Scan for Capital Harvest

March 2019

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

Some British organic food producers have stockpiled products overseas in anticipation of the outcome of Brexit. This is because it could take up to nine months to re-certify the UK products as organic if they are no longer recognised as such under EU rules. If foods lose their organic status outside of the UK, they will sell as non-organic abroad at a lower price. UK milk co-op Omsco Partners has shipped large quantities of cheese to its US export market to get the product through the ports while it still has its organic certification: the company is keeping a year's worth of cheddar — valued at about $4.6 million — in New Jersey. UK-based Helen Browning's Organic has stockpiled 6 tons of pork in Germany, while Clipper Teas has accumulated 250 million tea bags in the UK and mainland Europe to protect itself against possible transport delays in the wake of Brexit.
Wesgro says Brexit is an important factor in the Western Cape economy, because of the province's significant agricultural exports to the UK. Many exports arrive in the UK via Rotterdam, which means they are vulnerable to border disruptions between the EU and the UK. Similarly, many exports destined for mainland Europe are transported through the UK. In 2017 the UK was the Western Cape's second largest export market, after Namibia. The province's top ten exports to the UK in 2017 were (1) fresh grapes, (2) wine in containers smaller than 2 litres, (3) apples, (4) mandarins/clementines, (5) wine in containers larger than 2 litres, (6) oranges, (7) cranberries, (8) plums/sloes, (9) peaches/nectarines and (10) skincare/beauty products/sunscreen. The UK was also the number one source of foreign direct investment into the Western Cape and the number one source of foreign tourists in 2017.

The government of Mauritius is working to transform the country into an organic island. The government finances all costs of holders of Bio-farming Development Certificates who want to acquire the international organic label for their farm produce. Citizens are also encouraged to cultivate vegetables for own consumption – the government sponsors training programmes for those living in certain areas who want to obtain a nationally accredited horticultural qualification.

A Dutch inventor has built a urinal for cows that collects 15 to 20 litres of urine per cow per day, in order to reduce harmful ammonia emissions. The Netherlands is the world's largest agricultural exporter after the US, and needs to keep its environment clean to sustain its exports. The urinal is in a box placed behind the cow, while in front is a feeding trough. Once the animal finishes eating a robot arm stimulates a nerve near the udders, which then makes it want to urinate. During testing, seven out of 58 cows quickly learned how to use the urinal without the need for stimulation. The urinals will help farmers to comply with the Netherlands' stricter rules on ammonia emissions, and drier ground is also better for cows' hooves. The aim is to have the urinals available on the market in 2020.

A new app helps farmers match cattle for breeding purposes. The app is called Tudder (Tinder for those with udders) and supplies farmers with data and photos to help them decide on breeding partners before they buy. Livestock is easier than humans to match online, as precise data is available on aspects such as milk yield, protein content and calving potential. The data can be used to predict the cows' offspring. Farmers swipe on their smartphones the same way as one Tinder – right for yes and left for no – until they find a match. A significant benefit of the app is that it removes the cost and the stress on the animals of having to be taken to traditional markets. The animal is only transported once – to its new home. It is also much easier for farmers to find the right animal, which can be a tedious process at traditional markets.

The US's worst agricultural downturn since the 1980s continues to take a toll on the emotional well-being of American farmers. Farm Aid's hotline has seen a doubling of contacts for topics from financial counselling to crisis assistance. Over-stocked grain markets have sparked a years-long price slump, made worse by a trade war with the US's top buyer, China. US farmers are facing a record debt of $427 billion. The agriculture industry's debt-to-income ratio is the highest since the mid 1980s, and Wisconsin alone has lost almost 1 200 dairy farms between 2016 and 2018. Two-thirds of the calls to Farm Aid's hotline are from farmers who have been farming for a decade or more. The calls for help are evenly distributed among fruit/vegetable, livestock, grain/oilseed and dairy farmers. Lawmakers from agriculture-driven states have taken note of the crisis: the 2018 US Farm Bill allocated $50 million over five years to address the shortfall of mental health services in rural areas.

In the wake of the drought in Australia, farmers – weary of another crop failure – have held back on purchasing fertiliser in order to save costs. Many parts of the country reported less than 50% of normal rainfall in the first 3 months of 2019. Soil moisture content is too low to fertilise the next crop, and Australia's A$4 billion fertiliser industry is feeling the knock-on effects of the drought. In addition, many farmers have their own stockpiles of leftover fertiliser after the previous crop failed in early season. Rabobank says conditions could ease if adequate rain arrives by September.

New Zealand has been experiencing a seasonal labour shortage in its fruit industry for many years, with too few temporary workers available to pick fruit. To take a step towards addressing the shortage, fruit company T&G has gone to great lengths to introduce the world's first commercially operational apple-picking robot on a farm near Napier. However, those in the fruit industry agree that fully automating the harvesting process is still a long way off. Fruit-picking is a difficult task to automate, as both the fruit and the tree could suffer damage.

Similarly – while the prospect of self-driving tractors has many farmers excited – there is still much work to be done before the automation of all functions is perfected, and many farmers have decided to wait for further developments before they adopt the technology. Manufacturers are working to create a platform for owners of autonomous tractors to share data that will help all of them. Another area of focus is to use artificial intelligence on sprayers to help stop chemicals from drifting away from the intended crops. This follows many problems – and lawsuits – in the US, where weed killer sprayed by one farmer on GM crops drifts to a neighbour's field whose crop is not able to withstand it. In 2018 more than a million acres of soybeans in the US were damaged in this way.

Big agricultural firms like Bayer, Syngenta, DowDuPont, and BASF increasingly collect detailed farm-level information, such as yields, fertilizer use, crop rotation and rainfall. The companies' software then predicts combinations of seeds, fertilizers, and sprays to maximize yields. Farmers pay subscription fees for this advice. The companies can also capture historical information (from those farmers who have kept their own detailed records) and sell it back to the farmer in the form of recommendations. As more farmers join, predictions improve. The big companies say this line of work is not yet profitable as farmers' subscription fees per acre are too low to cover costs. However, they are aware of the value of the data and the potential for huge profits in future. Bayer (after taking over Monsanto) presently controls the most data – 160 million acres of farmland. The other three companies are all in contention for second place. The data will also potentially be used by consumers in future, to judge whether crops were grown in an environmentally friendly manner.

Cape Town-based agriculture company Aerobotics received the flagship award of Best Technology Company of the Year 2019 at the first annual Africa Tech Week. Aerobotics processes data from drone and satellite imagery through its artificial intelligence software to discover and analyse problems, pests and diseases affecting individual trees or vines on a farm. The software also measures size, height and canopy volume.

The Port of Durban saw a 9.5% increase in container volumes in 2018 – the highest volumes in the port in the last seven years. In 2011 a World Bank study estimated that delays at the Durban port cost the local citrus industry $10.5 million per season. The SA government sees congestion at ports as a major challenge in exporting fresh fruit, and is pushing for integrated information systems that link producers to ports, logistics companies and shipping lines. Electronic certification on the Phytclean system is being implemented for exports from SA to the Netherlands. Government says key technologies in the global fresh-fruit industry that must be leveraged by SA fruit producers include electronic digital platforms, the internet of things, biotechnology, and sorting and cold storage equipment. While mainly large players are adopting these technologies, an industry-wide scaling can benefit black farmers.

In 2018 SA exported approximately 3.6 million tonnes of fresh fruit, valued at 2.7 billion euro. This makes SA the sixth largest fruit exporter in volume terms, but only ninth in value terms. In 2018 the Netherlands (re)exported more than 4 million tonnes of fresh fruit valued at nearly 6 billion euro. Just under half of SA fruit exports went to Europe, where the main buyers were the Netherlands and the UK. The third and fourth biggest importers of SA fruit were China (including Hong Kong) and Russia. The growth markets for SA fruit exports are China, Portugal, Canada, Bangladesh, the US, Iraq and Qatar. Oranges are by far SA's main fruit export, making up a third of fruit exports in 2018.

Europe is moving closer to self-sufficiency in pears, which has SA producers actively looking for alternative markets. One of these alternatives was Iran, which in the past received large volumes of SA pears via Dubai. However, with renewed US sanctions against Iran, banks are finding it difficult to obtain foreign currency and SA exports have suffered. SA is now hoping that the Chinese market will open up, as this has the potential to solve many problems for exporters. India is another potentially large market, but the country has been very prescriptive about the cooling process (possibly as a negotiating tool, to gain better access into SA for its own mangoes.)

In March Elgin-based Two-a-Day donated over R583 460 to the Agri Western Cape drought relief fund in an attempt to help farmers in the Karoo. Over 80% of Two-a-Day producers voted in favour of the percentage-per-carton donation, with those who opted not to contribute mostly doing so because they were already involved in drought relief in other ways. This is despite the fact that Two-a-Day farmers' own incomes had declined by 15%, while some farmers between Worcester and Villiersdorp saw a 46% decline in production.

ACG Fruit says it managed to increase table grape production by 38% in the past season, but it was by no means an easy season – especially on the saturated European export market where prices were depressed. Some see the export problems as positive in that it forced them to reconsider their strategies and markets.

Drought resulted in wine grape berries growing smaller in the past season and there were fewer of them per bunch. Smaller berries do, however, produce better wine. While the Western Cape celebrates a good vintage, Cathedral Peak estate is growing wine grapes in the foothills of the Central Drakensberg in KZN with no concerns about drought. It is rather unusual to grow wine at 1 100 meters above sea level, in a summer rainfall region. The estate gave up maize in favour of wine in 2007, now growing Merlot, Cabernet Sauvignon and Pinotage (white wine varietals like Sauvignon Blanc have struggled to cope with the unusual growing conditions). Hail means the vineyards have to be protected by nets. The estate is expanding through working with commercial and subsistence farmers nearby – the aim is to boost the area planted to 90 hectares by 2021, compared with the 29 hectares on the farm. Government has agreed to help fund each hectare over five years, as long as 30 jobs are created at each site.

The liquor industry has signed guidelines ensuring its members' commitment to good business practices for SA companies operating in Africa. The signatories are Distell, Heineken, Diageo, Pernod Ricard, SALBA and Vinpro. The companies agreed to align their practices with government's objectives, conduct business responsibly and follow good corporate governance principles in Africa.

With citrus exports at record levels, farmers are increasingly pulling out wine grapes to plant citrus, particularly in the Robertson area. Limpopo has also seen a large increase in plantings. SA citrus is now exported to more than 100 countries, and the national area planted is the largest on record. Many farmers use nets to protect trees from damage, and to reduce the time the tree takes to come into production from five to three years. Most unhappy about the news is rival producer Spain, which has long complained of SA encroaching on its season, and which has tried relentlessly to have SA citrus barred from Europe due to black spot. Valencia oranges make up the biggest portion of SA citrus exports at 39%, followed by navel oranges (20%), lemons (16%), soft citrus (13%) and grapefruit (12%). The SA citrus industry yields revenue of over R20 billion per year, of which 92% comes from exports, and provides jobs to more than 100 000 people.

Avocado consumption continues to grow around the world – with it comes concerns about the environmental impact of this water-intensive fruit. Some restaurants in the UK choose to boycott avo, citing environmental concerns. The Wold Avocado Organisation's (WAO) response is that the fruit's popularity makes it a target. The WAO says it tries to educate farmers on water-saving technologies. It also wants the public to know that while avo may be thirstier than many other fruits, cattle farms use more water.

Bathurst in the Eastern Cape is the most southerly pineapple production region in the world, accounting for 70% of SA's pineapple production. Bathurst pineapples take longer to grow than those produced by the world's major growers, such as Thailand, Indonesia and Vietnam. The additional growing time leads to higher acidity levels and an intense flavour, which ensures a strong demand by juice manufacturers overseas. Virtually all the pineapples produced in Bathurst are destined for juicing and export. Processing takes place at an East London-based factory.

In 2018 a record 65 000 hectares was planted with rooibos in SA, up 12% from from 2017. The global herbal tea market is growing at 7% per year. Years of dry weather reduced yields and increased the price by 18.5% in 2018. New export markets include Asia and the Middle East. Japan, the largest tea drinking nation in the world, imported more than 2 000 tons last year. Exports to Japan has more than tripled in the last five years as rooibos' presence increased in mainstream supermarkets, with many launching their own private label products.

A Villiersdorp farmer won the 9th annual Giant Pumpkin Festival in Heidelberg with a pumpkin weighing 601.8 kg. The SA record is 613 kg. The pumpkins that placed second and third were from Riversdale.

The Swartland is known for wheat, with rotations traditionally limited to medics and canola. In recent years farmers have been planting barley. Some varieties ill-suited to the region while particular varieties of malting barley work well. Afgri has helped to make a Swartland production mandate possible, securing a supply contract with AB InBev. Total barley storage capacity in the Swartland is now 120 000 tonnes. The plan is to increase the mandate with AB InBev to 75 000 tonnes over the next three to five years, after which production will be sustained in line with demand. Microbreweries presently don't have the capacity or infrastructure to take large enough volumes from farmers – that could change if they had an intermediary that managed the volumes and quality on their behalf. SA produces some of the best barley in the world, but risks are also significantly higher. SA is one of few countries that aim to produce malting barley from the start. In most countries, barley is planted for the feed market as well, and only the best quality is sent to the malting market. Despite the high risks, malting barley is usually more profitable than wheat when its quality is good, as most farmers produce 0.5 to 1 tonnes per hectare more malting barley than wheat. Input costs are also slightly lower than for wheat, mainly as a result of lower fertilisation costs.

The Women on Farms Project and the Rural and Farmworkers Development Organisation are two bodies that help families of farm dwellers protest when they are evicted from farms. Cape Winelands call centres are reportedly now receiving calls for help on a daily basis from people facing eviction in the region. The Drakenstein Municipality has said that its area has become a hot spot for farm evictions.

In March Afasa, the ARC and the Agriculture department organised a meeting in Stellenbosch to discuss issues facing black farmers in the Western Cape. The department took the opportunity to stress that it has set up blended finance for small-scale farmers and that the Land Bank has been given additional funds for their business propositions. In addition, various developmental finance institutions are planning to finance agriculture projects.

In the Sunday's River Valley of the Eastern Cape, the San Miguel company has launched the Thudana Citrus Trust to give a select number of employees 30% ownership of the Thudana Citrus Company as part of a BEE initiative.

Afgri has launched a not-for-profit company to assist farmers in dire financial need. An initial R3 million has been set aside. Financial support will be directed at those who deal with Afgri and who are affected by natural disasters. In 2016 Afgri donated R5 million to drought affected farmers.

Moneyweb says a number of corporate players are competing to position themselves favourably in the agricultural sector. African Rainbow Capital Investments (ARC) acquired a stake in Acorn Agri in 2017. Acorn holds investments in Overberg Agri, Agpack, Montagu Dried Fruit and Lesotho Milling Co. Meanwhile Subtropico, which is 25.1% owned by ARC, has battled Klerksdorp-based Senwes to control Upington-based co-op KLK Landbou. KLK has interests in livestock trading, agricultural produce, building supplies, meat sales, hide tanning, fuel sales and Carpe Diem raisins, which exports 10 000 tons of raisins per year. Analysts believe the agricultural sector is in a period of consolidation, and that in future four or five major players may dominate the sector. Presently the biggest players are Kaap Agri, Afgri, Senwes, TWK Agriculture and investment holding companies Zeder and Acorn.

Banking and Capital Markets

The Jobs Fund testified in parliament that it has created over 220 000 sustainable jobs since 2011. However, the fund said economic slowdown resulted in lower project activity and lower project cash flows, so growth and disbursement targets have not been met. Agricultural is the number one sector where the fund's job creation takes place.

In March the R1.4 billion SA SME Fund was launched by the CEO Initiative, a collective of CEOs that teamed up with Pravin Gordhan in 2016. The Fund is run by the founders of Discovery and Bidvest, and invests in 10 fund managers rather than in SMEs directly. Investments are targeted at start-ups that need venture capital and at black businesses.

