

NEWSLETTER

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Egyptian market open for grain trade

In a move to open new export markets for South African grain and oilseeds, during February 2024 SACOTA, in collaboration with DALRRD and industry, hosted a delegation from the NPPO of Egypt. The delegation was headed by Islam Aboelela, Supervisor of the Pest Risk Analysis Unit. The visit comprised of strategic meetings and site visits to various agricultural enterprises primarily focusing on regulatory approvals for maize and soybean exports to Egypt.

The delegation's visit concluded positively, with Dr. Saad Moussa of Egypt's Foreign Agricultural Relations and Plant Quarantine signing the official approval letter on 12 March 2024. This development effectively opened the market for South African exporters to start exporting maize and soybeans to Egypt.

Egypt's significance as an export destination cannot be overstated. Typically, Egypt imports 8 to 10 million tons of maize per year and 4 to 5 million tons of soybeans, although in 2023 we saw reduced imports. Although South Africa's export ability in the current season is under strain, Egypt, as a new market, holds great potential. Geographically, South Africa is well-positioned to compete in this market.

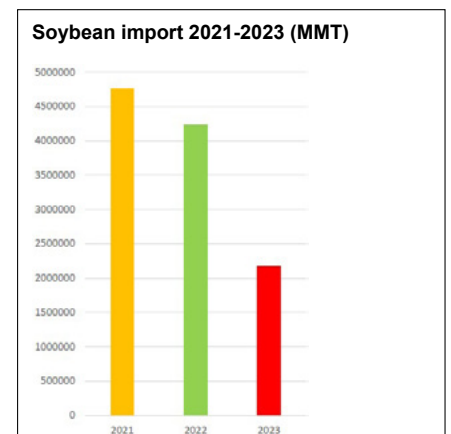
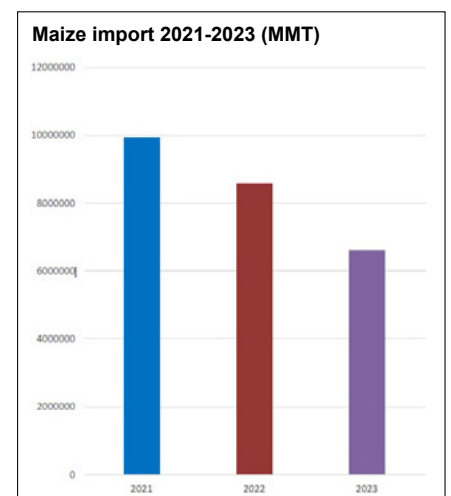
SACOTA extends its appreciation to all stakeholders that facilitated and participated in the visit of the NPPO of Egypt, recognizing the efforts in strengthening agricultural ties between South Africa and Egypt. Furthermore, this collaboration contributes to reinforcing relationships within the AfCFTA framework, emphasizing the collective commitment

to agricultural cooperation and economic growth among member nations.

The approved market access represents a significant opportunity for South African farmers and exporters, offering access to a new market and diversifying export destinations. Moreover, it underscores the commitment of both nations to fostering a mutually beneficial partnership.



The NPPO of Egypt and SA industry representatives visit to the Durban Harbour (SABT Maydon Wharf terminal).



Source: NPPO of Egypt

Unfavourable weather conditions place South African grain and oilseeds industry under strain

As South Africa approaches the upcoming marketing season, concerns arise over the maize and soybean markets due to an unfavourable rain season. The late rains and inconsistent precipitation patterns have had a significant impact on agricultural activities, leading to strained market conditions and lower crop expectations.

One of the primary challenges facing the South African agricultural sector is the reduced yield of soybeans and maize compared to previous years. While there was a slight increase in soybean hectares planted – from 1,148,300 to 1,150,500 hectares – the expected decrease in yield is anticipated to result in a total crop of 1.84 million tons. This is a notable decline of 33.6% from the bumper crop of 2.77 million tons seen in the previous season.

