CAPITAL HARVEST

Scan for Capital Harvest

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

Editorial

Agriculture

In January the sale of Roundup Pro 360 was banned in France, after a court found that regulators failed to take safety concerns into account when they approved the herbicide. Roundup is manufactured by Bayer and contains the controversial ingredient glyphosate, which may cause cancer. Some cultivars only produce optimally when glyphosate is used, so many farmers across the world are reluctant to give it up. Although many experts agree that glyphosate is carcinogenic, the low levels in which it is licensed to be used, render it unlikely to cause cancer with normal usage.

Belgian company Fruitsnacks supplies fruit to more than 2 500 companies each week. As an added service, its Logofruit division offers apples and pears for sale with a message or logo printed on them. The fruits are usually given as presents at company events, or at celebrations like weddings and Christmas. Some companies have their logo printed on the fruit, while others ask for a special message such as “thank you”. The printing is done with a punch press and an edible paste (the same type used on M&M sweets). The print work shows up best on well-coloured fruits. Fruitsnacks grows the apples and pears that are used by its Logofruit division. Logofruit says it is operating in a growing market, where customers are increasingly buying healthy gifts.

A relatively new Durban-based company, Cattle Watch, fits livestock with collars or ear tags, allowing owners to track, locate and monitor herds on a mobile phone from anywhere in real time. If for example, an animal wanders outside of the set location, the owner is notified and (if required) a drone can be sent to the scene. Since last year 5 000 heads of cattle have been registered on the system. The company believes it can grow substantially, because an estimated R1.2 billion worth of cattle was stolen in SA in 2017/2018. The company is establishing an initial presence in the provinces most hard-hit by cattle theft: the Eastern Cape, KZN and the Free State. With the help of local government and cellular service providers, Cattle Watch hopes to reach more communal farmers. Vodacom has invested R350 million in upgrading its networks in rural areas of the Eastern Cape and is rolling out 300 3G sites in KZN, mostly in rural areas. MTN wants to become the first mobile operator to offer 4G and LTE connectivity over 90% of SA. Cattle Watch is in talks with MTN to grow its footprint locally, and has partnered with the Botswana Telecommunications Corp to extend its services to Botswana. Cattle Watch now wishes to start producing the technology for the system in SA at lower cost and closer to the market (the hardware is presently manufactured in Belgium).

Namibian red meat producers have been suffering from relentless drought, coupled with the outbreak of foot-and-mouth disease in SA. SA is Namibia's main export market, and an increased supply of local livestock (due to exports being suspended during the foot-and-mouth outbreak) has hurt imports from Namibia. In addition, Namibia has received below average rainfall since 2013 – the entire country has been affected by critical drought. The southern parts, including towns such as Karasburg, Keetmanshoop and Mariental, have been severely affected.

The summer drought prompted some farmers in Zimbabwe to ask authorities to implement a round of cloud seeding. For decades Zimbabwe has seeded clouds with silver iodide, despite many experts being sceptical about the technique. Both crop and cattle farmers have been affected by the drought, with crop farmers complaining that the dry weather keeps pushing their planting season later into the summer each year. This summer some farmers resorted to purchasing water (for crops that are normally rain-fed) in order to start planting. Suppliers extract groundwater and deliver it in tankers. The water is expensive for Zimbabwean farmers as they usually have to pay in foreign currency. Declining rainfall over the last two decades has caused Zimbabwe's groundwater levels to decrease – by January some suppliers were charging $30 for 1 000 litres of borehole water. The national water authority sells water from state-owned dams at $10 for 1 000 litres. In its 2019 budget Zimbabwe has allocated $1billion to fund irrigation and borehole rehabilitation, among other measures, to improve water sources for farmers.

In January Grain SA said that as little as 60% of available land in SA's summer rainfall regions had been planted due to dryness and hot weather. Maize farmers in the North West and Free State were particularly hard-hit. This is while many farmers still have not fully recovered from the drought of 2015/2016, the year that saw SA's worst drought on record. For some it is still difficult to access credit, and a decline in the value of agricultural land makes it even more difficult to obtain substantial bonds. A survey indicates that during 2018, 31 000 jobs and R7 billion in production value was lost to drought. Of 278 municipalities in SA, 173 were affected by drought conditions, while only three had excess fodder stock available to help farmers. Red meat producers in the summer rainfall area want government and industry to get sufficient aid in place before the onset of winter, when feed will be in short supply. In the Free State there is concern for grain farmers: while livestock farmers can benefit from donated feed, there is no similar relief for grain farmers. However, livestock farmers in the province have the additional burden of stock theft: the average Free State farmer is estimated to lose between R300 000 and R400 000 per year due to theft of livestock, equipment and vehicles. Generally speaking, in times of crisis, developing farmers tend to suffer disproportionately. Among commercial farmers, GrainSA has seen an increase in reports of depression and anxiety.

In SA sorghum is used to make traditional beer and porridge, among other healthy foods. It contains high levels of unsaturated fats, protein, fibre, and minerals. Plantings of sorghum in SA increased in the 2018/2019 season, from a record low area of only 28 800 hectares last season. In general, SA's sorghum production has not done well since 2014. Back then, sorghum was well-positioned to be at the centre of SA's biofuel industry, and held great promise to uplift small-scale farmers. By 2016 it had become apparent that government's plans for a processing plant in Bothaville and an IDC-backed project in the Eastern Cape would not materialise. Sorghum farmers resorted to exporting their product to Botswana and Swaziland. Further export markets have proven difficult to exploit, as SA has struggled to produce the required volumes at a competitive price, especially after the drought of

2015/2016. Given the health benefits and high potential local and export demand for sorghum, the industry is eager to find ways to turn its fortunes around.

SA is at risk of losing its tobacco-growing industry after British American Tobacco (BAT) notified the country's only tobacco processor, Rustenburg-based Limpopo Tobacco Processors (LTP), that it may have to consider buying foreign tobacco should the illicit industry gain further traction. BAT accounts for 90% of LTP's business. LTP buys and processes most of SA's crop from about 100 commercial farmers and 150 emerging farmers. BAT complains that LTP is not doing its share to curb the illegal sale of cigarettes (on which no excise tax is paid). Gold Leaf Tobacco's RG brand is now the top-selling cigarette in SA: at a selling price of R10 per pack, it clearly evades the R17.85 per pack that should go to SARS. To add to LTP's woes, there has been an overproduction of tobacco in the past season and markets are declining.

In 2019 Peru doubled its table grape exports to Europe, while India entered the market early with improved grape quality. SA faced tough competition from the beginning of the export season, even in the period before Christmas, which was traditionally devoid of competitors. Despite better winter rainfall in the Boland, the effects of drought are still lingering. In the Olifants River region table grape farmers are also battling to fully recover from the drought, and the harvest was late. On the Chinese export market some of the stiffest competition for SA's table grapes comes from Chilean cherries that have tended to dominate the fruit market around Chinese New Year celebrations in recent years.
SA's Schoonbee Landgoed of Groblersdal, which grows and exports table grapes and citrus, has replaced its table grape punnet lids with plastic film, thereby achieving a 30% reduction in the use of plastic in packaging. The new heat-sealed punnets are available locally through Pick'nPay stores, and also exported to Europe and Asia. The change was made primarily to satisfy customers in Europe who demand less plastic, but is seen as a positive change in all markets.

The value of SA's wine exports grew by 4% in 2018, despite a difficult season with a small harvest. Vinpro is concerned that some SA wine sellers and their agents are still accepting prices that are too low, both locally and on the bulk wine export market. For example, 14% of SA's bulk white wine trades at below R4.50 per litre on the local market, while bottled water is sold at R6 per litre. Export bulk wine sells at prices as low as R5.50 per litre. According to Vinpro the low prices hurt the entire SA wine industry, and hamper Vinpro's drive to increase producers' profits so they can replace old vineyards. Another significant concern for Vinpro is the fact that import duties are levied on SA wines sent to China. SA, like China, is a member of BRICS. But Australia, a non-member, has a free trade agreement that allows its wine to pass into China without any import duties. Vinpro would like SA wines to compete on an equal footing in China. The organisation has also acknowledged that it will take a few years for Western Cape wine production to fully recover from the drought. More than one third of SA wine producers are still making losses, despite the general price trend edging upwards.

Hortgro Pome recently invested R2.5 million in a controlled atmosphere research facility at Stellenbosch University, aimed at solving post-harvest problems – such as superficial scald – in deciduous fruits. The new facility is said to be the best in the world. Apples and pears, in particular, are sometimes affected by superficial scald that can hinder them from being suitable for the export market. The new facility will contribute significantly to knowledge about how fruit should ideally be stored post-harvest.

In January the European Commission found that imported oranges and mandarins from SA did not cause the price crisis that European producers – particularly those in Valencia – had been protesting. Instead, organisational problems, climate problems and a lack of demand are likely to blame. Despite the ruling, farmers in Valencia and elsewhere in Spain believe that the heavy losses they suffered at the beginning of their citrus season were caused by late varieties imported from SA. While most of their anger is directed at SA (which they say exported 40% more citrus to the EU in 2018 than it did in 2014), Spanish producers also believe that producers in Egypt and Morocco are driving their revenue down.

SA citrus producer ALG Estates increased its production by 40% over the past year. Four farms in the upper Olifants River Valley were acquired. The expansion simultaneously benefited the company's empowerment project, Cedar Citrus, as one of the new farms now belongs to workers. Cedar Citrus was founded in 1999 with a loan from the IDC. It became profitable in 2010 and repaid the loan by 2012. ALG, which also markets all the fruit produced by Cedar Citrus, now produces 41 varieties of citrus from its orchards that span different climate zones. The bulk production season has been stretched to run from May to October, while some citrus is produced throughout the year. ALG is proud of its accreditation by Fair Trade, the Dutch Milieukeurmerk, Woolworths' Farming for the Future, and UN International Food Safety standards.