Roux Shabangu denies that he and eight others are liable to repay the Land Bank R82 million arising from a loan granted to Westside trading in 2006 and has taken the case to the Constitutional Court. The bank and Westside entered into a R100 million deal to build a township and tourist attractions in Hartebeespoort. Westside had received over R62.6 million when the deal was found to be invalid: in terms of the Land Bank Act, the bank had no authority to enter into such an agreement. Shabangu says the invalidity of the agreement also meant the suretyship that Westside's directors had signed was invalid. In 2016 the North Gauteng High Court found that a suretyship tied to an invalid loan, could remain valid and that Westside's directors had to pay the Land Bank R82 million plus 15.5% a year.

Former Independent Communications Authority chairperson Rubben Mohlaloga was sentenced to 20 years in prison in February for defrauding the Land Bank of R6 million, a conviction which he is appealing. The fraud was committed together with former Land Bank CEO Phil Mohlahlane and an attorney. The appeal is likely to be a drawn-out process.

In March Enoch Godongwana of the ANC was appointed non-executive director of the board of the Development Bank of SA (DBSA). The DA views the appointment as a problem for the DBSA's impartiality, as it is a state-owned enterprise.

The 2019 Transformation in Banking report has found that black ownership in banks decreased from 34.8% to 30.5% between 2016 and 2017, but remained above the target 25%. Black economic interest also fell as several empowerment deals matured and black investors exited their investments. According to the report lending for black agricultural projects increased by 20.6% between 2016 and 2017.

Of the five big retail banks, only Capitec seems to be actively growing branches and staff numbers. In the most radical single action by a banking group in decades, Standard Bank announced the closure of 91 of its approximately 630 branches by the end of June, cutting 1 200 jobs. The trend is global – in the UK two thirds of bank branches closed over the last thirty years, while the US saw a record 1 947 bank branches close in 2018.

In 2018 Absa and Nedbank's earnings increased by a modest 3% and Standard Bank's by 6%. These modest growth rates will come under more pressure as digital banks threaten traditional banks' transactional income. In 2018 Standard Bank earned R4.3 billion in transactional income, more than from business lines such as home loans, cards or personal loans. Analysts believe transactional income will remain under pressure for the next three years.

According to *Bloomberg* and *The New York Times*, Facebook is building a digital payments system for WhatsApp that will allow users to send and receive cash without having to pay fees. It's reported to be a 'stablecoin', meaning the value of the coin is pegged to the value of traditional currency. Facebook plans to peg the value to a basket of different foreign currencies, rather than just the US dollar.

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Agriculture

UK organic foods are being stockpiled abroad ahead of Brexit

Some British organic food producers are stockpiling cheese and pork overseas so that they'll still be able to sell the products if the UK leaves the European Union without a deal.
A no-deal Brexit risks shutting British producers out of some export markets because their foods would no longer be recognized as organic, a status it could take months to obtain. While the risk of a no-deal outcome by end-March has eased, some companies are still preparing for the worst by piling up goods in countries where they sell or process foods.
One example is UK milk cooperative Omsco Partners. It has stored a year's worth of cheddar — valued at about $4.6 million — in New Jersey so it can sell the cheese as organic in America whatever the outcome. The move highlights the threat to trade for organic food, which is sold at a premium. If foods lose their organic status outside of the UK, then producers would have to sell them as non-organic abroad, unless they arrived before the divorce.
"Anything that goes out before March 29, the organic status is fine because it has the paperwork," said Vicky McNicholas, managing director at Helen Browning's Organic, which exports organic pork to Germany for processing before bringing it back to the UK. "Any organic company that exports their products is going to be switched off overnight."
The pork producer has stockpiled 6 tons in Germany for processing while the EU still recognizes the meat as organic. That will allow it to then ship the final product back to Britain for sale, where the UK Department for Environment, Food and Rural Affairs anticipates that it will continue to acknowledge organic produce from the EU, even after a no-deal exit.
Without a deal, it could take up to nine months to re-apply for organic status. The Soil Association said that some British producers are already talking about curbing output, cutting jobs or going out of business if they can't find a solution soon. The group has written to UK Environment Secretary Michael Gove highlighting the impact of Brexit uncertainty on organic producers.
There are also concerns that a no-deal Brexit will cause border delays, slowing trade. Organic tea company Clipper Teas has piled up 250 million tea bags in the UK and mainland Europe to protect itself against delays at ports. It said it's working with partners to continue to deliver certified products.
Prime Minister Theresa May has promised to put a revised deal to Parliament by March 12, and if that is rejected, lawmakers will be offered votes on whether to exit the EU without a deal or to delay Brexit.
"Even the step back from the no-deal is just prolonging the agony," McNicholas said. "It's exhausting."

Áine Quinn, *Bloomberg*, 6 March 2019

What a no-deal Brexit would mean for Western Cape exports

The Western Cape's economy is closely linked to the United Kingdom, meaning the outcome of this week's Brexit votes are important for the province.
This is according to Wesgro, the official tourism, trade and investment promotion agency for Cape Town and the Western Cape.

The United Kingdom (UK) was the Western Cape's second largest export market in 2017, after Namibia. The UK is also South Africa's 8th largest export market.
The UK was also the number one source of foreign direct investment into the Western Cape and the number one source of foreign tourists in 2017.
Depending on how this week in the British Parliament plays out, there could be various consequences for the Western Cape's goods – predominantly agricultural products – being exported to the UK.
Wesgro says the SA Parliament may be called upon this week to ratify a new trade agreement between the UK and the Southern African Customs Union plus Mozambique (SACU+M). The governments of the SACU+M countries have been negotiating an agreement with the UK to ensure trade continuity upon the UK's exit from the EU.
According to Wesgro, this agreement is expected to largely be a replication of SA's Economic Partnership Agreement (EPA) with the EU.
Under a no-deal Brexit, there are two scenarios for South Africa, Wesgro says: a roll-over agreement with the UK or no roll-over agreement.
Should the SACU+M –UK Agreement be in place in time for the 29 March deadline - that is signed and ratified - then SA goods are assured of having preferential access to the UK market the day after Brexit.
If the agreement is not in place in time, then South African goods will also face most favoured nation (MFN) tariffs upon entry into the UK market in the case of a no-deal Brexit. The UK is yet to publish its post-Brexit MFN tariff rates.
The third scenario, according to Wesgro, is a delay of the deadline and a return to the drawing board.
"This will happen in the event that the UK prime minister's deal is rejected, that a no-deal Brexit is rejected, and the British Parliament votes for an extension of the 29 March deadline. This will mean extending the uncertainty of what Brexit will look like, and potentially even whether it will happen," said Wesgro.
"There is one scenario, in the short term, where EU goods to the UK could face higher tariffs than South African goods. This would be in the case of no-deal Brexit but a roll-over agreement between South Africa and the UK."
In this case there would, however, still be major disruptions to many SA exports.
A large number of SA goods destined for the UK are shipped through Rotterdam or other European ports, and these products will get caught up in border disruptions on its way to the UK.
Similarly, many SA exports destined for mainland Europe are transported through the UK.
The Western Cape's top exports to the UK in 2017 were:

- Fresh grapes;
- Wine (in containers of 2l or less);
- Apples;
- Mandarins/clementines;
- Wine (in containers of more than 2l);
- Oranges;
- Cranberries;
- Plums/sloes;
- Peaches/nectarines;
- Skincare/beauty products/sunscreen;
- Dried fruit;
- Raspberries/blackberries/mulberries/loganberries;
- Lemons/limes;
- Pears;
- Lychees/tamarinds/passion fruit;
- Preserved pears;

- Hake;
- Rooibos tea;
- Preserved peaches;
- Grapefruit.

Carin Smith, *Fin24*, 13 March 2019

“Mauritius to become an organic island”

One of the aims of Mauritius government is to transform it into an organic island in the near future, through different projects implemented by the Ministry of Agro-Industry and Food Security. Citizens will be encouraged to cultivate vegetables in their backyard for their own consumption.
The Minister of Agro-Industry and Food Security, Mr Mahen Seeruttun, made this statement yesterday at the launching of the Household Organic Garden project, at the Farmers Service Centre of Union Park.
Seeruttun highlighted that in order to reach Government's objective, several incentives are being offered to planter to encourage them to shift from a conventional method to an organic one. One of these methods, he stated, is the bio-farming scheme whereby Government is financing all costs associated with the registration, certification and audit for those holders of a Bio-farming Development Certificate who would wish to acquire the international organic label for their farm produce.
He underscored that the launching of the Household Organic Garden project is part of a sensitisation campaign so as to encourage and enable the population to use the organic method of cultivation. Union Park, he added, has been chosen for the launching of the project, following several surveys carried out by the Food and Agricultural Research and Extension Institute (FAREI), as its climate is favourable and many inhabitants have space in their backyard to implement this method of agriculture.
According to *allafrica.com*¸ the Agro-Industry Minister underlined that FAREI will also provide training, which is approved by the Mauritius Qualifications Authority, to some 200 inhabitants of Union Park, before implementing the project in other regions around the island. He also cautioned that all norms concerning organic agriculture will have to be adopted so as to ensure that every harvested product is healthy and of good quality.

FreshPlaza, 21 March 2019

'Cow toilets' in Netherlands aim to cut e-moo-ssions

Teaching cows to use the toilet is not the easiest task, but a Dutch inventor is banking on a new bovine urinal to help cut emissions that cause environmental damage.
Tests have started on a farm in the Netherlands on the device which collects some of the 15 to 20 litres of urine that the average cow produces a day.
That produces huge amounts of ammonia in a country like the Netherlands, which is the world's second biggest agricultural exporter after the United States.
"We are tackling the problem at the source," Henk Hanskamp, the Dutch inventor and businessman behind the "Cow Toilet", told *AFP* on Friday.
"A cow is never going to be completely clean but you can teach them to go to the toilet."
The way the toilet works is "udderly" ingenious.

The urinal is in a box placed behind the cow, while in front is a feeding trough. Once the animal finishes eating a robot arm stimulates a nerve near the udders, which then makes it want to urinate.
The cow toilets are currently being tested on a farm near the eastern Dutch town of Doetinchem and seven of its 58 cows have already learned how to use them without the need for stimulation.
"The cows have got used to it," Hanskamp said. "They recognise the box, lift their tail, and pee."
"The stables have become cleaner and the ground is drier. Less damp ground is better for the health of the cows' hooves," Jan Velema, a vet who took part in the tests, was quoted as saying by *De Volkskrant* newspaper.
The Netherlands is already introducing stricter rules on emissions of ammonia, which can cause atmospheric pollution and irritate the eyes in humans.
The chemical can also be implicated in the creation of environmentally damaging algae blooms when it mixes with water.
Hanskamp, whose company develops agricultural machinery, says it could "reduce by at least half the amount of ammonia produced" were the cow to urinate on open ground.
The company aims to have them on the market by 2020, he said.

AFP, 30 March 2019

'Tinder for cows' matches livestock in the mood for love

A Tinder-inspired app is helping farmers match up potential partners for their cattle.
Called “Tudder” - a mix of dating app Tinder and udder – it lets farmers swipe right on cattle they like the look of.
They are then directed to a page on the SellMyLivestock website where they can browse more pictures and data about the animals before deciding whether to buy.
Valuable information is available on matters like milk yield and protein content, or calving potential, explained Doug Bairner, CEO of Hectare Agritech which runs SellMyLivestock (SML) and Graindex, a UK-based online agritech trading platform.
“Matching livestock online is even easier than it is to match humans because there’s a huge amount of data that sits behind these wonderful animals that predicts what their offspring will be,” he said.
Launching just in time for Valentine’s Day, the makers believer Tudder is the first ever matchmaking app for livestock.
As with the human equivalent, farmers use smartphones to first choose whether they are looking for a male or female, swiping through photos - right for yes and left for no - until they find a match.
Putting data at their fingertips connects farmers from all over the country, making trading easier.
Cattle farmer and Tudder user James Bridger said it eases transport stress for animals and may rival traditional markets.
“You’ve got all this data of its background and everything which if you’re at a market you might not have had the time to go through for every single random animal,” he told *Reuters* in the southern English county of Hampshire.
“There’s nothing better than seeing an animal in its home, its natural habitat, rather than putting it on a lorry ... if someone rings up and wants to come and have a look, or even getting it from the picture, it’s ideal really from that respect, and they’re happier for it.”
SellMyLivestock has listed over £50 million ($64 million) of livestock, feed and bedding to sell in the last year, dispelling notions that farmers are stuck in the past, Bairner said.
“Despite the rest of the world’s view of farming, it’s actually very technologically driven,” he said, citing precision spraying, automated dairy units and genetic science.

Reuters, 9 March 2019

American farmers confront a mental health crisis

The worst agricultural downturn since the 1980s is taking its toll on the emotional well-being of American farmers.
In Kentucky, Montana and Florida, operators at Farm Aid's hotline have seen a doubling of contacts for everything from financial counseling to crisis assistance. In Wisconsin, Dale Meyer has started holding monthly forums in the basement of his Loganville church following the suicide of a fellow parishioner, a farmer who'd fallen on hard times. In Minnesota, rural counselor Ted Matthews says he's getting more and more calls.
"Can you imagine doing your job and having your boss say 'well you know things are bad this year, so not only are we not going to pay you, but you owe us'," Matthews said by telephone. "That's what's happened with farmers.''
Glutted grain markets have sparked a years-long price slump made worse by a trade war with top buyer China. As their revenues decline, farmers have piled on record debt -- to the tune of $427 billion. The industry's debt-to-income ratio is the highest since the mid 1980s, when Willie Nelson, Neil Young and John Mellencamp organized the first Farm Aid concert.
So dire are conditions in farm country that Senator Joni Ernst, an Iowa Republican, and Senator Tammy Baldwin, a Wisconsin Democrat, pushed for mental-health provisions to be included in the 2018 Farm Bill. The legislation allocated $50 million over five years to address the shortfall of such services in rural areas.
Ernst said she spoke with a woman whose farmer husband died by suicide. While there's been progress on a trade resolution, the ruckus "has been very, very hard on our farmers," she said in a telephone interview. "We've had such a depressed farm economy."
Few agricultural states have been hit harder than Baldwin's Wisconsin, whose state license plates proclaim it as "America's Dairyland." Wisconsin lost almost 1,200 dairy farms between 2016 and 2018, government data show.
Smaller operators have been the most affected, she said by telephone. The mental-health provisions in the farm bill aren't for a "free trip to the psychiatrist," but rather about "community looking out for each other."
There was a similar legislative effort in 2008 during the financial crisis, but the program was never funded because prices recovered, said Jennifer Fahy, communications director for Farm Aid, which advocated for the measures.
Two-thirds of the calls to Farm Aid's hotline originated from growers who have been farming for a decade or more. They were evenly distributed among fruit and vegetable producers, livestock, grain and oilseed and dairy, the data show.
In 2018, the number of calls rose 109 percent to 1,034, increasing in the last five months of the year. In November, crisis assistance accounted for 78 percent of contacts to the hotline.
"The peak of the crisis was in 1986," said Allen Featherstone, an agricultural economist at Kansas State University in Manhattan. "It is the worst since then by far."
Mike Rosmann, another of the few mental health counselors in rural America, echoed the sentiments. A partially retired fourth-generation farmer, Rosmann rents out his Iowa property and maintains land under the conservation reserve program.
During the 1980s' farm crisis, the hotlines, counseling and other services that he participated in became the template for the provisions in the farm bill that Baldwin and Ernst advocated for, he said.
"The retaliatory tariffs by China have hurt soybean exports," Rosmann said. "They've hurt our relations with other countries as well to a lesser extent, partly just because of the skepticism that surrounds the reliability of what the U.S. is doing."
Still, farmers support Trump, in part due to his public support for corn-based ethanol, Rosmann said. Last week, the Environmental Protection Agency advanced a plan meant to expand the U.S. ethanol

market, the first step in fulfilling a promise Trump made in Iowa last fall. About $8 billion in farmer aid has also taken some of the sting out of the trade war.
Some of that goodwill may be eroded by a 2020 budget proposal that would cut “overly generous” Department of Agriculture subsidies. The 35-day partial government shutdown earlier this year slowed implementation of the program.
Farmers have accrued so much debt because by nature they are optimistic, said Scott Marlow, senior policy specialist at the Rural Advancement Foundation International-USA in Pittsboro, North Carolina.
Their fierce independence and deep connection with the land can become an economic disadvantage, Marlow said. “They can be driven far further than most of us would be before they would call it quits, to the point of getting off-farm jobs to be able to continue farming, subsidizing the farming operation with off-farm income, driving themselves extremely hard.”
Sue Judd in Wisconsin set up a suicide prevention group for farmers and those in the rural community after her brother, a hobby farmer, killed himself, she said. Her group’s aim is to convince farmers that it’s all right to seek help and that they’re not alone.
Meyer, 71, who retired from law enforcement, was on the St. Peter’s Lutheran Church dart team with the parishioner who died by suicide. He says another parishioner who’s a farmer confided to him that he also struggled with stress. Meyer says that his aim with the groups is to “give them some hope if we can.” In the last meeting, 59 people showed up to share food, stories and hear financial advice and how to deal with stress compared with 45 in January.
Farmers’ spirits may lift if U.S. negotiators can broker a favorable deal with China soon. For now though, they’re having to cope with soybean prices of about $9 a bushel, almost half of what they were getting in the heyday of 2012. Chicago corn futures have followed a similar path to be trading at about $3.70 from a peak of $8.49 in 2012.
“If the corn price went up $3 a bushel and beans went up $5 my phone would ring a fourth as much as it is now,” Matthews said during a road trip. “Prices are really low and they’re waiting for what are they are going to do. Are they going to lift the tariffs? And so all of those things they’re constantly looking at.”