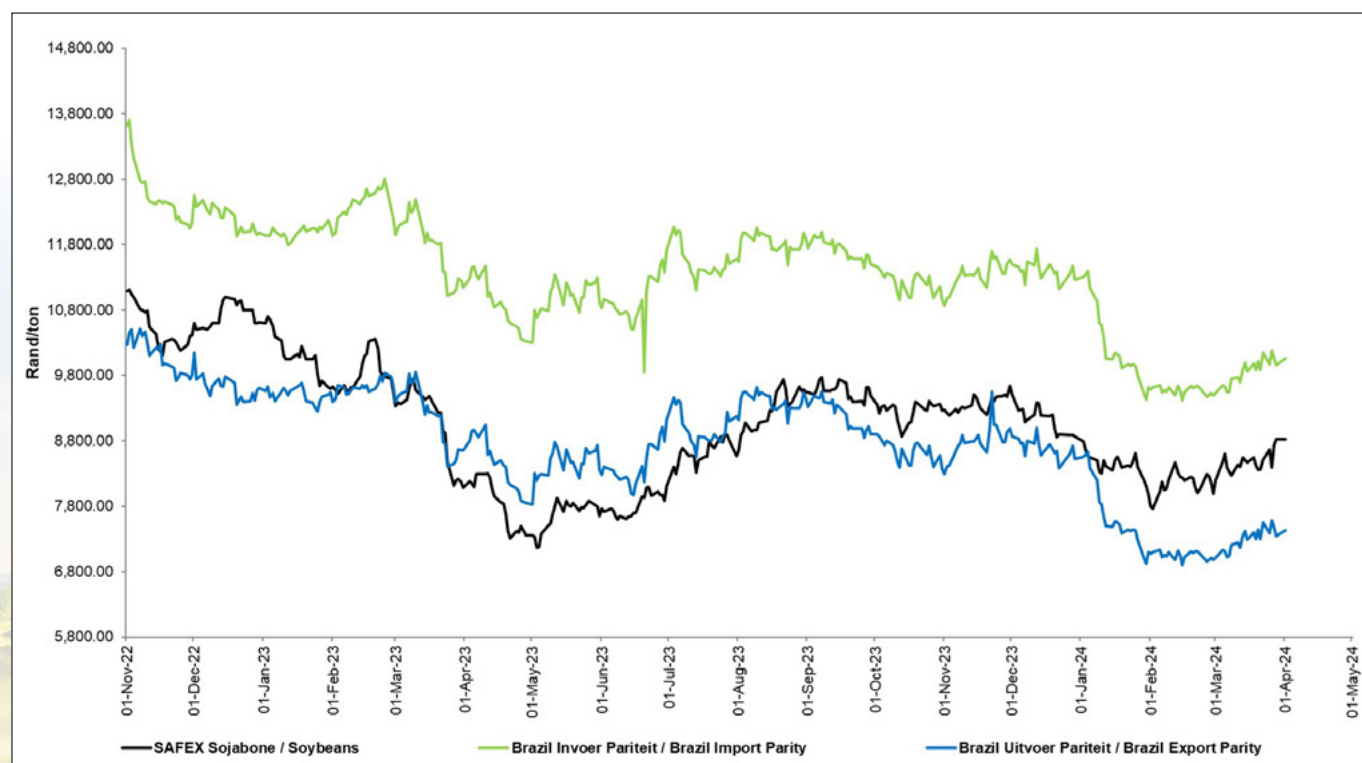
The constrained production outlook resulted in local prices surging. This, in turn, made it impossible to export profitably and at the same time protect the crop for local consumption.

Maize production has experienced similar challenges this season. Hectares planted slightly increased from 2.586 million hectares to 2.636 million hectares since the previous season. However, despite the increase in hectares planted, there is an expected overall decrease in the maize crop from 16.43 million tons to only

13.256 million tons, representing a decrease of 3.174 million tons or 19.3%.

Like soybeans, maize prices also increased above the export parity line at the end of 2023 (see graphs below and on the next page). This makes it unprofitable to export these products at an internationally competitive price. In fact, the yellow maize price in South Africa has increased to a level where it is now cheaper to import yellow maize at the Port of Cape Town. Apparently, two yellow maize import vessels and a third vessel containing a split load of yellow maize and soybean meal have already been booked. The Western Cape normally sources its supplies from the Northern Cape irrigation areas or the Southwestern Free State. Last year soybean meal was sourced even further away from the crushing plants in and around Gauteng. Transport cost to the Western Cape, however, is very expensive, making imports competitive at times of high inland prices.

It is anticipated that South Africa will continue to export to neighbouring countries through our border posts. These countries are also expected to be under strain due to the unfavourable weather conditions and an expected decline in production. Exports to SADC countries already shown sharp increases this season – see graph on the next page.



