the property does not lend itself to a major upgrading.

"The new mill will have no immediate effect on the future of the Maydon Wharf mill," the spokesman said.

New mill takes pressure off Brenmils

6 Jan 2017 190
MARGINS of Brenner Mills (Brenmils), a maize miller in the northern Transvaal, came under pressure during the second half of the year, said MD Arnold Brenner in the latest annual report.

Unavoidable technical problems which caused an eight-month delay in the restructuring and upgrading

(3) maize
MARIETTE DU PLESSIS

of the Hammanskraal mill adversely affected production and raised capex requirements, he said.

However, the new mill was operating at full production levels at present and should contribute to increased profitability.

Brenner said the current slow-down in the economy might result in "higher maize sales".

Brenmils' well-established brands of Shaya and Brennco would increase turnover provided the consumer boycott in the Northern Transvaal came to an end permanently, said Brenner.

Nampo slates agreement as phosphate prices are rising

Blair
2/11/79

GERALD REILLY

(3)

maize

PRETORIA — The National Maize Producers' Organisation (Nampo) has condemned an agreement between Indian Ocean Fertilizer (IOF) and Kynoch which will give Kynoch full control of the IOF granulation installation at Richards Bay.

Nampo chairman Cerneels Claassen said this had now placed Kynoch in a very strong position in the phosphate fertiliser manufacturing industry.

The move, Claassen said, meant the mielie farmers were now exposed to rising phosphate prices.

The announcement was made, Claassen said, while Nampo and certain agricultural co-ops and fertiliser manufacturers were negotiating with IOF.

The prices of phosphate fertiliser had already risen.

This was unacceptable to farmers and Nampo had therefore referred the matter to the Competition Board.

It could be accepted, Claassen said, that in the light of relatively low world phosphate prices "we will now have to look seriously at importing phosphate fertilisers".

The fact that Kynoch had taken over the IOF installation at Richards Bay meant wholesalers direct access to IOF fertiliser had been cut off.

MAIZE EXPORTS F/M 29/6/90

Crystal gazing (3) Maize

Maize farmers might export only a paltry 1 Mt-1,2 Mt this year, because of the poor crop, but it is for next year that they should pray for a bumper season because world stocks are heading for their lowest levels in 13 years.

With global demand growing each year (the Soviets are said to have bought 16,8 Mt-18 Mt this season) and with the US drought having caused a draw down on world stocks, it would take a number of excellent US grain seasons to restore market equilibrium.

Sparks Commodities, a leading US crop estimator, guesstimates that global reserve maize supplies could be as low as 21,5 Mt by the end of 1991. The US Department of Agriculture puts the end-1991 figure at around 30,9 Mt.

With no end to Soviet crop failures in sight (mismanagement plays an even bigger role

F/M 29/6/90 (3) Maize

than the weather), demand should remain strong and prices should keep rising. Some US commentators already talk of maize prices soaring to US\$3-\$4 a bushel compared with the current \$2,83.

"It is a weather market. In some areas of the US, only 10% of the crop has been planted due to excessive rains. And there's only about ten days of planting weather left. A hot, dry summer could result in prices reaching \$3,50 a bushel. But then the weather is impossible to predict," says Holcom Brokers' Lindsay Williams.

But, with average northern hemisphere temperatures still rising (the Greenhouse effect is primarily to blame), futures speculators in Chicago are talking of possible heat waves and droughts later in the season.

Whatever the outcome, medium-term price indicators point upward. The Chicago price recovered over the past week from \$2,74 a bushel to \$2,84 last Friday. "The price should move sideways for at least the next four weeks when the US crop will reach the pollination stage. Weather patterns then will be crucial," says a Maize Board spokesman.

The local maize crop has been delayed by unseasonal rains which have pushed the moisture content up above acceptable levels. However, the board says reaping should now begin in earnest.

The board has just sold its first yellow maize consignment of the season — 33 000 t — for \$128/t. "The price is good and we plan to sell a further 66 000 t this month," says one board official. But, in terms of the board's calculations of the maize price, this year's exports will earn less than local sales, which are not subject to wharfage and transport costs to overseas markets.

So, while farmers should earn only R410m from their maize exports this year (compared with R1,5bn in 1989), they might strike the jackpot again in 1991 — depending on the timing and strength of rainfall patterns here and in the US over the next year. ■

Govt sets up forum for Natal planning

CAPE TOWN — Plans for the upliftment and redevelopment of strife-torn Natal/KwaZulu were boosted yesterday with government's creation of a "think tank" to co-ordinate further action.

High on the priority list was the resettlement of communities displaced by political violence, said Deputy Provincial Affairs Minister Tertius Delport, adding that politics should be separated from the resolution of socio-economic problems.

A high-level meeting of state departments involved took place yesterday to discuss strategies.

No new structures would be established or existing actions duplicated, he said.

Delport said he hoped to involve the private sector in the operation as the government could not solve the problems on its own. He would meet "various representatives" on Monday.

Delport confirmed government was studying a memorandum from the DP MP for Greytown, Pierre Cronje, suggesting that it would be

Political Staff

quicker and cheaper to renovate houses damaged in the violence than to build new ones.

The threatened withdrawal of bus services from certain areas of KwaZulu — which could virtually paralyse the Empangeni-Richards Bay industrial axis — was also receiving urgent attention.

He said the question of subsidising the service had been raised and while he was well aware of the problem, he could not commit government to a specific line of action.

"We cannot shy away from the political undertones which have a detrimental affect on socio-economic problems.

"As politicians we must reach the point where we divorce the socio-economic programme, the upliftment and development of the area, from the political arena," he said.

His offices would be open to anyone who wanted to facilitate peace between the UDF and Inkatha or for any other project in the region.

SA's migration gain continues to increase

PRETORIA — SA's migration gain continued in April, and for the first four months of the year it amounted to 2 611 compared with 1 515 in January-April last year. *Day 19/6/90*

Central Statistical Service (CSS) figures show immigrants in the four months totalled 4 283 (3 439) and emigrants 1 672 (1 924).

In April the net gain was 746 (265). And the net gain of professional, semi-professional and technically

GERALD REILLY

qualified people was 121 (480) in the four months.

Among the emigrants were 10 doctors (16) and 71 engineers (80). Foreign visitors in January-April increased by 18,3% to 549 735 (499 317).

In the four months, most of the emigrants relocated to Australia, which attracted 544 (546) and the UK, which lured 574 (388).

Butter imports aid Dairy Board

BARRY STREEK

CAPE TOWN — The Dairy Board lost R662 698 exporting butter and cheese during the 1988/89 financial year but then made a profit of R765 693 on the sale of imported butter, Auditor-General Peter Wronsley said yesterday. *Day 19/6/90*

The losses on the exports in respect of butter and cheese amounted to R585 612 and R77 086, he said in his report on the board's accounts which was tabled in Parliament.

However, due to a shortage of butter during the year, the board was compelled to import butter and a profit of R765 693 was achieved with the sale of this butter.

During the year, the board spent R47,6m on market development, including R23,2m which was paid to butter manufacturers in order to make butter more cheaply available to the consumer. *Day 19/6/90 Maize*

Wronsley said the board's administration of debtors was "in a poor state of affairs" but this was acknowledged by management, which envisaged rectifying measures.

In his report on the Maize Board's accounts for the 1987/88 financial year, he said the board's net deficit dropped from R333,2m at the end of the April 1987 to R173,9m at the end of April 1988.

During the year, the board made a R141,6m profit on domestic sales, but there was a deficit of R235,9m on export sales and a deficit of R70,4m on export sales was carried forward.

This resulted in a net deficit of R164,8m in the maize account, Wronsley said.

(3) maize
Friday 29/5/90

Capex cost a drag on Brenmill's profits

BRENNER Mills' (Brenmill's) profit after-tax for the year to end-February dropped from R2,7m to R2,3m primarily due to the cost of financing capex increasing by about R650 000.

The company is a maize miller in the northern Transvaal and produces malt for sorghum beer and also animal feeds.

Management said unavoidable technical problems resulted in an eight-month delay in the comple-

RIAAN SMIT

tion of the Hammanskraal Mill, which not only affected production, but also raised capex requirements.

Brenmill's interest paid was R525 262 for the year compared with interest received of R137 063 for the year to end February 1989.

Management said in the results today the mill was operating and was expected to be in full production

within the next month.

Earnings a share dropped from 11,8c to 9,9c, but the company declared an unchanged dividend of 5c a share.

The share traded at 65c last Friday. It reached a peak of 315c shortly after the company's listing in the food sector of JSE in June 1987, but declined to 110c in the same year only to recover to 190c in November 1987. It has declined steadily since.

MORE FOR LESS MAIZE

3 Maize

F/M 11/5/90

This year's maize crop is expected to fall to an estimated 7,5 Mt — 35% less than last year's 11,6 Mt crop. However, gross producer earnings will drop by only about 22%.

The reason is that as export tonnage falls, the export costs deducted from the farmers' gross receipts are lower, thus leading to far higher producer profits.

Local market prices are well in excess of what farmers can get on the Chicago market, especially considering the transport, insurance, handling and storage costs that must be deducted from gross export revenues.

Against this background, the Maize Board recently announced that producer prices will be substantially increased this year, to R265/t, compared with last year's R210/t average price. Last year's

11,6 Mt crop, of which nearly half was exported, brought in gross earnings of R2,43bn, compared with this year's estimated earnings of R1,98bn. This year's exports have been estimated at around 1,3 Mt.

While some farmers could thus be financially far better off this year, depending on the size of their crop, the total earnings of the maize sector will fall about R440m short of last year, with serious implications for creditors, traders and merchants.

But the biggest loser could be the balance of payments, which last year benefited from the dollar equivalent of a R1,5bn maize export bonanza. With a bit of luck — and if Chicago prices hold up — gross export receipts this year may total a mere R400m.

Free market for maize urged

By HANS-PETER BAKKER, Staff Reporter

THE South African maize industry is struggling in both production and marketing due to "heavy" regulation and monopolies.

This is the view of Professor Johan van Zyl of the Department of Agricultural Economics at the University of Pretoria, who presented a paper on *Maize Marketing in the Future* at the 84th annual congress of the Southern African Poultry Association (Sapa) in Somerset West yesterday.

According to Professor Van Zyl, the maize marketing system allowed the Maize Board to increase local selling prices to compensate for export losses.

He said this was possible only under a monopoly situation.

Such marketing behaviour substantially decreased local sales and increased exportable surpluses which, in turn, increased Maize Board selling prices — leading to a vicious circle.

To break the circle, Professor Van Zyl proposed that "single channel marketing must be abolished in favour of a freedom-of-choice system"; that competition be phased in and enforced, including the "complete abolition" of restricted registration; a ban on monopolistic arrangements between maize agents; and that a "thorough investigation into the introduction of a futures market" be held.

Poultry body upset by maize increase

THE SA Poultry Association has accused the Maize Board of abusing its position as a monopoly, single-channel marketing system.

In a statement this week, it said it was concerned about the new maize price, announced by the Maize Board on April 26.

The announced yellow maize price represented only part of this year's increase, said the association.

"This boils down to abuse of a monopolistic, single-channel marketing system in the maize industry and inhibits the poultry farmer's ability to take quantified decisions."

The actual increase would not be only 8,1%, since there would be a second increase during this market-

ACHMED KARIEM

ing season, it said.

At producer level, the announced increase of R265 per ton represented a 28% increase on the equivalent price of R207 per ton announced last year. ~~(207 x 1.28 = 265)~~

"This year's announced price was augmented by 'deferred payments', due to over-recoveries on, among others, currency and internal consumption. It is unlikely that these items will be profit centres again this year." (3) ~~Month~~

The association said it was dangerous for the Maize Board to "entrench" positive recoveries of this

nature in the new producer price.

Maize Board chairman Hennie de Jager said it was impossible for the maize industry to ignore the influence of inflation.

"Selling prices have been determined on a market-related basis while the objective has been set to keep the price increases for white and yellow maize for the coming year below the general rate of inflation." Bidm 415170

De Jager said the board would again have a discount scheme for yellow maize intended for animal feed. The purpose was to give buyers who were prepared to contract for fixed quantities the opportunity to buy at lower prices.

Maize surplus
could earn ¹⁰ up to R400m

27/4/90 GERALD REILLY

PRETORIA — The maize industry's expected surplus of 1,3-million tons from the current crop could earn the country up to R400m in foreign exchange providing international market conditions remained reasonably stable. ^{(3) Maize}

And in a statement here yesterday Maize Board chairman Hennie de Jager said the producer price for the 1989/90 season had been fixed at R265 a ton from May 1 for white and yellow maize — 9,5% higher than the board's delivery price last year. ~~(2)~~

The board's selling price to the trade for white maize would be raised by 5,9% to R393 a ton and yellow by 8,1% to R360 a ton.

The actual total crop is estimated at 8,7-million tons and delivery to the board on which prices are based should reach 7,5-million tons. Authorities estimate producers' gross income from deliveries at around R2bn. 27/4/90

De Jager said the higher producer price was possible because the export surplus at 1,3-million tons was markedly smaller than last year's 5,5-million tons and the losses and export costs correspondingly lower.

Producers would receive smaller supplementary payments. ^{13/024}

... continued ... low last year's growth rate of 2,0%.

Bumper maize crop boosts farm income

51 Times 15/4/90

By Robyn Chalmers

A BUMPER maize crop in 1989 helped to fuel a boom in agriculture which contributed to SA's 2% growth in real gross domestic product.

Agricultural export revenue last year amounted to R5,8-billion, which translated into a 10% jump in output by farming in real terms, says the Reserve Bank Quarterly Bulletin.

Recovering well from a six-year drought, which cost R160-million in lost import revenue and maize imports, meale farmers produced an 11,2-million ton crop last season — the second biggest on record.

Citrus

Maize, the biggest potential export earner, but also subject to volatile swings, is not expected to yield as good a crop this year as in 1989.

In fact, overall farm exports this year are expected to be down on 1989. But certain sections of the farming community should have a good year.

The forecast for citrus producers is encouraging, most predicting another excellent year after 1989's record 30,3-million cartons which resulted in export sales of more than R830-million.

Secure

Dairy, chicken and red-meat producers are looking for marginal income increases over last year because they could be hit by the economic slowdown. Evidence of this can be seen in the drop from 5% in 1988 to 3% last year in real private consumption expenditure.

Poor weather and late plantings have made pros-

pects for cotton producers dismal. Last year's crop was 390 000 bales, but it could drop to as low as 300 000 this year.

Although the outlook for farmers may not be as good this year as last, the sector is enjoying a much more secure position financially.

Preliminary results from the Central Statistical Services agricultural census show that gross farming income increased by 12% from R10,8-billion in 1987 to R12,1-billion in 1988.

In addition, the market value of assets rose by 16% to R60,4-billion. But more importantly, farming debt fell in real terms. Total farm debt rose by 4,1% in 1987 and 4,9% in 1988 to about R14-billion.

The CSS survey shows that the number of paid workers in the farming sector fell by 9,5% between 1987 and 1988, but total remuneration rose by 9,7% to R1,9-billion.

Employee remuneration, which includes cash wages,

salaries, cash bonuses and other benefits such as free housing and land use, was highest in the Cape at R630-million.

Farmers paid workers R617-million in the Transvaal, R394-million in Natal and R230-million in the Free State.

Support

In comparison, workers per 1 000 hectares fell to 2 537 — 802 in the Cape, 910 in the Transvaal, 446 in Natal and 378 in the Free State.

The number of people now employed in agriculture amounts to about 1,4-million, making up almost 13,6% of the economically active population.

It is estimated that these people support 4,3-million dependants. A total of 5,7-million people live and work on farms, making agriculture the second-largest single employer in SA.

Current expenditure rose by 4,2% to R7,8-billion, capital expenditure increasing by 6,2% to R1,7-billion.

From Page 1

51 Times 15/4/90

about R130-billion in foreign exchange over its life."

The corporation has also financed motor component manufacturers to help them meet the Phase Six local content programme. Financing to date is about R100-million in 24 plants which make wheels, clutches and engine blocks.

The IDC also manages a fund which will offer the electronics industry R200-million for research and development over five years. Imports of electronic components amount to about R5-

IDC drive

billion a year, which retail for R10-billion. In contrast, exports are worth R200-million.

The first of the IDC investments to be offered to the private sector is likely to be the "very profitable" sorghum beer industry which has been reshaped and managed by it since 1987 on behalf of the Government.

The IDC is a self-financing operation, which has not relied on Government finance since 1954. Taxed profits are expected to be about R500-million in the year to June.

MAIZE

③ Maize

Beating the forecast

Russia's need to buy US maize, coupled with its economic problems, may be helping to keep the gold price in the doldrums. The Soviets' recent failure to meet payment terms for their first 1990 maize imports led to a tightening of its international trading credits and may force it to sell off gold reserves.

But while the Russians may be adversely affecting the price of one SA export, the price of another — maize — is rising. A drop in US maize stocks has edged Chicago maize futures to their highest levels since last May. And SA's latest maize crop forecast shows the possibility of about 1 Mt in exports this year. The original forecast predicted that there would no maize available for export this year. FIM 13/4/90

The Maize Board is watching Chicago prices but it is also waiting on Department of Agriculture forecasts to decide when it should begin selling into the bullish futures

market. Last year, the board made its producer members several million rands by selling into the futures market while prices were cresting.

Russia's cash problems will affect only gold prices, not maize, because the market already has discounted the Russian purchases.

"Russia bought about 11 Mt of maize last December, but because it could not meet its previous credit conditions, traders are now withholding credit, which could force the Russians to sell off more of their gold," says the board's assistant GM, international marketing, Jeff Wailin. "Traders on the world grain markets expect the Russians to come in for another 4 Mt-5 Mt soon."

Meanwhile, US maize stocks have declined to their lowest level in 10 years; Wailin says they now stand at about 200 Mt, roughly equal to annual US demand. Chicago futures prices have moved up smartly.

"The July price of R312/t is very good for SA farmers," Wailin says. "The price is the highest since last May and is largely the result of the draw-down of world stocks. The market is jittery because a US crop of below 200 Mt will lead to further stock reductions."

Danie Schoeman, GM of the National Maize Producers' Organisation, says the lat-

FIMail 13/4/90 ③ Maize

est department assessments for March put the SA maize crop at about 8,5 Mt. But the organisation fears recent hailstorms in the Kroonstad-Viljoenskroon districts may have done "quite a bit of damage" to the crop. Unseasonal rains have not damaged the crop noticeably.

"We don't expect the crop to total more than 8 Mt," Schoeman says. "With farmers holding back stock for feeding, total deliveries should be about 7,5 Mt. And with local demand edging up to about 6,3 Mt a year, just more than 1 Mt may become available for export. But it is too early to be definite."

If 1 Mt are exported and US futures prices remain bullish, gross export earnings could be about R300m this year. This will be a sharp drop from last year's R1,5bn but, of course, well above the original forecast for nothing at all. ■

3 Maize

MAIZE SURPLUS RAKES IN FOREIGN EXCHANGE

PRETORIA — The export of the near record surplus of 4,2-million tons from the maize crop earned the country R1,25bn in foreign exchange, Maize Board deputy chairman J Schabort said in Potchefstroom yesterday.

3/10 am 15/3/90
Speaking at the annual congress of the National Maize Producers Organisation, Schabort said the board had moved swiftly to speed up the

GERALD REILLY

export process to get full advantage from the relatively high world prices, which fell later in the season.

The speedy handling of the export operation saved producers R18m.

In three months, the board exported a record 1,5-million tons.

Railnet earned R275m in railage and Portnet R30m in harbour charges.

Schabort said the "hedging" work group had achieved phenomenal results and in spite of the high element of uncertainty associated with a hedging programme, the group correctly forecast the market, time after time.

The result was a commercial profit of R91m or R8,50 a ton for producers.

It would be unrealistic to expect such a situation to be repeated, Schabort said.

Good maize crops helped economy

3 maize

Sowetan 15/3/90

AGRICULTURAL production increased substantially in 1989 as a result of a particularly good maize crop and relatively favourable circumstances, the Minister of Finance, Mr Barend du Plessis, said yesterday.

However, weather conditions had

deteriorated in the final quarter of the year resulting in a 40 per cent decline in the wheat crop and a substantial decline in the value added by the agricultural sector as a whole.

Apart from agriculture, the value added by the other sectors had increased by lower rates than in previous years.

Mining had shown no increase and gold mining production had in fact declined by about one per cent in 1989.

The result was that mineral sales increased by only 12 per cent in the first 11 months of 1989, after an increase of 16 per cent in 1988.

Manufacturing production remained virtually unchanged in 1989 but the volume of production of durable goods increased up to the second quarter of 1989. However the production of non-durable goods declined in 1989.

In the fourth quarter of 1989 total production was 2,3 per cent lower than in the corresponding period in 1988.

The building industry showed an increase of 17,5 per cent in the real value of buildings com-

pleted in the first 10 months of 1989, but these were mainly non-residential.

Motor vehicle sales fluctuated at a high level during the first few months of 1989 but declined after May. Sales for the year as a whole were four per cent below the 1988 sales.

3 Maize B/Dec 14/3/90

Maize farmers in trouble in spite of huge aid grants

PRETORIA — The state had been substantially involved in financially assisting farmers overcome the problem of the difficult '80s, President F W de Klerk said in Potchefstroom yesterday.

Opening the annual congress of the National Maize Producers Organisation (Nampo), he said a total of R3,6bn had been spent on 35 900 appeals for assistance.

In this way 11 477 farmers in the summer crop areas could reduce their interest burden. From 1981 to date, the state had contributed R907,7m towards this.

In 1988, the state had also paid R126m to grain farmers because of failed crops in previous years.

And in terms of the land conversions scheme up to November last year, R10,5m had been paid to 3 052 grain farmers who had re-established 281 890ha of marginal crop lands to pastures.

However, Nampo chairman Kerneels Claassen later told delegates maize producers had their backs to the wall.

Even after the second biggest crop on record, they were worse off financially than before.

The hourglass was emptying fast, he said.

"If timely and determined action is not taken to slow down the drain and to turn the hourglass around, we will ar-

GERALD REILLY

rive at the tragic day when the industry will no longer be able to satisfy the local demand for maize."

Claassen said this was simply because there would no longer be enough farmers able to produce maize on an economic scale.

Plight

Nampo proposals to improve the farmers' position, which included the introduction of a two-market system and the development of Richards Bay as an export port, had been rejected by government.

Since then the financial plight of farmers had worsened.

Claassen also warned of the dire consequences for the country as a whole if the financial destruction of producers was allowed to continue, and of the implications of current government fiscal, monetary and agricultural policies for the summer grain areas.

As early as 1982 it had become clear that rapidly rising input costs and weak export earnings were systematically destroying the profitability of the maize industry.

An important reason was that the constantly rising price of inputs was not market-related, Claassen said.

B/Dan 13/3/90

Maize industry needs total turnaround — spokesman

GERALD REILLY (3) Maize

PRETORIA — A turnaround strategy is needed to restore profitability in SA's vital maize industry, National Maize Producers Organisation (Nampo) administrative manager Giel van Zyl said yesterday.

This, he said, would become clear at the Nampo annual congress to be opened today in Potchefstroom by President F W de Klerk.

Van Zyl said the already crippling financial plight of producers had "critically" worsened over the past few years.

"We are faced with a position where there is a real threat of so many farmers being forced out of what has become an unprofitable industry that the industry will be unable to produce the volumes needed to meet the domestic demand".

Reasons for the "distressing" situation would be spelled out at the congress.

Van Zyl said producers had been trapped in a pincer movement between stagnating or declining producer prices and continually rising input costs, particularly over the past two years.

Other issues up for discussion included government's inability to control and reduce inflation; and a range of direct and indirect taxation which had a heavy impact on farmers' ability to avoid crippling debt, Van Zyl said.

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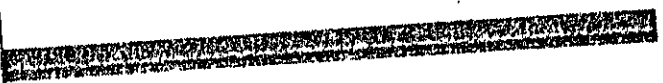
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POORT DEEP,

Farmers ask govt to probe rising costs

PRETORIA — The SA Agricultural Union has asked Agriculture Minister Jacob de Villiers to give urgent attention to the profitability of farming as well as to soaring input costs.

An SAAU's general council spokesman said here after discussions with De Villiers the agricultural summit had been postponed until August "pending further developments in government's economic strategy".

The meeting will include government representatives, input suppliers and the SAAU. 31 Oct 81/90

SAAU president Nico Kotze said after the council meeting agriculture's needs should be measured against government's economic objectives. 3 Maize

Meanwhile, at a Maize Board media conference yesterday it was predicted maize farmers could earn around R2,2bn this season if favourable weather continued.

GERALD REILLY

The Maize Board estimates the crop at this stage at 7,5-million tons — about 36% smaller than last year — and a crop of that size, according to the board's predicted price at the start of the season, could earn farmers about R270 a ton.

However, the actual price must be determined.

A board spokesman told the media yesterday maize had been planted over an area of 3,41-million ha.

It was clear the producer price for maize was not keeping pace with inflated input prices.

The low profitability involved in mealie farming was a reason for the smaller area planted this season.

He added for the current marketing year commercial use of white mealies was estimated at about 3,3-million tons — an increase of 3,8% compared with last year.

Grain imports on the cards

③ *MUM* GERALD REILLY

PRETORIA — SA is faced with the prospect of having to import wheat and maize to supplement drought-ravaged crops. *By Nam 28/2/90*

Government has already approved a Wheat Board decision to import wheat and it is estimated about 400 000 tons will be needed to supplement local supplies and another 300 000 tons to make provision for supplying markets in southern Africa.

The cost of importing the 700 000 traditional tons at current international prices would be a huge R350m.

The local crop has been cut down to less than 2-million tons against a local need of about 2,5m tons, which includes export commitments. And, says, Agriculture Minister Jacob de Villiers, the importation of wheat will involve no losses as the local price is on a par with the landed price of imported wheat — about R500 a ton.

Nampo says that if drought and above average temperatures in the western Transvaal and western and eastern Free State continue for another 10 days, damage to the crop could be disastrous in some parts.

At this stage the crop expectation is from 7-million tons to 7,5-million. But this could change dramatically without good rains soon.

The first agriculture department estimate of the crop is expected in mid-March and it could be the lowest in years.

The worst case scenario, according to sources here, is that damage could be so extensive that maize might have to be imported. It all hangs on good soaking rains in the right places in the first two weeks of March.

No bounty this year

All is not well down on the farm. There are early indications that this year's maize crop will be well below last year's. In fact, maize export earnings could drop to zero this year — from R1,3bn last year.

Seasonal and regional droughts, a late-starting summer planting season and adverse international markets have all contributed to the change in farmers' fortunes.

Other crops are also being affected. Altogether, SA's export earnings from farming could plummet by R2,3bn, down from a huge R5,8bn last year (*Leaders* December 8).

But while agriculture's contribution to the trade surplus will probably be well below last year's, the sector should still be considerably better off than it was in the drought years of the mid-Eighties.

Nevertheless, the setback is severe. The wheat crop has already suffered a disastrous reduction — from last year's record 3,5 Mt (leaving 1,2 Mt for export) to less than 2 Mt. This may necessitate wheat imports of 200 000-400 000 t this year. Thus last year's export earnings of R420m could become an import bill of R100m-R200m this year.

In the case of wool, international market conditions have swung sharply against SA farmers. To date, only 59% of the current season's clip has been sold at the Wool Board's auctions in Port Elizabeth. This could mean a drop from last year's R890m export earnings to about R550m — or less.

Largely due to drought in the western areas — and late, unseasonal cold spells in the north — maize plantings have dropped by about 420 000 ha to a projected 3,41m ha — well below the 4,3m ha of five years ago.

So last year's 11,2 Mt crop, the second-highest on record, could be followed by a crop of around 7 Mt — or less, depending on the crucial February and March rains.

"With local consumption expected to grow by 10% this year, a 7 Mt crop would just about meet local market demand," says SA Agricultural Union economist Koos du Toit. "And, if good follow-up rains do not fall in the next two months, the crop could fall to below 7 Mt." Should this happen, maize imports could once again become necessary.

Danie Schoeman, GM of the National Maize Producers Organisation, says good rains fell in some areas over the past week, but other areas remain "very dry." Schoeman says Nampo is "now looking at an average crop yield of about 2,1t/ha over the 3,4m ha planted — leading to a projected 7,14 Mt crop. But I must emphasise that the final crop size is purely guesswork at this stage."

Maize Board economist Johan Willemse

says the board's "scenario" prices for the current season show that farmers will receive about R237/t for a 7 Mt crop. At least for those farmers who do bring in a crop, this price compares well with last year, when the average producer price was about R210/t.

Should a 7 Mt crop be realised, maize farmers should gross about R1,66bn, compared with last year's earnings of R2,3bn. Though farmers stand to earn about R640m less, the ramifications go far wider. Farm creditors should expect smaller repayments, while Sats, for one, will lose out on last year's R500m income from transporting the huge crop.



When times were better

However, wheat farmers should feel the effects of the early summer drought the most: their R1,24bn in earnings last year could fall to about R740m this year.

SA's wool producers, who have been riding the crest of a boom in international demand for their product, are watching carefully the negative developments in the world market. Last year, wool farmers grossed about R990m, of which about 90% was from exports, but this year the tide has turned.

"To date, the current wool season has yielded sales revenue of only R313m, compared with R588m last year," says the Wool Board's Ona Viljoen. "This is a drop of almost 47%. Not only are prices about 15% below last year's, but demand has come down sharply."

The result is that the board has been forced to utilise its R113m stabilisation fund to "buy in" farmers' unsold clip. With the

board still in hock for R193m through its disastrous foreign exchange losses, the question being asked is how long can it afford to buy in wool — without sharply dropping producer prices.

The signs are not good. Agricultural Development Minister Kraai van Niekerk says the current unfavourable market conditions could continue for another 18 months.

A combination of circumstances have led to the market's collapse. These are China's political problems (imports have been suspended temporarily); Japan's overstocked position, which has caused it to stop buying; expectations that the Australian dollar may fall, leading to cheaper prices for importers; large wool stocks building up in Australia and the general fall in commodity prices.

Fortunately, other sectors are looking slightly better. While sugar production may be down, following dry conditions in Natal, world prices are up. And climatic conditions for citrus production are favourable. ■

TRANSKEI GAMBLING CASE

Odd party out

Sun International and its subsidiary Transun may have won the first round with its out-of-court settlement in the saga involving Transkei gambling rights. But the challenge to its now limited exclusivity may not be over. F/M 2/2/90

As Transun and the Transkei government were congratulating themselves on what they called a mutually fair settlement, a third party was taking legal advice on whether the Transkei Supreme Court order could be contested.

Andre Bruyns, director of Transleisure, a company hoping to win permission to develop a R60m casino-and-hotel complex on the Transkei-Natal border, believes that the settlement has unfairly undercut his plans. If he can, he plans to do something about it.

In terms of the settlement reached after three days of hard bargaining, Transun continues to enjoy exclusivity in an area defined in court papers as the Northern Division, for the next eight years.

Umzimkulu, where Bruyns had the option on a 150 ha tract of land for his development, falls inside that region. He feels that apart from wanting to protect its investment on the Wild Coast Sun at Mzamba Beach, Transun wanted to keep him out of any area close to the major markets in Durban, Maritzburg and the Natal Midlands.

The two other regions, the Central and Southern divisions, will be open to applica-

Inflation hits maize farms

GERALD REILLY

(3) *Maize*

PRETORIA — Farmers have completed the planting of what has become the costliest maize crop on record, says the National Maize Producers' Organisation (Nampo).

It says inflation played havoc with costs.

Last season, the estimated total cost of planting and growing a hectare of maize was R603. With an escalation conservatively estimated at between 12% and 15%, this figure could now rise to between R650 and R700/ha, says Nampo.

Now 19/11/90
The total area of maize planted decreased as a result of farmers switching to production of sunflower and wheat crops.

Nampo estimates that producers will have spent about R370m on fertilisers, R210m on repairs and spare parts, R112m on pesticides and herbicides, R160m on labour and R180m on fuel this year.

AGRICULTURE — MAIZE

1991

CONSUMER maize prices are likely to rise this year, due to pending maize imports necessitated by an estimated one-million ton local shortage of the product.

The shortage has been caused by widespread droughts, particularly in the western and south-western Transvaal and north-western Free State.

The North-West Co-operative has estimated this year's maize harvest at 700 000 tons, compared to last year's 1,5 million tons and the 2,3 million tons of 1989.

Some maize-producing

Maize prices likely to go up

3 maize
Opren 6/11/91
areas have recorded their lowest rainfall in 88 years, and the Maize Board has predicted that the cultivation of maize would this year fall to its lowest level in 50 years.

Farmer JJ Theron said maize farmers were in great financial difficulties and would not survive without government aid.

North-West Co-operation spokesman Enos Barnard said the drought would have a ripple effect. This was already evident in towns like Lichtenburg, where several agriculture-related businesses had closed down.

According to the latest estimates only 2,6 million hectares of maize will be planted this year compared to 3,4 million hectares last year. - Sapa

Good rains improve maize crop prospects

MARIETTE DU PLESSIS

GOOD rains in the north-western Free State and western Transvaal in the past two days have saved maize farmers from a complete crop failure.

National Maize Producers' Organisation (Nampo) administrative manager Giel van Zyl said the rain "came in the nick of time" and much of the crop was saved.

However, more rain was needed if SA's domestic maize needs were to be met.

But, even with more rain, a potential shortfall of about 1,7-million tons seemed unavoidable as the 2,5-million hectares of maize planted lagged far behind 1989's 3,4-million hectares, Van Zyl said.

In addition, the late maize planting

meant a late maturing crop. This increased the risk for farmers in the Free State and western Transvaal if winter was early.

Van Zyl forecast that, on the assumption that 1989's average yield was maintained, the expected maize crop for 1990/91 could at most be 5,5-million tons, compared with 1989/90's 7,5-million tons.

Van Zyl said SA's current maize crop could well be about 4,7-million tons — after about 700 000 tons were retained by the farmers for their own use.

This was not nearly enough to provide for normal domestic consumption of 6,4-million tons and meant

about 1,5-million tons or more of maize would have to be imported.

And if future rainfall was not sufficient, the crop could drop below 5,5-million tons, resulting in even more imports after the present shortfall.

The total absence of maize exports, which earned a net R1,3bn in foreign exchange in 1989, and this year's expected net imports of about R1,5bn, would deal SA's balance of payments (BoP) a severe blow, Van Zyl said.

He estimated the drop in the BoP at R2,2bn, but added that this bleak outlook also implied a drop in revenue for related industries.

For example, transport services such as the railways earned nearly R380m from maize and wheat exports.

13/11/90 (2)

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9. Try to prove the completeness of the modified PQ-system outlined in §3.

Hence (2) is the interpretation of some theorem. So the PQ-system is complete.

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XP-QX - where m is the interpretation of x - a contradiction.

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that early frost may damage it.

"As wheat and barley cost less to import as animal feeds than yellow maize, government may decide to do this," says a Maize Board official. "But as far as the white maize food market is concerned, we may be forced to buy yellow maize from the US and to mix this with existing stocks."

In view of traditional consumer resistance to mixed maize, the Maize Board would obviously prefer to import white maize. But with Zimbabwe the only other traditional white maize exporter, the Maize Board will

have to await Zimbabwean crop assessments before making any decision. A barter trade deal is possible because Zimbabwe has shortages of capital equipment and foreign exchange.

Meanwhile, following the cancellation of all contracts for the export of last season's maize crop, the Maize Board should have stocks of about 664 000 t of white maize and 590 000 t of yellow by April 30. This compares with the Maize Board's normal carry-over stocks of 630 000 t of white maize and 230 000 t of yellow.

But these reserves should not last much beyond June because normal monthly consumption runs at about 300 000 t for white maize and 250 000 t for yellow. With the current crop expected to be in quite late, imports should commence by May or June. If the Maize Board sticks to its policy of retaining one to two months' consumption in stock, imports could even start by March or April.

"All things being equal, we may have to import up to 2 Mt of maize this year," a Maize Board official estimates. ■

GRAIN IMPORTS

RINGING UP THE TOTALS

By early next week the Cabinet is expected to give the green light to the Maize and Wheat boards to begin imports of SA's two major feed grains. FM 18/1/91

At least 600 000 t of wheat may have to be imported following a sharp drop in this year's drought-stricken wheat crop.

SA, traditionally the world's fifth-largest maize exporter, may also be forced to import up to 2 Mt of maize following the disastrous impact of poor rains in the northern summer-rainfall area on this year's crop (*Business*, January 4). ~~18/1/91~~ (3) maize

And because much of the season's smaller maize crop was planted late, there is now an increased risk that the late rains may be insufficient to bring the crop to maturity or

Resistance expected to decision to mix maize

PRETORIA — The Maize Board decision to market a mix of white and yellow maize from next month could encounter some consumer resistance.

The decision was prompted by a smaller crop caused by drought.

The mix, to be marketed from February 18, will include 15% yellow maize.

Maize Board GM Hennie Davel told a media conference yesterday that when mixed maize was marketed a few years ago there was an immediate drop in demand, but the normal demand pattern resumed after some time.

Board chairman Jan Schabert said the decision was taken in conjunction with the National Association of Maize Millers.

The alternative to mixing, he said, was to continue marketing white

3/25/191
③ maize

GERALD REILLY
and PETER DELMAR

maize until stocks were exhausted. Thereafter, only yellow maize would be available.

There was little white maize available on international markets. The only possibility was to import 300 000 tons from Zimbabwe, but the poor crop there meant a decision to export could be taken only later in the year.

Black Consumers Union president Nonia Ramphomane said some blacks were likely to switch to maize supplements.

She said it was unfortunate SA, as a maize exporter, was unable to service the needs of its own citizens before those of its overseas customers. She added that a 15% yellow maize content was, however, better than straight yellow maize.

Worsening drought forces maize mix

3 Maize
Sowetan
28/1/91.

FIFTEEN percent of South African yellow maize will be mixed into white maize as from February 1 1991 due to the ever-worsening drought, the Maize Board announced in Pretoria at the weekend.

Mr. Jan Schabort, chairman of the Maize Board, said this timely decision was taken in collaboration with the National Association of Maize Millers due to the fact that the drought during planting time had prevented normal maize planting.

"This is the seventh time in 25 years that we have had to mix yellow maize with white maize," Schabort said at a Press conference.

He added although the milling industry was permitted to sell only mixed and yellow maize product from February 1, the trade would be allowed until February 17 this year to sell white maize products.

"From February 18 only mixed products will be permitted on the shelves", he added.

Schabort said the import of 200 000 tons of maize to supplement pipeline stocks was at present under consideration.

This quantity as well

By MONK NKOMO

as the mixing ratio would be adjusted in accordance with the actual size of the crop and depending on how rapidly maize of the new season was delivered.

Schabort said the Maize Board was thoroughly aware of the consumer preference for white maize.

"White maize stocks will however this year not be sufficient to manufacture pure white maize product as the next crop would be late and probably be also insufficient".

Auctions

He added that auctions for importing maize were very limited since practically no white maize was available on overseas markets.

The Board, he added, regarded the possible import of white maize as an absolute priority, however, and still considered the import of a limited quantity of white maize from Zimbabwe.

"Due to drought factors in Zimbabwe, some uncertainty also exist about the size of the Zimbabwean crop. For this reason, the Maize Board will weigh up the possibility of partly supplementing our shortage from that source only towards the end of next month", Schabort said.

No. R. 11, 1991**COMPANIES SECOND AMENDMENT ACT, 1990
(ACT No. 69 OF 1990)**

Under section 8 (1) of the Companies Second Amendment Act, 1990 (Act No. 69 of 1990), I hereby determine 1 February 1991 as the date on which the said Act shall come into operation.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-fourth day of January, One thousand Nine hundred and Ninety-one.

F. W. DE KLERK,
State President.

By Order of the State President-in-Cabinet:

K. D. S. DURR,
Minister of the Cabinet.

GOVERNMENT NOTICES**DEPARTMENT OF AGRICULTURE**

No. R. 161 (3) *Maize* 1 February 1991

MARKETING ACT, 1968 (ACT No. 59 OF 1968)

SUMMER GRAIN SCHEME.—PROHIBITION ON THE SALE OF CERTAIN CLASSES OF MAIZE AND CERTAIN MAIZE PRODUCTS EXCEPT UNDER PERMIT

I, Jacob de Villiers, Minister of Agriculture, hereby make known in terms of section 79 of the Marketing Act, 1968 (Act No. 59 of 1968), that—

(a) the Maize Board referred to in section 6 of the Summer Grain Scheme published by Proclamation No. R. 45 of 1979, as amended, has under section 41 of the said Scheme imposed the prohibition set out in the Schedule; and

(b) the said prohibition has been approved by me and shall come into operation on 1 February 1991.

J. DE VILLIERS,
Minister of Agriculture.

SCHEDULE**Definitions**

1. Any word or expression in this Schedule to which a meaning has been assigned in the Scheme shall have that meaning and, unless the context otherwise indicates—

“maize products” means the classes samp, maize rice, maize grits, maize flour, super maize meal, special maize meal, sifted maize meal, unsifted maize meal, No. 1 straightrun maize meal, No. 2 straightrun maize meal, unsifted crushed maize, sifted crushed maize, fine crushed maize, maize germ meal, fine maize bran, coarse maize bran and industrial grade maize products, complying with the requirements as defined in the maize product regulations which were made under section 89 of the Act, and includes maize malt;

“mixed maize” means maize consisting of not more than 85 per cent (mass by mass) of white maize and not more than 20 per cent (mass by mass) of yellow maize;

No. R. 11, 1991**TWEEDE MAATSKAPPYWYSIGINGSWET, 1990
(WET No. 69 VAN 1990)**

Kragtens artikel 8 (1) van die Tweede Maatskappywysigingswet, 1990 (Wet No. 69 van 1990), bepaal ek hierby 1 Februarie 1991 as die datum waarop genoemde Wet in werking tree.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Vier-entwintigste dag van Januarie Eenduisend Negehoonderd Een-en-negentig.

F. W. DE KLERK,
Staatspresident.

Op las van die Staatspresident-in-Kabinet:

K. D. S. DURR,
Minister van die Kabinet.

GOEWERMENSKENNISGEWINGS**DEPARTEMENT VAN LANDBOU**

No. R. 161 1 Februarie 1991

BEMARKINGSWET, 1968 (WET No. 59 VAN 1968)

SOMERGRAANSKEMA.—VERBOD OP DIE VERKOOP VAN SEKERE KLASSE MIELIES EN SEKERE MIELIEPRODUKTE BEHALWE KRAGTENS PERMIT

Ek, Jacob de Villiers, Minister van Landbou, maak hiermee ingevolge artikel 79 van die Bemarkingswet, 1968 (Wet No. 59 van 1968), bekend dat—

(a) die Mielieraad bedoel in artikel 6 van die Somergraanskema gepubliseer by Proklamasie No. R. 45 van 1979, soos gewysig, kragtens artikel 41 van genoemde Skema die verbod in die Bylae uiteengesit, opgelê het; en

(b) genoemde verbod deur my goedgekeur is en op 1 Februarie 1991 in werking tree.

J. DE VILLIERS,
Minister van Landbou.

BYLAE**Woordomskrywing**

1. In hierdie Bylae het enige woord of uitdrukking waaraan 'n betekenis in die Skema geheg is, daardie betekenis, en tensy uit die samehang anders blyk, beteken—

“die Regulasies” die Regulasies wat kragtens artikel 89 van die Wet met betrekking tot die gradering en verpakking van mielies uitgevaardig is;

“die Skema” die Somergraanskema gepubliseer by Proklamasie No. R. 45 van 1979, soos gewysig;

“geelmielies” die grade geelmielies in die Regulasies bedoel;

“geelmielieprodukte” mielieprodukte wat van geelmielies vervaardig is;

- ③ Maize "mixed maize products" means maize products manufactured from mixed maize;
- "the Regulations" means the Regulations which were made under section 89 of the Act with regard to the grading and packing of maize;
- "the Scheme" means the Summer Grain Scheme published by Proclamation No. 45 of 1979, as amended;
- "white maize" means the grades of white maize referred to in the regulations;
- "yellow maize" means the grades of yellow maize referred to in the regulations; and
- "yellow maize products" means maize products manufactured from yellow maize.

Prohibition on the sale of certain classes of maize

2. (1) No producer of maize shall sell maize other than yellow maize and mixed maize except under the authority of a permit issued by the Board subject to the conditions determined by the Board.

(2) No person shall sell maize other than yellow maize and mixed maize with effect from 18 February 1991, except under the authority of a permit issued by the Board subject to the conditions determined by the Board.

(3) The provisions of subclauses (1) and (2) shall not apply to—

- (a) maize sold by the producer thereof; and
- (b) white maize of the grade WM3.

Prohibition on the sale of certain maize products

3. (1) No producer of maize products shall sell maize products other than yellow maize products and mixed maize products with effect from 1 February 1991, for human or animal consumption or for industrial use, except under the authority of a permit issued by the Board subject to the conditions determined by the Board.

(2) No person shall sell maize products other than yellow maize products and mixed maize products with effect from 18 February 1991, for human or animal consumption or for industrial use, except under the authority of a permit issued by the Board subject to the conditions determined by the Board.

"gemengde mielies" mielies wat bestaan uit hoogstens 85 persent (massa per massa) witmielies en hoogstens 20 persent (massa per massa) geelmielies;

"gemengde mielieprodukte" mielieprodukte wat van gemengde mielies vervaardig is;

"mielieprodukte" die klasse stampmielies, mielierys, mieliegruis, mieliemeelblom, supermielie-meel, spesiale mieliemeel, gesifte mieliemeel, ongesifte mieliemeel, No. 1-volmieliemeel, No. 2-volmieliemeel, ongesifte gebreekte mielies, gesifte gebreekte mielies, fyngebreekte mielies, mieliekie-meel, fyn mieliesemels, growwe mieliesemels en nywerheidsgraad mielieprodukte, wat beantwoord aan die vereistes soos omskryf in die mielieprodukteregulasies wat kragtens artikel 89 van die Wet uitgevaardig is, met inbegrip van mieliemout; en

"witmielies" die grade witmielies in die regulasies bedoel.

Verbod op die verkoop van sekere klasse mielies

2. (1) Geen produsent van mielies mag ander mielies as geelmielies en gemengde mielies verkoop nie, behalwe kragtens 'n permit wat deur die Raad onderworpe aan die voorwaardes wat hy goeddunk, uitgereik is.

(2) Niemand mag ander mielies as geelmielies en gemengde mielies met ingang van 18 Februarie 1991 verkoop nie, behalwe kragtens 'n permit wat deur die Raad onderworpe aan die voorwaardes wat hy goeddunk, uitgereik is.

(3) Die bepalinge van subklousules (1) en (2) is nie van toepassing op—

- (a) mielies wat deur die produsent daarvan verkoop word; en
- (b) witmielies van die graad WM3.

Verbod op die verkoop van sekere mielieprodukte

3. (1) Geen produsent van mielieprodukte mag met ingang van 1 Februarie 1991 ander mielieprodukte as geelmielieprodukte en gemengde mielieprodukte vir menslike of dierlike verbruik of vir industriële gebruik verkoop nie, behalwe kragtens 'n permit wat deur die Raad onderworpe aan die voorwaardes wat hy goeddunk, uitgereik is.

(2) Niemand mag met ingang van 18 Februarie 1991 ander mielieprodukte as geelmielieprodukte en gemengde mielieprodukte vir menslike of dierlike verbruik of vir industriële gebruik verkoop nie, behalwe kragtens 'n permit wat deur die Raad onderworpe aan die voorwaardes wat hy goeddunk, uitgereik is.

Maize No. R. 162

1 February 1991

MARKETING ACT, 1968 (ACT No. 59 OF 1968)

REGULATIONS RELATING TO THE GRADING AND PACKING OF MAIZE.—AMENDMENT

The Minister of Agriculture has under section 89 of the Marketing Act, 1968 (Act No. 59 of 1968)—

- (a) made the regulations in the Schedule; and
- (b) determined that the said regulations shall come into operation on 1 February 1991.

No. R. 162

1 Februarie 1991

BEMARKINGSWET, 1968 (WET No. 59 VAN 1968)

REGULASIES MET BETREKKING TOT DIE GRADE-RING EN VERPAKKING VAN MIELIES.—WYSIGING

Die Minister van Landbou het kragtens artikel 89 van die Bemarkingswet, 1968 (Wet No. 59 van 1968)—

- (a) die regulasies in die Bylae uitgevaardig; en
- (b) bepaal dat genoemde regulasies op 1 Februarie 1991 in werking tree.

③ Maize

SCHEDULE**Definitions**

1. In this Schedule "the Regulations" means the regulations published by Government Notice No. R. 121 of 4 February 1972, as amended by Government Notices Nos. R. 746 of 5 May 1972, R. 1295 of 27 July 1973, R. 1340 of 3 August 1973, R. 612 of 11 April 1974, R. 472 of 14 March 1975, R. 1331 of 11 July 1975, R. 1936 of 9 October 1975, R. 960 of 4 June 1976, R. 1081 of 25 June 1976, R. 714 of 29 April 1977, R. 725 of 29 April 1977, R. 1066 of 17 June 1977, R. 882 of 28 April 1978, R. 1319 of 27 June 1980, R. 947 of 6 May 1983, R. 1091 of 20 May 1983 (as corrected by R. 1137 of 27 May 1983), R. 689 of 5 April 1984, R. 863 of 27 April 1984, R. 768 of 4 April 1985, R. 975 of 1 May 1985, R. 828 of 1 May 1986, R. 1198 of 20 June 1986, R. 546 of 13 March 1987, R. 912 of 24 April 1987, R. 977 of 30 April 1987 and R. 852 of 28 April 1989.

Amendment of regulation 1 of the Regulations

2. Regulation 1 of the Regulations is hereby amended—

(a) by the substitution for the definition of "maize kernels of another colour" of the following definition:

" 'maize kernels of another colour', in relation to—

(a) white maize, means maize kernels of a colour other than white, excluding pinked maize kernels; and

(b) yellow maize, means maize kernels of a colour other than yellow, excluding pinked maize kernels; and

(c) specially mixed maize, means maize kernels of a colour other than white or yellow, excluding pinked maize kernels;"; and

(b) by the insertion after the definition of "sample grade maize" of the following definition:

" 'specially mixed maize' means thoroughly mixed maize consisting of not more than 85 per cent (mass by mass) white maize and not more than 20 per cent (mass by mass) yellow maize;".

Amendment of regulation 3 of the Regulations

3. Regulation 3 of the Regulations is hereby substituted by the following regulation:

"3. There are four classes of maize, namely:

- (a) white maize;
- (b) yellow maize;
- (c) specially mixed maize; and
- (d) sample grade maize."

Amendment of regulation 4 of the Regulations

4. Regulation 4 of the Regulations is hereby amended by the addition to subregulation (1) of the following paragraph:

"(c) Specially mixed maize SM1 and SM2."

BYLAE**Woordomskrywing**

1. In hierdie Bylae beteken "die Regulasies" die regulasies gepubliseer by Goewermentskennisgewing No. R. 121 van 4 Februarie 1972, soos gewysig deur die regulasies gepubliseer by Goewermentskennisgewings Nos. R. 746 van 5 Mei 1972, R. 1295 van 27 Julie 1973, R. 1340 van 3 Augustus 1973, R. 612 van 11 April 1974, R. 472 van 14 Maart 1975, R. 1331 van 11 Julie 1975, R. 1936 van 9 Oktober 1975, R. 960 van 4 Junie 1976, R. 1081 van 25 Junie 1976, R. 714 van 29 April 1977, R. 725 van 29 April 1977, R. 1066 van 17 Junie 1977, R. 882 van 28 April 1978, R. 1319 van 27 Junie 1980, R. 947 van 6 Mei 1983, R. 1091 van 20 Mei 1983 (soos verbeter deur R. 1137 of 27 Mei 1983), R. 689 van 5 April 1984, R. 863 van 27 April 1984, R. 768 van 4 April 1985, R. 975 van 1 Mei 1985, R. 828 van 1 Mei 1986, R. 1198 van 20 Junie 1986, R. 546 van 13 Maart 1987, R. 912 van 24 April 1987, R. 977 van 30 April 1987 en R. 852 van 28 April 1989.

Wysiging van regulasie 1 van die Regulasies

2. Regulasie 1 van die Regulasies word hiermee gewysig—

(a) deur die woordomskrywing van "mieliepitte van 'n ander kleur" deur die volgende woordomskrywing te vervang:

" 'mieliepitte van 'n ander kleur' met betrekking tot—

(a) witmielies, mieliepitte van 'n ander kleur as wit, uitgesonderd verrooide mieliepitte;

(b) geelmielies, mieliepitte van 'n ander kleur as geel, uitgesonderd verrooide mieliepitte; en

(c) spesiale gemengde mielies, mieliepitte van 'n ander kleur as wit of geel, uitgesonderd verrooide mieliepitte;"; en

(b) deur na die woordomskrywing van "monstergraadmilies" die volgende woordomskrywing in te voeg:

" 'spesiaal gemengde mielies' deeglik gemengde mielies wat bestaan uit hoogstens 85 persent (massa per massa) witmielies en hoogstens 20 persent (massa per massa) geelmielies;".

Wysiging van regulasie 3 van die Regulasies

3. Regulasie 3 van die Regulasies word hiermee deur die volgende regulasie vervang:

"3. Daar is vier klasse mielies, naamlik:

- (a) witmielies;
- (b) geelmielies;
- (c) spesiaal gemengde mielies; en
- (d) monstergraadmilies."

Wysiging van regulasie 4 van die Regulasies

4. Regulasie 4 van die Regulasies word hiermee gewysig deur by subregulasie (1) die volgende paraagraaf by te voeg:

"(c) Spesiaal gemengde mielies SM1 en SM2."

Amendment of regulation 5 of the Regulations

5. Regulation 5 of the Regulations is hereby amended by the substitution for the table thereto of the following table:

Wysiging van regulasie 5 van die Regulasies

5. Regulasie 5 van die Regulasies word hiermee gewysig deur die tabel daarby deur die volgende tabel te vervang:

"TABLE • TABEL

③ Maize

Nature of deviation Aard van afwyking	Maximum allowable deviation (m/m) Maksimum persentasie toelaatbare afwyking (m/m)							
	White maize Witmielies			Yellow maize Geelmielies			Specially mixed maize Spesiaal gemengde mielies	
	WM1	WM2	WM3	YM1	YM2	YM3	SM1	SM2
1. Defective maize kernels/Gebrekkige mieliepitte.....	7	13	25	—	—	—	8	15
(a) above screen with 6,35 mm round holes/bo 6,35 mm rondgatsif.....	—	—	—	9	20	30	—	—
(b) under screen with 6,35 mm round holes/onder 6,35 mm rondgatsif.....	—	—	—	4	10	30	—	—
2. Maize kernels of another colour/Mieliepitte van 'n ander kleur.....	3	6	10	2	5	5	2	3
3. Foreign matter (excluding stones, pieces of coal, glass or dung)/ Vreemde voorwerpe (uitgesonderd klipies, stukkie steenkool, glas of mis).....	0,3	0,5	0,75	0,3	0,5	0,75	0,3	0,5
4. Deviations referred to in paragraphs 1, 2 and 3 jointly, provided they are individually within the specified limits/Afwykinge in paragrawe 1, 2 en 3 bedoel, gesamentlik, mits dit individueel binne die gespesifiseerde perke is.....	8	16	25	9	20	30	8	15
5. Pinked maize kernels/Verrooide mieliepitte.....	12	12	12	12	12	12	12	12."

Amendment of regulation 8 of the Regulations

6. Regulation 8 of the Regulations is hereby amended by the addition of the following paragraph:

"(f) *Determination of the percentage (mass by mass) yellow maize in specially mixed maize.*— The percentage (mass by mass) of yellow maize shall be determined by separating by hand from a sample of 200 g [taken in the manner prescribed in paragraph (a)] the yellow maize and by calculating the mass of such yellow maize as a percentage of the total mass of the sample."

Wysiging van regulasie 8 van die Regulasies

6. Regulasie 8 van die Regulasies word hiermee gewysig deur die volgende paragraaf by te voeg:

"(f) *Bepaling van die persentasie (massa per massa) geelmielies in spesiaal gemengde mielies.*— Die persentasie (massa per massa) geelmielies word bepaal deur uit 'n monster van 200 g [geneem op die wyse in paragraaf (a) voogeskryf] die geelmielies met die hand uit te soek en die massa van sodanige geelmielies as 'n persentasie van die totale massa van die monster te bereken."

No. R. 180

1 February 1991

WINE AND SPIRIT CONTROL ACT, 1970
(ACT No. 47 OF 1970)

PRICE AND PAYMENT ARRANGEMENTS WITH REGARD TO DISTILLING WINE, 1991; AND GOOD WINE, 1991/92

It is hereby made known that the Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt,—

1. acting in terms of section 5 (1) of the Wine and Spirit Control Act, 1970 (Act No. 47 of 1970), has determined in respect of the year which commenced on 1 January 1991 the price and payment arrangements set out in Schedule 1 with regard to wine and defined in section 1 of the said Act;

2. acting in terms of section 18 of the said Act has determined in respect of the year 1 February 1991 to 31 January 1992 the price and payment arrangements set out in Schedule 2 with regard to wine as defined in section 14 of the said Act.

No. R. 180

1 Februarie 1991

WET OP BEHEER OOR WYN EN SPIRITUS, 1970
(WET No. 47 VAN 1970)

PRYS- EN BETALINGSREËLINGS MET BETREK- KING TOT DISTILLEERWYN, 1991; EN GOEIEWYN, 1991/92

Hiermee word bekendgemaak dat die Ko-operatiewe Wijnbouwers Vereniging van Zuid-Afrika, Beperkt,—

1. kragtens artikel 5 (1) van die Wet op Beheer oor Wyn en Spiritus, 1970 (Wet No. 47 van 1970), die prys- en betalingsreëlings in Bylae 1 uiteengesit, met betrekking tot wyn, soos omskryf in artikel 1 van genoemde Wet, ten opsigte van die jaar wat op 1 Januarie 1991 begin bepaal het;

2. kragtens artikel 18 van genoemde Wet die prys- en betalingsreëlings in Bylae 2 uiteengesit, met betrekking tot wyn, soos omskryf in artikel 14 van genoemde Wet, ten opsigte van die jaar 1 Februarie 1991 tot 31 Januarie 1992 vasgestel het.

Rains bring relief to maize farmers

May 11/21/91

GERALD REILLY

PRETORIA — Late summer rains could put another R250m into the pockets of maize farmers, says the National Maize Producers Organisation (Nampo). *(3) Maize*

GM Danie Schoeman said the good January rains made it possible to plant another 500 000ha to maize, making a total of 3-million hectares.

Based on an average yield of around 2,2 tons a hectare this would add up to a final harvest for the 1990/91 season of about 5,8-million

tons — still far short of the 6,6-million tons required for domestic needs.

About a million tons might still have to be imported to supplement the crop unless yields were exceptionally large, which was unlikely.

He said farmers were pinning their hopes on negotiations between the SA Agricultural Union and government for an expanded aid programme.

Maize mixing move hailed

Consumer Reporter

The Consumer Union has welcomed the announcement that inadequate supplies of white maize stock will be mixed with 15 percent local yellow maize and not imported yellow maize. (3) Maize

"We know what the quality of South African maize is ... imported maize is not always as good," chairman Anna Boshoff said. (2/10)

"We realised the mixing would have to be done. At least we can say it is the best available."

Her statement follows a Maize Board announcement that the step, from February 1, had been taken to supplement the maize stock because of the drought.

③ *Maize*
**Mixed maize now
on shop shelves**

Consumer Reporter *18/2/91*

Maize will be tinged with gold as from today as a shortage of white mealies begins to take effect and mixed maize hits the shop shelves.

The Maize Board announced recently that the shortage of white maize locally and on world markets had led to a need to mix in 15 percent yellow maize with the white maize.

Only local yellow maize would be used — a move welcomed by the Consumer Union, which said the quality of overseas yellow maize was not as good as South Africa's.

A spokesman for the Maize Board said producers had began mixing maize from February 1. Retailers may sell only mixed maize products from today.

It was preferable to start mixing in yellow maize now and so keep it at a minimum level later, but mixing maize did not affect the quality, the spokesman said.

Farmers to ask for moratorium

GERALD REILLY

PRETORIA — Cash-strapped maize farmers want government to slap a moratorium on interest payments for their massive debt to government and commercial banks. ③ Maize

The agricultural debt is expected to exceed R15bn in the year-end, and the plight of farmers is to be raised at the coming maize producers' congress.

A heated debate is also expected over the proposed scrapping of the 1913 and 1936 Land Acts.

Development Bank of Southern Africa chief executive Simon Brand is expected to explain to the congress a controversial statement by a bank official last year on the expropriation of white farmland for black farmers.

In a statement yesterday the Transvaal Agricultural Union (TAU) said the union's general council overwhelmingly supported continued opposition to the repeal of the Land Acts at a meeting last week. Two council members opposed the majority view.

The TAU said a mandate was given to the union in a referendum last July when 95% of 63% of the province's farmers polled rejected the legislation.

The spokesman claimed he knew nothing of a move for "moderate" Transvaal farmers to break away from the TAU.

He added the TAU would wait to assess conditions under which the Acts were to be scrapped before deciding on possible future protest action.

SA 'could become a maize importer'

GERALD REILLY

PRETORIA — SA could become a regular importer of maize in the next few years if current trends continue, says a Maize Board forecast report due to be tabled at today's Agricultural Outlook (Agrocon) conference. ^{③ Maize}

The recession, the scrapping of subsidies on maize marketing at the end of April, as well as the likely imposition of VAT on maize and maize products will have a depressing effect on maize product sales.

However, population growth and the decrease in agricultural area planted to

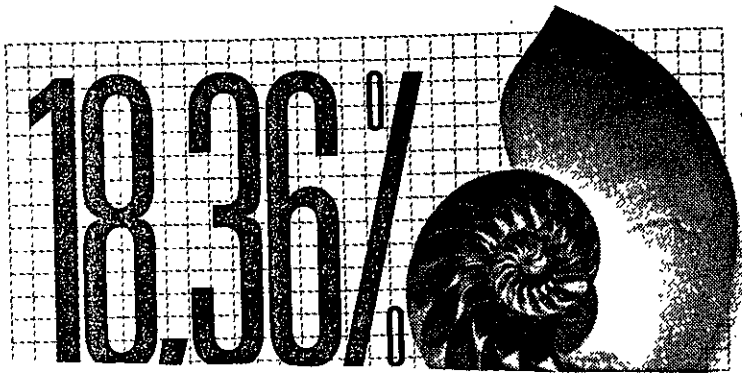
maize will outweigh these factors and lead to maize imports, it says.

This year the board will import 200 000 tons of maize to supplement a local crop reduced to less than 6 million tons by drought.

The board says the shrinking area of farmland planted to maize is causing concern. The area planted fell from 4,3-million hectares in 1981/82 to 3,2-million last season.

19/12/91

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Nampo's survival plan designed to work 'under any government'

THE National Maize Producers' Organisation (Nampo) was drawing up a new framework to ensure the industry's survival regardless of political or constitutional changes, chairman Kerneels Claassen said yesterday.

Claassen told Nampo's annual congress in Potchefstroom that new guidelines had already been formulated on land ownership and reform and government involvement in the economy.

These, he said, could be justified on grounds of agricultural merit no matter what kind of political game was being played.

Nampo, he said, had started working on a framework for future sur-

Day 6/3/91
GERALD REILLY

vival and growth according to principles and guidelines which could adapt to any constitutional model.

Claassen said short-term government relief would never solve the maize industry's problems.