Avos from SA and Peru fetched poor prices in Europe in 2018, for three reasons. Firstly, both SA and Peru delivered large volumes to Europe, with Peru significantly under-estimating their volumes. Secondly, there were too many receivers of Peruvian grapes in Europe, destabilising the market. Thirdly, late in the season Peru sold cultivars that don't usually do well at the time, driving down prices. The export market for avos has shown marked improvement in 2019, but some have stressed that Peru will have to improve the quality of its estimates in order to maintain a stable market.

The heatwave in SA's northern provinces at the end of 2018 – particularly in Limpopo – caused watermelons to look worse and grow to smaller sizes than usual. Despite the poor prices fetched by damaged watermelons, SA's demand remained strong over December.

In SA rainfall and the availability of water are expected to have the biggest impact on vegetable production in 2019. Other challenges include input cost increases and limited consumer spending power. Although overall demand is likely to remain stable on the local and export markets, the high end of the local market may suffer as consumers focus on affordability. Vegetables are mainly sold locally, with Zimbabwe and Botswana being two of the main (and growing) export markets. The Produce Marketing Association expects that, due to water limitations, some regions may stop producing certain vegetables.

In SA the Koue Bokkeveld is an important onion production area, while the Nothern Cape and Limpopo follow with later harvests. The onion acreage in SA is approximately 80% to 90% that of the Netherlands. In 2019 crop failures in Europe (specifically in the Netherlands) opened up opportunities for more onion exports from SA. However, onions are a low-value crop and risky to export, resulting in many producers choosing to sell locally or to export to nearby countries like Angola.

In November Subtropico, which held a 30% stake in the KLK farming services company of the Northern Cape, issued a takeover bid for KLK. Subtropico has African Rainbow Capital as a funding partner. In late December, Senwes also launched a takeover bid for KLK with a higher per-share offer. Senwes is listed on ZAR X. These offers for KLK follows last year's agricultural sector merger of Acorn Agri and Overberg Agri. International companies have been increasing their interests in the local agricultural sector, prompting the local industry to consolidate. Another example is Bonnievale Wines and Wandsbeck Wines that have announced their merger into a company called Bonnievale Wine Cellar. The combined company has assets of more than R300 million and cellar capacity of 40 000 tonnes. The agreement follows 15 months of negotiations between members and directors, with the decision being ratified in November. Production continues at existing facilities – each winery runs at full capacity with a winemaker and production team on site, while management and administrative staff are based at the former offices of the Bonnievale Wine Group.

In January TWK Milling agreed to pay an administrative penalty of over R1.8 million after the Competition Tribunal found it had colluded to fix prices of milled wheat products. The case had been ongoing since 2007, when the Competition Commission received a corporate leniency application from Premier Foods, which was corroborated by a further leniency application filed by Tiger Brands. The Commission launched an investigation into Tiger Brands, Pioneer Foods, Foodcorp, Pride Milling and Progress Milling. Other industry players were later also investigated, including TWK.

Banking and Capital Markets

Hortfin offers a ring-fenced loan facility in the fruit and wine industry. In January Hortfin appointed Michael Brinkhuis as its new CEO. He is a horticulturist with a Masters degree in Agriculture from Stellenbosch University. Hortfin hopes to help transform the deciduous fruit and wine industry and to steer it towards inclusive growth.

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France bans widely-used herbicide

The sale of Roundup Pro 360 was recently banned in Lyon, France after a court found that regulators failed to take safety concerns into account when clearing the herbicide.
Roundup, owned by Bayer, contains the ingredient glyphosate, which some claim causes cancer.
Magda du Toit, corporate engagement manager at Bayer Crop Science South Africa, told *Farmer's Weekly* that the company disagreed with the court's decision, and was considering its legal options.
"This product has been subject to strict evaluations by the French Agency for Food, Environmental and Occupational Health and Safety," she said.
In 2015, the European Food Safety Authority concluded that the classification of glyphosate as a "probable carcinogen" was not justified.
Comprehensive public health assessments conducted by public authorities over the past 40 years had consistently determined that glyphosate-based products could be safely applied when used in accordance with the conditions laid down in the marketing authorisations, Du Toit said.
Hennie Groenewald, executive manager at Biosafety SA, said the debate around the use of glyphosate was complex.
He added that there were many economic considerations that needed to be taken into account when banning its use, as some cultivars only produced optimally when used in conjunction with the herbicide.
"On the other hand, we did produce food before Roundup existed. Everything doesn't hinge on new technologies, everything won't crash and burn," he said.
Groenewald added that there was a difference between "hazard" and "risk".
"Glyphosate may be carcinogenic, [but] the risk of it actually causing cancer is highly unlikely because of the very low exposure levels of humans, based on its current, licenced uses."
According to Angus McIntosh, a free-range pig, cattle and egg farmer near Stellenbosch and anti-glyphosate activist, the world could feed itself without genetically modified crops and herbicides such as Roundup.
He cited a recent case in the US in which Bayer was forced to pay punitive damages to a groundskeeper who had used Roundup and allegedly developed non-Hodgkin's lymphoma as a result.

Gerhard Uys, *Farmer's Weekly*, 18 January 2019

"Printed fruit increasingly popular during the holidays"

Besides supplying fruit to more than 2,500 companies per week, Fruitsnacks also offers apples or pears with a message or logo printed on them with their enterprise Logofruit. "The options for printing are extensive. One customer might want an apple with a logo for an open day, another might want an apple with a thank you message," says Karel Paesmans of Logofruit and Fruitsnacks. "It's an original, ecological and fun present to give to customers or visitors. The product is also becoming more popular for births, weddings and holidays such as Christmas and Valentine's Day."
"The fruit is printed using a punch press and an edible paste that is completely food safe. The paste is also used for printing M&Ms and other food and pharmaceutical products. A well-coloured apple or pear is ideal to print, because the logo or message will stand out best. We often use Red Prince apples because these have a good, red colour, but the Q-Tee pear is also very suitable," Karel

continues. The company grows the fruit that is used for Logofruit. Red Prince, Wellant, Elstar, Q-Tee and Conference are grown on 65 hectares of their own production.
“It’s a proper marketing snack that responds well to the current health trend. The product is very sustainable as well, because no plastic is used to pack the fruit. We recently had to print a lot of apples with a no smoking sign. An anti-smoking campaign can be given a positive spin this way, by handing out these nice apples,” Karel explains. For some years, Logofruit has worked with Stichting Kom Op Tegen Kanker, a Dutch foundation to raise awareness for cancer. For every ten logo-apples sold, the company donates €0.20 to the charity. In 2015, they raised €7,000 this way, and the amount increases every year. Besides, Logofruit supports other charities as well, such as Make-A-Wish.

FreshPlaza, 10 January 2019

Connected cattle: How technology is benefitting rural SA

Rural SA is not generally top of mind when it comes to matters of technological innovation and digital advancement. But an increasing level of connectivity in the more remote parts of the country brings with it new opportunities for economically marginalised communities — and the broader economy too.
"There is a proven link between increased internet access and economic growth," says Vodacom spokesperson Byron Kennedy, checked referring to a 2016 World Bank study that which found that a 10 percentage point increase in fixed broadband penetration could boost the GDP of a developing economy by 1.38%.
Local companies are already taking advantage of digital innovation and the age of the "internet of things" in rural areas. Durban-based Cattle Watch, for example, fits livestock with collars or ear tags, allowing owners to monitor their herds in real time.
It took Zolani Gwiliza and his co-director, Mark Mongameli Ngwenya, seven years of self-funded research to get the platform off the ground properly last year. Since then, they’ve registered about 5,000 cattle on their system — a number they hope to grow to 30,000 by the end of the year.
"Our technology allows farmers to track, locate, monitor and automatically count their livestock remotely from anywhere in the world," says Gwiliza. "You can be in Joburg and see all your animals in KwaZulu-Natal [KZN]."
The system monitors the tagged livestock, sending information about behaviour, location and movement to the owner’s mobile phone. Should unusual behaviour be detected — an animal moving out of a designated area, or "geo-fenced" location, for example — a report is delivered to the owner’s cellphone, and a drone can be sent to the scene.
It’s a potentially valuable service: cattle worth R1.2bn were stolen in SA in 2017/2018, according to analysis outfit Crime Stats SA – a 7.4% rise in stock theft.
Gwiliza says the Eastern Cape, KZN and the Free State — the provinces in which his company operates at present — are the hardest hit.
Though Cattle Watch has obvious potential in the commercial farming sector, Gwiliza believes the people who need it most are the country’s communal farmers. They have considerably smaller herds, but these often represent the entire wealth of a number of families.
He says local government should aid communal farmers in obtaining access to such technology to protect their wealth. But technological roll-out also requires adequate supporting infrastructure — something cellular service providers are working on. Vodacom, for example, has invested R350m in upgrading its networks in rural areas of the Eastern Cape and is rolling out 300 3G sites in KZN, mostly in rural areas. MTN, for its part, is also looking to unlock value in untapped markets. Late last year it claimed to be the first mobile operator in SA to offer 4G and LTE connectivity over 90% of the country, after it set up its 11,000th LTE site (in Qatywa, in the Eastern Cape).

At the 14th annual ICT summit in East London in November, MTN Eastern Cape general manager Vusi Ndwandwe said 99% of that province has 3G coverage, and close to 90% has 4G coverage.
"Using technology to drive social development is a core tenet of our rural strategy," says MTN chief technology officer Giovanni Chiarelli. "The network sites we build do far more than bring the world together through technology, as they include roads, electricity and other infrastructure improvements that help connect entire communities."
Vodacom's Kennedy also points to the social benefits of increased connectivity in rural areas. He says the company's investment has meant school pupils can get access to the internet for the first time, and active job seekers can use their smartphones to apply for positions for free on Vodacom's online jobs portal.
Communications minister Stella Ndabeni-Abrahams tells the FM that enabling economic activity through investing in technology in rural parts of the country is imperative.
"We have to bridge the digital divide and, as government, we want everyone to be included in the internet space," she says.
She is excited to see young South Africans from less-developed areas designing viable solutions for the problems that plague their communities, such as stock theft. She hopes there will be an uptake of local technology solutions beyond SA's borders.
Cattle Watch is already in talks with MTN to grow its footprint locally, and it recently partnered with the Botswana Telecommunications Corp to extend its reach to that country.
It's also working on a plan to produce its technology locally; though it holds the patent in SA, its product is at present made in Belgium. Getting local production right will reduce its delivery time from six weeks and mitigate the rand risk of producing in a eurozone country.
Gwiliza is confident of success.
"We don't have to go to China to be competitive," he says.
Ndabeni-Abrahams believes large ICT companies need to invest in rural areas to grow their revenues. But the government also needs to do its bit. She says her department is funding tech-related projects through the industrial development zone in East London, in partnership with the private sector.
For Cattle Watch, such government support has been invaluable.
The company credits the department of communication for its growth, after it funded Cattle Watch's participation in the 2018 International Telecommunications Union Telecom world conference in Durban. That helped raise interest in the product and led to its commercial launch. The company is also waiting for approval from the department of trade & industry for assistance with the travel costs incurred in building its presence in Botswana.

