



Scan for Capital Harvest

June 2016

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

For SA one of the main implications of Britain leaving the EU, is that SA will have to negotiate new trade agreements with Britain. Recently an Economic Partnership Agreement was signed with the EU to the benefit of SA exports including sugar, ethanol and wine. This free trade agreement will remain valid for transactions with Britain until the country formally exits the EU. New agreements will then be crucial for SA agricultural exports, especially fruit and wine which make up a significant portion of these exports. There are already several bilateral agreements between the UK and SA, but most of these are integrally related to the EU agreements, and mostly do not make sense on their own. While the EU has one uniform set of standards that imports need to comply with, Britain may in future decide on a different set of standards, which could complicate future exports to the UK. Branding issues will also have to be negotiated with the UK – for example, the EU formally accepts Stellenbosch and Paarl as protected point of origin brands on wine, and within the EU only SA-grown tea may be called Rooibos.

In 2015 the EU lifted its milk production quotas, and since then dairy farmers across the world have been struggling due to an oversupply of milk. In France all farmers are selling milk at below cost price, while New Zealand – the world's top exporter – is seeing 80% of its farmers selling milk at a loss. Milk produced in the EU fetches around €200 per tonne on the international market – about 20% less than what it averaged in the 2007-2014 period in France, Germany and the US. Domestic prices can be much higher, with French farmers receiving on average €309 per tonne in March this year. But that is still 4.5% less than in March 2015, before quotas were lifted. One positive factor despite the tough economic times, is that the global consumption of milk is growing faster than the world population.

China is the world's biggest consumer of pork, and the Chinese are traditionally inclined to eat all parts of the pig, including feet, ears and snout. This makes China an attractive export market for pork, as parts of the pig that would otherwise be thrown out or sold very cheaply, can be shipped to China and fetch good prices. US pork exporters who ship these 'variety cuts' to China earn around \$10.80 more per pig.

Brazil's soybean farmers are burdened by large amounts of debt in the wake of a global soybean surplus. Many Brazilian farmers made the same mistake as other industries in the country – they tapped credit lines in dollars to get the lowest interest rates, thereby increasing currency risk. When the Brazilian real plunged 33% last year, the cost of repaying the dollar loans ballooned. Many Brazilian farmers do not have money to plant soy this season, which means they will be missing out on the predicted rebound in demand and prices.

In the US, 23% of the fuel used is oil-based diesel used in heavy vehicles such as farm equipment. It is mixed with an additive made from soybeans, palm oil or grease from deep-fat fryers. Soy is cheap and US demand for biodiesel is at record levels, but the US biodiesel industry is struggling. The country has idled half of its 3 billion gallons of production capacity, because imports are at a record level of 538 million gallons per year, mainly from Argentina, Singapore and South Korea. Imported biodiesel is cheaper and often burns more cleanly than that produced in the US, resulting in 31% of the country's biodiesel now being imported. Argentina, which supplies 34% of biodiesel imported by the US, has a cost advantage. Environmentalists say US policy is intended to encourage local refiners to innovate and reduce emissions. US producers, however, say the US is now once again becoming dependent of foreign supplies. This is ironic as the biofuels legislation was originally intended to make the US less dependent of foreign oil.

US wheat farmers are experiencing problems of their own. US grain silos are filled with surpluses from last year, as combined stockpiles of corn, soy, wheat and sorghum are at the highest seasonal level since 1988. With demand slowing and output rising, storage space will increasingly be in short supply. This affects wheat farmers in particular: in the US wheat from the Great Plains is harvested in June and July and is the first crop to arrive for storage. Wheat is followed by corn and soy in September and October. Some growers may end up storing grain in parking lots or vacant buildings, increasing the risk of pests and moisture damage. Once the world's biggest wheat exporter, the US has seen its wheat exports drop to the lowest level since 1972. Global supply, including production and inventories, will exceed consumption by the most ever in the year that ends in June 2017. And the world harvest is expected to be the second-highest on record. Wheat is presently so cheap that US livestock producers are considering using it in feed rations along with corn and sorghum.

Many US farmers who expanded production using rented land during the commodity boom a few years ago are now struggling to repay loans. The crop surplus, the highest US farm debt level in three decades, and stubbornly high rent prices are all contributing to the problem. US farm income is expected to decline to \$54.8 billion this year, the third straight decline and less than half of the record earned in 2013. In the US 39% of farmers operate on rented property. US banks are increasingly reluctant to lend money where land is not available as security, so farmers are turning to the agriculture department for help. The department can cover operating costs when borrowers no longer meet a bank's lending standards, but its funds earmarked for this purpose are now running out. Agricultural bankers say demand for loans is the highest in at least two decades, while repayment rates are the lowest since 2003. Loan renewals and extensions are the highest in 13 years. Some analysts are optimistic that the US government will make more funds available, and that crop prices are in the process of recovering.

Some anti-GM consumers are concerned that large mergers in the agrochemicals sector will result in the availability of more GM food. Farmers, on the other hand, worry that less competition in the industry may result in higher input prices. Bayer and Monsanto are in the process of merging, as are ChemChina and Syngenta, as well as Dow and DuPont. Afterwards, the three companies will control two-thirds of the world market for seeds and pesticides. The NGO Grain says the mergers will further reduce choice for farmers, especially those in southern countries. Some analysts are already predicting the next stage of mergers, which could see equipment manufacturers buying the agrochemicals companies. If John Deere, for example, were to purchase Bayer-Monsanto, it would make strategic sense since both are looking to advance precision agriculture. Such a merger would have a much bigger impact on the industry than the present round of mergers, because John Deere is a significantly larger company.

India's Sikkim state is the first in the country to practice only organic farming, and the Indian government is urging other states to follow suit. The state has 66 000 farmers, some who use traditional methods such as repelling pests by spraying a cow urine mixture over crops. India already has a total of 650 000 organic producers, which is more than any other country. Organic produce typically earns a premium of 20%. India's organic industry faces the same challenges experienced world-wide, namely that many believe organic farming cannot produce enough food to feed the population, and that there is a need for clear standards and monitoring in the industry.

Russia wants to be self-sufficient in food production by 2020, and this is being achieved by cutting back on imports and heavily subsidising local production. One example of a large-scale strategic operation is the Yuzhny Agricultural Complex, which is a collection of greenhouses the size of 2 300 football fields, with buildings dating back to the Soviet era. It is located between the Black and Caspian seas and watered by melting ice from the mountains. The organic produce, which is sent by truck to Moscow, includes a hybrid tomato called the T-34 battle tomato. It is named after the tank that helped to defeat Hitler, and is a source of great national pride. In Russia the commercial planting of GM crops is banned, as is the import of GM products. The country's food production is steadily increasing in line with its strategic goals. In 2015 Russia earned \$20 billion from food exports, which was more than it earned from arms sales. This year Russia overtook the US to become the world's biggest exporter of wheat, and agricultural land has become a prized possession among wealthy, politically connected Russians. By some estimates Russia still has more than 40 million hectares of idle land suitable for growing, an area about the size of Iraq. President Putin has urged the government to consider giving some of it away to create more farmers. But as a result of its history, many farms in Russia today – the ones owned by ordinary farmers – remain small and inefficient. Infrastructure is poor, high-tech equipment is scarce and there's little production of key products like beef and cheese.

As previously reported, the Tuta absoluta moth is devastating Nigeria's tomato crops. The moth of South American origin was first observed in Nigeria last year, and it is now present in at least 15 African countries. The moth has not yet been detected in SA, but the risk is rising as it was found in Zambia in May. The Limpopo province produces half of SA's tomatoes and is now under threat, with multiple experts saying it is simply a matter of time until the moth is detected. ZZZ produces 40% of SA's tomatoes and is the biggest producer in the southern hemisphere. The company says it is monitoring its crops to enable early detection. The moths can develop pesticide resistance in just one season, and it has few natural predators outside of South America. Tomato farmers can lose their entire crop to the moths, which also preys on potatoes, eggplants, peppers and tobacco. In developing countries, farmers tend to increase the volume of pesticides used when an outbreak is experienced, and environmentalists warn that the formulations they use are often those that are banned in other countries for health reasons. The moth invaded Spain in 2006, and data from Spain shows how costly the pest can be. Spanish tomato farmers spent an additional €450 per hectare on

expensive pesticides. The most promising solution presently seems to be a fungus that is applied to the soil to kill the months in their pupal stage.

The popularity of rice continues to grow in West Africa, and the region wants to become self-sufficient in rice production. West Africa, where the traditional staple crops have been cassava and corn, started investing in rice farming in 2008 and has ideal climatic conditions to do so. Rice is easy to store and prepare, and is seen as an ideal urban food. It is predicted that by 2025 the region will consume 53kg of rice per person per year. Last year Nigeria's central bank reserved \$200 million to provide low-interest loans to rice and wheat farmers.

Up to 20% of Zimbabwe's natural forests have been cleared by tobacco farmers who use firewood to cure their crop. Selling firewood also provides an income for many, due to the frequent power outages experienced in the country. In an effort to preserve the forests, beekeeping has been introduced. The Zimbabwean government and international organisations train prospective beekeepers. There are now more than 50 000 beekeepers in the country, who fiercely protect the trees and forests for the benefit of their bees. They have the support of local traditional leaders, who generally regard the preservation of the natural environment as their responsibility. In the wake of the drought, more farmers continue to turn from growing crops to keeping bees, and they are encouraged to process and market their own honey. Water flow in some rivers is said to have improved significantly as a result of conservation of catchment areas by local beekeepers.

Agri All Africa has agreed to invest \$100 million in Zambia's agriculture sector within the first year of its operations in the country. Agri All Africa consists of commercial farmers from SA and was born out of Agri-SA. Last month the organisation sent 27 successful commercial farmers to visit Zambia – each of the delegates had an annual turnover of more than \$6.5 million per year. In Zambia, the SA farmers plan to invest in sugar, wheat, maize, soy and livestock. Water-rich Zambia has only 500 commercial farmers and uses only 10% of its agricultural land. Agri All Africa is also looking at farming opportunities in Nigeria, Angola, Mozambique, Malawi, the Ivory Coast, Ethiopia, Tanzania, Namibia and Sudan. Its farmers already operate in the DRC.

The Agbiz/IDC index shows confidence in agribusiness again declined in the first quarter of 2016, mainly due to uncertainty regarding land ownership, and the drought. It is also expected that the cost of finance will increase, and investment levels are low. Year-to-date sales of tractors and combine harvesters are 8% to 16% lower than last year. On the positive side, the possibility of a La Niña weather pattern towards the end of this year has increased from 50% to 75%. A La Niña cycle could lead to above-normal rainfall.

The number of farms for sale in SA has increased by 45% over the last 15 months, primarily due to the effects of drought. In the summer rainfall region of SA the season concludes 31 August, so this is the date on which many farmers will have to pay off production loans, make bond repayments and make advance lease payments for the next season. It is expected that more farms could come on the market as the date draws nearer. Records in the deeds office show that 4 394 transactions for the sale of agricultural land were concluded in SA in the 12 months ended 31 March 2016, transferring a total of 3 405 546 hectares of farmland worth R27.6 billion.

Agri Western Cape says the lingering effect of late rains and warm temperatures are still felt in the province. Winter grains are affected by the recent drought, and some farmers are struggling with carry-over debt and debt incurred for the new season. Feed for livestock is in short supply. Some fruit trees started to bloom due to hot weather in June, before they could properly rest. On the West Coast high winter temperatures have caused vineyards to bud.

Following the recently signed Economic Partnership Agreement (EPA) between SA and the EU, the Western Cape now wants to double wine exports to major destinations by 2025. The EPA has to be ratified before end September to take effect 1 October, and the duty-free quota will be allocated on a pro rata basis for the remainder of 2016. The emphasis will be on exporting bottled wine instead of bulk wine. In the short term 70% of the 110-million litre duty-free quota will have to be bottled (or sold in containers smaller than 2 litres), and this requirement will be further increased over time. The province's new residue-testing facility is expected to come into operation later in 2016.

Koopmanskloof of Stellenbosch is already selling its wine to a single supermarket in Russia, but has now worked with the DTI to secure a much larger export contract for the supply of 60 000 bottles of wine to Russia. By 2020 the estate wants to supply 500 000 bottles to the Russian market. Koopmanskloof consists of four farms in which 120 workers hold shares. The holding company is 51% black owned.

A wine grape farmer recently questioned his 2009 tax assessment in tax court. The taxpayer delivered his grapes to a winery, where it was pressed and mixed with the pulp of other co-op members. By the end of the tax year, the grapes were pulp that had not yet been sold (from a legal perspective the farmer retained ownership even though the grapes had been delivered to the winery). The farmer argued that – because his 'produce' was grapes and not pulp – he did not hold any 'produce' at the end of the tax year. Sars disagreed and included an amount of R789 338 in his taxable income as 'closing stock from farming operations'. The court found in favour of Sars, saying that the grapes remained the produce of the farmer who harvested them, regardless of their form. If this were not so, farmers could mix their produce together before the year end to avoid having to account for closing stock. The court found that the distilling wine price should be used to calculate the value of the closing stock.

Last year SA's citrus industry generated a turnover of R14.2 billion. The Citrus Growers Association credits this success to the fact that farmers are acting pro-actively, anticipating export requirements and acting on them in advance. By June 2016 total citrus exports from SA were at 22 million 15kg cartons since the season started in March, which is a 20% year-on-year increase. At 34%, the EU accounted for the biggest increase in demand, despite the black spot issue that remains a problem in this market. The Eastern Cape supplies half of SA's total output of lemons, and lemons are presently particularly popular. Russia is the only market where SA's citrus exports have slowed this season, while Asia and Africa saw a modest growth in demand.

Hortgro is concerned that SA's exchange rate is making the apple export industry seem very profitable, while producers are in reality fairly inefficient. SA apple farmers typically produce small fruits of relatively poor quality, so only 42.5% of apples meet export criteria. Labour may be less productive than in other countries, but this is primarily due to a lack of education and equipment. Despite these problems, apple farmers are making money due to the weak rand, the strong African market and high yields. The weak exchange rate on its own has caused a 47.5% increase in the production value of apples between 2013 and 2016. There is concern that as long as profits are so easily made, apple farmers will not pay adequate attention to improving efficiency. Hortgro is focussing its research on dealing with climate change and improving labour productivity.

Producers of canned fruit are also performing well in SA on the back of last year's strong fruit harvests, favourable prices, a producer levy of 1%, and the exchange rate. Going forward the industry wants to focus on research, and works with the fresh and dried fruit industries in this regard.

The dragon fruit achieved international 'superfood' status in 2013. It grows from a cactus plant and is not well known in SA, as only 20 hectares have been planted. An estate in Limpopo is now marketing

the fruit locally, and enough plant material to plant 1 000 hectares will be released to licensed growers by the end of 2016. Dragon fruit fetches around R50 per kilogram on the SA market. The fruit is mainly grown in Asia, and has not been extensively tested under SA's conditions. Vietnam is the world's biggest producer of dragon fruit.

Researchers in Colorado have developed a purple potato, the Purple Majesty, with improved health benefits. It is fortified with vitamin C, folic acid, minerals, iron, zinc, potassium and phenolic compounds, and it is rich in anti-oxidants. The potato was developed by combining two cultivars – All Blue and ND2008-2 – using traditional methods.

In June SA's biggest grain processing and logistics companies reached a wage agreement with unionised workers, thereby averting a strike. Workers received a 6% to 8% increase from the companies, which include Senwes, NWK, OWK and Suidwes.

A farmer from Cradock has probably set a new SA record for corn yields. He achieved a yield of 23.92 tonnes per hectare, which is likely SA's best yield to date. Some maize farmers performed very well despite the drought, and – keeping in mind that the drought did not affect all areas equally – this may be credited to good soil preparation and good management.

In a recent *Landbou.com* survey among SA farmers, 71% of respondents indicated that labour is the single most worrying aspect on their farm. The farmers' second biggest concern was crime (including theft and safety), with financial concerns in third place. The two issues that farmers were the least concerned about are organisational issues and marketing. The fact that labour was the number one concern, means that farmers worry most about those problems that they directly encounter on the farm every day. Issues that affect farmers indirectly, such as land reform, political uncertainty, transformation and food security, ranked much lower than direct issues. When asked to identify the types of labour issues that worry them, farmers indicated multiple issues and did not single out just one specific aspect of labour. Although almost all aspects are of concern, minimum wage was in first place, followed by issues regarding the reliability of workers, occupancy rights, and productivity. In terms of financial worries, high input costs was the primary concern, while farmers worried least about interest rates and insurance for inputs.