Speaking at the same conference, Agriculture Minister Jacob de Villiers reiterated government would continue to be responsible for the huge R561m deficit in the Maize Board's stabilisation fund and liquidate the deficit over a number of years.

Delegates blamed high interest rates for the rising deficit. They also said responsibility for price-fixing had been delegated by the

minister to the Maize Board in 1986/87, but for various reasons, including political ones, the maize price had been set at too high a level. This had led to heavy export losses.

Nampo's manpower committee chairman Dick Serfontein told the congress a Human Sciences Research Council report had found that farm labour was freely available and farmers had no need to resort to recruiting workers. But at least a third of the labour force in the summer grain areas was over 50 years old.

"It is therefore not just your tractors and farmers who are ageing but our workers as well," he said.

Serfontein said it was also found that only 19% of farmworkers canvassed had any idea of what a trade union was.

However 63% of respondents believed it would be a good idea to organise workers into a trade union.

Brand calls for realistic approach to land reform

6 (Day) 7/3/91

SA had to take a more realistic approach to land reform or face the threat of nationalisation of farms, Development Bank of Southern Africa CE Simon Brand said in Potchefstroom this week.

He was speaking at the annual conference of the National Maize Producers' Organisation (Nampo), where delegates voted unanimously to oppose the scrapping of the 1913 and 1936 Land Acts.

Brand said the lesson which had to be learned from Zimbabwe was the need to develop a realistic attitude so that ideological solutions with serious consequences could be avoided.

Government there had become active in buying white farms and allocating them to blacks, he said.

The danger was that it would not be possible to supply adequate supportive agricultural services to ensure efficient use of the land. It could mean a serious deterioration in productivity, he said.

The Nampo resolution on the Land Acts is in line with the tough stand taken by the Transvaal Agricultural Union (TAU) on the same issue. The Acts are to be repealed during the current Parliamentary session.

The SA Agricultural Union, according to a spokesman, has taken a "neutral" stand.

However, there would be a detailed response after the tabling of the White Paper on Land Reform in Parliament next week, a spokesman said yesterday.

Earlier this week SAAU president Nico

~~3~~ MAIZR
GERALD REILLY

Kotze said the ANC's ill-considered demands on land distribution were absurd and totally unacceptable to organised agriculture.

They conflicted directly with market economy principles.

Maize Board GM Hennie Davel told the conference that the maize industry hoped for some form of food aid programme or a government maize subsidy after the introduction of VAT.

He said the white maize market was still the most important for producers and the influence of VAT on this market could not be ignored.

Aid would be greatly welcomed because the phasing out of government's R33m subsidy with normal cost increases had already put upward pressure on the selling prices of maize and maize meal.

Government's subsidy to the industry in the 1989/90 season would not be repeated. This emphasised the important role the market, market prices and marketing costs would play in future.

On shrinking maize production, Davel said the planting of 4,3-million hectares in 1981/82 and 3,5-million hectares in 1990/91 showed a decrease of 840 000 hectares or 19% over 10 years.

This season's plantings had decreased further to 3-million hectares because of drought.

Mealie meal exemption thrills farmers

Maize
3
Star 21/3/91

By Julienne du Toit

The agricultural sector expressed elation — and disappointment — on different facets of the Budget.

Maize farmers would be pleased about VAT exemption on mealie meal, said Dr Kit LeClus, chief economist for the National Maize Producers Organisation.

A lower price would mean more consumers and a consequent increase in production, he said.

Dr. LeClus also welcomed the R350 million that would be given to the Maize Board and Sorghum Grain Board, but said the public should not see this as "new money".

The Government was merely fulfilling its promise made two years ago to pay off the R561 million debt it brought about by its low maize selling-price from the early 1980s, said Dr LeClus.

The SA Agricultural Union (SAAU) expressed disappointment with the VAT rate of 12 percent, saying it had expected a rate of not more than 10 percent.

SAAU president Nico Kotze said the fact that basic foodstuffs, excluded from sales tax, would be included in VAT would adversely affect producer prices, which were already under enormous pressure.

"The livestock farmer will suffer. VAT is inclusive, so if he receives R1 000 for an auction price on a bull, R120 has to come out of that money. He cannot demand it from the buyer."

The increase in fuel taxation was regrettable, said Mr Kotze. The opportunity could have been used to lower prices and fight inflation.

Mr Kotze and Dr LeClus welcomed the fact that full input credit on intermediate goods had been granted as well as a further reduction of the surcharge on imports.

"So now the farmer can buy his extruder or tractor at a lower price and increase his production," said Dr LeClus.

When the drought broke suddenly with heavy rains, many farmers had to plough very quickly and, on the bigger farms, did not have enough machinery to do so, leading to a loss in production, he added.

Fm 29/3/91.

3 maize

CROP ESTIMATES

REVERSAL OF FORTUNE

Pessimistic crop estimates of a few months ago are being thrown out, thanks to the late rains in the summer grain growing areas.

Projections for this year's maize harvest have been increased from a low of 4 Mt in the early part of the season to 7,1 Mt now. Instead of the worst-case scenario of SA having to import 2 Mt of maize this year (*Business* January 4), prospects now are that imports will be limited to only 100 000 t. If there is no early frost, SA may not have to import any maize, says SA Agricultural Union economist Pieter Cornelius.

National Association of Maize Producing Organisations GM Danie Schoeman says farmers in Natal and the eastern Transvaal expect excellent crops, much better than last year. These are past the stage where they can be damaged by frost. Crops in the northern Transvaal can no longer be hurt by frost but still need a bit of rain to round off — for their kernels to fill completely.

The only areas where crops are threatened by early frost are parts of the western Transvaal and the Bultfontein and Theunissen districts in the Free State, Schoeman says.

DER EXAMINATION

makers." This, however, does not mean that SA will have an airline price war such as in the US after deregulation in 1978, he believes. "Local air fares are low compared with other parts of the world," he says (*Business* May 25).

Blake believes that SAA's monopoly on internal major routes is the biggest barrier facing prospective airline operators. "SAA must undertake to make services available to other airlines and allow access to their support facilities." These vital facilities include the central reservations and communications systems, cargo and baggage handling facilities, and training programmes.

Independent airlines are eager to see the results of the SAA probe and whether the regulatory measures De Villiers said might be necessary will in fact be introduced. De Villiers could not be reached for comment on what regulatory measures he had in mind. Price Waterhouse

The copious rains since January have caused some damage. He says the maize crop would have come in slightly over the estimate but for the bad luck of about 100 farmers in the north-eastern Free State who were expecting good crops until their maize fields were flattened by gales and floods.

The Crop Estimate Committee has just pegged this year's crop at 7,13 Mt, says Piet de Nysschen, head of the Maize Board's intake control. Of that, he says farmers will probably deliver 6,1 Mt to the board.

This means only 100 000 t will have to be imported to satisfy the year's estimated consumption of 6,2 Mt. Farmers started planting other crops late last year when it appeared that rain would fall too late for maize (*Business* December 21).

Sunflower was an obvious choice. According to the Oilseed Board, the area under this crop increased by 5 500 ha to 57 500 ha this year and the estimated crop will be 640 000 t, up 13 000 t on last year.

Farmers who planted 86 000 ha of high-priced groundnuts this year are smiling. This is 2 000 ha fewer than last year but they are expecting a crop of 90 000 t, as against 79 000 t last year. Top-quality, edible groundnuts go for R2 100/t and low-quality crusher groundnuts for R930/t.

Potato Board's statistician "Mossie" Mostert says potatoes planted for the Christmas market were badly affected by the drought. To recoup, farmers in the eastern Transvaal and eastern and western Free State planted bigger-than-normal areas to potatoes so that they could market them later in the season.

As a result of the good rains since January, excellent yields are expected, which could cause a marketing problem. Farmers in the eastern Free State will still be marketing their potatoes at the end of May, when potatoes from the western Free State, which is also expecting an excellent crop, will start finding their way into shops.

"Early frost in May can affect potatoes that were planted late in the western Free State," Mostert says. "But if there isn't any, we will have problems because potatoes from the northern Transvaal will start coming on to the market from October, before the entire Free State crop has been sold. In addition, farmers in the northern Transvaal will still be planting in September."

He agrees that this is likely to cause a glut but he cannot "see prices going below the price of producing them." ■

By Helen Grange *Skew* 11/4/91

SA may have to import maize

South Africa may have to import maize to meet its domestic demand this year — following huge devastation of crops this month.

A lengthy drought, followed by early frost, has destroyed hectares of maize crops in the Western Transvaal, the country's primary white-maize-producing region.

Estimates of the damage have not yet been made, but an early assessment by the Central West Co-op in western Transvaal has put the crop damage at a minimum of 10 percent.

Western Transvaal maize farmers were shocked to find this week that early frost had obliterated hectares of recently planted maize.

The farmers, who had been faced with drought until late January, planted their seedlings late, hoping to see their crops big enough to withstand freezing temperatures expected later this month.

Under normal circumstances they would have been out of danger," said Andre Ferreira, economist at the National

Maize Producers Organisation. A similar weather pattern had resulted in the destruction of 3 percent of maize in the Free State.

Mr Ferreira said there was a real danger that should the frost continue, there could be crop damage of 100 percent.

"The situation is quite serious. At the moment, we have es-

timated we will have 6.3 million tons of maize as opposed to our usual 8 million tons. However, we suspect the tonnage will be much lower once we make real estimates later," he said.

Mr Ferreira said 6.3 million tons would only just balance out with the demand, and there was a strong possibility that maize would have to be imported.

This would probably affect the price of maize meal, he added.

14/10/91
Frost
③ maize
damages
mealies
(Times (Sun) 15)

By DON ROBERTSON

THE MAIZE crop in certain areas has been damaged by frost.

Crops in the Free State suffered damage estimated at about 5% of the total.

Western Transvaal damage is estimated at between 15% and 20%. The Western Transvaal traditionally produces about 25% of SA's crop.

Earlier estimates were for a lower crop of about 7,1-million tons after late rains fell in most growing areas. This compares with 8,4-million tons in the previous season.

It was feared that imports would be necessary to meet demand of about 6,5-million tons. Farmers keep much of the crop for cattle feed.

Peter Cowrie, deputy general manager of the Maize Board, says it is too early to make a revised crop estimate.

③ maize
**Maize farmers
to receive R2-bn**

South Africa's maize growers will be paid close to R2 billion for their current crop if they deliver the estimated volume of 6,1 million tons. *8kw 25/9/91*

The new price announced by the Maize Board yesterday for both white and yellow maize is R322 a ton, based on a crop, delivery of 6,1 million tons. The price is 12,2 percent higher than last year's price.

Rise in maize prices 'will filter through to consumers'

PRETORIA — The Maize Board yesterday announced selling price increases of 10,5% for white maize and 11,7% for yellow maize.

The board also announced that producers would get a 12,2% increase from May 1, bringing the price to R322 a ton.

The new price is based on an expected crop delivery of 6,1-million tons. *blown 25/4/91*

The board's selling price for white maize will rise on May 1 by 10,5% to R464 a ton, while its price for yellow maize will rise by 11,7% to R419 a ton.

GERALD REILLY

Board chairman Jan Schabort said no further rises were expected in the rest of the 1991/92 marketing year. *(204) (3) MAIZE*

A Premier Food Industry spokesman said margins were already thin and the increase would have to be passed on the consumers.

Schabort said because of this season's smaller crop, producers' total income would be substantially lower than last year.

Almost 20% of the crop was planted in January, compared with less than 5% in a more normal year.

Schabort said damage amounted to between 500 000 and 700 000 tons — a loss of R230m.

A premium of 15% would be paid on grade one and two white maize deliveries to encourage production. The premium would come from reserve funds.

Housewives' League national president Lyn Morris said the price increase was inevitable. It would hit the lower income groups.

Unemployment was rife and although mealie meal would be zero-rated for VAT, other essential commodities would rise in price.

MAIZE (3) maize Fm 3/5/91
HOLD THE IMPORTS

There should be no reason to import maize this year even though the latest crop estimate is now down to 6,5 Mt from the 7,1 Mt forecast (*Business* March 29).

"The board has a reserve of 1 Mt, so if we reap the forecasted 6,5 Mt — and if the quality is good enough for human consumption — we won't have to import any," says the Maize Board's Piet de Nysschen.

He adds that a complete picture will emerge only next month when farmers start delivering crops. If the grade is low it will have to be used as animal feed and some maize will have to be imported for human consumption.

Kiet le Clus, R&D head of the National Association of Maize Producers' Organisations, says the reduction of the crop can't be blamed only on the early frost. Because of the late rains and financial plight of many farmers, only 3m ha was planted to maize this year, far below the 3,4m ha last year and the 4,3m ha of 10 years ago.

"Had it not been for the late rains we would have had 3,2m ha under maize this year," Le Clus says. "Farmers in all areas planted late but those in the north-western Free State and the western and south-western Transvaal planted very late, then experienced a sequence of weather conditions that was about as bad as Demoina, the cyclone that ravaged the eastern part of the country a few years ago.

"Rain stayed away so long in those areas that farmers could plant only in mid-January. Normally they would have switched to sunflower but could not because they had already sprayed their lands with Atrazine, a long-lasting weed-killer.

"It started raining with a vengeance after their maize had germinated and many plants drowned. Those that survived were weak and couldn't put down strong roots, so they could not survive the drought conditions that immediately followed the excessive rains. The exceptionally early frost, on April 8, killed all the maize that had been planted late."

Le Clus says the frost alone wiped out 381 000 t and the damage caused by the other inclement weather, such as weight loss and disease, will probably increase the loss to 500 000 t.

"Farmers in those areas are facing financial disaster," Le Clus says. "Banks are getting itchy and deciding now whether to pull the rug from under them. We are assessing the damage and discussing the possibility of assistance with the SA Agricultural Union and government."

Fm 3/5/91 (3) maize
Meanwhile, wheat farmers in the Free State and southern Cape, who have until the end of the month to plant their crops, are becoming slightly anxious about the weather. The Wheat Board's Andries Liebenberg says that though Free State farmers' soil is still wet because of the late rains, wheat won't germinate without rain. Southern Cape and Swartland farmers' soil is dry and they won't be able to plough and plant without rain.

"It isn't critical yet, there is time until the end of May," Liebenberg says, "but it's beginning to get a little bit ugly in the southern Cape and Swartland where the hot berg winds are drying out the soil." ■

Early frost could cost maize industry R200m

B10 am
61519

GERALD REILLY

(3) Maize

PRETORIA — Early frost in the summer grain areas of the western Transvaal and western and southwestern Free State could cost the maize industry R200m in lost income and lead to a shortfall of between 700 000 and a million tons in production.

National Maize Producers' Organisation (Nampo) GM Danie Schoeman says about 12 000 farmers are affected. Many will be unable to repay production loans involving millions of rands borrowed to plant and grow the devastated crop.

Nampo has reported the disaster to government and the SA Agricultural Union's disaster and emergency relief fund, Schoeman says.

Hundreds of farmers will have to be assisted financially. Without such help, many will be forced out of the industry.

Co-operatives, Schoeman says, have also been asked urgently to quantify losses in their areas.

However, a Maize Board spokesman said it would be impossible to get an accurate assessment of damage until August.

Harvesting would be completed by then.

All that could be said now was damage was great.

The spokesman said some farmers had lost total plantings. They would have nothing to show for the big investment in planting, fertiliser, fuel and other inputs.

If the final crop was 6-million tons — a possibility some authorities claim — deliveries to the board would amount to 5-million tons — more than a million tons less than was needed for local consumption.

The board would then have to use its 1,3-million ton reserve to supplement the crop.

To keep the commercial maize pipeline open after the start of the new season at end-April next year, imports would be needed.

IMPORTING MAIZE

Fm 10/5/91. ③ maize

With the maize harvest coming in late this year, the Maize Board imported 66 000 t of yellow maize last month for animal feed. Based on information supplied by a board official, the *FM* incorrectly reported last week that there will be no need to import maize this year, provided the forecast 6,5 Mt crop was reaped and the quality was good enough for human consumption.

Another official, board manager M C Odendaal, says most of the maize will be distributed in the western Cape and the balance in the Durban area. He adds that the board decided to import rather than draw on reserve stocks, which are stored inland, because the grain was available overseas at a low price and the cost of sea freight is less than railage to the coast.

SA also decided last month to import 55 000 t of wheat to use as animal feed in coastal regions.

UB 0046

Maize will have to be imported

By Sven Lünsche

South Africa will have to import up to R300 million worth of maize this year, reversing the trend of previous years.

According to the latest crop estimates by the Directorate of Agricultural Economic Trends local farmers will produce only a combined 6,55 million tons of white and yellow maize in the 1990/91 season, 21 percent down on the 1989/90 crop of 8,33 million tons.

This will result in a drop of almost R500 million in revenue for maize farmers from R2,45 billion in 1989/90.

The Maize Board is using surplus stock of one million tons from the 1989/90 crop to make up for the shortfall and has resorted to imports to meet the demand for the country's staple food.

A spokesman for the board said the Board was budgeting for imports of up to 200 000 tons of yellow maize by the end of June, mainly from the US and Argentina.

He would not disclose the cost of these imports but economists estimate that total maize imports will amount to roughly R300 million in the current season.

Last season South Africa exported almost one million tons of maize and in the 1988/89 season a record five million tons, providing a welcome boost to the trade surplus and foreign exchange levels.

The maize imports, coupled with imports of about 500 000 tons of wheat at R200 million, will dramatically reverse this trend in 1991.

According to the Department of Customs and Excise imports of vegetable products have risen from R177,7 million in the first four months of 1990 to R244 million in the January to April period this year.

At the same time exports of these products have plummeted from R620,8 million to R418,2 million, reflecting the continued slowdown in the economies of South Africa's major trading partners.

The maize harvest this year has been adversely affected by the drought in the beginning of summer and an early frost at the end of it, which hit farmers in the Northern Free State and the Western Transvaal particularly hard.

Maize production in the Northern Free State this year is expected to plunge by almost 50 percent to 818 000 tons from 1,624 million tons in the previous season.

In the Western Transvaal the Directorate forecasts a decline in maize production from 2,59 million tons to 1,87 million tons.

Maize quality crisis as farmers shun fertiliser

SI Times (Sun Times) 30/6/91

FARMLANDS are in a "critical" condition because the cash squeeze has forced farmers to neglect the soil.

Crops are showing signs of serious deficiencies because farmers cannot afford fertiliser.

The Maize Board does not grade crops on protein content. As a result, cash-strapped farmers have in the past few years cut back on plant nutrients. The result is that plant growth has been inhibited and maize grades have declined.

John Skeen, managing director of AECI's Kynoch Fertilizer, says the phosphate reserve in most growing areas "is critically low and deficiency symptoms have increased".

The phosphate fertiliser is retained in the soil as a reserve to prompt plant growth. Since 1986, phosphate fertiliser levels have decreased sharply, resulting in a net exploitation of soil phosphorous reserves.

Cattle

Some fertiliser sources say the condition of maize in SA is among the lowest in the world. Phosphate basically provides quality in crops.

Summer crops showed severe nitrogen deficiencies in large areas in the past season and this is reflected in a low protein content of maize. Nitrogen tends to leach out of the soil quickly. Sales of potassium, which assists water retention, have remained steady since about 1982.

Peter Cownie, deputy general manager of the Maize Board, concedes that protein levels are declining.

"We are investigating this because a high protein level is needed for maize used as cattle feed."

Under the six standard grading conditions — defects to kernels, colour and foreign material — SA's grain is among the best in the world because it is dried naturally, has less moisture and is,

By DON ROBERTSON

therefore, subject to fewer infections and fungal attacks, says Mr Cownie.

Manufacturers say farmers' shortage of cash is the main reason for the cutback in fertiliser purchases.

One says: "Farmers used to buy the correct mix of fertiliser for each hectare. But with a shortage of cash, they now allocate a rand value to each hectare. That often means they do not buy the correct fertiliser mix."

"They tend to buy the cheapest fertiliser mix possible without consideration for the soil's requirements."

A spokesman for Sasol Fertilizer says that because of farmers' poor financial position, buyers have moved away from the more expensive products with a high phosphate content to cheaper products. They contain less phosphate and more nitrogen.

"This is, however, not a long-term solution because crop yields will diminish once the phosphate content has been reduced below critical levels."

Sales of fertiliser in 1982 totalled 2,9-million tons, falling to 2,2-million in 1986 and 1,9-million last year — a decline of 33,5% in 10 years.

In 1982, the nitrogen in the fertiliser mix was 462 000 tons and phosphate 210 000. This represented a nitrogen-to-phosphate ratio of 2,2 to one. In 1990, this ratio fell sharply to 344 000 tons of nitrogen to 107 000 of fertiliser — a ratio of 3,2 to one.

Mothballs

In 1986, the ratio was 2,6 to one and has since declined, leaving most soils short of phosphate.

The unit price of phosphate is sharply higher than that for nitrogen and potassium. It has risen much quicker than the producer price index (PPI) in the past 10 years.

This, say fertiliser sources, is because of higher processing costs and a rise in the cost of raw materials, including sulphur which is used to produce sulphuric acid. In the past 10 years, the price index of fertiliser has risen at a slower rate than the PPI.

Phosphate rock, mined by Foskor at Phalaborwa, has risen in price by only 5% from R87,47 a ton fob Phalaborwa in 1987 to R93 at present. The price of the rock represents only 5,8% of a nitrogen-phosphate-potassium mix, or 20% of a single or double super phosphate.

Because of declining fertiliser sales, the three main producers — Kynoch, Omnia and Sasol — have been forced to rationalise operations, retrench staff and put plant in mothballs.

Since 1985, the workforce in the industry has declined from 11 000 to 8 000 — 27,2%. Discounts, which were as high as 30% in 1986, have dried up and early delivery rebates (EDRs) have largely been replaced by consignment deliveries.

This involves manufacturers delivering to co-operatives ahead of the season in an effort to keep plant operational.

Maize farmers' cash crisis gets worse

6/0am 8/7/91

GERALD REILLY

PRETORIA — The financial crisis plaguing maize producers has worsened sharply during the past 12 months, says the National Maize Producers' Organisation (Nampo).

A Nampo spokesman said at the weekend drought and early frosts had devastated late planting, resulting in much of the R2,4bn invested in the

1990/91 crop being lost.

The latest crop estimate is 6,5-million tons.

Nampo GM Giel van Zyl said that in a normal season the 3-million hectares planted — at a cost of R800 a hectare — would have yielded between 8,5-million tons and 9-million tons.

A large number of far-

mers — more than last year — would be completely dependent on short-term credit to plant and grow the 1991/92 crop. **Maize**

In 1970 farmers' short-term debt represented only 28,6% of total debt. In 1990 this had soared to 55,5%.

Van Zyl added that the percentage of short-term debt this year would be even higher.

Where to find the best deal

3 Maize
Sowetan
23/7/91

A NEW publication aimed at helping consumers get the best deal for their money was launched in Pretoria by the South African National Consumer Union yesterday.

Sponsored by the Maize Board, the booklet, *The Self-help Approach To Consumer Problems - How and Where To Complain*, is part of the union's Consumer Action 1991 Campaign.

Consumer Union chairman Anna Boshoff said education, information and protection were the three cornerstones of consumerism.

"A sensible consumer insists on good value for his money regarding quality,

durability and service," she said.

According to Boshoff, the booklet gives guidelines about complaints, contact people and hotlines where complaints could be handled.

"Being a smart consumer means that you get the most for your money. The tips given about purchases, contracts, repairs, home improvements, mail orders and credit cards are most informative and emphasise the union's motto of communication before confrontation," Boshoff said.

Copies of the booklet are available, free from Sancu, PO Box 26242, Arcadia 0007. - *Sowetan Correspondent*.

'Wonder' maize a boon for millions

3 maize

By George Nicholas
Agricultural
Correspondent

5/24
23/7/91

The millions of people in South Africa who daily consume maize meal as one of their basic foods may soon be able to obtain, at no extra cost, meal milled from a new high-nutrition maize hybrid developed in this country.

Named Quality Protein Maize, it contains greater concentrations of several essentials for body growth and maintenance of good health than found in conventional white maize.

Two of these essentials are lysine and tryptophan, both of which are invaluable in human nutrition. The new variety also offers other dietary improvements, all of which combine to provide a much more nutritionally balanced protein than ordinary maize meal.

A similar high-lysine yellow maize hybrid has also been developed for feeding cattle, sheep, pigs and poultry. It also offers a direct saving of costs.

According to specialist

scientist Dr Hans Geyers, of the Grain Crops Research Institute's sub-centre at Cedara in Natal, the economic value of high-lysine maize to South Africa, including possible premium prices paid for supplies that are exported, could be in excess of R100 million a year.

More than 10 000 pockets of seed of these hybrids will be available to farmers in the coming season.

It took the best part of nearly three decades to develop high-lysine maize in South Africa.

Reluctant

Initially local milling companies and manufacturers of white maize meal were reluctant to accept the new grain for the reason that its kernel was too soft and milling wastage could therefore be high.

They felt that the soft kernel would not produce the same desirable granulation characteristics of conventional hard-kernel white maize used in the manufacture of special, sifted granulated maize meal, maize rice and samp.

Since then, however, continued development of the white high-lysine hybrids has

not only resulted in a kernel hardness considerably higher than that of the first-released ones but also higher than several of the commercial white hybrids.

The modified white maize now has an equal or greater kernel hardness than the minimum level required by industrial processors of white maize meal.

"It is long overdue for the maize milling industry to make the nutritional benefits of high-lysine maize available to consumers in all walks of life, but especially to the poorer communities," says Dr Geyers.

The yellow strain is already in commercial use, mainly in animal feed, where kernel hardness is not important.

The use of high-lysine maize in pig and poultry feeding trials has shown that much of the normal costly ingredients of their rations can be saved. This saving already amounts to more than R25 million a year.

To date the major research and developmental work on the new "wonder" maize has been carried out by the public sector, but the country's commercial seed companies are now involved.



Indicators for
maize price up

81 Day 13.8.91
GERALD REILLY

PRETORIA — This year's maize price indicators were up by 16% compared with last year's prices, Maize Board GM Hennie Davel said yesterday.

Successful domestic marketing led to this, he said.

However, Maize Board chairman Jan Schabert warned farmers it would be "undesirable" if the price indicators led to over-production of maize.

Maize farmers face squeeze

PRETORIA — Maize farmers face the grim prospect of input price rises which could accelerate the sequestration trend in agriculture.

National Maize Producers' Organisation (Nampo) economist Kit le Clus said fertiliser prices would rise by between 15% and 25%, and three big companies were withdrawing discounts of up to 20%.

In addition, weedkillers would rise by 17%, pesticides by 16%, seed by 18% and diesel had gone up by 16% in the last 12 months.

Against this background, the Maize Board's recent announcement of a

By David 16/8/91
GERALD REILLY

16% increase in the scenario prices for the 1991/92 crop appeared inadequate and signalled a likely production decrease.

Le Clus said much of the R2,5bn needed by farmers to plant and grow the new crop would have to be borrowed at an interest rate of at least 20%.

"And there's no way a farmer can produce maize at a profit paying that kind of price for production credit."

He added that depressed tractor prices also hit retroed farmers' finan-

Board raises loan ceiling

PRETORIA — The Agricultural Board has raised the maximum loan for crop production from R75 000 to R100 000.

SA Agricultural Union economist Koos du Toit welcomed the increase and said it was long overdue.

The R75 000 limit was fixed in 1984. Since then the average cost of production inputs like fuel, stockfeed and fertiliser had increased by 13,5% a year.

Du Toit said if the limit had been adjusted in relation to current prices of goods and services it would have increased to R160 000.

He said it was clear there was still a big backlog. Only a small percentage of farmers qualified for Credit Board loans. These were farmers who could not raise credit from their co-operatives, financial institutions or the Land Bank.

75% of income from small firms

277

extraordinary item



Govt bowing to the ANC, farmers say

31 May 23/89
GERALD REILLY

PRETORIA — Farmers are outraged at the 8c/l increase in the diesel price which they claim results from government submitting to ANC pressure to reduce the VAT rate, farmers' representatives said yesterday.

In a statement yesterday, National Maize Producers' Organisation (Nampo) chairman Cernelis Claassen said Finance Minister Barend du Plessis had "absolutely no concept of economic realities" ^{Maize}.

Government's declared policy of a production-led economic recovery was being undermined by politics and short-term opportunism.

Claassen said Du Plessis had obviously reacted to ANC pressure.

The tax component of a litre of farm diesel was now a huge 24,6% and R20,58 of the diesel used in planting a hectare of maize went on tax.

The farm price of diesel had rocketed by 32% since August last year, Claassen said.

This type of tax, together with persistent high interest rates was destroying farming output and hampering farmers' efforts to recover from present financial difficulties.

Own Correspondent

PRETORIA. — Surprisingly good yields from late planted maize could boost this year's harvest to well over seven-million tons, obviating the need to import large quantities.

Disclosing the latest estimates, informed agricultural sources said yesterday that instead of being a net maize importer, as was at first feared after the early summer drought, the Maize Board would now be in a position to export up to a million tons.

Tenderers have been notified that export maize will be available.

A source said that because of heavy drought damage in the US corn belt, prices had hardened internationally.

Better news on the maize front

CT 10/9/91

The demand for maize had also strengthened because of the heightened need in the USSR.

However, at current prices, maize exports would still involve losses.

World market prices are currently between R315 and R320 a ton, which is close to the local producer price.

However, transporting maize to the coast from inland storage points costs about R100 a ton, resulting in losses of about R100 a ton.

Late plantings boost maize harvest

PRETORIA — Surprisingly good yields from late planted maize could boost this year's harvest to well over seven-million tons, obviating the need to import large quantities. *310000 10/9/97*

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The demand for maize had also

GERALD REILLY

strengthened because of the heightened need in the Soviet Union.

Earlier it was announced the US government had made credit of \$1,5bn available to the Soviet Union for grain purchases.

However, at current prices, maize exports would still involve losses. *(3) maize*

World market prices are currently between R315 and R320 a ton, which is close to the local producer price.

However, transporting maize to the coast from inland storage points costs about R100 a ton, resulting in losses of about R100 a ton.

MAIZE

③ maize

Refiguring the sums

Fm 13/9/91

At the beginning of the year, SA looked as though it might be forced to import up to 2 Mt of maize. Now, the current crop outlook has improved to such an extent that about 900 000 t may be available for export.

While the unexpected US\$90m bonus — at current Chicago prices — should bring a smile to Reserve Bank Governor Chris Stals's face, local consumers will not benefit. They still will have to pay the Maize Board's official price of R464/t for white maize and R419/t for yellow maize until the season ends on April 30.

And, while farmers should earn an additional agterskot on their crop, the board sees the shipments of the surplus maize as export-

FINANCIAL MAIL • SEPTEMBER • 13 • 1991 • 63

CONTINUE →

Fm 13/9/91 ③ maize

ing at a "loss." This is because the US\$100/t export price is less than the local market price, after transport costs of about R100/t and other costs. Net export revenues will be well below this year's producer prices of R322/t for both white and yellow maize.

So, how could the board, which controls almost every aspect of the industry, get its crop estimates so wrong?

The board buys, stores, distributes, sells and exports the crop on farmers' behalf in terms of the one-channel marketing system legislated by government. So fingers point at the board when things go wrong.

Here's how the board explains itself: In January, after the late spring rains a year ago, indications were that a crop disaster was staring SA in the face. At that stage, imports seemed inevitable, says board GM Hennie Davel. But then the late rains came with a vengeance, soon to be followed by regional droughts in the western Transvaal and northern Free State and later an early frost in the same areas.

Consequently, the board downgraded its March crop assessment from 6,1 Mt to 5,5 Mt, based on the official estimate of the Department of Agriculture. So during March and April, government sanctioned the import of 220 000 t of feed grain (130 000 t of maize from Argentina and 90 000 t of feed wheat from Europe).

Davel says this grain was needed, regardless of the crop size, to ensure continuity of supplies because the new crop was exception-

Fm 13/9/91

③ maize

ally late.

But now, with only about 300 000 t of the 1991 crop still to be harvested, the board is looking at crop deliveries of at least 6,5 Mt — 3,2 Mt of white maize and 3,3 Mt of yellow maize.

"At the moment, our position is very comfortable and, after harvesting this year's crop, we should have about 4,2 Mt of white maize and 3,5 Mt of yellow maize in stock. This will leave the board with a 900 000 t surplus, which we will export. The board's total stocks include the 220 000 t of feed grain, carry-over from the previous crop (including about 950 000 t of white maize planted in 1989) and the current harvest.

As SA annually consumes about 3,4 Mt of white maize (mainly for human use) and 2,7 Mt of yellow maize (mainly for animal feed), this will leave a "surplus" of about 1,6 Mt — but it is board policy to keep enough stocks in hand in case of a bad crop. White maize, particularly, is a staple food for millions of South Africans and SA is one of the few countries that produces enough of this commodity for export.

Davel says the board is looking at exporting more yellow maize than white maize now to keep a sufficient buffer stock of white maize. The other white maize exporter is Zimbabwe, which this year (together with Zaire, Zambia and other African countries) also is seeking white maize imports "By next February we should have fairly clear indications of the outlook of the crop still to be planted and would then be in a better position to consider selling more white maize."

White maize sells at a premium in the Japanese market — its quality is valued for the manufacture of industrial starches. The board also is examining the prospects of selling to international food agencies desper-

ate to find quality white maize for starving millions in Africa. SA has been shunned as a supplier in the past because of sanctions

Meanwhile, the board is also closely watching price movements on the Chicago Board of Trade in order to hedge the selling prices of its newly exportable surplus. The US yellow maize crop was severely hit by a late drought and fell by a projected 470m bushels. But, while this temporarily boosted Chicago's futures prices, last month's Soviet coup again depressed prices as the perception was created that Western food assistance would be cut.

Now that the US has confirmed that it will subsidise food aid to the USSR, the market is watching to see whether other Western nations will follow suit. If so, prices on the Chicago exchange should firm further. At that stage, the board may well jump in to the fray on behalf of local farmers. ■

③ Maize

FM 13/9/91



Activities: Maize meal, malt and animal feeds manufacturer.

Control: Brenner family 80,8%.

Chairman: A Brenner; Joint MDs: M Brenner, Z Brenner.

Capital structure: 23,3m ords. Market capitalisation: R10,5m.

Share market: Price: 45c. Yields: 8,3% on dividend; 16,0% on earnings; p/e ratio, 6,3; cover, 1,9. 12-month high, 65c; low, 38c.

Trading volume last quarter, 167 000 shares.

Year to Feb	'88	'89	'90	'91
ST debt (Rm)	—	—	1,7	4,1
Debt:equity ratio	—	—	0,06	0,16
Shareholders' interest	0,81	0,77	0,72	0,67
Int & leasing cover .	—	—	9,3	5,3
Return on cap (%) ..	27,0	13,4	14,1	10,5
Turnover (% change) .	18,9	8,3	18,7	11,2
Pre-int profit (Rm) ...	7,5	4,2	4,9	4,0
Earnings (c)	16,2	11,8	9,9	7,2
Dividends (c)	6,5	5,0	5,0	3,75
Net worth (c)	96	103	107	109

dominated by several giants, Premier, Fed-food and Tiger Oats. To prosper in these fairly static and competitive markets in financial 1992 will require innovation. Brenner will venture no more than that management is hoping for earnings on a par with last year, but the halt in stock theft alone may serve to sweeten the bottom line.

The Brenner family still controls 81% of the issued shares and the counter is not well traded. At 45c, the market capitalisation is less than the value of the fixed assets. Until the problems at Brenmill are clarified the share is unlikely to be in favour, though there may be interest in its underlying assets.

Pam Baskind

police are investigating.

Chairman Arnold Brenner says turnover and margins remained under pressure in financial 1991 because of keen competition in the industry, as well as boycotts and labour unrest in the company's markets.

Turnover figures are not revealed, but a 11,2% increase on the previous year is reported — about the same in volume terms, reckons Brenner. This annual increase compares to a 3,9% rise at the August interim stage, indicating an improvement in the latter half of the year. However, profit figures suggest the opposite: operating profit fell 7,5% in the first half, but plunged 40,5% in the second six months compared to the same periods in financial 1990.

This, hopefully, reflects the irregularities "perpetrated by senior executive personnel acting in collusion at the two mills in Louis Trichardt" and not other underlying problems.

Brenner is reluctant to elaborate on the nature and extent of the losses, saying the matter is sub judice, but it seems that it will still affect results at the 1992 year's interim stage.

The balance sheet remains sound, though there has been a run-up in interest-bearing debt over the past two years. This, explains Brenner, is a result of offering extended credit to customers. An improvement in stock and other asset management is already helping to curb debt and a further improvement is expected this year.

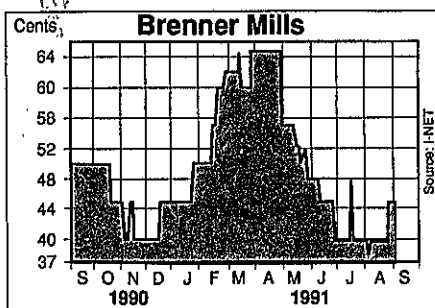
Brenmill is a small operator in the maize milling and animal feed markets, which are

BRENMILL FM 13/9/91

Another fall

③ Maize

For the third successive year, Brenmill's earnings have declined — from 16,2c a share in financial 1988, to less than half of that last year. But the fall in profit in financial 1991 was apparently worsened by losses of product due to "irregularities" by senior staff. This has only been discovered recently and



Why poor eat less

S/Times 15/9/91

③ maize

A MARKED drop in the sale of maize and maize products since May this year indicates that poorer people are eating less.

Premier Food Industries chief executive, Mr Willem de Kok, said one of the reasons for the drop — which could be as high as eight percent — could be blamed on the economic recession and rising unemployment.

A statement from Premier said there was "abject poverty and burgeoning unemployment throughout the country" which indicated that people at the lower end of the market were eating less.

Maize Board spokesman Peter Cowrie said sales had dropped by 11 000 tons during

May, June and July compared to the same period last year. However, he noted that sales frequently dipped at this time of the year.

Tiger Oats spokesman Patrick McLaughlin said his company had experienced a "marginal drop" in recent weeks.

"There has been a downturn in manufactured foodstuffs generally — from wheat and maize products to rice and pasta.

"Times are tight, we anticipate that the food industry will be going through a difficult time for quite a while yet.

"It seems that people, particularly those at the bottom of the economic ladder, are eating less," he said.

Relief for farmers

THE Maize Board would sell 30 000 tons of third-grade maize at a discount to farmers in drought stricken areas of the eastern and southern Cape, chairman Jan Schabert said yesterday.

"This maize will be sold at a special discount price and the price benefits for farmers could be as much as R1m."

16/11/91
B/Day 26/9/91

New milling plant for SA

A MULTI-million-rand specialised maize grit milling plant, the first of its kind in SA — has been opened by Universal Industries in Moberi, Durban.

The company said the plant would manufacture high quality maize grit for the brewing, starch, snack and feed industries.

"Exports will also form an important area of our business, especially with markets to the north of SA," said Universal Industries GM Iain Hepburn.

The plant is already supplying major breweries as well as Universal Starch Industries, the only glucose and starch plant of its kind in the southern hemisphere.

It The new plant came into operation after a major renewal and expansion of Universal's previous grit plant. Production is now more specialised and capacity has been increased three fold.

The plant can produce maize grit in different sizes for various industry applications. — Reuter.

'End maize monopoly'

MBABANE — Maize farmers, who this year responded to the Swazi Agriculture Ministry's call to grow more maize, now find they have huge stocks left which the National Maize Corporation cannot buy as all its silos are full. ^{(3) Maize} B/Daw 9/10/91.

The maize farmers' representative in the Central Co-operative Union, Leo Dlamini, has confirmed that the corporation, which has the monopoly for the purchase, export and import of maize, has had to refuse further supplies.

The maize farmers last week bitterly complained they had to queue for several days and nights in their trucks at the corporation's depot at Matsapa waiting to offload and sell their maize because the corporation and its facilities could no longer cope with the tremendous increase in local maize being supplied by farmers.

The farmers have now urged the Agriculture Ministry to end the monopoly enjoyed by the corporation and to allow Swazi farmers to sell directly to local or foreign markets. — Sapa.

Food exports will keep farmers alive

9/11/91 6/10/91

~~9/11/91~~

③ Maize

■ MONEY TALK

FOOD production is becoming a key issue in southern Africa with its rapidly-expanding population.

Only South Africa and Zimbabwe are completely self-supporting in that their farmers produce sufficient quantities of staple foods – mainly maize – to feed their populations.

South Africa is by far the largest producer, but unfortunately many South African farmers are in deep financial trouble because the high inflation rate causes production costs to soar, while the prices they receive for their produce increase at a far lower rate.

The end result of this process, if the market mechanism is allowed to follow its course, will be that so many farmers will go out of business that prices will have to rise strongly to entice them back into farming and/or to encourage the remaining farmers to produce more.

The government has been trying to keep as many farmers as possible on the land, because it is fully aware of how vulnerable South Africa can become should we become dependent on imported food.

However, South Africa's weakened economy and the pressure on State finances is making it increasingly diffi-

cult to assist farmers in keeping their heads above water.

One can only conclude that consumers will be paying considerably higher prices for basic foods in future.

However, there are indications South Africa can depend on a far bigger market, because grain crop production in neighbouring states continues to decline.

Other states in the subcontinent are becoming more dependent on South African surpluses to feed their expanding populations.

They are also becoming more dependent on technical expertise from South African research institutions to enhance their crop production.

South Africa is expected to have a maize surplus this year of more than one million tons – of which a considerable proportion will probably be exported to Zambia, which had to mortgage its 1992 copper production to buy 2,5 million bags of maize to feed its people.

Zimbabwe is also in the market for about 100 000 tons of white maize.

Other growing markets for South African-produced foods are Mozambique, Angola and Zaire, which means South Africa is becoming the "bread basket" of the subcontinent.

It is therefore important that South Africa looks ahead when deciding on the future of its agriculture, because its output is bound to play an increasing economic and political role.

NEWS IN BRIEF

Food shortages loom

ONE in 10 summer grain farmers had gone to the wall, the National Maize Producers' Organisation (Nampo) said yesterday, adding the plight of a large number of them threatened platteland economies and raised the spectre of food shortages soon. (3) 4/22

An executive member said unless government extended its aid schemes, a further 15% would be forced off their farms. (4)

B/pay. 9/10/91



3

MAIZE .

FM 1/11/91

Growing pains linger

■ The economic health of the maize industry is of vital importance to SA

Right now, thousands of maize farmers throughout the country are working night and day to get their precious maize crop into the ground.

Within a month, about 3m ha of maize will be planted, mainly in Natal, the Transvaal and the Orange Free State. This represents nearly 45% of SA's total arable land — or about 18 tennis courts of maize for each SA family of five.

The R2,5bn-R3bn worth of maize that will be harvested from May 1992 onwards supports a number of strategic industries: maize milling, balanced feed, poultry, dairy, pig, cattle and starch production.

Apart from these, the maize industry also creates an important market for the banking sector, manufacturers of fertiliser, agricultural chemicals, tractors, farm implements and seed, the motor industry, Spoornet and Portnet.

Valuable foreign exchange is earned in good export years and the employment created for 1,2m-odd people provides sustenance for about 7m dependants.

The economic health of the maize industry is, therefore, of vital interest to every South African. But how healthy is the industry at this stage?

Kerneels Claassen, chairman of the National Maize Producers' Organisation (Nampo), says the maize industry has undergone difficult times during the last eight to nine years.

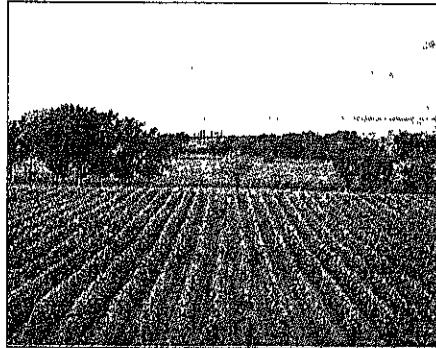
"Poor growing conditions and two of the worst crop years in history (1982-1983 and 1983-1984) meant that farmers were unable to recover their production costs. And they had to borrow money to stay in production.

"Coupled with high interest rates and soaring production costs, the debt-load of farmers increased dramatically." With inflation running at 15%-20% a year and increases in the selling price of maize pinned at 10% a year over the last five years, farmers were unable to recover their costs.

"Dramatic increases in the costs of railfaring maize to the coast and SA's overall inflation rate have effectively also priced us out of the international market," says Claassen. The remedy is not simple.

"While even the Minister of Agriculture Kraai van Niekerk admits in public that we are not paid enough for our products, we must be careful not to price ourselves out of the market."

In the white maize market, competition from other starches such as bread, rice and potatoes is fierce. "And in the animal feeds



Maize ... fortune or disaster?

markets, yellow maize is challenged by grain sorghum, feed wheat and other energy products used in animal rations," says Claassen.

"We must look at realistic price levels — but also at the serious impact of inflation and high interest rates. These problems are related to economic policy — and farmers are particularly hard hit by government's policy of import replacement. A case in point is the protection of ADE engines."

The single-channel system is often the butt of strong criticism. "We don't say it is perfect," says Claassen, "but numbers of commissions have investigated the issue and could not come up with a better system."

And, he adds, "we have developed a storage system that is the envy of the world grain trade. The single-channel system has brought price stability, while it has also led to effective quality control. If anybody comes up with a better system, not just a different system, we will be happy to look at it."

This very offer is now the subject of in-depth discussions between the Maize Board and its various customers in the yellow maize market, where a number of alternatives (including a floor price system, State aid for exports, and a crop insurance scheme) are being discussed.

And some of the board's critics see the single-channel system as the major cause of most of the industry's problems.

But a problem with any alternative system is that surplus maize cannot be exported at a profit. This is due to the combination of high transport, fuel, fertiliser and chemical costs, and the huge subsidies paid by the US and the European Community to their own farmers.

"Until the playing fields are levelled, we just can't compete. It is time to realise that a country which does not protect its agriculture is not protecting its future," says Claas-

sen.

While this may sound like sacrilege and special pleading to free marketeers, it is also clear that maize farmers operate in an environment where pragmatic solutions are of greater importance than textbook responses.

In this survey, we will highlight some of the complex issues that affect the world of the maize farmer — and the industry sectors that are integrated into his world.

And it will become clear that the answers are not black or white — but rather amber, the colour of the maize farmer's product. ■

Playing a star role

■ The Maize Board has several essential functions

Maize Board chairman Jan Schabort is less interested in free market philosophies than in the practical issues that make the difference between success and failure on the farm.

"I believe that we operate the best possible system in terms of the Marketing Act," says Schabort.

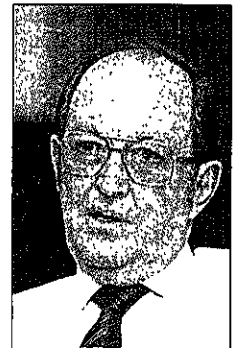
The board works in close co-operation with the National Maize Producers' Organisation (Nampo), which nominates 28 members from the 28 production areas to its general management committee. Every three to five regions then nominates one Maize Board member who is to serve on the Maize Board.

"The board consists of eight producer members, one representative from the milling industry, one from the maize co-ops and three more representing yellow maize consumers, the trade and white maize consumers — a total of 13 members who serve for three years each," says Schabort.

The Maize Board's chief function is to determine policy in terms of the Marketing Act.

This includes two vital price-forming functions:

□ Determining the annual scenario prices in August each year, which indicate to farmers



Schabort

③ MAIZE FM 1/11/91

what prices they could reasonably expect for their crops, based on a number of variables.

"We encourage farmers to produce an optimum crop of 6,5 Mt, as this will guarantee the best producer prices. For every 500 000 t produced in excess of this optimum (which equals consumption in the domestic market), producer prices fall by R10/t-R15/t, to compensate for the shortfall on surplus exports.

"Currently, nett return from maize exports is a mere R220/t, compared with the producer price of R322/t earned in the domestic market," says Schabort; and

□ Determining producer and consumer prices in March each year, to take effect on the first of May.

But, with all the single-channel system's anomalies, why not just go the whole hog and create a free market in maize?

Schabort disagrees.

"It is farfetched to think that SA, with its low farming potential and drought-prone climate, will be able to compete in the global markets against countries and regions like the US and the European Community (EC), which maintain massive subsidies of up to R1 000/ha to protect their farmers against competition."

Schabort says while government does not have the funds to subsidise maize farmers to the same extent as is done in the US and the EC, "we would be satisfied if it subsidised maize exports."

And, he adds, the importance of food self-sufficiency is vital if one looks at what has happened in Zimbabwe, where the State pays farmers about R80/t less for maize than their SA counterparts receive. Zimbabwe is now forced to import maize.

"For socio-economic (and political) reasons, strategic food self-sufficiency is vital in Africa.

"Furthermore, a healthy maize industry supports about 1,1m workers and 7m dependants, which is a vital contribution in a country where millions are unemployed.

"Farmers provide farm schools, food and housing to workers and their families, and fulfil an essential socio-economic role in the economy," says Schabort.

All that farmers, therefore, want, to stay out of debt, is "a realistic return on their investment." ■

A new ball game

■ Since 1987, the maize men have had to face the market

In 1987, the Maize Board took its first steps into a new era where the market became a far bigger factor.

Prior to this, a major pre-occupation of the Maize Board was to maintain price stability

in the marketplace, based on long-term average production costs. Other market factors, although considered, played a secondary role.

State policy supported this philosophy, with subsidies, support structures and fixed-price, one-channel marketing systems. Maize price increases were based on production costs and subject to official sanction. This led to decisions that did not always reflect the realities of the market.

By 1987, the twin pressures of declining demand from the bottom and government insistence on new market-related policies from the top, forced the Maize Board into a market-orientated direction.

Today, the Maize Board's young, dynamic management team is ably led by GM Hennie Davel, who obtained his doctorate in commerce at the University of Pretoria on "The Marketing of Agricultural Requisites by the Grain Co-ops in SA."

Davel, an academic who spent 13 years at the University of SA as professor of economics, also has an MBA and, therefore, a solid grounding for the demanding task entrusted to him on July 1 1986 — leading the Maize Board into a new, market-orientated dispensation.

"As far as we could, we have changed the Maize Board into a marketing institution. We have made a lot of progress. But I am convinced that we will have to adapt even more to the realities of the market," says Davel.

"Free transactions between producer and consumer, farmer and processor (subject to payment of Maize Board levies of about R100/t-R132/t) have become institutionalised and I see this as part of my success."

Helping him execute the new market-related philosophies are newcomers like chief economist Johan Willemse; assistant GM, technical, Dawie Cronje; and senior manager, domestic market development, Dirk Human (the creator of the Maize Generation promotional campaign), who typify the board's new image.

But, while the board has been streamlined, it remains a statutory board, representing the interests of producers and with the primary aim of getting the best possible deal for maize farmers. Fortunately, this means developing the market potential for maize.

"In 1986, government undertook to write off the board's outstanding Stabilisation Fund debt (then R460m in the red) on condition that:

□ The Maize Board take full responsibility

for determining future annual maize prices for yellow and white maize;

□ The board determine annual price scenarios to give farmers an indication of the price outlook for the following season;

□ The board balance its books each year (no further Stabilisation Fund loans to support prices and surpluses to be paid out to farmers); and

□ The old fixed-price system would disappear, as government phased out its subsidies for the industry's annual crop marketing costs and export "losses."

The 1991 crop proved how difficult this exercise can be. In January, early crop assessments pointed to imports of 2 Mt. Having announced producer prices of R322/t for the year in March, based on expected 6,1 Mt crop deliveries, the board will now have to export 1,2 Mt of the newly projected 6,9 Mt crop deliveries at a nett return of only R170/t.

Fortunately, the board, in setting its R322/t producer price, kept back a 2,5% reserve for contingencies. This, together with white maize exports to Africa at very good prices (R450/t), will enable the board to balance its books despite the larger-than-expected crop, says chief economist Willemse.

Scenario prices are also full of uncertainties.

"Each August, we announce a price scenario for the coming planting season, based on variables such as projected interest and inflation rates, the demand position and growth outlook for the economy, exchange rate expectations, and global (export) price trends," says GM Davel.

"In terms of the 1991-1992 crop scenario, a 6,5 Mt crop would earn farmers R387/t, a 7 Mt crop R373/t, 8 Mt would earn them R347/t and 11 Mt would bring in an estimated R297/t. The falling producer price, as the crop size increases, is linked to the projected lower returns from higher tonnages of export maize, which would only nett about R124/t."

This "crystal ball gazing" exercise involves a 20-month look into the future — the period over which each year's crop is planted, reaped, stored, sold, distributed, exported and the proceeds paid out to farmers.

"By October or November, farmers must decide how much to plant, based on the Maize Board's price and crop scenarios," says Davel.

"Farmers also have to guess what their fellow farmers will do and what the weather will have in store. The bigger the crop, the lower the price — a difficult gamble."

By March of each following year, the board determines the producer and consumer prices that will be effective from May 1 that year, after the crop is reaped and delivered to the silos. In 1991, the March crop estimate was about 1 Mt too low and the board determined higher prices, based on a



Davel

③ MAIZE FM 1/11/91

lower crop.

The March price calculation is based on the Department of Agriculture's crop assessment for the year — before reaping has even started.

"In May, the board pays out about 97,5% of that year's crop proceeds to farmers, based on crop deliveries to the silos. Land Bank funds tide the board over the period in which it then has to market and sell the crop," says Davel.

"To protect the board against any miscalculations in this long process, we have built up a new Stabilisation Fund which is now standing at about R150m. Farmers contribute to the fund through compulsory levies in the good years — but the fund is minimal against a R3bn crop."

After the board pays out the delivery prices, it stores the crop at the co-ops' silos. Providing sufficient stocks each year is a top management priority, says chief economist Willemse.

The total domestic market is about 7,3 Mt, while the board's commercial market is about 6,3 Mt-6,5 Mt (made up of about 3,5 Mt white and 2,8 Mt yellow maize). Farmers usually retain about 800 000 t-1 Mt for their own use each year.

The board's idea is to maximise lucrative local sales and minimise "loss-making" exports. But Davel sees "good potential" for exports to Africa. "A 1 Mt export market would be a realistic target, with white maize, especially, providing growing opportunities."

Maize is "by far" SA's most important horticultural product, providing wholesale revenues of about R3,5bn-R4bn each year and a retail turnover of about R7bn-R8bn each year.

Producers earn about R2,8bn from the crop (including stocks retained on the farm) and, in good years, the crop can earn SA up to R1,5bn in export revenues. Co-ops earn about R190m from handling the crop at the silos.

The spin-offs extend to stockists of tractors, implements, fertilisers, chemicals, seed, the motor industry and insurance. Financial institutions also earn good returns from their farming business — especially when the climate smiles on farmers and money rolls in. But risks are high.

"With average total production costs of about R800/ha and SA's climatic risk factor, the annual preparation for maize production on 3,5m ha is a R2,1bn gamble," says Davel.

With inflation running at 15% and interest costs on farm debts at about R120/ha, the total input risk capital, before a single kernel is reaped, could even be as high as R2,5bn, he adds.

The farmers' crop success depends on crucial rainfall during four short weeks in January and February, when tasselling takes place. "The crop gamble succeeds or fails during this crucial period," says Davel. Gov-

ernment should therefore consider a price support system to create a measure of financial certainty for farmers.

But, adds Davel, the State should also:

- Phase out tariff protection for input manufacturers like ADE;
- Devise a form of input crop insurance. The State could pay the premiums to ensure farmers against crop failures; and
- Provide export assistance along the lines of that granted to industrialists. This would make the global playing field more even for SA's maize exports, which have to compete against heavily subsidised US and European grain exports.

But farmers also have to diversify into livestock production. The State's land conversion programme, started in 1987, provided an initial subsidy of R130/ha, followed by R60/ha for three years.

This helped farmers to convert just over 700 000 ha into cultivated grazing lands, says Davel.

"The reduction in maize production land to about 3,4m ha has stabilised the industry, as export surpluses are more manageable on lower production," says Davel.

"But, if one compares the diminishing support of the SA government to maize farming with the 40-odd assistance programmes for farmers in the US, a case can be made for more State aid to SA's drought-prone farming sector." ■

Going one way

■ Single-channel marketing of maize has its supporters

Peter Cownie, deputy GM of the Maize Board, knows how to make sense of the complex one-channel marketing system.

"Over the last few years, we have made it far more flexible. But a major problem is the gap between producer and consumer prices of white and yellow maize."

In the past, the gap was hidden by the payment of State subsidies, which covered the board's marketing costs. Now, government no longer picks up the tab. This has put pressure on the single-channel scheme, as buyers and farmers are tempted to negotiate "directly," thus circumventing payment of the board's compulsory levies.

At first glance, the answer seems to be to create a floor price system, free the market and privatise the co-ops and their silos.

But, says Cownie, SA's market is tiny compared to the huge US one, with US annual production ranging from 180 Mt-220 Mt.

And the US government guarantees its farmers a support price, while the Chicago Board of Trade (CBOT) also serves as a hedging mechanism.

Local farmers, who do not have these support structures, feel that the single-channel system gives them a measure of protection and market stability.

"Without this system or another form of price support, SA farmers fear that the concentrated buying power in the local market will drive producer prices down to uneconomic levels, whenever surpluses are produced," says Cownie.

"Currently, the export parity price level, based on the CBOT price of US\$100/t, rail transport costs to the coast and storage costs, only amounts to about R124/t.

"With production costs nearly three times this amount, such a price would drive most farmers into bankruptcy."

Adds Cownie: "Powerful forces are pushing the maize industry towards a free market system. Pushing in the opposite direction are equally powerful forces, driven by a fear of a recurrence of the price disasters of the Thirties, when maize prices plummeted 42%: from R12,90/t in 1928 to R7,44/t in 1930."

Under a single-channel system, a single body obtains and markets all supplies.

"This enables us to 'sterilise' domestic prices from the low nett export revenues and to ensure that producers receive a fair price for their product."

And, adds Cownie, if a free market giant like the US can rationalise the creation of a support price system, it should be clear why SA farmers also fear the effects of a completely free market system.

"Farmers would demand some kind of safety net before accepting the abolition of the single-channel marketing system."

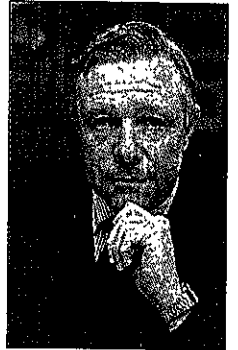
Part of the solution would be to reduce surplus maize production and convert the lands to livestock grazing.

"If we could limit the production area to about 2,5m ha, we could virtually guarantee farmers a minimum producer price of R380/t-R390/t in the domestic market.

"But, should a sudden drought occur, this would lead to unmanageable shortages of maize, causing serious social problems as we only have limited facilities to import maize. White maize, a staple food for millions of black South Africans, is not freely available on world markets," he says.

Cownie says a "strategic" level of maize production would be about 8 Mt, as this would ensure sufficient white maize.

But a price mechanism would have to be found to prevent local producer prices being forced down to the export parity price level of R124/t. ■



Cownie

Fm 1/11/91

(3) MAIZE

Working in tandem

■ Farm economics is powerfully linked to economic policy issues

Agricultural economics is a complex yet fascinating area.

Johan Willemse, chief economist of the Maize Board, clearly understands the linkages between farm economics and broader economic issues. And he grasps the impact that economic policy issues — such as interest, inflation and exchange rates, GDP growth, market developments and global economic trends — have on the man driving the tractor or smoking his pipe on the stoep.

Willemse also knows that the Maize Board's single-channel marketing system does not always make sense in terms of free market economics.

"One of the major anomalies of the single-channel marketing system is the pooling of yellow and white maize producer prices. This fails to reflect the differentiation in market values between the two generic products."

By pooling different consumer prices into a single producer price, producers also lose the benefits of their geographical situa-

tion in relation to the market.

"The fact that different market segments are not reflected in the producer prices received by farmers, is an anomaly which needs to be addressed. But the current marketing system has definite advantages for producers, silo-owners, millers and end-users," says Willemse.



Willemse

In terms of an agreement between the then Minister of Agriculture Greyling Wentzel and the National Maize Producers' Organisation (Nampo) in 1986, government accepted responsibility for the R560m loss on the board's "old" Stabilisation Fund (R350m of this deficit was written off in the March 1991 Budget).

With government also ending its subsidies

to the industry on May 1 this year, the Maize Board was forced to focus on a market-orientated dispensation.

"The situation is very fluid and one can expect continuous adaptations to the current dispensation. Everyone will be forced to adapt to the new realities," says Willemse.

But, while the domestic industry is adapting to market realities, it is difficult for SA to compete cost-effectively against the global giants.

The US has an annual maize production yield of 7 t/ha-8 t/ha, compared with SA's low 2 t/ha. Apart from favourable weather conditions, US producers benefit from low input costs, a 3% inflation rate (compared with SA's 15%) and export aid of about US\$500m in 1990, says Willemse.

"US target prices of \$2,75/bushel create a comfortable floor for US producers. In 1990, the US government made a \$9bn contribution to its farming sector, compared to the sectoral nett income of \$47bn."

How can SA compete? The answer, in the export market, lies in two areas:

- Focus on small, high-value niche markets, such as the 300 000 t/year Japanese premium starch market; and
- Africa, where premium prices may be paid for essential foodstuffs in terms of international aid programmes.

cont →

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③ MAIZE FM 1/11/91.

We need our system

■ The single-channel system offers protection, argue some

If you want a committed defence of the single-channel maize marketing system, talk to Hans Swart, assistant GM, national marketing, of the Maize Board. Swart's team executes the board's marketing, sales and distribution policies.

"White maize is sold largely for human consumption in competition with bread, rice, potatoes and other starch foods," says Swart.

"Yellow maize, again, is used in the highly technical, price-sensitive animal feeds market and has to compete for a place in highly computerised balanced feed mixtures against substitutes like grain sorghum, feed wheat and other, protein-rich products."

Producer prices for white and yellow maize were fixed at R322/t each for the 1991-1992 marketing season, while the consumer prices for white and yellow maize, as from May 1 1991, were fixed at R464/t and R419/t respectively.

With increased urbanisation, white maize sales dropped to about 2,9 Mt in 1986-1987. Since then, specific marketing actions tailored for this market resulted in an increase of 500 000 t to 3,4 Mt in the past season, says Swart.

Yellow maize sales also dropped to a low of 1,9 Mt in 1986-1987. But, following the Maize Board's marketing initiatives, sales increased by almost 1 Mt to 2,9 Mt in 1990-1991.

Total domestic market sales (including industrial manufacture) increased from 4,8 Mt in 1986-1987 to 6,3 Mt in 1990-1991.

An innovation that led to the sharp increase in yellow maize sales is the "discount" contract, available to any buyer who reaches or exceeds sales targets set between the board and its clients.

"We reward the buyer for reaching his target by meeting the price of substitutes such as grain sorghum and feed wheat in the marketplace, especially at the time when these substitutes are freely available. And, during an export surplus year, we offer attractive rebates to increase more profitable sales in the domestic market and reduce 'losses' on export sales," says Swart.

He says the single-channel system is "under increasing pressure due to the gap between producer and consumer prices."

This gap, made up of the board's marketing costs (of which storage and financing forms a major part), amounts to R142/t for white and R97/t for yellow maize in 1991. Farmers are held liable for these costs, as well as for any "losses" on maize exports.

The huge gap became highly visible once government took away its direct subsidies to

the industry. This placed the single-channel marketing system under increasing strain as farmers (and buyers) tried to circumvent official channels so that both parties could pocket part of the price differential.

