MAIZE MARKET VALUE CHAIN PROFILE

2012

Department of Agriculture, Forestry and Fisheries

Directorate Marketing
Private Bag X 15
Arcadia
0007

Tel: 012 319 8455/6
Fax: 012 319 8131
Email: MogalaM@daff.gov.za

agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

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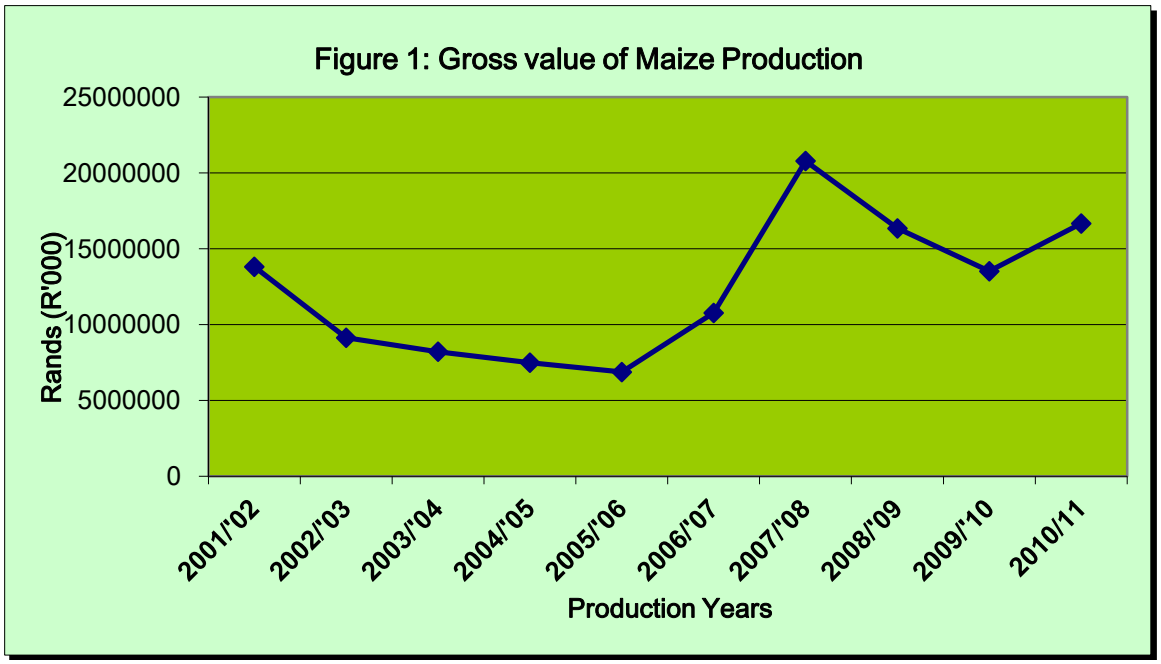
1. DESCRIPTION OF THE INDUSTRY

Maize is the most important grain crop in South Africa, being both the major feed grain and the staple food for the majority of the South African population. About 60% of maize produced in South Africa is white and the other 40% is yellow maize. Yellow maize is mostly used for animal feed production while the white maize is primarily for human consumption. Maize is the second large crop produced in South Africa after sugar cane. The maize industry is important to the economy both as an employer and earner of foreign currency because of its multiplier effects. This is because maize also serves as a raw material for manufactured products such as paper, paint, textiles, medicine and food.

The gross value of production for maize is dependent on the quantity produced and prices received by producers. The trend in the gross value follows the pattern of prices and production, since the industry is characterized by volatile prices. This is evident in the gross value of maize as shown in Figure 1. The contribution of the maize industry to the gross value of agricultural production declined from 2002/03 season until 2005/06 season, mainly due to declining producer prices.. Although maize producer prices increased during 2005/06 season, the contribution to the gross value continued to decline as result of drastic decline in production volumes that occurred during that period.



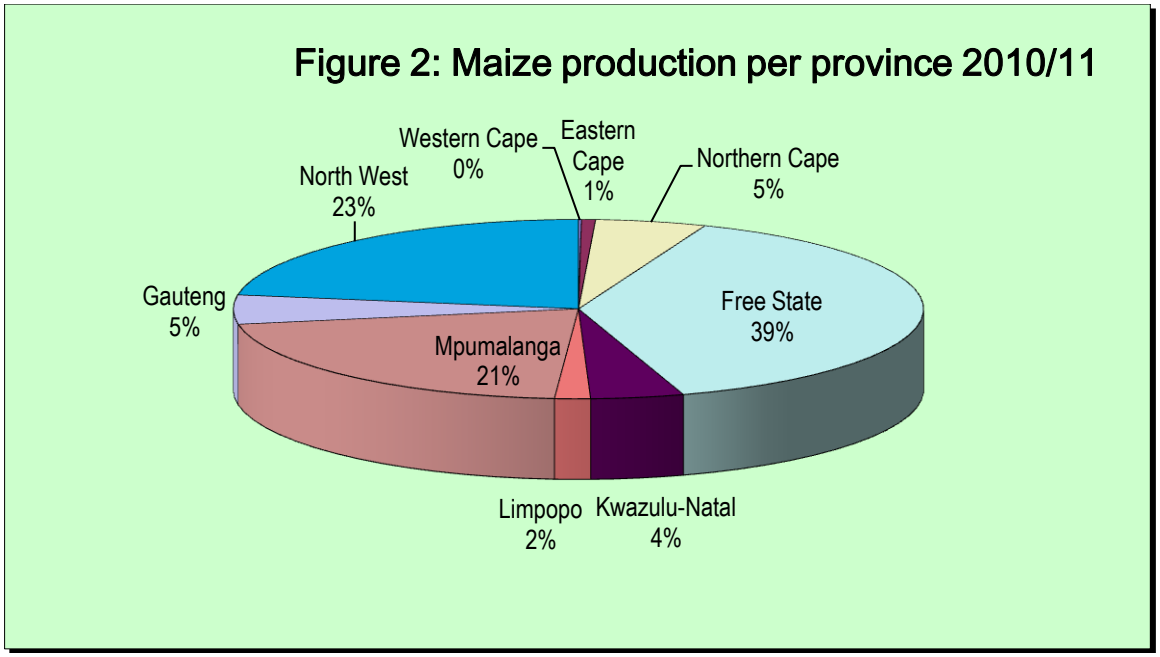
Source: Statistics and Economic Analysis, DAFF

The contribution of the maize industry to the gross value of agricultural production experienced a substantial increase to a level above 20 billion rands during the 2007/'08 production season mainly due to increases in the total production and average producer prices during that production season. The contribution of maize industry to the GVP declined between 2008/09 and 2009/10 seasons,

despite a slight increase in production volumes and this was followed by a slight increase in Gross Value of Maize Production during 2010/11 marketing season.

1.1. Production areas

Maize is produced throughout South Africa with Free State, Mpumalanga and North West provinces being the largest producers (see Figure 2 below), accounting for approximately 83% of total production. Maize is produced mostly on dry land although there is less than 10% that is produced under irrigation. South Africa is divided into 36 grain production regions. Regions 1 to 9 are winter rainfall areas (Western Cape), as well as the Eastern Cape and Karoo where no commercial maize is produced. Region 10 is Griqualand West and region 11 is Vaalharts in the North West. Regions 12 to 20 are all in the North West province. Regions 21 to 28, which are in the Free State and North West, contributes approximately 62% to the total maize production in SA. Regions 29 to 33 are within Mpumalanga, which is the second largest maize-producing province. Region 34 falls within Gauteng, region 35 within Limpopo and region 36 within Kwazulu-Natal. Maize production per province during the 2010/11 production year has been summarized in Figure 2 below:



Source: Statistics and Economic Analysis, DAFF

The industry is divided into commercial and developing agriculture. Commercial maize farmers are estimated at 9,000 and the number of developing agricultural farmers is unknown. Figure 2 indicates that during 2010/11 season, the Free State province produced 39% of the total commercial maize in South Africa. North West produced 23% followed by the Mpumalanga Province which produced 21% of the total commercial maize grown in the country. During the same period Northern Cape Province produced 5%. Maize production by provinces for the past six years is presented in Table 1.