The SA Poultry Association opposes the country's new brining regulations, as well as the fact that more poultry is now allowed to enter SA from overseas. In reaction to these developments, the industry is seeking government's help to export poultry, particularly to the Middle East. The US and the UK will not be targeted, as they have stringent health requirements for imports. Meanwhile the association has appointed its first black chairman, an egg and chicken farmer from Philippi. One of his visions for the future is that commercial poultry farmers should take small-scale farmers under their wing by, for example, buying inputs in bulk on behalf of the smaller farmer as well, and then passing the cost savings on to them.

In June African swine fever was detected in two new areas for the first time: the North West and the Free State. The Department of Agriculture is very concerned about the spreading of the disease within the pig farming industry, and strict measures will likely be put in place if it is not brought under control soon.

The project to the value of R2.2 million to heighten the wall of the Clanwilliam dam by 13 meters, is well underway. Preparatory work has been completed, and building work should start no later than January next year. A purification plant, workshops and access roads have been completed, and 66 properties have been expropriated. Once completed, the dam will be able to hold an additional 70 million cubic meters of water.

BKB has acquired the majority shareholding in Uppington-based raisin and fruit mince supplier, Fruits du Sud, for an undisclosed amount, thereby expanding its foothold in the Northern Cape. It is expected that the investment will allow BKB to better supply its markets by making more produce available.

Banking & Capital Markets

Nedbank Insurance employs an SA-based digital marketing company to run its Google AdWords campaign. Google AdWords is the service that inserts paid adverts above and to the right of organic search results on the browser window when a relevant search term is entered. After the first 18 months, it became clear that the Nedbank campaign was performing extremely well, and that it was more successful than that of Google's other banking and insurance customers. Google itself was impressed by the results and conducted an in-depth internal study of the Nedbank Insurance AdWords campaign. This analysis was recently published on Google's case study portal, which is regarded as a major accolade for digital marketing in SA.

There is a growing tendency among bank clients in SA who fall in arrears with loan repayments, to question in court whether the bank is entitled to the loan repayments. It is popular for clients to allege that, because the debt was securitised by the bank, the client somehow no longer has the obligation to pay the bank. While social media widely proclaims that individual debtors have successfully taken this stance, the full legal process does not, in the end, find in their favour. In June an example of such a case involving an Eastern Cape farmer played out in court. The farmer, an FNB client, ran into financial difficulty in 2012. The farmer and FNB agreed that he would repay his outstanding R2.5 million in debt plus interest between January 2013 and December 2014, on condition that the entire remaining debt would become due immediately if he were to miss any payments. The farmer ran out of funds after paying back R1 million of the R2.5 million, and – still hoping to find a way to keep the family farm – asked the court to order FNB to prove that his loan had not been sold. The farmer wanted, among other things, FNB's securitisation ledger “with all certified copies thereof”, FNB's securitisation portfolio and a complete set of all transaction documents relating to the bank and its securitisation participants. The judge examined cases where a similar defence was raised and found that they were all unsuccessful. One judge in a previous case even called claims of bank fraud in such matters “outlandish”. The Eastern Cape judge therefore found that securitisation of a loan is of no help to a bank client where the existence of a loan agreement is not in doubt. The farmer was denied access to the FNB documents.

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Banking & Capital Markets

First Google case study for banking in SA
In good faith: An insecure defence

Agriculture

SA uitvoere gaan voort na 'Brexit'

SA sal sy eie handelsooreenkomste met Brittanje moet sluit nadat die Britte ten gunste daarvan gestem het om die EU te verlaat.

Die Suid-Afrikaanse Regering sê die uitvoer van Suid-Afrikaanse produkte na Brittanje word nie onmiddellik in gedrang gebring met die aanduiding dat die land die Europese Unie (EU) gaan verlaat nie. Hy oorweeg nou al sy opsies en sal met Brittanje onderhandel om nuwe handelsooreenkomste te sluit.

Die Suider-Afrikaanse Doeane-unie (Sadu) het onlangs 'n ekonomiese vennootskapsooreenkoms (EPA) met die EU gesluit wat die ou ooreenkoms oor handelsontwikkelings en samewerking (TDCA) vervang wat sedert 2000 gegeld het. Onder die ooreenkoms het suiker, etanol en 110 miljoen liter wyn toegang tot die EU gekry.

Wat gaan nou van hierdie handelsooreenkoms word?

Brittanje het twee jaar om sy uittrede uit die EU te onderhandel nadat formeel kennis hiervoor gegee is. Tot die einde van hierdie twee jaar-tydperk sal die internasionale handelsbeleid (CITP) van die EU steeds van krag bly vir Suid-Afrikaanse uitvoere na Brittanje, want die handelsbeleid sluit die huidige vryhandelsooreenkoms in.

Dit sal ook die ekonomiese vennootskapsooreenkoms dek wat op 10 Junie vanjaar in Botswana onderteken is. Daarom sal Brittanje se verpligtinge onder die bestaande ooreenkomste steeds van krag wees, sê die Presidensie.

Brittanje was in 2015 Suid-Afrika se agste grootste handelsvennoot. Die waarde van die uitvoer van Suid-Afrika se produkte na die land was R41 miljard en invoere was R35 miljard. Hy is ook die grootste invoerder van Suid-Afrika se vrugte en nagenoeg 'n derde van Suid-Afrika se wyn word daarheen uitgevoer.

"Brittanje is en sal 'n belangrike handelsvennoot vir Suid-Afrika bly," sê die Presidensie.

Joylene van Wyk, *Landbou.com*, 27 June 2016

Loss of common European market will be high price SA pays for Brexit

Britain's referendum on Thursday on whether to "Brexit" the EU is crucial for South Africans. The EU is SA's most important trading partner. In 2015, we exported R280bn of goods to the EU and imported R366bn from it, double the equivalent figures for SA's next largest trading partner, China.

Trade in services adds about 50% to those figures. Just two weeks ago, the Southern African Customs Union and the EU signed a new free trade agreement that provides unprecedented access to the EU common market for SA goods and services, so the extent of trade is set to increase substantially.

The trade levels of SA with the bloc indicate one of the advantages the EU provides. Instead of 28 separate agreements with each of the member states of the common market, we have had to only one agreement, while they have collectively needed to forge just one agreement with us. EU standards are the same across all of those markets, so our goods and services have to meet only one set of rules to access a market of more than 500-million people. Just imagine how many rules there might be about what you have to put on your label of ingredients, for instance.

As a result of the new agreement, our wine industry looks set to double exports to the EU, which provides branding protection of Stellenbosch and Paarl as points of origin. Rooibos, too, now gets protection, so only South African-grown teas can use the word across the EU.

Our banks, insurers, miners, fast foods companies, wine agencies and countless others base themselves in London to manage their business in Europe.

Should Britain decide to exit the EU, there will be a lot of pain for SA. The first casualty will be the common market.

The Leave campaign in the UK has focused on immigration, a result of one of the major rules for the common market, the free movement of people. If immigration is to go, the common market has to go. The UK will have to negotiate a new trade agreement with the EU.

South African businesses will have to re-examine how they engage with the EU, moving operations elsewhere that they conduct from London. Export routes will also have to shift.

SA will also have to form some kind of new trading arrangement with the UK. There are already several bilateral agreements between the UK and SA, but most of these are integrally related to the EU agreements, and mostly do not make sense on their own.

Just how likely a prospect is Brexit? Early last week, polls were showing that the exit camp was ahead, with 47% of voters supporting Brexit against 40% staying in, with the balance undecided. That appears to have shifted following the murder of British MP Jo Cox, a campaigner for remaining.

Some polls now indicate a slight advantage for the remain campaign at about 45% to 44%, although pollsters say the shift was evident before the murder.

Historical precedent suggests that the undecideds tend to go with the conservative choice, which favours remaining rather than the uncertainty that Brexit would engender.

The bookmakers, who are usually more accurate predictors than polls, have remaining more likely, at about a 70% chance.

The economic case for staying in is unassailable, but the British seem concerned by the effect of the EU on their own national identity and place in the world, not least because of the flood of immigration from the EU's newer members.

The turmoil unleashed on global markets when polls revealed a Brexit lead provides some indication of just how serious the economic disruption of Brexit may be. Identity politics has been the underlying theme of the campaigning, with both sides engaged in a dishonest distortion of economic and legal arguments about Britain's relationship with the EU.

Due to our relationship with Britain, we indirectly get better engagement with the EU than we would otherwise. Brexit would be bad for us.

Stuart Theobald, *Business Day*, 20 June 2016

Milk farmers sour as quota end brings price crash

A surge in milk production since the EU lifted milk quotas has skimmed profits for dairy farmers, leaving them sour as authorities struggle to get to grips with the crisis.

Last year the European Union finally got rid of its three-decade old milk production quotas that it had imposed to eliminate the milk lakes and butter mountains that had plagued the bloc's farmers in the 1980s.

While farmers in several EU countries had been looking forward to tapping into rising demand for dairy products in developing countries, particularly in China, that growth slowed and there was soon a glut on the world market.

"Europe's responsibility is overwhelming in the surge" in milk available on the global market, said Christophe Perrot, an economist at the Livestock Institute in Paris.

"Since 2013, the EU has supplied an extra 10 million tonnes on a market of 66 million tonnes," he said at a recent farmers conference in the western French city of Rennes.

This has led to a slump in prices -- by a fifth to a third -- that has hammered farmers across the globe. In France all farmers are now selling milk at a price lower than their costs. Meanwhile in New Zealand, the world's top exporter, 80 percent of farmers are selling at a loss according to the central bank.

In March, the European Commission, the executive of the 28-nation bloc, allowed member states to temporarily cut production on a voluntary basis as an emergency exception to rules guaranteeing economic competition.

But milk production has continued to climb.

The issue is likely to dominate a meeting of EU agricultural ministers on Monday and Tuesday, but EU leaders are only expected to heap pressure on the Commission, the bloc's executive body, to step up its efforts.

According to a draft seen by *AFP*, EU leaders will call on "the Commission to urgently implement all necessary support measures including, where appropriate, financial support to assist farmers..."

However, farmers meeting here at a recent Peasants Confederation conference want a full return to quotas, believing voluntary measures will be insufficient.

"We need mandatory production controls", as is possible under EU rules, said Laurent Pinatel, a spokesman for the Farmers Confederation.

Getting rid of the overproduction won't be easy.

Milk production shot up 4.3 percent overall in the EU in the 2015-2016 season, the first without quotas, according to Perrot.

And cooperation may also be difficult to achieve.

In major producer countries like Germany, France and Britain, the milk processors may tend to adjust their purchases to market conditions, particularly their more profitable domestic markets.

But countries like the Netherlands, Ireland and Denmark "export more than two-thirds of their output and don't want to leave any market opportunity for their international competitors," said Perrot.

The result is "exacerbated competition between European countries to find non-EU markets" for their products, said Aurelie Trouve, an economist at the AgroParisTech institute.

That is despite 85 percent of European dairy output being consumed at home, according to Thierry Roquefeuil, head of the National Federation of Milk Producers.

At the moment, each country is trying to address the most urgent problem of farmers facing the squeeze from the low prices, said the economist Christophe Perrot.

At around 200 euros per tonne on the international market, the price of milk is about 20 percent lower than what it averaged in the 2007-2014 period in France, Germany and the United States, according to Perrot.

For farmers in Ireland and New Zealand, it even represents a drop of around 33 percent.

Domestic prices can be much higher, with French farmers receiving on average 309 euros per tonne in March, according to agriculture ministry figures. That is still a 4.5 percent drop from March 2015, before quotas were lifted.

Irrespective of any action or lack of action taken by European leaders, there are reasons for hope. Unlike, say, meat eating, "consumption of milk is growing faster than the world population" said Perrot.

And production, even if at a higher level, seems to be coming about in the EU and New Zealand.

While some analysts see the market rebalancing later this year and prices recovering, Aurelie Trouve is less optimistic.

"We consider that the EU is in a crisis of structural overproduction, while EU institutions see it as a cyclical crisis over two to three years," she said.

Clarisse Lucas, *AFP*, 26 June 2016

Don't throw out that pig snout when it can be shipped to China

In the U.S., foodies call it nose-to-tail eating. In China, it's just called dinner.

A robust appetite for cuts like pig feet, ears and snouts in the world's biggest pork-consuming nation is fueling a rally for hogs in Chicago. Investors last week increased their bets on a hog rally by the most since January, and the number of contracts outstanding has jumped to the highest in two years. Inflated corn costs in China forced the country's farmers to cull herds and shrink pork output, spurring demand for more imports. The nation could buy as much as 5 percent of U.S. production this year, according to Dermot Hayes, an agricultural economist at Iowa State University in Ames, Iowa. Hog futures are trading near the highest since 2014, the year prices reached a record because of a piglet-killing disease.

"If you have a specific product that China as a culture eats and has demand for, that adds value," Randy Spronk, president and co-owner of hog producer Spronk Brothers III, said in an interview last week at the World Pork Expo in Des Moines, Iowa. "Looking forward, if they shrink the sow herd or increase per-capita consumption, the potential that's there is phenomenal."

The net-long position in hog futures and options jumped 20 percent to 57,205 contracts in the week ended June 7, according to Commodity Futures and Trading Commission data released three days later. Hog futures for August settlement were up 1.4 percent at 87.8 cents a pound at 11:53 a.m. on the Chicago Mercantile Exchange. They earlier touched 87.975 cents, the highest for a most-active contract since December 2014 and a record for the August contract. Open interest for futures reached a two-year high last week.

The Asian country has a culture that's embraced eating the whole animal for generations. That's a boon for U.S. livestock producers, because meat that Americans would sometimes rather toss has a home across the ocean. Pork exports to mainland China, including variety meats, surged 117 percent in 2016 through April versus a year earlier, according to the latest government statistics compiled by the U.S. Meat Export Federation.

Bets that this is just the beginning of China's need for foreign pork is spurring U.S. producers to adapt their farming techniques. The Asian nation has a ban on ractopamine, a feed additive that makes hogs gain muscle faster while eating less grain. To better compete with European farmers, who don't use the drug, American producers including Spronk are switching.

"We're creating more demand by having pork to export to China," Spronk said. His Edgerton, Minnesota-based company markets about 200,000 hogs a year and stopped using ractopamine in October. Meatpackers are paying him a premium for his hogs, he said.

In the U.S., the variety cuts of pork are sold at a discount. Feet, for example, fetched about 99.6 cents a pound on June 10, government data show. That compares with as much as \$2.95 for tenderloin. In China on the same day, fresh feet could be found at retail for 46 yuan a kilogram (\$3.17 a pound) in Fuzhou, while pig snouts in Guangdong were 20 yuan (\$1.38 a pound). Snouts in the U.S. were selling for about 58 cents a pound in the week ended June 4. The premiums in Asia are an incentive for American producers.

China could be slow to increase its domestic production. The government is cracking down on violations of environmental regulations, and hog production is shifting from backyard producers to modernized plants located away from urbanized areas, which will take time, said Iowa State's Hayes. Until then, U.S. exports of variety meats to the country could help add as much as \$13.50 a head to hog prices in the next few years, he said. Currently, they're adding about \$10.80 a head for a 270-pound animal.

Still, an expanding U.S. hog herd means that supplies could increase fast enough to meet demand, tempering price gains. With new slaughtering plants coming online, exports will have to absorb much of the rising output, said Becca Nepple, vice president of international marketing for the Des Moines, Iowa-based National Pork Board.

It's not just U.S. farmers that have an eye on Chinese markets. Producers are in fierce competition with Europe, Brazil and Canada, which can limit increases for hog futures.

"Europe has gained substantial amounts of market share over the last couple of years, and they're not going to give that up easily," Steve Meyer, vice president of pork analytics at Express Markets Inc., said in an interview in Des Moines.

Soy boom goes bust as bankrupt Brazil farmers cut back expansion

Like many of Brazil's soybean farmers, Nelson Vigolo is enduring the pain of a commodity boom gone bust.

Over the past two decades, growers in the country's agricultural heartland borrowed billions of dollars to turn vast savannas known as Cerrado into farmland, part of Brazil's transformation into a crop-exporting juggernaut. As prices rose, its shipments of soybeans for animal feed and cooking oil became the largest in the world. In just a few years, Vigolo's farm in Mato Grosso state had increased 15-fold to 150,000 hectares (370,000 acres), or almost twice the area of New York City.

Now, the industry is saddled with a mountain of debt, a global soybean surplus and Brazil's longest recession in a century. Some growers don't have enough cash to plant or are ditching plans to expand. Vigolo's company, Grupo Bom Jesus, filed for bankruptcy last month and said it owed about 2 billion reais (\$590 million) it can't pay. At least 10 major producers defaulted or sought to restructure debt in the past year, and more may falter.