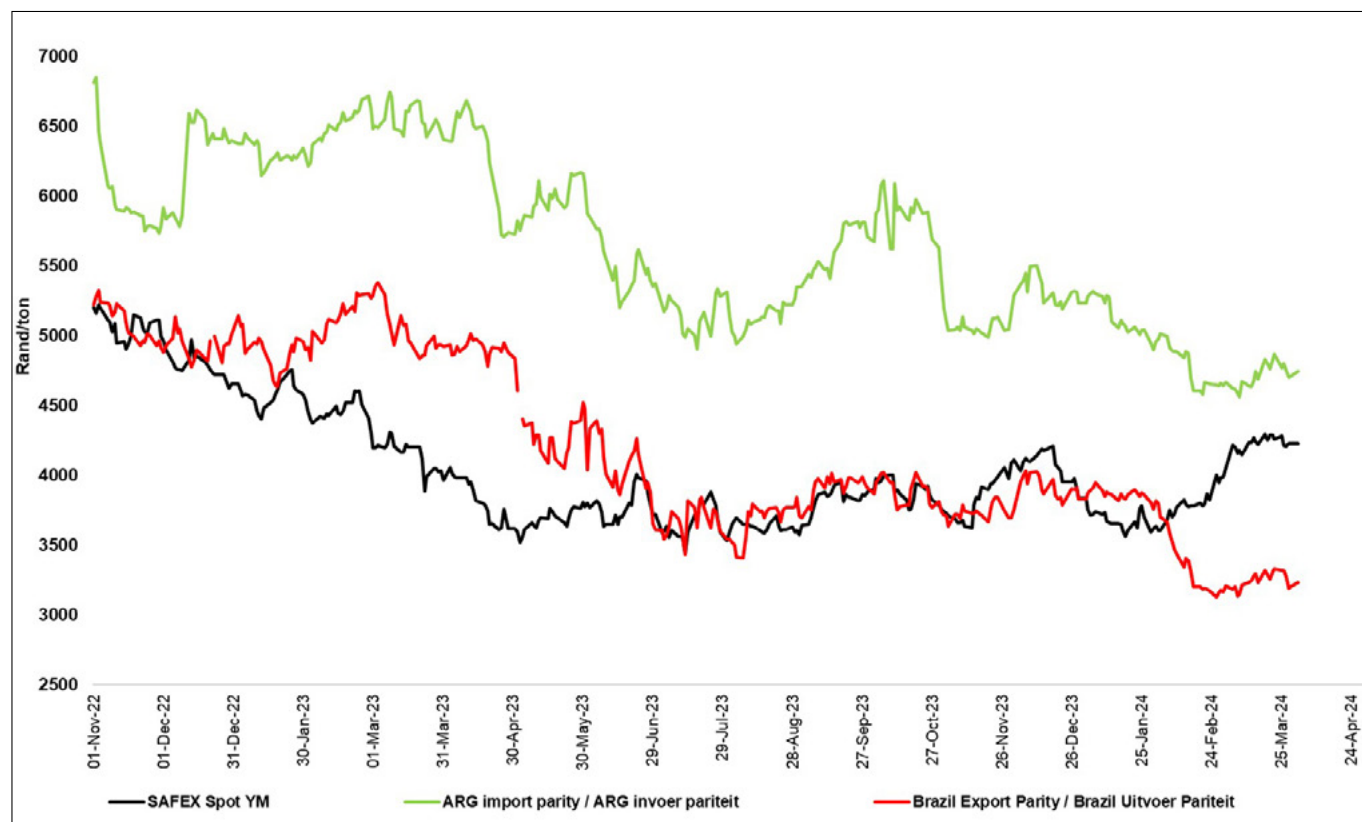
Soybean parity prices, Randfontein

Source: Grain SA

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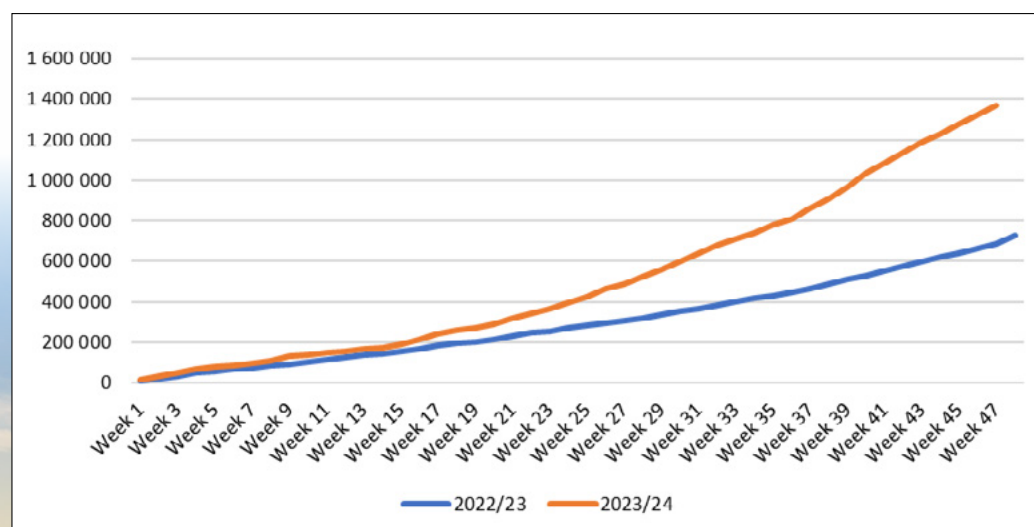
Unfavourable weather conditions place South African grain and oilseeds industry under strain

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Yellow Maize parity prices, Randfontein

Source: Grain SA



Cumulative weekly maize exports to SADC countries (May-March)

South African oilseeds export season ends on a high note

As the 2023/24 season draws to a close, South Africa's grain and oilseeds export market reflects notable achievements, particularly in soybean exports. The soybean season, which ended on 29 February 2024, saw remarkable growth in exports surpassing all expectations and signalling positive developments for the country's agricultural trade.

Soybean exports during the season totalled an impressive 597,045 tons, marking a significant increase from the

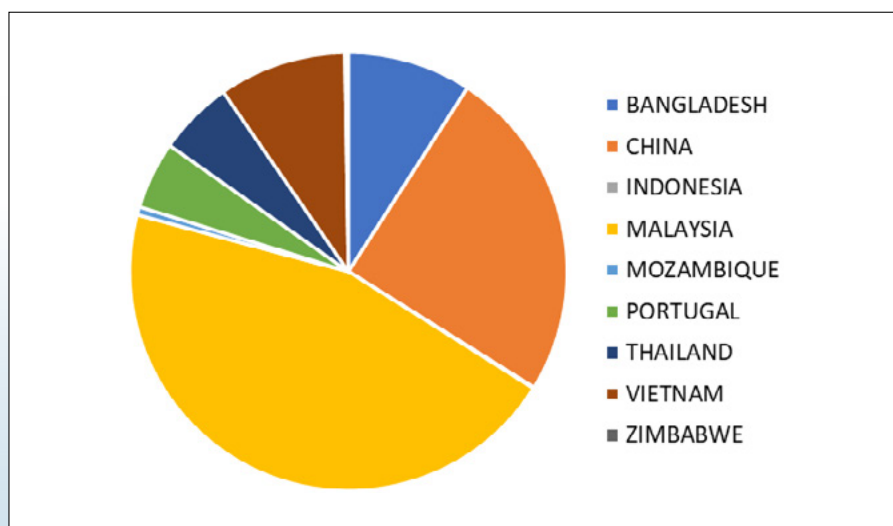
previous season's exports of 277,504 tons. This substantial growth underscores South Africa's expanding presence in the global soybean market and highlights the country's competitiveness in selected agricultural export markets.

Of the total soybean exports, 591,912 tons were exported to seven countries through deep-sea exports. Among these exporting partners, Malaysia emerged as the largest importer, receiving 269,972 tons of South African soybeans. Following

closely behind, China imported 147,497 tons, further solidifying its position as a key market for South African soybean exports.

The surge in soybean exports reflects the country's strategic geographical positioning relative to Southeast Asia and the Middle East. With increasing emphasis on plant-based proteins and the versatile applications of soybeans in various animal feed industries, South Africa's soybean exports are poised for continued growth in the coming seasons – assuming that the weather conditions return to normal. Since South Africa has relatively small export volumes compared to countries like Brazil and Argentina, we could be selective in targeting only the most profitable markets.

With the current season's crop being under strain, this further underscores the importance for South Africa to continue investing in and adopting innovative technologies, specifically seed, to increase the productivity and yield of our crops. Strengthening trade relations with key partners will be instrumental in sustaining the momentum of soybean exports and driving overall agricultural prosperity in South Africa.