Table 1: Maize production by provinces form 2005/06 to 2010/11 production season (Tons)

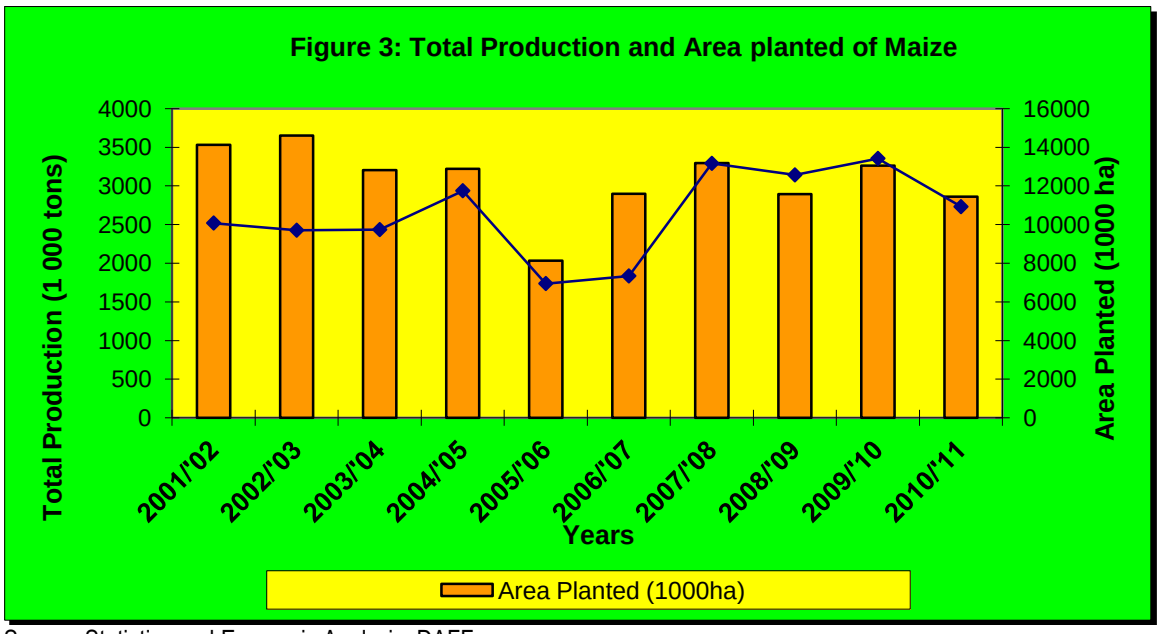
Season / PROVINCE	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Western Cape	27 000	20 000	40 000	50 000	18 000	14 000
Eastern Cape	70 000	83 000	85 000	92 000	80 000	68 000
Northern Cape	443 000	541 000	662 000	634 000	609 000	538 000
Free State	2 080 000	2 855 000	4 928 000	4 527 000	5 076 000	4 052 000
Kwazulu-Natal	310 000	359 000	489 000	521 000	524 000	450 000
Limpopo	58 000	131 000	224 000	247 000	210 000	173 000
Mpumalanga	1 615 000	1 490 000	2 875 000	2 870 000	2 745 000	2 190 000
Gauteng	325 000	254 000	568 000	534 000	685 000	543 000
North-West	1 690 000	1 392 000	2 829 000	2 575 000	2 868 000	2 332 000

Source Statistics and Economic Analysis, DAFF

During the past five years total production for maize in the various provinces has experienced substantial fluctuations in all the maize producing provinces as indicated in Table 1 above. The Free State, Mpumalanga and North West provinces have consistently been the major producers of maize in the country.

1.2. Production trends

Supply of maize is composed of maize harvested for a particular season, imports and carryover stocks from the previous seasons. Commercial agriculture produces about 98% of maize in South Africa, while the remaining 2% is produced by the developing agriculture. Over the past ten years, area planted for maize has significantly fluctuated, with a peak in 2007/08 season (see Figure 3).



Source: Statistics and Economic Analysis, DAFF

The area planted to maize was at the lowest during 2005/06 season and experienced an increase from the 2006/07 production year into the 2007/08 year accompanied by a corresponding increase in the total production. This increase is attributable to increases in the average producer prices during the two production seasons, which encouraged farmers to plant maize during the subsequent season. This was followed reduced plantings in 2008/09 season leading to lower production volumes. The 2009/10 season was characterized by higher volumes of maize in the market mainly as a result improved yields as well as the above normal rainfalls that were experienced during the season. Figure 3 also shows that area planted to maize and production volume decreased marginally during 2010/11 season.

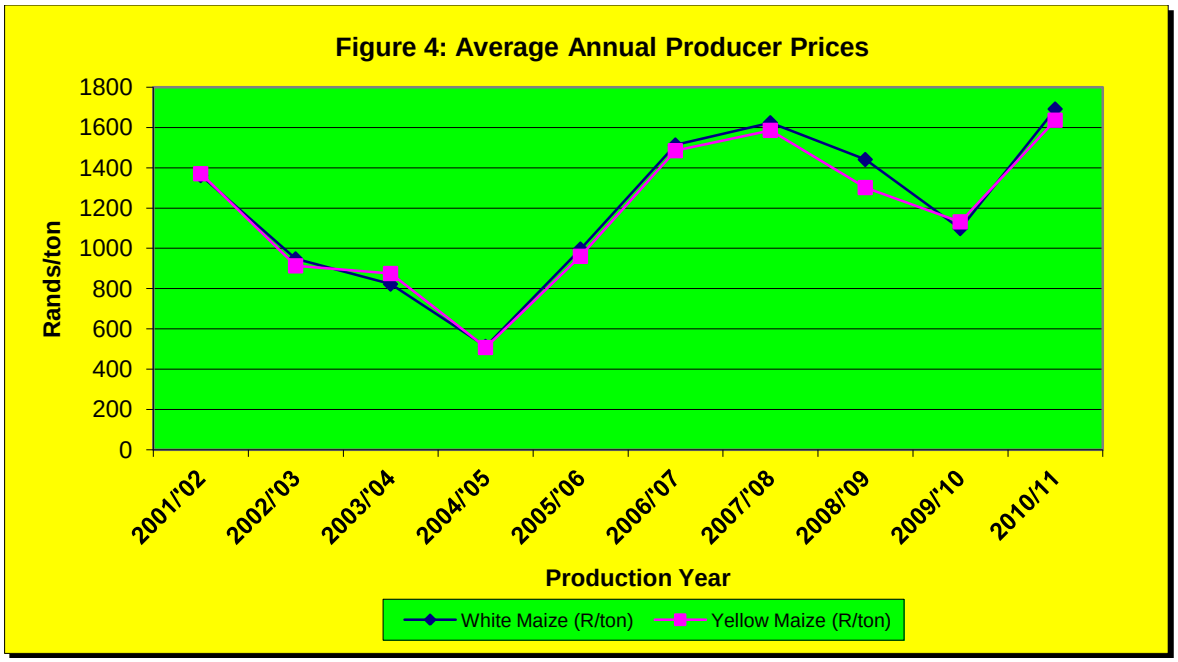
2 MARKET STRUCTURE

2.1. Domestic Market

The South African maize market has matured considerably since deregulation of agricultural marketing. Producers, traders and other intermediaries interact freely in the marketing of maize. Most of the maize produced in South Africa is consumed locally and as a result, the domestic market is very important to the industry. More than two thirds of the locally-produced maize is consumed by the local market in the following pattern: humans (50%); the animal feed industry (40%) and the rest is used for seed and industrial uses (10%).

Before deregulation the maize price was set by the marketing boards. The price was set lower at around R300/ton. Since the implementation of deregulation policy the price of maize increased gradually because of the adoption of perfect competition in the maize marketing environment in which the prices are determined by market forces i.e. supply and demand factors. As maize is an internationally traded commodity, it is also subjected to the international market conditions. The demand and supply conditions of maize in the international market influence domestic prices directly. Another important factor that impacts on the domestic market is the import tariff, which is used to protect domestic producers from lowly priced maize imports. The tariff is determined by the 21 – day moving average Free On Board price in the US with the reference on the initial price. In case where the moving average deviates from the reference price then, a new tariff is triggered.

Figure 4 below indicates that that the period under review started with moderate prices when a ton of maize was trading below R1 400.00 in 2001/'02 season. As of 2002/03 to 2004/05 there were surpluses of maize available in the market due to the carryover stocks from the previous seasons and as a result, producers were exposed to lower prices. The prices increased again in 2005/06 as a result of lower quantities of maize being available in South Africa. Further increases in maize producer prices were also experienced during the 2006/07 and peaked during 2007/08 production year as world supply declined due to the use of maize as a feedstock in the bio-fuel industry by some of the developed countries of the world. This was followed by a continuous decline in producer prices from 2007/08 until 2009/10 seasons. The period under analysis closed with the highest level of Maize producer prices in 2010/11 season.



Source: Statistics and Economic Analysis, DAFF

It is clear from Table 2 below that South Africa meets its annual maize consumption requirements entirely from domestic production. This is the result of implementing more efficient production technologies and practices by producers, the withdrawal of marginal lands from production and the development of high yielding maize cultivars.