Mario Parker, *Bloomberg*, 20 March 2019

Australian farmers hold back on buying fertiliser as drought bites

Australian farmers are postponing buying fertiliser and other products they typically use to protect their crops as a drought across the country's east coast darkens the outlook for the rural sector in one of the world's top exporters of grains.
Farmers usually begin sowing wheat, the nation's biggest rural export, in late April, but this year they are trying to minimise expenditure on items such as fertiliser, herbicides and pesticides amid the threat of a second-straight crop failure following the hottest summer in records going back to 1910.
That means companies that make those products like Nufarm, which reports half-year financial results on Wednesday, could become the latest to be caught in the fallout from the catastrophic drought that is already hitting everything from wine production to the wool clip.
“I would normally have bought about 100 tons of (fertiliser and crop protection) product by now, but there has been no rain, we have no soil moisture, so I haven't purchased any this year,” said Tom Woolaston, a grains and livestock farmer in Somerton, 440km northwest of Sydney.
Analysts said it was too early to forecast 2019/20 demand for fertiliser and crop protection products as rain later in the season could bolster appetite again.
“If rains arrive in September, farmers will increase the use of nitrogen, if it remains dry, demand will fall further,” said Wesley Lefroy, an analyst at Rabobank.

Demand for fertiliser in Australia fell 2% to total 6.5-million tons last season, according to data from industry group Fertilizer Australia. Researcher IBIS World estimates Australia's fertiliser industry is worth about A$4bn.
Nufarm in September reported an annual loss, sending shares down more than 8%. At that time, Nufarm said a return to profitability was likely in 2019, but that this would depend on a return to "more average (weather) conditions" by winter.
"Nufarm has guidance but in our opinion, there is a significant downside risk," said Belinda Moore, equity analyst at Morgans.
A spokeswoman for Nufarm declined to comment as the company was unable to speak ahead of its financial results.
A poor season last year also meant that farmers stopped applying fertiliser earlier than usual, leaving them with stockpiles that still need to be worked through, growers said.
Nearly half of the states of New South Wales and Queensland have recorded less than 50% of their normal amount of rain over the last three months, data from the Australian Bureau of Meteorology show, with dry conditions set to linger until at least the end of May.
New South Wales and Queensland usually produce about half of all Australian wheat. The country's exports of the grain were worth an estimated A$5.5bn ($3.9bn) last year.
"There is no margin for error. There is virtually no soil moisture, so any prolonged period of dry weather is going to leave some farmers unable to produce a crop again," said Phin Ziebell, agribusiness economist at National Australia Bank.

Colin Packham, *Reuters*, 19 March 2019

New Zealand: World-first robotic apple picker could help labour shortage

Down a dusty road west of Napier, a screeching robot makes the sound of a world-first commercial apple picking robot, operating in a T&G Global apple orchard. The robot could have major ramifications for New Zealand's fruit-picking industry, which nearly every year in recent memory has experienced a seasonal labour shortage, to the dismay of growers.
Gary Wellwood, T&G's global innovation manager, said the company met Silicon Valley-based Abundant Robotics two years ago when they were trialling a prototype in Australia. Wellwood said T&G representatives realised "this is going to happen", and that every apple tree planted now would be visited by a robot "in some form" - whether that was a harvest robot, counting and sizing robot, or pruning robot.
"We understood that a robot can't work in a fully three-dimensional tree [orchard], this is why we've gone to [two-dimensional]."
Dan Steere, chief executive of Abundant Robotics, said it was the first time in the world the robot had been used commercially: "The reason it's been so hard in the past is because you've got delicate fruit, and if you're trying to harvest that you can't damage the fruit, you don't want to damage the trees ... technically it's really challenging."
New Zealand Apples & Pears chief executive Alan Pollard said it was the perfect example of the industry using technology to enhance its future. But a harvest being completely done by robots was still a long time away.

FreshPlaza, 26 March 2019

Self-driving tractors yet to convince farmers to hand over keys

Not all farmers are ready to give up control of their tractors even though fully autonomous technology has arrived.
There's still work to be done perfecting all functions that have to be automated, meaning fields swarming with self-operating machines are a few years down the road, according to equipment maker AGCO Corp. Chief Operating Officer Eric Hansotia.
"To take the driver out of the vehicle, you have to automate all the functions the farmer does," Hansotia said in an interview. "So anything a farmer watches or checks, changes or adjusts, it's what we're working on."
Equipment makers are laying the groundwork for such technology to go mainstream. Hansotia said AGCO has been working with a coalition of companies to create an open, "interstate highway system" for farmers to easily control and share data coming off their machines wirelessly.
Another frontier is using artificial intelligence on sprayers to stop chemicals from drifting off fields -- an issue that farmers are increasingly confronting as weedkiller dicamba becomes increasingly popular. The herbicide has a propensity to vaporize and drift onto neighboring fields, harming plants that aren't genetically modified to withstand it. More than a million acres of soybeans were damaged last year, and the chemical was a focus of some lawsuits.
Last year, AGCO released a combine that has sensors to visualize crop flow in real time, automatically adjusting settings to optimize harvest, and plans to launch a smart planter in South America this year. The company also owns Precision Planting LLC, which builds agriculture technology that can be added to machinery.

Lydia Mulvany, *Bloomberg*, 13 March 2019

Data becomes cash crop for Big Agriculture

For six generations, Ben Riensche's family has tended corn and soybeans outside Jesup, a town of 2,500 on the windswept plains of eastern Iowa. But today he's harvesting a valuable new crop from his 12,000 acres: information. "The future is simply data analytics and tech," says Riensche, who still has his grandfather's handwritten notebooks containing everything from the bushels of corn he brought in to the number of eggs the chickens laid. In the half-dozen years since he signed up for a data analysis service from Climate Corp., a unit of Bayer AG, Riensche has reduced the seed he uses by 6 percent and the fertilizer by 11 percent while growing his best crops ever. "Before, there was no secret sauce other than just keeping notes and making field observations," he says. "Now we have all these digital tools."
Information collected by farmers—yields, fertilizer use, crop rotation, rainfall, and dozens of other data points—is catnip to the likes of Bayer, Syngenta, DowDuPont, and BASF. The companies feed it into software that predicts combinations of seeds, fertilizers, and sprays to maximize yields. That can boost sales of their products while also padding the bottom line from subscription fees farmers pay forrecommendations on what to sow and when to spray. "I can't tell you how many times I've gone to a farmer's machine shed and all their yield data for the past 15 years is sitting in spiral notebooks on the shelves," says Mike Stern, who heads Climate Corp. He says Bayer can digitize that material and combine it with historical information, then sell it back to farmers. "Data is the new currency," Stern says.
The digital transformation of farming isn't new. In the 1980s, soil data was recorded on six-inch floppy disks to help calculate fertilizer needs, and since the advent of the internet, companies have created ever-larger databases to improve recommendations. Today, the trend is accelerating as growers get feeds directly to tablet computers in their tractors and tap technologies such as crop-spraying drones to maximize yield on every square foot. As more farmers supply data in exchange for

tailored advice, the computers combine that with material from other farms, then apply artificial intelligence to make better predictions. “It’s a virtuous cycle, as expanding creates more data and improves algorithms, leading to better recommendations to farmers and gaining more data,” says Sanford C. Bernstein analyst Gunther Zechmann.
By the mid-’20s, the digital agriculture market is expected to be worth billions of dollars a year. But as the companies assemble their databases, subscription fees—$1 and up per acre—don’t yet cover the cost of running the systems. The business “is definitely commercially viable, but part of it is also building for the future, because going forward this is more and more about data mining,” says Hans-Ulrich Engel, chief financial officer at BASF SE. “Over time you’ll see how to price products and services. The market is still moving.”
In the race to get ahead, the companies are amassing data on thousands of farms. After its $66 billion takeover of Monsanto, Bayer leads the way with access to information from 160 million acres. BASF, Syngenta, and DowDuPont are battling for second place, though it’s hard to say who’s ahead, as they assess their acreage differently. “While we’re building these models, the more data the better,” says Dan Burdett, who spearheads the digital efforts of Syngenta, which is expanding rapidly after China National Chemical Corp. bought the Swiss company last year for $47 billion. “We’re trying to establish the history and the baseline and do analytics.”
As the giants lock down contracts with farmers who tend millions of acres, smaller players say they can provide higher-value services to a more limited market. KWS Saat SE, which started selling seeds to German farmers in 1856, offers high-resolution satellite images of fields to spot when, say, barley has developed just the shade of yellow that indicates it’s ready to harvest. And it’s working on projects such as data-gathering robots that can spring across uneven, muddy fields to analyze crops and give early warning of trouble. “If a plant is in distress, it puts all its effort into its top leaves facing up toward the sun,” says Lorelei Davis, who oversees technology development at KWS. “That’s what you’ll see with a drone or a satellite, but below those leaves is where you see the problems.”
Riensche expects that by the time his children take over the farm, the data revolution will have transformed the business. With consumers demanding transparency in the food chain, information on how a crop was grown and its environmental impact will be enormously valuable. And if millers or brewers want corn or barley that’s a bit more sun-kissed or has a higher starch content, they could order it from a farmer at the start of the season and monitor its progress as it grows. “I’ve got buyers for my crop if I can provide them with this information,” Riensche says. With the right technology, “I can provide the whole story of how that crop was raised.”

Andrew Marc Noel, *Bloomberg*, 13 March 2019

Aerobotics named Best Technology Company of the year at #AfricaTechWeek

Agriculture company Aerobotics on Tuesday was named Best Technology Company of the Year 2019 at the first annual Africa Tech Week.
Africa Tech Week was held over the course of two days and featured technology thought leaders and innovators from around the African continent. The Best Technology Company of the Year award was the headline award of the ceremony.
The award recognises technological achievements with a sound strategy in place to ensure successful delivery of its commercial advantages and build shareholder value. Criteria for the award included demonstrating an outstanding and innovative product or service and relevant achievements the company has received over the years in the tech industry. Aerobotics Chief Operating Officer Tim Willis received the award on behalf of Aerobotics.
"We are honoured and excited that Aerobotics was recognised by such an esteemed panel of judges as the best technology company of the year. This is not only proof that the hard work we are putting

into helping farmers and the agriculture industry is paying off, but also that some of the best technology in Africa and the world is coming out of Cape Town," said Willis.
The Best Technology Company of the Year award featured a list of impressive finalists that have made a significant impact in their respective industries through technology. Judges for this award included Chief Executives, CIOs, heads of innovation and other technology leaders from around Africa.
Earlier in the day, Aerobotics CTO Benji Meltzer gave a presentation to the conference on developing drone technology to acquire better data for analysis by artificial intelligence algorithms for business success.
"There is a lot of impressive, impactful technology coming out of Africa. To be named the 'Best Technology Company of the Year' at Africa Tech Week with an impressive list of finalists means a lot to everyone at Aerobotics," said Meltzer.
Aerobotics processes data from drone and satellite imagery through its proprietary artificial intelligence software to discover and analyse problems, pests and diseases affecting individual trees or vines on a farm. In addition to health, the software also measures size, height and canopy volume. This type of highly accurate data empowers farmers to make better decisions in the field, so they can increase their yield and produce a more balanced crop.
The Africa Tech Week is a conference, exhibition and awards for African tech professionals. Africa Tech Week promotes digital transformation by connecting government, corporates and fresh talent in the tech industry. The event provides opportunities to interact with the business leaders shaping the way to the future.
"The main focus of Africa Tech Week is educating businesspeople, entrepreneurs and governments operating in Africa to ensure we can overcome the unique challenges faced on the continent," said Ralf Fletcher, Chief Executive of Africa Tech Week. Using technology to take advantage of the opportunities available in the modern world, we can ensure we survive and thrive in the Fourth Industrial Revolution."

Business Report, 12 March 2019

Durban harbour container volumes up almost 10%

The Port of Durban said that container volumes in the liquid bulk and dry bulk sectors were up 9.5% in 2018 and these were the highest volumes in the port in the last seven years.
According to data released by Transnet National Ports Authority, container volumes in Durban ended 9.5% higher for the year ending December 2018 at 2 956 670 TEUs (twenty foot equivalent unit) compared to the 2 699 978 TEUs in 2017. Of this, container imports grew by 10% in 2018 and exports by 17%.
Dry bulk volumes grew by 5.8% driven mainly by dry bulk exports while imports remained fairly stable. The biggest growth in imports was seen from rice and associated products, wheat, malt, fertiliser products, coal and coke, while maize, sugar and chrome ore exports also bolstered dry bulk volumes.
Liquid bulk volumes grew 3.1% from 28.231 kilolitres in 2018 to 29 million kilolitres in 2019. This was mainly attributed to demand factors as well as South Africa being a net importer of crude.
The port also noted growth in its automotive throughput with imports growing by 4% and exports by more than 15% year on year. The port handled a total of just over 487 000 units in 2018 which is the highest since 2013 when a throughput of 503 000 units was recorded.
Breakbulk volumes in 2018 were relatively on par with 2017 volumes.
Acting Port Manager Nokuzola Nkowane said: "The Port of Durban continues to work with terminal operators and other stakeholders to ensure improvements in terminal productivity levels for quicker ship turnaround times. Operational efficiencies are the focus to drive volume performance."

The Independent, 20 March 2019

Fruit sector ripe for harvesting benefits of the fourth industrial revolution

Opening an exhibition on the fourth industrial revolution (4IR) at parliament recently, science and technology minister Mmamoloko Kubayi-Ngubane stressed that SA plans to use the 4IR opportunities to deal with poverty, unemployment and inequality — but also that the country needs new skills for the industries and markets that will emerge. A point in case is the fruit sector which, as a high-value and labour-intensive industry with high export potential, is central to agriculture's contribution to economic growth.

Adopting and adapting to technological changes associated with the 4IR can have huge implications for the industry's global position. While the country is an established world player in specific fruits, it lags behind competitors such as Mexico, Peru and Chile. SA is also yet to maximise the substantial opportunities for export growth in high-value and in-demand fruits such as berries and avocados.