Total soybean exports per destination 2023/24



Indonesian market opened up for SA soybean exports



After an effort taking more than two years, in November 2023 SACOTA and its members finally succeeded in obtaining approval from the Indonesian Agricultural Quarantine Agency for the export of soybeans to Indonesia. Obtaining approval required a dedicated effort and collaboration between industry and DALRRD. A list of approved and registered laboratories had to be submitted, a pest information package was compiled – referred to as a PIP, and potential exporters were registered, to mention some of the efforts. A word of thanks is due to ETG who has already established contact

with potential importers and significantly contributed to the successful approval; also, DALRRD officials, together with officials from Grain SA and Phyto Solutions, who dealt with the pest survey analysis results required.

In 2023 Indonesia was ranked as the 11th largest importer of soybeans, after Taiwan and before Vietnam, importing 2,65 million tons. It is also known as a premium market. As with the other Southeast Asia markets, South Africa is geographically well positioned to compete in this market. Unfortunately, approval

was only obtained at the very tail-end of the export season and thereafter prices started to increase locally because of the drought. Nonetheless, 500 tons were already shipped as a test consignment to demonstrate the quality of South African beans.

DALRRD also plans to lead an agricultural trade delegation to Indonesia from 6 to 9 August. This will coincide with the thirty-year celebrations of diplomatic relationships between South Africa and Indonesia. Members are invited to join the delegation.

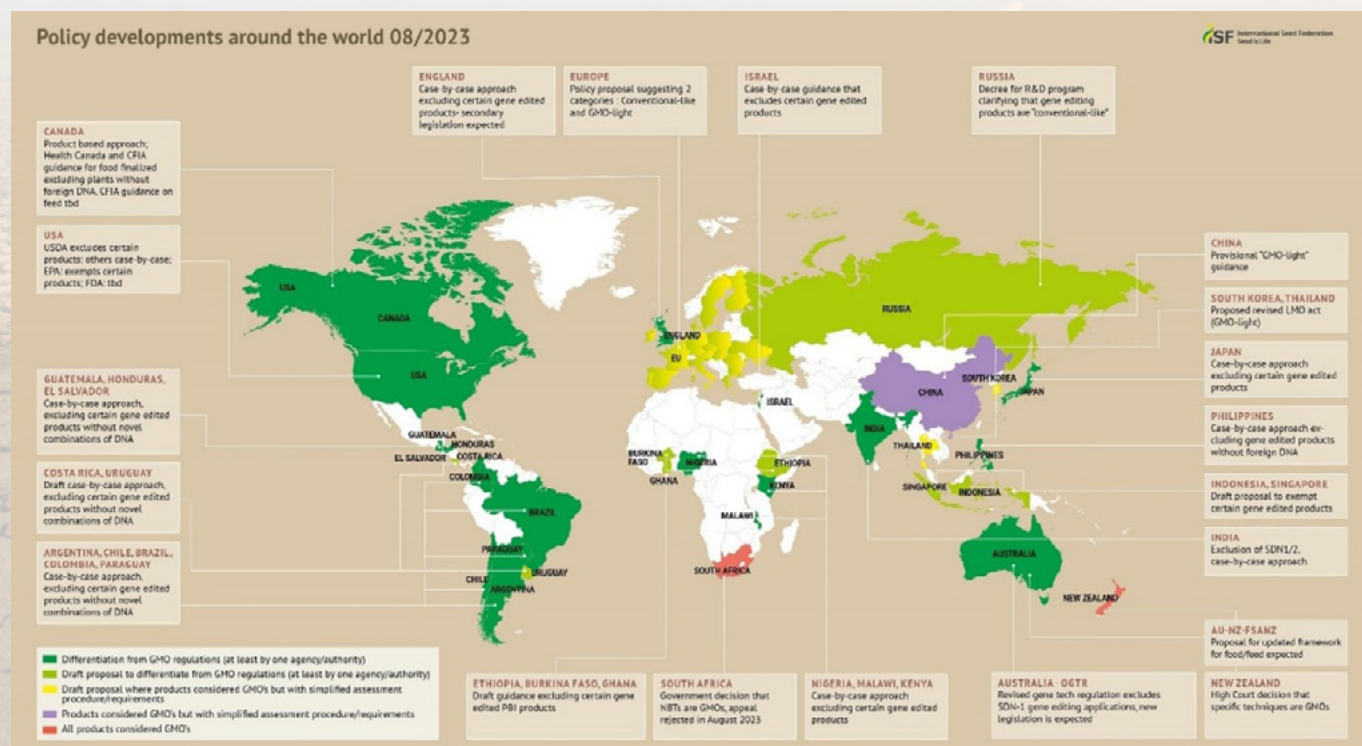
The importance of gene editing policies in times of drought

The Executive Council, responsible for enforcing the Genetically Modified Organism (GMO) Act, in October 2021 announced that applications for the approval of New Breeding Techniques (NBT's) events will also be dealt with under the Act. This has caused concern in the agricultural sector. This decision was taken on appeal by Agbiz. Although the Appeal Board upheld the applicant's appeal,

Minister Didiza still had to accept the Appeal Board's recommendation. However, in August 2023 her office announced that she had decided to rather uphold the original decision of the Executive Council than that of the Appeal Board.