"During the commodity boom years, there was this euphoria surrounding rising demand for food -- we needed to produce more to feed the world," said Vigolo, 53, who paid for half his company's expansion with borrowed cash. "It felt like it would last."

Farmers fell into the same trap as other industries in Latin America's largest economy, from airlines to phone carriers. They tapped credit lines in dollars to get the lowest interest rates. But that borrowing increased currency risk. When the Brazilian real plunged 33 percent last year, the cost of repaying those dollar loans ballooned.

The credit crunch may do more to slow Brazil's soybean expansion than even the drop in prices. Production next season, which begins with planting in October, may increase by the smallest amount in eight years, with farmers adding just 500,000 hectares, according to Florianopolis, Brazil-based crop consultant Agroconsult. That's less than half the 1.1 million hectares added a year earlier, when there were 33.3 million hectares sown, according to the U.S. Department of Agriculture.

A slowdown will be a missed opportunity for Brazilian growers, with prices and demand increasing. The USDA estimates global consumption will exceed production for a second straight year, after three years of a glut. Soybean farmers in the U.S., the top grower and No. 2 exporter, are increasing acreage in 2016.

Prices on the Chicago Board of Trade are up 31 percent since touching a six-year low in late November, and in Brazil, domestic prices are the highest ever. The rally was sparked partly by crop damage from a drought in Brazil and excess rain in Argentina. Money managers who were bearish on the outlook for soybeans as recently as March now hold bullish bets that are near their highest since 2014, U.S. Commodity Futures Trading Commission data show.

"The slowdown in planting expansion could be bullish for soybean prices, especially if there are any problems with this year's harvest in the U.S.," said Natalia Orlovicin, an analyst at INTL FCStone in Campinas, Brazil.

Bom Jesus is among those cutting back. Vigolo said he may plant 10 percent less this season. Another big producer, Vanguarda Agro, is reducing by the same amount, scrapping less-productive areas in Bahia state as it seeks to restructure 842 million reais in loans from banks. Two other groups, Grupo J. Pupin and Grupo Pinesso, defaulted on 900 million reais and 600 million reais in debt, respectively, in the past year.

"As the cost of money rises, margins on expansion projects need to be very high," said Aurelio Pavinato, chief executive officer of SLC Agricola SA, Brazil's top publicly traded farming company, which halted its expansion after interest rates climbed. "Brazil's soybean area won't grow this year."

Gone are the days when growers would regularly get unsolicited loan offers from bankers. Today, the biggest default risk is for the big Brazilian growers -- those with more than 10,000 acres -- who were more likely to have borrowed in dollars, according to farmers, executives and traders who attended a conference in Sao Paulo on June 16.

Some relief has been coming from trading companies as well as makers of chemicals and fertilizers who rely on growers for their business. They are offering to partner with banks and take a bigger share of financing risk, according to three executives with direct knowledge of the matter who asked not to be identified because the loan agreements are private.

For Vigolo, the owner of Grupo Bom Jesus, such assistance comes too late. In the months leading up to its May 31 bankruptcy filing, creditors regularly showed up with court officers to seize grain inventories, he said.

"It was very sad to see that some of the doors that used to be always open for us are now closed," Vigolo said. "Everyone in the market wanted to do business with us, and now we have to go after them."

Gerson Freitas Jr & Fabiana Batista, *Bloomberg*, 28 June 2016

Big soy crop no help for U.S. biofuel makers overrun by imports

Makers of renewable fuels derived from the vast soybean fields across the American Midwest can't seem to catch a break. At a time when crops are cheap and domestic demand for biodiesel has never been better, the industry is shrinking.

Imports from places like Argentina, Singapore and South Korea ballooned to a record 538 million gallons last year from just 7 million in 2009, while the U.S. has idled half of its 3 billion gallons of production capacity, industry data show. Foreign suppliers are accelerating shipments this year and next, capitalizing on new incentives and an expanded federal mandate for usage, as well as tougher emission rules in California, the most-populous state.

Most vehicles in the U.S. run on gasoline mixed with ethanol derived from Midwest corn fields, but about 23 percent of the fuel supply is oil-based diesel used in tractor-trailers, buses and farm equipment. It's typically mixed with a cleaner-burning additive made from soybeans, palm oil or grease from deep-fat fryers. The problem for the homegrown industry is that biodiesel from overseas is either cheaper or in some cases burns more cleanly.

"We're being squeezed out by these foreign imports," said Wayne Presby, a managing principle at White Mountain Biodiesel LLC, which runs a plant in North Haverhill, New Hampshire, capable of producing 3 million gallons a year from waste cooking oil. It's operating at 71 percent of capacity. "It's really sort of a strange situation," he said. "The whole point of the Renewable Fuel Standard was to improve national security by not relying on foreign fuel sources."

Under a 2007 energy law, known as the Renewable Fuel Standard, U.S. refiners have been required to use escalating amounts of additives intended to help ease dependence on foreign oil and to reduce greenhouse gas emissions. Unlike in gasoline, where American supplies of ethanol dominate, biodiesel supplies are increasingly coming from overseas.

Imports last year accounted for 31 percent of the 1.73 billion gallons of mandated biodiesel use, government data show. The Energy Information Administration says shipments into the U.S. will expand by about 41 percent in 2016, as the mandate increases to 1.9 billion gallons. Next year, imports will jump 15 percent further to an all-time high of 721 million gallons.

On top of the expanded federal targets for biofuels are even tougher regulations in California, which is encouraging increased demand of additives for gasoline and diesel in a state that is home to about 1 million trucks and 26 million cars.

The Low Carbon Fuel Standard (LCFS) seeks to reduce emissions from transportation fuel in California by 10 percent by 2020, compared with 2009 levels. But under the law's measure of carbon intensity

-- a calculation of the environmental impact of a fuel from how it is produced to when it is burned in engines -- domestic producers are losing out.

Biodiesel derived from Midwest soybeans burns dirtier than fuel shipped all the way from South Korea or Singapore, where refiners including Espoo, Finland-based Neste Oyj use palm oil as a feedstock, according to California Air Resource Board data. Asian suppliers also employ a process that removes more oxygen, yielding a cleaner version of the fuel known as renewable diesel.

California has the highest prices, so it is the most-attractive market. Government data show every drop of the 25.3 million gallons of renewable diesel the U.S. imported in January and February arrived on the West Coast. In that region, biodiesel derived from soybean oil costs \$3.71 a gallon, according to data compiled by *Bloomberg*. At ports in the Gulf of Mexico, the benchmark for the rest of the country, the fuel fetches \$3.07, with supplies from Argentina as much as 30 cents cheaper than that, according to Heather Zhang, a biofuels analyst at Prima Markets in Chicago.

Argentina, the biggest foreign supplier at 34 percent of imports, has a cost advantage, Zhang said. The country is the world's third-largest soybean grower and a major industry devoted to making soybean oil and biodiesel at mills that are near the major export terminals. It also has low export taxes, she said. Argentine biodiesel exports almost doubled during the first three months of 2016, government data show.

To the frustration of Midwest producers, the imported renewable diesel from Asia is eligible for the same \$1 tax credit that domestic supplies get. So far, supplies from Argentina don't meet the California standards, though they do satisfy those in the federal law.

"It puts the domestic producer at a disadvantage," said Joe Gershen, president of Encore BioRenewables, an industry consultant to Santa Monica, California.

The incentives for domestic producers have encouraged foreign suppliers. In 2014, imports plunged 35 percent from a record a year earlier when the \$1 tax credit temporarily lapsed and there was uncertainty about the fuel-use targets, the EIA said. Shipments rebounded to an all-time high in 2015 after the tax benefit was reinstated and a new target was set.

While some U.S. suppliers are losing out, the rules are intended to encourage refiners to innovate and come up with better ways to reduce emissions, said John Curtis, an environmental consultant and one of the architects of the California standard.

Still, U.S. producers are concerned that the government is squandering a domestic resource by growing more dependent on foreign supplies of alternative fuels, said Ben Evans, a spokesman for the National Biodiesel Board, a trade group based in Jefferson City, Missouri.

"It really suppresses the market when you have cheaper subsidized imports," Evans said. "We consider them predatory."

Mario Parker, *Bloomberg*, 22 June 2016

No room in U.S. grain silos means dumping wheat in parking lots

Some American wheat farmers are not only going to lose money on every bushel they harvest this month, many won't have a proper place to store it.

U.S. grain silos still hold surpluses from last year. Combined stockpiles for major crops -- corn, soybeans, wheat and sorghum -- are the biggest for this time of year since 1988. With demand slowing and output rising, space will get tighter, especially for wheat, which is the first one harvested. Some growers may dump grain in parking lots or vacant buildings.

"It will be the worst storage crunch in the 30 years I have been trading wheat," said Michael O'Dea, a risk management consultant at INTL FCStone Inc. in Kansas City, Missouri. "A lot of grain will end up in ground piles."

While farmers expanded storage in recent years, that's been undermined by global crop surpluses and a strong dollar. Once the world's biggest wheat exporter, the U.S. saw its shipments in the year

through Tuesday drop to the lowest since 1972. With inventories up 30 percent and expected to swell further, the price outlook is getting more bearish. Chicago futures tumbled for three straight years, and in February touched the lowest level since 2010.

The glut may only get bigger. Global supply, including production and inventories, will exceed consumption by the most ever in the year that ends in June 2017, with the harvest expected to be the second-highest on record, the International Grains Council said May 26.

For many growers, the slump means they are spending more to grow wheat than they can collect when the grain is sold, according to analysts at Societe Generale SA, which forecast Chicago wheat futures will average \$4.52 a bushel in the third quarter, compared with \$4.8675 now. Kansas State University estimates each bushel costs \$3.90 to \$5.18 to produce. Money managers have been betting prices will fall for almost 10 straight months.

Winter wheat harvested in June and July across the Great Plains is among the first crops to arrive each year at grain elevators, with corn and soybeans collected in September and October. While there isn't any co-mingling, most silos can be used to store different crops, depending on need. Piling grain on the farm isn't all that unusual, but without an impervious floor, walls and some kind of covering, there is an increased risk of pest and moisture damage.

But with so much left over from last year, growers from Texas to Nebraska probably will exceed local storage capacity by at least 15 percent, said Troy Presley, a grain merchandiser for Comark Grain Marketing LLC in Cheney, Kansas. The company markets crops for 13 cooperatives with more than 77 locations in Kansas, Oklahoma and Nebraska.

"Storage space is going to be very tough to find this year," Presley said. "Farmers have sold the smallest amount of wheat for harvest delivery in at least 10 years, compounding the storage crunch." Domestic storage capacity for more than a dozen different kinds of grain and oilseed crops has increased 22 percent in the past decade to 24.21 billion bushels, U.S. Department of Agriculture data show. But as of March 1, well before this year's harvests, stockpiles of wheat, corn, sorghum and soybeans totaled 10.9 billion bushels, up 5.6 percent from a year earlier, according to the USDA.

In Kansas, the biggest producer of winter wheat, inventories were 29 percent bigger than a year earlier, government data show. Even before the harvest, leftover grain is using up 52 percent of the state's storage capacity, compared with 41 percent a year earlier, according to the USDA.

Production of hard red winter wheat, the variety used to make bread, will rise 4.3 percent this year to 863 million bushels, the USDA said May 10. The crop may be even bigger, topping 900 million bushels, because timely rains in April boosted yields and farmers sprayed fungicides to prevent disease, INTL FCStone's O'Dea said.

"An extra 40 or 50 million bushels is not going to find a home," he said.

There may be more storage space available outside the Plains, the main growing region, but transporting wheat there adds to the cost. The discount of cash-market grain to futures probably will fall to \$1 a bushel, the most since 2010, O'Dea said.

The cost of U.S. wheat at export terminals in New Orleans costs at least 50 cents a bushel more for buyers than grain purchased from Russia, Ukraine and Europe, USDA data show. Wheat is so cheap, domestic livestock producers are considering using it in feed rations along with corn and sorghum.

"Cash prices could become weaker at local elevators as they are reaching their storage capacity limits," said Dan O'Brien, a Kansas State University agricultural economist in Colby. "It will be a sizable crop."

Jeff Wilson & Megan Durisin, *Bloomberg*, 3 June 2016

Credit crunch for farm renters compounds stress on U.S. growers

American farmers who expanded production using rented land during the commodity boom a few years ago are now struggling to repay loans.

A crop glut has eroded prices and sent profit to a 14-year low, but rents have barely budged and debt levels are the highest in more than three decades, government data show. Bankers are cutting back on loans that aren't secured by land, so more farmers are tapping into a U.S. Department of Agriculture program designed to be the lender of last resort. And it's almost out of money.

The USDA's Farm Service Agency has allocated \$140 million a month on average for direct operating loans since Oct. 1, leaving just \$129 million in the budget for the remaining four months of the fiscal year. With about 39 percent of U.S. farms operating on rented property, increased government intervention signals lower land values and more consolidation because debt-strapped and younger farmers will be forced to quit, according to farm groups advocating for more financial aid.

"Anyone carrying a lot of leverage or renting a lot of farmland, it is going to be a pretty tough year," said Jim Farrell, president of Omaha, Nebraska-based Farmers National Co., which manages more than 5,000 farms and ranches in 24 states on behalf of property owners who lease their land to tenant growers and livestock producers. "I don't think bankers expect loan renewals to be a cakewalk this year."

Even though all the tenants who rent land managed by Farmers National have kept up with payments this year, there are signs that some can no longer get operating loans and that financial stress is increasing, Farrell said.

About 110 of the company's leases had to be renegotiated at lower rates this year after the contracts were signed, a move that he said was "very rare" during the three decades before 2014. Farmers National has \$204 million of managed properties for sale, more than double the amount of a year ago. Farrell said he's expecting lease rates to fall before the next season as land values and incomes decline.

The USDA has forecast farmer income will drop to \$54.8 billion this year, the third straight decline and less than half of the record profit earned in 2013. The ratio of debt to income has more than doubled in three years to 6.8 percent, the highest since 1984, when the Midwest was mired in a farm crisis that saw the highest foreclosure rates since the Great Depression.

While the finances of the agriculture industry are far better than in the 1980s -- when banks made too many unsecured loans and interest rates neared 20 percent -- the precipitous decline in crop prices over the last three years is increasing the strain on growers and lenders alike.

Corn, the biggest U.S. crop, has plunged about 50 percent on the Chicago Board of Trade from its peak in 2012, while soybeans and wheat tumbled by more than a third, mostly because global supplies have risen faster than demand. Cheaper animal feed also helped boost livestock production, which led to declines in meat and dairy prices. All that has put the squeeze on farmers that don't own enough land to offer as collateral for new operating loans.

Agricultural bankers surveyed during the first quarter by the Federal Reserve Bank of Kansas City said demand for loans is the highest since the quarterly survey began more than two decades ago, while repayment rates were the lowest since 2003. Loan renewals and extensions were the highest in 13 years.

"Access to annual operating credit is a make-or-break issue for many farmers, especially those just starting out," a coalition of eight farmer and rural-banker groups, including the American Banking Association and the National Farmers Union, said in a June 2 letter to Congress. "Access to credit can largely determine whether or not farmers can continue working on their lands."

The coalition urged additional funding for loans through the Farm Service Agency. In addition to administering government subsidies and offering financial advice, the agency guarantees loans for farm ownership and covers operating costs when borrowers no longer meet a bank's lending standards.

The shortfall may be temporary. Senator Jerry Moran, the Kansas Republican who chairs the agricultural appropriations subcommittee, said in an e-mailed statement that lawmakers intend "to fully fund the loan programs" for farmers in the fiscal year that starts Oct. 1.

A rally in prices over the past three months also may help. While still well below their records, corn gained about 23 percent since the end of March and soybeans advanced 25 percent to a two-year high.

"The \$64 billion question is whether farmers will be disciplined enough to take advantage of the rally," said Tom Jensen, senior vice president at First National Bank of Omaha, the ninth-largest U.S. agricultural lender. "2016 will separate the average farmer from the top producers."

But it may not be enough to restore farm balance sheets because prices still are below the cost of production in some areas, said Cortney Cowley, an economist with the Kansas City Fed.

"I feel a little more pessimistic when you look at how many acres of corn we're planting and what stockpiles look like," Crowley said.

Alan Bjerga & Jeff Wilson, *Bloomberg*, 14 June 2016

Farmers fear mergers of agriculture firms

Three megamergers in the agrochemical sector including Bayer and Monsanto, have raised concerns among farmers who fear higher prices and of consumers who fear more genetically modified (GM) food.