Table 2: Total commercial maize area planted, production and consumption

Marketing Year	Maize: Total area planted	Maize: Total production	Maize: Human consumption	Maize: animal feed and other uses
	'000 ha	'000 tons		
2002/03	2 708	7 225	3 708	3 155
2003/04	3 017	9 732	3 712	3 416
2004/05	3 185	9 391	3 740	3 740
2005/06	2 843	9 482	3 825	3 360
2006/07	2 032	6 947	3 816	3767
2007/08	2 897	7 339	3 809	4 221
2008/09	3 297	13 164	4 524	4 088
2009/10	2 896	12 567	4 471	4 187
2010/11	3 263	13 421	4 513	4 344
2011/12	2 859	10 924	4 500	4 395

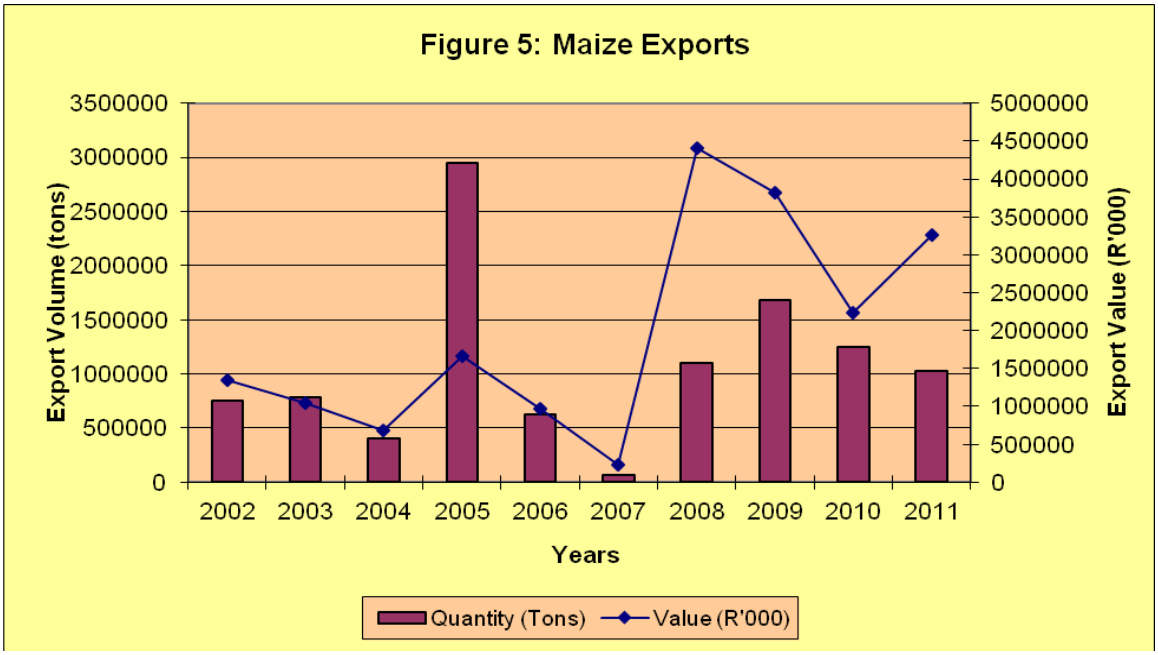
Source: SAGIS and Statistics and Economic Analysis (DAFF)

During the 2007/08 marketing year producers of maize increased the hectares planted to maize to 2, 8 million hectares while total production of maize also increased to 7.3 million tons from 6.9 million tons. Similarly, during 2008/09 the area planted to maize increased to 3.3 million hectares while total production also increased to 13.2 million tons. Area planted to maize declined marginally between 2008/09 and 2009/10 from 3.3 million ha to 2.9 million ha. Human consumption takes

more than half of the maize consumed domestically while the remainder is processed for animal consumption and industrial uses.

2.2. Exports

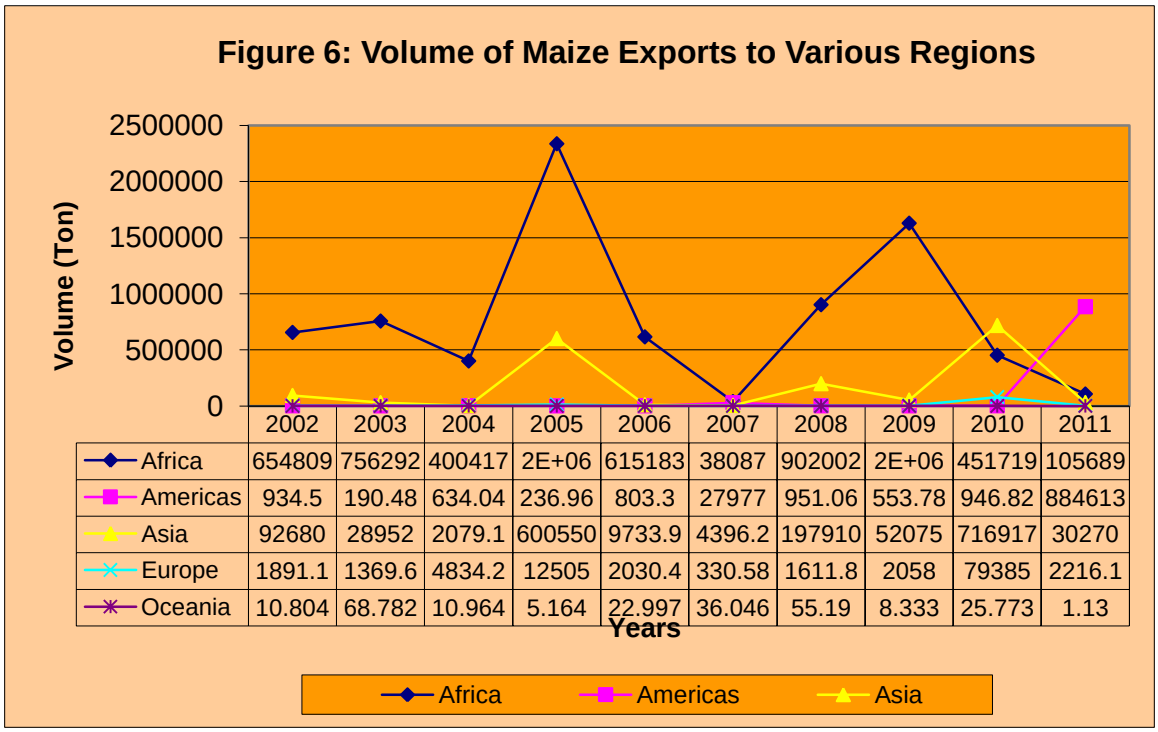
The maize industry is also an important earner of foreign exchange through the export of maize and maize products. The industry exports mostly to BLNS (Botswana, Lesotho, Namibia and Swaziland) countries, Zimbabwe, Kenya, Mozambique, Zambia, and Mauritius and in some years to Japan. White maize meal is the staple food of a large section of the African population and this account for 94% of white maize meal consumption. The international maize market, especially the US market, has a dominant influence on the local exports, particularly in terms of food aid. Figure 5 below shows some trends in maize exports to the world per annum.



Source: Statistics and Economic Analysis, DAFF

The period under analysis opened with moderate volumes of maize exports and this was followed by a slight increase during the year 2003. This was followed by a slight decline in both the value and volume of maize exports during the year 2004. The highest volumes of maize were exported during the year 2005 due to the relatively higher volumes of local production at that time, and the lowest volume of exports was experienced during the year 2007. The volume and value of maize exports declined substantially during the years 2006 and 2007. It is worth noting that the value of maize exports was very high during the year 2008 despite the lower volumes of exports at that time and this can be attributed to higher prices that were experienced at the time. The period under review closed with relatively higher volumes of maize exports due relatively higher volumes of production.

Figure 6 below depicts the value of maize exports from Republic of South Africa to various regions around the globe.