With the current drought and anticipated imports of maize and soybeans (or meal) the importance of such a decision has again

been highlighted. The decision to import products often has to be taken on short notice. Fortunately, there are no approved NBT events yet available for commercial plantings in grains and oilseeds exporting countries, but this will only be a matter of time. The map below indicates that globally only South Africa and New Zealand do not cater separately for NBT policies from GMO's.

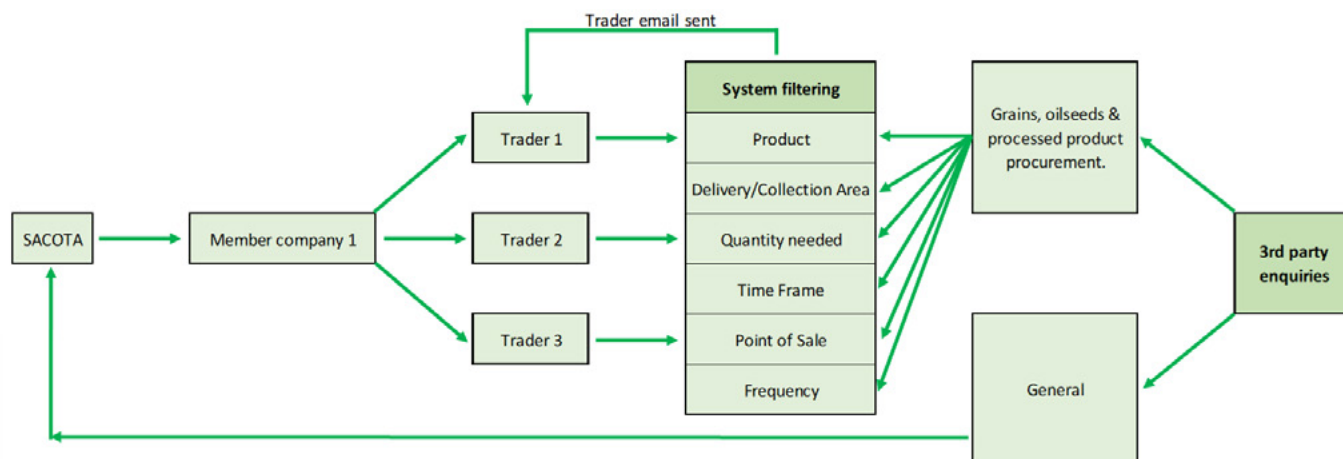


SACOTA releases a product enquiry system

SACOTA has developed an enquiry system for market participants looking to procure cereals, oilseeds and their derived products. The SACOTA enquiry system aims to automate the process of connecting market participants looking to procure products from suitable SACOTA members who could potentially supply the required product.

The objective is for the enquirer to select the product coupled with other requirements such as point of delivery, through a set of filters. The system will then match the specifications based on what is available, as declared by individual traders. This is possible because preceding the enquirer's request, individual traders have already logged into the system and indicated what type of product they have available and/or could potentially make available.

In order to be more focused, they would indicate, through the same set of filters, where the product is available and under what business conditions.



SACOTA membership

SACOTA welcomed another 2 members:

- ➔ PPECB
- ➔ ABC HANSEN AFRICA



PPECB



UPCOMING SACOTA & INDUSTRY MEETINGS

- 10 April 2024: Transnet Freight Rail (TFR) – Industry
- 23 May 2024: SACOTA Trade Environment Committee (TEC) meeting
- 30 May 2024: SACOTA Board of Directors' meeting
- 18 September 2024: SACOTA AGM

For more information on any of the projects and actions reported on in this SACOTA Newsletter, kindly contact André van der Vyver at andre.vandervyver@sacota.co.za or Juan-Pierre Kotzé at info@sacota.co.za. Visit the SACOTA website at www.sacota.co.za.