Even before Bayer successfully woos US-based Monsanto, German civil society has erupted in protest against a national champion acquiring a producer of genetically modified seeds and Roundup, the world's leading but also controversial weed-killer that is suspected of being a carcinogen.

Meanwhile, ChemChina is tying the knot with Swiss-based Syngenta, and US companies Dow and DuPont are also finishing wedding plans. The three giants born of these mergers will control two-thirds of the global market for seeds and pesticides, two key products for farming.

As competition regulators in Europe and the US weigh the mergers, the nongovernmental sector and advocates of small-scale farming are voicing their concerns on this.

"Wherever you set the bar to define an oligopoly, it's clear that the mergers will further reduce choice for farmers, especially in southern countries," said Renee Vellvee of the NGO Grain.

She expressed concern the mergers would put "too much power at the top of the food chain in the hands of several company boards".

In Germany, Annemarie Volling of the AbL group of small and medium-sized farmers worries that after such mergers, the big players will decide themselves which sorts of seeds will go on the market.

"For the moment, there are no GM crops in Europe, but the question is whether Bayer will dare to try it," she said.

Large farmers and co-operatives in Germany are so far, less engaged.

"It isn't an issue at all, the farmers have other concerns at the moment", such as the fall in milk prices, said Holger Brantsch of the Brandenburg Agricole Federation.

While some sympathetic US farm groups see the mergers as a means for their suppliers to cut costs and maintain funding for research and development into innovative products, others are calling for the mergers to be blocked. "Seed costs are the highest input expense for farmers," National Farmers Union president Roger Johnson said in a statement in May.

"While some of the cost can be attributed to more sophisticated technology, we have seen time and again that consolidation and market restructuring has increased the cost of crop inputs," he warned. With the current low prices for food commodities, "additional cost increases for crop inputs could cripple a lot of family farms in this country".

In Argentina, a big customer for GM seeds for maize, soybeans and cotton, there is a wait-and-see attitude. "While the scenario of price hegemony is likely, it isn't the immediate reality," said Carlos Marin, member of a group of more than 2,000 agricultural businesses. On the contrary, he noted, pesticide and fertiliser costs have been decreasing in recent months.

In France, the co-operative group InVivo, which holds about half of the market for the distribution of pesticides, believes it is large enough to hold its own in price negotiations with the agrochemical giants.

And "there are new suppliers arriving on the market, in particular, with generic versions of pesticides, where there is a frenzy of competition," said Jean-Sebastien Bailleux, who heads up the agricultural supplies unit at InVivo.

But Pat Mooney, director of the Canadian NGO ETC, called it "short-term thinking by any company ... to think they can face the pressure themselves".

And he believes the pressure could be even greater as the current crop of mergers could be just a prelude to agrochemical companies being picked by tractor manufacturers, which have much higher sales.

The purchase of Bayer-Monsanto would be of interest to a company like John Deere, as both agrochemical groups and equipment manufacturers have been moving towards providing data services to farmers for "precision agriculture".

"Farmers would be much more nervous if John Deere was coming in, because it's a much bigger company than Monsanto," he said.

AFP, 20 June 2016

Cow urine kills farm pests in India's first fully organic state

Nimtshreng Lepcha seeps medicinal leaves in cow urine and sprays the brew over his tomatoes. It's the main way pests are repelled on his farm in the Himalayan foothills and across the northeastern state of Sikkim, the first in India to go fully organic.

For more than a decade, Sikkim's 66,000 farmers have shunned chemical weed killers, synthetic fertilizers and gene-altered seeds. Their return to traditional farming methods has made the tiny state, sandwiched between China, Nepal and Bhutan, a testing ground for a counter movement to the Green Revolution, the half-century-old system that relied on modern seeds, chemicals and irrigation to boost crop yields and stave off hunger.

Now, faced with health and environmental problems ranging from poisoned waterways and degraded farmland, to antibiotic-resistant bacteria and diet-linked disease, Prime Minister Narendra Modi is backing Sikkim's approach as a safer, more sustainable way to produce food, support farm jobs and reduce the nation's fertilizer bill.

"Other states can take a lead from Sikkim," Modi told political leaders in the nearby state of Meghalaya last month. "The North East can become the organic food basket for this country. Organic products are going to be increasingly used widely," he continued, and the practice "will contribute immensely to the income of the people and the region."

India already has some 650,000 organic producers—more than any other country. Expanding the industry could boost employment by 30 percent through recycling resources, and certifying, marketing and packaging products, a parliamentary committee said in a report in August, without giving a time frame. Farmers in more than a dozen states, including Kerala, Karnataka, Rajasthan and Modi's home state of Gujarat, are embracing organic farming.

India isn't the only country looking for alternative ways to nourish its people. The United Nations' new development agenda, which began in January, calls for more sustainable food production systems and the implementation of resilient agricultural practices that increase production, help maintain ecosystems and progressively improve land and soil quality.

"Poor farmers who cannot afford the inputs for intensive agriculture can benefit most from adoption of organic methods," said Anil Markandya, a British environmental economist, who has advised international development banks, the UN, European Union and the governments of India and the United Kingdom.

Farmer Lepcha, who also grows maize, cardamom, cauliflowers, carrots, radishes and pumpkins on 2 hectares (5 acres) in Lower Nandok, abandoned his father's farming practices 20 years ago, returning instead to the natural cultivation methods of his grandfather. The rewards from organic farming aren't just monetary, he said.

"This field has given us enough of the best-quality food for my family and enabled me to provide higher education for three of my children," said Lepcha, 56. "We all are in good health and stamina. I don't remember when we last purchased medicines."

Soils are nourished with composted cow manure and other organic matter, while pests are managed with the cow-urine spray brewed for three months, he said. In the colder months, Lepcha grows vegetables under clear plastic domes that trap heat and moisture, and are fitted with sprinklers for irrigation.

Crop yields fell in the first few seasons after he stopped using conventional fertilizers and chemicals, but then increased as the fertility of his soil improved, he recalled. These days, Lepcha earns more than 400,000 rupees (\$6,000) a year.

"I am getting profit with low input costs and higher margins," he said.

Benefits of organic farming include less pesticide-related illness, improved household nutrition and gender equality, said Markandya, who is the former scientific director of the Basque Centre for Climate Change in Spain. Last year, he edited a 415-page report on organic agriculture for the Asian Development Bank.

"I don't see organic agriculture replacing conventional, intensive agriculture, but as an important complement to it," Markandya said. "There are many places where producers can benefit from adoption of such methods, and the demand for organic products is growing—not only in the rich countries, but also inside India."

Growing health consciousness among India's middle-class consumers is fueling demand, TechSci Research said in a report last August. It predicts the organic market will expand more than 25 percent annually to cross \$1 billion by 2020.

"Consumers want it even though there is a premium attached to it," said Renzino S. Lepcha, chief operating officer of Mevedir, a non-government organization in the Sikkim capital, Gangtok, that helps farmers to grow, certify and sell their organic produce.

Organic goods typically fetch about 20 percent more than conventionally grown products, according to Lepcha, who is not related to farmer Nimtshreng Lepcha. "This is creating jobs, an avenue and a market. This is favoring farmers and India."

Sikkim achieved organic certification of 74,190 hectares (183,000 acres) of agricultural land last year, the culmination of a movement that began in 2003.

"The start was not smooth," said S. Anbalagan, executive director of the Sikkim Organic Mission, in an interview in his office in Gangtok. "We struggled to provide farmers required knowledge and infrastructure."

With those problems behind them, farmers are now expanding into poultry, bee-keeping and other areas of livestock production, while the state focuses on improving services, including marketing, cold storage and transportation, he said. "Whatever Sikkim has achieved, it has done it mostly on its own," Anbalagan said.

Organic exports will be bolstered by an airport in Sikkim, Modi said in January at an organic festival and conference. Discussion at the meeting "set the tone for a new holistic vision for the country's agriculture," he said. "The winds of this organic effort would now spread across the country."

Modi's government has earmarked 4.12 billion rupees (\$61 million) for spending on organic farming in the year ending March 2017. It's promoting organic fertilizer and says the use of natural nutrients could defray part of the 700 billion rupees India spends each year on fertilizer subsidies.

With the second-highest number of undernourished people in the world and an annual food requirement set to increase by almost 20 percent to 300 million tons by 2025, India's needs won't be met with organic farming, according to Shanthu Shantharam, a scientist who helped formulate the country's agricultural biotechnology regulations in the 1990s.

“In many ways, organic farming is a romantic idea that won’t work,” said Shantharam, who teaches plant biotechnology at the Iowa State University. He argues that organic production is impractical on a mass scale because of inadequate supplies of organic fertilizer and the lower crop yields resulting from organic farming. “India cannot meet its food security obligations if the entire nation goes organic. Organic is good as a kitchen garden.”

Product integrity is also a challenge for India’s organic industry, he said. “Whether organic rules are strictly followed or not, they slap an organic label on it and sell it a premium price,” Shantharam said. “Their niche market is urban elites who have lots of cash jingling in their pockets, and who want to buy organic just to feel good.”

At the Sikkim Organic Market in Gangtok, vendor Birbal Rai says it’s mostly the health-conscious who are aware of the advantages of organic products and are buying from his stall. “Others turn away when they see the price difference,” Rai said. Still, “the demand for the organic foods is gradually picking up.”

About 40 kilometers away, Vivek Cintury has set up a business to process ginger and turmeric, and dreams of becoming one of his country’s biggest organic exporters. “After overcoming some difficulties, like a lack of cold storage and residue-testing laboratories in Sikkim, we have started making a profit,” Cintury, 29, said. “This inspires me to expand the business.”

Environmental activist Vandana Shiva says organic farming provides a solution to conventional “chemical farming” promoted since the late 1960s’ Green Revolution, which she says, leads to \$1.2 trillion a year in environmental and social costs in India.

“Organic farming is also the only solution to climate change,” said Shiva, a former atomic physicist and the managing trustee of Navdanya, a movement that promotes organic farming, biodiversity and conservation. “All the mega problems, it has a solution to. All the life and death problems, it has a solution to.”

Bibhudatta Pradhan, *Bloomberg*, 23 June 2013

Putin is growing organic power one T-34 tank-tomato at a time

Deep in the Caucasus, downriver from Europe’s highest peak, North Korean women roam Soviet-era hothouses growing what tycoon Vladimir Evtushenkov is betting will be his next big bounty: the T-34 battle tomato.

The plump hybrids, named for the fearsome tank that helped trounce Hitler, are the pride of the Yuzhny Agricultural Complex, a mass of greenhouses the size of 2,300 football fields between the Black and Caspian seas. Watered by melting ice from towering Mount Elbrus, they and other strains of the fruit are grown here by the millions and trucked mainly to Moscow, 18 hours’ journey north.

Evtushenkov, at 67 the oldest of the top 40 Russians in the Bloomberg Billionaires Index, has impeccable timing. His AFK Sistema, which invests in everything from cellular services to medical clinics, acquired Yuzhny in December, the same month Vladimir Putin re-affirmed achieving food self-sufficiency by 2020 as a national goal. And unlike Josef Stalin’s first five-year plan, which led to the Great Famine, Putin is dangling profit rather than prison to motivate the masses. Once a totem of communism, T-34 is now a symbol of patriotic capitalism.

“This is a very promising area,” Evtushenkov said in an interview.

Stung by oil’s collapse, the ruble’s plunge, financial sanctions over Ukraine and the longest recession of his 16-year rule, Putin, 63, is seeking to minimize Russia’s reliance on markets he can’t control. Counter-sanctions imposed on food imports and an unprecedented raft of subsidies have made many areas of farming more profitable than even crude, which Putin once called Russia’s “golden goose.” Food prices have soared along with inflation, which is running almost double the central bank’s 4 percent goal, shifting even more wealth from hard-hit consumers to well-connected producers.

Take Ros Agro Plc, the sugar and meat producer controlled by billionaire Vadim Moshkovich. It last year received about 3 billion rubles (\$46 million) in state support and paid zero tax on profits, helping to boost its net earnings margin to 33 percent, 28 points more than oil major Lukoil PJSC. The company's Moscow-listed shares have almost doubled in the last year.

Putin has even turned war in the Middle East into a blessing for growers.

After Turkey downed a Russian fighter jet along the Syrian border in November, Moscow responded by banning a range of produce from its former ally, leading authorities to broadcast videos of inspectors enthusiastically bulldozing Turkish tomatoes. Just a few weeks later, with Yuzhny's biggest competitor swept from the market, Evtushenkov acquired the complex and the organic tomatoes and cucumbers it produces for an undisclosed sum.

"Russia is able to become the world's largest supplier of healthy, ecologically clean and high-quality food, which Western producers have long lost," Putin told parliament after the Turkish ban was imposed.

Russia last year joined dozens of nations in banning the commercial planting of genetically modified organisms and has since barred GMO imports -- putting Putin at the vanguard of an increasingly vocal global movement.

But the crowning achievement of his food strategy so far is grain. Russia overtook the U.S. this year to become the biggest exporter of wheat -- a milestone that followed bumper yields of corn, rice, soybeans and buckwheat.

These strong harvests and Putin's financial incentives have set off a land rush in the fabled Black Earth belt of central Russia and other fertile regions.

"The two hottest investments for rich Russians are farmland and European hotels," said Yevgenia Tyurikova, the head of private banking at state-run Sberbank, Russia's largest lender. "This trend is absolutely new."

Phosagro OJSC fertilizer tycoon Andrey Guryev, real estate magnate Samvel Karapetyan, United Co. Rusal chief Oleg Deripaska and Putin ally Gennady Timchenko are just a few of the wealthy Russians who are riding the wave. Another big beneficiary of the boom may be the agriculture minister, Alexander Tkachev.

After Tkachev was promoted from governor of the southern Krasnodar region last year, Putin called on "our" producers to fill "our" markets "quickly" -- and the new minister was happy to oblige.

His family's Agrocomplex JSC owned 200,000 hectares of arable land when he became minister, according to data compiled by consultancy BEFL. Now it has 456,000 hectares, four times the size of New York City and one of Russia's 10 largest landholdings. The company's net income, including from dairy and chicken farms, tripled between 2013 and 2015 to 6.6 billion rubles.

There's plenty more to go around. By some estimates Russia has more than 40 million hectares of idle land suitable for growing, an area about the size of Iraq. Putin has urged the state to consider giving some of it away to create more farmers, the opposite of Stalin's disastrous collectivization.

Even if sanctions weren't in place, oil's sudden crash and the sliding value of the ruble were a clear wake-up call that Russia can no longer afford to dither when it comes to developing its other innate superpower -- land, said Marat Ibragimov, an analyst at BCS Global Markets in Moscow.

"It's becoming harder and harder to explain to the electorate why people have to buy imported cucumbers and tomatoes, given how much land Russia has," Ibragimov said.

Turning the world's largest country into a food colossus is a goal with a long history that faces an equally lengthy list of challenges. Soviet leaders from Lenin to Khrushchev all sought to impose sweeping changes on the industry, often with tragic results. Agriculture was haphazardly privatized after the fall of the Soviet Union a quarter century ago, with many large collective farms splintering into small plots whose owners struggled to keep pace with technology.

Today many farms are inefficient, with cows producing as much as two-and-a-half times less milk than in some other countries, according to Kirill Dmitriev, who runs the state-backed Russian Direct Investment Fund, or RDIF. Roads and other infrastructure are poor, high-tech equipment scarce and there's little production of key products like beef and cheese.

A lot of growers “are in a lot of debt, not in particularly good shape, and often are not in the right place” because of dubious Soviet planning, said Richard Connolly, who studies the Russian economy at Chatham House in London. “They require a hell of a lot more than simply getting people to put their money in.”

Still, the grain surplus, combined with the weaker ruble, helped lift food exports to a record \$20 billion in 2015, more than the country earned from arms sales. Altogether, agricultural output increased 3 percent last year, helping to trim the overall economic contraction to 3.7 percent. And as exports advance, imports retreat. Russia has slashed international food purchases by about 40 percent since 2013, to \$26.5 billion last year.

“If someone were to ask me what the most proper and profitable business to invest in now is, I’d say agriculture,” said Alexander Lebedev, a former KGB officer turned businessman who co-owns Russia’s biggest potato grower.

Putin isn’t relying on rich Russians alone to drive expansion. Russia is also courting companies in Asia and the Middle East -- the only real option since other large economies have imposed sanctions. The RDIF is creating a \$2 billion fund with China to invest in agricultural projects, and last month formed a joint venture with Thailand’s CP Group to build Russia’s largest integrated dairy complex. It’s also working with Egyptian banks to create an export hub for Russian grain on the Suez Canal.

If successful, these efforts will go some way toward meeting Putin’s stated goal of re-orienting economic ties away from the West and toward emerging markets.