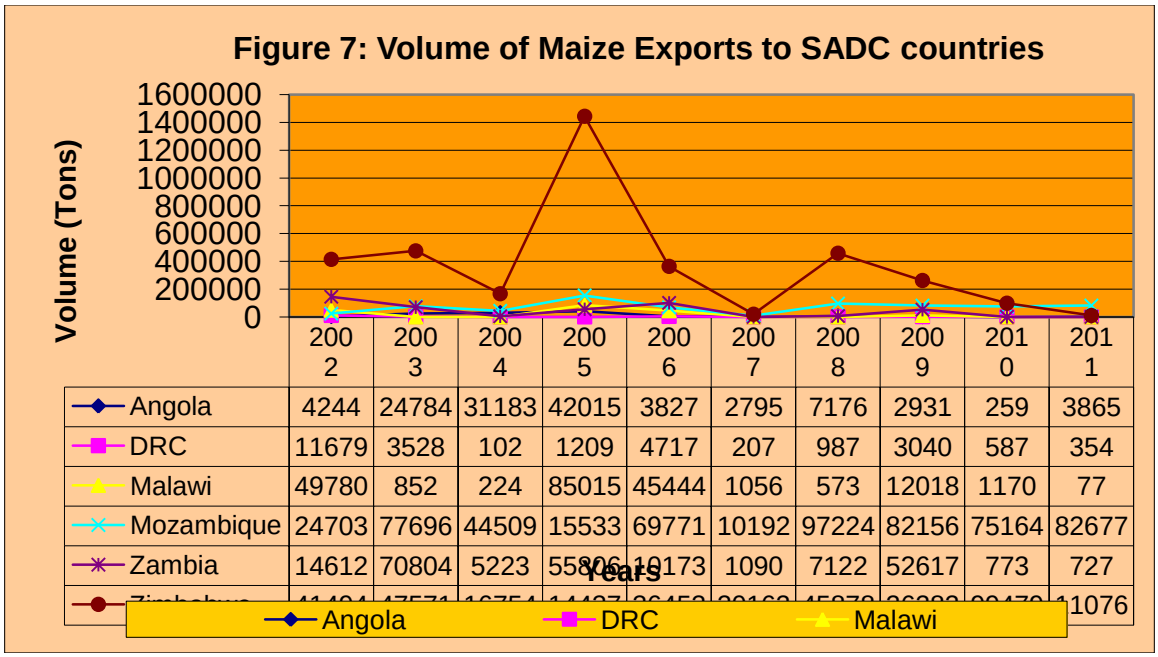


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Africa	654809	756292	400417	2E+06	615183	38087	902002	2E+06	451719	105689
Americas	934.5	190.48	634.04	236.96	803.3	27977	951.06	553.78	946.82	884613
Asia	92680	28952	2079.1	600550	9733.9	4396.2	197910	52075	716917	30270
Europe	1891.1	1369.6	4834.2	12505	2030.4	330.58	1611.8	2058	79385	2216.1
Oceania	10.804	68.782	10.964	5.164	22.997	36.046	55.19	8.333	25.773	1.13

Source: Quantec Easydata

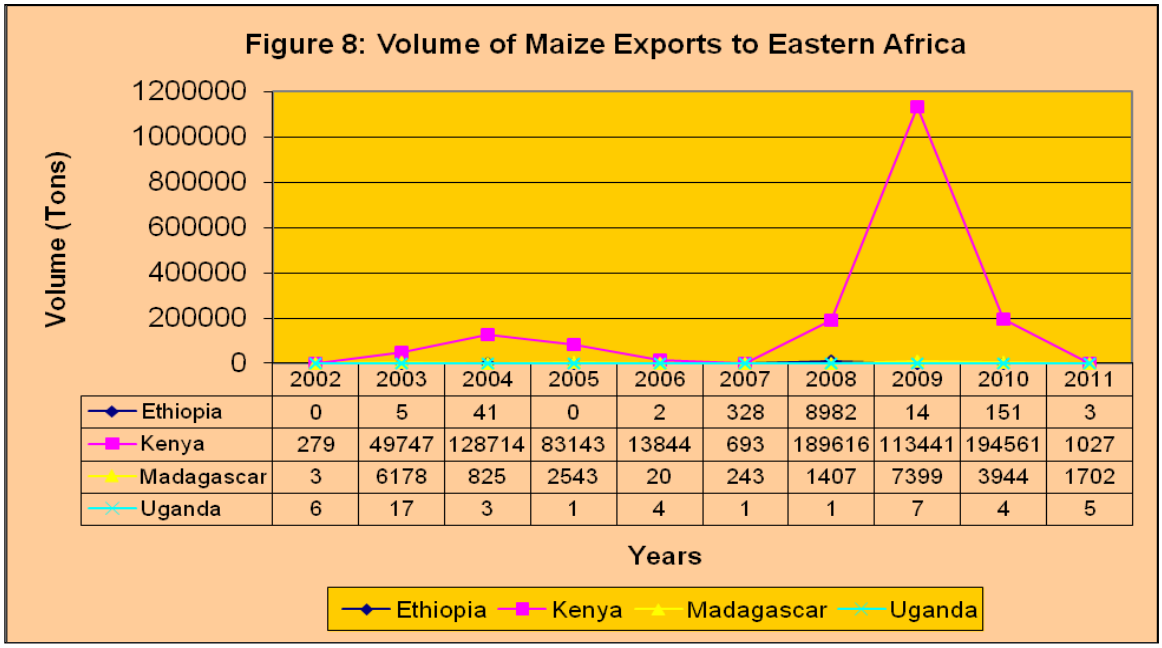
Figure 6 indicates that South Africa exports maize mainly to Africa, Asia and Europe. The volume of maize exports to African countries fluctuated over the 10 year's period until a peak was reached in 2005. During 2008, a substantial increase in volume of maize exports to the African region was experienced and continued to be so until the year 2009. The fluctuation in export volumes over the period can be attributed to fluctuation in the value of rand, unstable production volumes in the country from year to year as well as volatility in world maize production and prices. The figure further indicates that on average, exports of maize to Europe, Asia and Oceania have been continuously below those to the African region between the periods 2002 and 2011.

Figure 7 below shows the volume of maize exported by South Africa to SADC countries. Figure 7 indicates that Zimbabwe is the main export market for maize originating from South Africa which is mainly due to food shortages in that country which has been caused by political instability in that part of the region. It is further indicated by the figure that maize exports to Zimbabwe fluctuated over the ten year's period with a peak in 2005. The volume of maize exports to Zimbabwe declined between the years 2009 and 2011 while those to Mozambique increased slightly during the same period. Exports of maize to other countries in the SADC region (such as Angola, Malawi, Zambia and DRC) have shown a relatively stable trend compared to those destined for Zimbabwe.



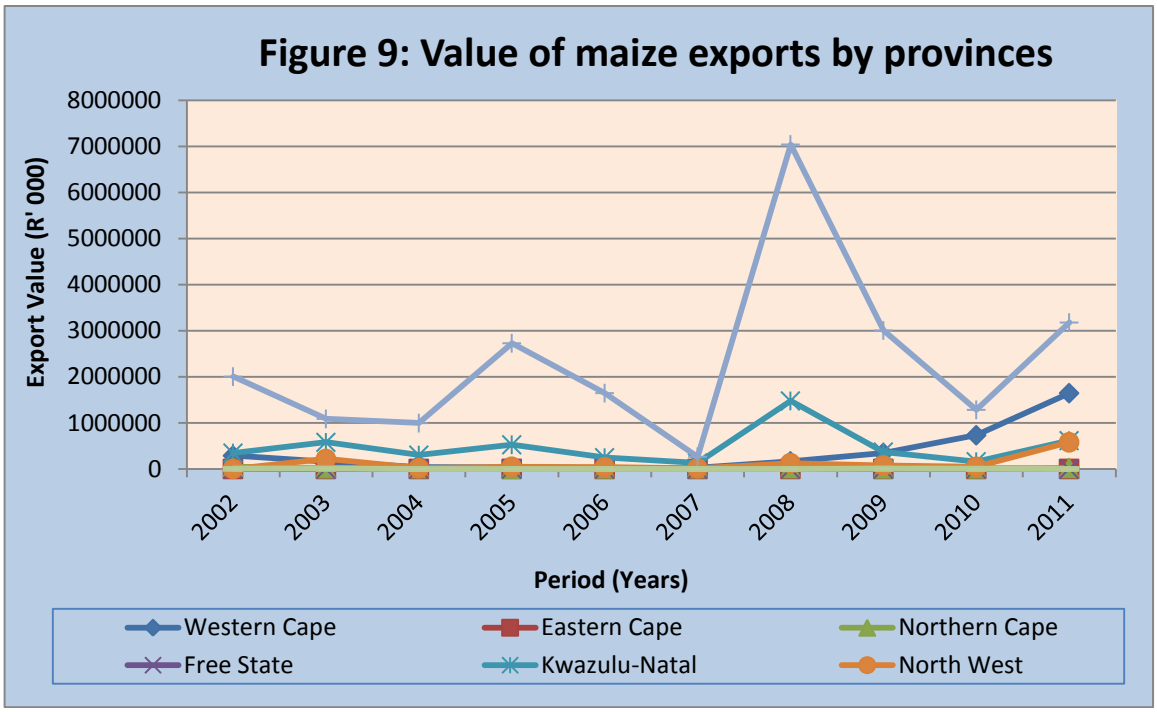
Source: Quantec Easydata

Figure 8 indicates that in the Eastern African region, South Africa exports most of its maize to Kenya with significant increases in the volumes of maize exports to this country having occurred between the years 2008 and 2009, followed by massive declines in export volume between the years 2010 and 2011. Minor volumes were exported to other markets such as Ethiopia, Madagascar and Uganda. The exports of maize from South Africa to the Eastern Africa Rest were generally low during the years 2010 and 2011.