Mudiwa Gavaza, *Financial Mail*, 31 January 2019

Namibian red meat producers face 'perfect storm'

Red meat producers in Namibia are finding themselves in the midst of a perfect storm, due to relentless drought in that country and the outbreak of foot-and-mouth (FMD) disease in South Africa.
This was according to Roelie Venter, the CEO of the Namibia Agricultural Union.
"The drought forces local producers to sell large numbers of livestock because of the dire grazing conditions," he said.
As South Africa was Namibia's main market for livestock exports, an increased supply of livestock in this country had inhibited imports from Namibia.
South Africa's farmers were also currently reducing animal numbers, which added to the increased supply, he said. Moreover, the FMD outbreak meant that South Africa's borders were closed and no animal or meat products could be exported.

The decline in imports from Namibia resulted in a rising supply of slaughter animals in South Africa, which resulted in a 30% drop in the price of beef weaners and sheep in Namibia, according to Venter.
“The increased supply [in the South African market] meant a decline in the demand for weaners and sheep from us. For example, sheep prices fell from R68/kg to R50/kg on the day the FMD outbreak was made public. Beef weaner prices dropped R6/kg,” he added.
Namibia had received below average rainfall since 2013, and the entire country was critically dry. The southern parts, including towns such as Karasburg, Keetmanshoop and Mariental, had been particularly hard hit.
Venter described the drought as a national crisis and said that in many instances, farmers’ financial survival was acutely compromised.
“The drought conditions stretch from the banks of the Orange River in the south up to the northern communal areas in the far north of the country,” he said.
Meanwhile, Piet Gouws, chairperson of the Namibian Livestock Producers’ Organisation, announced that an urgent meeting would be requested with the country’s minister of agriculture to inform him about the critical extent of the drought and to discuss drought relief measures.

Annelie Coleman, *Farmer’s Weekly*, 28 January 2019

Zimbabwe’s farmers urge cloud seeding as drought withers crops

Zimbabwe’s farmers are urging authorities to undertake cloud seeding to ease an early-season drought that’s hurting crops and destroying cattle pastures.
The four-week dry spell has caused some farmers to delay planting summer crops, which include the country’s staple corn, while those that sowed earlier have seen plants withering in the absence of rain. Zimbabwe has, for decades, seeded clouds with silver iodide, which can thicken them to encourage rain by cooling water droplets and making them heavier. However, the science is disputed by some meteorologists.
“We expected a drought, but didn’t think it would be this serious, this early,” said Wonder Chabikwa, the president of the Zimbabwe Commercial Farmers’ Union. While it’s too early to estimate the effects on harvests, the government should start cloud seeding to “save the situation”, he said.
Zimbabwe has endured intermittent food shortages since the government began an often-violent programme that seized most white-owned, large-scale farms from 2000. The situation has been exacerbated by periodic droughts. Today, the country is a net importer of crops such as soy, used as animal feed, and, often, corn.
Zimbabwe’s meteorological department expects “normal to below normal rainfall” between December and March, it said in an e-mailed response to questions. Traditionally, rain falls between late November and early April.
While parts of the country could expect heavy rain in January, it is mostly moving in from from the south, the department said. Zimbabwe relies mainly on the inter-tropical convergence zone weather phenomenon, which brings rain down from the equator.
While the start to the season has been poor, especially for crops such as corn and soy, farmers may be able to re-plant with short-season varieties and salvage harvests if rain arrives from the north, farmer groups said. They’ve advised their members to sell older livestock and concentrate on feeding young animals because of diminished grazing area.
“We used to plant in mid-November; nowadays we plant in mid-December because the rains come later,” said Shereni Shiri, a small-scale farmer in Zimbabwe’s northern Guruve district. “But planting in January? It’s foolish to think you’ll reap a good crop because by the time you come to harvest, the days will be shorter with less sun.”

Brian Latham & Desmond Kumbuka, *Business Day*, 9 January 2019

Zimbabwe seeks wiser ways to use water

Bensen Muzamba knows the cost of water only too well. He runs a maize farm outside Harare, but because of poor rains at the start of the season, he was forced to purchase water to irrigate his crop — something he can ill afford.

As with many farmers across the country, he relies on rainfall, and struggles if it does not come when expected.

"It's tough when you have to buy water ... and sellers demand foreign currency," Muzamba told the *Thomson Reuters Foundation*, inspecting maize plants on his land about 15km from Harare.

As Zimbabwe struggles with the fallout from a slow start to the rainy season, bulk suppliers that deliver water in tankers have increased their prices, citing the high cost of extracting groundwater. And with dam levels down — though recent rains have helped — cities such as Bulawayo have been exploring ways to curb water consumption in homes.

Meanwhile, violent clashes have erupted over shortages of fuel and a government-imposed fuel price hike, while US dollars, one of Zimbabwe's main currencies, are hard to come by.

Groundwater is essential to ensure farmers can grow enough food crops, but some borehole owners in Harare have been selling 1,000 litres of water for about $30, twice the going rate in October.

The Zimbabwe National Water Authority (Zinwa), a government agency, charges $10 for 1,000 litres from state-owned dams — but even that is expensive for farmers used to free rain.

Washington Zhakata, director of the climate-change department at the ministry of lands, agriculture and rural resettlement, said declining rainfall in the past couple of decades has caused Zimbabwe's groundwater levels to fall and shortened the time periods in which water is available.

This, he said, had affected farming nationwide.

"The distribution of rainfall across the country has been uneven, coupled with extended dryness," Zhakata said by e-mail, linking the shifts to global warming.

Average temperatures around the world have already risen about 1ºC above pre-industrial times, and Southern Africa is expected to see drier conditions as warming continues.

Sobona Mtisi, an independent researcher on water and climate change in Zimbabwe, said rainfall has been low but the nation had enough groundwater stocks to meet rising demand. Still, Zimbabwe would benefit from better methods for managing its groundwater, he said.

"[It] needs to be managed sustainably through an effective and evidence-based groundwater policy," said the UK-based Mtisi.

In a bid to deal with the long-term effects of patchy rainfall, Bulawayo is proposing technological interventions to cut water consumption

Despite rains having picked up this month, forecasters' concerns persist that an El Niño weather pattern could result in below-average rainfall this season, said Tamburiro Pasipangodya of the Zimbabwe Meteorological Services Department.

Up to early January, most parts of the country had received less than 75% of the long-term average rainfall, and a smaller amount than in the past three seasons, she noted.

The Famine Early Warning Systems Network said seasonal rainfall is set to continue across Southern Africa this week, bringing some relief from dryness, including to parts of Zimbabwe.

As rains become more erratic, Zimbabwe is looking to irrigation to cushion its food supplies against drought.

In the 2019 budget in November, finance minister Mthuli Ncube allocated nearly $1bn to the agriculture ministry to fund irrigation and borehole rehabilitation, among other measures, to improve water sources for farmers. And in a bid to deal with the long-term effects of patchy rainfall, Bulawayo is proposing technological interventions to cut water consumption.

In the last week of December, water levels in Bulawayo's dams dropped to 60% from 65% in early November, Zinwa said.
The city has long turned to groundwater for relief during dry spells, but a recent council report said the municipality had failed to maintain its boreholes, compromising future water availability.
This month, the Bulawayo authorities said they were looking at installing water flow regulators in homes. According to the city's director of engineering services, Simela Dube, the devices would be part of water management efforts allowing consumers and the municipality to save water.
The regulators would restrict consumption to predetermined levels decided by households, depending on how much water they need, he told council chambers. Residents would be able to use between 1m3 and 5m3 of water per day, compared with now when they can turn on their taps at will even if they cannot pay their water bill.
However, there are concerns the new proposal will meet resistance from customers who have previously rejected pre-paid water meters, said city councillor Sikhulilekile Moyo, calling for more consultation.
Jacob Mafela of the Bulawayo Residents Association said that schemes to save water are generally welcome. "We support all initiatives which, at the end of the day, benefit residents," he said. "It is historically known that the city faces water challenges, but we need consensus."
Meanwhile, as El Niño-linked rainfall uncertainty continues, farmers such as Muzamba — most of which lack insurance against crop failures — are despairing of help. "We will keep asking government for assistance — though we know the money is not there."

Marko Phiri, *Business Day*, 23 January 2019

South African farmers raise alarm on drought threat, seek aid

South African farmers are warning of a brewing crisis as persistent dryness and hot weather threaten crops and livestock just three years after the country grappled with the worst drought on record.
As little as 60 percent of available land was planted this season and those crops are being threatened by heat stress, according to lobby group Grain SA. The country will need to import yellow corn and there's a possibility it will have shortages of the staple white variety despite a large carry-over stock from last season, Chief Executive Officer Jannie de Villiers told reporters at a briefing Friday.
"If we don't get rains this weekend in some of the areas, most of those plants will die," he said. "This will put South Africa in a very tight situation."
Farmers still haven't recovered from the 2015-16 season, De Villiers said. Corn production that year was hurt by the worst drought since records began more than a century ago.
The country's Agricultural Business Chamber is in talks with government, banks and businesses about support for the industry, the group said Friday. A December survey showed 31,000 jobs and 7 billion rand ($511 million) had been lost as a result of the drought, which is having a "devastating impact" on crops, the chamber said.
"As the situation stands, we are going to lose farmers, we are going to lose livestock," said Gerhard Schutte, the chief executive officer of the country's Red Meat Producers Association. "We need drought aid. If that aid isn't in place by the beginning of winter, we really have serious problems."