But Swart says support for the system is still stronger than the threat.

"The Maize Board, as central wholesaler in SA, is responsible for buying, storing, selling and delivering the whole maize crop. This is a major advantage, as long as the whole system is operated effectively," says Swart.

Producers still prefer the protection of the single-channel system to the risks of possible "chaos" in the free market system, he adds.

They fear that highly concentrated buying power in the local market will force prices down to totally uneconomic levels, especially during surplus crop years.

While the board still operates a single-channel system, it has removed several rigidities since 1987.

Direct sales between farmer and farmer, and between farmer and buyer are allowed, subject to payment of the board's levies.

"Apart from savings on transport costs that can be negotiated between the parties, an advantage of R24/t can now also land in either the farmer's or the buyer's pocket," says Swart.

These marketing arrangements must be seen as the positive side of the single-channel marketing system, adds Swart.

And the board's effective distribution arrangements allow its clients to carry relatively low supplies which can be refurbished at fairly short notice.

"The Maize Board is a vital link in the marketing system and a centralised operational body will always be crucial, whatever the marketing system might be," says Swart.

You want it now?

■ Storing and distributing SA's maize crop is no joke

Poena Fourie, the Maize Board's assistant GM, operational services, has a 14,6 Mt headache.

That is the storage space of the 220-odd grain silos in the summer rainfall area that qualify for reimbursement of silo storage costs each year, even if the capacity is not fully utilised.

The question often raised is whether there is excess capacity that has never been used and which, therefore, just places a burden on the producer or user of the silos.

"The answer to this is simply that in the 1989-1990 season the silos were filled to the

brim. And if one looks at the long-term grain requirements of SA with its rapidly growing population, the structures must be regarded as a valuable long-term investment," says Fourie.

Fourie and his team have to meet the demands of all the board's customers countrywide on a weekly basis — and



Fourie

he is heavily dependent on his "partners" at the co-op silos to load, and at Spoornet to transport and distribute, the grain needed as regularly as clockwork.

The silos, which belong to the Maize Board's agents (the agricultural co-ops) play a vital part in the complex inter-relationship between farmers, Maize Board, co-ops, Spoornet, and all their various clients.

The vital link between all the parties is Spoornet, which transports and distributes the maize from each silo's siding to countrywide destinations as contracted by the board.

"In the local market, we sell all our maize 'free on rail' at the sender station and the client pays Spoornet's transportation costs," Fourie says.

Constantly updated computerised records of crop intakes form the basis for the distribution from various silos to clients and buyers throughout SA.

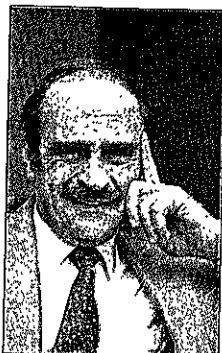
"All individual co-ops furnish the board with updated returns of the stock on hand, on which it bases its allocation programme. We try to allocate maize to local consumers so that their transport costs are minimised," he says.

When farmers deliver their maize at the silos — normally during the four months May to end-August — the first task is to grade the crop.

"On the basis of the grading (the two classes of white and yellow maize are divided into three grades each) and, especially, the moisture content of the farmer's crop, he will be given a receipt as payment advice," says Fourie.

Though pooling takes place and farmers do not receive premiums for top-quality maize, there is a price difference between the various grades.

"We accept maize with a maximum 14% moisture content — but the producer is paid on the basis of a 12,5% moisture content. SA's maize is highly valued on export mar-



Swart

Continued

FM 11/191

3 MAIZE

kets, as it is mostly naturally dried," says Fourie.

The board pays the co-ops for the capacity allocated to maize storage, based on the historical "structural costs" (capital and interest). The agents are also paid for their costs of fumigating and handling the maize on behalf of the board.

All the silo costs are then pooled and form part of the board's marketing costs — which are paid by all the maize farmers on a pro rata basis, based on crop size. ■

Let's co-operate

■ Uniegraan's task is to liaise between co-ops and grain boards

The one-channel marketing scheme depends heavily on the 20-odd grain co-ops in the northern summer rainfall area to make their storage space available to the Maize Board for each year's crop.

Countrywide, 39 grain co-ops serve the needs of the four grain boards: the Maize Board, the Wheat Board, the Grain Sorghum Board and the Oilseeds Board.

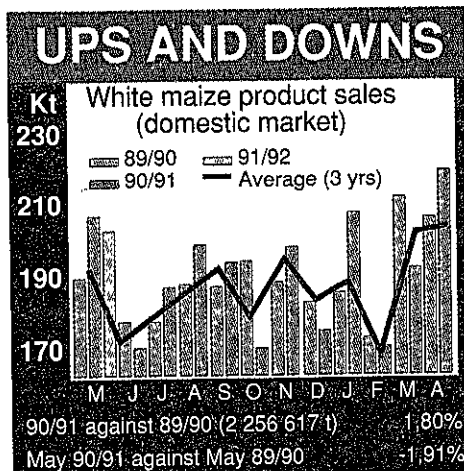
A central organisation, Uniegraan, representing all 39 grain co-ops, co-ordinates their relations with the four grain boards.

Uniegraan GM Piet Louw says: "Our 220 silos in the summer production area offer storage space for 14,5 Mt of grain. The Maize Board uses about 75% of the total storage space each year and is therefore liable for 75% of the silo capital costs.

"Even if the maize crop is only 6 Mt, the board must pay a fixed R15/t capital charge on the total available capacity."

Building costs for the 220-odd silos (from 1960-1985) was about R700m and current replacement costs would be a "conservative" R3bn, adds Louw.

Government has often been criticised by consumers and producers for allowing a silo overcapacity to be built, as producers have to pay the historical costs.



Suggestions have been made that government write off the historical costs or else credit users with the benefit of the outstanding capital balances on each individual silo.

But, as government financed and approved the building of all the silos and as all government loans have not been repaid, the counter-argument is that the principle of averaging or pooling of costs should apply.

But this is not for Uniegraan to decide, says Louw.

"The co-ops merely act as agents for their principals, the boards, and while we account per individual silo, the boards average the storage costs to their producer members.

"Government used to subsidise the cost margin between the producer and consumer prices of maize, which includes the storage and capital costs of the silos. It would be a good principle if government again accepted responsibility for the fixed silo costs of R15/t."

Chris Wentzel, GM of Noordwes Ko-op, Lichtenburg, says the co-ops are already effectively privatised, as they belong to their farmer members. But he doubts if any alternative to averaging out the capital costs would be fair and equitable.

"In eight out of the past 10 years in the western Transvaal, crop sizes were below normal. In the 1984-1985 season, farmers delivered only 76 000 t (or 3,8%) of the normal 2 Mt in the areas served by Sentraalwes, Suidwes and Noordwes co-ops," says Wentzel.

"With 39 bulk storage depots in these areas having a total storage space of 2,7 Mt, it is clear why costs have to be pooled." ■

Mighty maize meal

■ Maize meal in four categories is the major dry-milling product

The National Association of Maize Millers (Namm) represents the interests of SA's dry-milling houses. Its 64 members represent about 300 registered mills countrywide, says Namm executive secretary Roger du Toit.

Don't ask Du Toit about SA's milling capacity and other technical details on the industry — he says this is a "well-kept secret and nobody in the industry wants to divulge such information to their competitors."

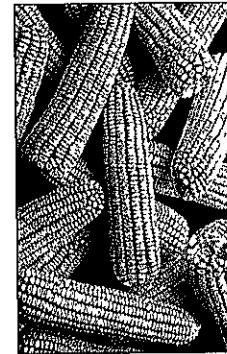
But he believes "it's fair to say that, as most millers only run on a one-shift basis, SA's total milling capacity is only about 25% utilised." Namm's 64 members mill about 90% of all white maize sold for human consumption in SA.

Four categories of maize meal are milled: super (fine); special sifted, mostly enriched with proteins and vitamins and comprising 75%-80% of the market; sifted; and unsifted.

Other products from the milling process include samp, maize grits and maize rice. Du Toit says about 787 kg of super-maize meal, samp or maize rice can be obtained from 1 t of maize milled.

While maize meal is the major product from the dry-milling process, the markets for samp, grits and maize rice are relatively small. By-products from the milling process, such as fine and coarse bran, are used in products like animal feeds and bran breakfast foods.

"Although only 13 kg/t of the maize milled is not used, SA's 300-odd maize millers work on a return of only 1,5% on capital invested," says Du Toit.



Maize ... energy food for the nation

"But, with a population growth of 2,3%-3% each year, it is quite possible that SA could run into shortfalls of white maize produced within the next three to five years — unless maize production is expanded." This could have a positive impact on market growth and producer prices.

Premier Milling CE Willem de Kok says about 2,3 Mt of white maize was milled in SA in the 1990-1991 year. "This is a highly competitive market, with hundreds of mills competing against one another. Total replacement costs of all the mills in SA must be about R2bn, based on today's costs of about R60m for a 60 000 t/year mill," he says.

Premier operates nine maize mills throughout SA, or about 20% of the market capacity, says De Kok. Currently, there are no plans to expand, based on the 2,3% drop in total sales between 1986-1987 and 1990-1991.

Premier's own sales for the quarter to end-June 1991 were 1,8% down on the previous year, he adds.

Before the riots and looting in Zaire this September, Premier had a very good relationship with the central African country. "We were negotiating with the copper mining group, Gecamin, to manage its two mills in Zaire, while Premier International is also deeply involved in the country," says De Kok.

In neighbouring Zambia, Premier International currently manages five mills for National Milling.

The African potential is huge. Premier International CE Albert Nelissen speculates that SA could soon develop a market for 4 Mt of maize in Africa.

With Africa's population heading for the 1bn mark, food aid could open doors for SA exports in the future. ■

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Tiger, tiger . . .

■ Tiger Foods plays a major role in processing SA's maize

Tiger Foods is a giant of the SA food industry. It dominates the maize milling and animal feeds industries, while playing a strong role in the production of eggs, broiler chickens, edible oils, margarines, petfoods and in the food processing industries.

Recently, the mega-group (turnover R5,7bn in 1990), also commissioned its first maize-based glucose plant at Universal Industries in Durban. Tiger Foods, therefore, plays a major role in the processing and beneficiation of maize products.

Tiger Foods operates seven maize mills and 22 depots throughout SA, while another huge maize mill is now nearing completion in Maritzburg. Tiger is also strong in the sweets, baking and confectionery markets.

And the animal feeds and agribusiness division, employing about 11 000 people, produces animal feeds, eggs, chickens and processed food products.

Charles Beiles, chairman, milling and baking, of Tiger Foods, says his division handles the group's traditional business, milling an annual tonnage in excess of 1,25 Mt of maize, of which about 50% is white (human consumption) and 50% yellow (animal feeds) maize.

"We are the biggest single client of the Maize Board and our mills are strategically located to serve the whole country. Our modern new mill at Maritzburg (being built for R110m), will be able to serve the whole Natal market," says Beiles. It will be the second-largest mill in SA.

Tiger's Randfontein site elicits superlatives:

- Its massive 63-bin silo can hold 60 000 t of maize;
- It is served by the largest private railway siding in SA;
- It is the largest-capacity milling plant in SA. Employing more than 1 000 people and with replacement costs of R500m, it boasts



Loading maize-based animal feeds at a Tiger mill

③ MAIZE ~~10~~ FM 11/91

feed and maize mills, a bakery and an oil expressing plant, while also manufacturing a variety of products, including petfood.

Beiles says the total replacement costs of the capital under his management is in excess of R1,2bn.

"While business in the white maize milling sector has been fairly static lately, we have instigated a planned programme to branch out into value-added food products, such as specialised baby foods for the black market," he says.

The new maize-based infant cereals, using enriched maize meal and easy to prepare hygienically (with boiled water), are an important new development, says Beiles.

"The most important, formative period of a child's life is its early years, when the correct, balanced nutrition is essential," he adds.

Product development includes educating people at clinics and hospitals on how to use the Tiger baby product range. Beiles says African health development programmes, under the auspices of United Nations health agencies, may also find benefit in Tiger's nutritional product range.

For the past seven years, Tiger Foods has supported and promoted the National African Federation of Chambers of Commerce (Nafcoc), sponsoring Nafcoc's annual congresses, education and training. Tiger has also supported Operation Hunger (feeding the hungry in mainly rural areas) for the past 10 years.

"These behind-the-scenes commitments not only build mutual goodwill, but also help make SA a better, stronger country for all its people," says Beiles. ■

Used from A to Z

■ Starch derived from wet milling has many uses

African Products (Afprod), a division of the Tongaat-Hulett Group, is the largest wet miller on the African continent.

It produces, according to the 1991 Tongaat-Hulett annual report, "a wide variety of starches, including speciality and modified starches, glucose, maltose and dextrose syrups, glucose powder, caramel colour, maize germ, high-protein gluten meal, gluten feed and corn steep liquor."

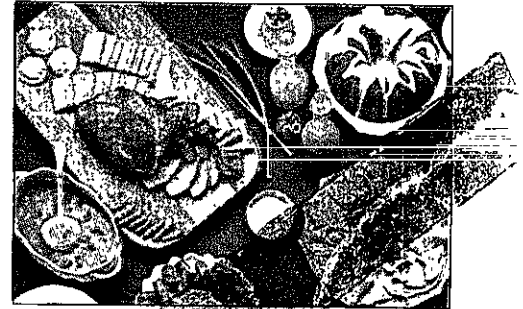
Afprod's Germiston mill is the second-biggest individual maize buyer in SA, after the Delmas-Randfontein mill. Afprod manufactures starches and glucoses at its three mills at Germiston, Meyerton and Bellville.

The many industrial applications of these products will amaze those who only know maize as a basic food or an animal feeds product.

Markets include corrugated packaging

materials, textiles, mining, confectionery, baking, instant coffee and coffee creamers, canning, brewing, pharmaceuticals, building materials and general food industries, as well as the animal feeds industry.

Maize starches and glucoses are also used in such diverse products as concrete (as a plasticiser), acoustical tiles, gypsum board,



Starches and glucose feature in many commercial products

brandy and whisky (as colourant), paper (surface sizing), briquettes (as a binder), baby foods, intravenous drips, beer, breakfast foods, ceramic articles, photographic paper, dyes, printing inks, baking powder, gravies and sauces, prepared mustards, cosmetics, yeast and many others.

Wet milling is a process carried out in water during which starch is obtained from maize. This process is the most efficient method for the recovery of starch from cereals. The dry-milling process, by contrast, is used for the production of maize meal, samp, maize rice and maize grits.

The starches are manufactured and dried after the milling process. And, by adding acids and oxidants, a number of modified starches are also created, tailored for individual industry chemical requirements.

Starch slurry is also used as the base for preparing various glucose products, by adding acids or enzymes. Glucose syrups as well as liquid dextrose and maltose products are derived. Another product is caramel colourant, used in brandies, vinegar, whisky, beer, cola drinks and gravy powders. ■

Ample application

■ Major SA companies use maize-based products

Glucoses and starches from African Products and new competitor Universal Products in the Tiger Group are widely used in industry.

A few examples:

- Beacon Sweets & Chocolates commercial director Ivan Epstein says the local industry produced 108 000 t of sweets in 1990, using glucose as one of the prime raw materials. "More competitive pricing would increase the scope for exports," he says;

C. Antman

③ Maize (186) FM (11/91)

□ Johan Strydom, manufacturing manager at Cadbury Schweppes' Mayfair factory, says dextrose (a constituent of glucose) has quick, energy-producing qualities that allay fatigue.

It is popular in confectionery, soft drinks and some alcoholic drinks. Glucose has greater solubility than sucrose, as well as greater resistance to micro-organisms, he adds.

"The presence of dextrans also ensures a high viscosity, which is useful in producing whipped confectionery, chewy caramels and nougats," he adds;

□ Dave Upshon, corporate affairs manager of Nestlé's Food & Nutritional Products, says corn starch syrups are used to mould foods and confectionery.

Nestlé, an international giant in food (1990 global turnover stood at R100bn, says Upshon), focuses on the production of hi-tech, added-value food products like instant coffees;

□ SA Breweries' (SAB) chief brewer Steve Kleynhans says SAB (whose beer division turned over R4,1bn in 1991) used about 210 000 t of maize-derived products in that year.

"While we use maize grits as an adjunct to malt, the liquid maltose and dextrose syrups are important fermentable extenders which add to the flavour and drinkability of the end-product, providing a more refreshing beer, with better shelf life," says Kleynhans; □ Food company Becketts also depends on maize-based glucose to manufacture instant coffees and coffee creamers.

Procurement director Ben Pienaar says 64% of the dry product in coffee creamers consists of glucose, and 50% in the case of mixed instant coffees. In the 19 500 t/year mixed instant coffee market, about 9 500 t of glucose is consumed annually. And, in the case of the 24 000 t/year coffee creamer market, the glucose use is about 15 000 t;

□ Sappi and Mondi, SA's two paper giants, would also be lost without the extensive use of maize-based starches.

"Sizing, or adding starch, is essential in the manufacture of quality papers, as it improves the gloss and printability of high-quality paper," says John Varton, GM of Mondi's Merebank (Durban) factory.

Sappi national sales manager Charles Combrinck says total starch use in SA's 1,8 Mt/year paper industry is about 19 200 t. Of this, about 10 500 t goes into the manufacture of 350 000 t of sized paper, while 8 700 t is used for Kraft paper manu-

facture;

□ Kohler Packaging and Nampak both make extensive use of maize starch-based glues to manufacture corrugated packaging products.

Kohler recently signed export contracts to the value of R30m to supply corrugated cartons for the South American fruit packaging market, with three container shiploads taking the 14m cartons to South America.

Nampak national packaging and quality manager Brendan Gillespie says about 13 500 t of starch is used each year to manufacture about 230 000 t of corrugated packaging; and

□ Adcock Ingram R&D director Stuart Ashworth says: "A large percentage of medicinal tablets contain maize starch." Starches also form a relatively cheap filler to give "body" to tablets. ■

Looking ahead

■ The CSIR researches new applications for maize

Developing new food, animal feeds and industrial applications for maize-based starches and glucoses is an important task of the Food Science & Technology Division (Foodtek) of the CSIR in Pretoria.

"While we mostly do contract work for the private sector, we also expand our own knowledge and expertise with an eye to commercialisation," says Frans Gous, manager of the food processing programme at Foodtek.

Using pilot-scale extrusion facilities, Gous's group has developed a number of maize-based extruded products, in collaboration with the Maize Board and other clients.

Foodtek has also been involved in developing breakfast cereals, meal replacement bars, fried maize snacks and maize bread pre-mixes.

"We have the ability to adapt global food technologies for the African situation. Fortified grain products, with increased protein content, could find a big market in Africa," he says.

Leonie Bosman, leader of Foodtek's grain protein-enrichment project, may have the solution to the growing shortage of cheap protein-rich animal feeds.

She has developed a low-technology process involving the application of non-toxic fungi to "hominy chop" (a by-product of the wet milling of maize), which increases the protein content from 10% to 30%.

The fungus converts the nitrogen added to the wet hominy chop into valuable amino acids: an excellent, high-protein animal feed. This process could save SA millions of rands on the import of expensive soya and fishmeal products, says Bosman.

Marthinus Horak, programme manager of the food and agricultural chemicals section of Foodtek, has done extensive research on "alternative uses of maize."



Bosman

He says starch-based polymers can replace major markets currently served by petrochemicals. Biodegradable plastics, chemically modified starches, biopolymers, ethanol and high-fructose corn syrup are all maize-based products which can open up tremendous

new marketing opportunities, once cost-effective methods are developed to commercialise these products. ■



Kleynhans

FM 1/11/91

(3) MAIZE

at the point of destination in a country like Taiwan.

By keeping in touch with the latest technological developments on maize in the US and elsewhere, technology can also be transferred to local producers and processors in the dry and wet maize milling and animal feeds sectors.

During a recent US visit, Cronje investigated developments in downstream processing and beneficiation of maize in the US.

"For example, high-fructose corn syrup (HFCS), which has made massive strides in the US market, may provide the single biggest potential for further growth in the local maize market.

"While the sweetness of sugar, or sucrose, is given as 100, the so-called D-fructoses (made from maize) have a relative sweetness grade of 120 to 160," he explains.

These fructoses are made from dextrose, a glucose product of the wet milling process of maize. "In the US, so-called 55% HFCS is now used as the standard sweetener for the massive soft drink market. This includes most of the cola drinks sold in the US. About 9,6 Mt of maize was used to manufacture HFCS, providing 96% of all sweeteners used in the US soft drink market in 1989," says Cronje.

HFCS is also used in the baking, canning, processed foods and dairy industries. While no HFCS is currently manufactured in SA, this may change in the future, depending on private sector investors.

Other exciting product innovations in US maize processing include:

- A potentially huge new market for a 6% maize starch additive used in the manufacture of biodegradable plastic products;
- Vitamin- and protein-rich animal feeds products, created in a fermentation process where algae grow on a maize-glucose growth medium; and
- Super-moisture absorption products, manufactured from a chemical modification of maize starches. The so-called "Super Slurper" can absorb 1 500 times its own mass in water. This product has exciting potential usages in industry, agriculture, herbicides and pesticides.

Cronje says a disquieting development over the past three seasons is the fall in the protein content of SA maize from a long-term average of 10% to below 9%, which could lead to a loss of R10/t-R20/t in the product value on the export market.

"We have to ensure that this process is stopped," says Cronje.

Other vital quality factors constantly



Cronje

monitored by Cronje and his team:

- Colour appearance. The xanthophyll colourant of yellow maize is vital to animal feeds consumers, as it "gives the required yellow appearance to products such as broilers and egg yolks;"
- Kernel hardness. High-grade, de-germed products like samp, maize rice and maize grits are manufactured from the hard part of the maize endosperm by the dry-milling industry;
- Moisture content. "Wet" maize can develop fungal growth and produce dangerous mycotoxins and aflatoxins;
- Kernel size is important to starch manufacturers, who prefer large kernels;
- Breakability, as broken kernels are prone to insect infestation;
- Grain density. SA maize has a higher specific mass than most maize on the export market;
- The nutritional characteristics of maize. Protein, starch and fat content are regularly monitored.

Over a period of 10 years to 1989, SA white and yellow maize had an average protein content of 9,9%, fat of 4,29%, fibre of 2,18% and starch of 72,4%;

- The energy value of maize can be enhanced by developing new cultivars such as high-oil maize, used in poultry feeds; and
- Resistance to disease, lack of foreign material and low percentage of grain dust.

SA export maize obtains far higher quality results than similar tests undertaken with maize from other countries. ■

Maize is it!

■ The Maize Board's ad men put white maize's image right

How do you get consumers and processors interested in a product as bland as white maize meal?

In 1987, faced with a declining domestic market and a potential "loss" of millions of rands on the export of surplus maize, the Maize Board called in the man who had helped save the rooibos tea industry in 1986, after it had lost its export markets following the salmonella scare — advertising guru Dirk Human.

Maize Board GM Hennie Davel realised that only an imaginative campaign, generating excitement throughout the black community, would be able to reverse the market decline of "old-fashioned" maize.

"The basic image of maize was its own worst enemy. We therefore embarked on an in-depth market research campaign," says Human. Human and John Dobie, the board's account executive at ad agency Klerck & White, had a brainstorming session over lunch. And the idea of adapting the success-

ful Pepsi Generation advertising campaign came to mind.

"We decided to recommend a long-term advertising and market promotion campaign based on the Maize Generation concept. The board accepted the proposal and the campaign was launched in January 1988 with



Human

simultaneous exposure over TV, radio and through the print media. The TV campaigns were accompanied by the catchy Maize Generation jingle. The modern image of white maize was promoted by using exciting visual material of the famous Concert in the Park held at Ellis Park. This created the im-

age of our campaign, based on catchy, modern music and lyrics," says Human.

The 1988 and 1989 campaigns were run on budgets of just over R5m each, and more recently annual budgets have been from R6m-R9m. The funding of these budgets is based on a levy of 0,5% of the producers' gross income, and contributions from the SA maize millers.

"Each year we create a new sales promotion, such as the Maize Generation Music Sensation, which is based on consumer and trade competition," says Human.

Apart from this successful advertising campaign, promotions, sponsorships, and an increased focus on public relations helped generate excitement in the market.

"The Maize Power concept is promoted through our sponsorship of the Maize Power City to City road race between Johannesburg and Pretoria. About 5 000-odd contestants promote the concept of maize as energy food through wide TV exposure," explains Human.

Even more successful is the R600 000 Maize Power Champion of Champions sponsorship for amateur soccer in the black community. This involves knock-out competitions between amateur soccer leagues throughout SA and culminates in a week-long play-off between the eight regional unions at Soccer City, Soweto. ■

Risk and reward

■ The board's marketing role includes hedging on the CBOT

Jeff Wayland, assistant GM, international marketing, has 26 years' experience with the Maize Board. He is a member of a strong marketing team whose aim is to obtain the

Continue

Fm 1/11/91

3 MAIZE

SNACKTIME AGAIN

Simba group services MD Pieter van Twisk says maize-based snacks make up 47% of the R500m/year salty snacks market in SA — and show the fastest growth. The reason is the perceived greater value for money of the maize-based products.

Two forms of maize products are used — whole maize for snacks, such as Fritos, and refined maize grit for the popular extruded Niknaks product.

Simba group MD Neville Isemonger says the price advantage of the maize-based products is clear when the price of a 150 g packet of chips (about R2,99) is compared with that of a 200 g packet of Fritos.

"You get 50 g more for the same money," says Isemonger. No wonder then, that maize snack sales show positive growth in the midst of a recession.

Willards Foods, Simba's main rival in the salty snack market, is no laggard in promoting its own products.

"While our Cheasnaks and Big Korn Bites are an admitted second to Simba's Niknaks and Fritos, we lead the way with Cheese Kurls, with Simba's Cheese Twirls in second place," says Willards group product manager Louis Minnaar.

Minnaar says sales of so-called extruded maize products are growing fastest in the salty snack market, showing annualised growth of about 10%.

With supermarkets providing for only about 27%, most sales (about 70%) take place at "bottom-end and rural grocery stores" in the mainly black market.

best possible prices for SA's export maize.

"We negotiate direct with the local representatives of major grain houses like Cargill, Finagrain, Bunge, Andre and Louis Dreyfus," says Wayland.

Most of SA's maize is sold on a tender basis through the grain houses. But, from time to time, when marketing advantages can be gained, the board also negotiates its sales directly.

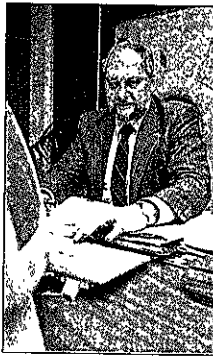
For example, Japan is SA's premier export market for yellow maize, as the Japanese pay a premium of US\$6/t-\$7/t for SA's quality export maize. Japan prefers SA's sun-dried yellow maize for its huge starch industry, as the local product has a starch yield of up to 73%, compared with only about 67% for US maize. The lucrative Japanese starch market uses about 4 Mt of maize a year and the board would obviously like to maximise its sales in this market.

The board is also involved in other important export activities.

"By hedging on the Chicago Board of

Trade (CBOT) futures market, we earned maize exporters an additional R90m during 1989-1990, when our bumper 11 Mt crop coincided with high global prices," says Wayland.

And forward exchange cover in the currency markets added a further R40m to total export crop receipts — a total "bonus" of R130m which the board's team earned SA's



Wayland

maize producers. "I see hedging strictly as a tool of management to offset the risk of price fluctuations to producers. Not one of our futures contracts led to physical deliveries on the CBOT," says Wayland.

"In fact, only about 3% of all the open contracts on the CBOT — currently about 1bn

bushels of maize, or about 250 Mt — lead to physical deliveries."

The board's hedging operations on the CBOT can be nerve-wracking, as futures prices can move up or down at dizzying speeds.

"During a typical US 'weather market' (when US crop uncertainties are aggravated by adverse weather conditions in the Midwest), prices sometimes move 'limit up' (by 10 US cents per day, or about \$4/t) for a number of days. It then becomes a calculated risk to decide when to hedge your futures contract," says Wayland.

While SA mostly exports yellow maize, some good markets also exist for white maize exports.

"Both Mexico and Venezuela use white maize for staple foods like the Mexican tortilla and the Venezuelan arepa. Mexico annually imports 300 000 t-600 000 t of white maize and this market may again become available to us once sanctions are lifted," says Wayland. But the best potential white maize export market is Africa, whose population may hit the 1bn mark early in the 21st Century. Wayland is confident that international food aid funds may shortly become available, and include the purchase of SA-produced white maize. ■

Hedging elsewhere

■ SA is too small for a futures exchange for farm products

Can a futures exchange take over the role of the unpopular (to consumers) one-channel maize marketing system?

This idea, though good in theory, would

not be easy in practice.

For one thing, some people believe the SA market lacks the volumes to justify such a futures exchange.

For another, they ask if there are enough speculators prepared to risk their money.

"While buyers and sellers of futures contracts form the essential elements, the risk money of the speculator forms the lifeblood of a futures exchange," says Holcom Brokers senior trader Lindsay Williams.

"The SA market is too small to support a futures exchange for farm commodities.

"In good crop years, it would be worth hedging the exportable surplus on the Chicago Board of Trade (CBOT) futures exchange. Maybe, in future, individual grain co-ops could hedge their own exportable surpluses on the CBOT," he says.

Jeff Wayland, the Maize Board's assistant GM, international marketing, says the board already hedges on farmers' behalf, in conjunction with the National Maize Producers' Organisation (Nampo).

"In 1988, we earned farmers R90m extra through hedging on the CBOT," he says. "We are now again looking at hedging opportunities, based on our current exportable surplus of more than 1 Mt."

In August, the US Department of Agriculture revised the US corn (maize) crop for the current season downwards by about 22 Mt to "only" 188,4 Mt. This immediately led to "limit up" (maximum daily move) spikes of 10c/bushel in the CBOT corn futures prices.

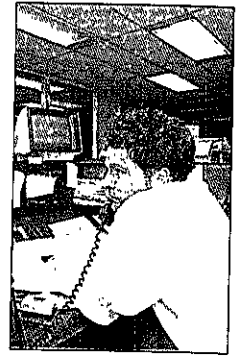
But this development was almost immediately followed by the Soviet coup, which put a damper on prices as the expectation was created that the US and Western food producers would stop all food aid to a newly repressive Soviet regime.

Currently, CBOT prices are hovering in the vicinity of US\$100/t — but this could again "spike up" as soon as perceptions firm that the US crop, or world stocks, are down; or that massive food aid will flow to the Soviets; or any other sensitive factor.

Williams says about 1,2m corn futures contracts are entered into monthly at the Chicago exchange. These contracts, for 5 000 bushels each, would total a massive \$15bn at current prices of about \$2,50/bushel.

"But," he adds, "only about 3% of all CBOT contracts lead to physical deliveries — an amount of only about \$450m. The CBOT is essentially a hedging mechanism, with most contracts resold prior to delivery date.

"The system is oiled by speculation." ■



Williams

Fattening them up

Fm 1/11/91

Maize is the energy

cornerstone for animal feeds

③ MAIZE ~~② MAIZE~~

The Animal Feeds Manufacturing Association of SA (Afma) annually uses about 2,4 Mt of yellow maize to manufacture feeds for SA's millions of chickens, cattle, sheep and pigs.

This ensures that SA's growing population has a constant supply of red meat, poultry, eggs, bacon, milk, butter and cheese to keep the nation's combined stomach full of protein-rich foods, three times a day.

Animal feeds sales over the past year totalled a record 3,9 Mt, with poultry feeds now making up 58% of total sales, says Afma chairman (and Epol CE) Munro Griessel.

This shows the growing importance of poultry, which has already pushed beef out of its No 1 spot in the meat market, he adds.

But while maize is a vital energy (and protein) component in the animal feeds market, all is not rosy in the garden.

"Our problem lies with the Maize Board's single-channel system. This is detrimental to the interests of the animal feeds industry," says Griessel.

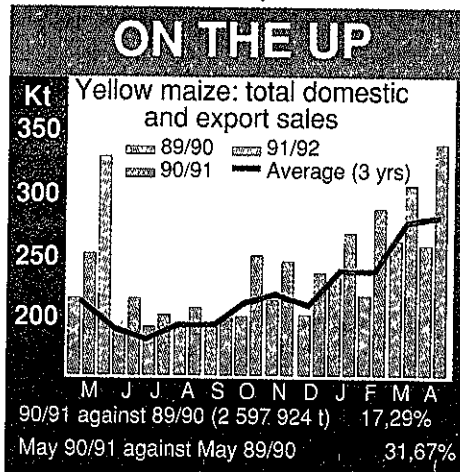
Apart from the marketing and pricing systems, the falling protein content of SA's maize crop is of great concern, says Griessel.

Griessel says the board's pricing policies are unrealistic, leading to an oversupply of maize (and costly export "losses"), while SA is forced, each year, to spend about R430m on the import of soya and fishmeal products to supplement the huge shortfall in protein feeds produced in SA.

"The low producer price ratio of soya beans to maize is the most important reason for insufficient soya production. In the US,

Fm 1/11/91

③ MAIZE ~~② MAIZE~~



this ratio is about 2,25:1, while in SA, over the past decade, the average approximated 2:1," says Griessel. This gives the wrong price signal to farmers.

For the 1991-1992 crop season, the R322/t maize price would stand in a 1,95:1 ratio to the soya price of R629/t. No wonder that in the year to end-March 1991, SA produced 360 000 t of oilcake (sunflower, soya, cotton and groundnut), while 187 000 t had to be imported.

By 2000, says Griessel, SA will need about 703 000 t of oilcake, against this year's total

of 548 000 t. This would obviously mean even bigger, costlier imports.

Apart from the oilcake imports, SA's animal protein feed requirements will necessitate the import of 180 000 t of fishmeal, at a total cost of about R300m.

Griessel says the single-channel marketing system protects producers of lower-quality maize as all grades are "pooled." Farmers are not encouraged to produce higher-quality, protein-rich maize, says Griessel.

But, responds Maize Board deputy GM Peter Cownie, the board recently "dramatically" increased the price gap between grades 1 and 2 maize (from 55c/t to R10,45/t) to encourage farmers to produce the best grade of maize.

Griessel says the protein content of SA maize has declined over the past few years, from 10% to 8,4% on a dry-matter basis. This represents a cost increase to the feeds industry of R10 per 1% protein per ton of maize, as it is now forced to replenish the protein loss from other sources.

"The nett result is not only a cost increase in animal feeds but also an increase in oilcake imports equivalent to 88 000 t/year to make up the protein shortfall," says Griessel.

And, as maize prices still increase when surpluses are produced, consumers feel that they have to pay for export "losses," while

the wrong price signals are sent to producers.

"Should prices decline in surplus years, this would be the single biggest incentive for farmers to switch to soya production. This would not only benefit farmers, the balance of payments and consumers like ourselves, but would also give farmers an added benefit as soya binds nitrogen into the soil and, therefore, reduces fertilising costs," he says.

Only the best

FM
1/11/91

■ Quality control is essential
to keep SA's maize tops

③ MAIZE

Dawie Cronje, assistant GM, technical, at the Maize Board, is a biochemist with an MSc in agriculture. His task is to keep a constant check on the quality of SA's maize, generally acknowledged as the best export maize available on the world market.

Cronje and his team are currently involved in 24 different projects to monitor and improve the quality of SA maize.

This includes checking overseas shipments, from the time of loading, during the ship voyage and up to the physical unloading

Cronje

Zimbabwe buys SA maize

HARARE — Zimbabwe President Robert Mugabe has given belated consent to a US\$15m deal between the SA Maize Board and Zimbabwe's parastatal Grain Marketing Board (GMB) for urgent imports to stave off famine.

The 100 000-ton deal, confirmed yesterday by GMB chairman Cephas Msipha, came as SA withdrew its application for readmission to the UN Food and Agriculture Organisation (FAO). ^{3 MAIZE}

Sapa reports the move came after the Organisation of African Unity urged its members in FAO to reject SA's application, saying Pretoria had not moved far enough in dismantling apartheid.

MICHAEL HARTNACK

Diplomats said SA backed down when it realised it could not muster the necessary two-thirds majority.

Sources say SA will begin deliveries of maize soon, much to the anger of Zimbabwean maize farmers who pleaded earlier this year for more realistic state-controlled prices. Zimbabwe will pay R450 a ton in hard currency for the SA maize while local growers get R155 a ton, with a promise of R180 a ton next year.

The GMB applied for government approval for the deal several weeks ago.

□ To Page 2

Maize

An SA Maize Board spokesman declined to comment on the sale.

As a result of Mugabe's "cheap food" policy, popular with urban voters, commercial maize production has fallen from up to 2-million tons a season 10 years ago to 600 000 tons in the current intake period. Zimbabwe is thought to need 900 000 tons a year for self-sufficiency.

SA is believed to be considering supply to Zimbabwe of an additional 50 000 tons from its strategic maize stockpile if there is a good crop this season.

One of the last acts of former Zambian president Kenneth Kaunda's government

was to mortgage 1992's copper production to SA for \$46m worth of maize. Zambia's stocks were due to run out in October, while Zimbabwe's would have lasted to February without the import deal.

Zimbabwe is also buying a consignment of SA sorghum to sustain beer production.

Zimbabwe's once massive maize stockpile has been eroded by agreements to send shipments over the past year to Botswana, Malawi, Mozambique and Zambia.

Zimbabwe's specific task within the 10-nation Southern African Development Community is to ensure food security.

^{3 MAIZE} □ From Page 1

B/DAY 12/11/91

~~2/1/91~~

3 MAIZE

B/DAY 12/11/91

ANIMAL FEEDS ~~Epul~~
③ Maize

Over the Rainbow

FM 22/11/91

Tiger Oats' animal feeds division, trading under the label of Meadow Feeds, still dominates the animal feeds market. Of the 3,9 Mt produced annually, Tiger supplies more than 40%. Farmers produce another 2,1 Mt of feed a year for own use on their farms.

But recent changes in the poultry and animal feeds markets have set the cat among the pigeons. Within the next few years, competitor Epol (in the Rainbow-Premier stable) may challenge Meadow's dominant position.

This is directly linked to the recent takeover of Bonny Bird by Rainbow Chickens, when Rainbow simultaneously obtained a 50% share in (and management control of) Epol. Currently, Meadow is still Rainbow's major feed supplier — but with Rainbow now controlling Epol (Rainbow MD John Geoghegan is Epol's new chairman), won't Epol want to take over Meadow's role?

Not according to Geoghegan, who is currently locked in sensitive negotiations with Meadow over the renewal of its existing supply contracts with Rainbow when they expire in 1993. "We are not going out to challenge Meadow's number one position in the market. Rationalisation of Epol's operations may entail certain production cut-backs," says Geoghegan.

An announcement on the outcome of the discussions is expected this week.

The battle for market share has taken on an added urgency in view of shrinking profit margins in the poultry industry. Poultry producers have been hit by an oversupply situation, coupled with sluggish demand.

Rainbow — SA's number one poultry producer — paid R224m for Bonny Bird, giving it 48% of the local broiler market, with weekly production capacity of 4m broilers. It also paid R20m for the 50% share in Epol, which owns eight mills. In the past financial year, Rainbow utilised some 450 000 t of feed, indicating the huge market that might now open up for Epol. But Rainbow also provides some of its own feed raw material requirements, with about R12,3m invested in maize and soya production.

This investment was made by Rainbow to evaluate the economic viability of producing these crops, due to the wide gap between maize producer and consumer prices in the open market. In the financial year to end March 1991, Rainbow's farming activities added R4,8m (or 10%) to its operating profit, providing some 7% of the group's feeding requirements. This shows the huge savings

Cont

FM 22/11/91

BUSINESS & TECHNOLOGY

involved in "home production" of animal feed ingredients. Rainbow also operates a major feed mill in Rustenburg and has supply contracts with Bokomo in the eastern and western Cape.

Epol MD Munro Griessel says the international trend has for some time been for vertical integration between poultry and feed production. "As feed comprises about 80% of the live bird production costs (and 50%-55% of total cost), it makes sense to integrate vertically into feed production in order to exercise greater control over feed costs," he adds.

Rainbow Chickens production director Barry Hundley says Rainbow annually uses about 350 000 t of maize. And it saves about R100/t on the 45 000 t of maize which it produces for its own account, as it does not have to pay the consumer price differential to the Maize Board.

"But, while we currently get up to 6 t/ha on our farms, it has not yet been determined how far we can expand this farming operation in a cost-effective way," he says. With Bonny Bird now also forming part of the Rainbow stable, group maize consumption should total about 500 000 t a year. "This makes us one of the biggest yellow maize consumers in SA. Our feed mill at Rustenburg alone will have the capacity to produce 300 000 t of feed annually, with maize the major component," he says.

After the Bonny Bird takeover, group feed consumption totals about 700 000 t annually (of which maize constitutes 500 000 t), adds Hundley.

Hundley believes that consumers should be allowed to buy their maize direct from producers, without having to pay any levies to the board. "The single channel system should be phased out and a price support



Meadow Feeds truck ... finding the correct protein balance

system, as in the US, should be instituted." Another major problem with the one-channel system, says Hundley, is the lack of a proper grading system, to differentiate between the various nutritional grades of maize produced.

"I believe that the days of the one-channel marketing system for maize, as well as for feed wheat and oilseeds (the other animal

feed products) are numbered. These systems only add to inflation. Yellow maize makes up 65%-70% of feed volume and about 44% of feed costs," says Hundley. In the case of cattle feeds, maize makes up about 50% of the volume consumed.

Graham Ebedes, MD of Meadow Feeds, says animal feed production today is very hi-tech, with feed playing the role of "high octane fuel." But the mix and composition must be right, with the correct protein-energy balance, as required by the animal at its various stages of growth and production.

"Research and development plays a big role in optimising the formulation in order to give the producer a competitive edge," says Ebedes.

While substitute raw materials such as grain sorghum used to be freely available on the market, the board has almost killed off all opposition by offering special discounts to its prime clients.

A major problem at present, says Ebedes, is the falling protein content in local maize, possibly as a result of farmers cutting back on fertiliser use.

"But, being a monopoly, the board charges us the same price, irrespective of the protein content. SA's animal feed industry cannot afford paying high prices for raw materials that do not meet specific standards," he says. Furthermore, the board's price differential is untenable and urgently needs addressing. ■

COMPANIES

'Executive fraud' hits Brenner

BRENNER Mills, the northern Transvaal-based maize milling group, managed to maintain interim earnings and dividends despite losses sustained as a result of fraudulent activities at two of its mills at Louis Trichardt. ^③maize

According to chairman Arnold Brenner investigations into the irregularities were still being carried out by the company and police. The irregularities consisted of stock theft carried on for part of the period under review until the services of the executives in question were terminated.

"A great deal of effort has been and is still being expended in an endeavour to quantify the extent of the frauds, but at this time directors are unable to establish an amount," he said *8/000 29/11/91*

However, other mills in the group traded well, resulting in earnings of R1,39m

MARC HASENFUSS

(R1,34m) or 5,9c (5,8c) a share. The interim payout remained at 2,75c.

In line with group policy, turnover was not disclosed but figures showed that the figure increased 2,3% in the interim period.

Brenner said that shareholders would be advised of the findings on the irregularities in due course.

He added that it was intended that steps would be taken to recover the group's misappropriated assets.

"Having regard to the expected return to profitability in the two mills at Louis Trichardt, the directors feel that the overall profit for the next six months will reflect an increase."

The share was untraded at 48c yesterday, midway between its April high of 65c and August low of 38c.

Drought, credit crisis threaten maize crop

PRETORIA — Drought is tightening its grip on the mealie lands of the western Transvaal and Free State at the critical planting time for the 1991/92 crop, National Maize Producers Organisation (Nampo) president Cerneels Claassen said yesterday.

Much of the area — which produces about 70% of the total crop in a normal year — had had virtually no rain and certainly not enough to start planting.

Optimum planting time, from November 15-30 had already passed. However, it was possible to plant up to mid-December with the prospect of substantially smaller yields.

Another Nampo spokes-

man said many farmers had been unable to raise the production credit needed to prepare their lands for planting. Last season the crop was planted over 3,02-million hectares, but this year for the first time in decades the total area planted could fall below 3-million hectares.

The cost of cultivation, estimated at more than R800 a hectare, had been another disincentive. The spokesman said the next two weeks would be critical in the western growing areas. Many farmers may be forced to switch from maize to sunflower production.

GERALD REILLY

Zimbabwe warned to act fast for SA maize

PRETORIA — The Zimbabwe Grain Marketing Board was warned yesterday to decide quickly if it wanted to secure imports of SA maize. ~~SA~~

Top maize industry sources were commenting on a report from Harare this week that bureaucratic hold-ups were threatening a 100 000-ton deal because time was running out to organise transport from SA.

The report also indicated that Zimbabwe lacked the R400m in foreign exchange to pay for the deal.

The sources said there had been fierce

GERALD REILLY

competition among other African countries for SA maize. ~~SA~~ ³ maize

However, they said, the maize crop was already prejudiced by an early summer drought and could face another serious threat from drought-inducing El Nino conditions in the critical growing months of January and February. ~~SA~~

The threat of a small SA crop could lead to the suspension of all maize exports to safeguard supplies for 1992 and 1993.

B/D/amy 18/12/91

African states snap up SA maize

GERALD REILLY

PRETORIA — The demand for SA maize from other African countries had been overwhelming this year mainly because of drought, failed crops and the needs of exploding populations, Maize Board GM Henrie Davel said yesterday.

Total forex earnings from the latest season's 1,1-million-ton surplus from buyers in African countries as well as overseas are estimated at between R430m and R450m.

Of the 1,1-million tons, 384 000 tons were exported to African countries and 512 000 tons were shipped abroad — 89% to Japanese buyers. *512 000 1911/2/91*

In Africa consignments have been railed or will be railed to Zaire, Zambia, Zimbabwe and Angola.

The board also supplies maize to Botswana, Lesotho and Swaziland and TBVC states but they are regarded as part of the domestic marketing programme.

Davel said it was clear SA was becoming

the bread basket of the southern half of the continent. *3 maize*

On the controversial Zimbabwe export deal Davel said the board would start railing 100 000 tons as soon as the money — R45m — was in the bank. *100 000*

Earlier this week it was reported from Harare that the deal was threatened by Zimbabwe's forex shortage. However, Davel said he had been assured by the Zimbabwean Grain Marketing Board yesterday that payment would be made today.

He said some African countries had asked for options to buy bigger volumes — 200 000 tons are still available — but whether these could be granted would depend on the success of the 1991/1992 crop.

Davel said of the overseas buyers Japan's purchases were by far the largest.

MAIZE 1992

AGRICULTURAL OUTLOOK

In the balance

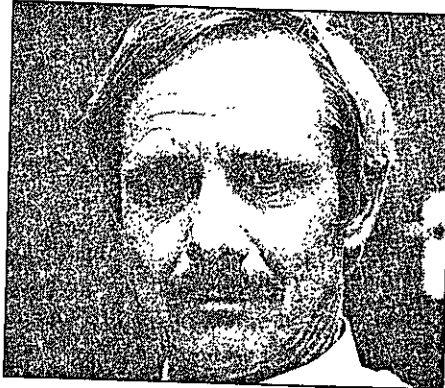
FM 3/1/92

③ maize

Most of the wheat crop was in before potentially damaging rains fell and, with only a small area in the eastern Free State still being harvested, the Wheat Board is talking of a crop of 2,2 Mt. Piet Vermeulen, manager of the board's business economic services, says this will be as much as SA needs for the season. There won't be enough to export, except to African countries such as Malawi and Zambia, but no wheat will have to be imported.

The same cannot be said for oats. This year's crop, planted mainly in the Swartland and Rùens, near Caledon, has failed because of drought. Only about 10 000 t went into the bag and SA needs about 45 000 t/year.

The main cause for concern, however, is the maize crop, in the summer rainfall areas, which is at a delicate stage. Some areas had rain when it was needed but others — mainly in the south-eastern Transvaal and north-eastern Free State — are still dry. A few



Fourie ... good west
of Bethal

farmers in those areas benefited from isolated showers last month, and planted crops that have germinated, but they are now waiting for more rain. Others missed out completely and farmers who allowed overgrazing now need soft, soaking rains because there isn't enough grass to prevent flood water from running off.

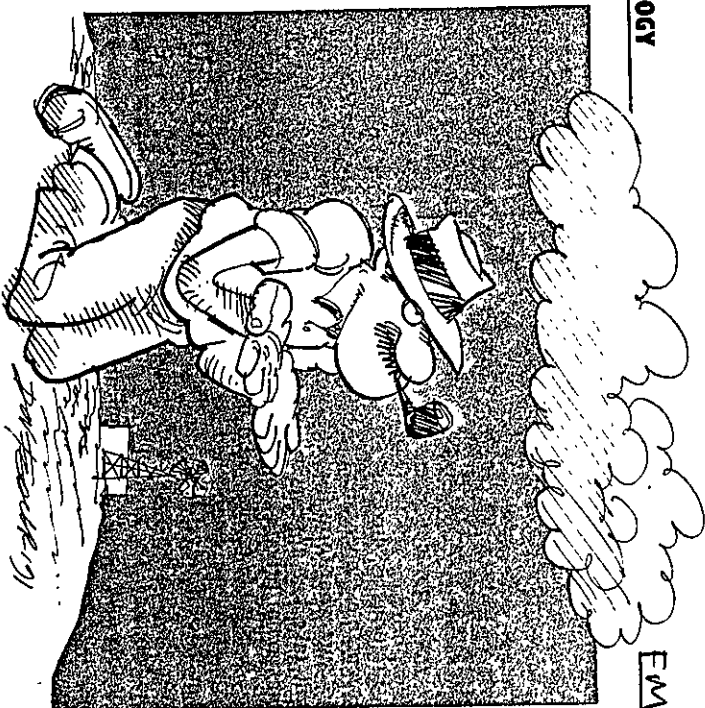
Poena Fourie, the Maize Board's assistant GM operations, says the maize crop west of Bethal appears to be good but, eastwards, towards Ermelo, it isn't as good as last year.

BUSINESS & TECHNOLOGY

In the western Transvaal there were rains; and farmers have been planting as fast as possible.

The first attempt to predict this year's maize crop will be made on January 10. Fourie says an estimated 2.8m ha had been planted to maize by December 15 — 300 000 ha fewer than the total last year.

However, last year was unusual and crop results won't even be used for averaging purposes. "Rains fell late and farmers planted when it would normally have been suicidal, but reaped quite good crops because of the unusually good rains in January." Even crops that look good need regular



rains between now and March. Meanwhile, Marais Fourie, a forecaster with the Weather Bureau, says the immedi-

EM 3/1/92

~~1~~ 3 marzo

ate prospects of rain over the eastern Cape, parts of the Free State and parts of southern Transvaal are improving. But "the rest of the Transvaal will remain as it is, hot and dry, with isolated thundershowers, in the Johannesburg and Pretoria areas."

Janette Lindsay, deputy director of the Climatology Research Group at Witwatersrand University, says a moderate El Nino (a large patch of warm water in the Pacific Ocean, which influences the weather in many countries) is building up. This increases the chances of some parts of the summer rainfall areas getting below normal precipitation.

She explains: "There are strong, moderate and weak El Ninos. Without exception, the strong ones are associated with low rainfall in the summer rainfall areas between December and March, the peak effect being in January and February. The more moderate ones do not affect the entire summer rainfall area, only portions of it."

Lindsay adds: "The weather we have been getting in parts since October is indicative of an El Nino: reasonably good rains associated with heavy local downpours, followed by droughts."

SA maize crop faces disaster

Nampo

PRETORIA — The 1991/92 maize crop faces disaster and could be only slightly more than that of two years ago, the National Maize Producers' Organisation (Nampo) says.

Nampo GM Giel van Zyl said yesterday a survey last week indicated that prospects for a good crop in a vast area had begun to fade.

Some plantings had been wiped out altogether by high temperatures and lack of rain.

Even with reasonable growing conditions in the next two critical months, a crop no bigger than 6,5-million tons could be expected.

Low rainfall this month and next could mean a crop of well below the 6,2-million tons needed locally.

The 1989/1990 crop amounted to 11,5-million tons, while last year's was 7,6-million tons.

This would not only raise the likelihood of SA having to import maize later this year but would mean it would be unable to supplement the expected poor crops of Zambia, Zimbabwe, Mozambique and others.

Last year Zimbabwe wanted

200 000 tons of SA maize. The Maize Board could supply this, but Zimbabwe was able to pay for only 100 000 tons.

Conditions in the eastern Free State and Natal had looked good until a few weeks ago.

But, as in other areas, prospects there had deteriorated drastically.

Van Zyl said the impact of a small SA crop on other southern African states would be critical.

Another critical issue was the devastation of huge areas of grazing and planted pastures, he said, explaining that the summer grain area supported 67% of the cattle population.

A Maize Board statement yesterday said the past fortnight's soaring heat and lack of rain caused severe crop damage.

Drought conditions were increasing over practically the total production area, the board said. Penetrating rains would have to fall over the entire production area in the next two weeks if severe damage was to be averted.

GERALD REILLY

3 Maize
Blowan 16/11/92

Nampo warns of disaster for crops

3 MAIZE

8 Day 24/11/92

GERALD REILLY

PRETORIA — Five more rainless days over a vast area of the country's maize belt could result in a crop catastrophe, National Maize Producers' Organisation (Nampo) GM Giel van Zyl said yesterday.

Speaking after a Nampo executive meeting, Van Zyl said with the exception of a few areas which had rain in the past week, the prospects for a crop anywhere close to normal were fast disappearing.

Conditions in the other parts of the western Transvaal are critical. Farmers in the Klerksdorp, Hartebeesfontein, Ventersdorp and Potchefstroom districts can expect a total crop failure if it does not rain in the next five days, Sapa reports.

Abnormally high temperatures resulted in maize lands which a week ago had a chance of recovering reaching an "extremely critical" stage with a danger of total losses.

Even if good rains fell within the next week only half of the normal crop could be expected.

In the northwestern and eastern Free State conditions varied from reasonable to "very poor".

In the northern Transvaal only 60% of the traditional maize growing area had been planted and this was withering fast, Van Zyl added.

The GM of the Northwestern Co-operative in Lichtenburg in the western Transvaal, Chris Wentzel, said the yield would fall another 30% if the rains failed for another week, with catastrophic consequences for the region's farmers, Sapa reports.

The livelihood of more than 600 farmers is threatened unless it rains in the next week.

Wentzel said the farmers had had seven consecutive bad years, and that their loss of income exceeded R1bn.

Conditions in the eastern Transvaal areas of Middelburg, Ogies, Delmas and Lesley were fair, becoming critical in the districts of Ermelo, Lydenburg and Davel.

Farming conditions are also deteriorating daily in northern and central Natal.

Recently Nampo warned that even with reasonably good rains in the next two months, a crop less than 6,5-million tons could be expected.

This would be only slightly more than half the 1989/1990 crop which amounted to 11,5-million tons. Last year's crop was 7,6-million tons.

Nampo has predicted that the crop could even be well below the 6,2-million tons needed for local consumption.

Down and out in

S/Times 26/1/92.

By PETER MALHERBE

(3) Maize

FIFTY farmers in the heart of the Transvaal's maize-producing region are living on food rations as a severe drought threatens to drive them off their land.

The 50 Delareyville families — along with an estimated 5 000 black workers on their farms — are desperately hoping that the heavens will open in the next few days to save their crops.

Theirs is one of the worst-hit areas, but throughout the parched western Transvaal farmers are suffering. With only a few days left before their mealies wither away, farmers and their families will gather in churches today to pray for rain.

Unless their prayers are answered, agricultural union officials estimate that more than 600 farmers in the region will "give up the fight" and quit their farms, some of which have been in their families for generations.

Agricultural authorities said the situation had reached a crisis point.

Even if abundant rains came next month, it would be too late. Virtually the entire maize crop would be lost, with serious repercussions for towns on the plateau.

In Delareyville, situated to the west of Klerksdorp, the farmers had banded together to help their colleagues who were living a hand-to-mouth existence as they watched their crops dying in the relentless heat.

The regional representative of the North West Co-operative, Mr Piet van Zyl, said maize meal worth R60 000 had been distributed to the 50 most needy families.

Hand-outs

The identities of the beneficiaries would not be revealed in order to "protect their pride", he said.

"It's a sad state, but they don't have food on their tables," said the chairman of the local agricultural union, Mr Flip Kotze.

"Once they were well-off, but now they have to rely on hand-outs."

He said about 90 percent of the farmers were battling to survive; only 7 percent were able to "continue on their own steam".

He was angry about the perception that farmers were too dependent on government subsidies and were always quick to "hold out the begging bowl".

"There are no bad farmers left, they packed up long ago.

"Those who are suffering now are the good ones, the ones who have managed to survive."

Mr Frans Joubert said



WERNICH LEMMER who will not give up the fight for his farm

Farmers hit by drought survive on food rations

he hadn't had a good harvest in 10 years.

His farm had yielded only 7 percent of its possible harvest over the past decade, but costs had continued to rise and interest rates to rocket.

"It has got so bad that farmers are struggling to keep their children at school," he said.

"I would like to see a family in the city survive on only 7 percent of their annual salary."

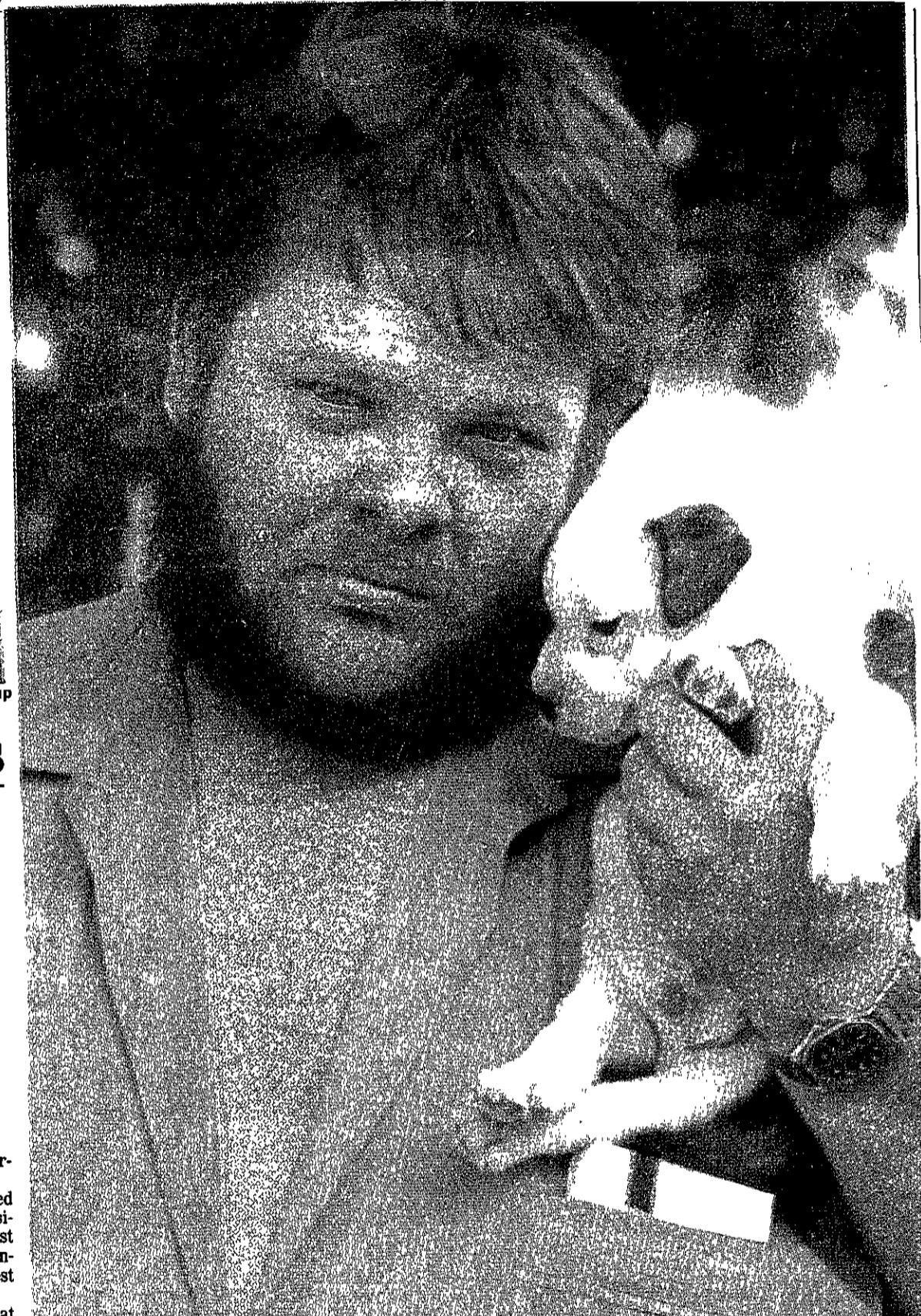
A neighbouring farmer, Mr Coen Nel, said he had planted only 70ha of his 1 000ha farm and his crop was being threatened.

"I haven't even bothered to inspect the plants in the last few days. I just watch the sky," he said.

The result of the poor crops had been an increased debt burden.

Farmers in the region served by the North West Co-operative (NWC), which includes Delareyville, had run up debts of R180-million at the co-operative.

"This does not include what they owe to banks or



PIET CHRISTIE, who says his tractors are 'on their last legs'

Pictures: JAMES SOULLIER

the Land Bank, which is much more," said Mr Van Zyl of the NWC.

In other areas of the western Transvaal, the situation was not much better.

Mr Piet Christie, who farms at Zoetmelksvallei near Lichtenburg, said this could be his last year on the farm.

He was born and grew up on the farm, but said the battle for his property would be won or lost in the next week.

Although he inherited the farm debt-free, successive poor crops had caused him to run up a bill of R500 000 at the co-operative.

"If the rains come and

my crops survive, I may be able to keep going. But things look bad."

He no longer had a bakkie on the farm and his tractors were "on their last legs", he said.

The scattered thunderstorms experienced in the past few days had merely damaged existing plants.

Nightmare

"It's not only my family that will suffer. It's all my farm workers as well. What will they do?"

Mr Wernich Lemmer, whose family has farmed on "Lemmerville" in the Hartbeesfontein district for four generations, said he would not give up the

fight for his farm.

"I have this nightmare that if I leave here I will end up as one of those people who sits in the lifts in Johannesburg and presses the buttons."

The chief executive of the Transvaal Agricultural Union, Mr Johan Hartman, said the drought had already destroyed between 60 and 70 percent of crops in some areas.

The general manager of the National Maize Producers Organisation, Mr Giel van Zyl, said if good rains fell this week only half of the normal crop could be expected.

A few more rainless days would result in a crop catastrophe, he said.

SUNDAY TIMES, January 26 1992 11

Delareyville

Crisis looms for maize crop

GERALD REILLY

③ maize

PRETORIA — The prospect of a disastrous 5-million-ton maize crop is becoming a growing reality as rains continue to hold off in the major producing areas, agricultural authorities say.

They say if the worst happens maize will have to be imported not only to boost domestic supplies but for the Maize Board to honour certain southern African supply contracts. *510am 29/11/92*

To satisfy the domestic need the board needs 6.3-million tons. Its policy is to keep 1-million tons in reserve. The reserve now stands at 1.2-million tons.

Meanwhile, the Transvaal Agricultural Union, Nampo and the Free State Agricultural Union have called on all churches urgently to organise a national day of prayer for rain.

In a statement they said the drought had assumed disastrous proportions.