Research by the Centre for Competition Regulation and Economic Development (CCRED) at the University of Johannesburg shows that harnessing technological change is necessary for producers to keep up with escalating standards; to comply with the many, and complex, plant health requirements; and to adapt to climate change and environmental constraints.

Our research shows that key technologies in the global fresh-fruit industry that must be leveraged by local producers to remain relevant include electronic digital platforms and internet of things, biotechnology, and sorting and cold storage equipment. Collectively, these offer technological solutions to SA's key challenges in the fruit industry.

While mainly large players are adopting these technologies, an industry-wide scaling can benefit participation and market access for black farmers.

The growing number of increasingly more complex plant health requirements in export markets make it difficult for producers to comply and access export markets. The current paper-based and manual systems of export certification require technological solutions to cut down time wasted with frequent trips to government offices to sign paperwork, and eliminate human errors associated with manual data capturing.

A promising local development has been an electronic data-sharing platform, jointly developed by Fruit SA and the department of agriculture, forestry and fisheries. The platform, called Phytclean, captures data on orchards and growers' phytosanitary records for the issuing of electronic certificates. After a pilot phase in the citrus industry, electronic certification will be implemented in June this year from SA to the Netherlands.

Another core challenge in exporting fresh fruit is the high levels of congestion and delays at SA's main ports, which reduce shelf life drastically. The situation is particularly acute during peak seasons of major export products such as citrus. In 2011, the World Bank estimated that delays at the Durban port cost the local citrus industry $10.5m per season.

With delays at the main ports expected to increase as fruit export volumes grow, integrated digital platforms that link local producers' in-house systems to ports, logistics companies and shipping lines are crucial to foster better planning and faster movement of fruits. Digital solutions that reduce the cost of logistics and ease the export process could increase the value of exports and help new players to enter export markets.

The growing demand for quality fruit with a longer shelf life has spurred investments in high-resolution camera-sorting equipment and cold-storage technologies. Producers can grade and sort fruit according to external and internal characteristics, and store fruits for extended periods of up to 10 months.

These technologies enable more effective exports at higher prices by ensuring a longer shelf life and consistent supply of high-quality, defect-free fruit to global consumers.

SA in recent years, however, lost its lead position in controlled-atmosphere cold-storage technologies, mainly because of limited government funding and lack of private sector investment. At the same time, limited research and skills to develop new sorting technology mean that most producers import such equipment at escalating costs: a 10-lane piece of sorting equipment cost about R80m-R100m million in 2018.

The demand for fruit varieties that are adaptable to changing climates and more resistant to pests and diseases has been driving innovations in breeding technologies.

Though the fruit industry has access to locally bred varieties, more imported strains are entering the market due to underinvestment in local breeding programmes and quarantine facilities. The industry mainly still relies on imported varieties, particularly for berries.

However, imported varieties take two years in quarantine before commercial use. To remain competitive in markets that are constantly replacing old fruit varieties by improved ones, local breeding — especially of types suitable for worsening climates — must be promoted, and imported varieties processed timeously.

Ensuring fruit supply chains that can compete successfully on the world market calls for a systems integration by industry role players. The CCRED research shows that the local industry's adoption of technologies has been driven largely by the private sector. If policymakers are serious about leveraging technologies, partnerships and alignment of priorities between the government and the private sector are necessary.

The establishment of a presidential commission on the 4IR, announced by President Ramaphosa recently, is an important opportunity for considering the policy responses to technological changes in the fruit industry, and agriculture more generally. Our research points to several key considerations.

First are urgent investments in spectrum and internet infrastructure in fruit-growing (rural) areas to enable faster connectivity and flow of information. At the same time, talk of the 4IR is almost meaningless without cheaper data.

Another priority is that the government and industry move to electronic data-sharing systems and digital platforms, linking players in the value chain to address the challenges of limited data and to ease congestion at the ports.

Lastly, investments in quarantine facilities help improve local growing of new varieties relevant for climate change.

Shingie Chisoro-Dube, *Business Day*, 28 March 2019

South Africa is an important player on the global market of fresh fruit

South Africa is an important player on the global market of fresh fruit. Fresh vegetables hardly play a part in the export. In the past year, South Africa exported approximately 3.6 million tonnes of fresh fruit, valued at 2.7 billion euro. Seen in volume, South Africa is sixth, seen in value, they're the ninth export country of fresh fruit. For comparison: the Netherlands (re)exported more than 4 million tonnes of fresh fruit valued at nearly 6 billion euro in 2018.

Slightly less than half the South African export is focused on Europe. With nearly 20 per cent, the Netherlands is their most important buyer, followed by the UK with more than 10 per cent. China (including Hong Kong) comes third with 8 per cent and Russia is their fourth buyer with 6 per cent of the total.

The South African export of fresh fruit has continued to rise in recent years. According to figures of the South African tax authorities / Customs (SARS), the increase of export to EU countries, including the Netherlands, has practically come to a standstill. In 2018, SARS registered an export of fresh fruit to the Netherlands of 708,000 tonnes, just a fraction more than in 2017.

The UK is the second major buyer of South African fruit. According to SARS, this concerned 425,000 tonnes last year. This is quite a bit less than in 2017, but that decrease can be entirely attributed to the much smaller export of apples.

According to SARS data, growth markets were mostly China, Portugal, Canada, Bangladesh, the US, Iraq and Qatar, in 2018 as well.

The EU remains the most important (direct) sales market, with a volume of 1.52 million tonnes in 2018. This was practically the same as in 2017, but more than in previous years. Compared to 2010, South Africa exported a quarter (more than 300,000 tonnes) more to the EU.

The import figures for South African fruit in the EU are always a bit different from those of SARS. The trend has been the same in 2010-2018: +25%. According to Eurostat, the amounts are slightly smaller than according to SARS. This was mostly the case in 2017, the difference was less significant in 2018.

According to Eurostat, more South African fruit (8%) was imported in the Netherlands in 2018 compared to 2017. In 2018, this concerned 676,000 tonnes. According to SARS, 708,000 tonnes were exported to the Netherlands. An explanation for this difference could be that more than 30,000 tonnes of South African fruit was conveyed in transport via the Netherlands. Besides this 'actual' transit, an additional 150,000 tonnes of South African fruit is shipped via the Netherlands as 'quasi' transit. With this kind of transit, the product remains the property of a foreign company, but is registered by Customs and it's also taken into account in the import figures of Eurostat, as opposed to regular transit goods. Besides, there's re-export as well, although that amount is not known. With re-export, the South African product becomes the property of a Dutch company before being shipped across the border, and this is also included in the import according to Eurostat.

Asia is on the rise as a buyer of South African fruit. In 2018, 1.17 million tonnes was shipped to that continent. That was 6 per cent more than in 2017, and more than 60 per cent more than in 2010. China in particular is on the rise. Last year, (direct) export to that country increased by 70 per cent, to 180,000 tonnes. An additional 130,000 tonnes was shipped to Hong Kong. The products sent to China and Hong Kong are citrus, grapes and top fruit. Avocados are not shipped there because of the import ban.

Russia is also an important buyer of South African fruit, although sales to this country have fluctuated around levels of 210,000 to 240,000 tonnes for years. It was much less in 2016. Last year, it concerned 226,000 tonnes. Oranges are the most important product, followed by pears, tangerines and grapefruit.

With a third of the total, oranges are the most important export product by far. In 2018, the limit of 1.2 million tonnes was surpassed for the first time. The Netherlands is the most important buyer. With an excess of more than 40 per cent, China was the second-largest buyer last year. They are followed by Russia, Saudi Arabia and the United Arab Emirates. A remarkably large number of South African oranges are sent to Portugal as well. Compared to other products, relatively few South African oranges are sent to the UK. South Africa exports fair amounts of oranges to many other countries.

A third of the import of South African fruit in the Netherlands consists of oranges. Of the total Dutch import of oranges, 40 per cent is South African product. This even increases to three-quarters in the September-November period. On the other hand, the Netherlands is good for just about 20 per cent of the South African export of oranges.

The export of South African apples dropped considerably (-20%) to a level of 450,000 tonnes in 2018. The UK is the country's most important sales market. In 2018, export to the UK was nearly halved: from 153,000 tonnes to 83,000 tonnes. However, Eurostat's figures don't confirm this decline. It's surprising that export to the Netherlands increased considerably at that time: from 15,000 to 21,000 tonnes, although this is a modest amount considering the total import is around 3,000,000 tonnes. However, export also dropped, sometimes considerably, to a number of other important buyers.

South African apples are often sent to non-European countries. In Asia, Malaysia and Bangladesh are important markets, and a lot of apples are sent to African countries as well.
For South African pears, the Netherlands is the most important market, followed by Russia and the United Arab Emirates. Export to the Netherlands represents nearly 20 per cent of the total. Of the Dutch pear import, a quarter comes from South Africa.
With a share of more than 40 per cent, the Netherlands is a crucial buyer of South African grapes. Of the Dutch import of grapes, a third comes from South Africa. In January and February this concerns about 60 per cent. A lot of grapes are sent to the UK and Germany as well.
Lemon, grapefruit and tangerine are numbers 4, 5 and 6 on the list of export products. For lemons, the UAE are South Africa’s most important sales market, just ahead of the Netherlands. In grapefruit, the Netherlands are the most important market, ahead of China, Japan and Russia.
South Africa’s share in the Dutch import of grapefruit, lemon and tangerine is quite large with 25 to 30 per cent. From June to August, as much as three-quarters of all imported grapefruit comes from South Africa. Of all imported tangerines, more than half comes from South Africa from May to September.
In 2017, the South African avocado export experienced quite a slump: 38,000 tonnes. In 2018, the export recovered, and with nearly 80,000 tonnes it was even larger than before. South African avocados cannot be sent to China as yet. It’s therefore not surprising that 2 out of 3 exported avocados were sent to the Netherlands last year. South Africa’s share in the Dutch import avocados was 14 per cent in 2018. The share is about 20 per cent from May to September.

FreshPlaza, 13 March 2019

South African top fruit traders minimise exposure to European market

Europe is moving closer to self-sufficiency in pears and one encounters European pears in an increasing array of places, like the Middle East or the Far East, say South African pear traders.
The difficulty that South Africa encounters in the EU and UK this season is part of a long term trend in which the marketing window becomes slimmer for imported top fruit from the Southern Hemisphere, as Europe gives preference to its own fruit.
The transition between Northern and Southern Hemisphere supply has been bumpy. Everyone’s strategy is to avoid Europe this season, several traders tell *FreshPlaza*, but nowhere else have there been golden opportunities.
“Forelle is, after Packham's Triumph, the biggest export pear variety and the German market has become oversupplied. Therefore everyone’s looking for alternative markets,” says Gert Marais, category manager of top fruit at Delecta Fruit.
South African exporters have had to step away from the well-supplied European market, but there are insufficient options, says Thomas Mouton, top fruit marketing manager at Corefruit. Europe has enough Conference and Abate Fetel pears, making the Middle East, which likes a blush pear, the preferred recipient of Forelle. It has become more difficult to realise premium prices on Forelle, either in Europe or in the Middle East.
The first Forelle shipments are on the water, with harvesting tapering off this week.
Furthermore, the re-instatement of US sanctions against Iran has been a blow for the South African pear trade. “In the past large volumes of South African pears went to Iran via Dubai but with the renewed sanctions, banks find it difficult to obtain foreign currency. It’s a large segment of the Middle Eastern market that has closed for us,” Gert points out.
The top fruit market is elsewhere also under pressure. Russia is very tough, very price-sensitive with a lot of class 2 fruit and, one exporter points out, poses a large risk from a credit perspective.
Canada is a good market (mostly retail but some wholesale market) for certain varieties – Bartlett (Williams, or Bon Chretien), Packham and Forelle pears, Granny Smiths – but looking for large sizes.

When China opens for South African pears, which has been on the cusp of accomplishment for some years now, it will relieve pressure in the pear market. Chinese inspectors visited South Africa two weeks ago and now the industry is awaiting their feedback.
India's insistence on land-based cooling, versus in-transit cooling as is common practice, presents an ongoing challenge to the industry. South Africa has executed trials to show the success of in-transit cooling, but for the present the fruit destined for India has to be stored in cold rooms for 12 days before being loaded, congesting cold rooms in the process.
It is a large and promising market, one for which South African exporters can't afford not to go the extra mile, while hoping for regulations to be eased, as they've been waiting for a handful of years now. (It is speculated that India, in its turn, is waiting for certain concessions regarding its mangoes.)
No conversation about South African top fruit proceeds without reference to the heatwave in October last year, which has seriously knocked Packham volumes on the pear side, and red apples (for instance Top Red) on the apple side.

Carolize Jansen, *FreshPlaza*, 26 March 2019

More than half-a-million Rand donated to Karoo grower drought relief

The more than 15% average drop in production, and linked income, from the drought in the Western Cape figures don't accurately demonstrate the severe impact on some growers. Growers between Worcester and Villiersdorp, for example, were 46% down year-on-year.
Despite the reduced volume, Two-a-Day, the wholly grower owned apple and pear packing and storage business in Grabouw, managed to achieve good results for their growers thanks to further improving efficiencies by reducing costs in the value chain.
According to Two-a-Day Group Managing Director, Mr Attie van Zyl, more than 80% of the growers voted to contribute a per-carton amount towards the most needy of growers in the Karoo area of the Greater Western Cape, where the drought's impact was felt most severely. Those who didn't contribute were already involved in relief in other ways.
"Growers contributed R583 460 to Agri Western Cape who will be in the best position to manage the payout." Van Zyl says adding: "We wanted the amount to be ring-fenced for drought relief and also wanted all donations to be transparent and traceable which is why we enlisted Agri Western Cape to handle payouts where they will be the most needed."
Mr Jannie Strydom, CEO of Agri Western Cape said Agri Western Cape has been assisting producers in the drought stricken areas for the past four years by means of their drought relief fund that is audited by external auditors "It is really heart-warming when competitors in business put aside their individual businesses out of concern for the greater good and on-going support for those most negatively impacted. We have seen so much goodwill towards the agriculture sector during the drought, and we are thankful for it," he said.
Two-a-Day chairman Derek Corder is also involved with The Elgin Foundation which aims to support disadvantaged communities. "South Africa's fruit industry is all about people - we have chosen not to mechanise and rather to keep jobs for people who, in all likelihood, would be without work if it weren't for the fruit industry. This donation to support growers is so that they, in turn, can support their staff."
Tru-Cape Fruit Marketing is responsible for the successful sale of the apples and pears from Two-a-Day as well as from Ceres Fruit Growers. Managing Director Roelf Pienaar comments that it wonderful that even in a belt-tightening business phase people are always willing to be generous and to help others. "The kind of support the fruit industry provides is truly inspirational," he says.