Felix Njini, *Bloomberg*, 25 January 2019

'Drought keeps taking a toll on SA farmers'

It is expected that communal farmers will be hardest hit by ongoing drought conditions across the country and subsequent lack of grazing, according to Gerhard Schutte, CEO of the Red Meat Producers' Organisation (RPO).
He was speaking at a recent media briefing hosted by Agri SA and attended by various commodity organisations to discuss the impact of the widespread drought on various commodities.
Schutte said there were about 1,2 million households in especially communal areas that kept cattle to access cash when they needed to pay school fees, for example.
"These livestock owners will not have the money to buy-in feed when they need to and will lose animals," he said.
According to Schutte, both government and private sector assistance was needed to supply feed to livestock farmers before winter when fodder banks would be low.
Also speaking at the event, Jannie de Villiers, CEO of Grain SA, said he had spoken to commercial beef farmers in the summer rainfall areas, who told him that despite the rainy season being almost over, they had not received any rain, and that the fodder levels on the veld of their farms were very low.
De Villiers said a recent survey in which Grain SA collaborated with Agri SA to assess drought conditions in South Africa showed that of 278 municipalities in South Africa, 173 were affected by drought conditions.
Of these, only three had excess fodder stock available in fodder banks with which they could assist farmers.
The survey also indicated that since January 2018, more than R7 billion in production value had been lost due to ongoing drought conditions.
Many farmers were also considering retrenching permanent workers, while many commercial farmers had reported suffering from depression or anxiety due to these on-farm pressures.

Gerhard Uys, *Farmer's Weekly*, 25 January 2019

South African farmers approach government and banks for aid

In South Africa, commercial farmers have approached the government and banks for assistance as warnings emerge that the dry weather and hot conditions could decimate crop and livestock just three years after the country grappled with the worst drought on record.
Farmers' lobby group AgriSA has said that the country was facing a perfect storm that could affect production in the agricultural industry. AgriSA said it needed to raise at least R3 billion to assist producers hardest hit by the drought.
AgriSA chief executive Omri van Zyl said the drought had spread across all sectors, stressing that maize farmers in North West and Free State were at their wits end. Van Zyl said the production of livestock, wine, fruit, ostrich and red meat had also been affected in the provinces of Northern Cape, Eastern Cape, Western Cape and Limpopo, among other regions.
He said 32,000 jobs had been lost already in the sector in the past four months and *Iol.co.za/business-report* further quoted him as saying: "We are very concerned that it's going to get worse. We need intervention from government. This is almost a national disaster. This will have an impact on food price inflation and job creation."
The fears comes as reports indicate that farmers in North West and Free, which produce 72 percent of the total white maize harvest in the country, were struggling to plant the crop due to severe drought in the provinces.
A December survey showed that at least R7 billion rand had been lost as a result of the drought.

FreshPlaza, 28 January 2019

'Parts of the Free state must be declared a disaster area'

The Free State consists of many economic sectors, but agriculture is the most important in terms of food security for everybody, including politicians and government officials.
This was according to Roy Jankielsohn, DA leader in the Free State Legislature.
"The time has come for politicians and officials to put their money where their mouths are, and formally declare the drought-stricken areas in the Free State as disaster areas," he said.
Jankielsohn told *Farmer's Weekly* that grain farmers had been particularly hard hit by the relentless drought.
Whereas the plight of livestock farmers was somewhat alleviated by donations of animal feed, grain farmers were left with no support whatsoever.
He said investment in sectors under stress, such as agriculture, was very important to ensure sustainability, and grain producers in the western Free State, in particular, had been badly affected.
"It is therefore vital that the Free State government invest in the drought- stricken areas to, among others, keep farmers on their land and ensure food security in the long-term."
According to Jankielsohn, farmers had depleted financial reserves and no longer had the ability to obtain the necessary credit required to continue farming.
Grain farmers had large expenses and were required to service loan and bond repayments regardless of whether they could plant and harvest crops.
Moreover, some were unable to continue to pay the salaries of their employees, which added to socio-economic challenges in rural areas and towns.
Farmers were also unable to sell or bond property to obtain additional income, due to a decline in the prices of agricultural land.
"The situation is worsened by the fact that the province's farmers continue to lose on average between R300 000 and R400 000 per year due to crimes such as theft of livestock, equipment and vehicles, which has depleted reserves that could have mitigated some of the conditions caused by the drought," Jankielsohn said.

Annelie Coleman, *Farmer's Weekly*, 21 January 2019

Can SA's stagnating sorghum industry be revived?

On January 01, 2019 I visited a small Basotho village in the outskirts of QwaQwa, in the eastern Free State, as part of a tourist group to learn a bit about the history of Basotho people. Amongst numerous activities during the tour, we got to taste the traditional beer which is made of sorghum, commonly known by amaXhosa as Umqombothi, and porridge.
While this is widely available in South African supermarkets, I was amazed by the appreciation the locals have for sorghum and its high nutritional value, which includes high levels of unsaturated fats, protein, fibre, and minerals.
As encouraging as the locals' appreciation for sorghum is, the crop has not been doing well in South Africa of late, although planting is set to increase to 43 000 hectares in 2018/19 production season.
South African farmers planted 28 800 hectares of sorghum in the 2017/18 production season, the smallest area on record in a dataset starting from 1936/37. This is a disappointing picture, given that sorghum, apart from its use as a food, was once seen as key to the development of the biofuel industry in South Africa and, in turn, job creation in rural areas.
In 2014, sorghum was one of the more promising crops in local agriculture, boosted by the hope of the development of the biofuel industry, job creation and a new market for farmers, particularly

black smallholder farmers. Mabele Fuels and Industrial Development Corporation were the first organisations to embrace this initiative. Mabele Fuels was to build a processing plant in Bothaville, with a potential to create roughly 16 700 jobs and a market for farmers in the area.
In a similar vein, the IDC was going to create jobs and a much-needed market opportunity for smallholder farmers in the Eastern Cape.
These plants were going to utilise roughly 500 000 tons of sorghum a year, treble the volume South Africa was producing at the time. The government was the key player in the processes, with the aim of creating jobs, boosting the economy, and creating a market for smallholder farmers, while reviving the sorghum industry. Unfortunately, government incentives fell short and the process did not materialise.
By early 2016, it was clear that the biofuel industry was a lost dream and farmers were opting for other opportunities, such as accessing new export markets. But this was a difficult task as South Africa is not an established exporter of sorghum. The country's sorghum exports are concentrated in southern Africa, with key markets being Botswana and Swaziland.
Fellow agricultural economist Tinashe Kapuya and I wrote a research piece in early 2015 that aimed to identify potential new markets for the local sorghum industry. We found Cameroon, Sudan, and Ethiopia as the only attractive markets on the continent, with a potential for growth and low import tariffs.
Globally, Japan and Mexico were identified as the large markets, with zero-rated tariffs for South African sorghum exports.
The key question that emerged from our article was whether South Africa would be competitive enough in these markets. In other words, would the country be able to produce the required volumes at lower costs than its competitors? While this was left unanswered some farmers were still keen to explore these opportunities until progress was disrupted by the 2015/16 drought.
Given the failure of this biofuel initiative, the development of higher yielding seed varieties and expansion of export markets could be the way of reviving the local sorghum industry.
Globally, there is a stable demand for sorghum, but for South Africa to participate in such an environment, the country would need to increase volumes and sell at competitive prices. This calls for more research and creative ideas to save the industry. Lastly, dissemination of information about the health benefits of sorghum could also help in reviving the domestic demand.

Wandile Sihlobo, *Fin24*, 3 January 2019

SA in danger of losing its tobacco-growing industry

SA is at risk of losing its tobacco-growing industry following a decision by British American Tobacco Southern Africa (Batsa) to notify the country's only tobacco processor, Rustenburg-based Limpopo Tobacco Processors (LTP), that it may have to consider buying foreign tobacco should the illicit industry gain further traction.
Batsa has written to LTP, which buys and processes most of SA's tobacco crop from about 100 commercial farmers and about 150 emerging farmers, pointing out deteriorating market conditions for the tax-paying portion of the industry.
In its letter, Batsa says that sales volumes have declined from 15.2-billion cigarettes in 2016 to an estimated 11.5-billion in 2018, "solely as a result of the ever-increasing availability of illegal cigarettes for R10 per pack on average".
Academics and industry sources estimate that 40% of tobacco sales are produced locally but sold without the payment of excise tax, constituting a loss to the fiscus of about R8bn a year.
The tobacco companies concerned claim they do pay excise tax. However, they do not disclose their sales.