Maize to be imported

SA WILL have to import maize this year, because of crop failure caused by drought, Maize Board GM Hennie Davel said yesterday. He said even if rain fell, there would be a deficit. ③ Maize

8/06/77
3/11/72

Worst maize crop in decade a certainty

(6) (DAM) GERALD REILLY 4/2/92
PRETORIA — All hope has gone for a maize crop large enough to meet the country's needs this year.

(3) MAIZE
Agricultural authorities say farming areas are in the grip of a drought comparable with those responsible for the farming disasters of the early 1930s and losses will run to hundreds of millions of rands.

The maize crop would not meet the domestic need of about 6,3-million tons, an SA Agricultural Union (SAAU) spokesman said yesterday. The harvest could fall below 5-million tons, making it the smallest crop in a decade. If it does, the Maize Board will be compelled to import stocks.

SAAU president Boet Fourie confirmed that there was no longer any chance of good, or even average, summer crops.

Grazing, too, had virtually disappeared in large parts of the country.

The gravity of the situation, Fourie said, would be outlined to senior officials of the Agriculture Ministry on February 14, and possible relief measures discussed.

The deteriorating farming conditions would worsen the already serious financial plight of large numbers of farmers.

Nampo economist Kit le Clus said: "We are now staring a disaster in the face with possible alarming consequences for farmers and the entire platteland economies in the Transvaal and Free State."

The number of farmers' sequestrations was bound to increase and, with it, unemployment. This would lead to a drift of workless people to urban areas, aggravating already serious squatter problems in the Transvaal and Free State.

As things stood now 1,5-million tons of maize would have to be imported — and every day the drought persisted would add thousands of tons to this figure.

The foreign exchange loss because of a lack of export maize and the costs of importing would be a drain on the economy.

Sapa reports that Lebowa's agriculture and nature conservation department has requested R84m for drought relief, with 42 applications for bulk water supply in all districts already made to the Development Bank of Southern Africa.

SA to import 3m tons of maize in next year

Own Correspondent **3 MAIZE**

EAST LONDON. — The Maize Board and Transnet have arranged to import and distribute three million tons of maize over the next year, using four ports, including Cape Town, a Transnet spokesman said this week.

Transnet was approached by the Maize Board and arrangements were made to co-ordinate the imports, using Portnet and Spornet facilities.

The maize will enter the country in various shipments at East London, Durban, Port Elizabeth and Cape Town, the spokesman said.

Grain silos at the ports, where available, would be used to full capacity for storage.

THE amount of maize SA produces has more to do with rainfall than the number of hectares planted. Total production is therefore in the lap of the gods. And the gods have not been very kind this season.

Rainfall in the P'WV region in January, for instance, was 70mm compared with the average of 130mm. But it has been even worse in certain farming areas of the eastern Cape, northern and western Transvaal and Free State as the devastating drought tightens its grip on the country.

The only glimmer of light in the gloomy situation is that SA has followed the trend of the developing world where commodities form a smaller part of gross domestic product (GDP) than previously.

Thus in 1911, agriculture accounted for 21% of the economy, mining 27%, manufacturing 4%, commerce 12% and other 35%.

By 1989, the latest year for which figures are available, this had changed for agriculture to form only 5.6%, mining 12%, manufacturing 24%, commerce 13.3% and others such as electricity and transport 44.5% of the economy.

IS Spain losing its allure for Japanese investors?

The decision by Sanyo Electric Co to cancel a 1.1-billion peseta investment in Spain has raised just that fear.

Instead of building a battery factory in Barcelona, Sanyo is casting its eye about Eastern Europe and may choose to make its investment in either Poland or in the former East Germany, said Sanyo Espana SA director-general Esteban Borrrell.

In 1989 Sanyo earmarked 3-billion pesetas for the factory, the Wall Street Journal Europe reported on Friday. A sharp drop in world demand for rechargeable batteries prompted the company to almost halve its planned investment, Borrrell said.

The gods turn a blind eye

8/10/82

3 maize

MERVYN HARRIS

But as First National Bank chief agricultural adviser Frans Venter says, the drought still has serious implications for the economy.

While it is difficult at this stage to quantify the effects of the drought, it could hit the balance of payments as SA could become an importer rather than an exporter of grain," he said.

The maize crop could be less than half the 6.5-million tons SA needs for domestic consumption. Nampo has estimated that government will probably have to find as much as R1.5bn to import between 2-million and 3-million tons of maize this year to make up for lost production caused by the drought.

Ironically, the crisis came only weeks after the first rainfall of maize from SA arrived in Zimbabwe as part of a huge food operation.

Zimbabwe is estimated to need 100 000 tons of maize to feed its people from mid-February to April. For the milling industry it will be

back to a scene which SA has seen several times. For while consumers prefer the white maize grown locally, it is the yellow maize grown in other parts of the world that will have to be imported.

However, the feeds industry would not be greatly affected as manufacturers would make sure they had the resources to meet demand.

The drought will also put more financial pressure on farmers. The effects of the drought on employment in rural areas will, however, go beyond the 60 000 white farming families in the country. For there are estimated to be at least 1.2-million black employees and domestic workers on these white farms. And they will feel the heavy hand of the drought on their employment as

much as anyone else.

Indeed white farmers have lost much of their political clout in the political and economic scenario. The once strong and even fearsome farming lobby is no longer the powerhouse of the Nationalist government but has become part of the opposition to the present regime.

Farmers therefore cannot rely on the heavy subsidies and other aid programmes which they once took for granted. Farmers are instead having to leave their lands to seek employment in the towns and cities as their forebears did in the '30s when drought also ravaged vast parts of the country.

But the ramifications of the current drought will hit everyone in SA as it affects food prices and ancillary industries which depend on agriculture and agricultural processing.

Early last week, for instance, Harvestime announced that it was to retrench about 500 people nationally

Spain fears the Japanese are moving out

8/10/82

CARLTA VITZTHUM
in Madrid

"When we saw that the plans were being delayed, we suggested that the land Sanyo had bought for the factory be developed for the real estate market," he said, dismissing suggestions that Sanyo's decision might mark a new trend among Japanese companies.

Although the amount of money at stake is small, Sanyo's move has some Catalans — in whose region the Barcelona plant was to be built — worried, particularly because Sanyo was one of the first Japanese companies to come to Spain 20 years ago. The Catalan daily, La Vanguardia,

Spain in the mid-'80s with a view to using the country as a springboard into the European market.

Spaniards have shown little of the resentment toward the Japanese evident in some other countries, primarily because the Japanese set up new job-creating industries rather than acquiring Spanish companies.

As a result, Spain has become one of the biggest producers of Japanese vehicles and parts in Europe, with heavyweights like Nissan, Suzuki, Honda and Yamaha supplying European markets from Spanish bases. But after growing rapidly in 1984

because of the severe drought in the eastern Cape. Most of those to be made redundant work at the frozen vegetable plant in Port Elizabeth.

Red meat producers will be hard hit as the grazing growth period in the summer rainfall area comes to an end. If rains continue to hold off, the consequences will be lower production as well as lower culling and lambing percentages.

A greater supply of non-market-ready livestock is likely, and this will place pressure on the market. It will lower producer prices in the short term but it could have unfavourable long-term consequences.

However, the drought will throw a favourable light on the single channel system which has for years come under sharp criticism for its socialistic and monopolistic tendencies.

Observers point out that in a national disaster such as the present drought, decisions can be taken swiftly at a centralised level in the national rather than the sectarian interest.

"This would not be possible if everybody out there was doing their own thing," a source in the private sector admitted ruefully.

and 1985 to represent 5.9% of all foreign capital in Spain, total Japanese investment fell by two-thirds in 1988. Although it revived in 1990 Japanese capital accounted for only 1.9% of total investment, according to foreign ministry figures.

Government figures released last week show direct net investment from Japan rose 6% last year, reaching 3.3% of that type of investment in Spain.

Despite the slowing of growth in Japanese investment, Spain continues to attract its fair share of capital. In the past five years, 112 Japanese companies have located in Spain. And other Japanese companies — like Nissan, Sony and Hitachi — have proceeded with ambitious expansion plans in Spain. — AP-DJ.

BOOKS

Maize crop disaster likely to cost SA R2bn

Own Correspondent

(3) MPAZC

CF 10/2/92

PRETORIA — The maize crop disaster is likely to cost South Africa as much as R2 billion in imported stocks to ensure adequate supplies for local consumption — and to meet export commitments, according to Maize Board figures.

The board's estimate is that this year's crop could be a 50-year low of between 4 million and 5m tons — against the local need of about 7m tons.

The board has warned that with-out soaking rains in the next few days, crop losses could multiply. The huge volume of imports

needed will place a strain on the country's rail system. To try to spread the load, the board has authorised the purchase of 100 000 tons during April — "as a matter of extreme urgency".

Complicating the problem further are the board's export commitments

— mainly to the Far East — entered into earlier in the growing season when crop prospects were reasonable.

According to a board spokesman, the board has hedged its supply position by raising the carry-over stock by 400 000 tons from 900 000

tons.

However, the fast-rising demand is eroding the additional stock.

The expectation is that almost 1,1m tons will be available at the end of April. However, without imports this will meet the national need only until the end of June.

SA forced to honour foreign maize contracts

PRETORIA — Foreign buyers of SA maize have refused to let the Maize Board buy back its export contracts after it became apparent that this year's crop would be a disastrous one.

Board sources said yesterday this meant SA would have to import a lot of maize to meet its contractual obligations to supply hundreds of thousands of tons.

SA has contracts with several southern African countries.

It is not yet known whether Japanese and Taiwanese buyers will hold the board to their export contracts.

Foreign yellow maize can be landed at Durban at R450 to R475 a ton. The board's

8/12/92 (3) maize
GERALD REILLY
current selling price to the trade is R464 for white and R419 for yellow. White maize is unobtainable internationally.

The Pretoria-based independent Agri-Economic Research and Trade Service estimated yesterday that SA would have to import between 3-million and 4-million tons of maize — about 60% of the domestic commercial consumption.

Because Zimbabwe would have to import maize on a large scale, it was probable that southern African infrastructure would be unable to cope with the imports

through SA harbours, the service said.

Robin Veldman, CE of grain merchants Khan and Khan, said maize prices indicated maize meal's price could rise by up to 25% from May 1 unless government agreed to implement subsidies.

Veldman said other summer crops, including sorghum, sunflowers, groundnuts and beans, had been hit to almost the same extent as maize and the availability and prices of all basic foodstuffs would be affected.

"The extent of this calamity will be measured ultimately in hundreds of millions of rands," Veldman said.

● See Page 5

'Too late' to save maize

③ MAIZE
CT13/2/92

IT is too late to save the maize crop in much of the Western Transvaal, and the drought seems certain to displace more farmers and workers from the land.

Mrs Renee Hartsman, media services manager of the Transvaal Agricultural Union, said farmers in the Western Transvaal were "going to have a zero crop" this year.

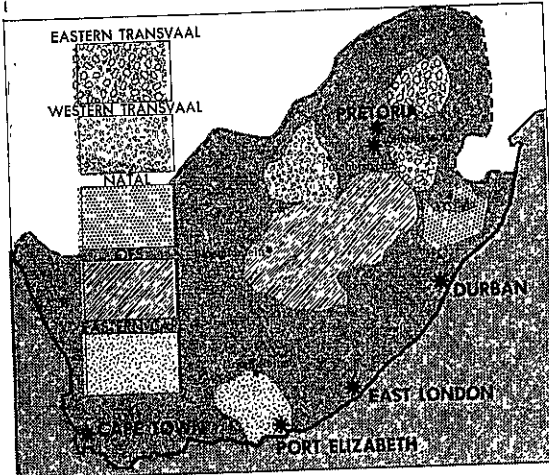
"They said a week ago that if they did not have rain in the next couple of days, they would have a 5% crop. And it did not rain," she said.

Crop losses of 80% and more had been reported in 13 of the 49 farming areas falling under the Eastern Transvaal Agricultural Co-op, the organisation said in a report this week.

The report covers a region stretching from Johannesburg to Amsterdam in the east, and from the Natal border to Marble Hall in the north. It was updated last Saturday, and a spokesman for the co-op said conditions had deteriorated since then.

Eight regions had reported crop damage of between 40 and 80%.

Mrs Hartsman said much of the Transvaal



DROUGHT-STRICKEN ... These are some of areas worst-hit. The worst maize crop failure areas are expected to be Standerton-Bethal-Delmas (E Tvl), Heilbron-Vrede-Frankfort (OFS) and Koster-Klerksdorp-Potchefstroom (W Tvl).

had had enough rain until the first week of January. How farmers would fare would largely depend on how old their mielies had been when the rain had stopped.

"In some areas the crops look alright, but when you open a mielie you find no corn on the husk."

She said the drought was far worse than it had been in 1983.

However, Mr Pierre Nel of the Natal Agricultural Union said that in his area the drought was not as bad as in 1983, when trees had died.

"We have got to stop stripping wattle bark because there is not enough moisture in the trees to allow it to come off properly. But we are not nearly as badly off as the Free State, where the mielies are white," he said.

Dr Koos du Toit, chief economist of the SA Agricultural Union, said last year's maize crop had been 7.2 million tons, and one million of those were to have been exported. Where possible, those exports had been cancelled.

If this year's crop was

four million tons, South Africa would have to import two million tons, or possibly three, he said. At about R500 a ton, the cost would be between R1 billion and R1,5bn.

Between 3 000 and 4 000 farmers had left the land in the 1980s, he said. In 1987, 650 farmers had been sequestered.

"We want to prevent an exodus of farmers, but realistically we know that some farmers, many of whom are very good, have reached the end of the line. We hope that if they leave the land, the domino effect does not destroy the infrastructure of entire areas."

There were only about 7 000 maize producers in the country, he said.

Mr Simon Norfolk, coordinator of the Johannesburg-based Farm Workers Research and Resource Project, said he had heard of entire farms in the Northern Transvaal being abandoned.

"There have been a lot of statements from Agricultural Unions about banks foreclosing on farmers, and the possible consequence of widespread evictions from farms, but we have no statistics on these," he said. — Staff Reporter and Sapa

Hardly a year passes without a drought crisis. Are we entirely at the mercy of the heavens, or can sensible

Another year, another drought

w/maail 14/2 - 20/2/92

③ maize

THE joke used to be that a South African farmer would look at the one year out of five when rains were plentiful in his area as the norm. The other four dry years were abnormal.

There's some truth in that but the present searing drought hurts the good and the bad. Yet the question lingers: are most South African farmers so marginal that one bad year can wipe them out?

Take maize farming in the Western Transvaal which has attracted most criticism for being an area unsuitable for maize. Maize Board deputy general manager Peter Cownie denies it is unsuitable. Compared with the yields obtained from rich United States farmland maize farming in South Africa could be considered a very poor prospect. That doesn't mean South Africa shouldn't be farming maize at all.

Will it hurt city types? Alas, it will

THE drought will not only hit farmers. It will cause food prices to rise and in turn push up inflation in general.

It will reduce export revenues and diminish the surplus in the current account of Balance of Payments, or how much money as a nation we have in the kitty.

It will shave a percentage point or so off the Gross Domestic Product (GDP), the broadest measure of the country's wealth.

Volkswagen economist Adam Jacobs points out that agriculture only contributes six or seven percent to GDP. But because of economic linkages with agriculture, drought has a wider effect. "It's quite clear that we will be lucky to see 1 percent growth this year," he says.

The drought could not have come at a worse time both

economically and politically. The economy is at the lowest point for years of an already long, drawn-out recession. Politically, the country is undergoing huge adjustments and changes.

Mark Lyster, of the Development Bank of South Africa, reckons 100 000 farm labourers could be put out of work. Multiply this by eight or nine dependents and you have a million people homeless or jobless.

Should they move to the city, the problem of finding land for informal settlement and paying for it will be so much worse. In general, increasing joblessness and rising crime will be given another boost, making it that much more difficult for South Africa's haves to cope with change.

Moreover, the drought has hit not only the maize farmers, such as the Western Transvaal, but other farmers as well. National Maize Producers Organisation (Nampo) general manager Giel van Zyl puts it bluntly:

"The drought is devastating the summer rain crops countrywide."

While dry-land farming has been hit, irrigation farming is by and large not affected. The sugarcane crop will be affected. So will, among others;

sunflower seeds, dry beans, sorghum and potatoes.

Mealies, a staple food for much of the population, has been hardest hit. Cownie says South Africa might have to import two to three million tons of mealies — despite having carried over

one million tons of maize from last season. At a world maize price of R450 to R500 a ton, that means R1-billion to R1.5-billion of precious foreign exchange flowing out of the country. In good years, maize exports from South Africa are a boost to the trade balance.

The urbanite view of farmers as mollycoddled Mercedes Benz drivers is wide of the mark, stresses the Development Bank's Mark Lyster.

A decade of moving agriculture towards a more market-related set-up, where demand matters as much as supply, has taken its toll. For instance, the real (adjusted for inflation) price of maize hasn't risen in the last six or seven years.

Lyster is careful to emphasise that the bank empathises with the plight of many farmers. There is real suffering out there, he says. Some farmers will be driven off the land. Lyster doubts

planning alleviate much needless suffering? **REG RUMNEY reports**

another big surprise. Why?

w/maail 14/2 - 20/2/92

③ maize

the government has much money available to spend on agriculture.

On the other hand, one has to be cautious about the special pleading of vested interests. For instance, farmers' groups have been calling for writing off the R18-billion or so of debt that hangs over the farming community. And they have been warning of widespread sequestrations. The banks are unlikely to rush into sequestrations. Those banks involved in agriculture hardly need to have more unsaleable property on their books. They would rather leave the farmers on the land to repay their debts.

Lyster supposes it wouldn't help much to write off the debt without addressing the underlying problem: farmers would merely build up debt again.

From a strategic point of view farmers' call for drought relief must gain sympathy, as long as it doesn't extend

beyond drought assistance, and is confined to debt related to production rather than the farmers' car or speedboat.

What the drought has shown, though, is the need from several different angles for fundamental reshaping of agriculture. The official attitude to agriculture has changed, and prices are more market-related, but much more needs to be done. As one example, the role and composition of the controversial agricultural marketing boards must be looked at carefully.

Distortions arose over many years in agriculture from various kinds of subsidisation of a strategic industry and the political clout of the farmers. So, for example, farmers grew maize where they should have grown sorghum or ground nuts. This kind of problem is not unique to South Africa. The present round of talks of the

General Agreement on Trade and Tariffs is supposed to take another step towards world trade free from subsidy and protection. But it has been nobbled by powerful farming lobbies in the European Community, and the US itself is not completely innocent when it comes to subsidies. Subsidisation of farm crops overseas affects domestic agriculture in various ways. It can be cheaper to import certain products, even though they are plentiful in South Africa.

Nonetheless, restructuring must be undertaken in South Africa for economic and environmental as well as political reasons. The political rationale for some kind of affirmative action for black farmers is well known. The Development Bank made itself unpopular some years ago by recommending that land which could not be farmed by white farmers without massive subsidies could be given to black farmers.

Lyster points out that in areas where maize farmers have not relied on far more risky but potentially more profitable high-input farming techniques, they have had good crops.

But he cautions against a romantic view of smallholder farming. It won't necessarily help food production simply to hand over farms from failed white farmers to small black farmers, for instance.

Moves towards a more rational economic approach have already been made. The Development Bank has advocated a land reform programme, encompassing politics, the economy, social, technical and environmental aspects. Its approach should include affirmative action for black farmers.

The reshaping of agriculture has to be sweeping.

Lyster sums up: "We have to try to move to a more sustainable environment."

Maize crop disaster likely to cost R2bn, says board

3 maize
6/10am 16/2/92
GERALD REILLY

PRETORIA — The maize crop disaster is likely to cost SA as much as R2bn in imported stocks to ensure adequate supplies for local consumption — and to meet export commitments, according to Maize Board figures.

The board's estimate is that this year's crop could be a 50-year low of between 4-million and 5-million tons — against the local need of about 7-million tons.

According to Nampo, it will cost about R500m to import a million tons.

The board has warned that without soaking rains in the next few days crop losses could multiply.

In many areas, crop destruction is total and the

most that can be expected from isolated rain at the weekend is a slowdown in the rotting process.

The huge volume of imports needed will place a strain on the country's rail system. To try to spread the load, the board has authorised the purchase of 100 000 tons during April "as a matter of extreme urgency".

Complicating the problem further are the board's export commitments — mainly to the Far East — entered into earlier in the growing season when crop prospects were reasonable.

Also, there has been an unprecedented increase in the local demand for maize meal.

According to a spokesman the board has hedged its supply position by rais-

ing the carry-over stock by 400 000 tons from 900 000 tons.

However, the fast rising demand is eroding the additional stock.

The expectation is that almost 1.1-million tons will be available at the end of April. However without imports this will meet the national need only until the end of June.

Economists said yesterday the disaster could not have happened at a worse time.

The overall impact could retard the bottoming out of the recession, push up the consumer price index and drain foreign exchange reserves.

Although there is no comment from the board, the price of maize is likely to rise sharply. It is linked to the crop size — the smaller the crop, the higher the price.

Botswana maize crisis

BOTSWANA is looking to South Africa to feed its hungry in the face of the severe drought that threatens to grip the entire southern region of Africa. (3)

Asked where Botswana would source its maize needs since South Africa was facing a critical drought situation and would be forced to import to meet its own domestic consumption, Botswana Agricultural Marketing Board general manager, Stephen Taukobong, said the country was part of the SA market.

"When SA makes her orders she will include Botswana in the bulk of her order," he explained.

He said Botswana imported about 100 000 tons of cereals annually. C/Pren 16/2/92

"We shall have to increase our cereal imports significantly this year to meet the drought needs and the shortfall caused by an expected poor domestic harvest," Taukobong warned. (3) MAIZE.

Maize subsidy needed to prevent price hike

8/day 19/2/92
③ maize

GERALD REILLY

PRETORIA — Government would have to subsidise heavily the enormous costs of transporting about 3-million tons of imported maize from ports to inland destinations or the price of maize products would soar, sources said yesterday.

The severe drought, which could reduce this year's maize crop to below 3-million tons, might result in government being asked to find R200m for railings imports to the interior.

A degree of support for the price could also come from the Maize Board's R120m stabilisation fund.

Assuming R2,80 to the dollar, the landed cost of maize is about R462 a ton.

This compares with the Maize Board's selling price of local maize of R464 a ton for white and R419 for yellow.

But to rail a ton of maize from Durban to the Reef costs R81, from East London R110 and from Cape Town R146. However, a special tariff deal was being negotiated.

Sources said taking into account the socio-economic consequences of a big hike in the consumer price — milling sources say it could be as much as 30% — in an environment of unemployment, poverty and hunger, government would have little alternative but to cheapen maize meal with

a subsidy.

A spokesman for Transnet's marketing division said 1 515 trains consisting of 50 trucks each would be needed to transport the required maize.

The average turn-around time from Cape Town was 10 days and four trains a day would be needed in one of the biggest operations ever planned by Transnet or its predecessor, Sats.

He added that getting maize to adjoining territories and to neighbouring countries such as Zambia and Zimbabwe would present no insurmountable problems.

□ Our correspondent reports from Cape Town that the average auction price of beef has fallen by 11,6% in the past two weeks due to the drought which has resulted in an oversupply of beef.

The price of red meat has fallen by varying degrees in all major centres.

In Cape Town the price of beef dropped by 5,8% but a national average showed that the price of beef had fallen from 532,2c per kg in January to 470,7c per kg for the week ending 14 February.

The mutton price had remained relatively stable.

Greater crop disaster feared

8/10 day 21/2/92

③ maize

GERALD REILLY

THE summer crop disaster is greater than was at first feared — it will cost SA up to R3bn in foreign exchange to import enough to satisfy local demand.

In Potchefstroom yesterday Nampo chairman Kerneels Claassen told a farmers' meeting the maize crop was likely to be about 2,6-million tons, the smallest crop in 50 years.

At least 4-million tons would have to be imported.

The worsening financial crisis will be the basis of urgent discussions on Monday between Agriculture Minister Kraai van Niekerk and top bank executives of commercial banks.

According to Volkskas agricultural economist Chris Mostert, by the year's end, farmers' total debt will be R18bn — of which about R6,5bn will be owed to commercial banks.

Currently farmers owe the Land Bank R3,8bn and agricultural co-operatives about R4bn.

The balance is owed to other financial

institutions and the commercial sector.

Mostert said the summer crop disaster meant there would be little if any return on the substantial production loans granted at the start of the season.

And in August or September they would again depend on the banks and co-operatives to finance the new planting crops.

There would be no return on these loans either until the 1992/93 crops were harvested in May and June 1993.

Bank sources said if there were was another crop failure the resultant financial disaster would be unprecedented.

It is estimated that 80% of summer crop farmers used commercial bank credit.

Meanwhile, in Cape Town this week, Deputy Finance Minister Japie van Wyk indicated government might help prevent the Land Bank from selling out debt-ridden farmers who were capable of being rehabilitated.

He also indicated that Land Bank credit could be stretched.

Further maize ³ imports

JOHANNESBURG. —
The maize board said it will import a further 150 000 tons of maize in April, having already announced plans to import 100 000 tons in that month.

The board, which two weeks ago said preliminary estimates indicated it might have to import 2m-3m tons because of crop failure due to drought, did not yet know what the total might be, chairman Jan Schabert said.

But, provision was being made to import maize at "maximum capacity" from May 1.

He said mixing of white maize with yellow maize for the coming season was inevitable as white maize was not available on world markets.

The board's deputy general manager Peter Cownie said the large import programme would make "exceptional demands" on harbour and rail facilities. — Reuter

When asked what the effect would be on going back.

SA to rely on imports for maize needs

GERALD REILLY

THE greater part of the nearly 7-million tons of maize needed to satisfy the domestic need would have to be imported this year, Agriculture Minister Kraai van Niekerk said on Friday. *Monday 24/2/92*

Speaking at a Maize Board function in Sandton he said government accepted the responsibility of ensuring adequate supplies of grain were timeously imported.

Approval had already been given to the Maize Board to import 300 000 tons in April and May.

As the imports were for government's account it was only logical that government would demand a bigger say in the fixing of the price.

Van Niekerk warned it was likely grain prices on international markets would rise sharply in the near future.

Referring to the shrinking of the area

under maize he said it was now about 3,2-million ha. *(3) maize*

The possibility that more maize would have to be imported in future could not be ruled out, especially if supplies had to keep pace with the additional 1-million mouths that had to be fed each year.

Farmers' income loss this year — it was also a loss to the national economy — could exceed R2bn. Other summer crops and livestock industries had also been adversely affected by drought.

On the enormous logistical problems associated with the huge import programme, Van Niekerk said for every 1-million tons imported, 30 shiploads would be needed as well as 22 800 trucks to dispatch the maize to thousands of end users throughout the country.

Zambia announces emergency food plans

LUSAKA — Zambia joined other drought-hit southern African nations on Friday in announcing plans to import massive amounts of emergency food. *Monday*

The agriculture ministry said government would import 500 000 tons of maize, more than half the nation's predicted consumption of its staple food for this year.

"Zambia has just taken a beating from nature," news reports quoted Agriculture Minister Guy Scott as saying.

The maize imports are expected to cost

Zambia, one of Africa's most indebted nations, more than \$300m. *(3)*

Scott said Zambia would compete with Malawi and Zimbabwe for foreign maize purchases. *Monday 24/2/92*

President Frederick Chiluba has declared several parts of the country disaster areas because of drought.

On Thursday Zimbabwe said it was ordering up to 2-million tons of maize from the US and unspecified South American nations because of a near-total failure of its food crops. — Sapa-AP.

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Yellow, white maize may be combined

Own Correspondent (3)

As white maize is not available on world markets and South Africa will be importing most of its maize in the coming season, the Maize Board foresees that yellow and white maize will have to be mixed.

Maize Board chairman Jan Schabert said arrangements had been made to import large quantities of maize. The first 100 000 tons would arrive in April, and a further 150 000 tons soon afterwards.

Although the board had increased its carry-over stocks, poor conditions and a shortage of maize produced by cattle farmers had resulted in a big demand. The board would, however, be able to meet present requirements, he said.

Board deputy general manager Peter Cownie said the large import programme would lead to exceptional demands on harbour and rail facilities.

The exact quantities to be imported were not yet known, but provision was being made to import maize from May 1 at the maximum capacity, a Maize Board statement said.

Town may disappear because of drought

By KENOSI MODISANE

RAMULUSTI township in Viljoenskroon forms part of the largely maize farming population in the Orange Free State.

There isn't much hope for residents of this township to survive the already chaotic unemployment situation.

And their fears are worsened by the drought hanging over the country.

The situation here is different because the entire population depends, in one way or the other, on farming and related activities to make a living.

The tiny township - established about 80 years ago - is largely dependant on the farms and milling corporations in Viljoenskroon and surrounding areas for employment.

Hundreds are already without jobs since Eskom closed down all neighbouring Vlerfontein late last year.

Also we have received warnings that they will be retrenched by the milling companies in the area.

Signs of starvation among infants are already evident although the local clinic refused to release statistics.

However, a spokesman at Boitumelo Hospital in Kroonstad, 60km from Ramulusti, said a large number of infants suffering from malnutrition or related diseases have been treated at the institution.

African National Congress secretary in the area Mr Dan Patersaid: "We are faced with a definite catastrophe unless something drastic happens."

Farmers in the surrounding areas have re-

trenched many farmhands. And the situation looks like it will be worsened by the looming retrenchments at the milling corporations."

The two milling companies in the region, Sentrale Westelike Koppersaie and the Altem Brothers Corporation, could not comment on the retrenchments.

A spokesman at Sentrale Westelike Koppersaie said: "It is quite obvious that we cannot run these machines and keep the labourers here if there is no maize. But all the same, let us hope we all survive the crisis facing us."

Most of the labourers at surrounding farms have been laid off. And those employed at the milling corporations have already been notified of the im-

pending retrenchments.

Local trader in Viljoenskroon, Mrs Alia Vermaak, said trading in the town has been affected by the lack of employment for local people.

"There is basically no food for the locals and this might lead to chaos. It is important that relief programmes are established to help children in these trying times," Vermaak said.

Meanwhile, a Sowetan investigation yesterday

dispelled rumours in the township that a faith healer and wife to an Apostolic church leader had "cooked her five-month-old" grandson in boiling water.

Rumour had spread in the area that Mrs Mamoohan

Mamoosah (41) had killed her grandson Tlatsi for ritual purposes.

Sowetan traced the baby to Boitumelo Hospital where he has been hospitalised and treated for malnutrition since December.

We cannot run these machines and keep the labourers here if there is no maize.

3/14/72

26/2/92

NEWS IN BRIEF

(3) Maize 81022.43/92

Nampo wary of reform

National Maize Producers' Organisation chairman Cerniels Claassen told the organisation's annual congress in Potchefstroom yesterday farmers were apprehensive about the consequences of constitutional developments for the agricultural industry.

He warned that farmers would vigorously oppose efforts to interfere with land ownership.

REPUBLIC OF SOUTH AFRICA
MINISTER OF AGRICULTURE
DEPARTMENT OF AGRICULTURE



SA ports geared for maize

JOHANNESBURG. — SA ports will handle seven million tons of maize and other grain imports destined for the local drought-hit market and those of neighbouring states, said a spokesman for harbour authority Portnet. (3) MAIZE 9/3/92 CT

The imports programme for the 1992/3 marketing season would place considerable pressure on the ports' infrastructure, but Portnet did not foresee problems, the spokesman said. — Sapa

NEWS IN BRIEF

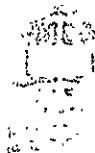
Maize shortfall

THE maize crop could be as low as 2.5-million tons, indicating a possible need to import more than 4.5-million tons, Nampo said yesterday. It painted a more pessimistic picture than the Maize Board which said a month ago that preliminary estimates pointed to a crop of between 4-million and 5-million tons.

810-9 11/3/92

Maize

UNIVERSITY OF TORONTO
LIBRARY



Talks start to alleviate maize crisis

GERALD REILLY
610 am 12/3/92
PRETORIA — A huge increase in the price of maize products is certain unless government agrees to a substantial subsidy on imported maize and Spoornet lowers its transport tariffs.

It is understood top level talks are under way to try and alleviate the crisis.

Latest Maize Board estimates say the crop will be no bigger than 2,4-million tons. About 4-million tons will have to be imported to meet domestic demand.

The board estimates that the cost of imported yellow maize will be about R596 a ton, including R113 transport costs from the coast.

Maize prices could rocket if government declines to meet all or a substantial part of the difference. Negotiations are in progress with Spoornet in an effort to lower transport costs.

Government will pay in excess of R2,25bn for the imported maize. Transport will cost about R450m.

Nampo GM Giel van Zyl said further heavy imports would be required next year if government failed to allocate the huge amount needed for rehabilitation and banks adopted a hard attitude to farmers' debts.

Lowest maize harvest in 40 years

By Helen Grange
Pretoria Bureau

South Africa has had its lowest maize harvest in more than 40 years and will have to import a staggering 4,5 million tons of maize this year at a cost of more than R2,25 billion.

The National Maize Producers Organisation (Nampo) has estimated that this year's drought-ravaged maize harvest for commercial use was about 1,5 million tons (2,5 million tons overall) — a huge drop from the average yearly harvest of about 7 million tons.

Nampo spokesman Giel van Zyl said this year's harvest could only be compared to the 2,6 million tons of maize harvested in 1947/1948.

Some farmers have described the drought this year as the worst in living memory. Thousands of farmers have been liquidated and farm workers retrenched in both the Transvaal and Free State.

Marginally more maize than usual was planted this year because the early drought in parts of the Free State meant the soil was too dry to sow wheat.

Between 3,25 to 3,3 million ha of maize was planted compared to about 3 million ha planted last year, Mr van Zyl said. However, four years ago, more than 4 million ha of maize was planted.

Concern has been expressed about whether South Africa's harbour and railway infrastructure can cope with the necessary maize imports — but transport authorities have given assurance that contingency plans have been made to ensure there are no major delays.

Council won't on rates with

CLIVE SAWYER
Municipal Reporter

THE city council will not suffer any

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(3) MINIMIZE ARLT 12/3/92

Bill for import of 4,5m tons

The Argus Correspondent

JOHANNESBURG. — South Africa has had its smallest maize harvest in more than 40 years and will have to import a staggering 4,5 million tons of maize this year — at a cost of over R2,25 billion.

The National Maize Producers Organisation (Nampo) has estimated that this year's drought-ravaged maize harvest for commercial use was about 1,5 million tons (2,5 million tons overall) — a huge drop from the average yearly harvest of about 7 million tons.

Nampo spokesman Mr Giel van Zyl said this year's harvest could only be compared to the 2,6 million tons of maize harvested in 1947/1948, when far cruder agricultural equipment was used.

The Maize Board, which holds a surplus of 1,1 million to 1,2 million tons from the last harvest, has already imported 350 000 tons for the new marketing year, which begins on April 1, according to Mr Piet Denysschen, the intake manager at the Maize Board.

There is uncertainty about how much maize will be held back by farmers for livestock feed. Mr Cerneels Claassen, Nampo's chairman, estimates as much as a million tons could be held back by farmers.

Some farmers have described the drought this year as the worst in living memory. Thousands of farmers have been liquidated and farm workers retrenched in the Transvaal and the Free State.

Marginally more maize

seeds than usual were planted this year because the early drought in parts of the Free State meant the soil was too dry to sow wheat.

Between 3,25 to 3,3 million hectares of maize was planted, compared to about 3 million hectares planted last year, Mr van Zyl said.

But four years agomore than 4 million hectares of maize was planted.

Concern has been expressed over whether South Africa's harbour and railway infrastructure can cope with the necessary maize imports — but transport authorities have assured that contingency plans have been made to ensure there are no major delays.

Portnet says it can handle 4,5 million tons of imported maize, using the harbours at Richards Bay, Durban, Cape Town and East London.

Up until 1991 South Africa was among the world's foremost exporters of maize, with an average of 2,16 million tons of maize reaching foreign markets each year.

According to Mr Kit le Clus, chief economist of Nampo, each million tons of mielies imported this year will cost R500 million, including harbour, rail and other costs.

Nampo said the average yield of the 1991/92 crop will be less than 0,8 tons a hectare, a quarter less than in the drought year 1982/83 when farmers were hit badly.

Taking into account direct input costs which farmers have incurred — more than R560 a hectare — maize farmers will lose in the region of R1 billion this year in unrecouped input costs alone.

Maize crop 'worse than expected' ³ 1912c

61 Day
20/3/92

GERALD REILLY

PRETORIA — The first official estimate of the 1991/92 drought-rotted maize crop puts it at a disastrous 2,1-million tons — and it could be less after the next estimate is made in a month's time.

The agriculture department's crop estimates committee says the crop will yield only 907 000 tons of white and 1 195 000 tons of yellow maize. And, according to Nampo, as much as a million tons will be retained on farms for stock feed and other uses, leaving just over a million tons for delivery to the Maize Board. This is against a domestic need of 6,5-million tons.

In the light of this, nearly 5-million tons would have to be imported.

The landed cost at Durban of imported maize is estimated at R450 a ton. By the time it reaches the Rand with transport and insurance costs added the cost would be about R570 a ton. The Maize Board's selling price to the trade is R419 a ton for yellow and R464 a ton for white.

Sapa reports that an operational office from where representatives of the Maize Board, Spoornet and Portnet will manage the import of maize to SA, Zimbabwe and Zambia has been set up at Spoornet headquarters in Johannesburg.

Spoornet said representatives from Spoornet, Portnet, the Wheat Board and the Maize Board had visited the four harbours — East London, Cape Town, Durban and Port Elizabeth — through which the maize would be imported.

CP 2513/92

SA signs on imported corn

PARIS. — Drought-stricken South Africa has bought 430 000 tonnes of US and Argentine corn for April/May shipment, traders said. Eight cargoes of Argentine corn were bought between \$127 and \$128 per tonne, cost and freight, and four cargoes of US corn, between \$133 and \$135, cost and freight, they said. SA's 1991 corn crop is expected to be more than halved to 4 million tonnes from 8,2mt 1990, according to the International Wheat Council (IWC).

③ MAIZE

Drought hits sorghum farmers

2 maize
GERALD REILLY

PRETORIA — Grain sorghum producers had taken a bashing from the drought, the SA Agricultural Union (SAAU) said yesterday.

It estimated that about 100 000 tons — nearly half the domestic demand — would have to be imported at a cost of about R50m. *BIDAY 24/3/92*

The official estimate of the crop was 94 000 tons — only half of what was needed for human consumption, an SAAU spokesman said.

On top of the drought, producers have had to contend with one of the worst finch plagues for many years.

The spokesman said the price at which grain sorghum could be imported to the PWV area was between R450 and R515 a ton depending on quality — a price far higher than last year's floor price of R295 a ton.

However the price negotiated between producers and buyers this year was likely to be far higher.

Reuter reports that the Maize Board said its first estimate of the 1991/92 maize crop was 2,1-million tons.

An official said the board expected to import 5-million tons as a result of the drought-reduced crop.

The board's unofficial estimate last month was 2,6-million tons.

The 1990/91 maize crop was 7,8-million tons, the official said.

He said the coming season's imports would be of yellow maize as white maize was not readily available on the international market.

The National Organisation of Maize Producers' chief economist Kit le Clus estimated recently it would cost R500m for every million tons of imported maize.

First shipment of maize due in Durban next month

GERALD REILLY ³maize

PRETORIA — The first shipment — 150 000 tons — of what will be SA's biggest maize import programme of 4,5-million tons, will be landed at Durban next month, says the National Marketing Council.

Economists said devastated summer crops — maize, grain sorghum and oil seeds — would have to be supplemented at great cost in scarce foreign exchange.

The cost of maize imports would exceed R2bn, said council marketing director Rodney Dredge.

Dredge said in a statement the biggest single import tender for 430 000 tons would be landed at Durban in June from the US and Argentina at a cost of R195m. A further consignment of 298 000 tons would be landed in May.

Nampo believes the maize crop may fall below 2-million tons. The first official estimate announced last week was 2,1-million tons.

Since it was made, however, there had been no significant rain in those isolated areas where the crop was reported to be "still alive". *Bl Day 25/3/92*

A Nampo spokesman said farmers would keep at least 1-million tons on farms for stock feed and worker rations, which meant less than 1-million tons would be delivered to the Maize Board. "We need 6,3-million tons to meet the domestic demand," he added.

Meanwhile, the SA Agricultural Union's National Oilseed Producers' Organisation (Nopo) chairman Gerhard de Kock said a preliminary estimate of the sunflower seed crop was 170 000 tons, about 70% down on the previous year's 588 000 tons. The soya crop is expected to be 40% lower than the previous year's 125 000 tons.

There will be enough maize - board

Own Correspondent

(3) Maize

STAR 31/3/92

The Maize Board is working to ensure the country will have enough maize this year, according to Maize Board general manager Peter Cownie.

He confirmed that Spoornet did have the capacity to transport the large quantities of maize, which would average 300 to 400 tons each month.

He said the board expected to import between 4 and 5 million tons of maize this season. The current price was R442 a ton but this was likely to increase.

Mr Cownie said buyers would be able to buy imported maize at list prices. Producers would be paid a lower price and the difference between the two prices would be made up by levies imposed on producers who sold direct to end-users.

Emergency maize from US on way

WASHINGTON — The United States is speeding emergency food shipments to southern Africa to help the region cope with one of the most severe droughts in its history.

State Department deputy spokesman Richard Boucher said the maize crop is down more than 50 percent in the entire 10-country area, and losses range between 70 and 90 percent in Lesotho, Namibia and Swaziland.

South Africa and Zimbabwe normally are grain exporters but both have been required to import substantial quantities.

"The severity of the drought has resulted in the need to import approximately 8.1 million tons this year," Mr. Boucher said. "Of this amount, we believe 3.4 million tons will be required to supplement commercial imports, and thus would be in the form of humanitarian food assistance."

He said an additional 366 000 tons of food aid has been approved as a supplement to the existing programme and, beyond that, 291 000 tons are awaiting final approval.

Other countries affected by the drought are Angola, Botswana, Malawi, Mozambique and Zambia. — Sapa-AP.

● Hints of thaw — Page 5

Demand for mixed meal 'likely to drop'

GERALD REILLY

③ Maize

PRETORIA — The milling industry expects a shrinking demand for mealie meal in reaction to the yellow-and-white mix and the price hike scheduled for May 1, say industry sources. Bid no 8/4/92

And Maize Board sources say the extent of the increase in prices all the way down the line to consumers is being studied at Cabinet level.

If government decides not to subsidise the difference between the transported price of imported maize (about R570 a ton) and the board's selling price of R466 a ton, price increases are likely to be high.

Premier Milling maize division head Tom Hambly said, historically, demand declined in reaction to mixed meal. Last year for a period the mix included only 15% yellow, and at that level demand was virtually unaffected. But the 70% yellow, 30% white mix from May 1 would be "yellow, yellow", said Hambly.

Sapa reports from Pretoria that almost half of a group of 10 219 major summer grain producers are unable to get further credit from their co-operatives to continue farming, and the total debt of the group is expected to amount to R5,367bn when the drought has been taken into account.

Surveys of the seven largest agricultural co-operatives showed that the 10 219 members for whom full financial information was available normally produced 80% of the country's summer grain.

A joint statement issued yesterday by Agriculture Minister Kraai van Niekerk and SA Agricultural Union president Boet Fourie said that, as a consequence of carry-over debts the group of farmers was already burdened with, as well as drought debts, 4 265 of them would not be able to get further credit from their co-ops.

Farmers needed at least R2bn to get a harvest into the ground for the new season's winter and summer crops, the statement said.

Southern Africa's drought scorches beyond maize fields

W/Maasf 10/14-15/14/92
3 M&T/92

By ANDREW MELDRUM
SOUTHERN AFRICA'S drought respects no boundaries, scorching crops right across the continent from Angola on the west coast to Mozambique and Tanzania on the east. And it is weighing heavily in the political balances throughout the region.

In some instances the effects of the drought are tipping the political scales in favour of change, such as in Malawi. In other countries the drought is hindering the process of democratic reform, as in Zambia. It is also threatening Angola's hard-fought peace and is troubling Namibia's hard-won stability.

Of course, the biggest victim of the drought is maize. Fields of the failed crop stretch from the Atlantic Ocean to the Indian Ocean and questions are being raised about the suitability of maize as the region's staple grain. The demands of hungry populations have also forced leaders to question the political wisdom of remaining so dependent upon maize.

Maize was introduced to Africa by the Portuguese, who brought it from the Americas. It was widely promoted by colonial agriculturalists as a staple food and a lucrative export grain.

Only now, with the widespread crop failure and the region's need to import an estimated 11-million tons of maize, are experts and peasants alike considering indigenous and drought-resistant grains like sorghum and millet.

Namibia has lost 80 percent of its maize crop, forcing the government to spend foreign currency on imports that it had planned to use on improving housing and education.

Lesotho expects to harvest just 45 000 tons, compared to its normal 120 000 tons. This should

scramble the already confused political situation here as the population braces for the expected skyrocketing of prices.

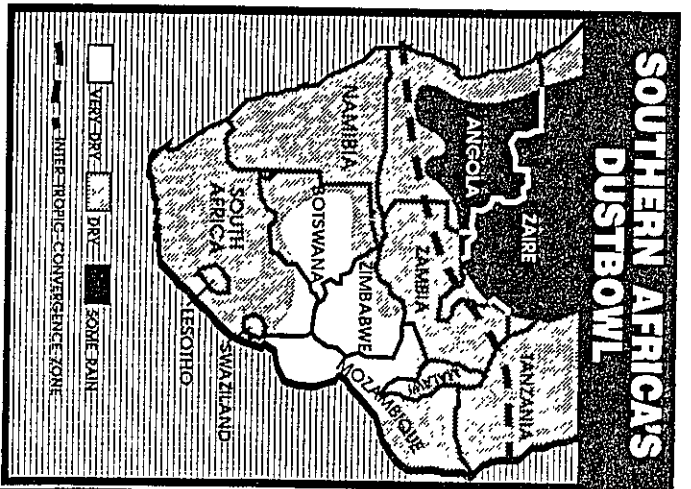
Normally lush Malawi has only produced 700 000 tons, half its usual yield. With an extra 1.2-million Mozambican refugees to feed, the Malawi regime is particularly vulnerable to pressure for political reform from nations donating food aid.

Maize plays a prominent role in Zambia's politics, as well as its diet. Former president Kenneth Kaunda kept the urban population happy with low, state-subsidised maize prices. But the subsidy became a heavy burden on the state budget and the low prices offered to producers gave farmers little incentive to grow maize.

When Kaunda tried to remove the subsidy and raise maize prices, in 1986 and again in 1990, food riots broke out. The June 1990 disturbances rocked the country and launched the democratisation process that led to Kaunda's defeat at the polls.

The drought has made it even more difficult for President Frederick Chiluba's new government to carry out a tough economic structural adjustment which includes the removal of subsidies. Now Kaunda, leader of the opposition, is trying to make political capital of the high food prices.

In Angola, the drought is threatening to undermine the ceasefire agreement and progress towards national elections. About 100 000 army and rebel fighters have, as stated in the peace accord, gathered at designated camps to avoid disturbing the peace in the run-up to the national elections in September. But the drought has caused a maize shortage that is shoving hungry, armed soldiers out of the camps in search of



something to eat. They could upset the plans to establish a new government.

Mozambique's war still rages and the drought has proved to be fuel for even more banditry and violence. There is not enough food in the country, but plenty of arms and ammunition. Neither the government nor the rebel Renamo movement are able to control their hungry troops effectively and armed bands from both sides are marauding the countryside in search of food.

For years southern Africa has been plagued by wars and misery, but generally enough rain has fallen for people to feed themselves. The promise of peace, democracy and stability which appeared within the region's grasp last year has been made that much harder by the drought's scorching effects.

Maize by the ton pouring in for Africa

SITimes [Cape metro] 19/4/92

③ Maize

~~2798~~

By KURT SWART

THE first ship bringing maize to drought-stricken parts of the Western Cape this week offloaded 47 250 tons of yellow maize in Duncan Dock, Cape Town.

The massive Greek bulk carrier Captain George Tsangaris transported the cargo from the United States and was the first in a fleet of ships delivering maize to the Western Cape.

Other ships will deliver a total of seven million tons of maize to different ports in South Africa and Mozambique in a major operation to ward off looming starvation in parts of southern Africa.

The 47 250-ton load was the first consignment of 500 000 tons to be imported through Cape Town from the US and Argentina.

Starving

The reason for the Western Cape intake is the failure of the crop in the maize belt of the Transvaal and the Orange Free State, which normally supplies the Western Cape with maize.

"The operation is only for this year," said Maize Board manager Mr Peter Cownie. "We pray the crop will succeed next year."

"We are importing 4,5 million tons for South African use, mainly for animal feed rather than human consumption. Durban harbour will unload 3,7 million tons, 300 000 tons will come

A key role for city's harbour in huge relief programme

through East London and 500 000 through Cape Town."

Mr Cownie said that although "the drought is the worst this century", no people or animals were yet starving in South Africa. He said the maize import was a result of "planning ahead".

The Captain George Tsangaris arrived on Tuesday last week at H-Berth. It would take about 10 to 12 days to offload the bulk carrier, with Portnet staff working 24 hours a day, six days a week, in 12-hour shifts.

"This maize is for local use and will be railed to Riversdale, Malmesbury, Worcester, Riebeeck West, Klipheuwel, Eendekraal, and Dal Josaphat," said a Portnet spokesman. "The second ship, expected tomorrow or Tuesday, will offload 33 000 tons."

The offloading and distribution was an involved operation needing tight co-ordination, said the spokesman.

"We are offloading at an average rate of 360 tons per crane hour and an average rate of 2 160 tons per shift. In one 12-hour period our workers managed to offload 3 872 tons, filling 86 rail trucks," he said.

A further 2,5 million tons will be offloaded at South African ports for transport to drought-stricken countries like Zimbabwe and Zambia.

South Africa's harbours are key factors in the massive international operation to stave off mass starvation in southern Africa following the region's serious drought.

According to reports, Zimbabwe maize reserves will run out within two weeks.

Serious

Like other southern African countries ravaged by drought, Zimbabwe faces a race against time to bring in maize and 28 000 tons of American maize is expected in Beira in Mozambique on Tuesday.

A shipment of 53 000 tonnes arrived last weekend in Durban, while 27 000 tons is expected in Port Elizabeth on April 25.

A maize ship arrived in Durban Harbour on Tuesday with 20 000 tons of grain destined for Zambia.

Forecasters at the United Nations Food and Agriculture Organisation (FAO) say the region, including South Africa, must import 10 million tons of maize in coming months to feed some 60 million people.

Transport is a problem for countries like Zimbabwe, Zambia and Malawi, which depend on Mozambican and South African ports. Security problems exist in getting the maize to the areas it is needed, particularly in Mozambique, where transport is frequently attacked by Renamo rebels.

Apart from maize, Zimbabwe will have to import 340 000 tons of wheat, 175 000 tons of sugar, 15 000 tons of rice and 160 000 tons of oilseeds.

On Tuesday hundreds of hungry people waited in vain for maize to arrive in Bulawayo from SA and Mozambique, the Ziana news agency reported.

Kroonstad and Viljoensroon in the Free State were declared drought disaster areas this week. Heilbron and Frankfort, also in the Free State, were declared drought disaster areas earlier this month.

New approach to channel maize

Sowetan 24/4/92 (3) MAIZE

SENIOR Foreign Affairs officials and delegations from Botswana, Malawi, Zambia and Zimbabwe aim to take a closely co-ordinated, regional approach to channeling shipments of maize from South African ports to neighbouring states.

A conference held in Pretoria on Wednesday night to co-ordinate the drought relief operation decided representatives from all

Sowetan Correspondent

delegations present would be nominated to serve on the operation group of Transnet to manage future co-ordination and working methods.

The group will meet shortly to establish an effective co-ordinating mechanism to realise the objectives set by the conference.

Specific issues which were discussed during the conference included the

food requirements of the individual countries and logistical aspects of landing and transporting the food to all the countries in the region on an "expedient and equitable basis".

Zimbabwean delegate Dr SB Marume, Deputy Secretary of the Zimbabwean Ministry of Transport, said he was hopeful the objectives set by the conference would improve the country's situation within the next few weeks.

He said substantial shipments of food were ex-

pected to arrive in May and June, and their speedy distribution would help alleviate the shortage.

"The situation in Zimbabwe at the moment is perhaps not as bad as in other states but it is not good, considering people used to having plenty must now make do with very little," he said.

The meeting was chaired by the Deputy Director-general for Africa in the Department of Foreign Affairs, Mr DW Auret.

Summer crops devastated by drought

16/10/92 28/4/92
GERALD HEILY

PRETORIA — The extent to which drought damaged this year's summer crops is illustrated by Agriculture Department figures released yesterday which show that in some areas yields were as little as a seventh of the 1990/91 season's levels.

The figures show that in the western Transvaal, where drought damage was greatest, the maize crop was down to 314 000 tons compared with 2,3-million tons last year. ^{(3) MAIZE}

Figures for other areas are: eastern Free State 132 000 tons (699 000 tons last year); northern Free State 415 000 tons (1,2-million); eastern Transvaal 868 000 tons (1,95-million); PWV 282 000 tons (755 000); northern Cape 126 000 tons (409 000); southern Free State 35 000 tons (118 000).

The department estimates the total crop at 2,433-million tons, compared with 7,8-million tons last year.

The white maize yield was 985 000 tons (3,8-million) — one of the lowest yet recorded. Domestic demand for white maize is about 3,3-million tons.

Other summer crops were also devastated — sunflower seed was reduced to 170 000 tons, compared with 589 000 tons last year; soya beans were down to 72 000 tons from 126 000 tons and grain sorghum to 95 000 tons from 240 000 tons.

Nampo GM Giel van Zyl said the figures showed the extent of the 1991/92 summer drought disaster and underlined the urgent need for "big" government aid for farmers.

Later this week Agriculture Minister Kraai van Niekerk is expected to announce additional state aid, which experts predict will not be less than R2bn. Government has already allocated R1bn.

Our correspondent reports from Port Elizabeth that a purchasing scheme whereby farmers could purchase breeding stock from drought disaster areas to save them being slaughtered, has been announced by the Meat Board.

Farmers who have the grazing to use such animals for future production purposes may apply for loans at reduced interest rates to purchase such animals.

Red Meat Producers Organisation (RPO) spokesman Jan van der Walt said yesterday this would ease the pressure on the slaughter stock market. "The drought situation is deteriorating progressively and it is a matter of great urgency that suitable breeding stock are removed from the drought disaster areas."

Meanwhile, two ships, carrying 41 000 tons of wheat and maize for SA and Zimbabwe, are scheduled to dock in Port Elizabeth today.

The bulk cargo carrier Constanza M is expected today, bringing 14 000 tons of wheat from Canada as part of a drought relief programme.

Also docking today with 27 000 tons of maize from the Argentine, destined for Zimbabwe, will be the cargo ship World Ares.

Outlook for maize crop improves

Bidans 29/4/92
SA's maize crop would probably be much larger this year than originally expected, it was reported yesterday.

The second estimate of the Agriculture Department's national crop estimation committee showed there would be about 253 000 tons more of yellow maize than indicated during last month's estimate.

The second estimate also showed there would be 78 000 more tons of white maize.

Both white and yellow maize crop estimates were, however, only about a quarter of last year's estimates. The estimates also point to the grain sorghum crop being about 1 000 tons more than estimated last month. Estimates for groundnuts, sunflower seed, soyabeans and dried beans were all marginally below the first estimate.

MEREDITH JENSEN reports recurrent droughts have forced the Botswana government to revise its policy of food self-sufficiency, clearing the way for maize imports from SA. (3) maize

Yesterday, the SA Maize Board confirmed that Botswana would import maize directly from SA for the first time in several years. In the past, Botswana has imported maize from Zimbabwe but could not do so this year because of the drought.

Our Durban correspondent reports April looks set to be one of Natal's driest months in more than 20 years, with just 8,7mm of rain in Natal so far — 79mm less than the monthly average, according to a meteorological office spokesman. — Sapa-Reuter.

New shock as maize, sugar prices soar

By Paula Fray
Consumer Reporter

The cost of two basic food commodities, maize and sugar, are set to increase and hard-hit consumers — already reeling from a record 28,9 percent food inflation rate — have been warned of a ripple effect.

The cost of sugar will rise by at least 14,5 percent next month, the SA Sugar Association announced yesterday

— giving consumers and retailers ample time to stock up on the product.

However, maize selling prices go up today.

The Maize Board announced yesterday that the 1992/93 prices, excluding rail costs from the coast, would increase by 14,2 percent for white maize and 13,4 percent for yellow.

The new maize prices were immediately slammed by Premier Group chief ex-

ecutive and chairman Peter Wrighton, who said the price of imported yellow maize for stock feeds would increase by about 34 percent after railage costs to the Reef were included.

"This increase will have a horrendous effect on the price of meat, poultry, milk, butter and eggs and will exacerbate the alarmingly high reported food inflation rate," said Mr Wrighton.

Maize Board chairman

Jan Schabert said it had become evident that the producer price had to be fixed at a level which would encourage local producers to deliver their maize to the board and not retain it for their own use.

Consumer prices of white sugar are expected to rise by about 24c/kg and by 59c for a 2,5 kg packet. The final price to consumers is set by retailers

'Shaun tried to be the best'

Own Correspondent

DURBAN — Natal's star hooker Shaun Gage and his former wife Robin had decided to make another go of their marriage the night before he died.



CP moves

closer to negotiations

By Peter Fabricius
Political Correspondent

Several are working a short week and Samcor, assemblers of Mazda, Mitsubishi and Ford, closed its operations for two weeks last month.

Child

Many manufacturers say they are overstuffed in terms of expected sales.

Apart from job security, Nunisa has asked for a 25%, or R2 an hour, pay increase. 15 days' leave a year for "child care", additional compassionate leave, six months' maternity leave, 10 hours a month for union meetings, 20 days' leave a year for shop steward training and the elimination of discrimination in employment.

conventional aluminium airframes. Ovid is competing against four foreign-built aircraft. SA aviation sources claim the rivals are either more expensive than Ovid, or cannot match its performance, or have higher operating costs, or incorporate old technology.

Kobus Eksteen, general manager of Simera — the commercial aircraft division of Atlas — says: "Counting against us is the fact that the foreign companies can deliver the 40-odd aircraft immediately. However, we could start tooling up immediately, and would produce the 40 aircraft the SAAF requires by 1995." Atlas has put together

several SA companies that will make parts for Ovid — each aircraft will cost about R5.3-million. The aircraft would be assembled by Atlas, in much the same way as the Airbus airliners are built in France.

Mr Eksteen says Atlas would be able to make about two aircraft a month for roughly 20% less than the price of the main contenders. "Our Impala, Kudu and Bosbok contracts have expired and Ovid is the ideal product to take their place. An order from the SAAF would establish a starting point for an indigenous aircraft industry. "Ovid is the first composite material trainer to be de-

order an aircraft other than Ovid.

"There is enough evidence that this type of deal often comes with packages that include finance and offset work, all of which make it difficult for SA to compete. It is not simply a question of selecting an aircraft. A multi-dimensional decision must be taken."

But Gerry Wyss, consultant for Intertechnic, the SA agent for Pilatus, is 80% confident that his product will be chosen.

"The competition is strong and I have no doubt that Ovid is a good aircraft. But there are problems in a new design, not the least of which are the cost of tooling and obtaining airworthiness certification. They are time-consuming and expensive."

Profit

"I am sure the SAAF does not want to be the guinea pig with a largely untested aircraft. Pilatus PC-7 is in service with 22 air forces and we have an established simulation and maintenance package to go with it."

Mr Wyss says Pilatus offers Atlas the opportunity of sharing in the construction of the PC-7, which will lower the cost to about R200 000 more than Ovid.

"Break-even point on a new aircraft is about 33 units, leaving a small margin for profit."

A SAAF spokesman says: "We are still evaluating the aircraft. Whatever the choice, the SAAF will consider the interests of SA industry."

to become part of Fascism.

The rich richer the poor poorer

By JOHN CAVILL: London

THE United Nations Development Programme says that the income gap between the world's poorest billion people and the richest billion has widened from 45:1 to 59:1.

Since 1960 the disparity has almost doubled. The world's upper fifth enjoys 83% of gross national product and 81% of trade. The bottom slice accounted for 1.4% of GNP and 1% of trade.

A parallel and more emphatic finding came from the US Federal Reserve's three-yearly Survey of Consumer Finances, which calculates the distribution of wealth defined as assets minus debt.

It shows that the top 1% of US households — 834 000 — increased their share of private net worth from 31% to 37% in the six years to the end of 1989. This added up to \$5 700-billion, or an average of \$6.8-million each.

By contrast 90%, or 84-million households, could claim \$4 800-billion, which pans out at \$57 000 each. That put the US rich-est ratio in 1989 at 119:1.

Farmers face huge loss

By DON ROBERTSON

MEALIE farmers expect to lose more than R1-billion this year in spite of large price increases granted by the Maize Board. Millers' prices were raised by 14.2% to R530 a ton for white maize and by 13.4% to R475 for yellow this week.

Because of the drought, mealie yields are expected to be lower than the average for the past 15 years. A crop of only 2.4-million tons is forecast.

Fanie Brink, senior economist at the National Association of Maize Producers (Nampo), says yields could fall to about a ton a hectare and as low as 600kg in some areas. The usual average is about two tons.

Farmers' costs are about R765 a hectare for fertiliser, labour and fixed overheads. This leaves a shortfall of more than R300 a hectare based on a price paid to farmers of R445 a ton for white and yellow maize.

The Maize Board says the prices have been structured to encourage farmers to deliver their crops to it and not keep it for their own use, mainly for stockfeed. But it is feared they will deliver only 1.1-

million tons to the board — 400 000 tons of white maize and 700 000 of yellow. To meet consumption of about 6.7-million tons, the board will import about 4.6-million tons of maize in the next year, mainly for stockfeed. It will charge a premium of R30 a ton on imports.

Users have attacked the surcharge. Premier Group chief executive Peter Wright says it will have "a horrendous effect on the price of meat, poultry, milk, butter and eggs and will exacerbate the alarmingly high reported food inflation rate."

The SA Sugar Association (Sasa) has announced a price increase of 14.5% from June 1. It will add about 24c to the cost of a kilogram of sugar.

As in previous years, the price rise has been announced in advance to allow consumers to stock up. Sasa has bought an undisclosed amount of sugar abroad to meet its export contracts.

coming on the scene, in Midrand, Sandton and Rosebank." ■

FARM IMPORTS FM 8/5/92
~~Wheat~~ (3) maize
Droughts and windfalls

The drought has knocked farmers flat on their backs, threatened rural economies and raised prices for consumers. But, amid all the losers, there is one winner: government.

The fiscus could collect a windfall of more than R200m from imports of maize and soya oil-cake needed to offset the crops lost to the drought. Government could make R138m by importing maize at the cheap world price and selling it at the higher local price, which is set by the Maize Board for all maize sold in the country.

And it should collect another R70m-R80m from the tariffs it charges on imports of soya oil-cake for the animal feed industry. The R200/t tariffs were imposed a few years back to "protect" local soya producers. Little, if any, soya cake is ever imported. But now government and local oil expressers,

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cont — D

BUSINESS & TECHNOLOGY FM 8/5/92 ~~Wheat~~ (3) maize

who take the oil out of the seeds, don't want a drop in the tariffs on the huge imports of soya oil-cake forced by the drought.

The total windfall, which could reach R220m, will exceed government's R90m net "profit" last year, when the wheat crop suffered from erratic rains and government imported wheat at low prices to sell to consumers at high local prices.