It’s a sign of the importance Putin places on slashing reliance on foreign goods and turning a moribund industry into a rare source of growth and steady employment that Evtushenkov has been given free rein to expand.

Just two years ago, the billionaire was placed under house arrest during an investigation into the ownership of Bashneft PJSC, the oil producer he gained control over after his ally, Prime Minister Dmitry Medvedev, became president in 2008. He wasn’t released until a Moscow court ordered the company nationalized. Putin served as premier under Medvedev until 2012, when the two men switched jobs again.

Now Sistema, which spent about 9 billion rubles on agricultural expansion last year, is shopping for more land and seeking to become one of Russia’s top five milk producers. The company is also modernizing Yuzhny, which will entail hiring more local laborers to replace its 100 or so North Korean “guest workers,” a legacy of Soviet trade with the Hermit Kingdom. The facility is showing its age; some buildings are old enough to still bear rousing slogans like “Communism is the youth of the world!” Power accounts for almost a third of production costs because even in southern Russia the mercury drops too much at night for plants to grow sustainably.

“We have big plans” for agriculture, Sistema CEO Mikhail Shamolin said, citing opportunities to crank up cheesemaking, put fresh tomatoes on tables from St. Petersburg to Vladivostok, and “drown the world” in tasty Russian apples.

Yet even as Putin rallies magnates to his cause, the hard slog of turning Russian farming around will fall, as it always has, on the shoulders of workers like 57-year-old Sekhernaz Akhmedova. She’s been employed at Yuzhny since the 1980s, first for the Soviet government, then for state banks in Moscow and now Evtushenkov, slicing cucumbers from vines with a knife so small it seems grafted to her fist. Asked if achieving Putin’s goal of total self-sufficiency depends on workers like herself, she shrugged. “We work hard and fulfill the plans,” Akhmedova said. “I only wish they would give me a raise.”

Anatoly Medetsky, Matthew Campbell & Yuliya Fedorinova, *Bloomberg*, 7 June 2016

Imminent threat to SA tomatoes

Tomato, tomato, potato, potato? Forget about pronunciation posers, South Africans may have bigger problems on their plates when it comes to the two staples.

Tuta absoluta, a moth whose caterpillar can wipe out entire tomato harvests, has arrived in Zambia, presenting an imminent threat to farmers south of the Limpopo river. The province that gets its name from the river is home to about half of SA's tomato production.

It's already destroyed almost all production in Nigeria's main tomato-farming region in the north, causing prices to spike by 15 times their original. The pest has spread across at least 15 African countries since it jumped the Mediterranean from Spain in 2008, and its advance appears to be accelerating on the continent that scientists say provides a "perfect environment" for it to live and breed.

Tuta absoluta, also known as the tomato-leaf miner, "may be detected in SA in less than a year's time", according to the agriculture & fisheries department. And that warning came in March last year.

Though it is yet to be reported in the country, the risk keeps rising as it spreads throughout sub-Saharan Africa, according to Jan Hendrik Venter, a plant health early warnings scientist at the department. It's just a matter of time.

Already it has spread to Sudan, Ethiopia, Kenya, Mali, Niger and Senegal. Once it arrives in a field, it can damage 50% to 100% of the tomato crop, according to Koppert Biological Systems, based in the Netherlands.

In warm climates, such as those Africa offers, the moth can produce 12 generations in a year, with each female laying 260 eggs. While tomato leaves are the pests' favourite, it also goes for potatoes, eggplant, peppers and tobacco, according to the agriculture department.

"The spread will continue southward until it reaches SA," says Shakir Al-Zaidi, MD at Russell IPM in the UK, which has been studying and fighting the pest since it first arrived in Spain from its native South America 10 years ago.

A common feature in all the countries Tuta has passed through is that it causes considerable destruction to tomato production in the first couple of years. Farmers gradually learn how to deal with the pest and keep it under control, but often at a great cost to human health, says Al-Zaidi.

The problem is that the moth, which grows to about 7mm and is a silvery-grey colour, has a knack for developing resistance to pesticides. It can become resistant within one growing season, according to Al-Zaidi. So farmers tend to pile on the pesticide in increasingly unhealthy quantities to try to control it.

This increases risks of cancer and nervous-system damage for consumers, says Rangaswamy Muniappan, director of integrated pest management at Virginia Tech's international research, education and development office. Preparation and education of farmers in advance is key.

"Some countries were getting prepared in anticipation of a Tuta invasion and others failed to pay any attention until it invaded," he says.

SA falls in the first category, according to Bertus Venter, an agronomist at ZZZ, which accounts for 40% of SA's tomato output and is the biggest producer in the southern hemisphere.

"It will affect the tomato industry, but I feel we are well prepared and will not suffer the same of devastation as Nigeria," he says. "We are monitoring sites on our farms as well as selected areas along the border. Early detection is key to effectively reacting against the pest once it hits SA."

One way to deal with an infestation is by rotating different pesticide applications to prevent Tuta from developing resistance. Farmers have also tried using pheromone traps that mimic a female moth ready to mate, trapping the males on sticky paper or leading them to drown in a bowl of water. The traps aren't effective in large fields, though, as they catch only a few moths out of the thousands that fly at night, Al-Zaidi says.

He says the best way to beat the pest is by using a fungus. Russell IPM completed successful trials in Tanzania last year applying a specific type of fungus called *Metarhizium anisopliae* to the soil in an infected field. When the caterpillars enter the pupal stage, they fall to the ground and develop in the soil. If the soil has been treated with the fungus, they will die. He will be presenting the solution at a seminar in Nigeria next month.

As cities swell, West Africa's appetite for rice is growing

Rice is fast becoming West Africa's preferred food. After four decades of importing the staple, the region now aims to grow enough rice to meet domestic demand.

Rice harvests in West Africa will probably reach an all-time high of 14.9 million metric tons this year, up from 14.6 million tons last year, when Senegal and Ghana produced record crops, according to the United Nations Food and Agriculture Organization. Mali's crop is forecast to expand about 8 percent, while output in several countries including Ivory Coast and Sierra Leone has climbed every year since 2011, the organization said.

West African governments began investing in rice farming in the wake of the 2008 food crisis, when a worldwide spike in prices for food items triggered violent protests in cities in Ivory Coast, Cameroon and Burkina Faso, Concepcion Calpe, an economist at the FAO, said by phone from Rome.

"We saw a big surge in imports and at the same time in production, because there was this much higher price in the international market," Calpe said. "The fear that the food crisis provoked led a lot of West African countries to invest heavily in production."

They're trying to meet a growing appetite for rice that's coming at the expense of traditional staples such as cassava and corn. West Africa has been dependent on rice imports from Asia since 1975, when consumption by a fast-growing population began to outpace production. Today, as incomes rise and African cities swell, more and more people eat rice because it's easy to store and to prepare, according to Yacouba Dembele, head of the National Office for Rice Development in Ivory Coast.

"Rice is tailored to city life," Dembele said in an interview in the commercial capital, Abidjan. "It's become an urban food."

Consumption in West Africa is forecast to rise to 53 kilograms (116.6 pounds) per person per year by 2025, from 44 kilograms in 2011, according to the Washington-based International Food Policy Research Institute. In 1990, West Africans consumed on average 32 kilograms of rice per person. There's a variety of consumption patterns: in some countries, including Mali, local rice is more popular, while the Senegalese prefer imported rice, according to AfricaRice, an Abidjan-based international research institute.

Senegalese President Macky Sall said in an interview last month that governments should consider boosting rice farming because it's become a "strategic food" since China began importing the staple. Sall has repeatedly pledged to make Senegal self-sufficient in rice by 2017, a plan that has been criticized by the opposition as unfeasible.

He's not alone in his ambition. Ivory Coast President Alassane Ouattara wants his country to be self-sufficient in rice by 2017. Nigeria's Muhammadu Buhari has set 2018 as a target for West Africa's biggest producer and importer of the staple to end inward shipments. Mali, Guinea and Sierra Leone are already near self-sufficiency, with Mali's rice harvest covering 91 percent of domestic demand, according to AfricaRice.

Nigeria's central bank reserved \$200 million last year to provide low-interest loans to rice and wheat farmers as part of a government campaign to boost agriculture and reduce food imports, which weigh heavily on the local currency. Among large-scale rice buyers and processors is a local unit of Olam International Ltd. More than half of local demand of about six million tons is currently supplied by imports in the nation of 180 million people.

Ivory Coast has attracted foreign investors including Louis Dreyfus Commodities LLC to boost its rice processing capacity, which was working at a maximum last year. The government is building 100 small-scale plants nationwide, while it's already invested in irrigation systems, seeds and fertilizers.

About \$1 billion in investment will be needed to become self-sufficient, money that's largely to come from the private sector, according to Dembele, the head of the nation's rice office. The country,

which doubled output between 2010 and 2014, has an “extraordinary potential” to grow rice because of its wet and warm climate, he said.

Senegal, which still imported three-quarters of demand in 2014, imposed quotas on rice importers last year and banned the export of locally grown rice, according to the U.S. Department of Agriculture. The government is also helping farmers increase yields on existing farms. Official data indicate that Senegal’s rice crop jumped 62 percent between 2014 and 2015, reaching a record 906,000 tons. The plan is to produce 1.6 million tons by 2017.

Senegal’s import restrictions were followed by similar rules in Cameroon, which reinstated import tariffs for rice earlier this year, and Nigeria, which banned rice shipments through its land borders, according to the FAO. Nigeria also deployed patrols to combat rice smuggling.

With leaders labeling self-sufficiency in rice a key policy issue, the staple has become political, which means some official production data may be unreliable, said Calpe of the FAO. “A lot of statistics have political implications,” she said. “Not all are backed by strong evidence.”

But back in Abidjan, Dembele said that Ivory Coast, already the world’s largest cocoa grower, is on track to start exporting rice as early as 2019. “In Asia, rice production can’t expand much more,” he said. “Africa still has that potential.”

Olivier Monnier, *Bloomberg*, 15 June 2016

'Sweet business' of beekeeping helps protect Zimbabwe's forests

Divas Matinyadze’s 47 beehives are hidden away in a dense patch of forest, along a narrow dirt path beside a small river in Mpudzi Resettlement Scheme.

“If you cut a tree anywhere near my beehives, you are assured of trouble from me,” chuckled Matinyadze. “These trees belong to my bees”.

He carefully inspected one of the traditional hives, fashioned from a dead tree trunk, warning in a whisper: “Don’t come close - the bees are only used to me and can easily be upset.”

In this part of eastern Zimbabwe, vast tracts of land have been cleared over the past decade, mostly by tobacco farmers who use firewood to cure their crop.

Efforts by the government to encourage those farmers to plant and maintain their own woodlots for a ready supply of fuel have gained little traction.

Up to a fifth of the country’s 330,000 hectares (815,448 acres) of natural forest is cut down by tobacco farmers each year, according to Zimbabwe’s Forestry Commission.

Selling firewood has also become big business for rural and peri-urban communities due to the frequent power outages experienced in the country.

But there are greener alternatives for making a living, experts say, such as beekeeping.

Every district now has flourishing beekeeping projects, sustaining thousands of households. The number of beekeepers is growing steadily, and has topped 50,000, according to the Beekeepers Association of Zimbabwe.

Beekeeping is fast becoming a profitable activity thanks to high domestic demand for honey as a food and other products such as beeswax which is used to make candles, the association says.

Beekeeping is also proving an innovative way to protect forests.

“As beekeepers we jealously look after the environment because beekeeping depends on good water sources and good forage for pollen,” Matinyadze said. “There are lots of trees where my beehives are.”

Matinyadze was taught beekeeping under a program initiated by the government’s Department of Agricultural Technical and Extension Services (Agritex).

International organizations have also been involved in training beekeepers, and processing and marketing honey, including development charity World Vision Zimbabwe and the EU-funded Forest Forces project.

With weather patterns becoming more erratic, harvests from rain-fed agriculture are increasingly unreliable, forcing many farmers to look for other ways to keep up their income.

This year, the country suffered one of the worst El Nino-induced droughts in history, hot on the heels of a devastating drought in the 2014/15 farming season.

The impact on agriculture has left more than 4.5 million Zimbabweans without enough to eat this year, according to the government, which estimates at least \$1.6 billion is needed to feed them.

Before switching to beekeeping, Matinyadze was a successful cotton and maize farmer, but he abandoned those crops for bees in 2014.

The results have been encouraging. "Beekeeping is profitable - it's a sweet business," he said.

Matinyadze earns up to \$60 per beehive during the honey harvest twice a year. He can afford to buy food for his family, but is quick to add that the current drought has cut honey production.

"I have delayed my March harvest as there is little pollen, but the effect of the drought has not been as bad on my bees as it was on my crops," he noted.

Another beekeeper in Chipinge district, Isaac Mamboza, told the Thomson Reuters Foundation he had joined a group of 25 to start a beekeeping project.

"We have discovered that beekeeping can help to protect our forests," Mamboza said. "Most of our beehives are on trees near our dam - no one will tamper with (them)."

Amon Vhumbu, a traditional leader in Chipinge, said his community was looking at ways to incentivise forest conservation through beekeeping.

"Beekeepers are protecting our forests at the same time as making money out of the initiative," he said.

Traditional leaders see themselves as custodians of natural resources in rural communities. "We take protection of our environment seriously - anyone caught cutting down a tree in this area is heavily fined," Vhumbu said.

Bee enthusiast Mathew Matongwani said every modern beekeeper needed to maintain a forest plot in which to place their beehives.

"Apart from the business of honey, beekeepers are committed to protecting and conserving the forests from anyone who causes fire outbreaks, or wood poachers," he said.

Matongwani gained significant beekeeping experience when working for Environment Africa, a regional organization that has assisted thousands of beekeepers through green action groups.

"Water flow in some rivers has improved significantly as a result of conservation of catchment areas by local beekeepers," Matongwani said.

Andrew Mambondiyani, *Thomson Reuters Foundation*, 27 June 2016

SA farmers eye Zambia

Zambia, which has ambitions of becoming the food basket of Southern Africa, has struck a deal with SA farmers who will invest US\$100m in the country's agriculture sector within the first year of its operation.

Zambia is one of the biggest maize producers in the region. Angola, Botswana, the Democratic Republic of Congo (DRC), Malawi, SA and Zimbabwe have imported maize from the land locked country since June 2015.

"Zambia is a small market for its own produce, our target should be the region. So instead of farming for 15m Zambians, let us farm for our neighbouring 200m people," says Zambia's high commissioner to SA, Emmanuel Mwamba.

In the 2015/2016 season, Zambia recorded a maize harvest of 2.8Mt, a 9.7% increase on the 2.6Mt produced last year, agriculture minister Given Lubinda says.

The SA farmers fall under the umbrella of Agri All Africa, which was born out of Agri-SA, an agriculture union representing commercial farmers. It sent a team of 27 commercial farmers to Zambia last month.

Each farmer in the delegation has an annual turnover of more than \$6.5m/year. In Zambia, the farmers plan to invest in sugar cane, wheat, maize, soya beans and livestock, says Agri All Africa CEO Dirk Hanekom.

He says the farmers in the delegation have proved their ability to manage large-scale operations.

The farmers hope to sign a memorandum of understanding with the Zambian National Farmers Union.

Agri All Africa is also looking at farming opportunities in Nigeria, Angola, Mozambique, Malawi, Côte d'Ivoire, Ethiopia, Tanzania, Namibia and Sudan. Its farmers already operate in the DRC.

Agri All Africa members convened at the farm of board member Charl Senekal in April, where they discussed the countries where they hoped to farm and issues such as minimising risk.

A Zambian government representative also attended the meeting.

With technology, modern equipment, finance and their experience, the farmers will boost Zambia's efforts to diversify the country's economy into agriculture and reduce its dependence on mining.

Zambia has not maximised the potential of its agriculture sector. It has just 500 commercial farmers even though it holds up to 40% of southern African water from lakes, rivers and streams. It uses just 10% of its arable land.

Zambia is rich in minerals, among them copper, gold, cobalt and emeralds. Its copper production of about 800,000t/year is second only to the DRC in Africa. It produces 20% of the world's emeralds. These are generally cleaner and more saturated in colour than those from Colombia, which produces about 70% of emeralds for the global market.

However, in recent years, the drop in commodity prices has caused government revenue to tumble. Thousands of jobs have been lost. In response, the Zambian government has been forced to look at alternative means of economic diversification, with agriculture as a top priority.

"Mining has proved to be a tricky investment in the sense that there are times of boom and gloom. We want to walk the talk in the area of diversification," Zambian president Edgar Lungu recently said. Lungu, Lubinda and officials from the Zambian National Farmers Union are some of the representatives who met the SA farmers. They also met technocrats from other government departments, as well as the Zambia Development Agency and the disaster management & mitigation unit.