FreshPlaza, 26 March 2019

An intense grape season

"When you throw together all of the factors we've experienced this year - early bunch necrosis, cold, rainy weather during flowering and harvesting and saturated markets to some extent at lower price points – you get a season like the past 2018/2019 season," says Johann Boonzaaier, head of operations at ACG Fruit.
"It's been tough, although we at ACG Fruit managed to increase production by 38% to reach 2.1 million cartons exported, with a lot of young promising cultivars coming into full production. It's been one of our less prosperous seasons, given lower product prices."
South African traders recount how they ran "slap-bang" into a wall of Peruvian grapes. Everyone was of course expecting to feel the ripples from the US-China trade spat, but the volume of grapes from Peru took everyone, European buyers too, by surprise.
"There was a period, from around weeks 48 to 50, when it seemed like everyone from Brazil to India was on the European market at once," remembers a grape grower-exporter from the early northern regions.
Hundreds of additional containers of grapes arrived weekly in Europe.
Peru and Chile are also influenced by their large neighbour. Brazil has lower import demand because of rising grape production for domestic consumption, and therefore later in the season Chile, too, sent more grapes to Europe.
Repackaging makes sense in years with a buoyant grape market but this year, coupled with depressed grape prices – two to three euros lower in general - it cost companies in the USA and Peru, but also in South Africa, a lot, says a grower-exporter, cutting into the bottom line.
Not all agree. "Over years we have been in the position to trial different packaging formats and we are of the opinion that the choice of packaging and cost effectiveness will differ from one market segment to the next," explains a grape trader for an international exporter. "This decision should be based on labour, the import cost of packaging material and product quality. Bulk packaging lends the opportunity to manage the risk in terms of ensuring that customer-specific requirements are met before distribution, where punneted product with issues might have a higher cost implication."
Rain when it rather shouldn't have rained, played a role in the Western Cape, and then there were the inevitable after-effects of years of drought, felt to variable degrees of keenness across the Western Cape.
In the Hex River Valley and the Berg River Valley, South Africa's last regions that are into their final weeks of harvesting, frequent small showers or even some quite substantial rain have made harvesting very onerous.
There are reports of vineyards that had to be abandoned, just prior to harvesting, because of their level of berry-shattering.
Bursting and berry-shattering in some varieties show up immediately in the vineyard, but others only show up burst on the other side and QC reports are anxiously awaited.
Retail has been a driving force behind varietal development, perhaps, some are wondering, an unintended incentive to fast-track promising new varieties to all of the country's climatically diverse growing regions (which can even differ within a farm), varieties which then didn't perform as well as initially anticipated.
This is made easier by the speed with which vineyards can be grafted and prepared for planting by nurseries, which takes three years to reach full bearing capacity when compared to tree fruit. The past few seasons were associated with relative high product prices served as proxy for investments in new plantings and establishments, notes an agricultural economist.
Some predict that the industry will start ridding itself of doubtful varieties, not trialled and tested to the full extent of South African climatic conditions, putting its growth prospects back three or four years.
"Varieties will have to be put under the magnifying glass," agrees an industry insider, who asked to remain unnamed. "Some varieties just are more optimal in certain areas and you have to look at

whether your yield is at a sustainable level. You're looking for constant returns and for that you need yields of 3,500 to 4,000 cartons per hectare, at the least."

"One of our technical guys invited me to look at vineyards prior to harvesting and packaging and ironically enough, Scarlotta and the last remaining Adora didn't shatter as anticipated, despite the high periodic rainfall and significant cooler weather which provided some relief and ended the season on a higher note. Adora turned out to be a real pleasant surprise," says Johann. "Promising cultivars like Cotton Candy, Sable, Scarlotta, Crimson and even Red Globe can be singled out, which performed well and showed their mettle on our Northern Cape and Berg River farms."

Crimson was reliable, as always, although there are some reports of shattering because of the rain in the Hex River Valley.

"A season like this has a silver lining in that it shows us that we have to think of other strategies to access new markets and to obtain shelf space," says a Western Cape grape trader, who includes certain cold treatment regulations in the protocols to lucrative markets as part of the hindrance.

"There are also opportunities that arise from a year like this one. You find that you have to investigate opportunities that you may not have considered if you didn't have to."

Carolize Jansen, *FreshPlaza*, 28 March 2019

This season's wines will be better quality – owing to the damaging drought

This year's grape harvest will be smaller than last year's because of the drought and October heatwave – but the quality of the wine is likely to be better.

The smaller harvest will mean a shortage of wine that will have to be made up by imports to meet local demand. About two-thirds of the country's wine grapes have already been harvested and based on this, the South African Wine Industry Information Systems has calculated that the harvest will be lower than 2018 – and that year was the lowest the harvest had been for 13 years.

The grapes – or "berries" as wine farmers call them – are smaller than usual this season, and there are not as many on a bunch. This is the result of the three-year drought that has hammered Western Cape agriculture, and also a result of the heatwave in October which reduced pollination during the vines' flowering season.

But according to Anton Smuts, chair of Vinpro, which represents around 3 500 wine producers, the smaller grapes produce better quality wine.

"The smaller berry has less weight and that usually gives rise to better quality. There is a lot of flavour in the husks, or skins, and the smaller the ratio between husks and juice, usually the higher the quality," Smuts said.

Melanie Gosling, *News24*, 27 March 2019

Wine makers turn tradition on its head with Drakensberg vineyards

SA's wine industry is centred on Cape Town. But pioneers far to the northeast are forging a new frontier in unlikely surroundings as changing weather patterns test long-held conventions.

Cathedral Peak wine estate's vines grow in the foothills of the Central Drakensberg, the towering range that forms a natural western boundary for KwaZulu-Natal. Producing wine here at 1,100m means turning tradition on its head and nurturing grapes in steamy summer rainfall, rather than the Mediterranean climate and cool, wet winters of the much more celebrated Western Cape.

Owner Mauritz Koster concedes that local farmers said he was crazy when he ripped out some of his maize fields in 2007 and planted grapes. Twelve years on, he is cultivating merlot, cabernet sauvignon and pinotage, the South African-developed cinsaut-pinot noir hybrid. The wines, made by Flip Smith, are winning local awards.

"The summer rainfall adds a novel aspect to wine making and that, I believe, adds to its uniqueness," Koster said on his farm as the 2019 harvest got into gear on a warm February afternoon. While his pinot noir vines are "showing promise," white-wine varietals such as sauvignon blanc have proved less able to cope with the conditions.

Daytime temperatures are about 32°C in January and February, which means the fruit must be picked before their sugar content runs riot. Then there's the hail, a feature of the summer months that requires Koster to protect his vineyards with nets. The vines run east to west to give the prevailing wind the best chance of drying them out after storms. Even so, the grapes must be sprayed for protection against mildew, the destructive white rust that flourishes on moist vines.

At least Koster and Smith don't have to fret about the changing rainfall patterns and record drought that have caused years of anguish in the vineyards of the Western Cape. Changes to the climate have been a factor in the declining number of producers in the province, which local industry group VinPro says has dropped by 25% in the past decade.

SA is the world's ninth-largest wine-making nation, supported by producers in emerging areas far from the Cape's Stellenbosch and Franschhoek heartlands. Koster and Smith aren't alone in KwaZulu-Natal, where the area under vine is increasing. Wines are also bottled by the Abingdon and Highgate estates in the Lions River district to the south east.

Local recognition for Cathedral Peak includes winning, appropriately, "most innovative wine" at the 2017 Michelangelo competition. "Platter's," a 700-page guidebook clutched by South African wine lovers as they tour estates for tastings, says Smith, a third-generation wine maker from the Robertson area, "deals with challenges that might shock his Western Cape counterparts".

The estate's merlot has "expressive fruit", according to the 2019 edition of the volume, while the pinotage displays "prosciutto" and "salty liquorice savoriness." Both cost R160 at the cellar door.

Koster intends to expand the size of future harvests through what he calls an outgrowers programme that started in 2016, involving commercial and subsistence farmers in the surrounding community. That will boost the area planted with vines to 90ha by 2021, compared with the 29ha on the farm.

The initiative has backing from the government, which has agreed to provide about $11,000 for each hectare over five years, with the proviso that 30 jobs be created at each site. If the plans go well, opening a new wine frontier as SA contends with climate change may tackle another of the country's problems —unemployment.

Derek Alberts, *Bloomberg*, 6 March 2019

New set of guidelines signed by liquor industry

The liquor industry has signed guidelines ensuring its members' commitment to good business practices for South African companies operating in Africa.

The signing by key liquor industry role players Distell, Heineken, Diageo, Pernod Ricard, SALBA and Vinpro took place during a ceremony in Cape Town yesterday.

Trade and Industry Minister Rob Davies told signatories that the guidelines aim to encourage companies to align their involvement and practices with the South African government's integration and development objectives in the continent, and build mutual confidence, trust and benefit for the companies and societies in which they operate.

"In line with South Africa's and the continent's developmental integration ambitions, the guidelines represent a proactive initiative by the government to promote responsible business conduct and good corporate governance by the South African private sector in their business engagements in the continent," said Davies.

“They are a voluntary set of principles and standards that seek to ensure that the operations of various South African businesses abroad are in compliance with the laws of the countries in which they operate, as well as aligned with and in support of government policies and the developmental approach to regional economic integration in the African continent,” he added.
The guidelines did not place additional bureaucratic or legal obligations on companies but ensured alignment is created between the government and the private sector in their engagements with the continent, particularly in advancing Africa's developmental agenda.
Industry Association for Alcohol Responsibility and Education chairperson Rico Basson said: “Signing the Guidelines for Good Business Practice binds the liquor industry to a set of principles and standards that will ensure business conducted across Africa will comply with the laws of the countries in which they operate.”
Distell representative Wim Bierman said the way his company conducted its business in Africa was crucial and that it needed to ensure that it did the right thing.

Raphael Wolf, *Cape Times*, 1 March 2019

South Africa will export a record 137 million boxes of citrus this year – and other countries are getting upset

Following bumper lemon and mandarin plantings, South Africa is expected to export a record 137 million boxes of citrus fruit to more than 100 countries this year – the second record year in a row.
This is despite a 3% fall in plantings of Valencia oranges, which represent almost 40% of the citrus export market.
There has been a big increase in plantings of lemons and soft citrus like mandarins (naartjies), said Justin Chadwick, CEO of the Citrus Growers' Association. This helped push the expected total export crop higher by almost 1%, compared to the previous year. Exports should start leaving South Africa in May this year.
Last year’s export crop yielded nearly R19 billion in sales across the world. More than 92% of the total income of the local citrus industry comes from exports.
South African farmers have planted a record large area of citrus after the success of previous seasons, he added.
In particular, the Robertson area in the Western Cape has seen large plantings, as farmers replace wine grapes (which give a lower yield) with citrus. Many of the new trees are under protective netting, which shields the citrus against sun damage and is more water efficient. Where it usually takes about five years for a citrus tree to start yielding fruit, under netting this can be reduced to only three years, according to Chadwick.
Limpopo – especially near Lydenburg and Burgersfort – has also seen large citrus planting thanks to water sources and reasonable land prices.
But South Africa’s bumper exports to Europe are starting to see pushback in the Spanish media, with producers complaining that South African producers are encroaching into “their” season, says Chadwick. Due to seasonal differences, there used to be only a small overlap between South African and Spanish citrus exports – this has grown in recent years as South African exports expanded.
South Africa’s exports to China have also come under fire after local producers flooded the market with grapefruit last year.
Chadwick says there was a large oversupply of South African grapefruit in the Chinese market, which pushed prices down.
“The Chinese and Europeans bought so much [South African] grapefruits, even their cold storage rooms were filled up to the nooks. Naturally this resulted in very low prices, they were so low people told us to delay our harvest while waiting for better prices to hit us.” Betsalel Ohana, export manager for agricultural group Planet Israel told the fresh produce news platform *FreshPlaza*.

Hopefully South African grapefruit exporters have learned their lesson this season and will moderate exports to that market, says Chadwick.
Still, while the grapefruit market has been saturated in China, he believes there is still room for South African mandarin exporters to grow their market share in that country.

Helena Wasserman, *Business Insider SA*, 19 March 2019

Local citrus industry bears fruits of its labour with record exports

The Citrus Growers Association estimated on Wednesday that Southern African region would export a record 137 million boxes to more than a hundred countries in 2019.
The association's final figures on export forecasts will be released on Friday, but the current estimates represent an increase of 0.7% year-on-year.
CEO of the CGA Justin Chadwick said in a statement that the rise in exports could bring job opportunities, more foreign exchange revenue and economic growth.
"The citrus industry has enjoyed two record crops for the export market in succession. Last year's crop yielded a revenue of nearly R19bn," said Chadwick.
The statement said growth was mainly driven by soft citrus and lemon, despite the fact that net growth in these categories was "somewhat muted due to a 3% decline in valencia oranges".
"Valencia oranges make up the biggest portion of the citrus export market at 39%, followed by navel oranges (20%), lemons (16%), soft citrus (13%) and grapefruit (12%)," the statement said.
Chadwick said the increase was the result of resilience in the citrus industry, and its ability to adapt to technological changes and overcome challenges.
"Our local citrus industry is one of the country's most important fruit groups by value and volume. It yields a revenue of over R20bn per year, of which 92% comes from exports, and provides jobs to more than 100 000 people," Chadwick said.

Khulekani Magubane, *Fin24*, 24 March 2019

WAO responds to environmental concerns about avocado

Avocado consumption continues to grow around the world and with it so do the concerns about the environmental impact that this 'thirsty' crop is causing in producing countries, such as Mexico or Peru.
In a recent interview for BBC Sounds, the president of the World Avocado Organization (WAO), Xavier Equihua, stated that the member countries of this group were constantly raising awareness among their farmers and using new technologies to consume less water in the production of avocado.
Asked about the decision of some restaurants in the United Kingdom to boycott this fruit, as its cultivation requires more water than other agricultural products, Equihua said that these were "sensational claims that happen because when you are popular, people tend to love you or hate you. And the avocado is currently a celebrity of the fruit world."
"The average water footprint per kilo of avocado is low compared to the water needed to produce the same amount of beef," said Equihua in the podcast The Food Chain.
He also said that global consumption of avocado had also been driven by people's desire to eat healthier; "Vegans and vegetarians consider avocado as their meat, it's a combination of factors: it's delicious, versatile, and healthy."

FreshPlaza, 7 March 2019

How a small farmer became South Africa's biggest pineapple producer

Mark Harris is the largest pineapple producer in South Africa, in the most southerly pineapple production region in the world. The region around Bathurst accounts for 70% of South Africa's pineapple crop by weight, with the focus on production of Smooth Cayenne, a cultivar used primarily for juicing. Queen, the most popular variety for eating, is produced mainly in the Hluhluwe area of KwaZulu-Natal.

The southerly Bathurst pineapples take longer to grow than those produced by the world's major growers, such as Thailand, Indonesia and Vietnam. The additional growing time leads to higher acidity levels and an intense flavour, which ensures a strong demand by juice manufacturers overseas.

Harris moved to the Bathurst area in the 1980s after finishing his studies in agriculture at Cedara College of Agriculture and working as an extension officer at Langeberg Co-op. After two years, he decided to start his own farming venture and bought a small lifestyle farm near Bathurst from his father.

Virtually all the pineapples produced in Bathurst are destined for juicing and export. Processing, as mentioned, takes place at an East London-based factory, which Harris says is largely owned by farmers and farmworkers. The latter are represented at board level through a farmworker trust.

The Eastern Cape Development Corporation is also involved as the development funding institution, and there are a number of commercial shareholders. The factory has an installed capacity to convert 100,000 t pineapples a year into juice or juice-related products. Current production is about 80,000 t.

Langholm Farms comprises about 1,870 ha and has leased an additional 150ha to bring the total area to just over 2,000 ha. Roughly half of this is used for pineapples. Harris says that about 680 ha are planted to pineapples at any given time, with another 280 ha of land being cycled into or out of pines. He replaces about 20% of the planted area every year.

Farmer's Weekly, 7 March 2019

As demand for rooibos soars, nature curbs farmers' ambitions

SA farmers are lining up to plant more rooibos tea as demand for the anti-oxidant-rich red brew it produces grows, but a natural limit on suitable land may mean supply will struggle to keep pace.

In 2018, rooibos, which only grows in a small, drought-stricken part of SA's southern tip, was being farmed on almost 65,000ha of land. That was up 12% on 2017, itself a record year, according to industry body The SA Rooibos Council.

The global herbal tea market is growing at 7% a year, according to data from Euromonitor International, and rooibos — with an established reputation for carrying health-giving properties — is increasingly popular.

Some established farmers expanded their harvests last year while others grew the crop for the first time. Rooibos processors are trying to project a picture of a maturing industry able to deliver security of supply to global brands such as Nestlé and Unilever.

Years of dry weather throttled yields and pushed the price of the tea up by 18.5% in 2018, but some producers now expect supplies to be replenished, helping them venture into new markets, including in Asia and the Middle East.