The high tariffs on a product — soya cake — that SA cannot supply has created the most controversy. "The drought has slashed the sunflower seed crop to about 170 000 t, compared with last year's 590 000 t," says Barry Hundley, feed committee chairman of the SA Poultry Association.

"This will force us to import about 400 000 t of soya oil-cake (which is more protein-rich than sunflower cake) at a cost of about R360m, of which about R80m will go into the State's coffers. We asked the oil expressers for support to get the tariffs dropped, but, because they refused, we will now have to pay the premium."

As for maize, the board now expects local deliveries of only about 400 000 t of white maize and 700 000 t of yellow maize from farmers this year. SA's annual maize consumption totals about 6,5 Mt, meaning that imports of about 4,6 Mt are required, taking into account part of the 1 Mt the board retained from last year's 7,8 Mt crop.

Last week's maize-price rise will mean larger profits when the board begins to sell the imported maize.

"The board announced a 13,4% increase in the price for yellow maize to R475/t — but this is based on last year's list price of R419/t," says Hundley, who is also production director at Rainbow Chicken. "I understand that about 92% of all the yellow maize was sold last year to contract buyers. These buyers paid only about R383/t for their yellow maize, based on the board's discount scheme."

Due to the shortage, there will be no contract sales this year. So the new price represents a 24% increase over the price of most of last year's crop.

Government makes its money from the R30 difference between the new maize price of R475/t and the current landed price for US maize of less than R445/t. With 4,6 Mt coming in — shipments began a few weeks ago — the windfall could be R138m.

The unexpected receipts from the soya cake tariffs will go straight into government coffers. But the maize money will go towards subsidising the fixed costs of the under-used northern grain silos, hard hit by the drought: 70% of the costs will be paid by government, a total of R173m.

"The maize industry's share of this subsidy has enabled us to keep the selling price within the inflation rate," says the board.

Hundley does not agree with this interpretation. "Not only will the effective yellow maize price increase be well above inflation, but the R138m will not be 'the maize industry's share' of the huge subsidy — it will be paid by the buyers of maize. The co-ops

(owners of the silos) will not be forced to suffer any loss due to the drought, but will be bailed out by government soaking the board's consumers."

But board deputy GM Hans Swart says: "The board trusts that any profits made on government's import account for maize will be used to benefit the maize industry and specifically for the benefit of the end-user."

All of this, of course, could easily become academic. Prices are rising on the Chicago Board of Trade, with US maize prices increasing by about R12/t "over the past few days," says Swart.

So, by the time the final maize shipment arrives almost a year from now, that big windfall could be just a memory. ■

③ Maize
Maize
meal goes

yellow

STAR 13/5/92
By George Nicholas
Agricultural
Correspondent

No white maize meal will be available to consumers for a year starting in the middle of June.

Only yellow mixed meal will be on shop shelves and it will be considerably more yellow than previously.

Last year's mixture contained 15 percent yellow maize and 85 percent white maize because white maize, although in short supply, was still available in reasonable quantities.

This year, because of the drought and the scarcity of local white maize, the new mixture will be made up of 70 percent yellow and 30 percent white maize, according to Maize Board senior economist Dr Mike Elliott.

And the yellow component may become even bigger later this year.

There is no nutritional difference between yellow and white maize. And the taste apparently is the same.

In a recent experiment in Zimbabwe, two maize meal porridges — a white and a mixed yellow — were tested on blindfolded consumers. Only half of the respondents were able to distinguish between the two.

Dr Elliott emphasises that the mixing process is used only as an emergency measure to stretch supplies of white maize.

"The Maize Board tries to avoid mixing at all costs. But there are times, such as the present, when circumstances make mixing unavoidable," he says.

The good news is that, in spite of the high cost of maize imports this year, consumers will not pay more for mixed meal than for white.

Maize price rise 'closer to 50 pc'

STAR 13/5/92

③ maize

By Paula Fray
Consumer Reporter

The Maize Board's recent announcement of a 13,4 percent price increase was misleading and the increase could be as high as 45 percent on the Reef after transport costs were accounted for, angry farmers warned yesterday.

Calling on the Maize Board to explain "inaccuracies" in its announcement, Red Meat Producers Association assistant manager Gerhard Schutte said yesterday that the May 1 increase was closer to 44,9 percent for Witwatersrand consumers.

In a statement on behalf of the SA Feedlot Association, the SA Pork Producers Association and the SA Poultry Association, Mr Schutte said: "During 1991/92 the actual price to consumers under contract (about 92 percent of all yellow maize sales) amounted to R383 a ton, while for 1992/93 it is R550 a ton."

When the increase was announced, Premier Group chief executive Peter Wrighton warned that the increased prices would have a "horrendous effect on the price of meat, poultry, milk, butter and eggs and will exacerbate the alarmingly high reported food inflation rate."

● Maize meal goes
yellow — Page 7

- (2) what other departments in academic hospitals (a) have been closed down since 1 April 1991 and (b) are to be closed down on 30 April 1992?

B598E

THE MINISTER OF NATIONAL HEALTH:

- (1) No;
(2) (a) none and
(b) none.

Importing of maize

*5. Mr W U NEL asked the Minister of Agriculture:

- (1) Whether he will furnish information on the quantities of maize destined for South Africa and other Southern African countries that were imported and are to be imported through South African harbours during the six-month period ending 30 June 1992; if not, why not; if so, how many tons of such imported maize (a) arrived in South African harbours during the three-month period ended 31 March 1992 and (b) are scheduled to arrive in these harbours during the three-month period ending 30 June 1992;
- (2) whether he will make a statement on the handling and distribution of such maize?

B599E

†THE MINISTER OF AGRICULTURE:

- (1) For the six months period until 30 June 1992, the following quantities of maize will be imported through RSA harbours:

Destination	Ton
South Africa	977 000
Zimbabwe	407 683
Zambia	20 000
Total	1 404 683

- (a) No maize was imported during the three months period ended 31 March 1992.

(b) 1 404 683 ton.

- (2) No. The following information is, however, supplied: The import programme is operated on three levels, namely a strategic level, a weekly business level and an operational level.

An Import Policy Co-ordination Committee

HOUSE OF ASSEMBLY

tee, comprising representatives of the Maize Board, Spoornet and Portnet was established during March and meets once a month to discuss strategy in order to ensure that the importation of maize takes place without any hitches.

The Co-ordinating Working Group meets every Wednesday and discussions between Spoornet and the administrators of the Maize Board and the other grain boards as well as the animal feed manufacturers takes place to co-ordinate the imports.

Further, an operational working group was established between the Maize Board, Spoornet and Portnet to monitor and co-ordinate the transportation situation.

Concerning the distribution of imported maize, the Maize Board will endeavour to consign as much of this maize as possible directly to buyers in order to save costs.

Winnie Mandela trial: disappearance of two persons

*6. Mr L FUCHS asked the Minister of Justice:

- (1) Whether an investigation has been conducted into the disappearance of two persons, whose names have been furnished to the Minister's Department for the purpose of his reply, and their failure to attend the trial of Mrs Winnie Mandela; if not, why not; if so, what are the (a) relevant details and (b) names of the persons in question;

- (2) whether he will prosecute any (a) persons and/or (b) political parties suspected on reasonable grounds to have been responsible in any way for the above-mentioned two persons' non-attendance at the said trial;

- (3) whether he will make a statement on the matter?

B602E

THE MINISTER OF JUSTICE:

- (1) Yes.

- (a) and (b) Mr K Cebekhu failed to appear in court as an accused on 4 February 1991. A warrant for his arrest was authorized and his failure

to appear was immediately investigated by the investigating officer concerned. Indications are that he is currently being detained in Zambia.

Mr G Mekwe failed to attend the relevant court proceedings as a witness on 11 February 1991. His non-appearance was duly investigated by the South African Police.

- (2) (a), (b) and (3)

The hon member's attention is drawn to section 3(1)(a) of the Criminal Procedure Act, 1977 (Act 51 of 1977), in terms of which the Attorney-General has the authority to prosecute on behalf of the State. I caused enquiries to be made at the Attorney-General concerned and it appears that as far as Mr Cebekhu is concerned, the South African Police were not able to gather any concrete, relevant and admissible evidence that on reasonable grounds tend to indicate the involvement of any political organisation and/or person, with Mr Cebekhu's failure to stand his trial. No evidence exists at present on which a prosecution of any organisation or person for Mr Cebekhu's non-attendance of court can be based.

According to the Attorney-General Mr Mekwe's attorney undertook to ensure that his client would attend the proceedings and Mr Mekwe was therefore not formally subpoenaed. Therefore there exists no basis on which he could be prosecuted for his non-attendance as a witness. There is also at the moment an investigation into his disappearance.

Mr L FUCHS: Mr Speaker, arising from the hon the Minister's reply, I should like to know whether his Department approached the Zambian authorities to try to obtain the release of Mr Cebekhu as well as a statement from him.

The MINISTER: Mr Speaker, as far as the Cebekhu situation is concerned, I should like to give the hon member the following facts. In order to have Mr Cebekhu extradited, we have to decide on a specific charge. The question is

whether this charge can be taken any further at this point in time. The Attorney-General has decided that such a charge will not be preferred since the matter cannot be taken any further in this way.

Whether any organisation is responsible for his removal is a matter of concern. I want to point out that an element of the media tended to be speculative in this regard. It was only when a certain gentleman, a correspondent of the *Christian Science Monitor*, alleged that the newspaper was in possession of a tape made in prison in Zambia that we became aware of the possible existence of certain evidence.

It now appears that we do not have the cooperation of this gentleman to make this tape available so that a decision can be taken. Despite repeated requests and messages in this regard he telephonically indicated on 6 May at approximately 05:15 that neither he nor his newspaper was prepared to make a copy of the said tape available to the investigating authorities.

I would therefore invoke the hon member's assistance, since he has exhibited so much interest in this regard, in exerting his influence on this gentleman to assist us in our investigations so that we may decide what to do next.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Payment to Sasol from Equalisation Fund

*7. Mr R R HULLEY asked the Minister of Mineral and Energy Affairs:

- (1) With reference to the statement made in the Annual Report of the National Energy Council for 1989-90 to the effect that the payment Sasol received from the Equalisation Fund had been increased from 6 to 10 cents per litre and backdated to 1 July 1989, what was the backdated component of this payment;
- (2) what formula is being used to determine this payment at present?

B600E

THE MINISTER OF MINERAL AND ENERGY AFFAIRS:

- (1) R80.7 million.
- (2) The protection formula is based on a floor price of \$23 per barrel of crude oil.

HOUSE OF ASSEMBLY

Tobacco laws attacked

8/10 day 2/6/92
 THE tobacco industry remained the most powerful lobbying group in Parliament when it came to legislation on smoking, National Council Against Smoking executive director Dr Yusuf Saloojee said at the Johannesburg City Council's World No Tobacco Day seminar yesterday.

There was "much muddled thinking" in government's approach to controls on smoking. Although new legislation and increased taxes were being discussed, previous efforts to get these passed through Parliament had all failed, he said.

Contrary to most assumptions, tobacco cost the state more than the revenue it brought in through taxation. Studies conducted by the council showed that in 1988 R1,4bn was spent on treating patients with smoking-related diseases at state hospitals, as opposed to the R988m that was gained in revenue from the tobacco industry.

Smoking also contributed to lost profitability as it was calculated that smokers took twice as much sick leave as non-smokers, and were also far more susceptible to heart disease, Saloojee said.

KATHRYN STRACHAN

Medical Research Council spokesman Dr Derek Yach warned the battle for a tobacco-free future would be tough because the tobacco industry knew that its power was still dominant.

"In SA a total of 25 000 deaths per year are due to smoking-related causes. This translates into a cost to the economy of between R1,5bn and R2,5bn a year. Despite the growing evidence, the tobacco industry continues its relentless attempts to increase local addiction rates virtually free of government opposition," he said.

The R100m spent on tobacco advertising was more than 20 times the total national budget for promoting all aspects of primary health care.

However, the first glimmers of hope for global tobacco control had begun to emerge. World Bank loans to tobacco farmers had been replaced by crop substitution programmes and new strategies were being devised to help vulnerable countries that were dependent on foreign currency earnings from tobacco, he said.

Concern over new Katina P oil slick

DURBAN — One of the worst oil spills believed to have come from the sunken Greek tanker Katina P was sighted between the Tugela River and Umtunzini on Natal's North Coast yesterday.

The head of the Pollution Division of the Department of Sea Fisheries, Anton Moldan, said a large quantity of this oil had washed onto beaches within this stretch of about 40km.

"There's thick oil on the beach there and we've informed the Natal Parks Board who will organise for it to be cleaned up," said Moldan.

The oil was probably the worst encountered on the SA coastline since the Katina P sank over a month ago.

Small quantities of oil had also washed up on Natal's South Coast and some Transkeian beaches over the weekend.

The Natal Parks Board, meanwhile, said oil was still coming ashore around Kosi Bay and clean-up operations were continuing.

Our Durban Correspondent reports an Antarctic fur seal died at Seaworld in Durban after being covered in Katina P oil and beaching on the South Coast. — Sapa.

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 WHERE IS EPICS?
 McGawatt Park by the Shell
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 5540. Max call duration 5 mins.

Maize Board predicts drop in sales

8/10 day 2/6/92
 THE Maize Board was preparing for a drop in sales as millers were no longer permitted to sell white maize products from June 1, a Maize Board spokesman said yesterday.

He said white maize for human consumption had to be mixed with yellow maize at a ratio of 30:70.

Industry sources predicted this could have a positive effect on wheat sales.

However, Wheat Board GM Ivan Hemingway said he did not think people had money for bread. Since

MEREDITH JENSEN

March 1991, bread prices had increased by 40%.

Hemingway said current crop predictions were at one million tons.

"That means we may have to import one million tons from Canada, Australia and the US in order to meet the demand," he said.

World market prices for wheat average R550 a ton. The Wheat Board's fixed price for SA wheat is about R700 a ton.

Millers and bakers reported a 4% fall in demand

compared to last year.

Our Political Staff reported from Cape Town that government yesterday announced a drought relief package of R130m for the six non-independent homelands and for farmers on state land.

This follows the earlier announcement of R1bn drought relief for farmers.

Agriculture Minister Kraai van Niekerk said recommendations by the implementing committee on drought relief were being evaluated and an announcement would be made on June 8.

Van Niekerk said the R130m for the homelands would be only for drought relief and controls.

At last - a near-friendly

Dismal crop estimates

Own Correspondent ³ Maize

The latest white maize crop estimate for 1991/92 of only 985 000 tons reflects a country in the remorseless grip of drought. Last year the white maize crop reached 3 810 000 tons — which was only a moderate crop. *Stat 4/6/92*

The National Crop Estimate Committee expects the yellow maize crop in 1991/92 to be a mere 1 448 000 tons, which is not quite as bad as the white maize crop estimate. Last season 4 016 000 tons of yellow maize was produced in SA.

The grain sorghum crop

will reach an estimated 95 000 tons, compared to last season's crop of 240 000 tons.

There is expected to be a sunflower seed crop of 173 000 tons, which is only a fraction of last season's 589 000-ton crop. Soya bean production is also down, with a total crop of 68 000 tons expected, as against last year's 126 000.

Dry beans will also be in short supply, with only 27 000 tons expected, against last season's crop of 100 000 tons.

Only groundnut farmers seem to have avoided the rigours of the drought. A crop of 81 000 tons is expected.

Maize Board backs down in Natal ³Maize

ADRIAN HADLAND

A MAIZE Board directive forcing Natal farmers to ship their own maize by road, rather than in rail trucks provided by the board, has been withdrawn following pressure from major producers.

The board had informed wholesalers in March that it would no longer provide rail trucks for the transportation of maize to central collection points. *Bl Day*

The shortage of available freight space, due to increasing maize imports, meant farmers would have to transport produce at their own cost, the board said in a letter.

A board spokesman said the industry was undergoing its "biggest import drive in the history of the country". *17/6/92*

Following several complaints from major producers, including calls for the dissolution of the board, it agreed to reinstate the provision of the rail trucks.

One Natal Midlands farmer said: "The board should be disbanded. Farmers must be allowed to sell their wares according to market forces."

SA had imported about 8,5-million tons of maize this year while commodity freightage carried by Spoornet had increased by 4% to about 250-million tons, a Spoornet spokesman said.

More than 7 000 mothballed rail trucks had been brought back into use to cope with the additional demand, he said. Trucks had not been recalled from other commodity services and, with more mothballed trucks waiting to be used, a shortage did not exist yet.



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Bordeaux offers port as gateway to Europe

B(Daw) 23/6/92

GAVIN DU VENAGE

A DELEGATION from the Bordeaux Chamber of Commerce and Industry arrived in SA at the weekend to promote its harbour as a gateway to Europe.

Chamber spokesman Robert Beynat said yesterday the city had a long history of trading with the rest of the world and had a well-developed communications network with which to assist foreign traders looking at Europe.

He said Bordeaux also had substantial investments in Africa, and SA businessmen could benefit through joint ventures with chamber members.

He said vast amounts of aid were flowing into Africa. To date SA had been excluded from taking advantage of these, but by setting up joint ventures with the French could make use of international funds to expand into Francophone countries.

Beynat said Bordeaux was also a gateway to Spain and Portugal, while UK ports offered access only to northern Europe.

Meanwhile, a Moroccan trade delegation signed a mutual co-operation agreement with Safto yesterday.

Safto international division GM David Graham said the agreement would be significant for SA trade opportunities in

Africa.

"This is the first formal commercial link between two private sector trade bodies and represents a gateway into an important north African country," he said.

In 1989 Morocco had a GNP of \$53bn. Graham said Morocco would also provide access to the Magreb, consisting of Algeria, Mauritania, Tunisia and Morocco. He pointed out that Algeria had the largest economy in Africa after SA.

Delegation head Mohammed Mounir Bensaid said the two countries could benefit from co-operation, especially in penetrating European niche markets. He said SA and Morocco both exported citrus fruits, but at different seasons, and should work together rather than compete.

Morocco already had a significant presence in Europe but the growing sophistication of the market demanded better planning. SA could participate in transport, agriculture and mining, he said.

Bensaid said Morocco provided easy access to capital and companies engaging in exports operated tax-free.

At present Morocco has only an "office of interest" in SA.

Only mixed maize products 'for now'

PRETORIA — Pure white maize products were no longer available on shop shelves, Maize Board GM Peter Cownie said yesterday. B(Daw) 23/6/92

He said the mixing in of at least 70% yellow maize with white maize for the production of maize products was inevitable because of the drought.

It was not possible to obtain sufficient quantities of quality white maize elsewhere in the world to supplement SA's supplies, he said.

Yellow maize, which was mainly imported from the US and Argentina, was the best quality available.

Cownie said although there was a difference in colour, the mixed maize product was as nutritious as that produced from standard white maize.

Meanwhile, the Foreign Affairs Department said many trainloads of grain had been despatched to neighbouring countries ravaged by the drought. (3) Maize

It said the first meeting of the Strategic Group for the Southern Corridor would be held in Johannesburg today. The group coordinates imports for southern Africa.

From April 7 to June 21, 40 vessels had unloaded more than a million tons of grain at SA ports.

During this period, 187 trains had been despatched with grain to Zimbabwe, 16 to Zambia, 23 to Malawi, eight to Botswana, two to Swaziland and 14 to Lesotho.

The department said SA would have to import 5-million tons of maize and 1-million tons of wheat to meet local demand. — Sapa-Reuter.

Relief as the maize

arrives

EFFORTS to bring relief to millions of people threatened with starvation by the current drought in Africa are paying off as tons of yellow maize arrive at the Durban harbor.

By PEARL MAJOLA

African Maize Board.

About 11 million tons of maize were pledged by the food agencies and they are shipping the maize to South Africa for distribution here and to other African states until the next crop.

In South Africa the millers have already ground the yellow maize (70 percent) and mixed it with some of the white (30 percent) that was saved from the last harvest.

Yellow maize meal is once again being packaged and is already on sale in some shops.

Despite its yellow tinge, the new maize meal will still be available in all the grades - super, special, sifted, unsifted and straight run.

"Yellow maize has the same nutritional value as white and tastes the same," explained a spokesman for the Maize Board.

"In most parts of the world people prefer yellow maize to white.

The maize is then loaded into trains and trucks and transported from South Africa to the rest of Africa.

This is the result of the teaming up of overseas food agencies and the South

So called 25/6/92

3 maize



Tons of maize arriving daily

GERALD REILLY

PRETORIA — Transnet has distributed 1,365-million tons of imported maize to four southern African countries including SA.

A company spokesman said yesterday maize was currently being offloaded at SA ports — mainly Durban — at the rate of between 22 000 tons and 30 000 tons a day.

SA's share of the maize, distributed so far, amounts to 906 652 tons, Zimbabwe's 325 282 tons, Zambia 32 282 tons, Namibia 32 755 tons and Malawi 68 215 tons.

By the end of April next year SA would have received 4,5-million tons and the rest of southern Africa 8-million tons. Other grains being imported by SA would amount to 800 000 tons.

The spokesman said the massive operation has gone off without a hitch so far. It involved 16 trains and 650 trucks a day. No estimate had yet been made of what the maize lift would mean in terms of revenue for Transnet.

□ Sapa reports that the Agricultural Development Department has introduced a subsidised stock and drinking water supply scheme for farmers in drought-stricken districts. *61094 217192*

Superintendent-general F J van der Merwe said the department was aware of the serious drinking water shortage on many farms and of the concern about deteriorating conditions.

An Emergency Water Committee would be established under the leadership of the local extension officer in each district.

Maize rots after red-tape muddle

(3) MAIZE ARCT 10/7/92

JOHN VILJOEN
Staff Reporter

MAIZE lying in Cape Town harbour that could have fed dying cattle will have to be dumped because of bureaucratic red-tape, according to a Cape Town salvage broker.

The 390 tons of maize is part of a shipload from the Aghios Makarios, which sailed from Argentina to Cape Town with maize for drought-stricken Zimbabwe.

The maize was stored in bulk and during the voyage some of it was damaged by sea water. Undamaged maize was sent to Zimbabwe, but 390 tons was left behind.

The wet maize began to ger-

minate, virtually cooking, while marine surveyors Rennie Murray and Company sought a buyer in Cape Town.

Salvage broker Mike Lundy said that nine days ago farmers were willing to buy the wet maize, which could at that stage have been used as cattle feed.

The marine surveyors were prepared to sell the cargo pending a permit from the Board of Industries, delayed because the maize was destined for Zimbabwe and had technically not entered South Africa.

But the Department of Agriculture had first to approve such a permit, and it in turn had to obtain the permission of

the Maize Board, Mr Lundy said.

The board had a monopoly of all maize sales in South Africa, he said, and only today was a permit due to be faxed to the company.

"But it is probably too late," he said.

The maize was off-loaded about three weeks ago, and while it would still have been

good cattle feed nine days ago, now held risks.

Pregnant cattle fed maize that had germinated beyond a certain point risked aborting their calves, Mr Lundy said.

The Maize Board had effectively killed the sale of maize and the cargo would probably have to be dumped. This was "a sin", Mr Lundy said.

Maize crop will be the smallest in 50 years

By Stephen Cranston

Maize

The maize crop is likely to be the smallest for 50 years, says the Standard Bank Economics Division.

The latest crop estimate for this season is 2,4 million tons, down from 7,6 million tons last year and 8,3 tons the year before.

After retentions by farmers

for stock feed and worker rations, about 1,4 million tons will be available commercially. At least 4,5 million tons of grain will be imported this year, mainly from the US and Argentina.

The first import consignment of 100 000 tons arrived in April, 300 000 tons in May and 430 000 tons in June.

The bank says the sharp decline in agricultural production

will reduce gross domestic product by one percent.

Boland Bank, in its monthly agricultural review, predicts that farming production will shrink by a further 14 percent this year.

Production of all summer crops except peanuts has been hit by the drought.

To a lesser extent, it has hit sugar, sub-tropical fruits and animal products such as wool.

Standard Bank says the loss of agricultural exports will cut the current account surplus by at least R2 billion to less than R5 billion.

Agriculture contributed just 4,1 percent of GDP in 1991, the lowest on record and down from 11 percent 30 years ago.

But the bank says agriculture still accounts for a tenth of all formal jobs, employing one million workers.

Maize Board 'cannot manipulate system'

BIDA
1417192 . GERALD REILLY (3) MAIZE

PRETORIA — The Maize Board could not manipulate the one-channel marketing system to implement unreasonable price increases, especially in the face of fierce competition in the food market, says board chairman Jan Schabort.

The risk-reward ratio system in maize production was no longer acceptable, he told a consumer information day in Sandton last week. Potential rewards were totally out of line with the risks involved.

Although one-channel marketing provided a product monopoly, it did not provide a market monopoly. It was an important distinction.

Maize Board GM Peter Cownie said it was a misconception that if the Maize Board disappeared marketing costs of hundreds of millions of rands would also disappear, nor would the intake, grading, storage and distribution costs.

Cownie warned of dark clouds on the horizon for maize farmers, including the possibility of a lack of protection against international markets and growing demand for low-priced foods.

He stressed the danger that SA could become dependent on regular maize imports. Such a trend could be reversed only if producers were given sufficient incentive to produce maize at "a strategic level".

Flaws

Dramatic steps would have to be taken to ensure a degree of self-sufficiency. At the current production growth rate there would be an annual average shortfall by 2010 of between 2-million tons and 4,5-million tons. A production increase of 3% a year was needed.

Schabort said there were serious flaws in the claim by influential groups that the Maize Board could operate efficiently only if it was fully exposed to foreign competition. International maize prices, he stressed, were not the product of free market forces.

Many major exporters, including the US, produced maize with the benefit of large government subsidies. The cost of the main inputs for maize production were also far higher for SA's producers.

Schabort said one-channel marketing was criticised as a centrally planned system doomed to fail like the systems in communist Russia.

However, there was one dramatic difference — the one-channel system was supported by the vast majority of producers and a large number of buyers.

Maize crop smallest³ maize in 50 years'

SHARON WOOD

THE maize crop is likely to be the smallest since the 1940s and production of most other agricultural crops will also be well down on last season, says Standard Bank in its latest Economic Review.

Maize has been SA's most important single agricultural product by value and in terms of the proportion of land under plough, it says.

Latest estimates put the 1991/92 crop at only 2.4 million tons — less than a third of the past decade's annual average.

Sharply declining agricultural production will reduce GDP by up to 1%.

"Late last year a mild economic recovery and some 1.5% GDP growth had still been widely predicted for 1992. Because of the severe decline in agriculture's contribution, as well as several other negative developments, there will at best be no growth in 1992. At this stage many signs, in fact, point to a small decline in GDP."

It expects the required 4 million tons of imports and the loss of maize revenues to result in a loss of foreign exchange of at least R2bn in 1992.

"The surplus on the current account of the balance of payments will therefore be substantially lower than the R6bn to R7bn it might otherwise have been."

Applications pour in for maize planting aid funds

B10A4 1577192 (3) Maize

PRETORIA — Vast areas of SA's maize belt will be planted this year using government aid funds and applications have begun to pour into the Agriculture Department's financial aid division.

As the full effects of last summer's drought on productivity becomes clear, other agricultural sectors are expected to appeal for further aid.

The bulk of government's special drought disaster aid would go to summer grain farmers who were hit hardest by the devastating drought.

Nampo estimated that between 20 000 and 25 000 grain farmers would benefit from the R3,8bn set aside to enable drought-ruined farmers to plant another crop.

Nampo has appealed to farmers to get their aid applications to the co-operatives from where they will be submitted for screening.

Preparations for the new crop would have to start next month, Nampo said.

Meanwhile, the Red Meat Producers' Organisation expected to complete a survey next month on the full impact of the drought on stock farmers. The survey would support a

further appeal for more aid, the organisation said.

Also in the queue for additional aid were deciduous fruit farmers in the Lowveld where ground and dam water was almost exhausted. Vegetable farmers were in the same predicament, the SA Agricultural Union said.

□ In Namibia, storage dams are roughly half as full as this time last year and animals have begun dying because of the drought, Sapa reports.

The Agriculture, Water and Rural Development Ministry's early warning and food information unit said in Windhoek yesterday that dams were 26,8% full, compared with 42,2% a year ago.

"The shortage of water in rural areas is particularly serious, causing closure of schools and widespread hardship in many areas and limiting access to grazing," the unit said in its quarterly bulletin to June.

It said grazing was deteriorating at an alarming rate.

About 500 cattle and 3 000 small stock deaths had been reported in the Damara region in the west.

GERALD REILLY

SA maize crop ^③ expected to be ^{MAIZE} worst in 50 years ^{MAG 18/1/92}

Business Staff

THE maize crop is likely to be the smallest for 50 years, says the Standard Bank Economics Division.

The latest crop estimate for this season is 2,4 million tons, down from 7,6 million tons last year and 8,3 tons the year before.

After retentions by farmers for stock feed and worker rations, about 1,4 million tons will be available commercially. At least 4,5 million tons of grain will be imported this year, mainly from the United States and Argentina.

The first import consignment of 100 000 tons arrived in April, 300 000 tons in May and 430 000 tons last month.

The bank says the sharp decline in agricultural production will reduce gross domestic product by one percent.

Boland Bank, in its monthly agricultural review, predicts that farming production will shrink by a further 14 percent this year.

Production of all summer crops except peanuts has been hit by the drought.

To a lesser extent, it has hit sugar, sub-tropical fruits and animal products such as wool.

Standard Bank says the loss of agricultural exports will cut the current account surplus by at least R2 billion to less than R5 billion.

Agriculture contributed just 4,1 percent of GDP in 1991, the lowest on record and down from 11 percent 30 years ago.

But the bank says agriculture still accounts for a tenth of all formal jobs, employing a million workers.

Almost half of the major grain producers, belonging to the seven largest co-operatives, have been unable to get further credit to continue farming, the bank says. These co-operatives normally produce 80 percent of the grain crop.

Total farming debt stands at R16,7 billion and the debt/asset ratio at 0,24 (0,15 ten years ago).

Commercial banks have come to hold an increasingly significant proportion of farm debt, mostly in short-term loans.

Cheap loans from the Land Bank and co-operatives have dried up as market forces have exerted a more powerful influence over the past decade.

Boland Bank says that export opportunities should broaden considerably within the next five years, given the end to sanctions, renewed international growth and the move towards more open markets; but good rains are crucial.

FM 28/8/92

~~18/8~~

3 Maize

Activities: Makes maize meal, malt and animal feeds.

Control: Brenner family 81,4%.

Chairman and joint MD: A Brenner; Joint MDs: Z Brenner and M Brenner.

Capital structure: 23,3m ords. Market capitalisation: R18,6m.

Share market: Price: 80c. Yields: 10,0% on dividend; 20,5% on earnings; p:e ratio, 4,9; cover, 2,1. 12-month high, 90c; low, 38c.

Trading volume last quarter, 96 000 shares.

Year to Feb 29	'89	'90	'91	'92
ST debt (Rm)	—	1,7	4,1	—
Debt:equity ratio	—	0,06	0,16	—
Shareholders' interest	0,77	0,72	0,67	0,71
Int & leasing cover	—	9,3	5,3	26,5
Return on cap (%) ..	13,4	14,1	10,5	19,2
Turnover (% increase) ..	8,3	18,7	11,2	nil
Pre-int profit (Rm) ...	4,2	4,9	4,0	7,5
Earnings (c)	11,8	9,9	7,2	16,4
Dividends (c)	5,0	5,0	3,75	8,0
Net worth (c)	103	107	109	118

was repaid.

Chairman Arnold Brenner is pleased to see Brenmill in such a liquid position under difficult trading conditions. In the first full year of contributions from each of the mills, and with the stricter control on credit to customers, cash flow improved strongly.

Brenmill's R4m bank overdraft was converted to a R6m cash balance and the current ratio improved from 2,1 to 2,4. Brenner declines to forecast earnings for this year but hopes earnings will at least be maintained.

A conservative approach has been taken towards acquisitions in the past and a potential buy would have to be considered extremely attractive before being acquired.

The only millstone is the irregularity "perpetrated by senior executive personnel acting in collusion at the two mills in Louis Tri-

FM 28/8/92

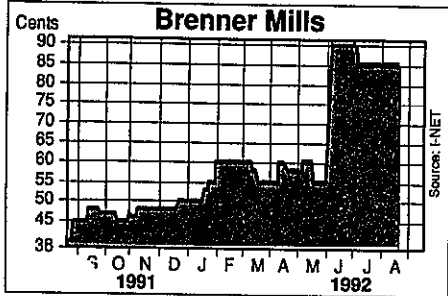
~~18/8~~

chardt," which was discovered in 1991 and is being investigated by the police. In 1992, trading margins improved sharply, even though turnover was unchanged. 3 Maize

After having risen to a 12-month high in response to the positive results, the share price has remained at 80c (ex-dividend). The share offers a 10% dividend yield. If interim results for the six months to end-August confirm the upswing, the share price will warrant a more favourable rating. Kate Rushton

BRENNER MILLS FM 28/8/92
3 Maize
Wheels turning again

After three successive years of declining earnings, the millwheel is turning again at Brenmill. Though turnover did not increase, operating profit almost doubled and debt



Maize farmers' costs soaring

GERALD REILLY

PRETORIA — Inflated production costs had sent the funds needed to plant and grow the 1992/93 maize crop soaring to R3bn, Nampo has estimated. (3) Maize

A large percentage of the funds will come from commercial bank and agriculture co-operative loans at government-subsidised interest rates. B10AM 11/9/92

Government's drought relief measures include a 7,5% subsidy on production loans of up to R150 000, declining on a sliding scale to 4,5% on a maximum load of R750 000.

However, Nampo feared that farmers who had not applied for government aid by yesterday's deadline might have "missed the bus".

A spokesman said multimillion-rand "input bottlenecks" were piling up as farmers waited for aid funds.

Board boss takes tough stand on white maize

GERALD REILLY

PRETORIA — The Maize Board would act against anyone or any organisation selling pure white maize in contravention of the current prohibition, board GM Qeter Cownie said yesterday. *3 maize*

He issued the warning "in the national interest and the interest of consumers".

The sale of pure white maize products was prohibited from June 16 because of drought and a severe shortage of white

maize. Since then only mixed maize products — 30% white and 70% yellow — were permitted on the shelves.

Cownie said white maize products were being sold at exorbitant prices.

He said the board would not allow a minority of irresponsible persons to exploit the consumer. *Board 4/9/92*

Govt asked to give up profit on ^{(3) maize} ~~wheat~~ wheat

GERALD REILLY

PRETORIA — The Wheat and Maize boards are trying to persuade government to plough back profits from the sale of imported wheat and maize products to benefit consumers.

However, industry sources believe they are unlikely to succeed.

The profits are expected to be more than R250m on this year's importation of wheat alone.

Maize Board GM Peter Cownie said the board had urged government to pass on any profit made from the importation of 4,3-million tons of maize to benefit consumers. So far nearly 2 million tons had arrived in SA ports.

Cownie said maize was being landed at R475 a ton, including all associated costs — about the same as the local selling price.

The wheat, which is likely to come mostly from North America and Australia, lands at SA ports at

about R440 a ton. This rises to more than R450 a ton when certain charges are added. The wheat will be sold at the local price of about R700 a ton.

Wheat Board deputy GM Andries Liebenberg said the position of the wheat crop in the Free State was causing grave concern.

He said in a normal year the Free State produced between 50% and 60% of the total crop.

However, with the planting season nearly over, only 10%-15% of the crop had so far been planted "and much of what has been planted is at risk because of continued drought".

Economists said that taking into account government's shrinking tax and VAT revenue and its desperate need for funds, it was no wonder it would want to pocket profits from the imports.

Maize price controls could help food price

3
maize
310AM 9/19/92

GERALD REILLY

PRETORIA — A reintroduction of price controls in the maize industry at the manufacturing, wholesale and retail levels was a possibility to help control the food price, Maize Board GM Pieter Cownie said yesterday.

At a news briefing he said a further cloud on the horizon was less protection from international markets.

SA's population was expected to grow by about 1-million a year which would mean a powerful upsurge in the demand for maize. Unless this was checked, SA would become a permanent maize importer.

He said the trend towards dependence on maize imports could also be reversed if maize producers were given enough incentive.

In recent years, producers had to contend with a declining profit/risk ratio which had made maize production an increasingly unattractive financial proposition. This had led to a move away from maize production and to a cutback in input costs.

At the current growth rate of production "we will have an annual shortfall of maize by 2010 of between 2-million tons and 4,5-million tons".

On the influence of GATT on SA agriculture, Cownie said provisions

had to be made to minimise market intervention in the sector.

For the maize industry it was clear there would be a move away from quantitative control of maize imports to tariff control which need not be catastrophic provided tariffs were set at realistic levels.

Cownie said government had to bear in mind when negotiating a "fair deal" for agriculture that SA was a developing, not a developed country, and that it had low agronomic potential and a variable climate.

He said it was a popular misconception that if the Maize Board disappeared, hundreds of millions of rands of marketing costs would also disappear. The intake, storage and distribution functions for maize and the costs involved would not disappear.

Free State Agricultural Union president Pieter Gous said many farmers were considering leaving SA, because of the unbearable local farming situation, crime and political instability, reports Sapa.

Most farmers were looking at countries such as Paraguay and Zambia, Gous said in Bloemfontein.

Maize farmers in credit squeeze

GERALD REILLY

3/19/92

PRETORIA — Tough credit conditions have made borrowing production credit for the new maize crop impossible for about 1 000 farmers, according to a Nampo estimate.

The task of assessing farmers creditworthiness has been left to the agricultural co-ops and it is estimated that between 5%-10% of the industry's 12 000 farmers will be forced out of the industry. Commercial banks, too, are being extra cautious in granting credit, it said. *Blom*

Nampo economist Kit le Clus said the area planted to maize this year would be about 3-million ha. In a "normal" season, the 1992/93 harvest could satisfy domestic need. *17/1/92*

Le Clus said Nampo was increasingly concerned about growing unemployment in the rural areas and the deterioration of rural economies which were dependent to a large extent on farmers' ability to spend.

Production costs in the new season, including capital costs, would be about 9% higher than last year.

Maize exported at loss of R97,7m

Political Staff

CAPE TOWN — The Maize Board exported mealies and maize products at a loss of R97,7m in 1990/1. *BLOM 13/10/92*

Net trading loss on the purchase and sale of eggs, either locally or by export, that were surplus to local market demand was R11,3m at the end of June last year. *maize*

The Dairy Board, on other hand, lost R479 043 in exports of butter and cheese between March 1989 and February 1990.

The losses by the controversial marketing control boards were disclosed in Parliament yesterday, when reports into their accounts by Auditor-General Peter Wronsley were tabled. *Wronsley*

The loss on the exports of maize and maize products by the Maize Board between May 1990 and April 1991 amounted to R97 709 306 as against R206 223 412 in the previous year. *Loss*

The trading loss on eggs that were surplus to local market demand amounted to R11 331 026 on June 30 1991, against R9 937 779 the previous year.

The losses on exports of butter amounted to R315 989 while those on cheese totalled R163 054.

Maize Board blames retailers for price hikes

3 maize
Blom 15/10/92
MEREDITH JENSEN

THE single-channel marketing of maize had cost the Maize Board more than R400m in the past year, chairman Jan Schabort said in an open forum in Pretoria yesterday.

Schabort explained the bulk of the cost came from borrowings which the board had incurred to pay producers.

The board had paid R242m in interest alone to pay for last year's crop, while an additional R156m was paid to store the maize in silos throughout the country. A further R18m went to the administrative costs of the board itself.

However, Schabort denied these costs were a major factor in rising consumer prices.

"Recent attacks made on the marketing boards by the Board on Tariffs and Trade as well as the Kassier committee and the Press have been an attempt to discredit the system," he said.

The domestic price of maize had remained stable despite years of both exporting and importing of the commodity, he said.

The price for maize was R495 a ton, or 50c/kg delivered by the board to millers and processors. Average retail prices closed in on R2/kg.

Maize Board consumer member Tobie van Rhijn blamed retailer mark-ups for the high cost to consumers.

"We have found that retailers contribute a large proportion to prices, much more so than the boards."

Pick 'n Pay director Richard Cohen said the mark-up was not coming from the major chains.

"It is like the bread price. The highest margins are put on by the corner cafes. In fact, we mark up well below the average on maize meal because it is a staple food for so many people," Cohen said.

According to the board, blacks consumed 94% of the maize for human consumption last year, but National Black Consumers' Union representative Dupree Vilakazi said blacks had no representation on the board.

Maize Board GM Peter Cowne said the board was considering more representation for black consumers, as well as lower prices.

"We are striving to narrow the gap between the producer and consumer price and have been monitoring retail prices ourselves," said Cowne.

Surplus maize exports 'no affect on price'

Staff Reporter

16/10/92
③ MAIZE

THE consumer price of maize is unaffected by the loss of exporting any surplus, Maize Board deputy general manager Mr Hans Swart said this week.

This follows reports that the board controlling the maize industry exported maize at a loss of R97,7 million in the 1990/91 financial year.

Mr Swart said the local consumer price was fixed annually by the board according to "local market factors", including inflation and the prices of maize substitutes such as rice, pasta, potatoes and bread.

The maize producers' price is determined by combining the local consumer price and the lower international market price. The "loss", therefore, was half the difference between the local and international prices and was borne by the producer, he said.

"It is not possible to sell the total surplus in any given year on the local market," Mr Swart said of the reason to export surplus maize at a price lower than could be obtained locally.

"If the local market could absorb that surplus, it would naturally be short-sighted not to sell it here," Mr Swart said.

However, a long-term plan to decrease exports and increase local market sales had resulted in a 30% rise in local market sales, from 4,8 million tons in 1986/7 to 6,3 million tons in 1990/91, he said.

Mr Swart said that in non-export years such as this year, in which about 4,5 million tons are expected to be imported due to the drought, any loss — or profit — would be carried by the state.

"The Maize Board trusts that a profit, if any, will be carried over to the consumer by the state," he said.

Closing gold

More maize shipments due soon

8/10m 29/10/92
PRETORIA — The number of maize shipments offloaded at SA ports will increase dramatically over the next few months, says spokesman for Spoornet Jacques Pienaar.

He said 14 ships were currently discharging car-

maize
GERALD REILLY

goes at SA's four main ports, 34 loaded ships were en route to SA and 20 more were being loaded in the US, Canada and Argentina.

Since the emergency food relief operation started in April, 4.5-million tons had been offloaded — 2.93-million tons for SA and 1.58-million tons for neighbouring countries. *29/10/92*

The total amount to be imported is adjusted monthly at meetings of the strategic committee on which representatives of benefiting southern African countries serve.

The last assessment was that 11.5-million tons would have to be imported through SA. The total for

southern Africa is 13.11-million tons. The balance will be discharged at other southern African ports.

Pienaar said 1.37-million tons had so far been railed to Zimbabwe, Zambia, Swaziland, Malawi and Botswana. *8/10m*

He said normal low rates for food transportation were being charged and it was not expected Spoornet would make significant profit from the operation. Costs were virtually equal to rates charged.

Sapa reports that a Spoornet official described the transport of emergency food to SA's neighbours as the largest relief operation undertaken by the UN food aid programme.

Fears rise of another maize harvest failure

(3) maize

SITimes (BUS) 1/1/92

By TERRY BETTY

THE maize crop is a month away from disaster.

National Association of Maize Producers (NAMPO) senior economist Andre Ferreira says it is critical that the maize triangle gets good November rains.

The maize triangle consists of the Highveld, Western Transvaal and North-eastern Free State.

Mr Ferreira says: "Farmers need at least 50mm of rain to soften the soil before they can plant."

On the Highveld it is best to sow by October 15, but farmers can hold out until mid-November.

In the Western Transvaal and North-eastern Free State the optimum final planting date is November 15.

Harvest

Mr Ferreira says: "It will affect output if they plant any later than that. It is an adage on the Highveld that for every morgen of land farmed, the farmer will lose a bag of maize each day the crop is planted late."

After planting farmers need at least 50mm of rain a month until March before they harvest in June and July.

Maize Board assistant general manager, international

marketing, Jeff Wayland says SA's requirements are about 6,7-million tons of mealies — 3,6-million for human consumption and 3,1-million for animals.

A good crop yields on average 7,8-million tons of maize. Last year only 3-million tons were harvested and the balance has to be imported.

Disastrous

Mr Wayland says animal feed can be supplemented with tapioca and sorghum. Their landed cost is about R280 a ton compared with a maize price of R475.

SA has used reserves from the previous year of close to a million tons. It is expected 4,6 million tons will still have to be imported before April 1993 for domestic consumption.

The Bureau for Economic Research (BER) estimates that the drought will have a negative effect of about R1,2-billion on the current account of the balance of payments.

But there are far-reaching and more disastrous implications than this. The BER says 245 000 people dependent on the agricultural sector could be forced to find other work.

Falling farm revenue together with lower profits of

related business will lower the tax take.

It is estimated that at least R2-billion will be needed to plant summer crops.

The combined effects of drought are expected to take 1,8% off 1992 real domestic product.

The foreign-currency reserves have been depleted and the economy will struggle to pay for another season's maize shortfall.

A good yield is all the more imperative because the wheat crop, due to be harvested at the end of November, is said to be a failure.

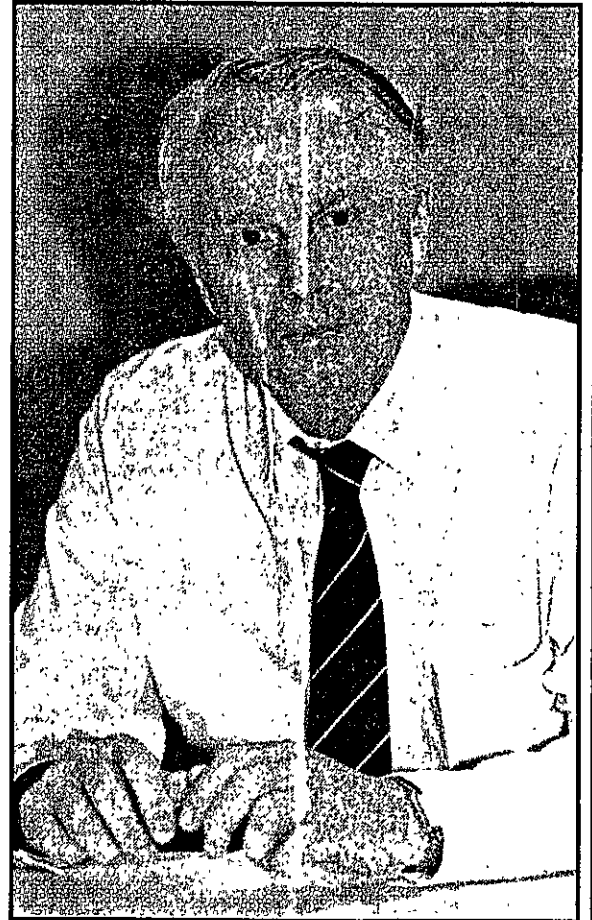
Wheat Board general manager Ivan Hemingway expects the winter season to have produced 1,25-million tons of wheat. SA's requirements are about 2,2-million tons.

Rescue

SA has imported six shiploads of wheat from Canada, Australia and France. Three more loads are expected before December.

Crops in the Western and Eastern Free State are suffering from "moisture stress" and can be rescued only if there is 50mm of rain in November.

Excessive rain has dampened hopes of normal crops in the Southern and Western Cape.



IVAN HEMINGWAY: Too much and too little rain for wheat

From Page 1

tion rate, together with the drop in money supply to 8,88% from 8,99% in August, has fuelled expectations of a 1% cut in bank rate.

Dr Jammine says insolvencies are proportional to interest-rate swings.

"But the drop in insolvencies has not been dramatic. It was only a 3% fall in interest rates and other factors, such as the political turmoil, have intervened."

Insolvencies on the way down

Dr Jammine says: "Even though the insolvency rate is falling and could continue to do so, we are not out of the woods." SITimes (BUS)

In spite of the drop, July's year-on-year liquidations were still 20% higher than last year's. 1/1/92

Dr Jammine says it is a good sign that few big businesses are being liquidated.

"However, it is uncertain for how long they can endure the economic battering. It is possible we could have a second wave of liquidations."

He says little else in the economy has reflected the lower interest rates.

"Money is not being spent on capital projects or being invested in property. People are stashing it under their

mattresses and sitting tight.

"Individuals and companies are using the opportunity to reduce debt."

But Absa's quarterly economic monitor says the economy is showing signs that usually herald an upswing in the business cycle.

For example, SA's gold and foreign-currency reserves have increased, money supply is rising at a slower rate, in-

ventories are low and the external value of the rand is fairly stable.

Afrikaanse Handelsinstituut economist Nic Barnardt is not as optimistic. He says declining insolvencies are little reason for joy because the worst is still to come.

He says insolvencies lag the economy by about six months. The economy is expected to decline until the middle of next year, so insolvencies should increase at least until the end of 1993.

Rain breaks OFS drought

③ OCT 10/11/92
MAIZE

PRETORIA. — Maize farmers threatened by another year of crippling drought welcomed weekend rains which fell over large parts of the country and broke the drought in the Free State.

The rains should have a major effect on the economy since the country's maize industry would have been "hit by catastrophe" if the maize triangle — Highveld, Western Transvaal and north-eastern Free State — had not received rain by mid-November, the deadline for getting seed into the ground.

Mr Giel van Zyl, general manager of the National Association of Maize Producers, said yesterday the three-day rainfall was "of great importance as the underground moisture had been supplemented by it".

Planting of other summer crops over vast areas in the Transvaal and Free State has got off to the best start in years, he said.

The R2,5 billion to be ploughed into the new season's maize crops looked like a promising investment, he said. Rains had fallen over almost all of the maize belt and the "omens" were good for a harvest which would at least meet local needs.

SA Agricultural Union economist Mr Koos du Toit said the drought had caused a serious

Joy for maize farmers

drain on the country's foreign exchange reserves and on the GDP.

He said in a normal year the agricultural industry contributed between six and seven percent to the GDP. The industry's contribution dropped last season to just over four percent.

The crop-destroying drought had cost the country R2,7bn in foreign exchange for maize and wheat imports.

For cattle farmers the rains had come just in time to prevent disaster. "Although it doesn't rain grass, we can expect the benefits of recent rains to become apparent in improved pastures within the next two to three weeks," Mr Du Toit said.

Meanwhile, Western Cape farmers are concerned that the "unseasonal rains" could cause significant losses or at the very least a deterioration of the wheat

crop.

While the far Northern Transvaal and Venda are still in the grip of drought, the weather bureau reports that most parts of the country can expect more thundershowers, albeit isolated, until the end of the week.

The government has announced it may remove some of the drought-hit districts from the disaster relief list as a result of the rains.

● The agricultural outlook in most drought-stricken districts in the Eastern Cape is still desperate despite the rain and stock losses are occurring in some areas.

Albany, Alexandria, Bathurst, Humansdorp, Bedford and Adelaide are listed for emergency water-drilling aid.

● The Red Cross, together with the Directorate of Civil Protection in the Free State, distributed food, clothing, blankets and tents to about 700 people after about 80 shacks were flooded when torrential rains hit Phomolong near Hennenman on Sunday night.

A passenger train between Johannesburg and Bloemfontein was stranded near Hennenman yesterday due to flooding.

● Insurance companies on the Reef yesterday reported a busy morning after Sunday night's storm. — Own Correspondents, Sapa

AGRICULTURE FM 20/11/92

Fed up with the Maize Board

③ Maize

The Animal Feed Manufacturers' Association didn't declare the Maize Board public enemy number one at its first congress this week, but it might as well have for all the abuse it heaped on it.

The board makes things very difficult for the animal feed manufacturers and buyers, the delegates at Sun City complained over and over. It forces up prices and encourages overproduction, which squeezes out other grains that are cheaper and more suitable as animal feed.

The importance of the sector, which produces 6,5 Mt of animal feed a year, is underscored by the fact that its biggest customer, the broiler industry, now dominates meat sales with 42% of the market.

Animal feed manufacturers suffer from several handicaps. They must pay statutorily fixed maize prices, they cannot freely import

producer for many of its grain and soya needs, bypassing the statutory levies demanded by most boards.

In the western Cape, for example, about 25 000 ha may soon be placed under canola, going a long way towards meeting Rainbow's protein oil cake needs in the area. Similar efforts are under way in Natal, the Transvaal and the Free State.

Munro Griessel, the association's chairman and Epol Feeds' deputy MD, would like to go much further than just planting non-controlled crops. He wants government to allow the western Cape to import all its feed

maize requirements, thus freeing about 200 000 ha of northern maize-producing land to meet the local demand for soya oil cake. Griessel says that, with Spoonet's R130/t rail freight charge from the Transvaal to the Cape, it would pay to import feed maize directly to the area, and then switch the northern production area to soya and import less.

Soya is the most effective protein feed because of its amino acid composition. But, while it is the world's primary

protein feed crop, it has never taken off in SA.

One reason for the soya shortage is that the local vegetable oil expressing industry prefers sunflower seed because it yields more oil. But a bigger reason is the distorting price signals sent out by the Maize Board, which encourage farmers to stick to maize and ignore the advantages of soya — one being that maize yields, when planted in rotation with soya, can increase by up to 2 t/ha.

The local annual soya bean requirement is 250 000 t and to meet this, the area under soya must double from 87 000 ha to 174 000 ha, says Klaus Pakendorf, deputy director of the Potchefstroom Grain Crops Institute. "Given the necessary price incentives, the goal is reachable," he says.

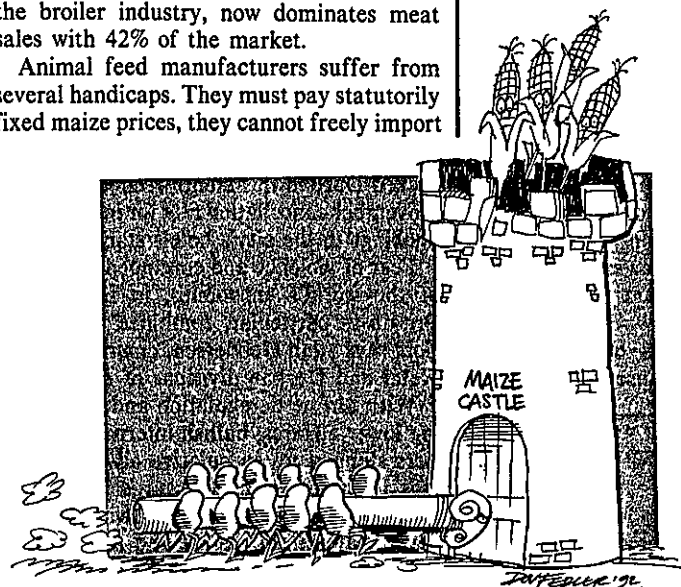
But a major obstacle in achieving this goal is the maize industry. If government accepts the board's proposed price hike for the maize it buys from farmers this season, the producer price of maize will have effectively increased by 47% from 1991 to 1993 — pushing it well above the world price. This huge

price hike — possibly aimed at helping farmers hit by drought-related production losses — far outstrips the 27% price increase that soya producers will get in that period. The result is too much maize in good years and not enough soya.

The situation generated outrage at the congress. "The massive maize-price increase is totally unacceptable," said Meadow Feeds GM Graham Ebedes. "It seems we are back to the old *laager* mentality at the Maize Board, where consumer interests weigh very little against those of producers."

But the board's GM, Peter Cownie, strongly defends the fixed-price, one-channel maize marketing system (the board fixes prices and is the only marketer — and importer — of maize). "Until the time comes when maize input costs are market-related and international maize prices are not seriously distorted through subsidies, the producer will insist on market intervention to keep domestic prices at realistic levels," he told the 300 delegates.

As usual with agricultural debates, neither side prevailed. But one talk at the congress certainly pointed the way SA should go — following the example of New Zealand. Owen Jennings, president of the Federated Farmers of New Zealand, outlined how the almost total deregulation of agriculture there has yielded sparkling results in improved profitability, productivity and market-related product development. The consumers are happy because prices fell. And the farmers are happy because they make more money and spend less time attacking government at conferences. ■



any grains and they are subject to a R200/t tariff on essential, protein-rich soya oil cake imports — even when local stocks are not available.

The tariff was demanded by oil expressors, who are losing out against cheaper, imported vegetable oils and are trying to make this up from the users of protein-rich soya, sunflower and cotton seed oil cakes — essential components for the animal feed industry. The added cost of the tariff alone is almost R90m a year.

"High input prices mean that demand-pull factors are missing and cost-push factors determine prices in the local market," says Rainbow Chicken's Barry Hundley. "We have no free choice to buy the best product for our needs, while bodies like the Maize Board focus mainly on producer interests."

As a result, Rainbow is moving into production of alternative, noncontrolled feed crops such as protein-rich triticale, naked oats and canola. It now provides 10% of its 500 000 t/year grain requirements. By forming innovative contractual links with farmers, the poultry giant also qualifies as a

ALUSAF FM 20/11/92

Getting the green light

Alusaf's R7,2bn aluminium smelter expansion at Richards Bay is going ahead. Last week the company's directors announced that they had raised the money and that construction should begin in April.

The fund-raising, however, did not go the way Alusaf had hoped. Eight institutions are investing only R500m, roughly R700m less than Alusaf wanted. Sanlam and Old Mutual are providing 80% of the R500m.

To make up the difference, Eskom, which has promoted the project from the beginning, is making a R300m loan; the IDC has raised its equity stake from R800m to R975m; and Genmin has chipped in R225m.

The rest of the nearly R3bn in equity funding will come from Genbel (R100m) and Gencor (R1,13bn). Loans will supply about R3,5bn of the funding, representing a

Fine set of figures from Brenner Mills

Bloomy
27/1/92, (3)maize
THE 171% surge over the past year in the share price of Brenner Mills (Brenmil), to a peak of 130c this week, has been justified by a fine set of interim results for the six months to end-August.

The maize meal, malt and animal feeds manufacturer lifted earnings a share 178% to 16,4c from 5,9c in the same period last year, and the directors said prospects for the rest of the financial year appeared favourable.

The increase in the interim dividend payout was even larger — up 191% from 2,75c to 8c a share — as the group generated significant amounts of cash during the period under review.

MERVYN HARRIS

The sterling performance came on the back of a substantial increase in turnover, which rose 32%, although no figures are disclosed.

Operating profit more than doubled from R3,06m to R6,95m.

Strong cash flow enabled the company to receive interest of R266 000. This sum compared with a payment of R392 000 at the previous stage and boosted profit before tax from R2,6m to R7,2m.

This was more than the R7,1m recorded for the year to end-February 1992, when the group reversed a

three-year profit decline.

Profit after tax increased by 176,3% from R1,38m to R3,82m, with the dividend covered 2,1 times by earnings. Shareholders interest increased during the period to R29,4m, representing a net asset value of 126c a share.

Directors said investigations into irregularities by senior executives, prompted by a sharp drop in margins, were continuing.

In the 1991 annual report, chairman Arnold Brenner said the investigations had been referred to the police and he hoped they would be completed in the near future.

Maize profits led to bread price cut

JOHANNESBURG. — The bread price is to drop.

This follows a government contribution of R200 million from its profits from maize imports

Food manufacturing group Premier chairman Mr Peter Wrighton said the government wanted some assurance that this subsidy would be passed on to the consumer so a recommended bread price has been set at R1,50 for browns and R1,75 for white.

③ MAIZE

Pick'n Pay food director Sean Summers said although the recommended bread prices were voluntary, the consumer should not expect to pay above those amounts. — Sapa.

ARG 28/11/92

So far, so good

~~3~~ Maize

Farmers are optimistic that last year's agricultural nightmare is behind them and that this year will be normal, says SA Agricultural Union chief economist Koos du Toit. Weather Bureau deputy director Michael Edwards shares the optimism: "The rain may have held off last week and this week over the entire country, but I believe it will start again after Sunday. I have no reason to doubt that this will be a normal year."

Du Toit says farmers in the western Transvaal are having excellent conditions for planting and, though rains were late on the eastern Highveld, they fell in time to start planting.

There are, however, still two problem areas. Parts of northern Natal and the eastern Transvaal Lowveld are dry and very hot. Citrus and avocado farmers in the Lowveld will not reap good crops. Trees flowered but the fruit is falling off because of the bad winter. Many farmers there are facing a critical shortage of irrigation water.

Du Toit is mildly concerned about some areas around Messina and Ellisras, where the grass started growing after good rains, but more rain is needed.

Planting of this season's summer maize crop is going well, says National Maize Producers' Organisation senior production economist André Ferreira. He adds that, at this stage, it appears as if 3,4m ha will be planted to maize, about the same as last year, when it yielded only 3Mt.

The first rains fell late in the eastern Transvaal but, by the end of last week, farmers had planted 97% of the 675 300 ha they are targeting. In the Wolmaransstad, Makwassie, Bloemhof area of the western Transvaal, 289 000 ha, or 50% of the planned area, had been planted and, in the Lichtenburg, Ottosdal, Sannieshof area of the western Transvaal, 46% of the planned 706 300 ha had been planted.

In the central Transvaal and the north-western Free State — the large area around Potchefstroom, Klerksdorp, Bothaville and Viljoenskroon — 517 000 ha, or 52% of that planned, had been planted. In the north-eastern Free State, around Reitz and Lindley, 137 000 ha, 57% of the planned area had been planted; in Senekal 30 000 ha, or 50%, had been planted; and in Clocolan 80% of the planned 12 000 ha had been planted.

In the northern Transvaal 39% of the planned 26 000 ha had been planted. Last year those farmers planted 39 450 ha but, says Ferreira, they had to hold back this year because of financial problems.

Only 18 245 ha, or 26% of what has been planned for Natal, has been planted. Says Ferreira: "Natal is the worst of the summer rainfall areas. The rain that fell was scat-

tered. The average for November in the area served by the Natal Co-operative Society was 94 mm last year and 90 mm this year. It was general last year but this year it's very patchy."

Other areas are also having problems. There was a plague of cutworm in the Kendal/Ogies district; rain fell while farmers in the north-western Free State were planting, and they had to break the crust that formed to allow the maize to germinate; and in Makwassie farmers have stopped planting and are waiting for more rain.

Most of the rain that fell soaked into the ground. As a result, most of the country's dams in the summer rainfall areas are not as full as they were last year. On November 23, Natal's dams were 46% full (73% a year ago); those on the Vaal River were 51% full (76%); those on the Upper Orange were 34% full (78%); those in the eastern Transvaal 34% full (69%); and those in the western Transvaal 28% (61%).

Detained pilots 'abandoned by SA'

THE Foreign Affairs Department had abandoned the two SA pilots currently being detained by Angolan police in Luanda, a spokesman for the pilots' company said yesterday.

Theunis Steyn of Africa Air Cargo said the ANC, which still has a representative in Angola, Peter Tshikare, had been approached for assistance.

The pilots, AAC MD Manfred Brüssow and Hendrik Lategan, were arrested by Angolan police following an unauthorised landing in Luena last week.

Angolan representative in Pretoria Manuel Augusto said the two pilots had not been in possession of current visas or travel documents as these were still at the Angolan embassy and had also affixed false Red Cross insignia to their six-seater Aztec aircraft.

A spokesman for the International Committee of the Red Cross confirmed

ADRIAN HADLAND

that no application had been received for the ICRC's insignia to be used.

Steyn said the aircraft was on a mercy flight to Kinshasa with a doctor on board but that a fuel selector problem may have caused the emergency landing.

Augusto said, however, that the two men would be returned to SA in the interests of good relations.

Meanwhile, the ANC has confirmed it will send a representative to the emergency Frontline states meeting scheduled for Friday in Harare.

ANC spokesman Carl Niehaus said it was possible ANC president Nelson Mandela would attend.