Source: Quantec Easydata

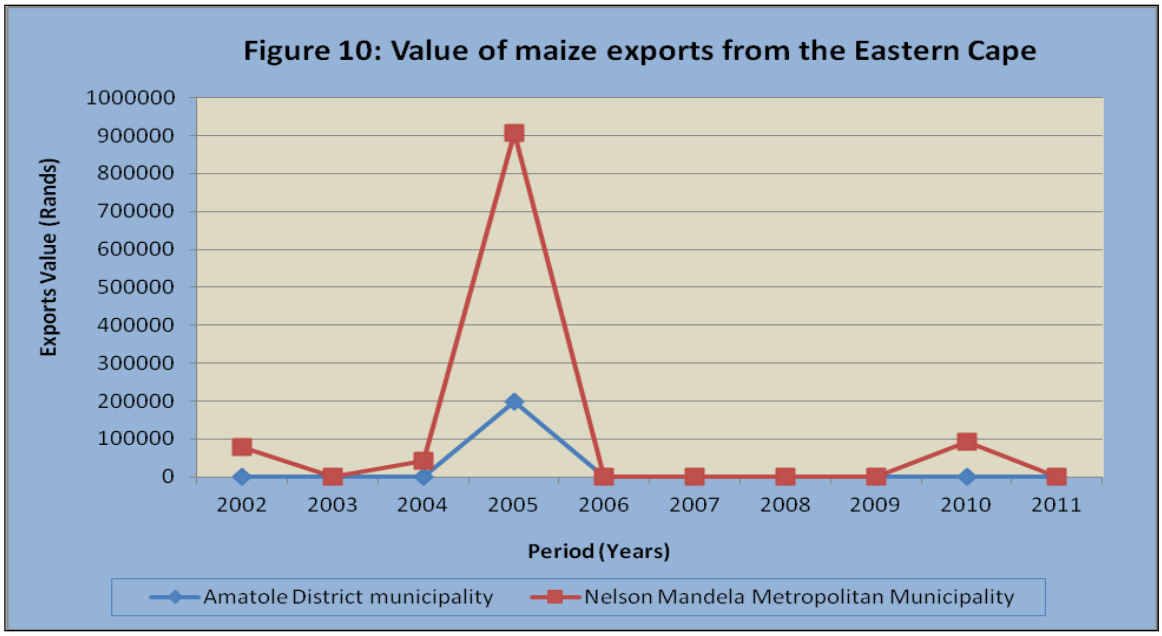
Figure 9 below indicates that, in terms of value of maize exports, Kwazulu-Natal and Gauteng have recorded high export values between the periods 2002 and 2011. This can be attributed to the fact that the major maize producing regions (which are the Free State, North West and Mpumalanga) do not have facilities that are suitable for exportation of agricultural commodities. Most maize is exported either through the Durban harbor or through the Randfontein grain market in the Gauteng Province.



Source: Quantec Easydata

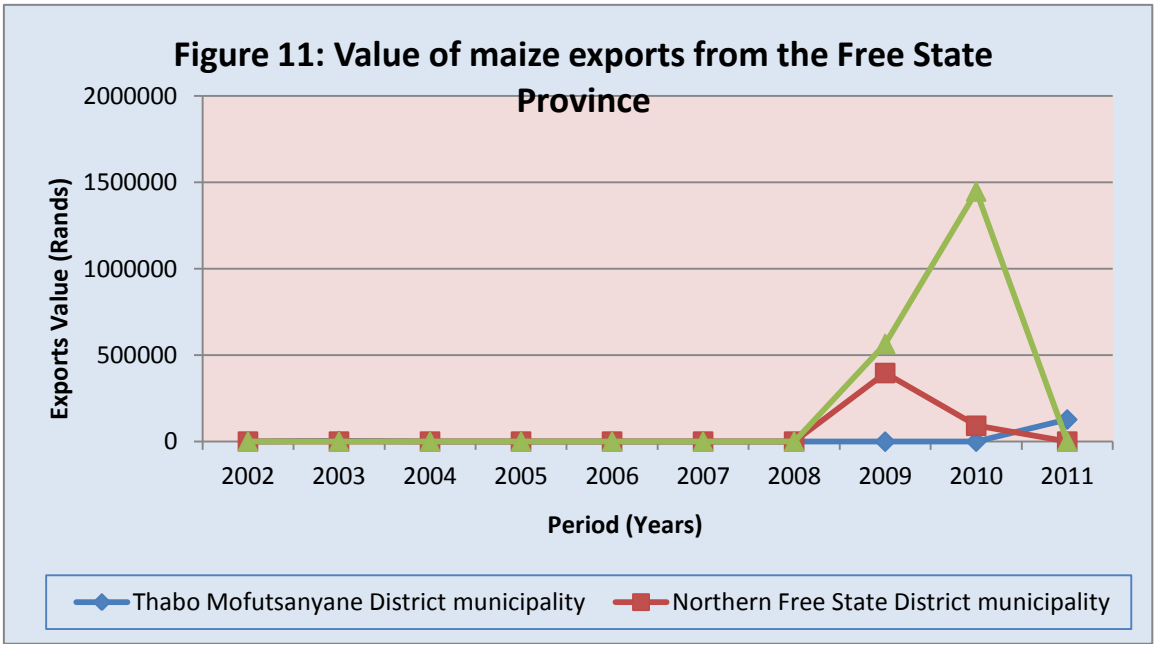
The following figures (Figures 10-18) show the values of maize exports from the various districts in the nine provinces of South Africa.

Figure 10 below indicates that exports of maize from the Eastern Cape province originate mainly from the Amatole and Nelson Mandela Districts. The higher exports value were recorded during the year 2005 for Amatole District while the value of maize exports from the Nelson Mandela District was also at the highest level during the year 2005.



Source: Quantec Easydata

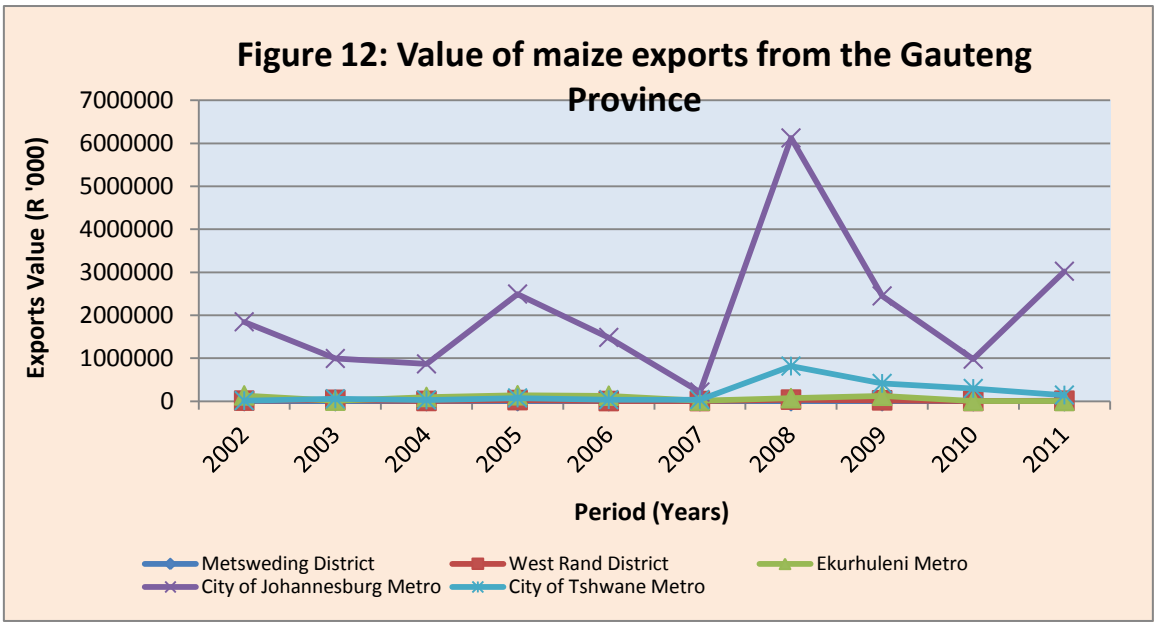
Between 2006 and 2009 there were no exports of maize from Eastern Cape province (Amatole and Nelson Mandela). This phenomenon can be attributed to the fact that the Port Elizabeth harbour is increasingly being used to handle imports and exports of vehicle parts which displaced agricultural products from the harbour over time. The fact that Eastern Cape produces, on average, about 1% of the total South Africa's maize production also contributes towards lower levels of maize exports the province. Nelson Mandela District recorded some levels of maize exports during the year 2010 while exports from Amatole District were very low during that year. No maize was exported through the Eastern Cape Province during the year 2011.