Mwamba says Agri All Africa's decision to invest in Zambia is a vote of confidence in the country and evidence of its political stability.

"They have chosen Zambia for the many qualities that we have — peace, our security, our investment climate, the resources of water and land," he says.

Alexander Mutale, *Financial Mail*, 30 June 2016

Drought and doubt hits Sadc agribusiness

Land policy uncertainty and the drought in the Southern African Development Community (Sadc) region are driving down confidence levels in the agribusiness sector.

Confidence levels in the first quarter of 2016 show that southern African business confidence contracted to 42.87 points compared to 42.91 in the last quarter of 2015.

This is according to the Agbiz/IDC Agribusiness Confidence index, constructed quarterly by the Agricultural Business Chamber (AgBiz) on behalf of the Industrial Development Corporation (IDC).

An index below 50 points indicates that business activity in the sector contracted, which shows businesses are holding a pessimistic view about the prospects of doing business improving.

On a year-on-year basis, the contraction is even bigger, being 15% lower in the first quarter of this year than the first quarter of 2015, when it was above 50 points.

Wandile Sihlobo, head of AgBiz's economics and intelligence, said the agribusiness sector in SA had been below 50 points in the past four consecutive quarters, driven mainly by the drought between 2003 and 2005, and the period marked by the international financial meltdown between 2008 and 2009.

"Against this background, the latest confidence (index) comes as no surprise as the industry experiences an unprecedented El Niño-induced drought, with the fourth quarter of 2015 agricultural Gross Domestic Product (GDP) having contracted by 14% quarter on quarter," he said.

Agricultural GDP is likely to be in recession in this quarter and the next as a result of the aftermath of the current drought, as well as external factors that seem to be constraining growth in the sector. These included the expected rise in financing costs, low investment levels as well as policy uncertainty, Sihlobo said.

There were indications that the current El Niño was progressing to La Niña, with the US National Ocean and Atmospheric Administration indicating that the possibility of a La Niña occurrence towards the end of this year had increased from 50% to 75%. A La Niña cycle might lead to above-normal rainfall, replenishing soil moisture "which is favourable for livestock and crop production".

Figures from the South African Agricultural Machinery Association (Saama) show that sales figures for the year to date for tractors and combine harvesters were between 8% and 16% lower than last year's figures.

Wynn Dedwith, chairman of Saama, said industry expectations were that tractor sales would be down on last year by 15-20%.

Lucky Biyase, *Business Day*, 20 June 2016

More than 19 000 farms in SA for sale

The number of farms for sale in South Africa has jumped by 45% in the last 15 months, recent property data shows.

At least 19 280 farms were on the market on May 27 this year compared with the 13 254 farms for sale on February 2 last year.

The data was obtained from the farm sales platform on *Landbou.com*, compiled by *Property24*.

Landbou.com did a survey last year to determine how many farms were on the market and on February 2 2015 there were a total of 13 254 units for sale. (This is not the full range of all farms on offer. This platform is used by agents who want to advertise here.)

Philip Theunissen, agricultural economist at Computus Financial Accountants in Bethlehem, said the increase in the supply of farms for sale was understandable.

"About three or four years ago you hardly heard of farms going for sale in our area. You only heard a farm had been sold, that's how quickly they were snapped up. Now you at least hear this farmer and that farmer are selling.

"This season, the summer rainfall concludes on 31 August for most farmers. Production loans must then be paid off and the new lease payments are also payable in advance on 1 September. Many ... bond instalments are also scheduled for 1 September.

"If there is no money to pay all these obligations on 1 September, you can expect more farms to flood the market. Two years ago, farmers were battling to 'hire' land in Bothaville, Wesselsbron and Viljoenskroon. Now people are struggling to even get an offer from a potential tenant."

Theunissen said at play is economic affirmative action. "Land prices have been unrealistically high in the last few years. Something had to give, because we were far beyond the repayment ability of the soil.

“We were in a 'bubble' where people argued it will just get more expensive the next year to buy land and as a result farmers didn't really look at the repayment ability as a benchmark.”

Johann Bornman, chairperson of Agri Development Solutions, conducted an analysis from information from the Deeds Office of farms that were sold last year.

He said a total of 3 405 546 hectares were sold for a cumulative R27.6bn in the 12 months to 31 March 2016. This was for 4 394 transactions (i.e. land transactions greater than 20 ha).

Bornman said the cumulative effects of the drought are working through to the ground level, in terms of overflowing debt as well as from obtaining credit for production for the new season.

He predicts a clear structural shift in agriculture, fueled by the drought. "Bigger farmers and cluster groups play more prominent roles in the supply and production of food."

Jan Bezuidenhout, *News24*, 7 June 2016

Despite weakening El Nino, agriculture suffers in Western Cape

Despite signs that El Nino is weakening, the effect of late rains and warm temperatures are still being felt in the Western Cape, a leading agricultural organisation said on Wednesday.

Senior officials at Agri Western Cape said the current primary production period of winter grains and pastures could be compromised.

Carl Opperman, CEO of Agri Western Cape, said some of the current challenges included:

- ensuring enough water for humans and animals for the current season and the next;
- enough feed to sustain both small and commercial livestock producers during winter;
- potential crop losses and the loss of raw materials that the value chain needs to produce food;
- keeping primary producers, as well as companies that depend on primary producers, going amid economic pressure
- debts incurred for the new season together with 2015's deferred debt.

Opperman said the drought had a ripple effect on the economy as a whole with the increase in food prices, food inflation increases and agricultural debt.

“The effect is enormous, especially in terms of job creation, job maintenance and to manage the morale of producers, farm workers and rural residents. Agri Western Cape and Afasa (African Farmers' Association of South Africa) are in regular discussions with the Western Cape Department of Agriculture and the Ministry and are part of a task team to manage the current situation.”

Cornie Swart, President of Agri Western Cape, said grain producers have incurred huge expenses to get crops in the ground.

"Our crops are suffering. Producers who have not planted yet, simply didn't have enough capital. Last year's bad harvest exhausted our capital," he said.

He said the low rainfall so far this season was “tragic”.

“In two weeks we will be in the middle of winter. The current hot conditions are causing fruit trees to bloom before they could enter properly in a period of rest.

“If we get frost and [lose] the flowers, second-grade flowers will form that can lead to poor quality fruit. In the West Coast district where temperatures remain high, the vineyards also already started to bud,” he said.

According to Agri Western Cape a number of winter grain producers in the Western Coast district Swartland, Southern Cape and Central Karoo were concerned with the lack of rain. These areas also have concerns that livestock farmers fear a shortage of feed, Agri Western Cape said.

Drought conditions have plagued most of South Africa since early 2015 with most provinces declared disaster areas because of the lack of rain.

Kaveel Singh, *News24*, 8 June 2016

Western Cape aims to grow wine sales

The Western Cape has set its sights on increasing wine exports to all strategic markets, following the recent trade pact between SA and the EU.

The Western Cape produces more than 50% of SA's agricultural exports, with the EU being the wine industry's biggest export destination, accounting for almost 75% of annual offshore sales volumes, worth R5bn.

SA's nearly 100,000ha of vineyards, mostly in the Western Cape, generate about 3% of the world's wine production. Other major export markets include the US and China. South African wine exports to China rose almost 30% in 2015, according to statistics from South African Wine Industry Information and Systems.

On the heels of the EU pact, the Western Cape provincial government authorities say the goal now is to double wine exports to major destinations by 2025.

The Economic Partnership Agreement with the EU will allow SA to export 110-million litres of wine to Europe, up from the current annual duty-free quota of 48-million litres.

"(The) landmark trade agreement with the EU will deliver a massive boost to the Western Cape's wine exports," economic opportunities MEC Alan Winde said on Tuesday.

The province's economic growth strategy, Project Khulisa, has identified the wine industry as a growth sector.

"It is our goal to increase exports to strategic markets. Our objective is to double wine exports to key destinations by 2025," Winde said.

"We are adamant (about increasing) exports of our bottled wine. This is in line with Project Khulisa's focus on the value-add through agri-processing. We are seeking to add up to 100 000 jobs to the agri-processing sector by 2019," he said.

The trade agreement with the EU, Winde said, extended the existing market access to new products including fruit, ethanol, sugar and dairy produce.

The province's new residue-testing facility, expected to be operational later in 2016 was also expected to improve market access. "Once live, this facility will serve as a base for the testing requirements of key destinations to which we can export our products," Winde said.

Earlier in June, EU commissioner for trade Cecilia Malmström said the bloc wanted to base trade relations with its partners in southern Africa on commonly agreed and stable rules.

"Trade has helped lift millions of people from poverty.... Thanks to agreements like this one, we are preparing the ground for that process to continue," Malmström said.

Bekezela Phakathi, *Business Day*, 22 June 2016

Agreement with EU a major boost for South African wine industry

South Africa's wine industry has received a major boost with the signing of an agreement between the Southern African Customs Union (SACU) and the EU which will allow the country to export 110-million litres of wine to Europe — up from the current annual duty-free quota of 48-million litres.

Although SA exports worldwide, the EU is by far the wine industry's biggest export destination, accounting for close to 75 % of annual off-shore sales volumes, worth R5bn. SA's nearly 100,000ha of vineyards, mostly situated in the Western Cape near the coast, generate about 3% of the world's wine production.

Michael Mokhoro, the stakeholder relationship manager for SA's wine and brandy industries, on Friday said the economic partnership agreement needed to be ratified before the end of September, in order to take effect from October 2016. He said each of the SACU countries — SA, Namibia, Lesotho, Swaziland and Botswana — would first have to individually ratify the agreement through

their respective Parliamentary processes. The EU Parliament would ratify the deal on behalf of its 28 member states.

Assuming that this went ahead as scheduled, the duty-free quota for the remainder of 2016, would be allocated on a pro rata basis, Mokhorro explained.

Sparkling wine did not form part of the duty free quota under the economic partnership agreement, as it already qualified as duty free under the trade, development and cooperation agreement treaty previously concluded between SA and the EU.

Mokhorro said that in the interests of promoting SA's wine reputation and the sustainability of its exports, initially 70% of the 110-million litre quota would be directed to packaged wines, which were those in bottles or other containers of 2 litres or less. Thereafter, it was likely that the packaged quotient of the allocation would be further increased.

He added that the economic partnership agreement offered a much-needed boost for the industry that had been besieged by drought and a tough global climate. Wine producers in the Western Cape are facing a harsh season due to drought and heat. Early indications are that the harvest will be smaller this year, although VinPro the wine producers' body predicts a higher quality.

"We hope to see winemakers capitalise on this (the economic partnership agreement) opportunity to build Brand South Africa, as well as the reputation of their own brands. The deal offers an additional springboard for growing our credentials for excellence of quality and originality," said Mokhorro.

Bekezela Phakathi, *Business Day*, 12 June 2016

Russiese geleentede wink vir SEB-kelder

'n Stellenbosse wynkelder gaan binnekort die eerste van altesaam 60 000 bottels na Rusland uitvoer. Die Stellenbosse wynkelder Koopmanskloof gaan binnekort die eerste van altesaam 60 000 bottels ter waarde van miljoene rande na Rusland uitvoer. Dit kom ná 'n sake-afvaardiging na Moskou, wat deur die Departement van Handel en Nywerheid gereël is.

Luidens 'n mediaverklaring hou die beleggings- en handeliniatief (ITI), gelei deur mnr. Mzwandile Masina, adjunkminister van handel en nywerheid, ook potensiaal vir verskeie ander Suid-Afrikaanse kelders in.

Volgens mnr. Rydal Jeftha, Koopmanskloof se besturende direkteur, het die kelder reeds wyn aan een supermark in Rusland verskaf. Die nuwe ooreenkoms met 'n Russiese verspreider sal egter die handelsmerk help om sy vlerke verder in Rusland te spreid en meer suksesvol te raak.

"Ons werk ook aan 'n strategiese vennootskap om teen 2020 'n halfmiljoen bottels te verskaf en om meer handelsmerke vir ons vennote by te voeg om in die Russiese mark te versprei. Hierdie is 'n voorbeeld van 'n klein, swart bemagtigingsonderneming wat hoop vir ander kan bied en positiwiteit in Suid-Afrika kan bring."

Koopmanskloof bestaan uit vier plase waarin 120 werkers aandeel het. Altesaam 51% van die houermaatskappy is in swart besit.

Lucille Botha, *Landbou.com*, 30 June 2016

Sars sees grapes, not wine when taxing farmers

In the tax world, grapes that are turned into pulp and then into wine has definitely not disappeared or lost their identity. They stay the produce of the farmer who harvested them, no matter what their form.

A recent judgment shows the pitfalls for farmers in terms of how they have to account for any produce (from farming operations) that has not been disposed of at the end of their tax year.

A taxpayer, Dr HC Avenant, lost his case before the tax court when he objected to his tax assessment, and proceeded to the Supreme Court of Appeal about being taxed on his harvested grapes that were made into wine.

He argued that he delivered his harvested grapes to a cooperative winery, which was pressed into pulp, mixed with the pulp of other members of the cooperative and processed for wine.

By the end of his tax year (in this case 2009), his grapes were no longer grapes, they were pulp. Dr Avenant argued that his “produce” was harvested grapes, and that he therefore did not have any “produce held or not disposed of” at the end of his tax year.

The South African Revenue Service (Sars) did not agree with his argument and included an amount of R789 338 in his taxable income for the 2009 tax year for “closing stock from farming operations”.

The tax court found in favour of Sars, but found the amount of R789 338 “manifestly erroneous, unfair and unreasonable” and ordered Sars to reassess the taxpayer.

Judge KGB Swain said in his judgment on June 1 the fact that the grapes have been pressed into a pulp and the process of fermentation begun, does not mean the taxpayer’s produce has disappeared.

“It is still there, albeit in a different form Because of the delay between the harvesting of the grapes and the sale of the wine, and the consequent delay between when expenses are incurred in producing trading stock and realising the proceeds thereof, no balancing can take place unless the existence of the pulp is taken into account in that tax year.”

Law firm Cliffe Dekker Hofmeyr observed in an article about the case that the taxpayer retained ownership even though the grapes were delivered to the winery.

“The pulp remained the taxpayer’s own produce derived from his farming operations and he therefore had to have accounted for his produce,” said Heinrich Louw, associate director of the firm. The court said in its judgment the fact that Dr Avenant owned an undivided share in the mixed pulp did not absolve him from having to account for his produce.

“If this were not so, farmers could mix their produce together before the year end to avoid having to account for closing stock,” the judge found.

Piet Nel, head of the technical tax division at the South African Institute of Tax Professionals, said he agreed with the judgment.

“Judge Swain agreed that the farmer retains an undivided share in the resultant pulp. As such the farmer still held produce and had to include the value thereof in his income for tax purposes.”

Nel added that produce of farmers includes fractional ownership of pooled produce, which is similar to trading stock used by other taxpayers in manufacturing.

The other issue the court had to grapple with was the value of the pulp that had to be included in the taxpayer’s income for tax purposes.

Dr Avenant argued that the pulp held no value. The court disagreed. The wine that was produced from the pulp was intended to be sold at a profit, and in each year Dr Avenant received “positive returns” from his share of the sales. The court found that by using the distilling wine price the value of the grapes can be calculated in a practical and workable way.

Louw commented that for the natural product to no longer constitute “produce” as the taxpayer argued in this case, the product will have to lose its identity.

“Whether such a loss of identity has occurred will depend on the product as well as the nature and extent of the processing or treatment to which it is subjected.”

In this case, the grapes did not lose their identity, they merely transformed into something many people enjoy on a regular basis.

Europe's citrus demand helps boost Southern African exports

European appetite for citrus is giving a boost to southern African exports that had been threatened by the worst drought in decades.

Exports of the fruits totaled 22 million cartons since the season started in March, up 20 percent from a year earlier, the Citrus Growers' Association of Southern Africa said in a statement. The European Union accounted for the biggest increase in demand, with shipments there rising 34 percent. Each carton weighs 15 kilograms (33 pounds).

The association said in March that the worst drought in more than a century in South Africa, which vies with Egypt as the world's largest shipper of oranges, would probably hurt this year's harvest and reduce exports. The local industry employs about 100,000 people and exports account for about 80 percent of its 9.4 billion rand (\$617 million) in annual revenue.

"There has largely been an increase in demand for our lemons" in Europe, Justin Chadwick, chief executive officer of the growers' group, said by phone. "It is very difficult to tell what the end figures will be because it is early in the season. We might be ahead now, but in the next two weeks we might not."