It is understood that the meeting, called by Frontline chairman Robert Mugabe, will discuss SA's alleged infringement of neighbouring countries' airspace. Government has denied the claims.

Maize belt faces disaster as follow-up rains hold off

PRETORIA — High winds and temperatures in the mid-30s along most of the maize belt in the past 10 days have played havoc with early plantings and big rains were needed to prevent a disaster, Nampo said yesterday.

Nampo GM Giel van Zyl said: "Unless we get good rains before December 15, the situation will become extremely serious."

The optimum planting time had passed in the Transvaal, Free State and Natal and 1,2-million ha had not yet been planted.

In the western Transvaal and northern Free State, where about 60% of the total crop is normally grown, nearly half of the crop still has to be planted.

In the eastern Transvaal, highveld planting is about 90% complete but in Natal only 18 000 of the projected 70 000ha had been planted by the end of last week.

Van Zyl said much of the 2,2-million ha already planted was exposed to a big damage risk unless the rains came.

Maize planted late also faced the prospect of frost towards the end of the growing season. What appeared to be good rains at the start of summer made little if any difference to the critical moisture content of the soil.

"We don't want to cry wolf," Van Zyl

GERALD REILLY

said, "but the situation could become critical if we don't get immediate rains and if January and February are dry months."

Sapa reports that the Transvaal Agricultural Union said conditions were critical, particularly in the western Transvaal. The lack of follow-up rain in the past few days meant that many Transvaal farmers were facing bankruptcy.

About 70% of farmers planted crops soon after the first rains, but young maize plants have been scorched and virtually no grazing remains.

In the Tzaneen area, fruit trees are dying and a TAU spokesman said banana trees on some farms had been ruined.

Agricultural conditions in the eastern Transvaal are more promising, but follow-up rains are needed in the next 10 days to save crops.

Conditions have improved in the eastern Cape, but the interior remains dry.

Eastern Cape Agricultural Union president Tinus Hartman said good rains fell between Tsitsikamma and East London, and the outlook in coastal areas was promising.

Water for all by Christmas, says govt

ALL South Africans would have an adequate supply of water this Christmas with relief efforts in drought stricken areas continuing throughout the festive season, Water Affairs spokesman Lucinda Scholtz said yesterday.

Although borehole drilling would be halted a week before Christmas, emergency supply operations would continue, she said.

Water Affairs, Forestry and Agricultural Development along with the Consultative Forum on Drought (CFD) were coordinating relief efforts to ensure an

RAY HARTLEY

adequate water supply, she added.

A CFD spokesman said the situation was deteriorating in certain areas of Venda and Lebowa.

Water Affairs said restrictions were not expected for the PWV area next year following an improvement in the level of the Bloemhof dam and the halting of releases from the Sterkfontein dam.

Scholtz said it was too early to say the drought had been broken generally.

Maize belt faces disaster as follow-up rains hold off

3 MAIZE
B/DAY 8/12/72

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Heat killing Vaal crops

③ MAIZE

CT 8/12/92

PRETORIA. — Transvaal farmers face bankruptcy because of the lack of rain in the past few days.

According to the Transvaal Agricultural Union, conditions are critical, particularly in the Western Transvaal.

About 70% of farmers planted crops soon after the first rains, but young maize plants have been scorched by high temperatures and virtually no grazing remains.

In the Tzaneen area, Northern Transvaal, fruit trees are dying and a TAU spokesman said banana trees on some farms had been ruined.

Conditions in the Eastern Transvaal are more promising, but follow-up rains are needed in the next 10 days to save crops.

Conditions have improved in the Eastern Cape, but the interior remains dry.

The president of the Eastern Cape Agricultural Union, Mr Tinus Hartman, said good rains fell between Tsitsikamma and East London, and the outlook in coastal areas was promising.

Grazing was good and the wheat crop in the Humansdorp area was exceptional.

Mr Hartman said farmers in the area were again getting their full water quotas and prospects for citrus fruit exports were excellent.

The combined content of Natal's 13 main storage dams has dropped by almost 25 million kilolitres in the past week — the equivalent of half-a-million home swimming pools drying up.

For the first time in many years the Umgeni River's largest dam, Albert Falls, dropped below 50%. Upstream, Midmar is 64% of capacity, and downstream Inanda remains at 94%. — Sapa

Bumper maize crop forecast for SA

③ MAIZE
ARG 9/12/92

The Argus Foreign Service

LONDON. — South Africa's maize crop will jump to 7.5 million tons this year from 3 million tons in 1991, estimates the International Wheat Council.

Moreover, the 48 nation inter-governmental body has downgraded South Africa's maize imports this year to 3.5 million tons from previous estimates of 4 million.

Zimbabwe's crop is estimated at 1.5 million tons this year from only 400 000 tons in 1991.

Yet with maize sowing ending early this month, the council cautions that "more rains are needed to fully restore soil moisture, crop germination and establishment in major producing regions of South Africa".

Soil moisture deficits are reported from the northern part of the Free State the Northern Transvaal.

Questioned on whether the 7.5 million maize production estimate is on the high side, considering their caution about soil moisture, council officials said that the crop would still be far lower than the 8.9 million tons and 8.3 million produced in 1989 and 1990.

A turnaround in the grain crop

would boost South Africa's balance of trade and economic growth and help lower inflation.

In 1989, South Africa exported 3.1 million tons of maize; by 1990, net exports had shrunk to only 700 000 tons, said council officials and by 1991 net imports were 1.1 million. The turnaround has had a dreadful impact on the economy.

Even if South Africa is forced to import next year, the chances are that maize and wheat prices, already on a downward trend, will fall further on international markets.

There is thus no justification whatsoever for the South African food authorities and companies to charge higher prices. On the contrary, their prices should be falling!

The council estimates that world output of coarse grains, mainly maize, barley and sorghum will soar by 47 million to 847 million tons this year.

"A huge" 237 million-ton US maize crop is almost 25 percent higher than the outturn of 1991. It is the main reason for the boost in the world maize crop to 525 million tons from 484 million tons last year.

At the beginning of December,

South Africa bought 210 000 tons from the United States. But prices in Chicago are currently \$2.10 a bushel compared with \$2.74 a bushel in March.

South Africa's wheat production is estimated at 1.2 million tons this year, down from the 2.2 million produced in 1991, said the council. Its imports are estimated at 1 million, mainly from the United States. Nevertheless, international wheat prices are sliding and are set to fall further.

In Chicago, wheat futures prices have fallen to \$3.70 a bushel from \$4.63 in the first quarter of this year. The council's international wheat price index is 17 percent below its peak this year.

World wheat production is forecast to surge to 575 million tons next year from 557 million in 1992 and 544 million in 1991, said the council.

Wheat output is expected to increase in 1993 mainly because of better crops in Africa, Latin America, Eastern Europe, India and other Asian countries. Imports from these regions will fall.

Higher grain output estimates will place downward pressures on prices, said dealers.

Improved outlook for the maize crop

STAR 14/12/92
By Neil Behrmann

LONDON — South Africa's maize crop will jump sharply to 7,5 million tons this year from a mere three million tons in 1991, the International Wheat Council estimates.

The 48-nation inter-governmental body has also lowered estimates of SA's maize imports this year to 3,5 million tons from the previous four million.

Zimbabwe's crop is estimated at 1,5 million tons this year, up from only 400 000 tons in 1991.

But with maize sowing ending early in December, the council cautions that more rains are needed to restore soil moisture, crop germination and establishment in major producing regions of South Africa.

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Turnaround

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In Chicago, wheat futures prices have fallen to \$3,70 a bushel from \$4,63 in the first quarter of this year. The council's international wheat price index is 17 percent below its peak this year.

World wheat production is forecast to surge to 575 million tons next year from 557 million in 1992 and 544 million in 1991.

Wheat output is expected to increase in 1993 mainly because of better crops in Africa, Latin America, Eastern Europe, India and other Asian countries. Imports from these regions will fall.

Price dip

Dealers say higher grain output estimates will place downward pressures on prices.

Developing countries and the former Soviet Union account for 85 percent of international wheat trade.

Bill De Maria, head of economic affairs at the council, said: "These are preliminary observations of likely developments in world wheat trade."

He would not make any price forecasts.

The council says, however, that higher outputs will be offset to some extent by consumption of 570 million tons next year against 558 million tons in 1992. Wheat stocks will thus rise by only six million tons to 135 million.

AGRICULTURE - MAIZE 1993

SUMMER CROP OUTLOOK

FM 8/1/93.

Still in the balance

③ maize

Anxiety is growing in the country's summer rainfall areas about prospects for the rest of the growing season. The season started late and the good downfalls in October and November were followed by three comparatively dry weeks in December. SA could experience another maize crop failure unless copious general rains fall soon, according to National Maize Producer's Organisation's Giel van Zyl. He puts the deadline at mid-month.

The reason is the low level of subterranean reserves of moisture. Enough rain fell last year for most of the country's summer rainfall maize farmers to plant their crops and see them germinate but, says Van Zyl, not enough fell to build moisture reserves the plants will need to survive even a brief mid-summer drought.

Unfortunately, a dry period in January is common and, in normal years, poses no particular threat to crops which are able to draw on moisture in the soil. Weather Bureau's Mike Edwards, deputy director forecasting, holds out little hope for January.

"There will be a few isolated storms here and there but, at this stage, we don't have much that is promising to go on for next week" he says. "There is a large high-pressure system in the upper atmosphere, preventing moisture-bearing air coming in from the sea. It also causes high daily temperatures which dry out any moisture. This is covering most of the country and we don't expect it to disappear soon."

He says that recent scattered storms don't indicate a break in the pattern but are "due to unstable surface moisture and high temperatures combining to create a bit of thunder activity."

Already damage has been done. Van Zyl says a combination of wind, high temperatures and no rain in the northern Free State and parts of the western Transvaal has destroyed large tracts of maize that had germinated. Some farmers replanted those lands, "but that wasn't successful either and they're not going to try again."

As a result, only 3m of the planned 3,5m ha that was to be put under maize had been planted by December 22. And, because of that setback, "the plantings won't come near the planned 3,5m ha."

It isn't too late to plant crops such as sunflower in some of the summer rainfall areas, and beans in others, but in the eastern Transvaal highveld it is probably too late for the long-growing, high-yielding maize cultivars to be planted. But if rain falls soon in some parts of the western Transvaal farmers may risk planting quicker growing, lower-yielding cultivars, rather than let their fields lie fallow.

Koos du Toit, chief economist of the SA Agricultural Union, points out conditions are better now than they were a year ago, when reports of crops dying because of drought, wind and high temperatures were dominating the news. "We have had widespread rain. We must accept that there will be dry spells in some areas and that the rain may stay away for short periods, but I do not think it will stay away as completely as it did last year."

And there is good news. "The Levubu,



Tzaneen and Hoedspruit areas of the eastern Transvaal lowveld, which were dry have had good rains. They produce a lot of sub-tropical fruit and vegetables."

The Department of Water Affairs is not concerned at the levels of its dams in the summer rainfall areas, though they are mostly down on their levels this time last year. Half the rainy season has yet to come and it isn't unreasonable to expect heavy downpours.

Its latest release on the state of the dams shows that on December 28, the large Bloemhof Dam was 28% full. Though it compares poorly with 56% in the corresponding week in 1991, that's more than 355M m³ of water.

The 2 617M m³ Sterkfontein Dam fed from the Tugela River, which is the biggest, was 96% full and the 2 529M m³ Vaal Dam, was 17% full, which is the way the department likes it. (The dam is wide and flat so water evaporates rapidly.)

One exception is the Fanie Botha Dam near Tzaneen, which has some water, but not enough yet for comfort. Very little of the heavy rains in the region fell in its catchment area.

The hard work has all been done and all the money needed to put the ground under maize has been spent. It costs between R650 and R800 to establish a hectare of maize. There is nothing more that farmers can do now other than pray that the seedlings develop into a crop that they can reap.

According to the official figures, agriculture contributed R12,24bn to the GDP in the year to June 30 1991. Of that maize contributed R2,54bn, or 20,4%. In the year to June 30 1992, agriculture's total contribution to the GDP was R14,6bn, of which R3,18bn, or 21,8% came from maize.

Maize's improved contribution in 1992 was because of the late harvest of the 1991 crop. The figures for last year's disastrous crop will be included in the year that ends on June 30 this year. "We don't even know what they are," says a Department of Agriculture spokeswoman. "We're still waiting for the Maize Board to let us have them." ■

PUBLISHING

Threat to Finance Week

The battle for control of the business magazine *Finance Week* seems to hinge on the ability of editor Allan Greenblo to match the bids likely to be made for the shares held by the bankrupt Tollgate Holdings (TGH).

And, according to the provisional liquidator of TGH, Chris van Zyl of Progressive Administration, eight potential bidders have now indicated their interest.

Greenblo claims a pre-emptive right to buy the TGH-held shares, which amount to 26,7% of *Finance Week's* equity. However, Greenblo's right has been questioned by the liquidator and it is understood that legal opinion is divided. It is apparently felt there is insufficient information to reach a decision. FM 8/1/93.

"We are still investigating the validity of that claim," says Van Zyl. Even if Greenblo does have this right, it may amount in the end to a right to match the best alternative bid.

Greenblo, who refused to talk to the *FM*, professes confidence that his agreement with TGH is valid. His claim goes back to when he was fighting for control of *Finance Week* with one of his co-founders of the publication, Richard Rolfe. A parcel of 7 610 shares (26,7% of the equity) was bought on his behalf by Rand Merchant Bank. By agreement, he retained voting rights and control over the shares.

They were subsequently sold to TGH, who he says gave him a pre-emptive right to buy them. Whether or not that right stands up in

Maize Board answers Kassier report

PRETORIA — The Kassier committee's generalised, critical statements had placed all marketing boards under suspicion, Maize Board vice-chairman Pieter Mayor said yesterday.

He said little had been done to evaluate the influence of current marketing systems on the trend of consumer and producer prices.

There were sound reasons to be-

GERALD REILLY

lieve that the maize industry, as well as consumers, felt the need for an orderly and stable marketing system. (3) *maize*

In February last year a task group, representing all parties in the industry, had unanimously recommended the retention of a single channel system.

3100M 22/1/93

Farmers facing ruin as merciless heat shrivels maize crops

STAN 20/1193

MAIZE
②

By Michael Sparks

Maize farmers are facing disaster if rains do not fall within 10 days, as the crippling drought — exacerbated by the scorching heat — has left their stunted crops wilting in the dust.

Unless widespread rains fall over the maize producing areas soon, the country would have to import more than half of its commercial needs, the Maize Board predicted yesterday.

Maize Board chief executive Peter Cownie described the next two weeks as critical, adding that every day with high temperatures and no rain dramatically reduced the chances of a good maize crop.

He said the country needed about 6.5 million tons of maize every year for its commercial needs, while farmers used another 800 000

tons for their own use and for feeding cattle.

"If the rain situation stays constant, we will probably have to import about 4 million tons," he said.

This was similar to the 4.2 million tons imported to supplement the maize grown and harvested a year ago.

Cownie described farmers as being on a knife-edge.

Free State co-op deputy manager At Kruger said that if no rain fell within a week, half the maize crop could be destroyed, while as much as 80 or 90 percent could be decimated if the next three weeks remained dry.

Cownie said the effect of the drought would not be felt only by farmers.

Consumers would be hard hit too, since imported maize cost between 10 and 20 percent more than local maize, he said.

Free State Agricultural Union chairman Lullu de Jager said that since this

was the third year of severe drought, it could well push some farmers off their land, forcing their workers to leave as well.

While De Jager said he could not guess how many farmers could lose their land, others estimated it could be between 15 and 20 percent of Free State farmers.

Dirk Nel of The Star's Northern Transvaal Bureau reports that heavy rain fell in parts of the far northern Transvaal on Monday night, but many areas are still in the grip of a heat wave and prolonged drought.

Strict water restrictions will remain in place in all northern Transvaal towns, The Star was told.

Sapa reports that the eastern Cape drought is so serious that farmers could face one of the harshest winters in many years unless it rains before the end of summer.

Rain too late for maize farmers

3 MAIZE

By John Miller ^{STAR} 25/1/93
and Brendan Templeton

according to expected weather patterns.

This weekend's welcome rain has come too late for many maize farmers who have harvested their crops to cut their losses, Transvaal Agricultural Union president Dries Bruwer said yesterday.

The prematurely harvested crop would only be suitable for animal fodder and farmers were facing big losses.

Those farmers who still had maize in the ground would be nervously looking heavenwards for the next few weeks, he said.

Good rains fell in many maize producing regions at the weekend. These included Standerton (57 mm), Frankfort (50), Pretoria (42), Odendaalsrus (33) and Hoopstad (40).

But Bruwer warned that maize farmers would not be able to absorb a drought disaster similar to last year's.

Farmers in the eastern Transvaal were hardest hit because they had planted early

National Maize Producers Organisation (Nampo) general manager Giel van Zyl said a virtual crop failure would be on the cards if the searing heat of the last few weeks continued.

He doubted whether consumers and big business could continue paying the high maize prices caused by the drought. The current producer price was about R450 per ton, the selling price was R470 per ton and the retail price to consumers was more than R1 000 per ton.

"If things continue like this we could be looking at even less than three million tons this season." This figure will beat the all time low of last year making it less than that produced 50 years ago.

Van Zyl said that if this season's make or break crop failed, it could lead to some 20 percent — or up to 4 000 farmers — being forced off the land if the Government did not help.

GERALD REILLY
and SUSAN RUSSELL

HEAVY weekend rain had provided relief to wheat growing areas in the Free State and central and eastern Transvaal, National Maize Producers' Organisation economist Kit le Clus said yesterday.

However, farmers in parts of the western and far western Transvaal desperately needed rain by Friday to save their crops.

Le Clus said the outlook for the maize crop was becoming more promising. The weekend rains had halted the deterioration of the crop and added millions of rands to the expected yield. *610my 25/1/93*

"We will still be importing maize, but it looks very much more promising," he said. However, if there were no follow-up rains

Rainfall improves maize crop outlook

the crop would again begin to deteriorate.

Earlier, Nampo GM Giel van Zyl said if there were no widespread rains in the next five days up to 60% of SA's maize crop would be destroyed and the greater part of R3bn invested in this year's plantings would be lost. *③ maize*

He said regular rains from now until deep into February were needed "if we are to salvage anything from the wreckage".

Agriculture Minister Kraai van Niekerk said if it did not rain within 14 days "we'll be back in the same drastic situation we

To Page 2

Rainfall *610my 25/1/93*

were in this time last year".

Van Zyl said without significant relief farming debt could spiral above R20bn, hundreds more farmers could be sequestered and the flow of unemployed farm workers and their families to urban squatter settlements could accelerate.

Another consequence would be a further drain of foreign exchange. Last year's drought had cost R2,5bn in grain imports.

Other agricultural authorities said the situation was serious in most parts of the country — apart from the western and eastern Cape.

Vast areas of veld cover were being stripped because of the lack of grazing and thousands of head of large and small stock were at risk. Fruit, vegetable and sugar cane farmers dependent on irrigation water were also suffering. This would put pressure on fresh produce prices.

Absa economist Adam Jacobs said even if it did rain and kept on raining during the critical growth period, maize would have to be imported in the second half of the year.

KELVIN BROWN reports that red meat

③ maize From Page 1

industry sources said the drought would lead to substantial shortages of beef and mutton this year, and a surge in prices.

Even with good rain this year shortages were likely to occur over the next two to three years, because farmers would have to keep cattle and sheep back to build up their herds.

Abakor MD Chris Van der Merwe said current stocks of red meat would last only until the year-end.

Stellenbosch University agricultural economist Eckard Kassler said even if it rained in the next fortnight, farmers would be able to hold on to only some of their remaining breeding stock.

It did not pay farmers to keep their cattle because the drought had made fodder very expensive while beef prices were very low, Organisation of Livestock Producers chairman Nills Dittmer said.

Red meat prices were at a six-year low. This was contrary to the normal meat price cycle which should have been in an upward trend, he said. If the cycle re-established itself prices would rise by up to 100% over the next two years.

60% of maize crop in danger

③ MAIZE CT 25/1193

Own Correspondent

PRETORIA. — If there are no widespread rains in the next five days, up to 60% of South Africa's maize crop will be destroyed and the greater part of R3 billion invested in this year's plantings will be lost.

National Maize Producers Organisation (Nampo) general manager Mr Giel van Zyl said the countdown to another summer crop disaster has started and there could be dire consequences for the country's battered farming community and the national economy.

The scattered weekend showers which fell in some areas of the Transvaal and Free State would make only a marginal difference, he said.

"What is needed are regular rains from now until deep into February if we are to salvage anything from the wreckage."

Agriculture Minister Dr Kraai van Niekerk said at the weekend that if it did not rain within 14 days "we'll be back in the same drastic situation we were in this time last year".

The government would have to intervene if further disaster struck the farming community, he said.

Mr Van Zyl said if there was no significant relief the consequences would include a farming debt above R20 billion, hundreds more farmers would be sequestered and the flow of unemployed farmworkers and their families to squatter settlements in urban areas would increase.

Another consequence would be a further drain of foreign exchange. Last year's drought cost R2,5 billion in grain imports.

Other agricultural authorities said in most parts of the country, apart from the Western and Eastern Cape, dam levels had plummeted and rivers, streams and boreholes had run dry, some for the first time in decade.

Absa economist Mr Adam Jacobs said even if it did rain now, and kept on raining during the critical growth period, maize would still have to be imported in the second half of the year.

The drought would lead to large shortages of beef and mutton later this year, resulting in a surge in red meat prices, industry sources said.

Abakor managing director Mr Chris Van der Merwe said current stocks of red meat would probably only last until the end of the year, after which a tremen-

dous shortage of red meat could occur which would "definitely exert upward pressure on the meat price".

If it did not rain soon, a large surplus of lower quality meat could be expected, as farmers would be forced to liquidate their stocks, he said.

Meat Board general manager Mr Pieter Kempen confirmed that increased quantities of higher quality meat had come onto the market last year but predicted a shortage later this year and next year.

University of Stellenbosch agricultural economist Professor Eckard Kassier agreed that the beef and mutton industry was not in a sound state at present. Even if it rained in the next fortnight, farmers would only be able to hold onto some of their breeding stock. Most of the herds had already been sold off.

It did not pay farmers to keep their cattle because the drought had made fodder very expensive while beef prices were very low, Organisation of Livestock Producers chairman Mr Nills Dittmer said.

● Government spending — Page 9

STAN 26/11/93

Rain saves maize in Transvaal

Widespread weekend rain saved some maize crops in the Transvaal and Free State, but it was too early to assess the final effect on crops, National Maize Producers' Organisation (Nampo) general manager Giel van Zyl said yesterday. Rain spread to the low-

veld, KaNgwane and parts of the Kruger National Park yesterday. ^{(3) MAIZE} Places which recorded good rains included Schormansdal (129 mm), Hazyview (105), Sabie (60), White River (56) and Komatipoort (34). — Staff Reporter.

Huge crop losses on the maize cards

START 28/1/93
By Shirley Woodgate
and Brendan
Templeton

Billions of rands worth of crops are facing drought devastation nationwide, according to the National Consultative Forum on Drought.

The forum blames well-below average summer rainfalls for its gloomy predictions.

But Transvaal Agricultural Union chief executive Johan Hartman said it may be a bit too early to make predictions about summer crops. A clearer picture would come about only at the end of next month.

He pointed to good rains over many areas in the Transvaal and Free State at the weekend as a good sign.

Hartman agreed, however, that a repeat of last year's drought would be catastrophic.

"Last year the Government paid out R3,6 billion in drought relief, but it's clear the State cannot continue with this."

Cattle

The report said drought-related timber and fruit tree losses in the eastern and northern Transvaal were estimated at R980 million, and many other crops were reduced to a third of their previous yields.

It is also claimed that 80 000 cattle have been lost in the northern parts of the country, mainly in Venda, Gazankulu and Lebowa.

The forum is a combination of 68 widely represented organisations

lost in the northern parts of the country, mainly in Venda, Gazankulu and Lebowa.

The forum is a combination of 68 widely represented organisations including the Government, churches, civics, welfare institutions and homeland governments which met in June last year to tackle the drought crisis.

The report predicts that staple crops such as maize and wheat will be particularly hard hit.

According to the forum's January report, the wheat crop will be only half of last year's and the maize crop will not be enough to meet domestic consumption.

The winter wheat crop was estimated at 1,2 million tons, well below the previous crop of 2,1 million tons.

The forum said only the winter rainfall areas had largely escaped the drought.

Hartman said conditions in eastern and parts of northern Transvaal were looking grim. Irrigation farmers, such as citrus farmers, were facing disaster because of falling water levels in dams and rivers.

Water sources

Although the recent rains had brought relief, they had not done enough to affect levels in water sources.

The forum said scattered, low rainfall had caused total dam levels to plunge from 68 percent in mid-January 1992 to the current 39 percent mark, representing a 29 percent drop overall. Exceptions were western Cape (63 percent full) and eastern Cape dams (36 percent).

The report said a vast range of other crops including plantings of cotton, tobacco, groundnuts, paprika and soya beans were 30 percent down in the central Transvaal.

The forum emphasised that a long-term solution to drought had to be found.

● Dirk Nel of The Star's Northern Transvaal Bureau reports that good rains have fallen this week in the north-western bushveld and along the north-eastern Transvaal escarpment, but the low levels of dams remain unchanged.

Heat ^③MAIZE CT 9/11/93 drought destroys SA maize

Staff Reporter

CAPE TOWN was given a merciful respite yesterday from the heatwave, which has caused considerable damage to maize in large areas of the northern Free State and south-western Transvaal and is threatening to cripple Natal farmers.

The general manager of National Maize Producing Organisation (Nampo) Mr Giel van Zyl said yesterday the heat and drought had prevented maize from growing.

He said irreparable damage had been done around Bothaville and Kroonstad in the Free State, and in parts of the south-western Transvaal.

Mr van Zyl said unless it rained soon there could be a serious crisis because producers needed record crops this year to pay their debts.

Rain Forecast

The Weather Bureau in Pretoria, however, has forecast good rain for today in the Transvaal, eastern Free State and Natal.

Hundreds of trout — which died in the heatwave — were washed down the Smalblaar River near Stellenbosch from a fish farm on Thursday. The once clear river is now black, covered in scum and littered with dead trout.

Water shortages in the Karoo could be catastrophic, according to Water Works regional director Mr James Butler. He said many dams in the Great Karoo had dried up.

Paarl, which recorded a blazing 37°C on Wednesday, recorded a high of 33°C yesterday which is expected to drop to 26°C today. — Sapa



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Maize crop in danger as farm debt spirals

PRETORIA — Good rains are needed throughout February if hundreds of thousands of threatened hectares of maize are to be saved, according to Nampo.

Even if rain continued over the next four weeks, the best that could be expected was a crop of 6-million tons — necessitating 1,5-million tons of maize imports.

According to Statistical Services, farmers' debt increased by 16,6% to R2bn in

GERALD REILLY

1991 — on top of an increase of 13% the previous year. (3) maize

And when the financial ravages of last year's drought are taken into account, total debt is expected to exceed R20bn.

However, this will be reduced by government's decision to write off R2,4bn of farmers' carryover debt.

Average Star 3/2/93 maize crop (3) maize expected

CAPE TOWN — South Africa could expect a maize crop of average size — about 8 million tons — this year if no further rain shortages caused damage, Minister of Agriculture Kraal van Niekerk said yesterday.

Addressing a media briefing, he said this would give the country enough of a surplus to export, as the country's internal requirements were only between 6.5 and 7 million tons.

Last year's crop had been only 2 million tons.

The drought had led to the loss of about 100 000 jobs in the farming sector.

At the same time, his department estimated that by giving aid at the level it did in 1992, it had saved some 300 000 jobs.

Dr van Niekerk also said he was encouraged by the Kassier report on marketing boards.

"I am glad Kassier has pointed us in the direction of a free market with rules and not free racketeering without rules."

The marketing boards had begun the process of updating marketing structures long before Professor Kassier had started his probe. — Sapa.

8 100-122/93

Maize crop forecast

SA IS expected to produce only 6-million tons of 1992-93 maize, 2-million tons less than the US agriculture department had projected last month, a US agriculture attache reported. (S) MAIZE

Not only was the crop planted late but it was plagued by very hot and dry weather, which damaged plants.

Some maize crops saved

81 DAY 17/2/93

ALTHOUGH the drought in SA is still far from broken, rains have come in time to save maize crops in the northern Orange Free State and parts of the Transvaal Highveld and Natal. ③ maize

Rain came too late, however, to save crops in a large area of the Western Transvaal maize belt.

This is clear from the crop insurance trends which have emerged in those areas, says Willie Vosloo, managing director of Bloemfontein-based Commercial Union Agricultural Services (CUAS).

Jointly owned by Commercial Union Assurance and insurance broking house First Bowring and Associates, CUAS provides crop insurance services to some 2 500 clients in the agricultural sector.

CROP OUTLOOK

③ Maize

FM 26/2/93

Recovering from the drought

The cost of food imports to offset drought losses has reached R3,5bn and is still rising. But indications are that better, though still patchy, summer rains have dramatically improved this season's crop prospects.

The latest official forecasts show a projected maize crop of 7,4Mt (last year 2,9Mt), sorghum 350 000 t (96 000 t), groundnuts 115 000 t (77 000 t), sunflower 380 000 t (168 000 t), soya 65 000 t (57 000 t) and dry beans 52 000 t (27 000 t).

Apart from the improved weather, higher maize prices encouraged a 170 000 ha increase in maize plantings, which led to a sharp drop in the land planted to groundnuts (down 39 000 ha), sunflower (53 000 ha), soya (38 000 ha) and dry beans (9 000 ha).

So, while the country's 6Mt/year maize demand should be amply met — weather permitting for the rest of the season — crops such as sunflower, soya and sorghum will still fall well short of local needs, requiring further imports in the next year.

Meanwhile, the final shipments to cover last year's losses are still coming in. National Marketing Council deputy director Rodney Dredge says SA has so far paid R1,85bn for 4,04Mt of maize, with 87% coming from the US and the rest from Argentina.

"While the Cabinet authorised imports of 4,5Mt, we may need only another 80 000 t shipment to meet current needs because of the positive outlook for this year's crop." In the case of wheat, about 522 000 t was bought for R250m, with another 154 000 t due to be landed soon at a cost of R76,3m.

Dredge says Agriculture Minister Kraai van Niekerk will ask the Cabinet to decide what to do with the expected R75m "profit" on the imported maize — the difference between the price government paid overseas and the price it got from local buyers — as soon as final figures are available. Last year government authorised the use of a similar R200m profit on imported wheat to keep wheat prices at 1991 levels.

One beneficiary of the drought is Transnet, whose Spoornet and Portnet operations have so far unloaded and shipped 7,67Mt of imported food and feed. About 4,83Mt was destined for local consumers, with the balance going to neighbouring states in a huge exercise co-ordinated with transport authorities in Botswana, Zimbabwe, Zambia and other countries.

"Since last April we off-loaded 309 shipments (maize, wheat, soya beans and oilcakes, barley, sorghum and various seeds) while 1 800 trainloads have crossed our borders to neighbouring states," says Andrew Wilson, Spoornet's grain operations control centre co-ordinator. "About 1Mt is still on its way, with 700 000 t destined for SA. This

will take total drought tonnages up to 9Mt."

Oilseeds Board assistant GM Simon Streicher says the drought forced the import of 250 000 t of soya beans this season at a cost of R235,5m, 360 000 t of soya oilcakes at a cost of R355m, and about 200 000 t of vegetable oils costing about R400m. Adds Dredge: "Permits also were issued to import 230 000 t of tapioca, 110 000 t of cotton seed, 50 000 t of lupins, 260 000 t of sorghum and 90 000 t of wheat bran."

But the animal feed industry is not impressed with all the statistics.

"The command chain to handle grain imports is too convoluted," says Maize Board member Charles Diner. "First the boards must advise the Marketing Council of import needs, then the council requests the Minister to obtain Cabinet permission. This means no real accountability rests anywhere in the chain. In a



fast-changing world market, where maize prices, for example, last year dropped by more than US\$20/t after the record US maize crop, hedging at the wrong time and at the wrong price could cost the country millions."

Last year SA did hedge in the Chicago maize markets and paid more than the current world price, though the board won't disclose exact figures.

Diner says the statutory powers given to the boards should be abolished, making the Maize Board, for one, a better body. And, he adds, a regional maize market should be developed because countries such as Zambia are better suited for maize production than SA, with its erratic climate. "But we cannot go the whole free market way until the Uruguay Round (of Gatt) is signed and the US

and Europe are forced to drop their massive, price-distorting subsidies."

Rainbow Chicken director Barry Hundley is more scathing of the Maize Board's pricing policies. "We calculate that about R9,2m of our R18,9m loss sustained in the last six months was caused by the board's unreasonable 24% maize price hike to R475/t, which is R40/t above the landed price of R435/t."

Adds Meadow Feeds MD Graham Ebedes: "Statutory and bureaucratic interference is a major cause for the untenable situation where the board imports the commodity, and we have to pay for its mistakes."

Says Maize Board GM Peter Cownie: "Hindsight is an exact science. If we had a crystal ball last May, we might have waited before we hedged on the Chicago Board of Trade. But we used the best available advice and made sure that SA would get more than 4Mt of imported maize. And if US weather patterns had worsened, we might have seen Chicago prices going up instead of down." ■

GOVERNMENT GRANTS

FM 26/2/93

Expanding the handouts

Government has expanded its controversial subsidy scheme for the electronics sector to embrace all branches of industry. Deputy Trade & Industry Minister David Graaff announced last week that from April 1, government will make available grants of up to R1m for industrial research & development (R&D) projects. Around R100m has been earmarked for the initiative.

Details of the new scheme, to be known as the Support Programme for Industrial Innovation, are still sketchy but, according to Graaff, the grants will cover up to a third of development costs for approved R&D projects — the remainder will be borne by the initiator of the project.

"Government is considering the repayment of the grants in the case of successful projects, following the example of similar programmes locally and overseas, to induce the rotational use of funds," he says. It is expected that the Industrial Development Corp (IDC), which was responsible for overseeing the electronics incentive programme, will be approached to manage the larger industrial scheme. However, this has yet to be confirmed.

According to the Department of Trade & Industry's chief director of technology and industrial strategy, Pine Pienaar, the innovation scheme has been broadened because government believes it has been successful in stimulating R&D in the electronics industry.

Farmer faces maize charges

An eastern Transvaal farmer is facing criminal charges for allegedly bypassing the Maize Board by selling white maize directly to consumers.

Maize Board chief executive Peter Cownie said that James McGregor of White River would appear in court next month for allegedly transgressing the Marketing Act of 1992.

McGregor said yesterday that Maize Board inspectors

had impounded 14 bags of mealie meal from a woman who bought them from his farm last year.

He made more money by selling maize directly to consumers, he said.

McGregor added that he received R680 a ton from consumers, while farmers dealing directly with the board were paid R445 a ton. — Consumer Reporter.

3/19/92
2/12/92
2/12/92

③ maize

Direct sale of maize: Farmer to face court

ARC 27/2/93 (3) MAIZE

Weekend Argus Correspondent

JOHANNESBURG. — An Eastern Transvaal farmer is facing criminal charges which allege bypassing the Maize Board and selling white maize directly to consumers.

Maize Board chief executive Peter Cownie has confirmed that James McGregor of White River will appear in court next month charged with transgressing the Marketing Act of 1992.

In terms of the Act, Mr Cownie said, producers were required to mix 70 percent yellow maize with 30 percent white maize. This was to ensure that white maize, in short supply, lasted beyond the severe drought.

Mr McGregor said on Thursday that board inspectors had impounded 14 bags of mealie meal from a woman who bought them last year.

He said he grew mealies to feed his 130 workers and sold the rest to consumers at 80c a kilogram. This meant that he got about R10 for every 12kg of meal sold.

He said he made more money by selling directly to consumers rather than to the Maize Board.

Mr McGregor said he got R680 a ton from consumers, while farmers dealing directly with the board were paid R445 a ton.

A snap survey by Weekend Argus showed that although white maize is not sold in major chain stores and supermarkets, it is available in small stores around the Johannesburg city centre.

Mr Mohamed Patel, manager of a Bree Street shop where unmarked bags of white mealie meal were being sold this week, said the white maize was delivered by a farmer who offered it to retailers. He was selling a 12,5kg bag of the white maize for R22,99.

Warning on mercenaries

Political Staff

ARC 27/2/93

DEFENCE Minister Mr Gene Louw last night warned members of the South African Defence Force not to become mercenaries in Angola.

Mr Louw said he spoke as a result of allegations that South African citizens were being recruited for service as mercenaries.

He said SADF members convicted of being mercenaries could be fined up to R5 000 or imprisoned for two years, or both. People trying to recruit mercenaries could be fined up to R10 000 or jailed for five years, or both.

Cars' show debut

GAVIN DUVENAGE

THE as-yet-unreleased models of a local motor manufacturer will be on display for the first time at this year's Rand Easter Show, National Exhibition Centre MD Anton Post said yesterday.

He said the new vehicle models would be one of the highlights of the show, along with such attractions as the appearance of international groups Duran Duran and Bad Boys Blue.

A park with trees, shrubs, and flowers will be another popular feature, said Post. More than 850 000 visitors were expected at this year's show, to be held between 2-18 April, he said.

Post denied reports on Tuesday that the show would be held twice during the year, once over the traditional Easter holiday period, and again during October.

Post said the exhibition centre was indeed planning a trade fair later in the year, but it would have nothing to do with the Rand Easter Show.



The joint heads of the taxi industry's working group at yesterday's news conference in Johannesburg, from left, Nafto secretary Ntise Methoko, Sabta president James Ngcoya and Nafto president Peter Raball. Picture ROBERT BOTHA

Wine festival at Kyalami this year

Business Day Reporter

THE Business Day Wine Festival will be held again this year, and the venue will be the most spacious so far — the Kyalami Exhibition Centre, within the motor racing circuit.

The festival — the premier event of its kind in SA — will be held from Thursday, April 22, to Friday, April 30, excluding Saturday and Sunday.

"Experience has shown that wine festivals are not well patronised on a Saturday night, so we have decided to have two Fridays instead," said a spokesman for the organisers.

Sixty SA estates will offer their wines for tasting. There will also be wines from Australia and Portugal.

As in the past, the event is designed as an ideal evening out, with dining facilities and other attractions, including a Carnaby Street Market.

The R33 entrance fee includes a commemorative glass, wine guide and unlimited tastings. Groups of 10 or more can arrange discounts.

For more information, phone Faith Vermeulen, Marcia Minnaar or Barbara Dunn at (011) 497-2130/1/2/3.



Sabta in warning to erstwhile adviser

8/10 AM 4/13/93
THE SA Black Taxi Association (Sabta) yesterday rejected offers of co-operation from its former national adviser James Chapman, and warned him not to try to compete with it.

A news conference in Johannesburg yesterday was told that the public should be wary of consultants, "revivalists who say they want to improve the image of the industry" and who claim to represent it.

A taxi industry working group was introduced, comprising members of Sabta, the SA Long Distance Taxi Association (Saldta) and the National Federated Transport Organisation (Nafto).

As Sabta national adviser in the '80s, Chapman played a significant role in turning Sabta from a small organisation into a national giant viewed as an "economic miracle".

After he resigned last March, there were reports of a conflict developing with Sabta. Some Sabta members began using a programme Chapman had designed to help taxi operators improve their businesses.

Sabta marketing arm Taxi SA Marketing (Taxsam) told the conference that Chapman had approached it with offers of working together.

Sabta public affairs director Mike Ntlatleng said the organisation had rejected Chapman's offer, and he warned that if Chapman tried to lure

THEO RAWANA

Sabta members away he would find he was no match for the organisation.

Chapman said yesterday he did not intend taking members away from Sabta. But he pointed out that because of the success of programmes he engaged in "the people are deciding for themselves".

"I have had as many as 15 associations from all over the country coming to ask for similar services to those I provided for the Pretoria United Taxi Association. I had offered the concept to Sabta but they turned it down," Chapman said.

He had never sought to compete with his former organisation. He added that if he was seen as competition, then it was good for the industry.

At the news conference hosted by Sabta and the Saldta/Nafto camp, journalists were told that a working group of the three associations had resolved that it should be recognised as the sole mouthpiece of the taxi industry.

"... In spite of repeated claims by certain consultants that they have a blessing from Sabta, the working group states categorically that nobody speaks on behalf of the taxi industry except representatives of the working group," a statement read at the conference said.

Rains rescue crops and save R2,5bn in forex

8/10 AM 4/13/93
PRETORIA — The rains in January and February rescued the country from another disastrous agricultural year and saved it at least R2,5bn in foreign exchange, say agricultural economists.

Much of the more than R3,5bn invested in summer crops by farmers had also been saved. Hundreds of farmers had pulled back from the brink of imminent bankruptcy, they said.

Last year, because of the drought, SA imported 4,4-million tons of maize at a cost of R2,5bn.

Economists said the prospect of a "reasonable to good" agricultural year was the only bright spot in an otherwise grim economic outlook for 1993/94.

Although to keep the maize pipeline to the trade supplied, a relatively small quantity of maize might have to be imported as a bridge until the 1992/93 crop was harvested, the foreign exchange involved would be minimal.

According to a Wheat Board spokesman, the rains have improved planting prospects for the 1993/94 winter wheat crop in the Free State and Transvaal.

Last year's drought necessitated the importation of 1-million tons of wheat at a cost of about R500m.

Pretoria University meteorologist Prof Johan van Heerden said although El Nino weather symptoms still lingered in the central Pacific, the system's influence on SA's weather had waned. He agreed that the good rains of the past two months would mean several billions of rand to the national economy.

Absa economist Adam Jacobs said the likely good agricultural season could lift the economy from what was a certain negative growth rate to a marginal plus-rate of up to 0,5%.

Economists warned that one good season was not a panacea for farmers' financial troubles.

However, it would set many of them up for another season, which would have been impossible for hundreds of them otherwise.

Star 4/3/93

Good rains transform outlook for maize crop

By Derek Tommey

③ maize

tons which is some 4,5 million tons more than last year.

The good rains of the last four weeks have transformed the outlook for the agricultural sector and for the economy as a whole, say agricultural economists.

Providing nothing happens in the next few weeks to affect the current maize crop, expectations are that agriculture will now add between 1,5 percent and 2,0 percent to the gross domestic product this year — and setting the country on a growth tack once more.

This year's maize crop is expected to be around 7,5 million

The Maize Board has not yet announced this season's maize prices. But calculations based on last year's prices adjusted for inflation, suggest that the maize crop could be worth about R3,8 billion. This is about R2,2 billion more than last year's crop was worth.

Agriculture directly contributes about five percent of the country's GDP. But there are strong linkages with other sectors of the economy which greatly multiply the effect of a good maize crop.

But it is not just the formal sector that will benefit. Black "informal" farmers should again produce enough maize to feed themselves over the winter and to produce a small surplus to sell for cash.

A further consideration is that the increased food supplies should lead to less food price inflation as well.

The effect of the crop on the balance of payments will also ease pressure on the Reserve Bank. Last year South Africa had to import some 3 million tons of maize at a cost of R1,5 billion. This year it is expected that

maize exports could reach about 500 000 tons.

This represents a turnaround in the balance of payments of some R1,75 billion — a situation which will be warmly welcomed by the Governor of the Reserve Bank, Dr Chris Stals.

Dr Stals warned recently that the prospects for a further reduction in interest rates was dependent not on a drop in inflation but on an improvement in the balance of payments and foreign exchange reserves. This year's maize crop should give the Reserve Bank room to manoeuvre.

US rotten maize turned away

TONS of American maize imported into African countries is so rotten and contaminated countries have refused to accept it.

South African Maize Board spokesman Mr Jan Viljoen said rotten maize entering South Africa had to be destroyed as it was contaminated with high levels of aflatoxin exceeding the

permissible safety regulations for human consumption. The board tests each shipload of imported maize destined for consumers.

High levels of aflatoxin are directly associated with liver and gullet cancer.

The board has to deal with

maize refused by other countries and shipped to South Africa.

CT 19/3/93
Shiploads of contaminated maize have been made available to farmers for animal use, on condition the farmers used the maize strictly for animal fodder and did not resell it or feed it to milking cattle. (3) MAIZE

'Weather miracle' boosts maize crop

GERALD REILLY

"A LITTLE weather miracle" had converted a projected disastrous maize crop of 2-million tons at the end of last year into a likely 8-million ton harvest, Nampo said yesterday.

Until mid-January rains fell, SA was faced with the grim prospect of having again to import more than 4-million tons of maize at a cost of well more than R2bn.

The expected crop was not only adequate to meet the local 6.4-million ton need, but there could be a small surplus for export.

However, the spokesman said there were

patches of drought all over the summer grain belt where plantings had failed.

Economists said the expected 8-million ton crop would inject new life into the rundown economies of rural areas. Farm labour loss and the drift of unemployed workers and their families to urban areas would be slowed.

But they warned one reasonable season would only marginally uplift the industry.

Nampo also said the 16c/l diesel price increase was a heavy blow to maize farmers.

61094 23 13/93
3 Maize

Late rains eliminate need for costly imports

Star 23/3/83

Little miracle? saves maize

③ Maize

By Shirley Woodgate

Widespread late summer rains have transformed expectations of a near-disastrous 2 million-ton maize crop into a possible 8 million-ton windfall, averting the need for extensive imports this season, the South African Agricultural Union (SAAU) announced today.

SAAU economist Dr Kit le Clus, "By and large, agricultural conditions are much better than this time last year despite concern over large areas of the country — specifically the eastern Cape — which are still terribly dry," he said.

The National Association of Maize Producers (Nampo) has backed SAUA claims, referring to the spin-off of a "little weather miracle" which had changed mid-January's bleak expectations of 4 million tons of maize.

Le Clus added, however, that while the expected harvest was certainly an average return, it would fail to match record crops of 14,7 million tons in 1980/81 and to a lesser extent the 11,2 million tons in 1988.

"We have reached the first stage which is where we are self-sufficient which means we save on a particularly expensive import.

"But we would prefer the stage where agriculture is a significant contributor to foreign exchange."

Other good news was that 11th hour rainfall had improved prospects in the cattle industry, with farmers in the Lowveld increasingly optimistic that grazing would see them through the winter.

Star 23/3/83

Red meat prices were still low due to the poor economy, with lack of purchasing power hitting the farmer.

But on the other hand, consumers stood to benefit by the continued depressed prices in the meat industry, Le Clus said.

But the country was still not out of the agricultural woods, with almost a million tons of wheat due to be imported after an almost total crop failure in the Free State where only 35 percent of the crop had been harvested.

"Almost half our wheat is produced in this region and expectations are that the total production had been slashed from the 2,2 million which is needed, to about 1 million.

"The wheat harvest was saved by crops from the Cape, where the south and south-western winter rainfall areas particularly in the Swartland, Rens and Albertina enjoyed a good season," Le Clus added.

While the vegetable farmers were holding their own, shortage of water and lack of inflow into the major irrigation dams was causing concern for the winter.

Some reservoirs had benefited by up to 20 percent but overall levels were still well below the comfort zone.

Unless dams were boosted by continuing late summer rains, irrigation farmers would inevitably face restrictions which would hit consumers in their pockets.

Weather Bureau climatologist Mike Lang said the late summer rains of February and March were likely to tail off considerably in April.

● The Star Africa Service reports from Harare that Zimbabwe's crop forecasting committee has said the country is expected to produce 2,1 million tons of maize this year, enough to feed everyone. Because of last year's drought the country had to import nearly all its maize requirements.

Commercial farmers are expected to produce 860 000 tons, peasant growers around 1 million tons, and small-scale and resettlement farmers the balance.

Star 27/13/93

Grain imports for Africa

PORT ELIZABETH — More than 9 million tons of grain will have been imported through South African ports by the time the year-long maize import programme ends in April. Portnet said yesterday 8 429 259 tons of grain had been discharged through South African ports for the whole of southern Africa in the past 11 months. A total of 334 vessels had been involved in the programme: — Sapa ³ maize

Fertiliser producers not yet out of the mire

St Times (Buss)

3 Maize

28/3/13

THE R1-billion fertiliser industry barely held its head above water last year in spite of the massive sums granted by the state to farmers to buy this vital enricher.

Fertiliser sales in the 12 months to December amounted to 1,95-million tons, compared with 2,02-million tons in the previous year. But in spite of the bonanza farmers received, the industry still faces a few anxious months ahead in the hope that the now "nor-

By DON ROBERTSON

mal rainfall pattern" continues.

Following last year's devastating drought, which produced a maize crop of only 2,9-million tons worth R1,4-billion, the government provided drought relief of R3,8-billion, of which about R400-million was utilised for buying production inputs, par-

ticularly fertiliser and seed.

The hand-out allowed maize farmers to plant 3,62-million hectares in the past season, which should produce a more normal crop of about 7,4-million tons.

But it was the late rains that saved the day. Last June, fertiliser producers were expecting a 20% slump in sales for the year, but late rains forced farmers to rush to buy at the last moment and more than 40% of total sales were made in the last quarter.

But many farmers in some large producing areas are experiencing a second year of drought.

Cerneels Claassen, chairman of the National Association of Maize Producers (Nampo), says some farmers have lost as much as R1 500 a hectare during this period in spite of state assistance.

Better

In many cases these losses are worth more than the land is valued at and it could make it difficult for farmers to raise production credits to allow them to stay on the land.

The winter wheat crop, however, is looking encouraging, although some sugar areas in Natal are suffering.

John Skeen, managing director of Kynoch Fertilizer, says that had the state not assisted there would have been more sequestrations.

"Given the rainfall that has fallen on maize fields, prospects are better than last year, but it will depend on how much farmers have in cash."

Sasol Fertilizer believes that, after a good maize crop, fertiliser sales generally rise.

Sales by Omnia in the second half of the year gave them orders and volumes which were much the same as the previous year, says deputy chairman Michael Fearfield.

Forced

Prospects, however, look reasonably good and there should be a normal wheat season, he says.

The fertiliser industry is volume-related and margins, after the rationalisation in the industry a few years ago, are tight.

Last July, Sasol Fertilizer restructured its retail and marketing divisions and reduced prices by about 20%. This forced the rest of the industry to follow suit, putting pressure on margins.

Grain harvest may be double

HARARE — Southern African Development Community countries will probably harvest a total of 11,39 million tons of cereals this season, almost doubling the figure of drought-stricken 1991/92. *CF 11/4/93*

The Food Security Unit of the SADC said yesterday maize production would total 8,94m tons, more than double last year's 4,28m tons. — Sapa **③ MAIZE**

Rise in sugar price 'insensitive'

THE ANC southern Natal regional branch has criticised the recent sugar price increase and called on government not to raise the price of maize this year.

The 9,9% raise for wholesale white and brown sugar on May 1 was announced earlier this month. No increases in the maize price have been published yet. *(S) sugar*

The annual price increases were "insensitive to the majority of South Africans who are hopelessly poor", economic policy department member Abdool Mangerah said in a statement at the weekend.

The sugar price increases should be implemented in two stages in August this year and March next year. *BIDM 2/14/93*

Mangerah said government should use the profits made through the sale

MARIANNE MERTEN

of imported maize last season to reduce current maize prices.

Maize Board marketing manager Dirk Human said yesterday the maize price was usually increased in May, but nothing had been decided yet. A meeting with the Agriculture Minister to decide the matter was planned for next week. *(3) Maize*

However, Human did not foresee a price reduction. The increase in petrol prices and VAT would contribute to a likely rise in maize and maize product prices, he said.

An SA Sugar Association spokesman said the organisation had been in touch with the ANC and was keeping it informed on pricing and import duty policies.

Maize price clash

A DISPUTE between the Maize Board and Agriculture Minister Kraai van Niekirk over this year's maize price has not yet been resolved. (3) *Maize*

Van Niekirk is believed to be insisting on price consensus between producers and consumers on the board. Producers fear the maize price will become a political issue, as they believe extra-parliamentary groups are putting pressure on Van Niekirk to prevent a rise. *B/DAY 22/4/93*

Killer maize shall not pass

3 MAIZE
ARG 24/4/93

ANDREA WEISS
Weekend Argus Health Reporter

IT took a Cape Town-based research team 20 years to develop a test for fungal toxins linked to cancer in humans and responsible for the deaths of thousands of horses and pigs.

But if they hadn't made the discovery, millions of tons of American maize recently imported into this country could have passed through our ports without control and threatened the lives of humans and livestock.

The team, funded by the Medical Research Council, was recently awarded the prestigious Wellcome Gold Medal for Medical Research accompanied by a R52 000 research grant — recognition of work which will lead to the setting of world standards for the export and import of maize.

Professor Walter Marasas, chief specialist scientist at the Programme on Mycotoxins and Experimental Carcinogenesis, heads the team which in 1988 isolated and described "fumonisins", toxins produced by the fungus *Fusarium moniliforme* commonly found in maize.

Although it had been known

South Africa imported 10 million tons of maize last season because of huge crop failures. What many don't know is that a Cape Town-based research team was directly responsible for a test to make sure that the imported maize was safe for human and animal consumption.

since 1984 that the fungus was toxic and that it caused liver cancer in rats, it was only once the toxins had been chemically identified that a screening test could be devised — and this was the international achievement the South African team claimed.

Professor Marasas' team has also established a link between fumonisins and a high incidence of oesophageal cancer in the Transkei. Transkei has one of the highest incidences of this cancer in the world along with parts of North China and Iran.

The toxins are also known to cause a disease of the nervous system in horses and pigs called leukoencephalomalacia or LEM. In America, LEM claimed the lives of thousands of horses in 1989 and 1990, all of them infected by fumonisins.

Professor Marasas explained that the fungus was a major problem in America. Commercially grown maize in South Africa is far less susceptible because of our dry cli-

unsuitable for horse and pig feed.

Now Professor Marasas' research team is working to establish more precise levels of toxicity. Other research also focuses on the Transkei where the fungus is more prevalent in the south than the north — a mystery yet to be explained.

Professor Marasas is supervising a doctoral thesis investigating this phenomenon which could be linked to agricultural techniques, soil types, climate and even insects which affect maize. Work is also being done on the treating of seed before it is planted in a bid to get rid of the fungus.

Stressing the need for ongoing research funding, Professor Marasas points out that an intervention study to conclusively prove that the fungus causes the cancer could take 20 years. At this stage, only a link has been established.

At present field work in the Transkei was being hampered by political developments which made it dangerous for researchers to work in the remote rural areas they have been visiting.

"We are looking for international funding for this kind of work. What we have done so far we have done with not one cent of foreign money."



A—MAZING: Professor Walter Marasas heads a research team which has been safeguarding the health of millions of South Africans forced to eat imported maize this season.

Farmers want cut-price US maize imports

SA Times (Bus. Times) 25/4/93
③ Maize

WESTERN Cape livestock farmers have challenged the Maize Board's stranglehold on the supply of stock-feed by applying for permission to import mealies from America.

Western Cape members of the Yellow Maize Consumer Organisation have asked the marketing council of the Board of Tariffs and Trade to consider their application.

By DON ROBERTSON

A mealie-price increase will be recommended to Agriculture Minister Kraai van Niekerk by the Maize Board on Wednesday. Livestock farmers believe the price increase will be about 10% — from R475 to R521 a ton.

Cape farmers have to rail their maize from SA's northern growing areas at a cost of R135 a ton. That would lift the new cost of their maize to R656 a ton.

They claim they can import maize from the US for R460, paying only R70 a ton shipping costs from the Mexican Gulf to Cape Town.

But the Maize Board, acting on regulations in the Marketing Act, bans its imports.

Cape livestock farmers use about 500 000 tons of maize a year. Poultry farmers buy more than 250 000 tons of mealies a year. Chicken producers include County Fair, Rainbow, Rosendal, Tydstroom and Golden Grove. They slaughter about 1,4-million chickens a week.

Poultry producers believe the new price of maize, their largest single input cost, will cost the region's broiler business about R30-million more.

Last year, however, they benefited when the poor maize crop necessitated imports which came through Cape Town.

Oil

Western Cape livestock farming earns about 17% of the income produced by agriculture in the region and about the same as that generated by wine growers.

The likely rise in the maize price has angered other consumers, who have vowed to fight the Maize Board.

"There should be no increase in the prices of agricultural produce in the circumstances prevailing in SA," says Food Logistics Forum representative and Tiger Oats edible oil and trading divisions chairman Hamish McBain.

Tiger Oats, which buys 25% of the yellow and white maize from the board, says any maize-price rise will affect the cost of other food. Dairy products, poultry, eggs and many other price-sensitive foods will be hit.

Meeting

Sources in the maize industry doubt that Cape consumers will be allowed to import mealies.

Piet de Wet, executive director of the SA Feedlot Association, supports their claim because they have a serious transport problem.

"They have a good case for imports or some price dispensation to enable them to survive. But I do not believe their application will be granted. The Minister of Trade and Industry will have to ask the Maize Board for its comments and it has the right to refuse the import application."

Maize Board deputy general manager Poena Fourie says he is aware of the application and it will be discussed on Tuesday.

An option for Cape consumers is that they be allowed to buy maize outside the single-channel marketing system of the Maize Board.

Maize Board deadlocked over price

610am 26/4 93.

GERALD REILLY

THE Maize Board is deadlocked in negotiations aimed at fixing a maize price for the new season starting on May 1, according to sources.

It is understood some consumer representatives on the board are lobbying for a price freeze, which producer representatives find "absolutely unacceptable".

If there is no increase, sources say, the more than R2,5bn invested in the crop could yield a nil return for producers. They fear that for political reasons the price could be kept unrealistically low.

Sources said if producers got a raw deal, many of them would move out of maize production — some would be forced out of farming altogether

— with serious consequences for the production of the country's main basic food.

Producers, it was stressed, had to at least break even or make a small profit if they were to be in a position to pay off part of their huge debt.

For a crop of 6,5-million tons delivered to the board a scenario price announced at the start of the season was R475 a ton. This would be the minimum acceptable to producers, it was stated.

Agriculture Minister Kraai van Niekerk found the price recommendations reached by a majority on the board unacceptable and asked the board to try again for consensus on

the issue. (3) maize

At its meeting last week this was not achieved but another meeting has been arranged for tomorrow.

Van Niekerk has the final say and if the board remains deadlocked he will fix the price. Sources said that, mindful of the fierce resistance to the VAT increase, government was sensitive to the threat of an explosive consumer and political backlash to a price seen to be too high.

The scenario price is issued at the start of the season to assist farmers in planning their planting strategies and is based roughly on "the bigger the crop the lower the price".

The board has 13 members, eight of them producer representatives.

Plan for US maize probed

Staff Reporter **EMAZE**

THE Maize Board is to consider a scheme today to import yellow maize from the US for Western Cape livestock farmers and other bulk consumers instead of making them use local supplies. **ET 27/4/93**

Maize Board deputy general manager Mr Poena Fourie said the Western Cape Yellow Maize Consumers Organisation claimed it would save more than R100 a ton on supplies shipped from the US.

Maize price hike urged by board

GERALD REILL

3 Maize

PRETORIA — After weeks of fierce bargaining between producer and consumer members, the Maize Board had recommended a price increase, agricultural sources said at the weekend.

The recommendation was rammed through by the producer majority, representing eight of the 13 board members.

Board deputy GM Hans Swart declined to comment on the recommendation, which is to be placed before Cabinet on Wednesday.

BIDAM 3/5/79

Sources said yesterday farmers were likely to be dissatisfied with the recommendation, as would consumer members, who wanted a price freeze.

Producers say any Cabinet decision which fails to take into account the millions of rands borrowed to pay inflated prices for inputs for the current crop will force more farmers out of business.

Producers hit out over govt maize price cut

PRETORIA. — The National Maize Producers' Organisation has expressed dissatisfaction over the reduction in the delivered price of maize which Minister of Agriculture Kraai van Niekerk has fixed at R35 a ton less than last year, according to reports yesterday.

The decrease — to R410 a ton — amounts to nearly 8%. Nampo GM Giel van Zyl said maize producers would be selling their products at a loss, so the new price was totally unacceptable.

Govt bowing to interest groups, Nampo claims

GERALD REILLY

PRETORIA — Nampo has accused government of fixing the new maize price at an unacceptably low level, thereby ignoring maize producers' interests and submitting to pressure from interest groups. *Blom 4/5/75*

Nampo GM Giel van Zyl accused Agriculture Minister Kraal van Niekerk of unilaterally fixing the price after the board had failed to reach a consensus.

He said an urgent meeting of Nampo's executive would be held this week to review the situation.

Van Niekerk announced the Maize Board's selling price to the trade would increase by 2,8% for white to R545 a ton, and yellow by 2% to R505 a ton.

The producer price was fixed at R410 a ton.

In his announcement, Van Niekerk said prices would be maintained at current levels for at least five months.

This cost would be met from profit made by the government on maize imports to supplement last season's crop.

Producer members of the board had recommended a price of R580 a ton for white and R510 for yellow maize.

The board's 13 members included eight producer representatives and five consumer representatives.

Nampo said it was clear Van Niekerk had ignored the majority recommendations.

Van Zyl said the price meant on average mealies would be produced at a loss, with producers' losses at R4,7bn.

That the recovery of the agriculture sector was a key factor in the recovery of the economy as a whole had apparently played no part in the decision.

Van Zyl said producers realised consumers were struggling and often could not afford basic foods but they could not be expected to solve this social problem by accepting unrealistically low prices.

Nampo was now looking for a workable alternative which would give producers greater control over the market and price of the product.

Farmers to tell minister maize price must change

PRETORIA — Demands that the "unacceptable" producer maize price be urgently adjusted will be made to Agriculture Minister Kraai van Niekerk at a meeting today.

Sources said yesterday the Maize Board and Nampo will tell Van Niekerk the R410 a ton price announced earlier this week would push hundreds of maize farmers to the edge of sequestration.

And in a statement yesterday, Maize Board chairman Jan Schabort criticised Van Niekerk for rejecting the "fair and market-related" price recommended by the board, saying it was below the inflation rate.

Schabort warned that producers would be compelled to scale down production which would greatly accelerate the current trend for SA to become a maize-importing country.

He deplored the fact that the fixing of the maize price had once again landed in the political arena. The entire price determination process would have to be urgently overhauled to avoid a repeat of this year's unsatisfactory series of negotiations.

Meanwhile, other industry sources pointed out government had been caught in a Catch-22 situation in fixing the price.

Setting the price too high would have invited a consumer and political backlash but to have refused an increase, as demanded by consumer representatives on the board, would have infuriated organised agriculture.

In the end, it was stated, government had satisfied neither side.

Meanwhile, Sapa reports that April sales of agricultural machinery continued to show the encouraging trend seen over the past two months and reflected improved summer crop prospects, the SA Agricultural Machinery Association said yesterday.

With forecasts for the 1992/1993 maize crop now standing at just over 8-million tons and prospects for most other summer crops significantly up on last year, there was general optimism in the agricultural machinery industry, tempered only by the disappointment with the recently announced maize price, the association said.

Tractor sales of 103 units in April were 18% up on the 155 units sold in April last year and year-to-date sales were almost 6% up on the same period last year.

18/04/93 (3) Maize
GERALD REILLY

"So last year's effective price was R475/t, which boils down to a 6,3% increase. Secondly, last year's R475/t effective price represented a huge 24% increase over the previous season's R383/t."

Maize Board GM Hans Swart disputes Coetzee's claim of a R383/t price in 1991-1992. He says the official list price for yellow maize that season was R419/t, showing a total maize price increase over the past two years of only about 20%.