Dawie de Villiers, MD of processor Cape Natural, told *Reuters* his firm's investments in recent years has focused on supply, but that could now shift to the other end of the pipeline: building its client base and entering new markets. "We haven't done that for a long time," he said.
Martin Bergh, boss of the largest processor Rooibos Ltd, said he expects this year's crop to be 20% to 30% bigger, giving new impetus to an existing "gentle" push into China and Southeast Asia.
Wessel Lemmer, senior agricultural economist at Absa, said more frequent droughts could mean trouble for the plant, which doesn't tend to be irrigated and relies on specific climatic and soil conditions for survival.
"If they become the norm, we will have a problem," he said, adding that some producers are starting to apply irrigation but it is too early to tell if it will be successful.
Hans Moller, who planted rooibos for the first time in 2018 and plans to expand his crop over the next three years, said rooibos is relatively hardy. One factor that tempted him to farm it was expectations of hefty future demand relayed by existing processors and exporters. "In the long term, most of them predicted that in the ... Western Cape we could not produce enough if the demand keeps going."

Emma Rumney, *Reuters*, 2 March 2019

Rooibos tea is big in Japan

Rooibos is gaining popularity and tea lovers around the world are getting hooked.
Japan, the largest tea drinking nation in the world, is the latest country to fall in love with Rooibos with more than 2000 tons being shipped to its shores last year.
When it comes to tea, the Japanese are spoilt for choice with more than 26 different types of teas, but Rooibos is fast becoming a favourite.
However, breaking into the Japanese market hasn't been easy as Martin Bergh, Chairperson of the SA Rooibos Council (SARC) explains.
"They have more than 26 different types of tea to choose from, which range from their traditional green tea varieties to jasmine and barley tea or 'mugicha' as it is known among the locals, so Rooibos has been up against stiff competition," says Bergh.
Over the years, Rooibos has carved a niche for itself as a refreshing health tea, which has resonated with the ultra-health-conscious Japanese market. Today, it counts among the leading teas in Japan's 'Healthy Tea' segment."
Exports to Japan has more than tripled in the last five years as Rooibos' presence increased in mainstream supermarkets with many launching their own private label products.
Popular restaurant chains have also done a lot to promote Rooibos in Japan.
Instead of serving water with their pork bone broth, which is a traditional favourite, they switched to Rooibos tea instead as they felt its clean taste complemented the dish better.
As the Japanese are purists and therefore prefer to drink Rooibos tea unflavoured, without any milk or sugar.

IOL, 15 March 2019

Farmer's 601.8kg pumpkin helps him win Giant Pumpkin Festival

A Villiersdorp farmer was crowned the 2019 champion at the 9th annual Giant Pumpkin Festival in Heidelberg this weekend with a pumpkin weighing in at 601.8kg.

Jacob du Plessis from the Vyeboom farm near Villiersdorp said: “It’s third time lucky. The furthest I have come in the competition before was in 2017 when I came fourth with a pumpkin of over 300kg.
“I knew my pumpkin was a contender for one of the top three places, but was still surprised when it came out tops.”
His monster pumpkin was just short of the South African record of 613kg, held by Peet Joubert. Second and third places went to husband and wife duo, Piet and Elizna Lotz from Riversdale, with pumpkins weighing 510.6kg and 460.8kg respectively.
The winning pumpkin was grown from seeds specially harvested from one of last year’s biggest pumpkins at the Heidelberg Giant Pumpkin Competition. Along with the sought-after title, Du Plessis received R17500.
Second and third place received R8000 and R4000 respectively.
Prize money was sponsored by Shoprite and Checkers and additional prizes were also awarded for the prettiest and ugliest pumpkins.
The two-day Pumpkin Festival is a one-of-a-kind event with a variety of stalls and activities for the entire family including a MTB race, trail run, golf competition, bowling competition, 4X4 challenge, potjiekos competition, funfair and live music.
In keeping with Heidelberg’s strong community spirit, all proceeds from the festival will be ploughed back into the town, the organisers said.

Cape Argus, 28 March 2019

Pioneering barley in the Swartland

In 2013, when Gert Claassen and his father Koot exchanged the fertile maize lands of Delmas in Mpumalanga for the wheat lands near Malmesbury in the Western Cape, they were looking for ways to combine quality of life with the opportunities that the beautiful Swartland held.
“Because the Swartland is such a stable wheat- and sheep-producing region, wheat rotations here have traditionally been limited to medics and canola. Coming from the Highveld, I struggled with the idea of planting only one main crop, so I started working on alternatives,” recalls Claassen.
One such alternative was barley, but past attempts to establish it as a commercial crop in the Swartland had been unsuccessful, according to Claassen.
This was because Clipper, the only variety planted at that time, was ill-suited to the region’s climatic conditions and production practices.
His search led him to a malting barley trial programme in the Swartland aimed at establishing a new high-fermentation variety, S5.
A handful of farmers were participating in the programme, which had been running for three years by the time Claassen joined.
However, the trial was halted after the fourth year.
“I’m not too sure why, because I was very satisfied with the results. The yields were good, and nitrogen levels, always one of the biggest quality constraints in the Swartland, were acceptable for normal malting grade,” he says.
In 2014 and 2015, in the absence of regional contracts, Claassen supplied SAB Miller (later to merge with AB InBev) under a contract with Unigrain in the Southern Cape. He produced S9 (Agulhas) and S12 (Hessekwa) barley varieties on 800ha.
His rotation over the 3 200ha cropping area consists of two years of wheat, followed by one year of barley and one year of canola, which is shared with seed potatoes. Irrigated maize is then planted as a summer crop to produce silage for the local dairy industry. In addition, the family farms irrigated wine grapes on 100ha.

In 2014, the Claassens, in conjunction with Unigrain and Pretoria-based company Afgri, built a 12 000t capacity silo on their farm, giving them more control over the flow and storage cost of their product. This laid the foundation for the beginning of a Swartland mandate.
After the 2015 drought and problems with malting quality, Claassen realised that he had to increase production in order to manage risk better.
At this time, Afgri, with whom the Claassens had had close relations for over 40 years, handled the northern contracts for SAB Miller. Claassen therefore approached Afgri to help make a Swartland production mandate possible.
"At first, only a few friends joined in the production of malting barley in 2016, but the good performance of the barley during that year helped to spark more interest," he recalls.
He adds that Afgri is extremely open to new ideas.
"When I told them about our challenges in establishing barley in the region, they secured a supply contract with AB InBev to manage the Swartland contract and we entered into a partnership agreement. The storage infrastructure on our farm was then enlarged to 32 000t. The company has since also secured premises near Moorreesburg, which, with their existing Klipheuwel bunker, brings total barley storage capacity for the Swartland to 120 000t."
The first year of the new venture proved to be disastrous because of the drought. Farmers produced an average of 1t/ ha of malting barley, with the total crop amounting to only 3 200t of the envisaged 12 000t.
"In spite of our failure to meet the target, AB InBev and Afgri increased our offtake mandate to 24 000t for this season, which means we can enlarge the area under production from 3 200ha to 6 500ha. Climatic conditions are more normal this season, so we're confident of meeting the target comfortably," Claassen says.
The plan is to increase the mandate with AB InBev to 75 000t over the next three to five years, after which production will be sustained in line with AB InBev's demand.
"Market access is a bit of a constraint, as there's only one commercially viable buyer. Microbreweries are not really players as they don't have the capacity or infrastructure to take large enough volumes from farmers. That could change if they had an intermediary that managed the volumes and quality on their behalf."
The key to successful production is to conform to the strict quality regulations of the malting company, otherwise the barley can be downgraded to a lower quality, with prices up to R1 500/t lower than for malting barley.
"South Africa produces some of the best barley in the world, but our risks are also significantly higher than anywhere else. We're one of the few countries that aim to produce malting barley from the start. In most countries, barley is planted for the feed market as well, and only the best quality is sent to the malting market. There is also the fact that many countries producing barley in Europe are heavily subsidised," Claassen says.
Swartland farmers are not satisfied with the price they currently receive for their crop.
"The price is derived from B1-graded wheat. In the Southern Cape this amounts to 97% of the B1 wheat price per ton, while ours amounts to 92% of the B1 wheat price. The argument – which is incorrect – is that Swartland production costs are lower than in the Southern Cape. We feel another model is needed to calculate the price, as the current price is not sufficient to cover our production risks."
A high nitrogen level is the main concern when growing barley; the level rises significantly when it does not rain in September, resulting in small seed.
To overcome this challenge, Claassen has started planting his barley two weeks earlier than before; this is done along with canola during the last week of April to the first week of May.
The result is earlier seed set (before mid-September), enabling him to harvest the barley at the end of October.

Barley, like all small grains, does not like competition in the land, so volunteer wheat and weeds are sprayed with Roundup before planting to ensure a clean seedbed. Barley seed is planted with a John Deere 1990 CCS coulter planter at an inter-row spacing of 190mm.
Each planter can plant 100ha/day.
"We aim to average 300ha/ day to hit the optimal seeding window," says Claassen.
Since starting with barley, he has reduced his seeding density from 70kg/ha to 55kg/ha.
"By doing this, you lower inter-row competition between plants and in effect boost the development of stronger, more resilient plants, particularly in terms of their root systems," he says.
Omnia and Intelligro have developed a management programme for Claassen's barley based on soil and leaf analysis in the productive stage of the plants, and this is adjusted during the season according to plant performance and climatic conditions.
Potassium and phosphorus are applied at the same rate as for wheat, while nitrogen is applied at a lower rate. Depending on soil conditions, nitrogen is applied at 50kg/ha to 70kg/ha before planting and an additional application is made before the plant enters the four-leaf stage. This brings total application of nitrogen to between 75kg/ ha and 80kg/ha.
"As with all small grains, timing is everything with barley. Doing something too late can make a big difference at harvest time," Claassen says.
Despite the high risks, malting barley is usually more profitable than wheat when its quality is good, as most farmers produce 0,5t/ha to 1t/ha more malting barley than wheat.
Input costs are also slightly lower than for wheat, mainly as a result of lower fertilisation costs.
In addition, barley helps farmers to diversify and lower market risk by breaking the cycle of continual wheat delivery and oversupply; this enhances the sustainability of wheat production.
"In one way or the other, we have to start managing the oversupply of wheat in the main production areas," says Claassen.
Barley also helps break the chemical cycle in that farmers can rotate the active elements of herbicide and fungicide.
"The soft stubble of barley may also have a faster effect on soil health, although this is still to be proven," says Claassen.

Glenneis Kriel, *Farmer's Weekly*, 17 March 2019

Winelands 'facing severe eviction crisis'

While a Cape Winelands family of 11 is challenging eviction from a house they have lived in for 38 years, the Supreme Court of Appeal (SCA) has thrown out an appeal by a property developer against the removal of two other families.
On the borders of Paarl and Wellington, Zonwabele May, his wife Nomabongo, their four offspring and their partners, as well as three grandchildren were evicted on Tuesday from Windmeul Kelder wine farm where they had been living for 38 years.
They said they were left at the side of the R44 road with their belongings after armed security guards forced them out.
Yesterday, lobby groups and activists, including Women on Farms Project (WFP) and the Rural and Farmworkers Development Organisation (RFDO), supported the family's demonstration at the gates to one of the wine farms.
Zonwabele's son's partner, Elna Brown, 27, said that 10 years ago Zonwabele was fired for allegedly selling alcohol from his home, and that was when the trouble started.
"Over the past two years we received continuous letters telling us we must leave. We turned to the Department of Rural Development and Land Reform for help, who provided us with a lawyer.

“The matter finally went as far as the Land Claims Court in Randburg, but we were not happy with the lawyers. The last we heard, the department’s lawyers met with the cellar’s lawyers and reached an agreement in August that we must be out by January.

"We refused and there was nothing until these big private security people came with a thick document and put us out,” she said.

Brown said the Drakenstein Municipality was providing them with temporary accommodation in a hall.

WFP co-director Collette Solomons said it had approached the Rural Development and Land Reform Department to intervene by providing lawyers.

“Solomons said that the Cape Winelands faced a severe eviction crisis with the organisation receiving daily calls for help from farm dwellers and workers,” Brown said.

Early last year, the Drakenstein Municipality acknowledged that it had become “a hot spot for evictions”, with an estimated 20 000 people affected by pending eviction matters.

Approached for comment, the offices of Windmeul Kelder promised to forward a statement. Neither they nor the department had done so by deadline.

Drakenstein Municipality community services acting executive director Jonathan Marthinus said: “The municipality, upon being made aware of the circumstances of the eviction, approached the evictees to help.

"The municipality offered the evictees temporary accommodation in New Orleans Park until Monday, April 1. We also provided them with food parcels and water, which were delivered to them last night.”

Separately, the SCA this week struck two appeals by Tadvest Industrial from the roll on the ground that it did not have the jurisdiction to entertain them.

The investment holding company had appealed the Land Claims Court’s decision to overturn an eviction order of the Hanekom and Jacobs families in Stellenbosch. The Stellenbosch Magistrate’s Court had previously granted the eviction orders. On appeal by the families to the Land Claims Court, the orders were set aside.

Tadvest Industrial was then granted leave to appeal to the SCA. However, certain sections of the Superior Courts Act limited the Land Claims Court to the high court in civil proceedings.

This meant that the LCC did not have the power to refer the matter to the SCA. “In the result, the LCC sitting as an appeal court did not have the power to grant leave to appeal to this court. The order is a nullity and this court has no jurisdiction to entertain the appeals.

“When it was clear to counsel for the appellant that this court was unable to entertain the appeals, counsel then asked that special leave to appeal be granted to the appellant.

"The parties were aware by no later than the end of January 2019, in terms of the letter from the registrar of the concerns of this court in relation to the issue of jurisdiction,” the SCA found.

It said there was ample time to bring an application.

“Simply put, no case was made out by the appellant why special leave should be granted, and no attention was paid to the requirements that have to be satisfied, before special leave may be granted by this court.

“The informal request was therefore refused,” the SCA ruled.

Dominic Adriaanse, *Cape Times*, 28 March 2019

Black farmers in province tell Zokwana of their struggles

Minister of Agriculture Forestry and Fisheries Senzeni Zokwana heard first-hand the struggles of black farmers in the Western Cape.

This was during a meeting in Stellenbosch organised by lobby group African Farmers Association of SA (Afasa) in partnership with research organisation the Agricultural Research Council (ARC), which is overseen by the Department of Agriculture, Forestry and Fisheries (Daff).
Small-scale farmers and representatives of farming associations attended the meeting, considering it an important step in addressing the under-representation of black people as farmers in the agricultural sector.
According to Afasa, only 1% of agricultural land in the Western Cape is in the hands of black farmers and the entire value chain of the sector is white-owned.
The 2017 land audit showed that land ownership patterns in the country were still skewed, with whites and corporate entities owning 82% of the land, while 17% belonged to the state.
The audit's breakdown by race showed that whites owned 72% of land while blacks had 23%.
In 1994, the government promised to distribute 30% of the land, but it took 24 years to transfer just 5% to 10%, at a cost of about R55billion.
Zokwana said agriculture was going to be central in the sixth administration as outlined by President Cyril Ramaphosa.
"As a department, already we have set up blended finance for small-scale farmers and the land bank has been given additional funds for their business propositions.
"Various developmental finance institutions are now going to finance agriculture projects too," Zokwana said.
"With the advent of the looming amendments of Section 25 of the Constitution for land expropriation without compensation, government will focus on growing emerging farmers.
"Unused land will be expropriated for them, to be used productively."
Zokwana said water was central to a new revolution of increasing farmers and farming itself.
Afasa Western Cape chairperson Ismael Motala said: "This dialogue is not because of the elections, but we have to be able to say: how do we form a clear dialogue with national government?
"We need this dialogue in terms of the Western Cape, as this province's agriculture is the most unique in the country," said Motala.