Source: Quantec Easydata

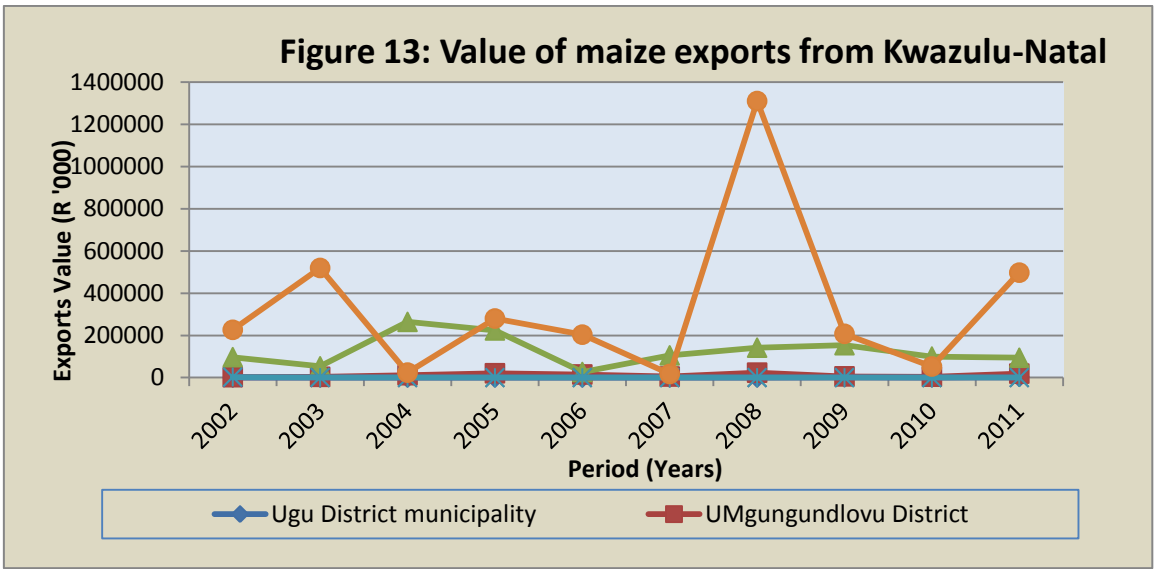
From Figure 11 above, it is clear that exports of maize from the Free State province are mainly from the Lejweleputswa and Northern Free State Districts with high values recorded during the year 2010. There were no exports of maize from the Free State province between the year 2005 and 2008. During the year 2011, Thabo Mofutsanyane emerged to be the only exporting district for maize in Free State province since the rest of other districts did not record any maize exports during the same year.

Values maize exports from Gauteng Province are depicted in Figure 12 below. The figure (Figure 12) indicates that City of Johannesburg is the largest exporter of maize in Gauteng province having contributed largely towards the province's total maize exports over the past ten years. However, a dramatic decline in the value maize exports from the city occurred between 2006 and 2007 followed by a substantial increase in 2008. Other districts that contribute towards Gauteng's maize exports are City of Tshwane, Ekurhuleni, West Rand and Metsweding. Ekurhuleni Metropolitan Municipality has recorded very low export values for maize during the period under review. The Maize exports from Gauteng Province were relatively lower during the year 2010 compared to the years 2008 and 2009. The period under analysis closed with relatively higher volumes of maize exports from Gauteng Province during the year 2011. As mentioned earlier on, high maize export values in the Gauteng Province are attributable to the role of Randfontein grain market in the trading of grain in SA and the presence of a large number of exporters within the province.



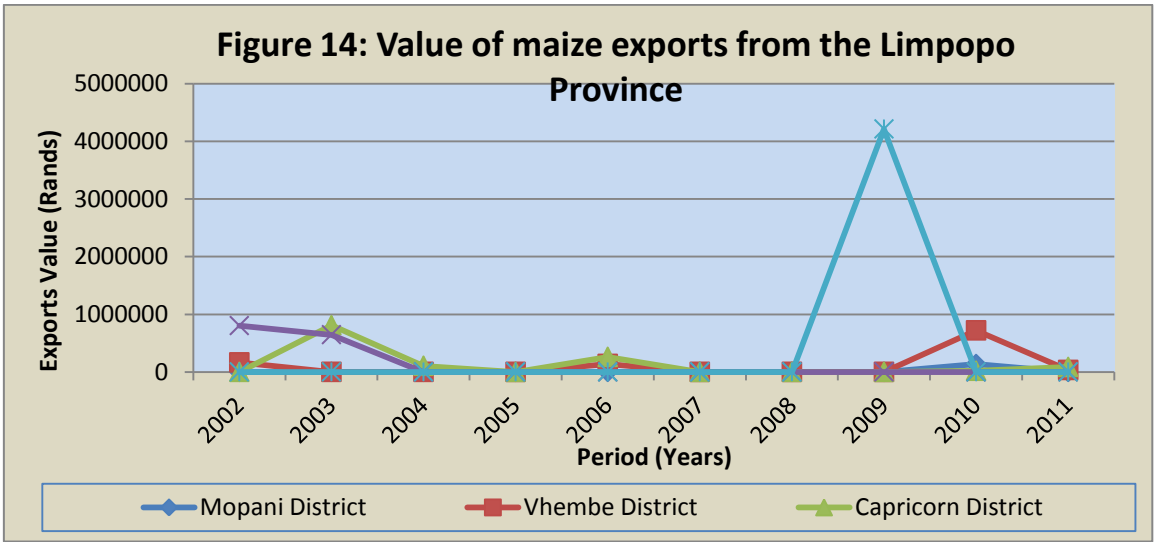
Source: Quantec Easydata

In Kwazulu-Natal province, UMzinyathi and EThekwini Districts are important role-players in exportation of maize. It is clear from Figure 13 that eThekwini is the largest exporter of maize in KwaZulu-Natal followed by UMzinyathi. The value of maize exports through the eThekwini Metropolitan Municipality increased substantially during 2008 followed by a decline between 2009 and 2010. The use of the Durban harbor as an exit point plays a major role in the increase in maize export values from the Kwazulu-Natal province.



Source: Quantec Easydata

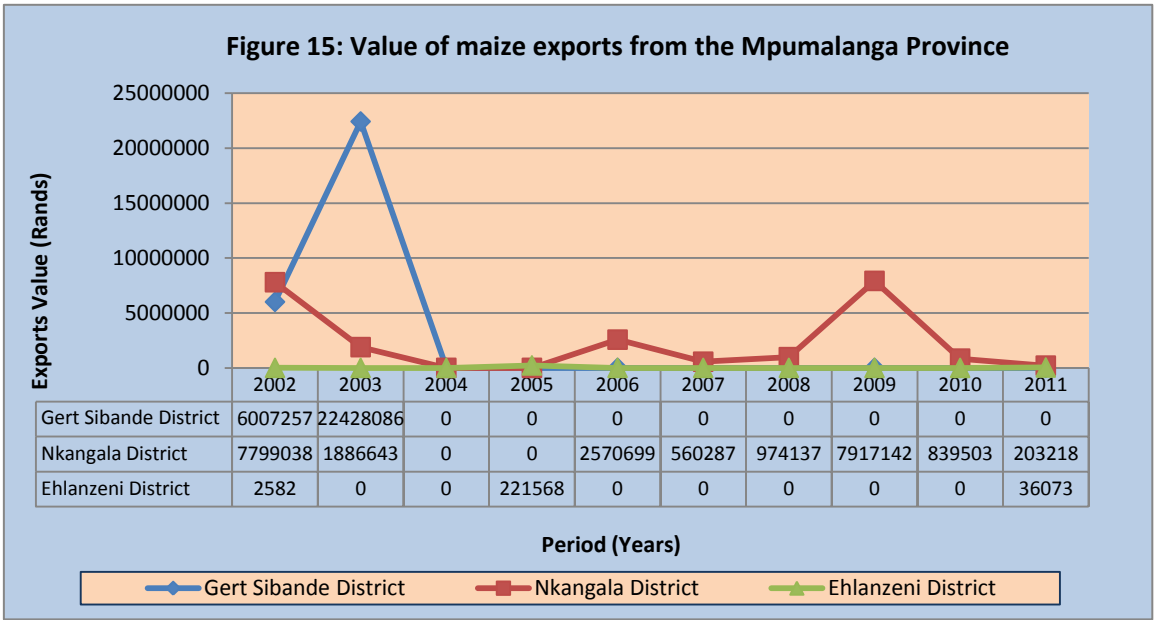
Figure 14 below shows the values of maize exports from Limpopo Province between the years 2002 and 2011. Exports of maize in the Province originate mainly from Mopani, Capricorn, Vhembe and Waterberg districts. Value of maize exports from the province fluctuated considerably over the period under analysis. It is also clear from Figure 14 that Limpopo is not a major exporter of maize and that the value of maize exported from this province has been very low and erratic over the period under analysis. During the year 2009, maize from Limpopo Province was exported mainly through Sekhukhune District Municipality and this declined to lower levels during the years 2010 and 2011.