Not so, says Meadow Feeds CE Graham Ebedes. Contract buyers — who took more than 90% of all yellow maize sold that year — paid an effective R383/t. Therefore, he adds, the total maize-price increase of 32% over the past two years puts the latest hike of "only" 2% in perspective and partly reveals why poultry producers are struggling.

This week, market leader Rainbow Chicken — which produces half of SA's broiler output of 7m/week — was expected to announce a R70m annualised loss. This follows last year's closure of Mieliekip by Kanhym. And retail broiler prices have stiffened to more than R7/kg, putting more pressure on food-price inflation and eliciting more howls of protest from consumer groups.

The R2,7bn/year, free-enterprise poultry sector (now bigger than the beef industry) is fighting the maize lobby. "While we have to face falling cyclical demand and growing, non-negotiable cost increases by a statutory body (the Maize Board), maize farmers benefit from the status quo," says County Fair MD Dave Finlayson.

So chicken producers and feed manufacturers are finding new ways to cope. "At Rainbow, we use about 460 000 t of yellow maize each year," says production director Barry Hundley. "The effective 32% price increase over the past two years will force us to increase our 10% self-sufficiency rate and also to look into alternative feed crops such as triticale and naked oats."

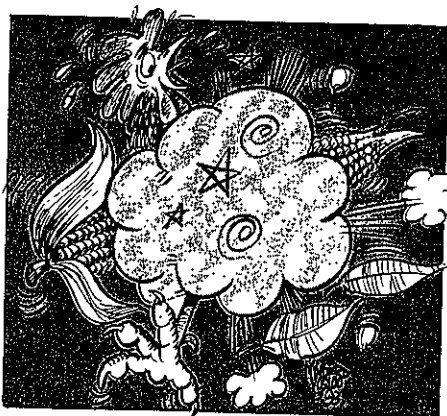
Adds Meadow Feeds (Western Cape) MD Roger Parry: "We are investigating local production of a new, improved strain of feed wheat, which could double current yields of 2 t/ha and substitute for maize."

In the western Cape, yellow maize consumers have asked government to sanction the import of about 500 000 t from the US, which is a lot cheaper than shipping maize from the Highveld at a cost of about R135/t.

Parry says the US maize can be landed at Cape plants for about R450/t. "But, as we do not desire any unfair advantage against our northern brethren, we proposed to the Maize Board to pay the effective local price of R505/t on the imported maize. The board can then pocket the profit of R55/t, or about R27m."

Van Niekerk says the board is now studying this suggestion.

Meanwhile, the Animal Feed Manufacturers' Association is lobbying for pegging local maize prices to import prices and for scrapping the cross-subsidisation of uneconomic production regions by getting rid of uniform, fixed prices. Both suggestions are in



line with the Kassier committee's report on agricultural reform. In response, the Maize Board has sent a three-member task group to look into free-market reforms in New Zealand, Australia and Argentina.

But with the Banana Board already scrapped, the Wool Board about to drop its one-channel marketing system, the Egg Board facing bankruptcy, the Dairy Board no longer a force and most other boards facing deregulatory pressures, it seems as if market realities are working without the authorities having to lift a finger.

Arnold van Huyssteen

MAIZE PRICES FM 7/5/93 Revolt of the poultry men

If both producers and consumers are upset about the latest yellow maize price hike of "only" 2%, then Agriculture Minister Kraai van Niekerk's compromise can't be all bad. Right? Sounds hard to fault this argument by Deputy Director-General of Agriculture Chris Blignaut — until you start analysing industry figures. Then it becomes clear that fixing maize prices is easy if you use mirrors.

National Maize Producers' Organisation CE Giel van Zyl says that with average production costs of R970/ha over more than 3,6m ha — with 1 ha producing about 2 t — maize farmers need higher prices to earn a decent profit.

But Van Niekerk ^{(3) maize} refused farmers' requests to increase yellow maize prices to R516/t, settling for R505/t instead. Nevertheless, farmers will gross about R4,2bn this season from a projected 8Mt crop, compared with last year's R1,5bn from a 2,9Mt crop.

Poultry men and animal feed manufacturers, the biggest buyers of maize, are crying foul. They say the 2% figure used by Van Niekerk distorts the real picture. "The announcement says the new yellow maize price represents a 2% increase over last year's consumer price of R495/t," says the SA Poultry Association's Zac Coetzee. "But the landed price of 4Mt of imported yellow maize last year was R475/t and only a small amount of locally produced yellow maize was priced (and sold) at R495/t." ^{cont}

Protest forces maize price review

PRETORIA — Furious opposition from producers to the recently announced maize price has forced government to refer the issue back to the Maize Board. *8/10/93*
Agriculture Minister Kraai van Niekerk told a news conference on Friday he had instructed the board to submit new price recommendations.

Earlier in the day Van Niekerk had separate meetings with the board and Nampo. He was told the producer price of R410 a ton would intensify the already critical financial pressure under which most producers were operating.

A Nampo spokesman expected

GERALD REILLY

government would agree to a more realistic price. *(S) maize*

Van Niekerk said a majority on the board had recommended a board selling price of R560 a ton for white maize and R510 for yellow. Consumer representatives had recommended R530 and R495. In deciding on the price, he had tried to meet both sides half way.

Regarding the emotional storm at a meeting of farmers in Potchefstroom last week, he said: "It is vital to remain calm if farmers' problems are to be solved."

Star 13/5/93
Maze on maize

The Maize Board will try to thrash out a new proposal for a maize price in Pretoria today.

The board's producer and consumer members are divided on the price issue.

The Minister of Agriculture has asked the board to submit ideas after maize farmers rejected the initial price increases set by the Government for the 1993-94 season of 2,8 percent for white maize and 2 percent for the yellow variety.

— Consumer Reporter

(3) maize

NEWS IN BRIEF

BIDAN 1415193

Maize battle continues

MAIZE producers had probably won the battle for higher prices, but the war was not over yet, Yellow Maize Consumer Group sources said. This followed a meeting called by Agriculture Minister Kraai van Nierkerk yesterday, at which a new price recommendation was submitted.

The consumer group, which includes poultry, pig producers and the feedlot industry, said it would refuse to pay more than the original price of R510 a ton announced by Van Nierkerk. (3) Maize

**Threat over
maize price**

GERALD REILLY

PRETORIA — Bulk users of yellow maize were threatening to bypass the Maize Board and buy directly from producers if Cabinet agreed to an "unacceptable" price hike, a Yellow Maize Consumer Group source said at the weekend.

The board last week recommended a new price rise over and above an earlier hike announced by Agriculture Minister Kraai van Niekerk. Rainbow Chickens production manager and the SA Poultry Association feed committee chairman Barry Hundley confirmed that big users would apply for relief from provisions of the Marketing Act to permit direct purchase from producers.

SKIF 1815193

Maize meal ban lifted

White maize meal is again available in shops with the lifting of a Maize Board ban on its sale, it was reported yesterday. — Sapa.

③ Maize

Tiger Oats urges maize price freeze

PRETORIA — Tiger Oats has called on government to impose a moratorium on further increases in the producer price of maize.

In a letter to Agriculture Minister Kraai van Niekerk yesterday, the company — SA's biggest maize buyer — also called for an investigation into the causes of uneconomic maize production.

According to sources, today's Cabinet meeting was expected to announce an increase in the producer price. Other sources have claimed that Van Niekerk buckled under producer pressure to have the Maize Board reassess the price he set.

In its letter, Tiger Oats warned that an increase in the maize price would be

8/10/93

19/5/93

GERALD REILLY

fraught with social, political and economic undertones. It said the Maize Board was not aware of the plight of consumers nor was it attending to the plight of farmers. It had passed the buck to government.

On the threat that some farming bodies would withhold maize supplies until a satisfactory price was set, the company said this amounted to industrial sabotage. It said food sales had dipped below average retail sales for the first time, indicating strong consumer resistance.

Issues such as fuel costs and unrealistic charges for fertilisers, chemicals and hybrid seed had to be probed.

Cabinet rejects pleas for maize price increase

③ Maize TIM COHEN

CAPE TOWN — Government has turned down Maize Board proposals for an increase in the maize price, overriding furious producer objections to the price announced earlier this month.

Agriculture Minister Kraai van Niekirk said yesterday Cabinet had confirmed the price after thorough deliberations, including consideration of the board's latest price proposals.

Van Niekirk announced earlier this month that the board's selling price to the trade would increase by 2,8% for white maize to R545 a ton and by 2% for yellow to R505 a ton. The producer price was fixed at R410 a ton. *8/10 AM 21/5/93.*

Van Niekirk tempered the bad news for producers by saying negotiations with producers and consumers would be pursued as a matter of urgency, and a further announcement could be made next Thursday.

The board's producer members had recommended a price of R580 a ton for white and R510 for yellow maize. Van Niekirk subsequently instructed the board to submit new price recommendations.

For the second time the board recommended a producer price of R430 a ton — decided by majority vote and not by consensus, as Van Niekirk had requested. GERALD REILLY reports from Pretoria.

Nampo GM Giel van Zyl said: "We cannot understand with all the new evidence presented to Cabinet that it could not agree on a price." Nampo rejected the producer price of R410. "Producers are up in arms. They believe government has let them down badly. We will continue to oppose until a reasonable price has been fixed."

Tiger Oats executive director Hamish McBain said the issue had almost become political when it should have been settled between producers, consumers and other parties involved.

Other interested groups should now be brought into the price-fixing discussions. McBain said that if Transnet, for example, made a contribution through more reasonable transport costs and storage costs were lowered, there would be no need for a price rise and producers' demand for a fairer price could be satisfied.

Maize delivery price unchanged

Political Staff

ARG 21/5/93

③ MAIZE

THE cabinet has decided to keep the maize delivery price at the level announced recently by Agriculture Minister Dr Kraai van Niekirk.

But Dr Van Niekirk moved to appease producers yesterday by stressing that "the door is not closed to negotiations", which would be pursued as a matter of urgency.

The issue has been the subject of heated debate between farmers and the government in recent weeks.

The delivery price of maize was recently pegged at R420 a ton by Dr Van Niekirk, which would be reduced to about R410 by the Maize Board's "risk factor".

The price to consumers will not be affected.

A number of factors, including last year's poor crop — because of drought and the possibility that between 700 000 to 1,5 million tons will have to be exported, at considerably lower prices — were taken into account by the cabinet.

MAIZE

FM 21/5/93.
Getting an earful ^③maize

While the maize-farming lobby waits to hear the Cabinet's response to its requests to increase the producer price of R410/t, the people who buy the yellow maize are exerting strong pressure to change the old one-channel marketing system.

"Should government accede to the Maize Board's request to increase consumer prices even further, we will be forced to go direct to producers and negotiate our purchases with them — outside the regulated one-channel system," says Rainbow Chicken's production director Barry Hundley. He says yellow maize consumers will be prepared to pay farmers more than the producer price "even if this means breaking the rules."

The board is the sole legal buyer and seller of the maize crop, about 8 Mt for this season. Board levies make up the nearly R100 difference between producer and consumer (R505/t for yellow maize) prices. Hundley says any further increases in yellow maize consumer prices this year "will signal the end of the one-channel maize marketing system; we are being forced into a power struggle."

Last week Rainbow announced a R76m loss for the last financial year. This is partly ascribed to soaring feed costs, largely caused by a 32% hike in yellow maize consumer prices over the past two years (*Business & Technology* May 7).

In the western Cape, the informal yellow maize consumer association is smarting after the board refused to accede to its request to allow the importation of 500 000 t of cheaper US yellow maize. Western Cape consumers have to pay railage costs of about R130/t from the Transvaal, bringing the effective price they will be forced to pay this year for local yellow maize to R635/t — compared with R450/t for landed US maize.

"In terms of the Marketing Act, we will appeal to Agriculture Minister Kraai van Niekerk to override the board's decision," says association chairman Francois van der Merwe. "If he refuses, our consumers in the western Cape (pork, poultry, dairy and egg producers) will face closures across a wide front because they will not be able to pass on higher prices to consumers without attracting 'imports' from elsewhere in SA."

Independent consultant (and past board economist) Johan Willemse says the real issue is that maize producers are holding their consumers to ransom by insisting on higher prices while the rest of the economy is suffering under a continuing recession.

"Ironically, apart from benefiting hugely from last year's R3,8bn drought handout from government, maize producers, by their own calculations, will receive more than enough from the new R410/t price to cover

all costs — and to make a profit. It seems that their major gripe is that the producer price has been lowered — but that on a huge jump in output to 8 Mt."

In terms of a deal made between the National Maize Producers' Organisation and government on May 1 1987, the organisation agreed that "scenario" prices would be adapted to the size of the crop, which would obviously influence gross returns. "But now it seems that they want to abrogate this agreement."

And, adds Willemse, if other farming sectors are expected to face market-driven deregulatory pressures, the same should apply to the maize industry.

The Animal Feed Manufacturers' Association last month presented a 23-page document to Van Niekerk, the board and the maize producers' organisation in which it suggests a more market-driven alternative to the current one-channel maize marketing system. Highlights include:

- Linking local maize prices to import parity on US yellow maize prices;
- Getting rid of the current price pooling system (producers throughout SA now receive the same price,



regardless of location and transport costs to the nearest market) and allowing for regional price forming;

- Allowing co-ops, which own all the large grain silos, to buy and sell maize, thus circumventing the board's role;
- Abolishing quantitative import controls on yellow maize, with the State and the board no longer being the sole arbiters and importers; and
- Getting rid of the one-channel, fixed-price system to create a more market-driven, competitive yellow maize market in SA.

Board chairman Jan Schabort says the board will study the proposals "in due course." And, adds Nampo GM Giel van Zyl: "We have asked the feed manufacturers' association to discuss its proposals also with other consumer representatives, follow-

ing which we will take a serious look at the issue and put it before our next congress in August." But, he adds, any changes to the status quo could be considered only if implemented in a "orderly and planned" way.

Some consumers may not be willing to wait. Says SA Feedlot Association CE Piet de Wet: "The huge price gap between maize consumer and producer prices remains the major structural problem in the system and needs to be urgently addressed." ■

Govt 'no' to maize price increase

Own Correspondent

JOHANNESBURG. —
The government has
turned down Maize
Board proposals for an
increase in the maize
price, over-riding furi-
ous producer objections
to the price announced
earlier this month.

Agriculture Minister
Dr Kraai van Niekirk
said yesterday that the
cabinet had confirmed
the price. *CT 21/5/93*

Earlier this month Dr
Van Niekirk announced
that the board's selling
price to the trade would
increase by 2,8% for
white maize to R545 a
ton and yellow maize by
2% to R505 a ton. The
producer price was
fixed at R410 per ton.

However, Dr Van Nie-
kerk said negotiations
with both producers and
consumers would be
pursued as a matter of
urgency this week. He
said the existing maize
price would remain in
force while negotiations
continued.

Rise in maize delivery price rejected

Star 21/5/93

By Chris Whitfield
Political Correspondent

CAPE TOWN — The Cabinet has decided to keep the maize delivery price at the level announced recently by Agriculture Minister Dr Kraai van Nierkerk.

However, Van Nierkerk moved to appease producers yesterday by stressing in a statement that "the door is not closed to negotiations" which would be pursued "as a matter of urgency". *maize*

The delivery price of maize was pegged by Van Nierkerk at R420 a ton, which would be reduced to about R410 by the Maize Board's "risk factor".

A number of factors, including last year's poor crop because of drought and the possibility that between 700 000 and 1,5 million tons would have to be exported — at much lower prices — were taken into account by the Cabinet.

Van Nierkerk said a further announcement could be expected on Thursday.

S Times (Buss) 23/5/98

Farmers push for maize hike

③ maize

By ZILLA EFRAT

ANGRY maize farmers are gearing up for what could be their last chance to influence the mealie price.

Agriculture Minister Kraai van Niekirk this week turned down Maize Board proposals for a higher price, but said he would pursue negotiations with consumers and producers as a matter of urgency. A further announcement could be made on Thursday.

He confirmed a fixed producer price of R410 a ton announced earlier this month. Producers are asking for R430.

According to National Maize Producers' Organisation (Nampo) calculations, it costs farmers R436 to produce a ton at current yields.

An expert on maize says: "This means some farmers will incur a loss, and many will have to dig into their re-

serves. All this signals a reduction in production."

An estimated 15% of maize farmers are expected to leave the land this year because they are unable to recover from debts incurred in last year's drought and several years of high interest rates.

Farmer confidence has been badly hit and talk about emigration is rising, says a farming source.

"Many believe the maize price has once again been drawn into the political arena. They feel vulnerable because of the lack of direction from the Government," he says.

"Some are talking about protests. Although their numbers are small, their emotions could be whipped up."

Millers seek import ruling

Supreme Court Reporter

A REFUSAL by the Maize Board to grant permits to three Western Cape milling and maize mix companies to import 500 000 tons of maize at a lower price than maize from the Free State and Transvaal, has led to their bringing an urgent interdict against the board.

According to papers before the court, maize could be imported from overseas at an approximate price of R595 a ton, while local maize would cost R630 a ton in the Western Cape.

~~3~~ (3) MAIZE CT 26/5/93

The companies, Tiger Milling and Feeds Limited, trading as Meadow Feeds Mills (Cape), Bokomo Co-Operative Limited and Western Province Co-Operative Limited, are seeking an interim order calling on the Maize Board to show why an order should not be made in the following terms:

● That pending an appeal to the Minister of Agriculture against the board's decision in refusing them an import permit, the board be ordered to issue the permits allowing them to import 500 000 tons of maize.

● That they are ordered to lodge the appeal with the minister by June 13.

● That they be ordered to pay the board the difference between the national price per ton and the landed price of the imported maize.

Mr Justice S Selikowitz postponed the hearing to June 14 to allow the parties to file further papers.

Mr P Henning, SC, with Mr B Bana, instructed by Mr John Zieff, of Sonnenberg Hoffman and Galombik, appeared for the applicant companies. Mr P B Hodes, SC, assisted by Mr M van Heerden, instructed Mr W Wilken of the state attorney, appeared for the Maize Board.

Servgro beats own forecast

By Stephen Cranston

Servgro, Sankorp's leisure and services subsidiary, has reported a 14 percent increase in earnings per share to 47,2c in the year to March, well ahead of the 10 percent increase predicted in last year's listings prospectus.

The dividend has been increased by 14 percent to 19c.

The results were achieved despite a lower contribution from Interleisure, and almost unchanged contributions from Teljoy and Interpark.

Strong improvements were achieved by Avis, Price Forbes and Fedics.

Chairman Peet van der Walt says the results were achieved through a combination of cost and asset control and improved management efficiency.

Rationalisation during the year included the slimming down of Teljoy Business Services, the closure of some of Interleisure's sports wholesale operations and the focus of the food division on three core brands, Squires, Mike's Kitchen and RJs.

Interleisure's working capital was reduced from R62 million at its year-end last June to R35 million in March. Rights to screen Disney films were also acquired.

Developments included the acquisition of Willis Faber Enthoven and the establishment of PFV London, which should be profitable in 1994.

Price Forbes processed R3 billion worth of policies during the year.

Fedics saw good organic growth and served 336 million meals during the year.

New in-flight kitchens were built in Johannesburg and Durban and there was a major retail outlet development at Jan Smuts Airport.

Avis's operational efficiency was improved by the Wizard computer system.

Servgro's turnover increased by 14 percent to R921,4 million and its operating margin improved from 12,4 to 12,8 percent. Gearing improved from 23 to 19 percent.

Van der Walt expects economic conditions to remain difficult in the current year as consumer spending will be depressed and tourism is unlikely to improve before 1995.

But earnings and dividends should improve because of recent rationalisation and developments.

Gold bounces up again

Gold appears to have settled in a tight trading range of between \$373 and \$380 an ounce.

After falling to a low of \$374 in early European trading yesterday the metal bounced back in late afternoon trading in London and New York.

On New York's Commodity Exchange yesterday it jumped \$4,60 to \$378,50, which was \$1 up on London's close.

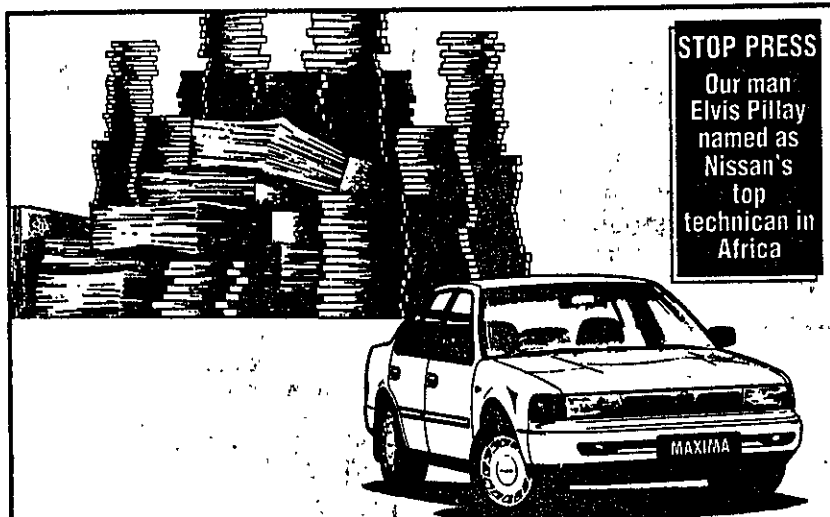
In Hong Kong this morning it opened at \$379,05.

Gold's latest rise was in part spurred by the renewed fall of the US dollar to record lows against the Japanese yen, but analysts believe it is set for a brief period of consolidation.

"Most of the big buying has been done in the present run," a European trader said. "Now the market is in the hands of smaller investors."

Analysts expect the upswing will resume and say the market is in the same bullish mood as before, but opinion differs on how far prices could fall.

Dealers see \$372 as the level gold will rebound from. But technical analysts are less optimistic, citing \$363. — Sapa-Reuter-AP.



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Brenner Mills doubles up

Maize-miller Brenner Mills doubled taxed profit to R7,5 million in the year to February.

Chairman A Brenner says turnover increased by 29 percent over the previous year.

Improved margins and overhead control resulted further in a doubling of earnings a share to 32,8c.

Cash resources at the end of the period amounted to R13,1 million (R6,2 million).

Brenner has declared a final dividend of 10c a share, pushing the total for the year 10c higher to 18c. — Sapa.

Brenner Mills doubles profit

JOHANNESBURG. — Maize-miller Brenner Mills doubled profit after taxation to R7,5m in the year to end February 1993 despite drought conditions.

Chairman A Brenner said turnover had increased by 29% over the previous year, improved margins and overhead control resulted further in a doubling of earnings a share to 32,8c.

He said effective cash management and control of working capital resulted in a significant generation of cash balances.

Cash resources at the end of the period amounted to R13,1m from R6,2m.

Brenmill declared a final dividend of 10c a share pushing the total for the year 10c higher at 18c

(3) MAIZE

CT 26/5/93

Producer price of maize increased

CAPE TOWN — Government announced yesterday an increase in the producer price of maize from R410 to R417 a ton in a limited concession to maize farmers.

The decision, which is retrospective to May 1, will not affect the Maize Board's selling prices of R545 a ton for white and R505 a ton for yellow maize.

Agriculture Minister Kraai van Niekerk said the increase was made possible by an adjustment in the risk margin that was deducted from the gross delivery price of R421 a ton.

The price is substantially less than the Maize Board's proposed selling price of R560 and R510 for white and yellow maize respectively.

Van Niekerk said the board's proposed prices, which were not agreed to unanimously within the board, could see the price of maize increasing to a level which would decrease demand. This would necessitate an increase in exports, which would entail a loss for local producers because the price of maize on world markets was low.

Consequently, the effect of the price proposed by the board could well result in maize farmers receiving little or no benefit.

The current realisation of maize on the export market came to about R230 a ton on the gross producer price of R421 a ton, he said.

Losses on the export market were

28/5/93 (3) MAIZE

TIM COHEN

borne by producers and the producer price was, therefore, related to the quantity of surplus maize that had to be exported. However, the Cabinet was satisfied that the possibility of export losses was considered in arriving at the final price. Van Niekerk announced earlier this month that the board's selling price to the trade would rise 2,8% for white maize and 2% for yellow.

GERALD REILLY reports that Nampo GM Giel van Zyl said yesterday government's persistent refusal to adjust the producer price was purely a political decision which ignored the plight of maize farmers and the future of the industry.

He called the R417 a ton announced yesterday "purely cosmetic", saying it did not represent a price advantage for producers.

Van Zyl said that at a five-hour meeting between Nampo, the Maize Board and Van Niekerk last week, the Minister agreed to recommend to Cabinet a selling price of R560 a ton for white maize and R510 a ton for yellow.

This was an advance on an earlier Cabinet decision of R545 and R505.

"When it got to Cabinet, the recommendation was thrown out."

A "disappointed" Maize Board chairman Jan Schabort said he regretted the maize price had once again landed in the political arena.

Protesters gear up to party

DIRK VAN EEDEN

ABOUT 20 000 right-wingers are expected to gather on the lawns of the Union Buildings in Pretoria tomorrow, but for many the boere party will start tonight.

The boere mass action was called to announce the Volksfront action plan, CP leader Ferdi Hartzenberg said this week.

The Afrikaner Volksfront's Gen Constand Viljoen will share the podium at the Union Buildings with AWB leader Eugene Terre-Blanche, Transvaal Agricultural Union president Dries Bruwer and speakers from white unions.

Protesters would march from the Union Buildings to the Pretoria City Hall to present a letter of protest to the Pretoria regional police commissioner Gen Bertus Steyn, said Volksfront spokesman Koos van Rensburg. "We are going to march through the city, without marshals, to show the world that it is not necessary to break windows when you march."

Van Rensburg said they were expecting protesters to start arriving in Pretoria today and that these people would camp overnight in and around the city. Accommodation had been arranged at horse stables in Swartkops, close to Voortrekkerhoogte.

One group from northern Natal had arranged for 46 buses to transport them to Pretoria.

Right-wingers said they expected the protest to be a real party.

'Big role' for

Boost for maize farmers

By TIM COHEN (3) MA 12

THE government yesterday announced an increase in the producer price of maize from R410 to R417 per ton in a limited concession to maize farmers.

The decision, which is retrospective to May 1, will not affect the Maize Board's selling prices of R545 per ton for white and R505 per ton for yellow maize.

Agriculture Minister Kraai van Niekork said the increase was made possible by an adjustment in the risk margin that was deducted from the gross delivery price of R421 per ton.

The price is substantially less than the Maize Board's proposed price of R580 and R510 for white

and yellow maize, but Van Niekork staunchly defended government's decision.

He said the board's proposed prices, which were not unanimously agreed to within the board, could see the price of maize increasing to a level which would decrease demand.

This would necessitate an increase in exports, which would entail a loss for local producers because the price of maize on world markets was low as a result of the highly subsidised nature of the industry overseas.

Consequently, the effect of the price proposed by the board could well result in maize farmers receiving little or no benefit.

The maize crop of about 8-million tons expected this year was

about 1.5 million tons more than required by local consumption. As a result, SA would have to export about 900 000 tons of maize which would have to be sold on world markets, after a quantity was retained in storage locally.

The present realisation of maize on the export market came to about R230 per ton on the gross producer price of R421, per ton, he said. CF 2815/93

The losses on the export market was borne by producers and the producer price was therefore related to the quantity of surplus maize that had to be exported.

However, Cabinet was satisfied that the possibility of export losses was duly considered in arriving at the final price, he said.

Star 28/5/93

Govt shifts on maize price

③ Maize

The Government has shifted slightly on the maize price for the 1993-94 season — agreeing to pay producers R417 a ton, instead of the R410 originally announced.

Chairman of the Maize Board Jan Schabert yesterday expressed disappointment with the decision and said the maize price had become "a political issue".

The Maize Board, which makes recommendations on a new price —

this year could not agree with producer representatives calling for a relatively large hike, and consumer representatives, who include chicken producers, calling for a very modest increase.

Adjusting

Minister of Agriculture Kraai van Niekerk says the increase has been made possible through adjusting the risk margin normally de-

ducted from the gross delivery price of R421 a ton.

The R417 a ton producer price would not affect the selling prices of R545 for white and R505 for yellow maize. The majority of Maize Board members, the producers, wanted higher selling prices but this has been rejected by the Government because of the possibility of decreased sales of the products. — Sapa Staff-Reporters.

R220m expected to be lost on maize exports.

PRETORIA — Producers angered by the low maize price set by government are in for another shock — about R220m is expected to be lost through exports and they will have to pick up the tab.

An estimated 900 000 tons from a crop of 8,5-million tons will be surplus to the domestic needs and will have to be shipped to international markets heavily laden with surplus maize.

Agriculture Minister Kraai van Niekerk says the surplus may increase substantially if maize consumption drops, as is feared.

The amount available for export is likely to exceed 1-million tons, authorities say.

Consumer prices at the coast are set to increase dramatically because of

GERALD REILLY

inflated transport costs, and an expected large-scale switch to substitutes such as potatoes and rice is likely.

Van Niekerk has said the impact of unemployment has aggravated shrinking consumer buying power. This could mean a further decline in the demand for maize products.

Also, trade sources point out that the feedlot broiler industries, which are the biggest users of yellow maize, are going through a rough period which is resulting in reduced sales and losses.

This would have a direct effect on the overall demand for maize, they said.

And a Maize Board spokesman has warned recently that "the more we export, the lower the producer return will be".

Large maize price rise expected in Zimbabwe

2,555 day 2,161,92
MICHAEL HARTNACK

HARARE — President Robert Mugabe's government faces a potentially explosive reaction from Zimbabweans this week with maize prices set to rise up to 56% in reaction to the removal of R261m in annual subsidies to millers.

Shops yesterday strove to clear old stocks of unpopular yellow roller meal priced at 51c/kg, but reports from milling sources indicated an average increase from 14c to 28c/kg might hit consumers.

Millers' Association chairman Keith Watt predicted low income groups might turn to traditional small-scale grinding millers who sell coarse "mugaiwa".

The ending of maize subsidies under Zimbabwe's controversial structural adjustment programme, agreed with the World Bank, comes in the wake of last week's "Africa Day" speech by Mugabe in which he hinted that his government would shortly decree across the board pay rises for the 1.1-million in formal employment, to prevent a further drop in living standards. **Maize**

Employers say with the effects of last year's drought, compounded by the current disastrous tobacco sales season, an increase in the R72 a month basic minimum wage would lead to further redundancies and business closures, adding to the 2-million unemployed. Inflation last year hit 44% on official figures.

Tobacco, Zimbabwe's major foreign currency earner, is fetching prices 50% of last year's as a result of an unexpected glut on the world market. The removal of bread subsidies last year led to a consumer boycott.

Maize Board calls for import tariff controls

Biday 15/6/93

③ Maize

LINDA ENSOR

CAPE TOWN — The Maize Board has applied to Agriculture Minister Kraai van Nierkerk for tariff control on maize imports to replace the current system of quantitative controls.

The National Marketing Council was investigating the application, a department spokesman said yesterday. At the same time it would consider the urgent appeal by three western Cape milling companies to reverse the Maize Board's refusal to grant them interim permits to import cheap maize.

Under the current system of quantitative import control, government decided on how much maize would be imported each year and the Maize Board, acting as its agent, granted import permits, the spokesman said.

If tariff controls were introduced to equalise the local and imported maize prices, the permit system would fall away.

He said the board's application arose from the broad thrust to liberalise SA's trade policy and bring it into line with GATT.

A Maize Board spokesman said the board was prohibited from making its decisions known before Van Nierkerk had taken a decision on them.

The spokesman said he did not expect a quick decision because the

National Marketing Council would have to consult roleplayers before submitting its report.

However, government's pending decision on the issue was the reason for the postponement sine die yesterday of a Cape Town Supreme Court application brought against the Maize Board by Tiger Milling & Feeds, Bokomo Co-operative and Western Province Co-op for a temporary permit to import cheaper maize through Cape Town's harbour.

The three companies argued that the western Cape milling industry was at a disadvantage to inland producers who did not have to bear high transport costs. Natal and eastern Cape consumers indicated they would also apply for permits to import maize.

Sonnenberg Hoffman & Galombik's attorney John Zieff, who acted on behalf of the applicant companies, said the parties had decided it would be futile to argue the matter of a temporary permit when Van Nierkerk's decision was imminent.

In terms of the court order handed down by Judge President Friedman, the matter could be brought to court again after June 28.

Schools face collapse of discipline, warns union

RAY HARTLEY

SCHOOLS were faced with a total collapse of discipline and were being adversely affected by the violence which raged outside the classroom, SA Democratic Teachers' Union official Thulas Nxesi said yesterday.

Addressing a June 16 commemorative service in Sebokeng, Nxesi said problems included "the raping of girls in front of teachers", drunkenness and drug abuse by teachers and pupils.

He said Sadtu insisted that the National Education and Training Forum should not be advisory, but should rather "make decisions which have to be implemented".

He said teachers demanded an end to government rationalisation of education and to the retrenchment of teachers and the right to organise in KwaZulu, Bophuthatswana and Ciskei.

"There is a total collapse of the culture of learning in our schools," he said. Other problems included the shortage of pre-school facilities and textbooks as well as "the non- or underutilisation of white schools".

He called on teachers and students to become part of peace initiatives and to involve themselves in "disciplined" self-defence units.



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Dismissals linked to maize contracts

ANDY DUFFY

ALLEGATIONS of irregularities in the importation of maize through two SA companies in an R800m drought relief effort have been blamed for the dismissal of two of Zambia's senior ministers. **3 maize**

It emerged this week that the dismissal in April of Zambian Agriculture Minister Guy Scott and Finance Minister Emmanuel Kasonde followed government concerns about a consultancy contract awarded to Johannesburg-based Fairtrade and Maritzburg trading group EBN.

Both companies have strenuously denied any irregularities on their part.

The companies were employed between June 1992 and last month to co-ordinate the importation of 450 000 tons of maize into Zambia. The maize was imported mainly from the US, under the auspices of the US's Agency for International Development in Lusaka, as part of a 900 000-ton relief programme.

The maize was shipped to Durban, Port Elizabeth and Cape Town, and sent by rail into Zambia. The SA companies said their efforts, for which they had not received full payment, had saved Zambia "millions of dollars".

However, the Zambian authorities say Scott failed to throw the contract open to tender before awarding it, breaching rules set by the Zambian Tender Board. Kasonde had cleared the award.

The authorities were also understood to be investigating the deposit in a Swiss bank account of a \$200 000 cheque on behalf of Fairtrade.

Scott and Kasonde were sacked by President Frederick Chiluba, along with two other ministers, for allegedly not disclosing their extrapolitical interests. It is understood the contract was cited in

Kasonde's letter of dismissal.

Fairtrade proprietor Sue Bennett said that although the awarding of the contract had bypassed the Tender Board, this was necessary to avoid delays in shipping the maize. She said the contract was vetted by the minister of legal affairs and Chiluba.

The \$200 000 was put into the Swiss account as a "gesture of good faith".

Scott approached EBN last April, after the onset of the drought led to the ministry being inundated with offers by maize shippers. The Hong Kong-owned company had shipped 150 000 tons of maize into Zambia during a previous famine.

EBN MD Gary Porritt said he advised Scott that Bennett's experience would be invaluable in preventing the Zambians from being overcharged for shipments.

"In a famine like that, everyone wants to get their fingers in the cookie jar, and they (the agriculture ministry) were at pains to make sure nobody could," said Porritt.

Bennett was recruited last May to advise on prices, tenders and shipments, and to liaise with transport authorities in SA, Zimbabwe, Mozambique and Botswana.

She said Fairtrade cut out overinflated charges, including R9m on bagging, R6m on clearing, forwarding and agency fees, and R6m on finance charges. "We really performed for Zambia," she said.

However, the first signs of government discontent surfaced a few months after the contract was awarded.

It was cancelled by Scott on the order of Chiluba's deputy, but then reinstated by Chiluba after a probe by Zambia's Anti-Corruption Commission.

The contract ran to completion, and the allegations emerged only in the two months since the ministers' dismissals.

DEANITS

Dr. Charles...

C

Crime pushes up bread price

The Argus Correspondent

JOHANNESBURG.— Consumers are paying more for a loaf of bread because political and criminal violence has caused huge losses in the baking industry. **ARG 23/6/93**

Mr Nic Alberts, executive director of the South African Chamber of Baking said the industry had incurred losses of R15 million in the past three months as a result of the gutting by fire in townships of 50 delivery trucks and the maiming and killing of drivers.

"Unfortunately the bread price has to absorb these costs," he said.

He also cited the government's removal of the wheat subsidy as the main reason for the 10 percent increase in the wheat price. Salaries, ingredient costs and equipment costs also contributed to the increases.

Bread is exempt from VAT and the recommended maximum price for a

white loaf is R1,75 and brown bread R1,50. The prices are expected to go up by 8c and 7c respectively from July 1.

● Bread sales continued to drop, the Wheat Board said yesterday at the beginning of its National Bread Week.

The possible reasons for this, it said, were the unfavourable economic conditions, a rise of between 35 and 45 percent in price since the industry was deregulated, or that people could no longer afford bread. **3 MAIZE**

Bread consumption in South Africa, including the TBVC states, amounted to slightly more than one loaf a person a week, the board said. **247**

"Whatever the reason, South Africans are just not eating enough bread. It is imperative therefore to reinforce the goodness of bread and to restore bread to its rightful place as one of the most important staple foods in the daily diet." **34**

Price of bread to jump nine percent

JOHANNESBURG. — You could be paying up to nine percent more for your loaf of bread today, as the new price hike comes into effect.

This follows a 10% rise in the wheat price and other cost increases in the baking industry.

The profit made by the government on the importation of wheat last year, which was passed on to the industry, has been spent and the price of wheat has returned to actual market levels.

A spokesman for the Chamber of Bakeries, Mr Nic Alberts, said that bakers could decide for themselves on price increases because the price of bread was not regulated.

Various supermarkets and chain stores had indicated that they would not increase the price of bread immediately. Some of these shops were selling bread at a reduced price. — Sapa

Higher group earnings forecast for Tiger Oats

By Stephen Cranston

Improvements in the broiler industry and a reduced corporate tax rate, together with continued good earnings growth from the pharmaceutical companies, should ensure that group earnings growth for Tiger Oats will be better than forecast, says Manny Pohl, head of research at stockbrokers Davis Borkum Hare.

Pohl predicts that despite a three percent decline in earnings per share to 106c in the six months to March, Tiger will increase its EPS by 7,5 percent to 247c for the full year.

Deregulation of the agricultural industry should make for a further 22 percent increase in earnings per share to 302c in 1994.

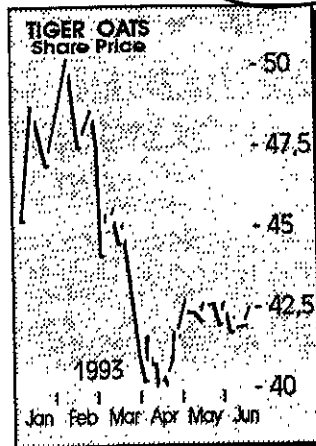
Deregulation should also reduce input costs and improve consumer demand for Tiger's basic foodstuffs and value-added products.

The disastrous 1991-92 maize crop forced Tiger to buy imported maize, the extra railage costing it R100 a ton for a total of R60 million.

Hanson buy-out

LONDON — The Anglo-American conglomerate Hanson Plc said yesterday it had agreed to buy the United States' largest manufacturer of polyethelene, Quantum Chemical Corp, for \$3,2 billion.

The deal involves Hanson taking on Quantum Chemical's approximately \$2,5 billion of debt and distributing 42 million American Depository shares in Hanson to Quantum shareholders. — Sapa-AFP.



③ Maize

But if Gatt negotiators reach an agreement, the South African agricultural marketing system will have to fall into line.

This will see the end of quantitative controls on imports, which will allow consumers to import products if they are willing to pay the tariffs imposed.

Consumers in coastal areas will benefit, unless tariffs are extortionately high, as they can import maize at R300 a ton, compared with a local price of R505 a ton.

The baking industry suffered over the past year from the deregulation of the bread price as there was a significant price escalation at retail level, a depressed economy and political unrest and violence.

The surplus of baking capacity in the industry has resulted in intense competition and a pressure on margins.

But over the longer term, the bread market is expected to grow at approximately the population growth rate.

Tiger is well placed to meet

this demand at a competitive price with the commissioning of a modern bakery in Maritzburg last year.

A political settlement is expected to reduce the cost of distribution and increase margins.

The broiler industry made significant losses in the first half, but the closure of Delmas and Mielie-Kip, production cut-backs and tariffs have ensured that the market is back in equilibrium.

There will be further improvements in profitability after the deregulation of maize prices.

Feed accounts for 60 percent of dressed bird costs and maize for 45 percent of total feed costs.

In terms of the recommendations of the Kassier Committee, which are in line with Gatt proposals, maize consumers will be able to negotiate supply contracts with farmers, ensuring control over the price of their major input cost.

In the edible oil division, Tiger's sunflower seed plant in North Dakota was recently refurbished with disastrous results. New equipment did not perform and output from the plant declined substantially.

These technical problems have been addressed and the current loss of profit, estimated at around R20 million, should turn into taxed profit of R6 million next year.

The US operation will benefit from the recent acquisition of a sunflower seed confectionery operation, in line with Tiger's policy of increasing its exposure to value-added products.

Pohl says the Tiger share price has under-performed the market since the end of 1992, but that this trend will be reversed as a result of excellent growth potential.

MAIZE IMPORTS

No breaks for the Cape

The vociferous and well-organised maize lobby by notched up yet another victory over consumers last week when Agriculture Minister Kraai van Niekerk announced his support for a recent Maize Board decision to disallow cheaper US maize imports.

The board opposed the application by western Cape animal feed manufacturers for an import permit on the grounds that the board sits with a surplus crop that has to be exported at a "loss" — in other words, a discount against inflated local prices. Only the board is allowed to import maize.

Meadow Feeds (Western Cape) MD Roger Parry says his group will not continue with legal action following Van Niekerk's decision. "While we are obviously disappointed, it is now over to the general public to lobby for changes."

Adds SA Feedlot Association CE Piet de Wet: "The result of the Minister's action in terms of the Marketing Act means that we will have to look again at the one-channel maize marketing system so that it can become more equitable."

Next month the board will meet the National Maize Producers' Organisation, the SA Poultry Association, the Animal Feed Manufacturers' Association, the SA Feedlot Association, pig producers and other yellow-maize users to investigate jointly, for the first time, options to the single-channel marketing system.

Cape producers say the Minister's decision means widespread closures and unemployment because they will not be able to

compete against northern suppliers of pork, poultry, egg and dairy products. "We are suffering under a marketing system that prefers to support maize producers," says Western Cape Maize Consumers' Association chairman Francois van der Merwe.

Instead of getting a break on the maize price, the would-be importers were given notice that they will be forced to pay additional transport costs from the Transvaal of about R130/t on their 500 000 t yellow maize animal feed requirements this year.

"This boils down to an effective 32% increase on the price we paid last year for maize imported from the US because of the drought," Van der Merwe says. "Our best dairy farmers will now have to produce milk at a loss of about 11c/litre (or almost a R2 200 loss per cow per year); some of SA's best pork producers will lose about R80/pig, while poultry and egg producers will face a similar dilemma."

Johan Burger, agriculture director for the winter rainfall region, says the R130/t rail-age fee hits Cape farmers with a double whammy — they have to "import" their feed maize and "export" their surplus bread wheat to the north. "These two external factors mean R65m-R75m in additional costs to animal-products producers in the region."

MAIZE DEREGULATION (3) MAIZE
FM 16/7/93
Harvesting new ideas

Following unprecedented public disagreements and even court actions between consumers and the Maize Board over yellow maize consumer prices and proposed maize imports, the National Maize Producers' Organisation (Nampo) says it is now searching for an alternative to the troubled status quo.

"With all the wisdom in our possession, we are looking for options to the current system," says Nampo GM Giel van Zyl. "Following recent visits to South and North America, Australia and New Zealand to study other maize marketing systems, top Nampo and Maize Board officials drafted a comprehensive report that will be submitted to our members for consideration."

It's about time, says SA Feedlot Association CE Piet de Wet, who feels that relations between producers and consumers are at an all-time low (*Business & Technology* July 2). "The single-channel system has seen its day and it is a matter of utmost urgency that a system be implemented that serves the

F.W. BUSINESS & TECHNOLOGY

16/7/93 (3) MAIZE
interests of all parties concerned. Maize prices should be determined scientifically and with due consideration to import and export parities."

Van Zyl says the report will be discussed by Nampo executives at a special two-day meeting at the end of the month. Members will be informed of developments at 26 follow-up meetings with Nampo chapters.

"Proposals will then be submitted to a special Nampo congress on August 26, where we will obtain an indication of which way our members would like us to go. Whatever is decided, any substantial changes to the status quo will have to be phased in in an orderly and planned manner."

But some consumers feel Nampo's wheels are turning a bit too slowly. In March, the Animal Feed Manufacturers' Association submitted a 23-page discussion document, containing comprehensive proposals for a more market-related maize marketing system, to Nampo, the board and Agriculture Minister Kraai van Niekerk.

An association spokesman says its submission was made in time for changes to be implemented before the new planting season starts in September but that Nampo's proposal for a late August meeting means that any reforms would be postponed for another season. "And, with an election looming next April, is Nampo considering negotiating a new deal with a new government?" he asks.

In addition to private initiatives, government is also trying to sort out the beleaguered system. The Marketing Policy Evaluation Committee, appointed by Van Niekerk

BUSINESS & TECHNOLOGY (3) MAIZE

FM 16/7/93
this year after the Kassier Committee's proposals to reform SA's 21 control boards, is expected to submit its first interim proposals to the Minister by September. "We still welcome proposals for other marketing schemes," says committee secretary Bart van der Merwe.

In another move, the SA Futures Exchange (Safex) has appointed a consultant to investigate the possible creation of an agricultural commodities futures exchange, though maize won't be a part of it, at least initially. Says CE Stuart Rees: "We are now looking at red meat, fruit and potatoes because these products operate in existing free-price-forming market structures. Because maize is still a fixed-price commodity, the Safex commodity steering committee agreed that we should first look at the other commodities."

Rees says a report on a possible red-meat futures market will be submitted by the end of next month and then it could take about 18 months to implement the necessary structures for the market to begin operating. "Once we have one commodity that is successfully traded on a futures market, we hope to attract others to follow suit." ■

The search continues for an alternative to the Maize Board's statutory control of the R2,5bn/year maize industry (*Business & Technology* July 16). The National Maize Producers' Organisation (Nampo) plans to offer its proposals at a special congress on August 26. The Animal Feed Manufacturers' Association has produced a 23-page report. And an investigation into a maize futures market in SA is underway.

In addition, Maize Board GM Peter Cownie says options to the current system — in which the board buys all the maize produced each year at a set, countrywide price — are being devised by a study group comprising representatives of the board, Nampo and silo owners following a visit to Hungary, Argentina, Canada, Australia and New Zealand earlier this year. These options will also be discussed at the Nampo congress.

The feed manufacturers' *Guidelines for an Amended Yellow Maize Marketing System* (submitted to Nampo, the board and government in March) involve a gradual move away from the one-channel system and fit in with Kassier Committee recommendations to remove the statutory powers of SA's 21 agricultural control boards.

"We are involved in discussions with the board, the Department of Agriculture and the Board on Tariffs & Trade and are confident of reaching consensus soon on an alternative to the single-channel maize system," says association chairman Munro Griessel, who is financial director of Epol.

The association's market-orientated proposals include: (3) maize

- Linking local maize prices to international (Chicago) prices and moving away from price-fixing;

- Phasing out the pooling and cross-subsidisation of income and costs in the marketing and pricing of maize. All farmers now receive the same price, regardless of location or demand. A proposed regional price structure

FINANCIAL MAIL • AUGUST • 13 • 1993 • 81

Cout →

would offer premiums to stimulate production in specific areas, while discouraging production in marginal areas;

- Granting agricultural co-operatives full control over the buying, marketing and selling of yellow maize. Now they act only as agents for the board. By allowing co-ops to act for their own account, they would also be free to rent out silo storage space and would, in effect, become competing businesses; and

- Allowing the board to continue collecting levies from farmers to pay for the costs of exporting maize (as an intermediate measure), advertising and research.

If Nampo and the board decide to follow the association's proposals, it would open the way for the creation of a maize futures market. The SA Futures Exchange is investigating the feasibility of futures contracts for agricultural commodities, says CEO Stuart Rees, who adds that the fixed-price system for maize makes it an unlikely candidate for inclusion. (3) maize

But the Maize Board is a founding member of Safex and there is a strong view that the local market is big enough to warrant a futures market in maize.

Volkscas manager (agriculture) Chris Mostert says commercial banks would support a marketing system that could hedge risks in agriculture once the control boards' statutory powers were eliminated. "A futures market would reduce the price risk because farmers would be able to hedge on the market and ensure a price that would cover their costs and provide for a profit."

Andre van der Vyver, former Washington agricultural attaché and author of a 170-page MSc thesis on a futures exchange for maize in SA, points out that "attracting speculators and brokers to a futures market (underpinned by an underlying spot or cash market for maize) is essential" for providing liquidity. And co-ops, he adds, could become active players on a maize futures exchange.

"Co-operatives could act as private entrepreneurs by storing grain, while hedging their risks on the futures market. Or they could also lease space to other interested parties who might wish to speculate on the market. Speculators on the futures market would also need delivery points should they decide to deliver on their contracts instead of cancelling them out. This is a form of arbitrage that ensures the futures market price stays in line with the cash market price."

Van der Vyver says prices should stabilise at levels between import and export price parity, depending on crop sizes and whether imports or exports are expected. "This would allow farmers to hedge at levels where they could make a profit and they would no longer be exposed to the uncertainty of a selling price as is the case in the present single-channel system."

Lindsay Madden, executive manager of



Maize ... the future is deregulation

Johannesburg attorneys Edward Nathan & Friedland, who submitted a paper to the Kassier Committee on agricultural commodities futures markets, says: "SA's 290-odd co-operative silos, largely financed by low-cost Land Bank loans at taxpayers' expense, could be sold to independent traders. Private ownership would act as incentive for improving productivity and cutting costs, compared with the current cost-plus basis of management."

The first step, though, has to be acceptance by the board and Nampo of the Kassier Committee's free-market proposals. ■

Bumper maize crop expected

Bl Day 17/8/93

PRETORIA — SA's minimum maize requirements were already safely stored in the nation's silos — and there was more than a million tons awaiting harvest, National Maize Producers' Organisation senior economist André Ferreira said yesterday.

SA needed an annual minimum maize crop of about 7,5-million tons, while the latest national harvest estimate committee figures indicated a total maize crop of close to 9-million tons could be expected. The surplus would be exported. *3) maize*

At a producer price of R417 a ton, the better-than-expected crop would provide relief for Free State and Western Transvaal farmers trying to recover from last year's crop failure.

About 200 000ha more maize had been planted than in the previous planting. The expected average yield of 2,5 tons a hectare was 25% higher than in a normal year.

ROBYN CHALMERS reports economists are cautiously optimistic that farming output could grow by 25% in real terms this year, taking SA's growth rate above zero.

Central Statistical Service figures released last week showed GDP grew 5% in the 1993 second quarter, reflecting a surge in agricultural production, which rose 232% in real terms on a seasonally adjusted and annualised basis.

Economists said agricultural output was again approaching normal levels after the devastating drought had turned SA from a net exporter of foodstuffs into a net importer.

Absa agricultural GM André Louw said the agricultural sector's contribution to GDP on an annualised basis fell by more than 25% last year from R23,6bn in 1991. A possible sector

DIRK VAN EEDEN

growth of 25% would bring it closer to normal production levels.

Much would depend on a return to normal rainfall patterns as areas in the Lowveld, Natal, north western Transvaal and the Karoo were experiencing drought conditions.

SA Agricultural Union chief economist Koos du Toit said discussions with farmers and weather experts had shown growing optimism that the weather pattern was stabilising.

The "great hope" of the season was the maize crop.

Standard Bank agricultural division senior manager Rudi Wilsnäch said this season's maize crop would amount to about R3,5bn — a 120% rise over last year's R1,54bn crop.

Maize imports last season amounted to R2bn.

In addition, most of the summer crops were expected to show good results — including sunflowers, groundnuts, cotton, dry beans and sorghum — while the outlook for citrus and deciduous fruit was good.

The wheat crop, which had a gross value of R1,3bn in 1991/92, would put a damper on total output, said agricultural experts, but this was likely to be offset by the maize recovery.

Absa economist Adam Jacobs said should the current production pattern pan out, the agricultural sector's contribution to GDP would return to about 5%. This would have a positive effect on secondary industries.

Spin-offs were already evident, said Jan Prinsloo, mechanisation GM of agricultural equipment supplier Vetsak.

"We expect tractor sales to increase between 15% and 16% this year, from about 2 200 units to between 2 500 and 2 600 units," he said.

MAIZE INDUSTRY
Fm 3/9/93
Planting reform

Last week's special congress of the National Maize Producers' Organisation (Nampo) did not vote for an immediate and radical overhaul of how maize is sold in SA. But the meeting in the Free State town of Bothaville left no doubt that drastic reforms are coming. The changes are sure to see the end of the current system, which forces farmers to sell every kernel and every mealie at the same price to the Maize Board.

The congress decided that the Nampo executive should devise alternative marketing schemes and present them to the full Nampo congress next March. It seems, as top Nampo officials put it, that the farmers now accept that change is inevitable.

"The maize industry realises that the single-channel, fixed-price scheme has to make way for a freer system," says Nampo GM Giel van Zyl. (a) maize

One development has concentrated the minds of farmers: the end of import controls that banned most imports except during droughts. Under reforms that SA must make to stay in the good graces of Gatt, import control will go, though farmers still will be protected by high tariffs on maize imports. Nampo chairman Cerneeles Claassen expects the tariff to be around 35%.

Tariffs, rather than an outright

Fm 3/9/93
ban on imports, will subject farmers to overseas competition for the first time — especially in the Cape and other coastal areas. Nampo feels that if its members are going to lose some protection, then the industrial sector should be exposed to more competition also. "It would be unfair to expect farmers to allow freer imports, while expensive inputs such as tractors, chemicals, fertiliser and farm implements are still subject to high protective duties," Claassen says.

So Nampo wants a package deal on tariffs and deregulation that would involve other sectors of the economy. (3) maize

The old, single-channel scheme is under pressure from the distortions caused by the two-tier pricing system — the board sells its maize at one price to domestic customers and at another, much lower, market-related price to foreign customers. The losses incurred by the board when surplus maize is exported — 800 000 t this year — have to be made up by huge levies charged to the farmers.

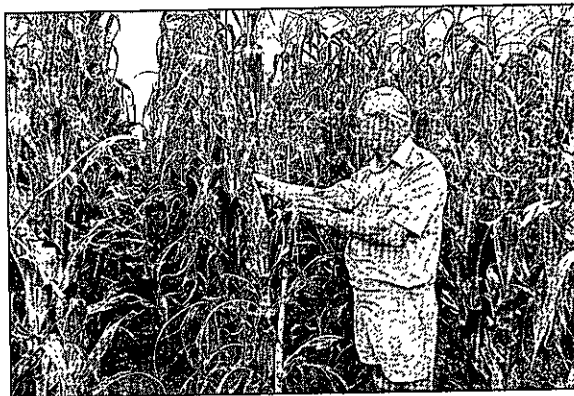
This widens the gap to more than R100/t between the price the farmers get for their maize and the price that consumers pay, encouraging many farmers to go around the law and sell directly to some consumers.

The Nampo committee will study several reforms, such as recommending that the board allow different prices in different regions and set a floor price for farmers based on the import price. A radical reform that probably won't be considered is to establish a futures market for maize (*Business & Technology* August 13).

One stumbling block to reform is the grain co-operatives. Now they merely handle the grain on behalf of the board. But after the reforms, they would act as independent buying and selling agents on behalf of their members.

Under a floor-price system, only farmers who couldn't get a better price would sell to the board at the floor price. Most farmers would sell their maize individually at higher prices through their co-op.

This sea change would demand new expertise from the co-ops and force them to compete with each other, something they are not at all happy about. But like the maize farmers and the rest of the agricultural sector, they will soon realise that reform is coming and they'll have to get into line. ■



Harvesting maize ... it's also the season for reform

Maize imports boost port business

ART 22/9/93 (1) (3) MAIZE

Business Staff

TOTAL tonnage handled through the Port of Cape Town dipped nearly 3 percent to 440 324 tons in August compared to the corresponding month a year ago, Portnet figures issued today show.

However, if the maize imports made through the Port during August 1992 are excluded the tonnage handled for the month under review actually shows a marked increase of 23 percent.

Imports through the harbour in August dropped 23 percent to 198 629 tons on a year on year basis. The exclusion of maize from the import tonnage of August 1992 sees a 21 percent increase in imports last month.

Between April and end August 854 059 tons were imported through Cape Town — about 5 percent better than the 767 766 tons (excluding maize) handled in the same period last year.

Exports for August showed a pleasing 31 per-

cent gain to 150 128 tons. Export tonnage between April and end August rose 1,8 percent to 1,48 million tons.

Total tonnage handled between April to end August this year at 2,7 million tons is 8,2 percent behind the same period in 1992. However, if the maize constituent is removed, total tonnage for the 5 month period is almost 4 percent ahead of last year.

The number of vessels calling at Cape Town increased 10 percent to 297 for August. In the five-month period to end August 1 307 ships called — just one more than the same period last year.

The number of containers handled through Cape Town also showed an encouraging increase, shifting up nearly 22 percent to 18 237 in August. In the five months to end August 91 325 containers were handled through Cape Town, a slender 1,6 percent increase over the same period in 1992.

Star 27/9/93

Maize exports set to soar

③ maize

BY NEIL BEHRMANN

LONDON — South African maize exports are set to surge in the Far East, according to the International Wheat Council.

"South Africa's return as a significant exporter will have an impact on trade patterns in Far East Asia," says Bill De Maria, assistant executive director at the Wheat Council, which monitors international grain markets.

The bulk of initial sales of 165 000 tons were directed to Japanese starch manufacturers, he says, but Taiwan, Korea and Singapore are also likely to be buyers.

South African maize sales are likely to be at the expense of the US, which experienced a sharp fall in output this year on account of floods.

The Wheat Council estimates that South Africa's

crop in the 1993/1994 season will be 8,3 million tons (8,9 million tons in the 1992/93 season).

This compares with the miserable crop of 3,9 million tons in the 1991/92 season.

Illustrating the turnaround in trade, South Africa imported 3,4 million tons in the 1992/93 season.

In the 1993/94 season, however, the Wheat Council estimates that SA will export 1,2 million tons.

On August 31, South Africa sold 99 000 tons of maize at prices of around \$118 (R404) a ton.

Assuming that prices and currencies remain around present levels, export revenue on the 1,2 million tons would be nearly R500 million.

The Wheat Council has also raised its forecast for this season's world grain crop to

1,390 billion tons from 1,383 billion made in August, mainly as a result of better crops in Argentina, Canada, China and Russia. Last year's crop was 1,403 billion tons.

World wheat output is forecast at 575 million tons, against 562 million in 1992.

Yet a poor US crop, estimated at 186 million tons this year, compared with 241 million tons in 1992, reduces the world maize crop to 481 million tons in 1993 from 535 million in 1992.

Grain imports of Russia and other Commonwealth of Independent States (CIS) will tumble this year, forecasts the council.

The inter-governmental body estimates that CIS imports of wheat will slump to 12,2 million tons in 1993 from 17 million tons in 1992 and 21,1 million tons in 1991 because of credit problems and larger crops. Imports of maize will

fall to 5,7 million tons this year from 6 million in 1992 and 12,1 million in 1991, forecasts the council.

"The former Soviet Union continues to accumulate arrears in repayment of foreign food credits, interest and freight charges," says De Maria.

"The continued deterioration in Russia's debt position raises questions about the provision of further credits in the coming year," he says.

Total food credits outstanding are around \$2,9 billion, says De Maria. Included in this amount are unpaid freight charges of \$94 million.

"Prospects for CIS grain crops are generally favourable because of above-average yields," says the council. It estimates that the CIS crop will rise to 95,1 million tons from 89,2 million last year and 72,4 million in 1991.

Top agricultural co-ops join forces

PRETORIA — A new maize meal company to be formed on Friday when five of the country's top agricultural co-operatives join forces, would create stability and new marketing opportunities, GM Eric Strydom said yesterday. 28/9/93

The maize milling interests and distributions networks of Sentraalwes, Sentraal-Oos, Free State, Vaalharts and Natal have been consolidated into Amalgamated Maize which will trade as Amaizco.

Amaizco will produce and market maize meal and other maize products under established brand names such as Champion, Excella, Senwesko, Imbali, Vaalharts Choice, Enelka and Drakensberg.

Milling and baking company Sasko owns an interest in Amaizco and will manage the business of the company.

"The establishment of this new company will create stability, security and new marketing opportunities for the shareholders," Strydom said. ③ Maize

Amaizco will operate a total of 11 mills in the Free State, northern Cape and Natal. Mills are situated at Potchefstroom, Frankfort, Hartswater, Wesselsbron, Kroonstad, Theunissen, Marquard, Bethlehem, Harrismith and Blood River. — Sapa

MAIZE INDUSTRY
Fm 8/10/93
Fighting over money

Maize farmers are demanding that the R148m now being held in a fund created to cover Maize Board shortfalls should be paid out to them.

The fund was created two years ago at the behest of the National Maize Producers' Organisation (Nampo) because official crop and price miscalculations by the board and government had led to a huge R395m shortfall in the board's stabilisation fund, which had to be made up by a loan from the Reserve Bank and the Land Bank.

Government then accepted liability for repayment, on condition that the board's budget would never again go into the red. This led to the creation of the fund.

To date, government has repaid R710m in capital and interest on the board's loans. The outstanding balance is about R181m, says Department of Agriculture spokesman Dennis Farrell. **(3) Maize**

Agriculture Minister Kraai van Niekerk told a recent Nampo congress that he cannot sanction an immediate dispersal of the fund to the farmers because the farmers are not the only ones with a claim on the money; consumers may also have a claim.

But Nampo GM Giel van Zyl believes that when Van Niekerk determined the final maize producer and consumer prices this year, he broke an agreement with Nampo that the board and not government would determine prices. Therefore, Van Zyl argues, government, not the board, should accept liability for the shortfall that Nampo expects in this year's maize-pricing budget.

"We do not trust government's undertakings. Because Van Niekerk determined this year's price, government must now accept the risk for any shortfall on the board's budget — and must give our money back."

Van Niekerk told the congress that farmers would receive what belongs to them. But he's not ruling out using the fund to cover this year's shortfall. Also working

against the farmers is the National Marketing Council, the statutory body that oversees all the marketing boards, which has cautioned against an immediate repayment.

The dispute began after the National Crop Estimating Committee earlier this season underestimated the crop size (now 8,9 Mt) by about 700 000 t. This led Van Niekerk to set a higher maize producer price than was necessary. The extra maize is being exported, but at a lower price than what government guaranteed the farmers. This has led to a projected R100m loss for the board — the difference between the export price and the price that the farmers must be paid.

This shortfall could end up being covered by the special fund, but the farmers will put up a fight before that happens. All the Agriculture Department is saying now is that it's looking into this "highly sensitive" issue. ■

World Bank calls for end to Maize Board controls

By CIARAN RYAN

A WORLD Bank report proposes linking South African maize to international prices and abolishing import controls.

It says the Maize Board should no longer be the sole importer of mealies and prices should be allowed to vary throughout the country, depending on supply and demand. The board would no longer set prices.

The report also calls for complete deregulation of red meat. It urges transformation of the Meat Board into either a government department or market research agency. It could also become an independent agency with voluntary price guarantees or a private organisation with no statutory powers.