Dominic Adriaanse, *Cape Times*, 15 March 2019

Thudana Citrus Trust: A win for black empowerment in agriculture

The San Miguel company has launched the Thudana Citrus Trust, a trust whose beneficiaries are San Miguel Fruits South Africa (SMFSA) and Sunnybank Pack House employees. The trust gives a select number of employees 30% ownership of the Thudana Citrus Company; a broad-based black empowered ownership scheme.
The Thudana Citrus Trust aims to play a constructive role in empowering black people in the Eastern Cape citrus industry by facilitating participation in the citrus value chain. San Miguel sees the move as a way to empower communities and to grow human capacity. The company is investing in its employees in the Sundays River Valley and donating shares in Thudana Citrus while providing the new shareholders with the training and development that will help them understand the responsibility they hold as trustees and as board members.
"This initiative isn't just handing a farm to our employees," says Andries du Preez, country manager, San Miguel Fruits South Africa. "Thudana Citrus is a complete citrus operation and our aim is to empower the community in the long term through education, training and by providing a unique opportunity to become part of a fully-functioning citrus company."
In June 2018, SMFSA invested in additional citrus operations in South Africa with the aim of introducing a black economic empowerment (BEE) trust as a shareholder of the acquired businesses.
The investment included:

- 40% of Sun Orange Farms, a citrus producing farm in the Kirkwood with a cultivated area of approximately 242 hectares,
- 100% of Thudana Fruit, through which fruit is sold to the local market,
- Sun Citrus Packers with assets which include a pack house with two lines and a maximum capacity to pack 140,000 bins (56,000 tons).

FreshPlaza, 14 March 2019

Afgri to assist those in dire financial need in SA agricultural sector

Agricultural services group Afgri said on Tuesday it had launched a not-for-profit company to assist those in dire financial need in South Africa's farm sector.
"We want to make a meaningful difference in the areas we operate in, aside from our service and product offerings," Afgri CEO Tinus Prinsloo said.
"We have therefore established this fund into which we have made an initial injection of R3 million."
The fund will extend financial support particularly to those operating within the Afgri ecosystem and geographic areas and affected by drought, hail, foot and mouth disease, armyworm invasions and wildfires, among other disasters.
In 2016, during one of the worst droughts ever in South Africa, Afgri donated R5 million in aid to affected farmers.
Afgri is just another organization uplifting the agriculture, in January 2019, The department of agriculture in the Western Cape province has disbursed R 8.3 million in drought support to 586 farmers in the central Karoo region.

African News Agency, 5 March 2019

A battle for raisins and foreign currency

A game of chess is underway in South Africa's agricultural hinterland as players position themselves to dominate in SA's agricultural sector.
JSE-listed African Rainbow Capital Investments (ARC) is one. It acquired a minority stake in Acorn Agri in 2017, an acquisitive investment holding firm with investments in Overberg Agri, Agpack, Montagu Dried Fruit and Lesotho Milling Co, and an eye on a JSE-listing.
In this effort, it is not ARC, but one of its portfolio companies that is coming head-to-head with Senwes, a 100-year-old former co-operative that dominates SA's mielie heartland and earns R432 million in profit annually.
The companies are tussling for control of Upington-based agricultural co-op KLK Landbou, a smallish operation with interests in livestock trading, agricultural produce, building supplies, meat sales, hide tanning, and vehicle and fuel sales. Of particular interest might be its 50% stake in Carpe Diem Raisins, which exports about 10 000 tons of raisins – 22% of SA's production – to foreign buyers annually.
Annual sales for the group top R2 billion and profits in 2018 were R46.3 million.
The battle was sparked some months ago when Subtropico, which is 25.1% owned by ARC, bid R17.50 a share for KLK to value the business at R300 million. Subtropico, which already owns a 30.6% stake in KLK, is a market agent, representing some 6 000 producers around the country and supplying produce to most of the city markets across the country. Its subsidiary Vleissentraal is one of the biggest livestock auctioneers around.
Incidentally, Piet Viljoen's Re:CM owns 5% of KLK.

Not to be outdone, in December KLK 'neighbour', the Klerksdorp-based Senwes, entered the fray, bidding R18.50 a share for KLK, valuing the company at R318 million.

"Given its geographic locality, I would argue that Senwes sees KLK, with its retail and fuel footprint, as an ideal fit into its North West Province heartland," says small-cap analyst Anthony Clark, who follows SA's agricultural sector closely.

"Senwes, which in 2018 had R9.5 billion in revenue and profit before tax of R432 million, has an extensive range of operating activities and controls a quarter of SA's commercial grain storage capacity. Getting together with its smaller neighbour seems a much better transactional fit."

A combined circular, from KLK and Senwes, and detailing the Senwes offer will be posted to shareholders before the end of March. Until this process is complete group CEO Francois Strydom is reluctant to talk to the media.

Meanwhile, Subtropico revised its bid for KLK, raising it to R19 a share after a fair & reasonable statement by Ernst & Young valued the business at between R19 and R23.50 a share. "This represents a 21.8% premium on the share price of R15.60 as at 27 September 2018, which is the day before KLK made a cautionary announcement," says Subtropico financial director Burger Botha.

He says that there are real synergy opportunities between KLK and Subtropico. In addition, he says, Subtropico and its partners have healthy balance sheets to fund future growth of KLK and its underlying businesses.

The Subtropico offers expires on 31 March.

"The fact that the KLK board took on Subtropico via a fair & reasonable suggests there is no love lost between the parties," says Clark. "KLK is a good fit with neighbouring Senwes. I don't see much tension between those parties and (KLK) being part of a farmer-led business rather than a mere piece of a larger private equity type conglomerate may soothe board tensions on the bid.

The stakes are relatively high. If the Subtropico offer of R19 per share expires, Senwes is, according to its offer documentation, in a position to lower its offer to R15 per share.

While KLK is a smallish business, its geographic location and range of business interests make it enticing to the bigger entities in the sector.

"We are still in a period of consolidation and it seems likely that in the future four or five large companies will dominate the sector – you need a huge balance sheet to keep agriculture going," says Clark.

The biggest players at the moment, he says, include Kaap Agri, Afgri, Senwes, TWK Agriculture and investment holding companies Zeder and Acorn.

Sasha Planting, *Moneyweb*, 1 March 2019

Banking & Capital Markets

Jobs Fund bears fruit with 220,000 sustainable jobs, parliament told

The government's Jobs Fund is beginning to yield results and more than 220,000 sustainable jobs have been created to date, parliament heard on Tuesday.
Briefing members of the standing committee on appropriations, Najwah Allie-Edries, head of the National Treasury's Jobs Fund, said that since 2011 the fund had facilitated the creation of about 168,000 permanent and nearly 53,000 short-term jobs .
The R9bn Jobs Fund was launched in 2011 by the president to support initiatives that pilot innovative approaches to employment creation.
The government has been struggling to address the unemployment crisis, with joblessness now at about 27%. This has also had a negative impact on growth, with the World Bank recently noting that high unemployment and slow growth in household credit extension are expected to constrain domestic demand in 2019. In its January 2019 Global Economic Prospects report, the bank revised SA's GDP growth forecast to 1.3%, down from its June 2018 estimate of 1.8%.
Allie-Edries said the Jobs Fund was not intended to tackle the structural causes of low growth and unemployment.
"Many other government initiatives are directed at these. Rather, the Jobs Fund is an opportunity to complement these efforts with a targeted programme of support for effective labour market interventions that promise job creation in the short to medium term, and will provide a knowledge base of successful job creation models that can be replicated by government and the private sector to achieve maximum impact over the long term," said Allie-Edries.
The Jobs Fund had four funding windows focused on job creation from the supply side (upskilling beneficiaries to ensure they can adequately fill available roles) and the demand side (stimulating enterprise growth resulting in new positions in the labour market).
Allie-Edries said that the economic slowdown had resulted in lower project activity and lower project cash flows.
"Although SA has been burdened with low GDP growth and disbursement has not reached 100% of the target, the Jobs Fund and its partners continue to deliver on their mandate…key focus [is] on priority areas [women, youth and the previously disadvantaged]; support for the growth of SMMEs, smallholder farmers, and work seekers."
She said a large proportion of job creation takes place in the agriculture sector, followed by micro businesses, wholesale and retail trade, admin and support, and ICT.
"To date the fund has demonstrated that it is possible for the private sector, public sector and civil society organisations to collaborate, share risk and achieve greater social impact by implementing innovative models for job creation and thereby catalysing broader participation and inclusion in the economy," said Allie-Edries.

Bekezela Phakathi, *Business Day*, 6 March 2019

SME Fund may be small, but its effect could be large

Everyone agrees that small and medium businesses are the way to go to drive job creation and growth. But despite myriad government policies and funds in place aimed at creating and supporting small black-owned businesses and the many private-sector hubs, incubators and enterprise and supplier development initiatives, we seem to be making remarkably little progress. That's evident in a recent study by the World Bank and International Finance Corporation which finds that SA's micro, small and medium enterprises employ 50%-60% of the workforce and contribute 34% of gross domestic product, but the sector has been stagnant over the past decade, with the number of enterprises hardly higher in 2017 than in 2008 - and a rate of new business creation that is low compared to other African countries.

There clearly are some serious gaps in the market, not to mention failures in policy. And while the R1.4bn SA SME Fund, which was launched formally this week, is tiny in the scheme of things, it could serve as an important catalyst for new models and new ecosystems that could help to break the logjam. The SA SME Fund is an initiative of the CEO Initiative, the collective of leading CEOs that teamed up with former finance minister Pravin Gordhan in early 2016, in the wake of Nenegate, to avert a ratings downgrade. The CEOs quickly came to the conclusion they should also be doing their bit to tackle SA's economic challenges and out of that came the SA SME Fund, spearheaded by the founders of two of SA's most spectacularly successful start-ups - Discovery's Adrian Gore and Bidvest founder Brian Joffe.

The fund has already committed R725m and by August will have committed its entire R1.2bn of investible capital, says SA SME Fund CEO Ketso Gordhan. It invests in fund managers - 10 have been carefully chosen - rather than directly funding SMEs. And importantly, it has zeroed in particularly on two missing pieces of the market in SA.

The first is venture capital. SA has a well-established conventional private equity industry but very little true venture capital - the ability to invest in untested business models and back a team that typically has no track record. Gordhan points out that total venture capital investment in SA last year totalled $70m (about R1.02bn) - less than a third of the $240m that the US invests in venture capital every day. The SA SME Fund wants to help to kick-start venture capital in SA, along with the ecosystem needed to sustain it. Two areas it has targeted are the creation of a bio-tech venture capital fund, and the commercialisation of university research and intellectual property.

The second big missing piece is the ability to scale up moderately successful black businesses to be great businesses that can create substantial employment, compete with established players and potentially list on the JSE in the coming decade. Gore officially launched the SA SME Fund's CEO Circle at this week's event. The CEO Circle will select black-owned businesses that are at least five years old and have more than R50m annual turnover and revenue growth of at least 20% a year over three years, with strong leadership teams. Ironically, such enterprises often struggle for support because they are too large to count for BEE points that companies get for buying from black businesses.

The CEO Circle will create an ecosystem in which top CEOs - 10 are in already - will help to provide funding, access to markets, and mentoring (what Gore calls access to "social capital") for those businesses, aiming to grow them tenfold. The ambition, says Gore: "In 10 years we want 10 big black businesses, each with turnovers of more than R500m, and we want 200 small and medium enterprises."

That may be small in the context of SA's unemployment and growth troubles, but the catalytic impact could be big.

Hilary Joffe, *Business Times*, 31 March 2019

Roux Shabangu fears repaying R82m Land Bank loan may bankrupt him

Tycoon Roux Shabangu has expressed fear he could be bankrupted if he pays back a portion of the millions of rand that was irregularly lent to a liquidated company he co-owned.

Denying that he and eight others were liable to repay the state-owned Land Bank R82million arising from a loan granted to Westside Trading 570 in 2006, Shabangu has taken the long-drawn-out legal battle to the Constitutional Court.

The bank and Westside entered into a R100m deal for a project that eyed land in Hartbeespoort, North West. A township and tourist attractions were to be developed on this land.
Westside had received over R62.6m when its deal with the bank was found to be invalid. The bank had no authority, in terms of the Land Bank Act, to enter into such an agreement.
In an affidavit, Shabangu sought to convince the Constitutional Court to rule that the invalidity of the agreement also meant the suretyship that Westside's directors had signed was invalid.
“The question whether a deed of suretyship can survive in circumstances where the principal obligation is invalid lies at the heart of the dispute,” Shabangu said.
“A deed of suretyship is accessory to the principal obligation. Where the principal obligation is invalid, I submit that the suretyship is also invalid,” he said.
Shabangu’s mainstay was already dealt a blow by the North Gauteng High Court in 2016.
In her ruling, Judge Annali Basson said: “I should... point out that the fact that the loan agreement is invalid does not mean it necessarily follows that the deed of suretyship, being an ancillary agreement, is likewise invalid.”
Judge Basson, and subsequently the Supreme Court of Appeal, ruled that Westside’s directors were jointly and severally liable to pay the state bank R82m, plus 15.5% a year.
Westside was liquidated in 2012, meaning its former directors have to dig into their pockets.
“The consequences of holding the sureties liable for such an enormous sum of money are severe. It has the possibility of rendering me and the other sureties insolvent,” Shabangu said.
His business partners included several ANC heavyweights, such as former speaker of the Gauteng legislature Lindiwe Maseko, former ANC economic transformation committee member Desmond Golding and Dr Lydia Sebego, formerly departmental chief operations officer.

Bongani Nkosi, *The Star*, 19 March 2019

Icasa head was rightly removed, court rules

The Western Cape High Court has slammed former Independent Communications Authority of South Africa (Icasa) chairperson Rubben Mohlaloga, saying he was trying to hold on to his job for the benefits of the office.
Judge Ashley Binns-Ward said in a written judgment, rejecting Mohlaloga’s application to keep his job, that Parliament had every right to remove him after he was convicted of fraud.
Icasa has since appointed Keabetswe Modimoeng as acting chairperson.
Mohlaloga, former Land Bank chief executive Phil Mohlahlane, and an attorney were convicted of defrauding the bank of R6million last year.
Last month, the court sentenced Mohlaloga to 20 years in prison, but he is appealing the conviction.
Mohlaloga had lodged an urgent application in the Western Cape High Court to stop Parliament from removing him from his job.
But the judge said it was clear that Mohlaloga wanted to keep his job to retain the benefits of the office.
“His counsel made it clear, however, that the applicant did not seek to impugn his suspension. It was accordingly apparent that the applicant’s concern was not about being prevented from fulfilling his statutory functions, but rather about being deprived of the benefits of office,” wrote Judge Binns-Ward in his judgment.
He further stated that Parliament was within its rights to remove him from office, despite Mohlaloga launching an appeal against his conviction.
This was based on the nature of the lengthy processes appeals take.
“The facts of the matter demonstrate that the criminal appellate process, just like the civil one, can be a long, drawn-out process. It is more than a year since the applicant was convicted, and he is still in the process of obtaining leave to appeal against the conviction,” said Judge Binns-Ward.

If he lost his appeal, Mohlaloga could lodge a special leave to appeal in the Supreme Court of Appeal, he said.
If he was not successful in the SCA, he could go all the way up to the Constitutional Court.
The judge said Mohlaloga, who was appointed Icasa chairperson in 2017, would have spent his entire term of office running in and out of court.