Illicit trade in tobacco and other products has flourished since the skills exodus that effectively eliminated the investigative and enforcement capacity of the SA Revenue Service (Sars) in the years since 2014, when Tom Moyane took over as commissioner.
In December 2018, research firm Ipsos said cigarettes selling for less than the tax of R17.85 per pack owed to Sars had grown market share more than 25%, from 33% to 42% in the informal market, in just three months.
Consequently, the amount of tax lost to the fiscus had increased from about R7bn a year to about R8bn.
The letter says that in March 2016, Batsa, which constitutes 90% of LTP's R650m a year business, agreed to extend the duration of their purchasing agreement for another five-year term as long as cigarette sales volumes did not fall below 10-billion sticks at any time during the contract term.
Batsa is anticipating that in 2019, assuming an excise increase in line with inflation, coupled with a continued failure by the government to meaningfully enforce its laws against illegal cigarette makers, volumes will decline to 9.5-billion sticks. At that point, it could exercise this "break" clause.
The letter written in December 2018 by Batsa CEO Soraya Benchikh says: "We are both acutely aware of the economic impact of Batsa offshoring its leaf procurement, which is why I prefer to begin preparing as early as possible for that eventuality and to give you as much advance notice as possible."
Benchikh says that her letter is not a formal notice of termination, but "our sense is that we have no option but to begin preparations for the worst".
The letter "puts the very existence of our company in doubt", said Christo van Staden, the MD of LTP.
"With an estimated global overproduction of tobacco leaf expected this year and declining markets, it will be impossible for LTP to find alternative markets for these huge volumes of tobacco," Van Staden said.
The primary tobacco industry employs 10,000 farm workers with 35,000 dependants, he said.
Van Staden said he had written to finance minister Tito Mboweni and other ministries to ask them for a meeting to discuss the issue.
Apart from acknowledgement of receipt of the letter, he has heard nothing yet from any branch of government.
Van Staden said his short-term request to the government was not to impose any further increases in excise taxes on cigarettes in 2019, because that would simply make the non-tax-paying products even cheaper by comparison with legal products.
According to Ipsos, Gold Leaf Tobacco's RG brand is now the top-selling cigarette brand in SA overall, overtaking all legal brands.
"It sells for an average price of just R10 and is therefore clearly evading the R17.85 owed to Sars on each pack, Ipsos said.
The National Treasury had not responded by the time of publication.

Tim Cohen, *Business Day*, 21 January 2019

Competition intensifies in grape markets

The level of competition in the global grape market is a factor mentioned by many South African grape traders this season, with Peru doubling their exports to Europe and India entering the market a bit earlier every year.
"Not that long ago, we used to have the pre-Christmas market in Europe and the UK mostly to ourselves," says Nico Kotze, sales manager at the Jupiter Group, which recently acquired Bonaire Fruit. "Even during the run-up to Chinese New Year there weren't that many other players supplying grapes in the past. The competition has intensified as volumes and quality from other countries are

rising and the dynamics of markets are changing, forcing us to look at all options from the start of the season. However, we remain confident the season from South Africa will stay consistent on pricing and volume."

The harvest has begun in the Hex and Berg River regions. The industry is hoping for better sizing in the Boland than in the Orange River and Namibia where, Nico says, there have been some sizing issues this season with a lot of regular calibres on certain varieties.

Winter rainfall in the Boland was better than the previous few years, but the effect of the drought will surely still be evident. Assuming another good winter rainfall season, and the real bounceback will probably only be next season.

Nico notes that prices in the European and UK markets seem to be modestly improving.

Something else that South African traders also mention, is the improvement of Indian grape quality, the result of strong investments in the Indian grape industry. India is supplying steady volumes of white grapes (at a period when South Africa is moving towards predominantly red with the start of the Boland harvest) not only to Europe, but also to the Middle East and Russia.

The Middle East was a bit undersupplied at the start of the season but large volumes of Indian grapes are now sold on open consignment there.

South Africa's northern regions weren't able to fully capitalise on the marketing window before Chinese New Year, for a number of reasons including a late season, sizing and missed shipment dates.

The US is more active than other years in Asian markets like Singapore, Malaysia, Vietnam and Thailand as a result of the US-China trade fracas. The US domestic market exerts a strong pull on its own production, which has created some opportunities in the Chinese market for the correct quality and calibre grape.

Carolize Jansen, *FreshPlaza*, 22 January 2019

Late Orange River season reduces amount of grapes for Chinese New Year

The aftershock of the drought can still be felt in the Olifants River region, says a grape trader. "The grapes look good but the fruit weight is below average. You expect about 5,000 cartons per hectare but when you pack, you see that you're getting around 3,500 per hectare, so the growers aren't reaching their estimates, and it's an after-effect of the drought."

In the Orange River region the harvest is still seven to ten days behind which has meant that some grape producers couldn't pack as much for Chinese New Year as they would've liked, especially seeing that the celebration comes eleven days earlier than in 2018. These volumes were harvested in week 51, to be inspected and shipped off in week 52. Furthermore, they didn't have that many grapes of the size demanded by the Chinese market.

Over the past few years Chilean cherries have increasingly dominated the Chinese fruit market during this period and this year, with ever more containers of cherries on their way there, will probably not be an exception. The first cherries have started arriving but, according to the trader, the real effect will be noticeable only when the bulk reaches Chinese shores, and then its impact on grapes (not only those from South Africa, but from Australia, Peru and India too) is swift.

The cold steri protocol for South African grapes to China has been mentioned as an impediment to fruit quality, and some in the industry is of the opinion that Crimson is the only cultivar able to withstand the 72 hours precooling to -0.5°C. "The transit temperature of 0.8°C is ok, but I think it's the precooling that does the most damage," the trader says. "It's very hard on the fruit. The cells in the grape stems freeze and they turn brown as moisture is withdrawn from the fruit. The grapes coming in from the vineyards are around 25°C and over 48 hours we gently cool them down to close to zero, so as not to create a shock to the grapes. I know at some packhouses they set the precooling temperature as low as -2°C in able to get the fruit down to the right temperature in as short a time as possible."

Canada has been a welcome surprise. Despite reports of the large amounts of American grapes destined for that market, it seems that traders are preferring fresh stock to stored grapes.

There's a lot of fruit in Europe and the UK, and due to a number of factors the market's somewhat under pressure. A lot of grapes from Peru and Chile and the many promotions run by stores have had a dampening effect on price points.

Carolize Jansen, *FreshPlaza*, 15 January 2019

First heat sealed grapes in South African supermarket

Reduction in plastic use is a growing trend in Europe and increasingly in other parts of the world. In line with this trend, in 2017 South African grape and citrus grower-exporter Schoonbee Landgoed investigated the possibilities to replace the conventional grape punnet lid with plastic film, thereby effecting a 30% reduction in plastic use.

"There is a big shift in the market place towards sustainable, recyclable, re-usable packaging and more toward less plastics specifically," notes Gert, sales and marketing manager of Schoonbee Landgoed. "This is more a drive out of Europe than locally, but people catch on fast in the global market place with the media giving more focus on environmentally better options."

The method necessitates some extra handling before sealing, but at Schoonbee Landgoed that is an opportunity for another quality check of the fruit. "This ensures an extra pair of eyes on the fruit before someone buys it in two to five days' time. Client satisfaction and quality always go together."

Schoonbee Landgoed, based outside Groblersdal, installed a Proseal machine from the UK and proposed to pioneer this method of grape packaging in South Africa to local retailer PicknPay.

From November 2018 – Schoonbee's table grapes are among the earliest in the country – their heat seal punnets have been available in PicknPay stores and according to Gert, it has proven to be popular among customers.

Schoonbee Landgoed also supply heat seal-packaged grapes to clients in Europe and Asia.

Carolize Jansen, *FreshPlaza*, 24 January 2019

Value of wine exports up despite drought in Western Cape

The value of wine exports grew by 4% in 2018, despite a difficult season and a long-term trend of producers dwindling.

The value of exports grew to R9,6bn, says industry association Wines of SA, despite a low-yielding harvest due to the regional drought.

Wine is one of SA's largest agricultural exports, with nearly 100,000ha of vineyards, mostly in the Western Cape, accounting for 4% of world production. The industry contributes R36bn to GDP and employs nearly 290,000 people.

It has faced strong headwinds in recent years including the drought in the Western Cape and increasing production costs.

There are 25% fewer producers than a decade ago, according to wine producers body VinPro. It says the only way to ensure sustainability is for farmers to increase prices they receive for wine.

Vinpro previously reported that many wine-grape farmers were either leaving the industry, uprooting vines for more profitable crops or not replacing vineyards. The Bureau for Economic Research and the Bureau for Food and Agricultural Policy predict that at 85,000ha, the area under wine grapes will be about 10% smaller by 2022.

Wines of SA CEO Siobhan Thompson said: “We have proven that we are indeed producers of world-class, high-quality wines and deserve to have this reflected in our bottom line.”
The increase in the value of exports arose from Wines of SA’s strategy for an increased focus on packaged and bulk wine sales, she said. The value of packaged wine increased by 3% and that of bulk wine by 7%.
In SA’s focus export markets, Wines of SA noticed good growth on the value of packaged wine to China at 7%, while the US remained flat. The US market has always been stronger in terms of their procurement of more premium-priced wine.
In the European markets, which have seen very little value growth of packaged wine for a number of years, there was a notable value increase on all fronts, Wines of SA said.
Exports to other African countries increased with Kenya, Tanzania and Zambia showing strong growth as values of total exports grew by 73%, 35% and 33% respectively.

Bekezela Phakathi, *Business Day*, 27 January 2019

Underpaid SA wine producers 'undermine' industry, limit growth – Vinpro chair

It is time for those wine producers, directors of wine companies and their agents who are accepting prices that are "too low" to wake up, Anton Smuts, chair of Vinpro, said on Thursday.
He said the prices South African wine producers obtain are still far too cheap compared to what overseas producers get paid.
In his view, SA wine producers still need to play catch-up to reach sustainability.
Vinpro is a non-profit company which represents 2 500 SA wine producers, cellars and industry stakeholders. The annual Nedbank Vinpro Information Day took place in Cape Town on Thursday.
Smuts said those who accept these very low prices, both domestically and on bulk exported wine, are shooting the whole industry in SA in the foot.
"You are undermining our industry and limiting growth," cautioned Smuts.
"Don't we need to shift the bar? Selling less for more maybe? There is anyway less available to sell. Is there not a much better return with price optimisation?"
Another issue he raised was what he called the SA government "throttling the local wine industry via National Treasury".
"The state earns a total of R6.8bn from the local wine industry, compared to the total income for producers of R5.8bn. Yet further inflation increases will impact the wine industry even further, even leading to job losses," he said.
"Isn't the state killing the goose laying the golden eggs for them? With wine producers replacing vines with other alternatives, does this add as much to GDP?"
Smuts said the wine industry was proud to be involved in transformation initiatives and skills development in the sector, but without financial assistance from government it was not sufficient.
For instance, SA is part of BRICS, but Australia, which is not a BRICS member country, has a free trade agreement of zero import duties with China, while the SA wine industry must pay duties there.
Smuts did, however, thank the Western Cape government for its continued support to the wine industry.
"Producers need to invest about R13bn to replace old vineyards over the next 10 years. How will we achieve this with below par income?" asked Smuts.
"We need to negotiate for sustainable prices."
This is on top of the challenging circumstances created for the industry by the drought over the past four years. It is causing problems of vine and crop losses.
"Even though some dams are now fuller, it takes years for vines to recover from the impact of the drought," said Smuts.
It is expected that this year's crop will be the second smallest – if not the smallest – in recent years.