The bank report says the present system of price setting through compulsory auctions at controlled abattoirs should be changed to allow independent operators to determine prices.

"Current price-support schemes would be replaced by schemes in which producers would choose to participate or not," says the report.

"Steps would be taken to improve the informal marketing system, increase linkages with formal markets and make the entire market more accessible to small producers and processors."

Regulations affecting red meat should be abolished or changed. In particular, the report calls for a revision of the system which compels producers to

register and which imposes too-strict hygiene, abattoir and slaughtering standards. The system curbs the movement of meat and should be changed.

The report also hits at the grading system, guaranteed prices and compulsory levies on producers.

It says control boards should become voluntary producer organisations and payment of statutory fees should be voluntary. **(3) Maize**

Greater competition and support for small-scale farmers are needed.

The report urges a reduction of state controls on marketing and pricing of agricultural produce to give the private sector a bigger say.

Prices for imported staples are generally lower than those grown in SA. It says world prices are distorted by subsidies and interventionist policies in industrialised countries.

"Under these conditions there is considerable scope for SA to use imports to manage consumer prices for basic foods within acceptable limits.

"If agricultural output marketing were liberalised, it would need to be accompanied by measures to relieve farmers of the burden imposed by protection of the agricultural input supply industries."

Maize and red meat are the two most

important farm sectors, contributing 13% and 17% of all agricultural output in 1990.

Vegetables made up 9% and sugar 5% of total agricultural output in 1990.

The report recommends little change in the marketing of vegetables other than to open more fresh produce markets for small producers.

"There is a question about whether the (sugar) industry should continue to be operated on a monopoly basis."

The report says sugar prices will be driven down by tariff reductions required under the General Agreement on Tariffs and Trade from 124% to 106% over six years starting in 1994.

A second option presented in the report is to remove the statutory power of the SA Sugar Association, making it a voluntary organisation and encouraging milling companies to compete for both domestic and export market share.

S/Times (Buss)
17/10/93

SUMMER CROPS

Fri 26/11/93

Dancing in the rain

Grain farmers in the summer rainfall areas could not have wished for a better start to the planting season with the rain, and plenty of it, falling on time. Provided the weatherman doesn't turn the taps off in January, as he has done often in the past decade, maize farmers can expect to reap a bumper crop at the end of the season. It will be their second good crop in a row.

The National Maize Producers' Organisation (Nampo) expects farmers to put 3,7m ha under maize this year, says its senior economist, André Ferreira.

About 70% of the area earmarked for maize in the eastern Transvaal and eastern Free State has already been planted and is doing well. Farmers in the western Transvaal, where maize can be planted later, have also started planting.

But agricultural conditions do not follow set patterns. There are areas in the eastern Transvaal where farmers cannot plant because it's too wet and some in the western Transvaal where they've stopped because the ground is drying out.

It's still too early in the season to estimate how many hectares will be planted to crops such as sunflowers and beans, but a substantial portion of the winter wheat crop is in, says Wheat Board deputy GM Johan Dorfeling.

He estimates that 1,9 Mt of wheat will be harvested this year, a sizeable improvement on last year's 1,26 Mt, which was the worst crop in 20 years. SA needs 2,2 Mt a year but farmers will hold back some of the crop for their own use. So 300 000 t-400 000 t will have to be imported next year.

Nampo's reading of the situation is that maize farmers could reap a bumper crop that will easily exceed the 8,9 Mt harvested this year, Ferreira says.

An exceptional crop would enable agriculture to boost its contribution to the GDP back to over 5%, the customary level before the past few years. Agriculture contributed only 3,5% in the 1991-1992 season because of the record drought and only 4,6% in the past season.

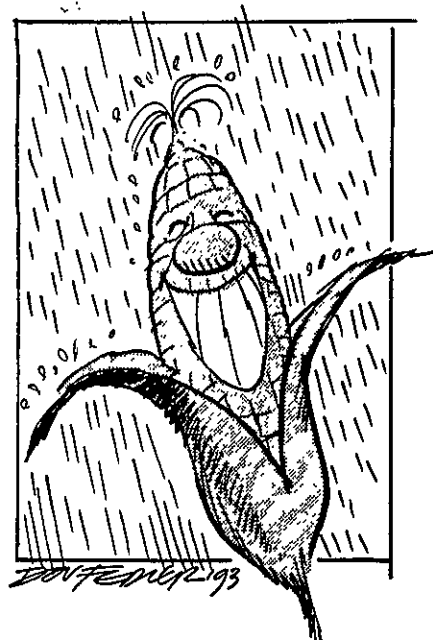
The past year's crop, though below average, has still been able to help boost GDP substantially this year and end SA's 39-month recession. With a better-than-average season expected next year, economic growth should quicken.

Though the maize fields are as pretty as a picture now, not everything in the garden is rosy. There hasn't been a year this century when drought hasn't affected some part of the country. This year is no different. A giant horseshoe-shaped area that starts in the north-western Transvaal near Ellisras and sweeps past the Limpopo River, down

through Kruger Park and the escarpment (normally a high-rainfall area) to Barberton, is still drought-stricken despite having rain in parts, says SA Agricultural Union chief economist Koos du Toit. **Maize**

The area has been so devastated by drought that it needs a lot more than a few millimetres of rain to recover. For example, not enough has fallen to fill the rivers. A lot of tropical fruit and vegetables are grown there and exported.

Though the eastern Cape has had good rains in the past few months, it isn't exactly floating in ecstasy. Eastern Cape Agricultural Union manager Rory O'Moore says Cradock, Adelaide, Middelburg, Tarkastad and Bedford are still suffering. "The best falls were along the coast and inland at Jansenville, Steytleville and Aberdeen, where things are looking good. But it all



depends on whether there will be follow-up rains at the end of December."

Timber prices could well increase and timber may have to be imported because growers, particularly in Natal and the northern Transvaal, have been savaged by two years of drought. The Forest Owners' Association surveyed 758 140 ha of SA's 1,2m ha planted to timber and determined that the drought cost growers R445m, says executive director Mike Edwards.

More than 30 000 ha will have to be replanted — it will cost R2 000/ha to clear the dead trees and plant new ones.

Growers lost 6,7m m³ of timber, or 42% of a year's crop, and are not sure their surviving trees will continue to grow when rain falls.

Cane Growers' Association executive director Rex Hudson says the 1993-1994 crop,

being reaped now, will be only half the normal size. "We're having to import sugar. We had good early rains but the crop doesn't form until the December-March period, when we need lots of rain and humidity.

"Even if we get normal rains, we cannot expect a normal crop because we do not have the 385 000 ha we usually plant to cane. In a normal year 12,5% of the area under cane is replanted, but because so much died during the drought we're looking at close to 20% that must be replanted. This is an impossibility because many growers cannot afford to replant all they lost. The cane planted now won't be ready for harvesting until the 1995-1996 season."

If the weather plays along and gives growers the rain they need, when they need it, Hudson estimates that they will produce 1,8 Mt of sugar in the 1994-1995 season, less than the usual 2,2 Mt but enough to enable them to export 500 000 t.

The weather could comply. Colleen Vogel, geography lecturer at Wits and expert on the impact of drought on farmers and rural communities, says El Nino (the warming of the Pacific Ocean off Chile), which caused the drought of 1991-1992, "doesn't seem to be a threat anymore."

Weather Bureau acting director of climatology Mike Laing disputes this. "The temperature of the Pacific is still above normal and it looks as if another warm episode (El Nino) is developing."

He adds: "Though not very strong, it could mean that in summer rainfall areas, SA can expect above-normal temperatures and below-normal rainfall between now and March. The effect will be patchy though."

Will Alexander, a civil engineering professor at the University of Pretoria who is studying the flow of rivers to determine how they tie in with weather cycles, is more optimistic: "There is a clear signal that indicates there are 18-to-20-year cycles and that rainfall in the first half of a cycle is usually above average, then below average in the second half. We are now entering the first half of a cycle and those analyses indicate this year's rainfall will be above average."

Maize farmers hope the rains will be benign. Nobody has ever tried to work out how large the maize farmers' combined debt is but they are probably responsible for most of the R17bn total that all farmers owe because there are so many and their costs are so high.

According to Nampo, it cost R970/ha on average to produce the maize crop that has just been reaped. Of that, R650 is for direct costs such as fuel, labour, seed, fertiliser and pesticides. The rest (R320/ha) is for items such as interest, depreciation and management costs.

David Pincus

GRAIN · '92 + '93

Grain imports bill could total R1bn

GERALD REILLY

PRETORIA — About 1,5-million tons of maize and 750 000 tons of wheat will have to be imported this year, at a cost of almost R1bn, because of drought.

Experts said yesterday maize retail prices could climb by up to 20%, while government stood to make a profit of R100m by importing cheaper wheat.

Wheat Board calculations show the latest wheat crop estimate is 1,6-million tons, against a national consumption of 2,4-million tons. That means at least 750 000 tons will have to be imported.

Wheat could be landed at SA ports at a cost of R400 per ton, while it is sold to local millers at R520 a ton.

The price of imported wheat would probably rise to about R600 a ton by the time it reached the Rand.

Maize Board economist Johan Willemse said this year's maize crop could fall below 5-million tons, compared with a domestic demand of about 6,5-million tons.

Maize could be landed at SA ports for R388 a ton at current international prices and exchange rates, he said.

However, transport and other costs in getting the maize to the PWV area would add another R120 to the millers' price — boosting the total price to R508 a ton.

This compared with an average price at

the silos of R342 a ton for SA maize.

The more expensive imported maize, say consumer organisations, would almost certainly mean an increase in the consumer price of up to 20%.

Willemse said the board estimated that only about 2,5-million hectares had been planted this season — the smallest planting for 50 years — because of drought. In a normal season 3,5-million to 4-million hectares were planted.

Recent rains could lead to "high-risk" plantings in some western parts, but the likelihood of a significant return was negligible.

Willemse said another problem was that white maize was unobtainable on world markets and it appeared inevitable that white and yellow maize meal would have to be mixed if demand was to be satisfied.

There had been strong consumer resistance to mixed meal a few years ago, but current conditions meant there was no alternative.

Other sources said the expected higher price and the introduction of mixed meal could prompt many consumers to switch to potatoes, rice or bread.

3 Grain
\$1 per 11/191

Crop damage could push farmers' debt over R15bn

PRETORIA — Massive crop damage in the major summer grain-producing areas would raise farmers' total debt to over R15bn next year, agricultural economists said yesterday.

Volkas economist Chris Mostert said agriculture's total debt was R14,7bn, but an increase seemed unavoidable when the impact of the drought was taken into account.

A high-risk situation had developed in which "huge" losses appeared probable.

National Maize Producers Organisation (Nampo) economist Kit le Clus estimated maize farmers would invest up to R2bn, much of it borrowed, in planting and growing maize. A crop failure would be therefore disastrous for many producers.

Other agriculture authorities said for many farmers this would be the "last throw of the dice".

If plantings failed, and on many farms this had already happened, an increase in sequestrations

GERALD REILLY

would be inevitable. ^{3) Grain} They had borrowed up to the hilt to find the funds for inputs and "another crop disaster could finish them off", one source said.

Agricultural Development Minister Kraai van Niekerk warned funds could dry up next year when he announced limited additional drought aid to farmers earlier this year.

Volkas figures show commercial banks are the biggest lenders. The statistics show commercial banks loaned R4,225bn (28,8%), co-operatives R3,795bn (25,8%), the Land Bank and Agricultural Credit Board R2,94bn (20,1%) and "private and other" lenders R3,7bn (25,3%).

Meanwhile, Finance Minister Barend du Plessis has warned farmers to be wary of sharp operators claiming to have access to cheap overseas money. The Reserve Bank had informed him these people were active around Nel-

spruit, in the eastern Cape and Natal.

Raising fees or administrative charges were payable in advance on the alleged loans, he said.

Investigations had shown these loans never materialised and payments made were fraudulently obtained.

Economists also said wheat and maize would have to be imported next year for the first time in years.

The wheat crop, at an estimated 1,7-million tons, will be about 700 000 tons short of local consumption.

The 6,5-million tons of maize needed for local consumption will be met only if there are regular, good rains for the next three months.

Le Clus said the crop could range between 4-million and 8-million tons.

Department of Agriculture sources warned agricultural exports next year could fall below R5bn.

This year's earnings are likely to exceed R5bn.

3 Grain

0 104 1319/90

Soya bean output doubles annually

MARCIA KLEIN

SOYA bean production has doubled annually over the last three years, enabling SA to be less dependent on imported protein materials, Agriculture Minister Jacob de Villiers said.

At a soya beans symposium this week at the Cedara College of Agriculture, he said shortages of fishmeal and oilcake had been supplemented by imports costing SA about R315m in foreign currency in the last year.

Imports of soya bean products exceeded local production fourfold as the local market for soya products was larger than production — which was at a record 120 000 tons in 1989.

The production of soya beans in certain areas yielded higher profits than the cultivation of maize — which was caught up in a price-cost squeeze, he said.

3 Grain



SK 17/7/90

The Star

Finance

Milling giants eye Pietermaritzburg

Finance Staff

DURBAN — Two milling giants — Tiger Oats and Premier — have both identified Pietermaritzburg as an expansion centre and plan to invest R160 million in two new wheat mills in the city.

Premier's annual report outlines a plan to spend R100 million over three years on a modern wheat mill in what the company identifies as the "heart of the fastest growing region in South Africa".

Results of a feasibility study are expected to be available next month and it is believed Premier is looking at the Camps Drift industrial area as a possible site.

Tiger Oats has already started construction at Willowton on a wheat mill estimated to cost R60 million and which is expected to be in full production within four years.

tion of teacher training and the whole view of teacher training being looked at and that he would hopefully report later this year.

However, I want to go back to the question of the shift in numbers. I think the hon the Minister is overestimating the importance of the numbers of persons at colleges of education *vis à vis* the universities. We only have to take into consideration, for example, that the University of South Africa itself now has more than 100 000 students to understand that the numbers game is not as intimidating as he says.

He will also be aware that the University of the Witwatersrand has a link arrangement with the Giyani College of Education in Gazankulu—a very profitable exercise and one that we would hope other colleges of education in both national states and the DET could undertake. However, we are far more pleased with the latter part of the hon the Minister's answer than we are with the first part. [Time expired.]

*The MINISTER OF EDUCATION OF CULTURE: Mr Speaker, in reply to the hon member for Cape Town Gardens I want to try to convey to him that in regard to degree courses, universities are more specifically geared to scientific research and must try to view matters at the academic level from a scientific perspective. I do not mean that colleges do not function at an academic level, but colleges chiefly concern themselves with the practical training of teachers for the primary schools. That is the difference between the two.

That is not merely my view. Let me refer the hon member to the Van Wyk de Vries Report on Universities which was drawn up at the time. In paragraphs 16 and 17 of that report the hon member will notice that this was one of the points Van Wyk de Vries emphasised when he said that there was a difference between the mission—if I may call it that—of a teachers' training college, focusing on the practical training of teachers for primary schools, and that of a university which concerned itself with the academic tuition of students.

There are several other arguments we could advance. The hon member for Pineown argued about numbers. That is one of the arguments, and we have argued about that, but it is not the most important point. The most important point is that the two institutions have two different missions.

The second important point is that the colleges, as they function at present, are not divorced from universities, and that is a good thing because universities regard it as their responsibility

to ensure that there is a scientific basis, that standards are maintained and that additional scientific facts are conveyed to the colleges. The present co-operation between colleges and universities is such that it does, to my way of thinking, make provision for the most important requirements involving teachers' training colleges.

Suffice it to say that if any further suggestions are forthcoming from whatever quarter, we are of course prepared to examine them if they would contribute to the better training of teachers. [Time expired.]

Debate concluded.

QUESTIONS

Indicates translated version.

For oral reply:

Own Affairs:

- *1. Mr K M Andrew — Health Services, Welfare and Housing. [Question standing over.]
- *2. Mr K M Andrew — Health Services, Welfare and Housing. [Question standing over.]

Fertiliser guidelines for mealies

- *3. Dr P J GOUS asked the Minister of Agricultural Development:† ³ *Green*
Whether he is having an investigation made into fertiliser guidelines for mealies; if so, (a) why, (b) what is the estimated cost of this investigation and (c) when is it expected that the findings of the investigation will be available? *Hansard 5/6/90* B1170E

The MINISTER OF AGRICULTURAL DEVELOPMENT:

- (1) Yes.

- (a) The maize fertilisation guidelines compiled by the Department in collaboration with the Expertise Committee of the Co-ordinated Extension Action were last revised in 1986.

On the grounds of new research information that has come to light since then and differences of opinion on the applicability of the existing

guidelines, especially for the low-potential production areas, the Department was asked by the Co-ordinated Extension Action to revise the guidelines. ³ *Green*

- (b) The cost of the Inter-departmental Task Team instructed to carry out the investigation amounted to an estimated R1 500. The Task Team recommended that an independent institution, in this case the University of the OFS, should first collect and analyse all the latest available research results. It is estimated that this contract investigations will amount to R25 000.

- (c) The existing guidelines will be released by the end of July 1990, with the aid of the available information and in a slightly modified form for use in the 1990/91 season. The first report of the UOFS investigation will only be available towards the end of 1990 for further modification in 1991/92.

†Dr P J GOUS: Mr Speaker, arising out of the hon the Minister's reply, is it not the case that we have been given different recommendations by different individuals from the Department as a result of the fragmentation we have had in agricultural research, and that the farmers have had to act on this?

The MINISTER: Mr Speaker, as we receive more information, we are continually processing this new information into recommendations. As the information comes in, the stress may fall on slightly different applications. This, in fact, gives one an indication of why we took action to process it. It is in order that we may make consistent recommendations to the industry.

For written reply:

General Affairs:

363. Mr R R HULLEY asked the Minister of Finance: *Hansard 5/6/90*

Taxpayers older than 80
In respect of the most recent financial year for which figures are available, (a) (i) how many taxpayers were over 80 years of age and (ii)

what total amount of money was collected from them and (b) in respect of which financial year is this information furnished? B891E

The MINISTER OF FINANCE:

- (a) (i) 22 566 taxpayers *Hansard 5/6/90*
- (ii) R109 275 164.47
- (b) Information furnished in respect of the 1987/88 financial year.

Income tax

437. Mr H H SCHWARZ asked the Minister of Finance:

What is the total amount of income tax assessed for the 1988-89 tax year in respect of (a) companies and (b) individuals? B1023E

The MINISTER OF FINANCE:

	Amount	% Assessed
(a) Companies	R 55 623 186	
Mining	1 375 157 855	
Non-Mining	1 430 781 041	27,89%
Total		
(b) Individuals	9 064 558 323	60,58%

Company tax

449. Mr J J WALSH asked the Minister of Finance:

What amount in company tax was collected from (a) mining and (b) non-mining companies in each month of 1989? B1041E

The MINISTER OF FINANCE:

1989	Mining	Non-mining
January	791,110	1,449,178,273
February	746,557,297	219,778,123
March	103,700,658	651,972,293
April	24,757,337	888,635,119
May	100,042,362	117,695,069
June	379,239,628	530,338,621
July	8,187,074	2,240,594,740
August	427,853,260	320,429,902
September	124,119,140	972,980,444
October	7,257,851	1,469,092,144
November	69,054,807	133,292,969
December	250,683,887	394,020,800

Drought threatens SA grain crops

6/2/90 GERALD REILLY (3)

PRETORIA — Drought has played havoc with South Africa's two main grain crops — maize and wheat.

And unless it is broken in the western Transvaal and parts of the Free State within the next two critical weeks, the possibility of maize imports cannot be ruled out.

Already a decision has been taken to import about 500,000 tons of wheat this year to bolster one of the smallest crops in recent years.

A Nampo spokesman said if the drought persisted, a significant reduction in the crop size and a shortage of maize could become a reality.

However it was too early to make "dogmatic" forecasts, he added.

Much of the crop was planted late and widespread rains in the main growing areas — particularly the western Transvaal and northern Free State where 60% of the crop is normally grown — are now vital.

Even with rain, the crop is unlikely to exceed 7-million tons by March. It would be closer to the 6-million tons needed for domestic use.

Grain exports may earn R2bn

3 Day 30/3/87
PRETORIA — Grain exports this year were expected to be the biggest on record and could earn up to R2bn, agricultural authorities said yesterday.

But, they expressed doubt whether the transport system would be able to cope with the huge tonnages.

Discussions involving such logistics have been taking place between the Maize Board, the Wheat Board and Sats.

It was feared the infra-structure — rolling stock and handling, loading and storage facilities at the ports — could be seriously overloaded.

The Maize Board expected an 11-million ton crop to gross a record R3,3bn

(3) Grain
 GERALD REILLY

with farmers' gross earnings up by about R850m on last year's.

The total amount available for export would be in excess of five-million tons and forex earnings could exceed R1,5bn.

Board economist Johan Willemse said based on conditions and world supplies, SA exports should gross around R300 a ton.

Wheat Board sources said the record 3,4-million ton wheat crop left a surplus for export of 1,2-million tons, about 75% of which had already been shipped abroad.

SA 'a bread basket for subcontinent'

GERALD REILLY *(3) Grain*

PRETORIA — SA was fast becoming the bread basket of southern Africa as grain crop production in neighbouring countries continued to decline, agricultural authorities said yesterday.

They said the region would depend increasingly on SA for grain supplies to feed fast-growing populations as well as for technical expertise in growing crops.

Sources said officials from SA's Agriculture Department were already advising some southern African countries unable to pay for imports on crop production.

SA has a maize surplus this year of more than a million tons and this has stimulated demand in the region.

It was reported this week that Zambia intended mortgaging its 1992 copper production to buy 2.5-million bags of maize from SA and that Zimbabwe was in the market for 100 000 tons of white maize.

MICHAEL HARTNACK reports from Harare that farming sources there say Zimbabwe has made inquiries about the SA Maize Board's offer of 60 000 tons for sale by tender. *6 10/27 2719191*

Zimbabwean farmers have doubled their deliveries to the parastatal grain marketing board since a recent announcement of increased payments, but a short-fall in stocks is feared next month before the 1991-92 harvest begins to enter the silos.

ANC can't meet rising black hopes, says Slovo

(1) Day

2719191

MAJORITY rule will not bring immediate utopia to SA's black masses, says Communist Party general secretary Joe Slovo.

"It's even very likely conditions will deteriorate," the 65-year-old Slovo said in an interview.

Just as white-oriented business would have to accept state intervention in the economy and a degree of affirmative action to redress historical imbalances, he said, the black majority could not look forward to immediate satisfaction.

Slovo is a key member of the negotiation team of the allied ANC.

Some political analysts fear the dashing of black aspirations pent up for so long could ignite more violence of the kind that has killed more than 3 000 in the past year.

"The only way to handle that is to lead... not to pander to inherited emotional positions," Slovo said. "We have to keep contact, explain, they have got to realise there is not going to be Utopia the day after the transformation..."

"We can't create a balance the day

after the ANC flag flies over Pretoria. It's going to be a relatively long, complicated process — but the process has got to begin."

Slovo, often described as the head of the world's only growing communist organisation, said his party had learned from communist debates in Eastern Europe and the Soviet Union.

"It put paid to any illusions that one had about trying to run an economy from a capital without unleashing the creative energies of the producers and without using the market mechanisms," he said.

Slovo said he wanted SA businessmen to understand the ANC alliance accepted a mixed economy, but believed the profit motive alone could not begin to correct huge imbalances between the privileged white minority and the black majority.

"Left to business it won't even begin because they tend to talk about growth and trickle-down... and we need a bit of a flood," he said.

He rejected centralised bureaucratic planning but said the government had to have "some influence

over investment, in using fiscal policy to become more even-handed, in directing, encouraging resources to be directed in important areas."

A democratic government would have to balance black advancement with the need to keep the economy growing and to retain white skills.

"We'd be doing damage to our own constituency if we acted in a way which would frighten off the contribution (white skills) could make even though the origin of it is based in race privilege," he said.

Slovo also said:

□ President F W de Klerk's constitutional blueprint, which would grant blacks votes for the first time but deny outright majority rule, was unacceptable. The ANC and its allies "cannot move away from majority rule — that is our bottom line... We see no other concept of democracy."
□ SA's progress to democracy was not irreversible. He viewed with suspicion assurances by De Klerk to the white community that his National Party had the state power to preserve NP "values". — Sapa-Reddler.



SA 'a bread basket for subcontinent'

GERALD REILLY

PRETORIA — SA was fast becoming the bread basket of southern Africa as grain crop production in neighbouring countries continued to decline, agricultural authorities said yesterday.

They said the region would depend increasingly on SA for grain supplies to feed fast-growing populations as well as for technical expertise in growing crops.

Sources said officials from SA's Agriculture Department were already advising some southern African countries unable to pay for imports on crop production.

SA has a maize surplus this year of more than a million tons and this has stimulated demand in the region.

It was reported this week that Zambia intended mortgaging its 1992 copper production to buy 2,5-million bags of maize from SA and that Zimbabwe was in the market for 100 000 tons of white maize.

MICHAEL HARTNACK reports from Harare that farming sources there say Zimbabwe has made inquiries about the SA Maize Board's offer of 60 000 tons for sale by tender. ~~5 10 2 719 191~~

Zimbabwean farmers have doubled their deliveries to the parastatal grain marketing board since a recent announcement of increased payments, but a short-fall in stocks is feared next month before the 1991-92 harvest begins to enter the silos.

ANC can't meet rising black hopes, says Slovo

27/9/91

MAJORITY rule will not bring immediate utopia to SA's black masses, says Communist Party general secretary Joe Slovo.

"It's even very likely conditions will deteriorate," the 65-year-old Slovo said in an interview.

Just as white-oriented business would have to accept state intervention in the economy and a degree of affirmative action to redress historical imbalances, he said, the black majority could not look forward to immediate satisfaction.

Slovo is a key member of the negotiation team of the allied ANC.

Some political analysts fear the dashing of black aspirations pent up for so long could ignite more violence of the kind that has killed more than 3 000 in the past year.

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- SA's progress to democracy was not irreversible. He viewed with suspicion assurances by De Klerk to the white community that his National Party had the state power to preserve NP "values". — Sapa-Redfer.



NEWS IN BRIEF

13/10/87
9/10/87

③ Grain

Food shortages loom

ONE in 10 summer grain farmers had gone to the wall, the National Maize Producers Organisation (Nampo) said yesterday, adding the plight of a large number of them threatened platteland economies and raised the spectre of food shortages soon.

An executive member said unless government extended its aid schemes, a further 15% would be forced off their farms.

Tiger Oats profits up ³ GRAM ET 6/11/41

MAGGIE ROWLEY
Deputy Business Editor

FOOD and pharmaceutical giant, Tiger Oats increased after-tax profits by 23% to R348m on an 18% increase in turnover to nearly R88m for the year to end-September.

Operating profit on sales of R7980m (6780m) was up 21% at R598m.

A reduction in the corporate tax rate — taxation amounted to R173m — aided the 23% increase in attributable profits.

However, partly-owned subsidiaries Langeberg and Beacon Sweets put in a strong performance so that outside shareholders' interests (more than doubled to R59m (R29m) diluting income attributable to ordinary shareholders to R289m — a 13% increase on the previous year.

Earnings at the share level were 207c (184c). A final dividend of 46c a share brings the total payout

for the year to 71c, reflecting a 13% improvement on 1990's 63c.

Chairman Robbie Williams said the recession and the significant increase in unemployment had contributed to reduced consumer spending during the year and placed pressure on food volumes and margins.

Williams said Tiger Foods had maintained, and in some instances improved market share across its operations. The food division was the major contributor to group results but the pharmaceutical interests also made a significant contribution.

Strong performances were achieved in the canning, confectionery, distribution and shipping division while the results of edible oils, broker, eggs and bakery operations were below expectations.

In pharmaceuticals, both Adcock Ingram and Logos Pharmaceuticals had a good showing with major brands

maintaining good growth levels aided by market share gains arising from the introduction of a number of new products, he said.

In spite of low anchovy quotas and reduced lobster catches Oceana Fishing Group achieved a similar level of earnings to last year.

Williams said the reasonable growth in sales and earnings was primarily due to development of a broad and balanced portfolio of established brands in the domestic food and pharmaceutical industries, backed by exports.

"Effective asset management and cost controls were also major contributors to good after-tax profits achieved off a high base," he said.

Total assets of the group increased to R3,4bn (R3bn) and a marginal reduction in net debt to equity ratio to 38.8% was achieved. Tiger, he said, would continue

looking into investment opportunities both domestically and offshore and at the same time critically examine non-strategic and low-return businesses.

During the year capital expenditure amounted to more than R300m, most of which was for new production facilities and the expansion of existing plant.

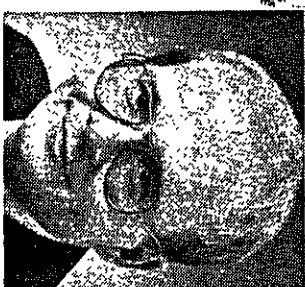
Group financial director Hayden Franklin said capital expenditure for the current financial year was expected to top R300m. Major projects to come on stream included a R150m maize and wheat mill outside Maritzburg.

Prospects for the year, he said, remained uncertain.

"We are budgeting for an improvement but with increasing unemployment and the continuing recession which is eroding disposable income, growth ahead of inflation will be extremely difficult," he said.



Jenny Carter has been appointed assistant general manager, employee benefits marketing at Southern Life.



Dave Johnson has been appointed assistant general manager, life marketing at Southern Life.

Report warns of grain shortage

LUSAKA — The Southern African Development Co-ordination Conference (SADCC) faces a grain deficit of about 20% during the 1991/92 marketing year, says a Food Agriculture Organisation report to be presented to the SADCC summit in Mozambique next month. *8/10^{am} 31/12/91*

The government-owned Times of Zambia reported yesterday that statistics compiled for the period up to end-June showed total grain availability in the region during this season would amount to only 11,698-million tons compared with the required 14,496-million tons.

All countries would have to import their cereal requirements, amounting to 1,87-million tons, to ensure satisfactory food security and maintain food reserves at desired levels, the newspaper reported.

Tanzania, Zambia and Zimbabwe

which reported grain surplus in the previous year, are assessed as grain deficit areas this year and would need to import 0,26-, 0,20- and 0,19-million tons respectively, if they are to maintain normal levels of strategic reserves. ~~(SADCC)~~ (S) Grain

The report predicted Angola and Mozambique would experience acute food security problems because it was unlikely the current import gap would be bridged.

Other countries including Tanzania, Zambia (which had not received any grain imports by June 30) and Zimbabwe might have to reduce strategic reserve levels, which could jeopardise future food security.

The SADCC is scouting for \$17,84m for the funding of 18 projects to develop and promote intra-regional trade. It has already secured \$3,73m from Nordic countries and other international agencies. — Sapa.

Switch to dry beans, farmers told

STAR 27/2/92
By George Nicholas

Crop farmers whose livelihoods are exposed to the vagaries of the weather should diversify into dry beans, for which there is an excellent demand, particularly among black consumers.

This point was made by several speakers at a recent seminar on dry-bean production at Potchefstroom.

Professor Piet Nieuwenhuizen of the Rand Afrikaans University's economics department said dry beans were among the best and cheapest foods available for human consumption.

"As a protein-rich food it is an important substitute for meat, which is not always within reach of the broad population of the country."

Nutritionist Renata Coetzee urged that greater publicity should be given to the health value of dry beans. She said the beans lowered cholesterol.

"The black market displays a receptive attitude to dry beans which have been popular with them for centuries.

"White consumers complain about the tendency of dry beans to form gas, but this can be easily avoided simply by soaking the beans in water overnight," she added.

Seed merchant Colin Levy said if the dry-bean markets of Britain and Europe were handled correctly the prospects of exporting South African supplies would be excellent.

SA, Zambia to co-operate

3 Green

SA AND Zambia announced yesterday that they would seek to involve other drought-ravaged southern African states in organising the distribution of more than 10-million tons of imported grain on a regional basis.

Foreign Affairs Minister Pk Botha told a news conference yesterday he had discussed with visiting Zambian Foreign Minister Vernon Mwaanga how to organise a co-ordinated response to the worst drought to hit the region in more than a century.

Botha, who was speaking at Jan Smuts Airport before leaving to visit the Far East, spent an hour with Mwaanga, who had just arrived on a five-day tour of SA.

He said he hoped major producers such as the US, Canada and the EC would be prepared to sell grain to the region at reduced prices.

~~SA~~ ~~350~~
DARIUS SANAI

Mwaanga said he had proposed the idea to Botha, who had shown great enthusiasm for such a scheme. All countries affected by the drought "must be seen to respond together as a region" on the problem, Mwaanga said. He was spearheading the effort to organise co-ordinated action, and would speak to senior government ministers in all the other states involved.

Between 10- and 12-million tons of imported grain would be needed to meet the region's requirements. To distribute this grain effectively and efficiently, the whole transport system of the region would have to be rationalised. A co-ordinated plan was necessary, he said. Zimbabwe needed 2-million tons of grain, Malawi 800 000 tons,

□ To Page 2

Co-operation

^{8/10/92}
^{20/3/92}
Zambia 900 000 tons, Mozambique 1,5-million tons, and SA, Botswana, Namibia, Swaziland and Lesotho between them between 5- and 7-million tons.

Botha said he hoped the world's major producers would look sympathetically towards the needs of southern Africa. "They must not just look at the former Soviet republics and central Europe," Botha said. "Now is the time for them to prove that they have not forsaken Africa."

Mwaanga said Zambia and SA would

~~SA~~ ~~350~~
□ From Page 1
soon establish diplomatic ties.

Botha, referring to his tour of four Asian countries, said he would hold lengthy discussions on trade and political matters with Japan's government and business representatives. He would also visit Taiwan, South Korea and Singapore.

Senior Foreign Affairs sources confirmed there was a "strong probability" that President F W de Klerk would visit the Far East and Pacific Rim countries later this year.

Drought hits sorghum farmers

GERALD REILLY

PRETORIA — Grain sorghum producers had taken a bashing from the drought, the SA Agricultural Union (SAAU) said yesterday.

It estimated that about 100 000 tons — nearly half the domestic demand — would have to be imported at a cost of about R50m. *BIDAY 24/3/92*

The official estimate of the crop was 94 000 tons — only half of what was needed for human consumption, an SAAU spokesman said.

On top of the drought, producers have had to contend with one of the worst finch plagues for many years.

The spokesman said the price at which grain sorghum could be imported to the PWV area was between R450 and R515 a ton depending on quality — a price far higher than last year's floor price of R295 a ton.

However the price negotiated between producers and buyers this year was likely to be far higher.

Reuter reports that the Maize Board said its first estimate of the 1991/92 maize crop was 2,1-million tons.

An official said the board expected to import 5-million tons as a result of the drought-reduced crop.

The board's unofficial estimate last month was 2,6-million tons.

The 1990/91 maize crop was 7,8-million tons, the official said.

He said the coming season's imports would be of yellow maize as white maize was not readily available on the international market.

The National Organisation of Maize Producers' chief economist Kit le Clus estimated recently it would cost R500m for every million tons of imported maize.

Grain transport warning

By Robin Drew
Star Africa Service

cope with grain movements of the anticipated magnitude." ^{(3) Grain}

HARARE — Close to 10 million tons of maize will have to be procured, shipped, landed and moved around southern Africa between now and the 1993 harvest, says the Southern African Development Co-ordination Conference regional early warning unit.

Regional co-operation and co-ordination were essential, it said.

The bulletin said Zimbabwe and South Africa had been the hardest hit by the drought, probably the worst this century, but that the drought had also devastated large parts of Botswana, Lesotho, Mozambique, Swaziland and Zambia.

Of this total, four million tons will be for South Africa.

A bulletin from the unit said: "There is very serious concern regarding the ability of available port, rail, road and storage infrastructure within the region to

The maize output from the SADCC countries would be down 40 percent on last year's output, which had already been below average at 7,9 million tons.

STAR 2/13/92

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Summer crops devastated by drought

B/Dun 28/4/92
GERALD REILLY

PRETORIA — The extent to which drought damaged this year's summer crops is illustrated by Agriculture Department figures released yesterday which show that in some areas yields were as little as a seventh of the 1990/91 season's levels.

The figures show that in the western Transvaal, where drought damage was greatest, the maize crop was down to 314 000 tons compared with 2,3-million tons last year.

Figures for other areas are: eastern Free State 132 000 tons (699 000 tons last year); northern Free State 415 000 tons (1,2-million); eastern Transvaal 868 000 tons (1,95-million); PWV 282 000 tons (755 000); northern Cape 126 000 tons (409 000); southern Free State 35 000 tons (118 000).

The department estimates the total crop at 2,433-million tons, compared with 7,8-million tons last year.

The white maize yield was 985 000 tons (3,8-million) — one of the lowest yet recorded. Domestic demand for white maize is about 3,3-million tons.

Other summer crops were also devastated — sunflower seed was reduced to 170 000 tons, compared with 589 000 tons last year; soya beans were down to 72 000 tons from 126 000 tons and grain sorghum to 95 000 tons from 240 000 tons.

Nampo GM Giel van Zyl said the figures showed the extent of the 1991/92 summer drought disaster and underlined the urgent need for "big" government aid for farmers.

Later this week Agriculture Minister Kraal van Niekerk is expected to announce additional state aid, which experts predict will not be less than R2bn. Government has already allocated R1bn.

Our correspondent reports from Port Elizabeth that a purchasing scheme whereby farmers could purchase breeding stock from drought disaster areas to save them being slaughtered, has been announced by the Meat Board.

Farmers who have the grazing to use such animals for future production purposes may apply for loans at reduced interest rates to purchase such animals. ³ Grain

Red Meat Producers Organisation (RPO) spokesman Jan van der Walt said yesterday this would ease the pressure on the slaughter stock market. "The drought situation is deteriorating progressively and it is a matter of great urgency that suitable breeding stock are removed from the drought disaster areas."

Meanwhile, two ships, carrying 41 000 tons of wheat and maize for SA and Zimbabwe, are scheduled to dock in Port Elizabeth today.

The bulk cargo carrier Constanza M is expected today, bringing 14 000 tons of wheat from Canada as part of a drought relief programme.

Also docking today with 27 000 tons of maize from the Argentine, destined for Zimbabwe, will be the cargo ship World Ares.

Food train exercise no piece of cake

STAR 1/6/92

③ Grain



IMAGINE a train so long that the locomotive would reach Harrismith before the last truck left Johannesburg station.

Obviously there is no such train, but that is how long it would be if Spoornet had to transport this year's drought relief maize in one go.

Out of the 11 million tons of grain, some of it bought, some of it supplied by the United Nations World Food Programme, Spoornet is transporting 8,5 million tons — the biggest transportation exercise in food and aid relief in the world. Even the Ethiopian drought relief effort involved only 2 million tons of food.

South Africa gets 4,7 million tons, Zimbabwe 2 million, Zambia 900 000 and Malawi 800 000, while small amounts are going to Lesotho, Botswana and Swaziland.

This adds up to a total of 5 700 trains, each with 38 trucks, with each truck carrying 39 tons of grain.

The only exercise that comes close is the Kuwait Emergency Recovery Programme, the restocking of Kuwait with everything from food, rubber bands and generators to fire engines and syringes after the country was devastated in the Gulf War.

In fact the American logistics company that organised the recovery programme has been called in to assist Spoornet's logistics subsidiary, Viamax Logistics.

The Americans say that in this operation, the volumes are far bigger and the multiple destinations complicate the issue.

The logistics are staggering. At any time, about 20 ships from Argentina and the United States are on their way to South Africa to unload grain in ports that are geared for loading and exporting.

Machines that pump grain into ships stand idle, while cranes lift the huge loads on to railway trucks to be carried to silos all over South Africa and

Searing heat and crippling drought have withered maize and wheat crops across the African subcontinent. Enormous quantities of grain are now being donated or bought to feed hungry populations. Spoornet is transporting the biggest volume of food relief yet. **JULIENNE DU TOIT** looks at what is involved.

neighbouring countries. Suctioning the grain off the ships would be easier, but that damages it.

In fact, this is what makes this exercise different from other Spoornet operations. Spoornet transports between 50 and 60 million tons of coal a year, but that is comparatively easy to load and unload.

"You have to be more careful with maize and wheat. It's going to land up on somebody's plate," said Viamax projects manager Shaun McCormack.

The grain that is not going through South Africa is being landed at Walvis Bay in Namibia, Dar es Salaam in Tanzania, and Beira, Nacala and Maputo in Mozambique.

Getting the food from the ships to the countries that need it is not easy.

Malawi, for instance, is just not geared to unload consignments of loose maize, so contractors have to put Malawi's grain into 50 kg bags.

A third of the Zimbabwean and Zambian consignments also have to be bagged — a total of 36 million bags.

Spoornet has to know where its trains are at any given moment, whether they have been unloaded, whether they are waiting at Beit Bridge or which trucks can be brought back for reloading.

At the moment, it is all being done by hand. In the grain operations room at Spoornet's headquarters in central Johannes-

burg, ships are marked as arrows heading steadily across the map from the United States and Argentina.

One, stationed just above Cuba, is marked "hijacked". The crew mutinied over a pay disagreement while sailing through the Caribbean and diverted the ship to Cuba, where its cargo of about 30 000 tons of maize is rotting in the tropical heat and humidity.

Other charts show exactly how many tons have been transported so far by ship and by train, where the loads in transit are, and how much each train and ship is carrying.

Twenty shiploads have arrived so far at Cape Town, Durban, Port Elizabeth and East London. About 230 are still expected.

People sit working on charts and watching the boards, keeping track of every movement, and co-ordinating the exercise for the least possible waste of time and transport.

The American logistics company is going to computerise the whole system for Spoornet. From the moment a purchase contract is signed, before any grain is loaded from silo to ship across the Atlantic, it will be logged on the computer.

That will give three to six months' planning time, as opposed to the current 14 days — the time it takes for a ship to sail between the Americas and Africa.

Spoornet will also be linked to satellite and UN input to keep track of trains and the unloading beyond South Africa's borders.

The huge operation started in April and has yet to hit its peak.

And what if the drought carries on?

"We'll just have to do it all again," said Spoornet communications adviser Jacques Pienaar.

● The Star Africa Service reports that the supply of maize in Zimbabwe has improved dramatically and the long queues have disappeared. □

UN sets up SA office to aid huge food shipments

S/Times (Buss)

28/6/92

3 Grain

By KEVIN DAVIE

THE United Nations World Food Programme (WFP) has opened an office in Johannesburg to help co-ordinate the flow of desperately needed food aid in Southern Africa.

Ten countries with a combined population of 18-million have been targeted by the WFP, which estimates that 6.1-million tons of maize will be needed to prevent famine from blighting the sub-region.

SA, which is expected to import about 4.5-million tons of grain at a cost of about R1.8-billion, is excluded from relief programmes because it can pay its way. It has not asked international agencies for help.

The operation to beat famine is co-ordinated in SA by Portnet and Spoornet.

Portnet's Simon Swanich says 21 shiploads of grain are now on the water. Another 12 ships have arrived in SA ports.

About 300 shiploads are needed as part of the overall import programme.

Alert

The WFP's Broniek Szynalski said in an interview with Business Times in Johannesburg this week that \$500-million had been pledged by donor countries, but much of the relief money had to be translated into shipments.

"We need to send an alert to donors," Rome-based Mr Szynalski said. "There should be more food moving now."

The WFP estimates that the 10 affected countries will need to import 6-million tons of maize, of which about two-thirds will come through SA ports.

Mr Szynalski said about 200 000 tons of maize had been landed in SA or was on the water. Another 200 000 tons was due to leave.

Donors had pledged 1.9-million tons of maize in total, about half of non-commercial needs of the 10 countries of 4.1-million tons.

Mr Szynalski said the drought affected more people over a wider area than the disastrous one in the early 1980s which caused considerable damage in North Africa.

He said this operation was the largest tackled by the WFP in terms of numbers of people affected.

started moving. "The worst thing in a famine is when people start moving in search of food."

The position could not be described as famine yet — "we hope to prevent it".

The WFP's representative in SA is Arnt Breivik, who is head of the WFP's logistic advisory unit.

Mr Breivik praised the efforts of the SA team co-ordinating the import of maize to South and Southern Africa.

"There have been teething problems, but SA has taken the lead. They've put up an operations room and they've put up the right people."

"They're doing a good job."

● See page 3

NEWS IN BRIEF

Tractor sales down

SUMMER grain farmers' financial distress is reflected in the fall in agricultural machinery sales, agricultural economists say.

In the eight months to end-October tractor sales fell 23,3% to 1 888 compared with the same period last year, the SA Agricultural Machinery Association said. But sales were almost 25% up on the 207 units sold in September.

6/10/92 9/11/92

Grain farmers still caught in fear of drought

PRETORIA — The future of hundreds of summer grain farmers is in the balance with large tracts of land unplanted because of lack of rain, agricultural authorities said at the weekend.

Farming debt, they say, has reached R20bn and even a partial crop failure would send this up another 10%.

Many of the 12 000 grain farmers are surviving on borrowed funds and without a reasonable return on this season's plantings — an estimated R2,4bn has been invested in summer crops — they could be overwhelmed by debt.

According to the National Maize Producers' Organisation, 65% of the planned 578 000ha has been planted in the southwestern Transvaal, 70% of the 706 000ha in the rest of the province, and slightly more than 80% of the 1,1-million ha planned in the northwestern Free State.

The Nampo spokesman said that in the past

(3)

GERALD REILLY

10 days good rains had fallen in parts of the Transvaal, but follow-up rains were needed urgently. 810000 21/12/92

In the southwestern Transvaal and the northwestern Free State rain was needed urgently if crop damage was to be avoided.

He said reports from London that the SA maize crop this year was likely to be 7,5-million tons were "wild guesstimates".

At this stage there were too many imponderables for any kind of forecast to be made.

Parts of the planted crop were already vulnerable to damage, but the critical months for growth were January-February and if these were dry months "we could be looking at another severe setback", he said.

Grain farmers polled

THE vast majority of winter grain farmers — 77,5% — were not interested in marketing their own grain, Winter Grain Producers' Organisation chairman Chapie Ferreira said in Pretoria.

Commenting on the Kassier report into agricultural marketing boards, he said only 22% of 5 000 farmers surveyed favoured marketing their own produce. Only 7,47% indicated they were dissatisfied with the current marketing system while 55,53% said they were very satisfied.

BIDM 19/1/93

3 Grain

ANC takes up cudgels against import duties

3 Green

WILSON ZWANE

148

THE ANC southern Natal region asked the Board on Tariffs and Trade yesterday to disregard a proposal by the Dry Bean Board and the SA Grain Trader

Association to impose a 40% import duty on dry beans. The organisation also requested the board to abolish R40-a-ton import duty on rice. *Blom 20/11/93*

In letters to the board, the ANC's economic policy department said the country's agricultural sector was in a "mess" because of agricultural control boards.

It said it hoped the board would not impose the proposed import duty on dry beans as that "will be against millions of South Africans who live below the poverty line and whose only source of protein is affordable dry beans".

The proposed import duty would also stifle the agricultural sector, which would thrive on healthy competition.

It said the import duty on rice should be abolished as a matter of urgency.

By doing away with the duty, the board would be demonstrating that it cared for "millions of South Africans whose diet consists of rice".

No official comment could be obtained from the ANC's headquarters in Johannesburg.

However, a source said no discussions on import tariffs had been held with the organisation's southern Natal region.

It would seem that the region was acting as a pressure group, the source said.

He added that the ANC was busy working on finding a holistic approach to import tariffs with a view to stimulating the competitiveness of the industries concerned.

There was a framework for such an approach but "technical details" were still to be worked out.

No comment could be obtained from the Board on Tariffs and Trade last night.

Uncle Sam's Uncle Ben's heads for SA

By Stephen Cranston

3 Grain

The local rice market will grow by five to six percent a year in volume terms, says Roman Cylkowski, group product manager for Mars Food, which includes Uncle Ben's Rice.

South Africa imported 346 000 tons of rice last year and is the world's largest market for parboiled variety.

Yet, until now, Tastic Corporation has been the only marketer of parboiled rice.

Some special rices are imported, particularly for the Asian market, but almost none of this is sold through the major retail chains.

Cylkowski says Uncle Ben's will be positioned as a premium

rice, and priced accordingly.

It is made entirely of best quality American rice, though it differs little in taste from Tastic — a blend of American and Thai rice.

Uncle Ben's will be available from February 1, and should be on sale countrywide within six weeks.

The product will initially be imported from Houston, Texas following the recently acquired distributorship of Mars food products in South Africa by Royal Corporation for its Royal Beech-Nut subsidiary.

If the product is a success, then Royal Beech-Nut will begin packing locally.

The range will be dominated by white rice, which will avail-

STAR 28/1/93
able in 1 kg and 2 kg cartons, as well as in 500 gram, 5 kg and 10 kg bags.

Cylkowski says new products on the market will include a five-minute preparation rice and a 10-minute boil-in-the-bag rice, as well as "unique recipes" for prepared rice dishes.

Brown rice and wild rice will also be available.

Though rice consumption still lags some way behind traditional staples such as maize and bread, rice has benefited from rapid urbanisation, population growth and its image as a more modern, sophisticated product than traditional foods.

The market has tripled in size over ten years.

Royal Beech-Nut will be spend-

ing aggressively on advertising the product. It will spend R5 million in 1993 alone, compared with R7,65 million for the whole rice market in 1992.

The brand will be advertised on television, in magazines and on radio and there will be considerable point-of-sale promotion.

Cylkowski says that though Uncle Ben's will take business away from Tastic, he expects a significant portion of sales to come from an expanded total market.

Mars products such as Mars bars, Snickers, M&Ms and Twix have already been imported on an experimental basis.

In future, other Mars products such as pet food and electronic machinery might be imported.

Waiting for rain and rates to fall

S Times (BUS) 31/1/93. (3) Grain

By ZILLA EFRAT

CLOSE to a quarter of all grain farmers could face closure if good rains and interest rates do not fall over the next two months.

SA Agricultural Union (SAAU) economist Koos du Toit says these farmers will find it difficult to get finance as co-operatives are becoming increasingly careful in extending credit and substantial relief from government is seen as highly unlikely.

Many farmers, already hit by last year's drought, are hanging on "on a shoe-string".

However, Dr Du Toit says the position is nowhere as bad as it was last year at the start of the drought. It was estimated then that 45% of grain farmers would not be able to get any financial assistance.

Government's R2,4-billion relief package extended last year, has gone a long way to ease the situation. Its effectiveness, which is now being evaluated, may have contributed to a 4% drop in sequestrations of farmers in 1992 to 476.

While the number rose rapidly in the first half, it began to fall in the second half as the relief filtered through.

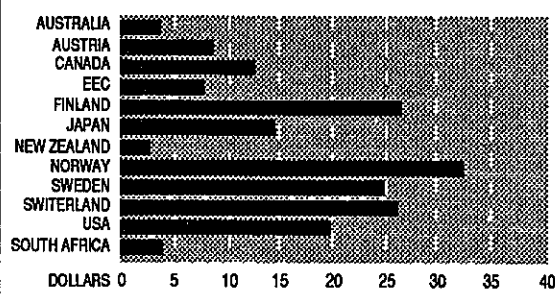
Nonetheless, some farmers have already experienced large crop failures this year. While widespread summer rains fell over the past week, they tended to be light and patchy, providing one farmer with a record crop and leaving his neighbour dry.

Dr Du Toit says with little hope of more aid this year, those who do not get good rains will fall off the wagon.

One banking spokesman says it is estimated that around 4% of all farmers left agriculture since the start of the drought. He expects another 2% to leave this year if they have severe problems in getting production credit.

Dr Du Toit says the banks and co-ops are likely to look for efficient producers with

PRODUCER SUBSIDY PER FARMER



sympathy, but those who are incapable of efficient management will get no help.

If last year's drought relief is not taken into account, total farming debt is running at an R18,7-billion. Economists say this is not alarmingly high and the amount has fallen in real terms over the past few years.

Dr Du Toit says what is of concern is that the short-term component of this debt has risen rapidly to 55% and is still rising, placing great strain on the liquidity position of many farmers.

Standard Bank senior manager agriculture Rudy

Wilsnach says the position of farmers over the past decade has been weakened by rising costs and higher interest rates, compounded by droughts. Loan capital has risen faster than own capital, giving the farming community a weak gearing ratio.

Banks with the highest exposure to agriculture are Absa, Standard Bank and First National Bank, but agriculture is said to account for less than 5% of each of these banks' portfolios.

A banking spokesman says agricultural bad debts have been increasing over the past two years and this trend is

expected to continue. But then again, the major banks' provision for bad debts in general have risen.

The banks are reluctant to talk about their bad debt provisions for agriculture, but some say this has been lower than in some other areas of the economy.

Commercial banks, however, are campaigning to change a law which allows co-ops to hold all of a farmers' receipts and use this to pay off their loans. The banks say this is to their detriment as co-financiers. While some co-ops have agreed to share these receipts with banks, others have not, making it harder for their members to get loans from commercial banks.

Visible subsidies, those which government pays directly out of its pocket, to farmers have generally been less than R200-million a year.

However, University of Cape Town senior lecturer Michael de Klerk says these are just the tip of the iceberg. There are a number of invisible subsidies which include tax breaks and tariff protection which boost the help extended to farmers.

Even full programme cannot pay for Civic

6/10/84 3/3/93

THE Johannesburg Civic Theatre had a full programme of shows for 1993, but the staging of productions would never recoup the R132m spent on the theatre's restoration, Johannesburg City Council cultural and recreational committee chairman Cecil Bass said this week.

"A theatre like that never, ever, can recoup costs without the help of government or the council," he said. Acoustic problems which occurred after renovation had been corrected.

"The acoustics at the ballet are wonderful," Bass said. Civic Theatre executive director Michael Grobbelaar said: "We are slowly getting back into the minds of the people of Johannesburg."

The theatre hoped to attract disgruntled Johannesburgers back to the theatre by offering an interesting and varied programme this year.

The main attraction would be Mbongeni Nqema's new musical *Magic at Kam*, which

MARIANNE MERTEN

was set to run for at least three months. The show was commissioned by the Civic Theatre as part of its inaugural programme, said Grobbelaar.

He said attendance at shows so far had been excellent. The theatre's ballet season closed recently and Pact has planned an opera season, starting in July with *The Merry Widow*, followed by *The Taming of the Shrew* in August and *Don Carlos* in September.

Pact has also booked two months at the Civic for the musical *The Buddy Holly Story*, starting in November. Plans to improve the theatre's economic viability include setting up a restaurant in the complex.

The project would be discussed by the Civic Theatre subcommittee later this week, said Grobbelaar. At the moment, a trial run was being held in the complex's cafeteria.

Rains salvage crops

GERALD REILLY 3/3/93

PRETORIA — Soaking rains over much of the summer grain belt in the past few weeks had rescued the maize industry from another potential crop disaster, Nampo said yesterday.

But according to Nampo economist Kit Le Clus, it was "touch and go". Had January rains held off, the damage could have been catastrophic. 6/10/84 3/3/93

The first official Agriculture Department estimate is a crop of 7.4-million tons. But Le Clus cautions that there are still risks ahead. Because of late rains much of the crop was planted late and would be vulnerable to frost.

In some parts, too, crop rot had set in because of excessive rain. But barring further problems, a 7.4-million ton crop was likely. Of this 6.6-million tons would be delivered to the Maize Board while the rest would be retained on farms.

About 3.5-million tons would go to the domestic food market and another 3-million tons to the animal feed market.

Solution sought for child care problem

ERICA JANKOWITZ

LACK of child care facilities for working women is an issue being tackled by Cosatu's more influential affiliates and negotiations on the topic are being conducted in the retail and auto sectors, as well as certain municipalities and the Post Office.

The Shopsteward editor Fiona Dove, writing in the SA Labour Bulletin, said that with maternity rights secured in most industrial sectors the more pressing problem of caring for children while parents were at work was being addressed.

Companies involved in negotiations had run into problems as a result of disagreement on whether child care facilities should be provided in the community or at work and how women whose only source of income was child minding would be affected.

She said that as many single mothers were discriminated against at work because of their child raising responsibilities, it was envisaged that child care schemes would engender a greater sense of loyalty from employees, as well as earn employers tax rebates. 6/10/84 3/3/93

Dove noted that the successful maternity rights campaign launched in 1986 had resulted in an average of an additional three months' paid maternity leave, as well as paid leave for ante- and post-natal care.

Firms pay up for Kyalami suites

RAY HARTLEY

AN ELITE group of 35 companies have paid between R90 000 and R300 000 a year for the privilege of treating staff and clients to a ring-side seat in luxury company suites at the March 13 Grand Prix and other motor racing events.

Motor Racing Enterprises spokesman Rory Brown would not confirm the price-tag for the suites, but said all 35 had been leased on one and three-year contracts and there was a long waiting list for the exclusive suites.

He said facilities included one-storey suites, which could take between 80 and 120 people, two-storey suites holding up to 200 people and smaller "one-off" entertainment areas for between 15 and 30 guests.

The smaller suites came with a bar and television set, but larger ones were leased as "basic shells" which companies could decorate themselves, he said. The old pits at Kyalami had been converted into one-off suites to cope with the demand for

spectator accommodation during the Grand Prix, he added. The remaining section of the pits had been used to build a modern hospital with full intensive care facilities, he added.

Access to the suites on race day had been made easier by colour-coding parking areas and suites. Detailed maps showing the most convenient route to suites and grand stands were available, he said.

Brown said Kyalami's about 4 000 people would enjoy the Grand Prix from the suites, while 90 000 others would have to be content with a grand stand view of the contest. Reserved seats on grand stands were almost sold out, but there was still space on unserved stands where seats would be allocated on a "first come, first serve basis," Brown added.

Govt gets windfall on grain imports

BRUCE CAMERON
Business Staff

WINDFALL profits of more than R150 million have been raked in by the government as a result of efforts to alleviate food shortage caused by the ravaging drought.

Portnet has taken in more than R557 million with Spoor-net also taking its slice.

Even the Maize Control Board made its little bit before the government stepped in.

Basically, the government has been acting as a commodity dealer, buying up maize on the international market, arranging its shipping and off-loading it for sale at a profit on the port side here.

Almost 2 500 tons of grain a day arrive in Cape Town, 12 000 tons in Durban, 5 000 tons in East London and 1 200 in Port Elizabeth.

Almost five million tons have been destined for South African consumption with four million tons heading across the borders, mainly to Zimbabwe, which has taken 1,6 million tons.

Mr Rodney Dredge, deputy director of the National Marketing Council of the Department of Agriculture, said an average of R370 a ton including freight charges was being paid for the grain.

The total landed price before sale was R438 a ton. The fixed wholesale price for maize was however R475 meaning the government was making a windfall profit of R37 a ton. This would total about R150 million.

Portnet, which has the task of off-loading the grain, charges R23,30 a ton to bulk off-load using a mechanical grab; R28,10 a ton for vacuum off-loading and R29,41 a ton if the grain is in bags. On top of this there is a R35,38 a ton handling charge.

A rough calculation shows Portnet will gross about R550 million.

Transnet could not supply cost figures for railing the grain apart from the tonnages hauled both in South Africa and across the borders to neighbouring states.

Grain demand boosts the freight shipping market

APART from the Cape sizes, the freight shipping market is looking quite firm, Afromar reports.

Panamax-sized vessels are still finding activity at a high level, mainly because of grain demand. The handy-sized vessels are seeing increased demand from the South American east coast as the grain season gets under way from the Rio Plate and other areas.

A large amount of tonnage is tied up in the ports of China, which seems to be the one economy that is vibrant. Rates for the handy sizes have moved up on a time-charter basis by about \$500-\$1 000 a day for vessels in the Atlantic, and rates for trips from the East into the Atlantic have started to strengthen.

The SA market is affected in the same way. Rates for the handy sizes to the Continent have risen because of the influence of the South American activity, which gives more flexibility to the owners of vessels coming out of the Persian Gulf and Indian area.

The coal trades are suffering from a lack of demand, with prices under pressure. Rates are still at about \$6/ton for a Cape-sized cargo from Richards Bay to Rotterdam; and a Panamax vessel loading from Richards Bay to a Spanish Mediterranean port would expect to obtain about \$8.75/ton. A handy-sized cargo of 25 000-35 000 tons was quoted from Durban to Iskenderun in Turkey for March loading.

There is still about 6 000-8 000 tons of agricultural products to be moved from Tampa to SA at the end of March. A small parcel of 5 000 tons of fertiliser also has to be shipped from Tampa for March/April dates. About 30 000 tons of manganese ore was quoted at about \$13/ton from Port Elizabeth to Poland for prompt loading.

Star. 2713193

Grain imports for Africa (3) Grain

PORT ELIZABETH — More than 9 million tons of grain will have been imported through South African ports by the time the year-long maize import programme ends in April. Portnet said yesterday 8 429 259 tons of grain had been discharged through South African ports for the whole of southern Africa in the past 11 months. A total of 334 vessels had been involved in the programme. — Sapa ~~2~~ 2

Bread price set to increase

CT 12/6/93
Staff Reporter

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THE bread price is set to rise by about four to five cents when a government wheat subsidy is scrapped on July 1 — but consumers could be hit by an even bigger hike.

By the time petrol and VAT costs have been included the price increase could go as high as nine cents, said Mr Phillip Breet, assistant general manager of the Wheat Board, yesterday.

He said, however, that a maximum of a five percent increase was expected given the wheat prices.

Guideline

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After the last increase in November 1992, the recommended bread price was set at R1,75 for white bread and R1,50 for brown bread by the Wheat Board and the Ministry of Agriculture.

Mr Breet said the board would be issuing a new price guideline, but that individual bakeries and retailers set their own prices.

Cape Town bakeries said yesterday that they knew a bread price increase was coming but could not yet release their new prices.

The governments subsidy on the wheat price was about R200 million.

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RICE Fm 30/7/93

Twice as nice

South Africans are among the world's largest consumers of parboiled rice. Which goes some way to explaining why international food giant Mars Food Inc decided to launch its flagship product Uncle Ben's par-boiled rice this year. (3) Grain

The move has caused a stir in the rice distribution chain, where long-dominant supplier Tastic is having its position challenged for the first time. Pick 'n Pay food director Sean Summers says prices have dropped by as much as 30% at some outlets.

"It could be a tactical short-term price-cutting strategy," Summers notes. "Still, the consumer is benefiting from the price drops and the quality of the new product equals or betters anything on offer."

Local market manager Stuart Bull is adamant Mars is not about to start a price war.

"We are positioning Uncle Ben's as a premium product with a guarantee of quality and consistent delivery each time."

He claims Mars is only aiming for between 3%-5% of the total market, though the company has already spent about R7m on advertising and promotion. The total spent on advertising rice last year was only R7,7m. While he won't release sales figures, he's pleased with them. "Figures for the past month have been outstanding and indications are that sales are improving continuously." Fm 30/7/93

There's no question but that Uncle Ben's success is being assisted by Tastic, which has already cultivated a firm par-boiled rice heritage as well as a growing demand for rice. (3) Grain

Imports have tripled since 1983 to last year's 350 000 t. Says Summers: "Rice is fast becoming an aspirational consumption item — it's a move-up from maize."

Demand for rice has been spurred by the drought-induced white maize shortage. In recent months its Vat exemption has also made it more attractive. In addition, the Board on Tariffs & Trade is likely to scrap the 4c/kg duty on imported rice — a saving which, it is to be hoped, will be passed on.

Bull notes Mars is committed to staying in SA: "We are the first US food company to return and we are here for the long haul." Mars would not be thinking of launching other products, ranging from pet foods, chocolates, pasta, soups and sauces to electronics if it wasn't. ■