Siyabonga Mkhwanazi, *IOL*, 28 March 2019

Cabinet appoints ANC NEC's Enoch Godongwana to DBSA board

Enoch Godongwana, the chair of the ANC's sub-committee on economic transformation has been appointed as a non-executive director of the board of the Development Bank of SA (DBSA), a Cabinet statement said on Thursday.
The bank provides developmental infrastructure funding in SA and the rest of the Africa.
Bongiwe Kunene was also appointed to the board. The Cabinet also announced the re-appointment of Malijeng Theresa Ngqaleni and Martie Jacoba Janse van Rensburg as non-executive directors.
Godongwana was deputy public enterprises minister from 2009 to 2010 and deputy economic development minister from November 2010 to 2012.
DA finance spokesperson Alf Lees slammed the Cabinet decision to appoint Godongwana saying it was "a huge blow to the impartiality of the bank that a deployed cadre of the ANC is now on the board".
He said the decision shows that the ANC continues to be a vehicle for corruption, nepotism and cadre deployment.
"A key element that enabled state capture was the appointment of ANC cadres to the boards of state-owned entities (SOEs). It would seem this is exactly the way that Godongwana, the head of ANC economic policy, has now been appointed onto the board of the DBSA."
According to evidence presented at the Zondo commission of inquiry into state capture, Godongwana, along with then ANC secretary-general Gwede Mantashe and deputy secretary-general Jessie Duarte met with Standard Bank and Absa to discuss the closure of Gupta bank accounts following reports of "suspicious transactions".
The evidence was presented by Standard Bank's head of compliance Ian Sinton. Godongwana has said he wants to appear before the commission to give his side of the story.

Linda Ensor, *Business Day*, 14 March 2019

Black bank ownership drops as empowerment deals mature

Black ownership in banks dropped from 34.8% to 30.5% between 2016 and 2017, but still exceeded the target of 25% in terms of the Financial Sector Code (FSC). Black economic interest also fell as several empowerment deals matured and black investors exited their investments.
These are some of the findings of the 2019 Transformation in Banking report, which was commissioned by the Banking Association of South Africa (Basa) and compiled by Intellidex.
The research firm estimates that banking sector black empowerment deals had generated R57 billion in net value for the beneficiaries of bank empowerment schemes by the end of 2015.
"So this sort of rhetoric that goes around that there has been no value creation for black investors is quite honestly just not true," says Cas Coovadia, managing director of Basa.
The release of the report comes amid sporadic calls in some political circles for banks to be nationalised, criticism that the sector has been slow to transform, and in light of the ongoing review

of the transformation targets set out in the FSC. While the report highlights some of the sector's successes with regards to transformation, it also notes areas of concern.
According to the report lending for black economic empowerment (BEE) transactions increased by 13.6%, for affordable housing 26% and for black agriculture 20.6% between 2016 and 2017. Lending to small and medium enterprises fell 7.7%, amid economic pressure.
At the end of 2017, total industry lending stood at R3.35 trillion, implying that targeted loans were 7.3% of the total loan book.
Coovadia says the debate and rhetoric around expropriation without compensation will continue, but banks haven't taken a view that they must cut back on their lending and are probably of the view that a pragmatic solution will be found.
While the industry reported a 26% rise in the number of black board members between 2016 and 2017 (43 to 54 on a like-for-like basis), it comes off a low base.
Coovadia says while the increase is far from desired, there are a couple of industry-specific issues that must be considered, for example that the South African Reserve Bank (Sarb) has to be satisfied with the directors appointed to banking boards. Due to the role banks play in society directors must understand banking-related risk and other issues.
Stakeholders have put their heads together to create a training course for non-executive directors in the banking industry that is now offered by the Gordon Institute of Business Science (Gibs). The Sarb encourages banks to send people to the course as a precursor to being appointed as non-executive directors. The industry is hoping this will help facilitate an increase in the number of black directors, he adds.
According to the report, banks spent R71 billion on the procurement of goods from local and international suppliers in 2017. Roughly R20 billion of this was spent at black-owned companies and around R14 billion at businesses that are at least 30% controlled by black women.
"We accept that there will always be a demand to do more and we need to be fairly robust in what we say yes to and what we say no to, but we try to do what we can."
The Black Business Council on Monday said it would meet with Basa and other stakeholders over the alleged discrimination of black clients by FNB and other banks.

Ingé Lamprecht, *Moneyweb*, 12 March 2019

Standard Bank's branch closures: The most radical single action by a SA bank in decades

Of the five biggest retail banks, only Capitec seems to be actively growing branches and staff numbers. Its peers are going from freezing posts to probably the most radical single action by a banking group in decades: Standard Bank announcing it will close 91 of its some 630-odd branches by the end of June.
As many as 1,200 people could lose their jobs and - in an industry that is contracting in the face of technology-driven, people-light new banking businesses - are unlikely to find employment easily.
The difference between Capitec and the longer-established players is that, like the new generations of start-ups, they built new technology from scratch, making customer acquisition and on-boarding (what a dreadful word) quicker and easier than other firms.
In January, for example, Capitec signed up its highest number of new accounts ever in a single month: 268,000. Even so, Capitec is also seeing digital conversion, with 4 out of 10 customers transacting via the app. Despite that, it has a significant network of 800 branches and has given no indication that it plans to reduce that number.
Asked this week if branches would be a relic of the past ten years from now, Standard Bank CEO Sim Tshabalala played down that possibility, but would not be drawn on how they would be staffed or how many there would be.

The pressure is building on banks which are struggling not only to convert the technology they use, but also to adapt business models to a rapidly-growing, tech-savvy millennial generation who are happier than their parents to sign up for digital-only financial services and products.
It's a global trend.
It emerged last year that the UK has lost two-thirds of its branches over thirty years. According to British parliamentary records, there were 20,583 branches in 1988. Today, there are only about 7,500 left.
In the US, branch closures have risen every year for the past seven, with a record 1,947 shuttered last year.
SA banks have been quietly freezing posts and reducing headcounts in recent years.
Standard Bank's transparency around this round of cuts suggests the rest of the sector will follow suit.
They will have little choice as consumer preferences show clearly they are looking for banking that is simpler, better and yes, faster, than ever.

Bruce Whitfield, *Business Insider SA*, 15 March 2019

Digital banks threat looms

The 2018 bank results will be the last in the era of "business as usual".
Absa and Nedbank's earnings increased by 3% to R16.1bn and R13.5bn respectively. Standard Bank, more exposed to high-margin African markets, achieved 6% growth to R27.9bn. Even these modest numbers might seem like a stretch into the future as new banks including TymeBank, Bank Zero and Discovery Bank come online.
The soft underbelly is transactional income, which is sure to come under pressure from competition. TymeBank, for example, does not charge a fee if clients draw money at one of the tills at a Pick n Pay or Boxer store, and just R2 at other points. Standard Bank alone made R4.3bn from its transactional products, more than from business lines such as home loans, cards or even personal loans.
Harry Botha, banking analyst at Avior Capital, says SA banks' transactional income is vulnerable to fee cuts in the next three years due to competition. If they don't respond quickly enough then customer losses will "probably be a problem in three to five years".
A big chunk of Nedbank Retail's R12.6bn in noninterest revenue is in vulnerable transactional fees, as is the case with Absa Retail's R14.3bn.
Standard Bank CEO Sim Tshabalala defends these profits.
"A responsible banker will cover his fixed costs through noninterest revenue, mainly fee income," he says. "And we have a very large fixed cost base. I accept it gives the new digital-focused businesses a big advantage when it comes to overheads."
He is not exaggerating. Standard Bank has a huge R60bn cost base, of which less than R8bn is in variable pay.
In their favour, the big universal banks have a portfolio of businesses which won't be affected by the newcomers, at least in the short term. Absa finance director Jason Quinn says there will continue to be income from investment banking deals, foreign exchange trading as well as capital-light activities such as merchant-acquiring by the card business.
For Standard Bank, the corporate and investment banking division (CIB) makes up 44% of income. It is not showing much growth in SA, with just 1% loan growth, but 33% in the rest of Africa — not that fintech players won't emerge to take it on in other markets. But for now the big four banks (plus Investec) have a cosy cartel when it comes to investment banking.
It was not an easy year, with muted deal flow. Standard Bank CIB's earnings were down 2%. In order to improve productivity, 1% of the heads were let go.

But it is a high-quality business, with bad debts of just 0.2%. Among the highlights were the listing of Vivo Energy and Libstar as well as arranging the sale of 25% of SA Taxi Finance Holdings to Santaco.
Nedbank is the bank most dependent on wholesale business — it accounts for 50% of group headline earnings, or R6.7bn. Unlike the Standard Bank and Absa CIBs, they were up for the year by 7%.
"We are still the leaders in commercial property and we have taken that position in renewable energy deals too," says Nedbank CIB boss Brian Kennedy.
"And we are comfortable with the risks in commercial property," says Nedbank group CEO Mike Brown. "In spite of the noise about certain listed counters, the security in loan-to-value terms on debt held by banks in their properties is more than adequate."
Nedbank CIB also won some large corporate and institutional clients including Sappi, Imperial and the metros of Cape Town and Ekurhuleni (the East Rand).
In spite of the efforts of previous heads such as John Vitalo and Stephen van Coller, Absa CIB remains an also-ran. It continues to be affected by the problems at Edcon — from which it acquired the debtors' book — and credit impairments were up 76% to almost R1bn. But it still represents headline earnings of R5.9bn, business that is out of reach of the new banks. Even Capitec, once it takes over business bank Mercantile, will just be nibbling at the edges.
But banks now realise that they need to make their retail businesses relevant. It has been a benign environment, with low bad debts. Nedbank's retail and business banking earnings were up 6.4% on a like-for-like basis, excluding the impact of the new accounting standards. Standard Bank Personal & Business Banking was up by 10% and even Absa's was up 2%.
One of its key growth engines was deposits, which increased by 11%. But this is highly vulnerable to the new banks as well as the revived African Bank and, in due course, Postbank.
René van Wyk, Absa's caretaker CEO, says Absa has been an innovator in the digital space. "We were the first to introduce ChatBanking on WhatsApp, and introduced Timiza in Kenya which allows customers to save and borrow money without having to visit a branch." It was also the first bank to introduce Samsung Pay.
Says Tshabalala: "At Standard Bank we are reorientating the bank around the customer, with our own group mobile network operator and strong growth in our Instant Money volumes. Branches will remain important as places for problem-solving activity, to discuss a financial plan or a will, but not a place to get a statement or draw money."
Standard Bank has reduced its branches in SA by 11%, to 629, and its total square meterage by 21% — to 367,000m².
Its competitors are on the same path.
Nedbank looks the most ambitious of the three in digital. "We realise that client 'onboarding' is a hassle," says Brown, "as prospective clients have to produce the same documents every time they buy a new product from the bank. Our aim is that once you are a Nedbank client you won't have to keep repeating the process. And I certainly hope the initial onboarding will also be painless."
Brown says technology alone is no substitute for people and talent. No doubt in response to Discovery Bank, Nedbank is introducing a new rewards system. It will replace a crude "points for swipes" system with a rewards system based on client behaviour — rewarding those who pay their loans on time, for example.
The big banks have also aimed to diversify through nonbanking interests.
Absa has led the way with a simple but effective bancassurance model.
Botha says bancassurance and wealth are starting to get more attention in banks due to the slow growth environment and due to the data the banks have, which can be used to improve long-and short-term insurance pricing.
"Excluding the impact on market levels (on assets under management), I think bancassurance revenues will probably grow at double the pace of traditional banking revenues — so, high teens for the next five years," he says.

With every Absa home or vehicle loan an Absa Life credit life policy is offered — though customers have the right to use another provider.
Most accept the in-house deal, which explains why Absa made a healthy R870m from life insurance.
It is the most profitable business in its wealth investment management and insurance cluster, under Nomkhita Nqweni.
"Absa will probably make industry home loans less profitable — we've already seen new business margins come down," says Botha.
"The current level of NPLs [nonperforming loans] or stage 3 advances is still cyclically low, probably 15%-20% below the normalised level," he adds.
Short-term insurance is a smaller part of Absa, but still a good business. Earnings were up 32% to R299m on an excellent 9.6% underwriting margin.
For a combined wealth and asset management business, this unit's R440m was quite modest — though it was up 28% on 2017.
Absa must be missing its most high-profile client, former Steinhoff boss Markus Jooste. The bank used to boast about managing his corporate and personal affairs. And Absa has been trying to sell its institutional asset manager for a while but can't find a buyer.
Nedbank Wealth under Iolanda Ruggiero is the reverse of Absa, with a modest-sized insurance business and more substantial wealth and investment businesses built on the legacy of BoE and Syfrets. It is perhaps a sad indictment that while earnings of the local wealth business are flat, its international business is growing fast, with advances up 30%.
It is harder to pull a consolidated number from Standard Bank as it conducts part of its wealth management through Liberty and part through its wealth division under Margaret Nienaber (yes, all three heads of wealth are women). Confusingly, wealth and investments is a subdivision of wealth, not the other way round. Melville Douglas, the private client manager, is the flagship business in this unit.
Credit life is vulnerable. There are already efficient providers undercutting the banks' often exorbitant credit life charges.
But Tshabalala remains optimistic. "Consumer activity is improving and debt-to-income ratios are much lower." He does not expect banks to become utilities, with all the added value coming out of the fintechs. "With our infrastructure, data and resources we are well placed to improve the customer experience."
Coronation banking analyst Neill Young says after the recent run in bank shares the house is not adding materially to its bank holdings as it has recently accumulated chunky holdings in Standard Bank and Nedbank.
He says prospects for all the banks are limited prior to the elections.
The fourth member of SA's big banks was FirstRand, which owns FNB, Wesbank and investment bank RMB. On Tuesday, FirstRand reported a 7% rise in its calculation of "normalised earnings" to R13.3bn for the six months to December. CEO Alan Pullinger attibuted this to a "strong growth in customers, transactional volumes, advances and deposits".
Impressively, FirstRand's return on equity is now at 22.3%. This is the highest of the big four banks, trumping Standard Bank (18%), Nedbank (17.9%) and Absa (13.4%).

Stephen Cranston, *Financial Mail,* 14 March 2019

What we know about Facebook's big, secretive push into cryptocurrency

Facebook's cryptocurrency plans are slowly coming into focus.
In May 2018, the Californian social networking giant announced that it was forming a team to explore the buzzy technology behind bitcoin and see how it could be incorporated into its products, but since then it's stayed mum about the details.

However, a bevvy of leaks in recent months - the most recent in a report from *The New York Times* - have started to give us an idea of what the company is looking at, and when its efforts could finally see the light of day. Here are the key details.

Facebook is believed to be building a digital currency for WhatsApp

According to reports from *Bloomberg* and later *The New York Times*, Facebook is building a digital payments system for WhatsApp, its end-to-end encrypted messaging app. It would let users send and receive cash without having to pay fees.

And it's reported to be a "stablecoin" - meaning the value of the coin is pegged to the value of a traditional currency. This means users don't have to worry about the value of their coins fluctuating wildly (unpegged cryptocurrencies like bitcoin are notorious for fluctuating wildly, making and breaking fortunes overnight). *The New York Times* reports that Facebook is planning to peg its value "to a basket of different foreign currencies, rather than just the dollar."

This one's no secret: Facebook has some heavy-hitters working on the project.

It's being led by David Marcus, who was previously Facebook's head of Messenger, and ran electronic payments company Paypal before that. He also sat on the board of crypto startup Coinbase, but left in August 2018.

James Everingham, the former head of Instagram engineering, is taking the lead on blockchain engineering, and ex-Instagram VP of product Kevin Weil is now the blockchain VP of product. All told, there's reportedly now more than 50 people working on it.

The *New York Times*' report on Thursday provides a tentative timeline for when it could finally launch: The paper's sources say Facebook is aiming to launch something in the first half of 2019. The company has also reportedly talked to cryptocurrency exchanges, platforms where users can buy and sell digital currencies, about supporting Facebook's product.

A Facebook spokesperson declined to comment on the new report, and cited a boilerplate statement: "Like many other companies Facebook is exploring ways to leverage the power of blockchain technology. This new small team is exploring many different applications. We don't have anything further to share."

Rob Price, *Business Insider US*, 1 March 2019