Source: Quantec Easydata

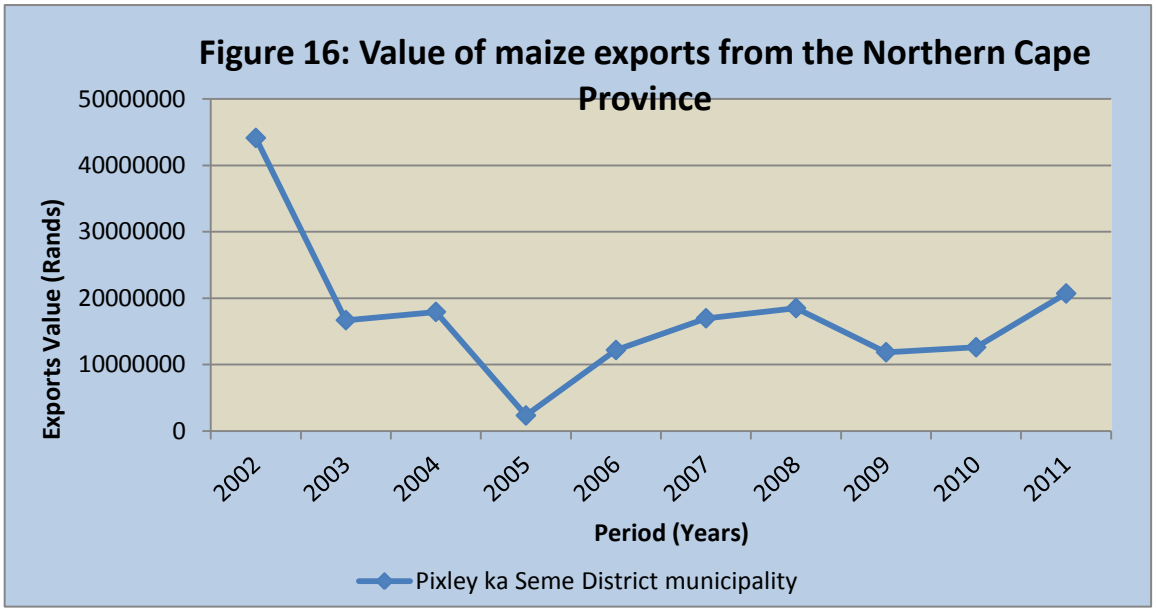
Figure 15 indicates that in Mpumalanga province, the major exporting regions for maize are Gert Sibande, Ehlanzeni and Nkangala Districts. Between 2002 and 2003, maize exports occurred from the three districts after which Nkangala became a sole exporter of maize in the province until 2010. The value of maize exports from Mpumalanga province was very low during the year 2011. Figure

15 further indicates that Nkangala district is the largest exporting district in Mpumalanga followed by Gert Sibande district although the latter only participated in exportation of during the years 2002 and 2003.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gert Sibande District	6007257	22428086	0	0	0	0	0	0	0	0
Nkangala District	7799038	1886643	0	0	2570699	560287	974137	7917142	839503	203218
Ehlanzeni District	2582	0	0	221568	0	0	0	0	0	36073

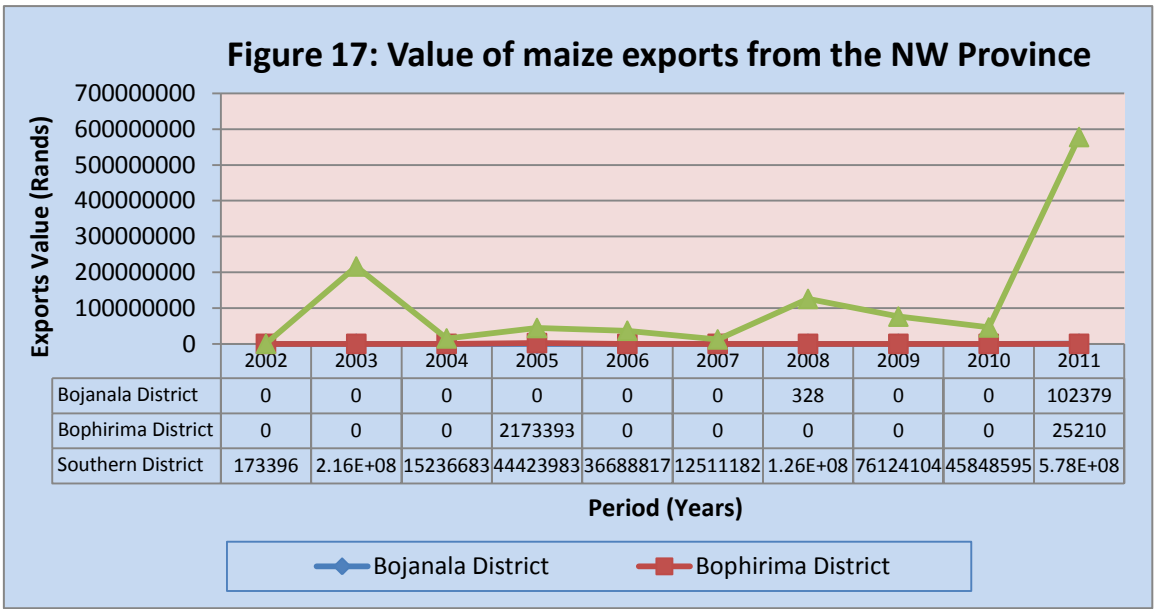
Source: Quantec Easydata



Source: Quantec Easydata

In the Northern Cape province maize exports are mainly from the Pixley Ka Seme District showing a decline in the value of the exports between 2002 and 2005. This was followed by an increase in the value of maize exports between the years 2006 and 2008. The period under analysis closed with relatively higher value of maize exports from the Northern Cape Province during the year 2011. The province is mainly a livestock producing region with crop production taking place

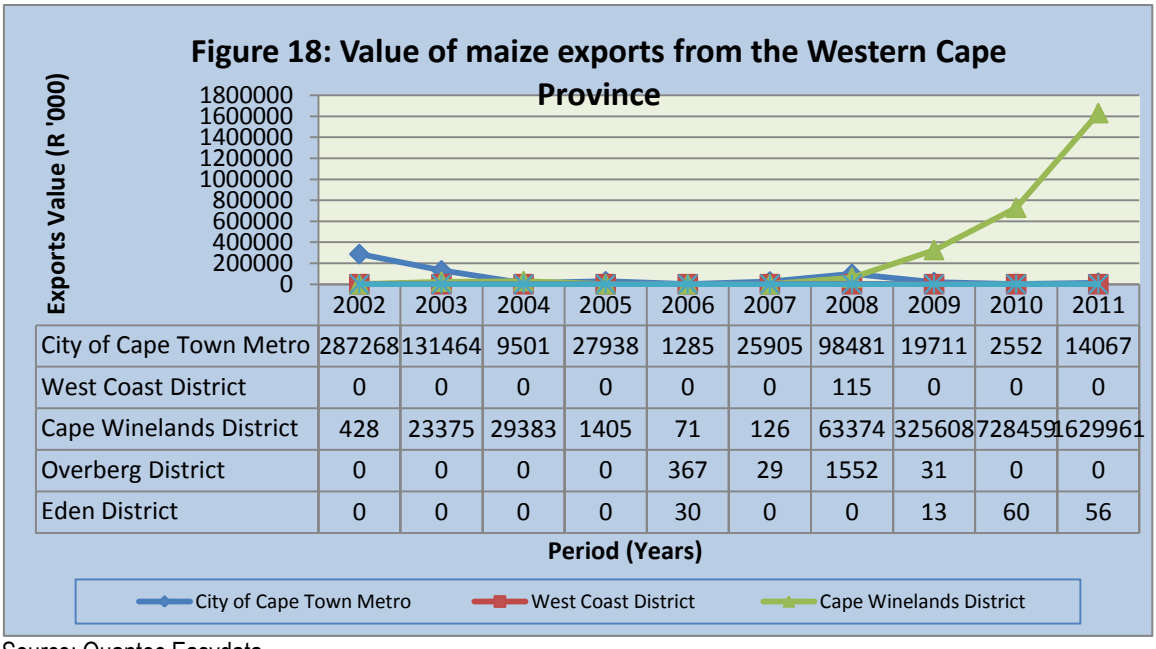
predominantly along the Orange River and this could be the reason for relatively lower values of maize exports from the province.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bojanala District	0	0	0	0	0	0	328	0	0	102379
Bophirima District	0	0	0	2173393	0	0	0	0	0	25210
Southern District	173396	2.16E+08	15236683	44423983	36688817	12511182	1.26E+08	76124104	45848595	5.78E+08

Source: Quantec Easydata

Figure 17 shows that in the North West Province, exports of maize originate mainly from the Southern District. The Southern District has recorded high export values with peaks during 2003, 2008 and 2011. This can be attributed to the fact that the district (Southern District) it is one of the major grain-producing regions in the province. Bojanala and Bophirima districts recorded very low and erratic export values throughout the period under analysis.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town Metro	287268	131464	9501	27938	1285	25905	98481	19711	2552	14067
West Coast District	0	0	0	0	0	0	115	0	0	0
Cape Winelands District	428	23375	29383	1405	71	126	63374	325608	728459	1629961
Overberg District	0	0	0	0	367	29	1552	31	0	0
Eden District	0	0	0	0	30	0	0	13	60	56

Source: Quantec Easydata

Western Cape Province has recorded reasonable levels of maize exports from two districts namely, the Cape Winelands and City of Cape Town. The value of maize exports from City of Cape Town were at higher levels during the years 2002 and 2008, and at lower levels throughout the rest of other years. Irregular maize exports were also recorded in 2006 and 2007 for the Overberg and West Coast district municipalities. As mentioned earlier on, the use of the Cape Town harbor as an exit point by some exporters plays a major role here. It is clear from the figure that maize exports from Cape Winelands has started increasing from the year 2009 until 2011 while those from City of Cape Town remained at lower levels over the same period.