This season's total exports will probably reach 111.2 million cartons, down 6 percent from a year earlier, according to the association, which has about 1,400 members in South Africa to Zimbabwe.

The Eastern Cape province is South Africa's largest lemon-producing region, accounting for half of total output. The area received good rains toward the end of last year, filling dams sufficiently for irrigation farming. Fruit from there helped supplement supply from other areas, Chadwick said in March.

"The local market and processing take very little fruit and they will be adequately supplied," he said Wednesday.

In April, South Africa withdrew exports of organic lemons to the EU to mitigate the risk of black spot disease spreading to that region. The country has applied to the U.S. Department of Agriculture to allow the sale of citrus products from all regions, not just the Northern and Western Cape provinces currently approved.

Southern Africa's citrus exports so far this season:

- Shipments to the EU increased to 9.8 million cartons.
- Exports to the Middle East are up about 9 percent to 4.8 million cartons.
- Shipments to North America climbed 70 percent to 1.2 million cartons, while demand grew modestly in Asia and Africa.
- Russia is the only market where exports have slowed.

Tshepiso Mokhema, *Bloomberg*, 15 June 2016

SA sitrus presteer bo verwagting

Die plaaslike sitrusbedryf het verlede jaar 'n omset van R14,2 miljard gehad.

Suid-Afrikaanse sitrusuitvoere, wat oor die algemeen beskou word as 'n bedryf met 'n jaarlikse omset van omtrent R9 miljard, het verlede jaar R13,2 miljard se sitrus na oorsese bestemmings uitgevoer en 'n verdere halfmiljard rand se sitrus vir versapping uitgevoer.

Daarby is nog 'n R500 miljoen na ander bestemmings op die vasteland van Afrika uitgevoer. "Dit beteken ons R9 miljard-bedryf het verlede jaar 'n omset van R14,2 miljard gehad," sê mnr. Deon Joubert van die Suid-Afrikaanse Sitruskwekersvereniging (CGA).

Joubert sê Suid-Afrika se sitruskwekers presteer ongelooflik goed ondanks die vereistes wat die Europese Unie (EU), die land se grootste uitvoermark, van produsente verwag ten opsigte van swartvlek.

“Ons boere pas onmiddellik aan by enige nuwe vereistes, soms selfs vinniger as wat die EU nuwe beleid aan hulle kant in werking kan stel.” Suid-Afrika wag byvoorbeeld nou vir die EU om uitsluitel te gee oor watter hawens en invoerders Suid-Afrikaanse sitrus vir versapping mag ontvang in terme van ’n nuwe reël van die Unie wat op 1 Junie in werking moes tree.

“Ons boere het dadelik aangepas om te voldoen aan die vereistes van die EU, maar nou wag ons vir hulle,” sê Joubert. Hy sê hoewel oonthoud aan die Europese kant niks ernstigs is nie en binne ’n dag of twee aangespreek sal wees, getuig die hele situasie van Suid-Afrikaanse produsente se erns met die EU se reël en hul toewyding tot die uitvoermark.

Jasper Raats, *Landbou.com*, 10 June 2016

SA appelbedryf baat by swak rand

Suid-Afrika is nie produktief genoeg nie en dit is besig om die land se vrugtebedryf in te haal, waarsku prof. Wiehann Steyn van Hortgro.

Prof. Wiehann Steyn van Hortgro het met appels as voorbeeld aan boere by ’n onlangse mango-navorsingsdag in Hoedpruit gesê Suid-Afrika is ’n ondoeltreffende produsent en dat die land se wisselkoers sy vrugte-uitvoere gesonder laat lyk as wat dit werklik is.

Steyn sê Suid-Afrikaanse appelkwekers behaal baie hoë opbrengste van relatief klein vrugte en relatief swak gehalte uit redelik groeikragtige boorde op swak onderstamme. Hy sê die bedryf maak staat op arbeiders wat, gemeet teen ander lande, onproduktief voorkom, maar hy wys daarop dat hul gebrek aan produktiwiteit meer te make het met opleiding en toerusting as die mense self.

“Dit alles ten spyte, maak die appelbedryf goeie geld danksy die swak rand, die Afrika-mark en hoë opbrengste.” Steyn verduidelik dat die produksiewaarde van appels in Suid-Afrika in die 2012/13-seisoen R4,537 miljard beloop het. Op 3 Junie daardie jaar was die wisselkoers R10,07 teenoor die Amerikaanse dollar. Op 1 Junie vanjaar was dit egter R14,86. Suid-Afrika verdien dus nou R2,158 miljard meer vir dieselfde produksie as in 2013.

“Dit is 47,5% groei sonder dat ons meer produktief of effektief hoef te boer,” sê Steyn. Hy sê Suid-Afrika se grootste gebrek aan doeltreffendheid lê by die gehalte van sy appels. Net sowat 42,5% van die land se appeloës is geskik vir uitvoer, 28,1% is vir die plaaslike mark bestem en 29,2% word verwerk en versap met 0,2% wat gedroog word.

Steyn sê die hele waardeketting sal opgeknop moet word om Suid-Afrika meer mededingend in die verbouing van sagte vrugte te maak. Hy sê Hortgro hoop om die sleutelrisiko’s in die langtermynvolhoubaarheid van die bedryf aan te spreek deur deeglike navorsing en verbetering van verbouingstegnieke om gehalte en doeltreffendheid aan te spreek.

Inligting gaan ook ’n sleutelrol in die toekoms van appel- en ander sagtevrugte-produksie speel. “Tegniese en relevante inligting gaan nodig wees om plaaslike en internasionale markte te ontwikkel, behou en optimaal te bedien,” sê hy. Daarom is Hortgro besig om te belê in water en klimaatverwante navorsing asook opleiding wat tot beter plaas- en boord-effektiwiteit en produktiwiteit sal lei.

Jasper Raats, *Landbou.com*, 22 June 2016

Blikkiesvrugte toon goeie wins

Die Inmaakvrugte-Produsentevereniging vaar goed danksy verlede jaar se goeie oeste, goeie pryse vir vrugte en ’n produsenteheffing van 1%.

Mnr. Anthony Dicey, voorsitter van die Inmaakvrugte-Produsentevereniging (IPV), het op die vereniging se jaarvergadering op Worcester gesê die wisselkoers speel ’n beduidende rol in die

bedryf se welstand. “Enkele jare gelede het ons die sterk rand as rede voorgehou vir die moeilike situasie waarin die bedryf hom destyds bevind het,” het hy gesê.

Die vereniging wil navorsingsprojekte uitbrei om mededingendheid te verbeter. Die LNR doen waardevolle navorsing en ontwikkeling vir fase 1-teelmateriaal. “Daar word voorsiening gemaak dat fase 2- en 3-evaluasie uitgekonnekteer word na private instansies.”

Die evaluasie van die onderstamme van appelkose en perskes word privaat gedoen, terwyl die Universiteit Stellenbosch (US) sekere navorsingsprojekte vir die vereniging doen. “Daar sal ’n verandering wees in die manier hoe navorsing en ontwikkeling in die toekoms gedoen word. Die IPV sal al hoe minder van die staat afhanklik word en meer private instellings gebruik. Dit vind plaas met die samewerking van ons susterbedrywe, naamlik vars en droëvrugte,” het Dicey gesê.

Johan Coetsee, *Landbou.com*, 17 June 2016

Plantmateriaal vir soet draakvrug in SA

Dis nié die vrugteboom in jou skoonma se tuin nie – dié drakie het in 2013 internasionale supervrugstatus gekry.

’n Reeks soet draakvrugkultivars onder die handelsnaam, Amorentia Sweet Dragon Fruit, is nou beskikbaar vir voornemende produsente van hierdie besondere kaktusvrug in Suid-Afrika.

Mnr. Howard Blight en sy span van Amorentia Kwekery het die nuwe kultivars onlangs by ’n geselligheid vir ’n groep uitgelese gaste in Tzaneen bekendgestel.

Minder as 20 ha draakvrug is tans in Suid-Afrika aangeplant en ten spyte van hierdie vrugte se vaal smaak verkoop dit op die plaaslike mark teen omtrent R50 per kilogram. Die elf Amorentia kultivars se vleis wissel van wit tot wynrooi en byna pers en gaste kon tydens die bekendstelling proe hoe soet dit is.

Amorentia gaan aanvanklik net genoeg plantmateriaal vir 1000 ha beskikbaar stel en dit sal op ’n vennootskapbasis tussen Amorentia en die produsente bemark word. Plantregte sal R50 000 per hektaar beloop waarvan 10% in ’n bemarkingsmaatskappy gestort sal word. Amorentia en produsente sal gelyke aandele in die bemarkingsmaatskappy hou. “Daar sal aanvanklik 2 000 aandele geregistreer word en vir elke hektaar wat gekoop word kry die produsent een aandeel en Amorentia Kwekery kry een aandeel,” sê Blight.

’n Gesonde vraag bestaan na draakvrugte in die verre ooste met Viëtnam as die wêreld se grootste produsent. Blight glo egter dat dié vrug, wat in 2013 supervrugstatus gekry het, baie gewild in westerse markte kan raak. “Met die regte bemarking kan hierdie subtropiese gewas die perfekte aanvulling tot enige boerdery se produksiemandjie word,” sê Blight.

Jasper Raats, *Landbou.com*, 20 June 2016

New dragon fruit varieties for SA growers

Dragon fruit is not well-known in South Africa, but the people behind a new venture based in Limpopo believe this niche fruit offers attractive commercial potential for local farmers.

Declared a ‘superfood’ in 2013 due to its health properties, demand for the fruit in SA, although low, is steady enough to warrant prices of about R50/kg, according to Amorentia Estate owner, Howard Blight.

Blight recently registered 14 new dragon fruit cultivars under the Amorentia Sweet Dragon Fruit brand. The series of white-, pink- and red-fleshed cultivars are sweeter than those currently available to South African growers and should therefore find more favour with consumers, he said.

Enough plant material to plant 1 000ha of dragon fruit will be released to licensed growers by the end of 2016.

There are currently only 20ha of dragon fruit in production in South Africa. According to Blight, the subtropical and tropical regions of the country offer ideal growing conditions.

The world's largest producers are in Asia and are experiencing difficulties in delivering consistent supply of this fruit. "These countries don't have the same reputation as South Africa when it comes to food safety requirements, as the residue levels of their fruit are too high," he says.

The biggest concerns for exporters are bruising and over-maturity related to fungal infection, according to Dr Frans Kruger of Lowveld Postharvest Services.

Although a lot of local research has been done on dragon fruit, Dr Kruger said the fruit still needs to be more widely tested under South African conditions.

Alita van der Walt, *Farmer's Weekly*, 15 June 2016

Pers aartappels aan die kom

Pers aartappelskryfies met verbeterde gesondheidsvoordele is dalk binnekort op die spyskaart.

Navorsers by die Universiteit van Kolorado in die Verenigde State van Amerika (VSA) het dié nuwe kultivar – Purple Majesty – ontwikkel. Dit is verryk met onder meer vitamien C, foliensuur, minerale, yster, sink, kalium en fenoliese verbindings. Die nuwe pers aartappel is baie ryk in antioksidante en kan vergelyk word met "supervoedsel" soos bloubessies en granate, sê navorsers.

Prof. David Holm, wat spesialiseer in die kweek van aartappels, sê Purple Majesty is deur middel van tradisionele kweekmetodes ontwikkel en is 'n kruising tussen twee kultivars – All Blue en ND2008-2. Die aartappels is vir 'n beprekte tydperk in die VSA beskikbaar.

"Produksie sal toeneem soos die vraag na die aartappels groei," sê Holm.

Alan Harman, *Landbou.com*, 21 June 2016

South Africa grain processors, union sign pay pact; avert strike

South Africa's biggest grain processing and logistics companies and a union representing workers reached a wage agreement, averting a strike.

The pact, signed Thursday, means that workers will get a wage increase of 6 percent to 8 percent from companies including Senwes Ltd., NWK Ltd., OWK Ltd. and Suidwes Ltd., which are former agricultural cooperatives, Riaan Gerritzen, a representative for the processors, said by phone.

"We have signed an agreement and there will be no strike," he said.

Workers were seeking above-inflation increases as South Africa, a net exporter of agricultural products, last year had the least rainfall since records started in 1904, damaging crops and herds, and raising food prices. The farmers will need as much as 16.6 billion rand (\$1.1 billion) in the year through March to subsidize feed purchases, provide grants and interest-rate subsidies to aid commercial growers in financial distress and help operators pay workers, a study by AGRI SA and others showed.

Demands included an increase of at least 500 rand monthly and a minimum wage of at least 4,500 rand. Other requests include an extra month of pay annually, performance bonuses and an 850 rand housing allowance, Deputy General Secretary Moleko Phakedi said. South Africa's annual inflation rate was 6.2 percent in April.

Tshepiso Mokheba, *Bloomberg*, 9 June 2016

Nuwe SA mielerekord: 23,92 ton/ha!

Toe troef 'n boer van Cradock ál die mielieboere in SA met sy opbrengs van net minder as 24 ton per hektaar!

In wat moontlik die hoogste mielie-opbrengs nog in Suid-Afrika kan wees, het mnr. Erich Cloete van die plaas Sanctuary in die Cradock-distrik vanjaar 'n verstommende 23,92t/ha geoes.

Dit is 1,42t/ha meer as wat mnr. Zirk Scheepers van Wonderkop, Cradock, verlede jaar se wenner in die 20 ton mielieklub-kompetisie van Cradock Saadverspreiders, behaal het.

Die ander wenners in die kompetisie waaraan 22 boere in die Visrivier-vallei vanjaar deelgeneem het, is die naweek op Cradock bekend gemaak. Mnr. Isak van der Merwe van Kransfontein, Colesberg is die naaswenner in die noordelike streek met 21,76 ton/ha terwyl mnr. Andre Marais van Roodewal in die suidelike streek, koning gekraai het met 20,51 t/ha. Mnr. Zirk Scheepers, verlede jaar se algehele wenner, het dié seisoen 20,46t/ha geoes het.

Mnr. Dirk Visser, besturende direkteur van Cradock Saadverspreiders, onder wie se leiding die kompetisie drie jaar gelede ingestel is, sê hoewel dit met El Niño 'n baie moeilike seisoen was omdat die hitte-eenhede die hoogte ingeskiet het, al die deelnemers bo verwagting goed presteer het. "Die prestasie is in 'n baie moeilike seisoen met die regte grondvoorbereiding en bestuur behaal."

Die wenners se prysgeld is R40 000 en die naaswenners het R20 000 ontvang.

Theuns Botha, *Landbou.com*, 20 June 2016

Arbeid is groot kwessie wat op plase pla

Wat is die groot kwessies wat boere op die plaas pla? Drie rolspelers het skouer aan die wiel gesit om antwoorde te vind.

Terwyl kwelvrae rondom grondhervorming, politieke onsekerhede, transformasie en voedselsekerheid voortdurend in menige boer se agterkop maal, toon 'n opname dat dié kwessie wat boere die meeste op plaasvlak kwel, met arbeid te doen het.

Dié bevinding is gemaak ná opnames onder boere landwyd gedoen is.

Uit die gekombineerde resultate van twee opnames het dit baie duidelik na vore gekom dat arbeidsprobleme by verre die belangrikste kwessie is wat op plaasvlak pla. Altesaam 71% van die respondente het aangedui dat dié aspek hulle die meeste pla.

Die tweede en derde grootste kwessies wat respondente gepla het, was misdaad (waaronder diefstal en veiligheid) met 47% en finansiële vraagstukke met 42% wat ook as redelik belangrik geag is.

Dié opnames is gedoen ná gesprekke met mnre. Louis Meintjes, voorsitter van die TLU SA, en Bennie van Zyl, hoofbestuurder, waarin die behoefte teenoor *Landbou.com* uitgespreek is om op grondvlak te probeer vasstel wat die kwessies is wat boere pla. Só 'n opname moes egter nie oor organisatoriese kwessies wees nie.

Die gedagte het mettertyd gestalte gekry en dr. Philip Theunissen, 'n forensiese rekenmeester van Bethlehem, se hulp is ingeroep om die projek uit te voer. Die doel was om regstreeks die boer op plaasvlak se mening te kry om by die kern van daardie kwessies uit te kom wat hom pla.

Theunissen sê: "Ons is almal bewus van die breë en oorhoofse landboukwessies wat in die media en op kongresse hanteer word. Sake, soos grondhervorming, politieke onsekerhede, transformasie en voedselsekerheid is van die oorhoofse en ook noodsaaklike aspekte wat gereeld bespreek word. Hoewel dit 'n indirekte invloed op boere oor tyd het, is dit nie noodwendig die kwessies wat boere daaglik op die plaas pla nie.

