

## CEREAL FOODS EXPORTS FROM KWAZULU NATAL

### 1. Description of the Industry

Only 12% of South Africa's surface area can be used for crop production and the most important factor limiting agricultural production is the availability of water. South Africa experiences periodic droughts, and almost 50% of South Africa's water is used for agricultural purposes. The grain industry is one of the largest agricultural sectors in South Africa, producing between 25% and 33% of the country's total gross agricultural production.

The largest area of farmland is planted with maize, followed by wheat, sugarcane and sunflowers. Maize, which is the most important grain crop in South Africa, makes up 80% of the total grain crop and is both the major feed grain and the staple food for the majority of the South African population. About 60% of the maize produced is white maize, which is mostly for human consumption and about 40% is yellow maize, used mostly for animal feed. South Africa is, apart from a few countries in Africa and Mexico, the only white maize-producing country. The South African maize industry is also the largest maize industry in Africa and although the total area planted under maize has decreased over the past decade, South Africa still meets its annual maize requirements almost entirely from domestic production

### 2. Import and Export

According to Absa Agribusiness GM Ernst Janovsky, "Local farmers are already the best in the world, and they are as productive as what the natural resources in South Africa allow. The truth is, on equal terms, South African farmers can compete with any farmer in the world and have enormous potential, but it is being limited by access to international markets." South Africa, farmers who want to export do not have much support and export is out of reach for all but the biggest players due to huge costs and legal constraints.

Janovsky believes that banks should to help farmers manage price and production volatility. "Price volatility could be dealt with through forwards, derivatives and futures contracts, while production risk could be limited through insurance products covering adverse climate conditions, disease and parasites

The imports and exports of wheat and maize for December 2009 are shown in the table below

2009 (Tons)	Wheat	White Maize	Yellow Maize
Total imports	102 392	No imports	No imports
Total exports	7 523	78 750	6 611
SAFEX price (Avg)	2 165.52	1 533.43	1 449.86
% Change price (Avg)*	-0.14%	0.86%	4.74%

\* % Change based on previous month

### **3. Regulations**

- GMO Act, 1997 (Act 15 of 1997) The GMO Act regulates all GMO activities in South Africa. In terms of the Act, permits are issued for a specific GMO activity, such as trials for commercial release in the country.
- The Sugar Act and Sugar Industry Agreement
- The South African Sugar Industry is regulated to facilitate the relationship between growers and millers and to protect the industry against trade distorting measures, which exist on the world market. The South African Sugar Association (SASA) is constituted in terms of the Sugar Act (Act 9 of 1978) which provides for the Sugar Industry Agreement to regulate the affairs of the Industry.
- In terms of the free trade agreement with Southern African Development Community (SADC) countries, there is no import duty applicable on cotton lint imports from SADC.
- As mentioned, the free trade agreement with BLNS countries provides for rebates on wheat from South Africa to BLNS countries.
- Farmers must comply with legislation relating to labour, safety on farms, soil conservation and good agricultural practices. To export their products, farmers must obtain a Perishable Products Export Control Board (PPECB) certificate after complying with phytosanitary requirements and quality standards.

### **4. Barriers to Entry**

Prospective farmers need access to finance, technology, markets, infrastructure and a wide range of high-cost farm inputs.

### **5. Product**

**Description as per product code:** 19041000 - Prepared foods obtained by the swelling or roasting of cereals or cereal products (for example, corn flakes); cereals (other than maize (corn)) in grain form or in the form of flakes or other worked grains (except flour, groats and meal), pre-cooked or otherwise prepared, not elsewhere specified or included: Prepared foods obtained by the swelling or roasting of cereals or cereal products

Product & code	Trading partners	Barriers to entry					Trade Agreements	Key Industry Role Players
		Tariffs			Non-Tariffs			
		Tariff Regime	Applied tariff	Total ad valorem equivalent tariff	Non Tariffs Measures (NTM) Code	Measures applied by importing country	Preferential tariff for SA	
H 190410 Cereal Foods Obtained by swelling, roasting of cereal	Zimbabwe	MFN duties (Applied)	40%	40%	None recorded	None recorded	None recorded	
		Preferential tariff for SA	None recorded	None recorded				
	Zambia	MFN duties (Applied)	25%	25%	None recorded		Rules of origin	
		Preferential tariff for SA	0%	0%			Certificate of origin	
	Mozambique	MFN duties (Applied)	20%	20%	None recorded	None recorded	None recorded	
		Preferential tariff for SA	0%	0%				
	Malawi	MFN duties (Applied)	0%	0%	None recorded	None recorded	None recorded	
		MFN duties (Applied)	30%	30%			None recorded	
	Mauritius	MFN duties (Applied)	0%	0%	None recorded	None recorded	None recorded	
		Preferential tariff for SA	None recorded	None recorded				

\*\* <http://www.macmap.org>

## 6. Industry Associations

### *Grain SA*

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### *SAGIS – South African Grain Information Service*

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### *The Sorghum Forum*

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