Carin Smith, *Fin24*, 18 January 2019

'Low prices compromise wine industry's sustainability'

Vinpro's chairperson, Anton Smuts, has called on wine producers and winery directors to stop selling bulk wine at "pathetically low" prices.
In his opening address at the 14th Nedbank Vinpro Information Day held in Cape Town yesterday, Smuts told delegates that 14% of South Africa's bulk white wine was being traded at below R4,50/litre, while bottled water was sold at about R6/litre.
The event attracted a record number of about 900 industry representatives.
According to Smuts, the prices at which bulk and bottled wines were being sold on the domestic market were extremely important, as it had a significant impact on the prices that could be realised on the international market.
"You are discounting yourself [out of] your future and severely compromising the sustainability of our wine industry."
Producers needed to invest about R13 billion over the next 10 years to enable them to replace 50% of vineyards that were older than 16 years, according to Smuts.
"How are we going to achieve this with below par income?
"We have the opportunity to reposition Brand SA in the world market and to negotiate and maintain sustainable domestic pricing. We've been waiting for this opportunity for many years; we can't lose momentum now," said Smuts.
Francois Viljoen, manager of Vinpro's viticulture consultation service, told delegates that although producers were experiencing some "carry-over effects of the preceding drought", the 2019 crop looked promising and would be slightly better than the previous year.
However, inclement weather during October resulted in bad fruit set, which was likely to affect yields.

Jeandré van der Walt, *Farmer's Weekly*, 18 January 2019

Wine grape producers are struggling to make a profit

Wine grape producers remain under severe financial pressure with more than a third of producers making a loss.
The industry now has about 25% fewer producers than a decade ago, according to wine producers body VinPro. It says the only way to ensure sustainability is for farmers to increase prices they receive for wine.
Wine is one of SA's largest agricultural exports, with nearly 100,000ha of vineyards, mostly in the Western Cape, accounting for 4% of world production. The industry contributes R36bn to GDP and employs nearly 290,000 people.
Speaking at the Nedbank Vinpro information day in Cape Town last week, Vinpro chair Anton Smuts said some producers are selling wine in bulk for less than R4.50/litre to wholesalers locally and R5.50/litre overseas.
"Nearly half of the packaged wine sold locally trades at less than R30/litre, compared to local bottled water which sells at R6.00/litre and imported water at up to R35/litre. We cannot possibly remain sustainable at these pricepoints," said Smuts.
He said these low prices have filtered down to farm level as well, where wine grape producers have been under severe financial pressure over the past decade.

However, low wine stock levels will provide the opportunity for the industry to raise the bar in terms of pricing. “We have already seen an increase of 35% to 50% in the prices of bulk wine over the past two years, and 10% in packaged wine. Let’s build on this momentum to ensure a sustainable environment for investment,” said Smuts.
Christo Conradie, Vinpro wine cellar manager, said production costs have risen by 7.4% annually over the last 10 years, and with wine prices remaining stagnant until recently, more than 80% of SA wine producers are farming below a sustainable net farm income of R30,000/ha.
Vinpro previously stated that many wine-grape farmers were either leaving the industry, uprooting vines for more profitable crops or not replacing vineyards. The Bureau for Economic Research and the Bureau for Food and Agricultural Policy predict that at 85,000ha, the area under wine grapes will be about 10% smaller by 2022.
Meanwhile the 2019 SA wine grape harvest is expected to be only slightly larger than 2018's crop, according to industry body, the SA Wine Industry Information and Systems. Vineyards are still recovering from a three-year drought, bad weather during fruit set in October and a continued decline in wine grape vineyards.
The 2018 harvest amounted to 1,238,000 tons, 14% smaller than the previous year, mainly due to the drought.
“The main reasons for the smaller crop in 2019 are the poor set of wine grape bunches that are being observed throughout the Western Cape due to wet, cold conditions and wind experienced in October last year,” said Francois Viljoen, Vinpro consultation services manager.
He said that total annual uprootings are exceeding what producers plant every year — the trend since 2007 — “and we are still losing a significant number of hectares per year to other more profitable crops such as citrus, plums, apples and blueberries. However, plantings started picking up again in 2018”.

Bekezela Phakathi, *Business Day*, 21 January 2019

Answering questions never answered before

Hortgro Pome recently invested R2.5 million in a pristine world-class controlled atmosphere (CA) research facility at Stellenbosch University (SU). Those involved, are very excited, as the facility will help solve post-harvest problems within the industry, such as the very pestering superficial scald. The state of the art equipment places SU at the frontline of CA research and seeks to answer the previously unanswered question to ensure the success of various cultivars.
There is no point in conducting research if there is no demand for it in practice, and according to Dr. Elke Crouch, post-harvest physiology and technology researcher at SU, the practical applications of the new controlled atmosphere (CA) facility are endless.
“It is actually such a great field to work in because there is always a need you are addressing,” says Crouch. “It is always applicable.”
The advanced facility will help solve post-harvest problems within the deciduous fruit industry. Not only will it enable researchers to determine how long pome varieties can be stored, but also in which atmospheric conditions post-harvest defects can be minimized. According to Isocell, this new system installed by them at the US is the best they have worldwide. This makes SU the only research facility globally, with this set of equipment on a single premise.
“We are very excited because this makes us world-class. We are at the forefront of research, where we’ve never been before,” says Crouch. “We are excited about so many things, especially getting answers we’ve never had before.”
The new CA facility allows researchers to compare three systems, using four treatments, with one another. The DCA-Chlorophyll Fluorescence (DCA-CF) system allows for a treatment that scrubs ethylene and one that does not, and measures the respiration quotient, while the Absoger or XLO

system also scrubs ethylene, but at very low oxygen levels. The Van Amerongen or DCA-RQ system is a more dynamic system and estimates the amount of oxygen the fruit uses and produces and then changes the oxygen levels according to that.
“There are a lot of possibilities. You can play around and answer many questions,” says Crouch, who is currently taking the lead in the CA research project at hand. “However, you will have to do it bit by bit, and not everything at once.”
The current research compares the three systems and determines which atmospheric conditions will optimize the fruit’s post-harvest storage life. It aims to answer questions like whether ethylene scrubbing improves long term storage, and also evaluate other parameters of the different systems, including the ease of the system control, support, and communication.
The two-year-long project also looks at the cost of the different systems, comparing their prices and outcomes, and determines whether the large investments need from producers will be worth it. Certain systems are cheaper than others. The less pricey Absoger system, for instance, does not change dynamically and has a certain fixed level, but also absorbs ethylene.
“So, the question is, can you get away with a smaller investment, but have the same outcome?” asks Crouch. According to her, the significance of the new equipment lies in the fact that they have a variety of controlled atmosphere systems in one premise. “For any controlled atmosphere system you can determine how long you can store fruit, but I think the fact that we have different types of CA systems allows us to create different recipes for each cultivar,” says Crouch.
At the end of the day, why do we have a controlled atmosphere? According to Crouch, it is simply to store fruit as long as possible, while maintaining its quality. “The guy that can store fruit for the longest time with the best quality gets the money,” she says. “The controlled atmosphere system that can store the fruit for the longest period and have it age the least, is the winner.”
Probably the greatest issue and main storage disorder in pome fruit, which can lead to large financial losses, is superficial scald. Fruit are stored for extended periods to take advantage of main export markets, and often displays light brown to black blemishes on the fruit peel, rendering it unmarketable. If a piece of fruit is damaged, it is ugly, and if it is ugly, it cannot be packed for the overseas market. If fruit can be kept healthy for a longer time by controlling the storage atmosphere, the industry can make more money in a time of the year when there aren’t many quality apples and pears overseas.
“Quality is very important. If your fruits are not of quality, then you receive a claim. This means you are going to cut the short end and you’re going to pay for those apples rather than make money,” says Crouch.
Up to this stage, superficial scald has commercially mostly been controlled by drenching the susceptible fruit in diphenylamine (DPA), a synthetic antioxidant. According to Gustav Lotze, technical manager at the SU Department of Horticultural Science, they want to eliminate superficial scald by the application of a system as opposed to a treatment or chemical used on the fruit. The key driver of finding alternative ways of controlling superficial scald was the fact that the EU banned the use of DPA a number of years ago.
Lotze, who is responsible for monitoring the atmosphere and the cooling of the premises, explains that there are various safety measurements in place to ensure that the very expensive equipment and the people working with it, stay safe. These include sensors to that detect possible leaks or alarming oxygen rates, and an alarm system that informs Lotze if anything is out of place.
According to Lotze, the electronics of the facility is what he most enjoys. The advanced system allows him to monitor every aspect of the CA facility via computers.
“It gives you so much more advantages,” says Lotze. “In the past, you could only import a gas composition into the computer and it would regulate it for you – that is all. You did not know what was going on inside the closed container, but now you can actually see what exactly is happening, with the help of electronics, on a computer screen.”
For Crouch, it is simply the concept of creating conditions enabling fruit to be stored for such a long period that excites her. “I think enabling people to store fruit for so long, is simply amazing,” says

Crouch. “This small living product, with its tiny amount of energy, can be stored for such a long time if you keep the oxygen levels low enough. However, not too low either – just-just right.”
So the big question that Crouch is hoping to answer in future is: “Where is that just-just right?”