"Die doel van hierdie navorsing was dus nie om beskrywingspunte vir kongresse bymekaar te maak nie. Voorbeelde kon in die opnames aan boere genoem word, maar hulle is juis aanmoedig om hul eie menings te lug. Daar is ook doelbewus gepoog om spesifiek boere se opinie te kry en nie dié van 'n organisasie of agent wat namens boere praat nie."

Laat in 2015 is die aanvoerwerk by die TLU SA-kongres, die Droëbone Produsente-organisasie en die KZN se No-Till-konferensie gedoen. 'n Verduidelikende kennisgewing is aan boere uitgedeel met ruimte om hierdie kwessies te lys. Hierdie kennisgewing is ook per e-pos en via *Landbou.com* elektronies onder boere versprei en 'n aantal plaaskwessies is sodoende geïdentifiseer.

Die aanvanklike reaksies van boere is toe verwerk en in 'n vraelys saamgevat wat in April 2016 met die hulp van *Landbou.com* op die webwerf vir voltooiing deur boere beskikbaar gestel is.

Theunissen sê gegewe die verspreiding en ouderdom van die respondente kan die respons as 'n goeie verteenwoordiging van die algemene profiel van boere in Suid-Afrika beskou word.

Organisatoriese kwessies en bemarkingsprobleme met onderskeidelik 3% en 7% het die minste op plaasvlak gekwel.

Theunissen sê die opname wys verder dat nie een enkele arbeidskwessie deurslaggewend vir boere is nie. Minimum lone, onbetroubaarheid, verblyfreg en produktiwiteit is vier aspekte wat bykans tot dieselfde mate op plaasvlak kwel, hoewel minimum lone tog dié een is wat boere die meeste pla. Betogings/stakings en die ongeletterdheid van werkers is die minder belangrike arbeidskwessies wat boere kwel. Die stigting van brande is met 2% die misdaadkwessie wat die minste pla.

Volgens Theunissen kan die gevolgtrekking gemaak word dat die kwaliteit van die werkerskorps en die produktiwiteit wat in ruil vir die vergoeding deur werkers aangebied word, 'n wesentlike kwessie vir boere op plaasvlak is.

By finansiële kwessies is hoë insetkoste die een enkele finansiële kwessie was wat die meeste boere gepla het. Rentekoerse en die beskikbaarheid van insetversekering is met 3% elk die finansiële kwessies wat boere die minste gekwel het.

Theunissen sê dat die persepsie wat die Regering van boere het, ook vir 'n beduidende aantal boere 'n kwessie is wat pla. Hierdie kwessie dra egter nie noodwendig dieselfde gewig as arbeid, misdaad en finansiële kwessies nie.

Theunissen het die inligting uit die opnames verwerk en dit met die TLU SA bespreek. "In wese is ons baie tevrede met die resultate wat na vore gekom het, maar ons is eweneens ook baie beïndruk met die platvorm wat *Landbou.com* vir ons gebied het om dié navorsing mee te kon doen. Ons meen dis nogal bietjie baanbrekerswerk wat hier gedoen is. Ons het eenparig tot die gevolgtrekking gekom dat ons hierdie voertuig met groot doeltreffendheid in die toekoms kan benut."

Jan Bezuidenhout, *Landbou.com*, 15 June 2016

Poultry producers look beyond SA for growth

The South African Poultry Association, which has taken steps to interdict the Department of Agriculture, Forestry and Fisheries from implementing new brining regulations, is also looking for the department's help to gain a foothold in the export market.

The association has bemoaned the effect that chicken imports will have on the local industry, which employs thousands of people. It is looking beyond SA's shores to offset the effect of imports and wants the government's help to achieve this objective.

The local poultry industry has resisted the regulations, which limit the use of brine in individually frozen chicken portions to 15% and 10% for whole chickens.

Producers say that, should they cut down on brining, production costs will remain the same while the price of each kilogram of chicken will drop.

This will mean that producers will push the costs on to consumers, the industry contends.

Kevin Lovell, the association's CEO, said: "We have factories that run at a certain volume, including a division that makes the brined products. If we reduce the brining to 15%, it means that we must employ the same number of people, use the same running costs and chickens, whereas the volume of the factory will be less ..."

"Meat is extended in many other formats and we do it (brining) to feed more people while also making it cheaper," he added.

Although producers can use brine in different portions, the general level of brining among South African producers has been 30%.

Brine is a salt water solution that preserves frozen foods, while also adding flavour to it.

The department introduced the regulations to protect consumers against padded chicken pieces and the salt content that goes into the brined product.

At the same time, the association wants to lean on the department to foster negotiations with trade partners so that its members can export South African poultry products to other markets.

To achieve this end, the organisation has gone as far as offering to pay for consultancy fees to assist the department.

Charlotte Nkuna, a senior executive at the association, said: "We have rendered some assistance to DAFF, which is the only (department that can) ... help us given these (exports) are government-to-government negotiations."

"This year was the biggest breakthrough because DAFF eventually allowed us to hire and pay for a consultant to get things going."

The association is eyeing the Middle East for its exports.

"We were making inroads in 2012, but then were compromised by the avian flue outbreak that affected ostriches. This brought a halt to the process," said Nkuna.

"There are major issues around health, and the US and the EU ... are almost impossible to enter into because they would want first to verify health issues ..."

Reitumetse Pitso, *Business Day*, 23 June 2016

Nuwe voorsitter vir pluimveeboere

Die Suid-Afrikaanse Pluimveevereniging se eerste swart voorsitter sê as dié organisasie nie verander nie, het hy nie 'n toekoms nie.

Mnr. Agmat Brinkhuis, 'n eier- en hoenderboer van Philippi in die Wes-Kaap en die nuwe voorsitter van die Suid-Afrikaanse Pluimveevereniging (SAPV), sê hy is 'n voorstander daarvan om nie onderskeid tussen ontwikkelende en kommersiële boere te tref nie. "Alle boere is tog eintlik ontwikkelend, want selfs kommersiële boere moet voortdurend ontwikkel."

Die SAPV het tot verlede jaar 'n afsonderlike organisasie vir ontwikkelende boere gehad, maar het nou net 'n braaihoender- en 'n eierorganisasie, waaraan alle boere behoort. Brinkhuis sê van die belangrike kwessies wat hy graag in sy voorsittersjaar sal wil takel, is om die SAPV se kommunikasie met sy lede te verbeter, en die publiek beter in te lig oor invoer en pekelwatertoevoeging.

"Ons baklei nie teen invoer nie, maar teen onbillike handel. Mense dink pekelwatertoevoeging is ongesond, maar studies bewys die teendeel." Brinkhuis sê verder die SAPV wil help dat groot kommersiële pluimveeprodusente klein produsente onder die vlerk inneem, "soos 'n big brother", om die kleiner produsente in die hoofstroom te kan bring.

"Entstof is byvoorbeeld vrek duur, maar as 'n mens dit in grootmaat koop, is dit goedkoper." Brinkhuis sou ook graag wou sien dat die SAPV se grondwet aangepas word sodat die organisasie by ander soos Agri SA en die Afasa kan affilieer. "Oor spesifieke kwessies is dit goed om 'n groter stem te kan hê."

Brinkhuis boer saam met sy vrou, me. Wadea Jappie, 'n bekroonde boer in haar eie reg, op hul eie grond van 1,6 ha met eiers, en op gehuurde grond met groente. Hulle boer sedert 2003, nadat hulle weens bendebedrywighede uit die stad getrek het. "Dit is een van die beste besluite wat ons geneem het. Die plaaslewe was goed vir ons seuns." Hul seuns, Nabeel en Tawfeeq, help met die boerdery.

Mnr. Willie Basoga is tot die eerste swart voorsitter van die eierorganisasie verkies, en mnr. Marthinus Stander, vorige SAPVvoorsitter, is as voorsitter van die braaihoenderorganisasie herkies.

Uitbreking van Afrika-varkpes bevestig

Daar heers kommer oor die uitbreking van Afrika-varkpes in twee gebiede waar dit nog nie vantevore kop uitgesteek het nie.

“Ek het baie slegte nuus vir die varkbedryf, en dit is dat Afrika-varkpes gister op ’n plaas in die Noordwes en een in die Vrystaat opgespoor is. Dit is gister (8 Junie) bevestig,” het dr. Mpho Maja, direkteur van dieregesondheid by die Departement van Landbou, Bosbou en Visserye, tydens die Rooivleisabattoirvereniging (RVAV) se konferensie op Stellenbosch gesê.

“Ek is baie bekommerd hieroor, want dit is twee areas waar ons nog nie voorheen varkpes gesien het nie.” Maja het aan *Landbouweekblad* gesê sy het geen meer besonderhede oor hoe wyd verspreid die siekte voorkom nie en ook nie hoe dit na die gebiede versprei het nie.

“Ons het nog nie eers niemand laat weet nie, ook nie die internasionale organisasie vir dieregesondheid (OIE), want ons wag nog nie vir die besonderhede sodat ons die nodige noodverslae vir die OIE en ons handelsvennote kan invul.” Volgens mnr. Gerhard Neethling, hoof-uitvoerende bestuurder van die RVAV, sal “ ’n paar grense beslis toegemaak word as dit nie binnekort onder bedwang kom nie”.

“Dis eintlik ironies en ’n mens sal graag wil weet wat die oorsprong is, want die varkbedryf se biosekuriteit is uitstekend.” ’n Mediaverklaring in die verband sal binnekort uitgereik word, het Maja gesê.

Lucille Botha, *Landbou.com*, 9 June 2016

Werk van R2 miljard vir Clanwilliam-dam

’n Projek van R2,2 miljard om die wal van die Clanwilliam-dam te verhoog, is volstroom aan die gang. Voorbereidende werk om die wal van die Clanwilliam-dam te verhoog is byna afgehandel en bouwerk aan die wal self sal tussen September vanjaar en Januarie 2017 begin.

Mnr. Sputnik Ratau, woordvoerder van die Die Departement van Water en Sanitasie, sê die departement se eie bouspanne het die voorbereiding gedoen, maar ’n kontrakteur van buite word aangestel om die bouwerk te doen. “Dié proses is nog aan die gang.”

Van die werk wat reeds afgehandel is, is ’n suiweringsaanleg en werkswinkels wat voltooi is, toegangspaaie is geteer en 66 eiendomme, wat deur die verhoogde damvlak geraak sal word, onteien.

Die mikpunt is om die wal met 13 meter te verhoog om ’n bykomende 70 miljoen kubieke meter water in die dam te hou. “Dit sal nie net oor die langtermyn meer betroubare watervoorsiening verseker weens die groter inhoudsmaat nie, maar is ook van deurslaggewende belang vir ontwikkelende boere en bestaande kommersiële boere”.

Me. Jeanne Boshoff, kommunikasiebestuurder van Agri Wes-Kaap, sê die departement het onlangs ’n aanbieding oor die werk aan die dam op Vredendal gedoen. “Boere in die omgewing is positief en gerus oor die proses tot dusver.”

Die projek sal na raming sowat R2,2 miljard kos.

In Januarie 2015 was sowat 300 besproeiingsboere onder die dam sowat drie weke sonder water nadat ’n kanaal uit die dam gebreek het. Die Wes-Kaapse regering het ingespring om die boere te help, deur R1 miljoen beskikbaar te stel.

Nico van Burick, *Landbou.com*, 23 June 2016

BKB acquires majority shareholding in Fruits du Sud

BKB has acquired the majority shareholding in Uppington-based raisin and fruit mince supplier, Fruits du Sud, for an undisclosed amount, thereby expanding its foothold in the Northern Cape.

According to Fruits du Sud CEO, Johannes van Niekerk, the BKB investment was welcomed due to the company's sustainable involvement in the agricultural sector. "They will be the best partner to drive production in the area," Van Niekerk said.

It is expected that this investment will result in increased acquisition of produce to supply local and international markets through BKB's established networks.

Gerhard Uys, *Farmer's Weekly*, 15 June 2016

Banking & Capital Markets

First Google case study for banking in SA

Google has published its first case study for the South African banking industry, based on a successful online marketing and search strategy developed by Flume Digital Marketing for its client Nedbank Insurance.

Tawanda Chatikobo, Nedbank's Mobile and Digital Manager, says Nedbank wanted to use a search strategy which would enable it generate its own leads. These have traditionally been sourced by a third party. In a bid to make Nedbank more recognisable as an insurance provider instead of solely a banking brand, Flume launched search campaigns on Google AdWords as well as display campaigns on the Google display network.

The results were excellent. "Not only did we manage to launch a national campaign, but our focus on return on investment was rewarded with a 10% month on month increase in traffic to our website, and reduced the cost per lead (the ad spend divided by leads generated) by 54%," reports Chatikobo. "Generating leads is one thing; generating profitable ones is quite another," says Flume MD Jacques Du Bruyn. Within its first year, the campaign resulted in a lower cost per lead, he says. Since then it has been halved and halved again.

With 18 months' worth of data to show how effective the campaign had been, Flume met the Google team, who discovered that the campaign had outperformed its other banking and insurance clients. The results were sent to the Google case study team and were found to be eligible for publication on its case study portal. "It's a huge accolade and one that allows us to say that we really are at the forefront of turning ad spend into return on investment," says Du Bruyn.

It shows South Africa can perform well when implementing digital campaigns, he says. "While South Africa may be behind in certain areas of digital, our thinking and technical understanding of search engine advertising is indeed competitive."

Working on the campaign has been exciting, says Chatikobo. "Google is a world leader in its field and it's such an honour to have been a part of this – particularly considering the small size of our team."

The big take-out: Google has published its first case study for the South African banking industry based on a digital campaign developed for Nedbank Insurance by Flume Digital Marketing.

Lynette Dicey, *Financial Mail*, 2 June 2016

In good faith: An insecure defence

When debt problems force people off long-held family farms, no-one blames those involved for trying every way to avoid the blow. But one increasingly popular route isn't working and only adds to a debtor's legal costs. This strategy challenges a bank's standing to demand repayment of loans.

It is based on allegations that the debt was securitised by the bank concerned, which, if proved, would mean it had no standing to pursue the matter. Dedicated Facebook pages, websites and other media proclaim the success of individual cases in which debtors have taken this point, but in fact none has ultimately succeeded.

This week, in a case involving Eastern Cape farmer Sidney Birch and his FirstRand Bank loan, Judge Elna Revelas trawled through a list of SA cases in which this securitisation defence was tried — and found that they had all failed.

When Birch came financially unstuck in 2012, he and the bank agreed terms that were made an order of court: he was to repay R2.5m plus interest between January 2013 and December 2014. If he was unable to meet any of the scheduled payments the entire remaining debt became due.

However, after paying less than R1m his finances were exhausted, and now the bank wants the rest of its money. But instead of capitulating, Birch went on the offensive, asking the court to rescind earlier court orders over payments and saying that he wanted to serve a “notice to produce documents” on the bank.

Birch told the court he had agreed to the initial order and had paid as best he could. Then he heard about the securitisation defence and it occurred to him that the loan agreement between him and the bank might have been sold — securitised — by the bank, meaning it would then have no standing to act against him for the outstanding money. If he had known about this possibility at the time, he said, he would not have agreed to the order.

The trustees who offered surety for Birch's loan claimed that the bank likewise had no standing to recover the money from the trust. They also claimed that as they had no knowledge of the 2012 agreement between the bank and Birch they could not have been party to the order — an argument dismissed by the court.

Dealing with Birch's application to make the bank “produce documents” the judge said whether he was entitled to such an order depended entirely on the “viability” of his securitisation defence. A court would have to be convinced that the application was not simply a “fishing expedition”. However, as Birch wanted, among other things, the bank's securitisation ledger “with all certified copies thereof”, the bank's securitisation portfolio and a complete set of all transaction documents relating to the bank and its securitisation participants, the judge concluded that fishing was exactly what Birch had in mind.

The judge said Birch's attorney, Bev Carruthers, had “created a veritable cottage industry around defending debtors” in this way. Carruthers said she wanted all the original documents related to the case to compare them with copies. Any unusual features and discrepancies would, according to Carruthers, indicate that the bank, despite its denial, had securitised the loan.

The judge then revisited the growing list of cases where a similar defence was raised and concluded that scrutiny of documents such as Carruthers had in mind would be of no help as the courts had uniformly turned down such attempts, one judge calling claims of bank fraud in such matters “outlandish”.

“Securitisation appears not to be a defence at all” in previous cases, she said, and it was definitely of no help to a debtor where the existence of a loan agreement was not in doubt.

The judge thus refused, with costs, Birch's attempt to have the bank “produce documents” and to have the original court order set aside.



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