FreshPlaza, 29 January 2019

"No evidence that citrus crisis is caused by imports from third countries"

Last Thursday, the European Commission denied that the import of oranges and mandarins from South Africa is the reason for the price crisis that producers have been suffering at the start of the campaign, and which has motivated widespread protests in the Region of Valencia. In a hearing in the European Parliament at the request of socialist MEP Clara Aguilera, the head of the Directorate General of Agriculture, Joao Onofre, said that "there is no statistical data to say that there has been an increase in imports from South Africa in the period that is harmful to the European production."
The senior official insisted on his first intervention and afterwards, after the questions of other MEPs, such as Florent Marcellesi (The Greens) or Lidia Senra (IU), that the "fall in prices", which he did acknowledge, is due to organizational problems on the part of both the sector and producers, climatological issues and a lack of demand. He said that the irregular entry of citrus fruits from third countries with which the EU has signed trade agreements, like Egypt or Morocco, is not a key factor.
"The Commission has no evidence proving that the crisis is due to imports from third countries, like the ones arriving as a result of the trade agreement with South Africa," said Onofre. "They maybe don't like it, but the import figures do not show a significant increase in the volume of oranges arriving during the critical period for the European Union," he insisted.
His claim was not well-received by the representatives of the agrarian organizations, which went to Brussels in a mission organized by the Government of Valencia. The producers still believe that they have suffered heavy losses at the beginning of the season and attribute them partly to the overlap of the late varieties imported from South Africa and the early ones produced in Spain, mainly in Valencia and Andalusia. For this reason, producers are asking Brussels to apply the safeguard clause of the trade agreement with the African country, something that does not seem possible now if, as Joao Onofre pointed out, the Commission does not believe that imports are disrupting the sustainability of the Spanish sector.
For the agricultural organizations, however, the data available are worrisome. Regarding the import figures, the Valencian Association of Agricultural Producers (AVA) released this Thursday some statistics from the Ministry of Economy that would support their argument about the very notable increase in shipments of citrus fruits from South Africa and other countries to the European market over the last five years. "AVA-Asaja considers that South Africa is not the only source of disturbances for Spanish citrus fruits, since other third countries, such as Egypt or Morocco, are also exerting unfair competition." Official figures from the Ministry of Commerce leave no room for doubt, as the cumulative rise of exports of Egyptian citrus fruits - especially oranges - to Europe between 2014 and 2018 is estimated at a concerning 78.9%, after reaching a total of 332,126 tonnes. At the same time, the growth of Turkish exports has been estimated at 18.2%, after reaching a total of 284,882 tons during the period at hand. As for South Africa, there has been an increase of 40.4%," states the association chaired by Cristóbal Aguado.

FreshPlaza, 28 January 2019

South African citrus producer bumps up production by 40% in one year

A South African citrus producer not only managed to bump up its production by 40% through new acquisitions this year, but also bolstered its successful black workers' economic empowerment programme in the process.

“Good market foresight which ensured a constant growth in demand for our products with established retailers world-wide is key to our success. This enabled us to make a big move and acquire four new farms in the upper Olifants River Valley, the prime production area of Citrusdal oranges, in the Western Cape Province of South Africa. This will increase our output from 22,000 tonnes in 2018 to over 30,000 tonnes this year,” says Gerrit Jnr van der Merwe, MD of ALG Estates.

“We are especially proud of the fact that our black worker's successful agricultural empowerment project benefitted from this move as one of the new farms purchased actually belongs to them now. This will effectively increase their own production by 100% over the previous season. Their produce is marketed by us as part of the ALG Estates total citrus offering to the market."

"We recognized the importance of doing the difficult things first and do it well and, therefore, over the years, consistently worked on increasing the range of our citrus basket which now boasts 41 different varieties. At the same time we realised we had to stretch our production season as far as possible and also systematically established orchards in different climate zones."

"Our different production units are now as far as 200 km (120 miles) apart covering mountainous areas, temperate sea climate zones and the traditional hot regions in the Upper Olifants River Valley near Citrusdal. All in all it means that we have stretched our bulk production season from May to October yearly but can effectively supply citrus for the full 12 months of the year," says Gerrit Jnr.

His optimism is shared by the Estate's Marketing Manager Hendrik Warnich, who on the eve of his annual visit to Fruit Logistica the world's largest Fresh Produce Expo in Berlin in February says: "For the last few years we have seen a good increase in specific retailer shelf space turnover where ALG has been trusted with the majority of the supply. The main reason for this is that we have the different climatic production areas as well an extensive variety split to always supply fresh citrus such as Easy Peelers, Lemons, Limes and various types of oranges. This enables us to supply citrus at their optimum ripeness with consistent good eating quality on a daily basis to the leading retailers of the world."

The Estate's Black Economic Empowerment (BEE) agriculture program is one of the best performing projects of its kind in South Africa and the envy of many farmers country-wide. Founded as a separate company Cedar Citrus (Pty) Ltd in 1999 with 32 farm workers as partners a total of 36 hectares of citrus were established with a start-up loan from the South African Industrial Development Corporation (IDC). This unit is managed by a Board consisting mainly of the farm workers and farmed by the Estate exactly as any other of their production units which sees that their produce get exported world-wide. The project started making a profit in 2010 and paid off its start-up loan to the IDC in 2012.

Last year the Cedar Citrus partners jointly decided to plough back their profits and extended their operations by purchasing additional farmland to plant more citrus for the export market. An additional 56 hectares of adjacent farmland has therefore been purchased on which 20 hectares of new citrus orchards were established. These orchards will come into production by 2022 and add additional impetus to their growth.

ALG Estates has been an accredited member of Fair Trade for the past eight years. Fair Trade subsidies earned through this relationship are ploughed back into upliftment projects for its farm workers such as school education and sport projects. The Estate also qualifies for the Dutch Milieukeurmerk, the South African Woolworths Group's Farming for the Future and adhere to the United Nations' International Food Safety (IFS) standards.

The Estate won the title National Farmer of the Year in 2010, South Africa's most coveted agricultural award.

FreshPlaza, 30 January 2019

Avocado: the catastrophic 2018 scenario cannot happen again this year

"What we experienced in 2018, we hope never to see again," explains Gabriel Burunat, president of the company Commercial Fruits. "We had an unpleasant surprise during the summer season which led to very low prices on the products from South Africa and Peru." The two or three previous seasons had been marked by a 15% increase in consumption coupled with rising prices.

Gabriel explains that there are three main reasons for these poor prices: "The first reason is that there was a very strong simultaneous increase in volumes on the European market for the two main origins present in the summer, namely South Africa and Peru. South Africa experienced a 50% surplus in production compared to the previous year, and the 25% increase announced by Peru eventually turned into 42%, compared to the previous year in Europe. So both of these increases - one of which was not anticipated at all - completely destabilized the market. If Peru had made accurate predictions, we could have prepared ourselves and better absorbed the volumes given the steadily increasing demand. But in the end, we were all taken aback by Peru's misguided predictions." In 2018, Peru exported more to Europe than to the United States, where the market was not as good as in the previous years.

So there was a problem with the volumes, but not only that. The volumes from Peru are also atomized. "There is a multiplication of participants at the origin as well as here. We counted 199 receivers of avocados from Peru. In Peru, there are approximately 140 exporters, This scattered offer did not help the initial overproduction problem," explains Gabriel.

Finally, adding to all this was the caliber problem. "The Peruvian caliber was not adapted at all to the demand at the end of the season, with a huge proportion of big calibers. In general, the demand is mainly on the 16/18/20 calibers and Peru sent full containers of 10/12/14 calibers, which are not the most sought after in the season. This also contributed to a decrease in prices."

The market was very bad until October. When the Peru and South Africa season ended, prices went back up to their normal high rates. "We are now waiting to see what will happen. At the moment, the market is stabilizing with good prices for the good calibers, but a big proportion of small calibers are weighing on the market because the current origins - Spain, Chili, Colombia and Israel - have a lot of small calibers. A significant price gap is forming between the requested calibers and the small avocados that are sent. The lower prices on small calibers is also dragging down the price of the good calibers," explains Gabriel.

In the coming months, according to Gabriel, "It will be very important to better estimate the Peruvian production, which I believe will not decrease, since the planting increases each year. But I hope that the volumes will be better managed on their part, because last year's mistake cannot happen again. Peru must try to better estimate its volumes so we are not taken off guard again."

Regarding the state of the current market, Gabriel is bothered by one thing: "Consumers have complained a lot about the price of retail avocados. Despite the very low import prices last year, the labels on the shelves were not changed. I agree that the retail prices were unfair, a mistake that should not be made again next year, since it leads to a slowdown in consumption. So if during the next season, there are still important volumes to absorb, we will have to make our clients understand the need for real promotional offers to benefit the customers and evacuate the volumes."

FreshPlaza, 18 January 2019

Watermelons are suffering from severe sunburn this year – but South Africans still can't get enough

The heatwave at the end of 2018 took a toll on the looks and size of one of South Africa's favourite summer foods.
"The severe heat and lack of rain during November and December meant the All Sweet watermelon got heavily sunburnt and the fruit was a lot smaller due to insufficient water," says Gary Webb, production director of Habata Farm Fresh Produce.
The "All Sweet" is the most common variety in South Africa.
Freshplaza, the international platform for fresh produce news, reported that there was a shortage of large watermelons in December due to the severe heat in the northern provinces, in particular Limpopo.
"There was a lot of bad quality fruit in the market which realized bad prices - which in turn provided an opportunity for those with good quality to increase their prices," says Webb.
Habata grows watermelons in the Eastern Cape, and has not been affected by the heat damage.
Jumbo watermelons fetched around R70 each on the wholesale market, while 10kg watermelons went for R45 to R50, *Freshplaza* reported. This was slightly better than last year's prices.
But watermelon demand was so strong in December that even fruit with sunburn was absorbed within a week by the market, reports *Freshplaza.*
Sunburnt watermelons have yellowish skin and are smaller, but moderate heat damage does not affect taste much.
Interestingly, watermelon can help with your sunburn – it is rich in antioxidants and sun-protective phytochemicals (chemical compounds produced by plants), which can protect your skin against UV-radiation. Also: watermelons are seen as both a fruit and vegetable.
The yellow-fleshed watermelon variants that have gained some traction in Europe in recent years never really took off locally, says Webb. While local hotels introduced the product on their menus, he says, consumers weren't adequately aware and "educated" about the fruit."
"The quality of this fruit was never that great either."

Helena Wasserman, *Business Insider SA*, 9 January 2019

Stable local demand for vegetables, export markets beckoning

In the South African fields, rainfall and the availability of water are expected to have the biggest impact on vegetable production in the coming year. Other challenges include input cost increases and limited consumer spending power, which, in turn, were expected to put pressure on producer prices and farmers' profitability.
Lindie Stroebel, general manager of the Produce Marketing Association (PMA), told *Farmer's Weekly* that lessons learned from recent droughts would start to become evident in vegetable production trends in South Africa. "Some regions will simply stop producing products not ideal to that climate, or practices will change to intensive cropping to mitigate the risks," she said.
According to Dr Johnny van der Merwe of the School of Economics at North-West University, intensive vegetable production was dependent on reliable and sufficient water sources.
Onion and seed potato farmer, Willem Mulke, who farms near Douglas in the Northern Cape, said he would be going ahead with all his production plans, but needed sufficient rain to mitigate input costs, adding that irrigation water was also limited by quotas.
Stroebel said local and global demand for vegetables was expected to remain stable, but producers who targeted the high-end vegetable market in the shrinking LSM 8 to 10 segment would be under pressure, as the demand was for more affordable products.

Due to the perishable nature of vegetables, the bulk of the market was domestic, with most exports undertaken to neighbouring countries such as Zimbabwe and Botswana. Stroebel said cross-border trade was, however, expected to increase.

FreshPlaza, 7 January 2019

Cape onion harvest starts amid unique marketing season worldwide

Dutch onion traders have been visiting South Africa, some of whom haven't imported South African onions for many years. Likewise, some South African companies that haven't sent to Europe for over a decade are this season considering their options.

The long onion harvest has just started in the important Koue Bokkeveld area, a mainstay of South African onion production and domestic supermarket programmes. Onion producers in other parts of the country like the Northern Cape and Limpopo are closely watching what Cape producers decide to do during this unique onion marketing year. Increased exports from the Western Cape could mean that other regions can plan for larger plantings the coming season.

"There are definitely export opportunities since Europe had a bit of a crop failure," one trader says, "but the European market is very picky, they only want top grade, so we've very prudent until we're certain of the new harvest. We don't usually do onion exports because it's a very risky undertaking on a relatively low-value crop."

Europe is looking promising, he notes, but the quality and size of the new harvest will be a decisive factor. Some of the major onion producers have already made some overseas commitments, supplying onions of 60mm to 90mm, but to a large degree they're still watching the situation.

"Holland's lower yield opens up some possible opportunities in West Africa, and we've had requests from there, but the problem is that transport costs are really high," a trader explains. "We've even had requests from South America, from Asia, and a lot from the UK where they're looking at a larger size, 60 to 90. You can really see this season that Holland has its finger everywhere in the onion pie."

The total onion acreage in South Africa, which also exports to Angola and other African countries, is approximately 80 to 90% of total onion plantings in and around the Netherlands.

"However," he continues, "we send large volumes to local supermarket programmes, which we don't want to neglect. The European export opportunity this season might very well just be a once-off." He also notes that there appears to be some buyer resistance in Europe to higher onion prices, which is dampening interest in South African onions from elsewhere in Europe.

Occasional reports from Europe that "the sky is the limit" for onion prices are met with caution by the onion traders to whom *FreshPlaza* spoke. "There could be some guys who go in like cowboys this season and they could damage the reputation of South African onions. New Zealand is still coming in with their onions, as well as China and India, and I'm just afraid the guys could overreach themselves. Most onion traders are playing their cards close to their chest at the moment but definitely, it's a unique year in Europe."

Meanwhile, a market agent in Cape Town tells *FreshPlaza* that they have certainly not seen any effect on local volumes by possible increased onion exports. If anything, there are too many onions on the market at the moment, he says.

Carolize Jansen, *FreshPlaza*, 25 January 2019

Battle of the agribusinesses: Senwes vs Subtropico

Further consolidation in the local agribusiness sector looks on the cards with two takeover pitches in play at KLK, a R2.2bn-a-year farming services specialist based in the Northern Cape.

In November agribusiness Subtropico, which already holds an influential 30% shareholding in KLK, issued a takeover bid at R17.50 a share. A scrip alternative offers one Subtropico share for every six KLK shares held.

But late last month Senwes, one of SA's biggest agribusinesses, also launched a takeover bid for KLK, offering R18.50 a share.

The Senwes proposal also provides a scrip settlement alternative, offering shares in Senwes — or its holding company Senwesbel — in the ratio 1.4 shares to 1.8 shares per offer share.

Both Senwes and Senwesbel shares are listed on ZAR X, one of SA's new stock exchanges.

At the time of writing, KLK's independent board was still evaluating the merits of both proposed deals.

The Subtropico offer represents a 12% premium to KLK's R15.60 over-the-counter share price as at September 27, while the Senwes offer represents an 18.4% premium.

However, both offers are pitched lower than KLK's NAV of R19.58 a share reflected at the end of February 2018.

The proposed takeover deals follow the mega-merger last year between Acorn Agri and Overberg Agri.

Subtropico — which has the Patrice Motsepe-aligned African Rainbow Capital as a funding partner — has argued that it made strategic sense to increase its shareholding in KLK.

The main strategic rationale for Subtropico's takeover move is that KLK shareholders would have a more diversified geographical footprint and product service offering — as well as indirect shareholdings in Vleissentraal (livestock and game auctions), the Subtropico Market Agency group of companies (which sells fresh produce on 11 municipal and private markets), and Farmwise (a supplier of vegetables to retailers).

Senwes, on the other hand, believes the strategic fit between the two operational companies, in terms of diversification, is highly appropriate. It is a sprawling business with over 68 grain silo complexes and depots that speaks for more than 25% of the total SA commercial grain storage capacity.

Senwes argues that by joining forces, an enlarged entity will protect the interests of farmers in a holding structure as well as allow for participation in further consolidation of the agrisector.

A deal would also reinforce Senwes and KLK in meeting competition from international role players which have been increasing their interests in the local agrisector.

Marc Hasenfuss, *Financial Mail*, 24 January 2019

R300 million wine cellar merger in Robertson

The Bonnievale Wines group and Wandsbeck Wines have announced that the two entities will be merging.

According to a statement by the two companies, the amalgamation of the two wineries into Bonnievale Wine Cellar will create a wine company with assets of more than R300 million and cellar capacity of 40 000t.

The agreement follows 15 months of negotiations between producer members and directors, with the decision being ratified in November.

"Wandsbeck has good cultivar diversity, unique style and suitable climate, which will contribute to the group's goals and performance," Wandsbeck chairperson, Philbert Lourens said.

"Wandsbeck's membership and tonnage has declined over the years and the expectation is that a larger company will reduce production costs while raising profitability. The aim is to create a good economic and sustainable future for our members," he added.

According to Bonnievale Wines group chairperson, Anton Smuts, the changing production and marketing conditions had driven the merger and was aimed at ensuring producers' sustainability

and profitability, as well as product supply and extension, while providing long-term market security and growth for the future.
Bonnievale Wines group CEO, John Barnardt, has been appointed as executive head of Bonnievale Wine Cellar and under the merger agreement, production will continue at existing facilities.
Each winery will run at full capacity with a winemaker and production team on site, while management and administrative staff will be based at the former offices of the Bonnievale Wine Group.

Jeandré van der Walt, *Farmer's Weekly*, 2 January 2019

TWK milling pays R1,8 million penalty in collusion case

TWK Milling has agreed to pay an administrative penalty of over R1,8 million after a Competition Tribunal found that TWK Milling had colluded with others to fix prices of milled wheat products, according to a statement by the Competition Commission.
The case had been ongoing since 2007, when the Competition Commission received a corporate leniency application from Premier Foods, which was corroborated by a further leniency application filed by Tiger Brands.
"The Commission launched an investigation [into] Tiger Brands, Pioneer Foods, Foodcorp, Pride Milling and Progress Milling. Other industry players were later also investigated and include TWK, Blinkwater, Godrich, Keystone, Westra, Carolina Mills, Brenner, Paramount, NTK, Kalel, and Allem Brothers," the statement said.
To date, the Competition Commission had concluded settlement agreements to the value of R613 million.
According to the Competition Commission, collusion was a damaging form of anti-competitive agreement, often resulting in price increases that are harmful to the consumers of the goods or services concerned.

Farmer's Weekly, 4 January 2019

Banking & Capital Markets

Hortfin appoints new CEO

Hortfin, the first ring-fenced loan facility of the fruit and wine industry value chain, has appointed Michael Brinkhuis as its new Chief Executive Officer.

Brinkhuis, who qualified as a horticulturist and holds a Masters degree in Agriculture from the University of Stellenbosch, has worked in agriculture research, retail and development and has lectured in Horticulture and Environmental Studies.

Hortfin Chairman, Tshililo Ramabulana, said that Brinkhuis has demonstrated his ability to work successfully in different environments throughout his career. “He has designed leading strategies which resulted in impressive value creation. I, for one, am looking forward to working with him in creating the next successful transformation chapter of the fruit and wine industries.”

Hortgro Operational Manager and Interim Hortfin Manager, Mariette Kotze, said that they were excited about the appointment of Brinkhuis as the CEO of Hortfin. “He is well-known and respected within the agricultural community. His experience, skills, and attitude will result in favourably positioning Hortfin to enable inclusive growth within both the deciduous fruit and wine industries.”

Brinkhuis has for the latter part of his career leant towards the public sector, and spent the last four and half years as CEO of a state-owned entity responsible for agriculture and economic development programmes.

“My goal is to strive for development and sustainability in endeavours and creating partnerships aimed at augmenting initiatives,” Brinkhuis said. He is an outdoors person who enjoys nature, sports and reading.

FreshPlaza, 21 January 2019