2.3. Share Analysis

The contributions of various provinces to the total export value for maize from South Africa during the past ten years are presented in Table 3.

Table 3: Contribution of Provincial maize exports to the total RSA maize exports (%)

Years Province	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Western Cape	10.68	7.45	2.84	0.88	0.09	5.82	1.85	9.04	32.75	27.25
Eastern Cape	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00
Northern Cape	1.63	0.80	1.31	0.07	0.62	3.79	0.20	0.31	0.56	0.34
Free State	0.00	0.00	1.02	0.00	0.00	0.00	0.00	0.03	0.07	0.002
Kwazulu-Natal	12.74	27.78	21.92	15.73	12.59	28.55	16.72	9.64	7.03	10.17
North West	0.00	10.40	1.11	1.39	1.88	2.79	1.42	1.99	2.06	9.58
Gauteng	74.37	52.30	72.79	81.87	84.64	58.90	79.78	78.67	57.45	52.65
Mpumalanga	0.51	1.17	0.00	0.00	0.13	0.12	0.01	0.21	0.04	0.004
Limpopo	0.03	0.06	0.00	0.00	0.02	0.00	0.00	0.11	0.04	0.002

Source: Calculated from Quantec Easydata

From Table 3 above it can be inferred that Gauteng Province commands the greatest share of South African maize exports followed by Kwazulu-Natal and Western Cape Provinces. This is in spite of the fact that the North-West, Free State and Mpumalanga Provinces are the major maize producing provinces in the republic. As explained previously, this is mainly due to the fact that most exporters of maize are situated in the Gauteng Province and the greatest proportion of maize trading occurs through the Randfontein grain market. Furthermore, maize is also exported through two major harbors namely, Durban and Cape Town harbors. The above scenario raises concerns about the availability of marketing infrastructure and agro-logistics in the major maize producing provinces of South Africa because Gauteng is not a major maize producing region and yet the greatest share of South African maize is exported through this province.

The accompanying Tables 4 to 12 shows contribution of various districts to the total provincial maize exports.

Table 4: Share of district maize exports to the total Mpumalanga provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gert Sibande	43.50	92.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Nkangala	56.47	7.76	0.00	0.00	100	100	100	100	100	0.00
Ehlanzeni	0.01	0.00	0.00	100	0.00	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec Easydata

Table 5: Share of district maize exports to the total North West provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bojanala District	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
Bophirima	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Southern District	100	100	100	95.34	100	100	99.99	100	100	99.98

Source: Calculated from Quantec Easydata

Table 6: Share of district maize exports to the total Free State provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Thabo Mofutsanyane	0.00	100	100	0.00	0.00	0.00	0.00	0.00	0.00	100
Northern Free State	0.00	0.00	0.00	0.00	0.00	0.00	0.00	41.27	6.01	0.00
Lejweleputswa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	58.72	93.99	0.00

Source: Calculated from Quantec Easydata

In the three major maize producing regions namely Free State, North West and Mpumalanga provinces, the greatest share of maize exports originate mainly from the Nkangala district in Mpumalanga (except in 2004) while Dr Kenneth Kaunda (Southern) District in the North West province commands the greatest share of maize exports for the province. In Free State Province, fractional exports of maize occurred from the Thabo Mofutsanyane district between 2003, 2004 and 2011; and from Lejweleputswa district in 2009 and 2010. Between the years 2005 and 2008 exports of maize diminished entirely from the Free State province.

Table 7 below indicates that in Limpopo province, exports of maize originate mainly from Vhembe and Capricorn Districts. During the year 2011, Capricorn District accounted for about 72.13% of Limpopo's total maize exports (in value terms) while the remaining balance was exported from Vhembe District.

Table 7: Share of district maize exports to the total Limpopo provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Mopani	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15.44	0.00
Vhembe	16.97	0.00	0.00	0.00	34.58	0.00	0.00	0.00	82.34	27.87
Capricorn	0.00	55.64	100	0.00	65.42	0.00	0.00	0.00	2.22	72.13
Waterberg	83.03	44.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sekhukhune	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100	0.00	0.00

Source: Calculated from Quantec Easydata

Table 8: Share of district maize exports to the total Northern Cape provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Pixley Ka Seme	100	100	100	100	100	100	100	100	100	100

Source: Calculated from Quantec Easydata

Table 9: Share of district maize exports to the total Eastern Cape provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Amatole	0.00	0.00	0.53	17.96	0.00	0.00	0.00	0.00	1.41	0.00
Nelson Mandela	100	0.00	99.47	82.04	0.00	0.00	0.00	0.00	98.59	0.00

Source: Calculated from Quantec Easydata

During the period under review Pixley Ka Seme district commanded 100% share of all maize exports originating from the Northern Cape Province. In the Eastern Cape province intermittent exports of maize were recorded from the Amatole and Nelson Mandela districts but diminished between the years 2006 and 2009. During the year 2010, Nelson Mandela District contributed 98.59% to Eastern Cape's total maize exports while Amatole District contributed 1.41%. There were no exports of maize from Eastern Cape during the year 2011.

Table 10 below shows that City of Cape Town Metropolitan Municipality has commanded the greatest share of maize exports in the Western Cape Province during the period between 2002 and 2008 followed by the Cape Winelands (formerly Boland) district. Fractional exports of maize were recorded from the Overberg and Eden districts during the past two years. Cape Winelands surpassed the City of Cape Town in terms of maize export to record a share of 94.28% and

99.64% during the years 2009 and 2010 respectively. Cape Winelands continued to command the greatest share of Western Cape's total maize exports during the year 2011 after contributing 99.14% to the provincial total during the same year.

Table 10: Share of district maize exports to the total Western Cape provincial maize exports (%)

Years / District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town	99.85	84.90	24.43	95.21	73.29	99.40	60.22	5.71	0.35	0.86
West Coast	0.00	0.00	0.00	0.00	0.00	0.00	0.07	0.00	0.00	0.00
Cape Winelands	0.15	15.09	75.57	4.79	4.07	0.48	38.76	94.28	99.64	99.14
Overberg	0.00	0.00	0.00	0.00	20.93	0.11	0.95	0.01	0.00	0.00
Eden	0.00	0.00	0.00	0.00	1.71	0.00	0.00	0.003	0.01	0.00

Source: Calculated from Quantec Easydata

From Kwazulu-Natal province, the eThekwini district has commanded the greatest share of maize exports over the period under review followed by the UMzinyathi district. Intermittent exports of maize also occurred from UMgungundlovu, Ugu, Amajuba and iLembe districts during the same period. The availability of the Durban harbour in eThekwini gives this district municipality a competitive edge as far as exportation of maize is concerned hence it is the largest exporter of maize in the province.

Table 11: Contribution of various districts in Kwazulu-Natal to the total Kwazulu-Natal's provincial maize exports (%)

Years / District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Ugu	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.17	0.59
UMgungundlovu	0.60	0.62	3.80	3.93	6.04	3.93	1.58	1.58	2.80	3.08
UMzinyathi	28.19	9.26	88.17	42.64	10.86	82.50	9.61	41.86	63.53	15.32
Amajuba	4.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ILembe	0.82	0.12	0.12	0.00	0.00	0.12	0.01	0.00	0.00	0.00
eThekwini	65.93	89.98	7.89	53.41	83.09	13.43	88.79	56.56	33.45	81.01

Source: Calculated from Quantec Easydata

Table 12 below shows that, in Gauteng province, exports of maize occur primarily through the City of Johannesburg district primarily due to the role played by the presence of necessary infrastructure and logistics in the district. Fractional exports of maize were also recorded from the City of Tshwane and West Rand districts during the period under review.

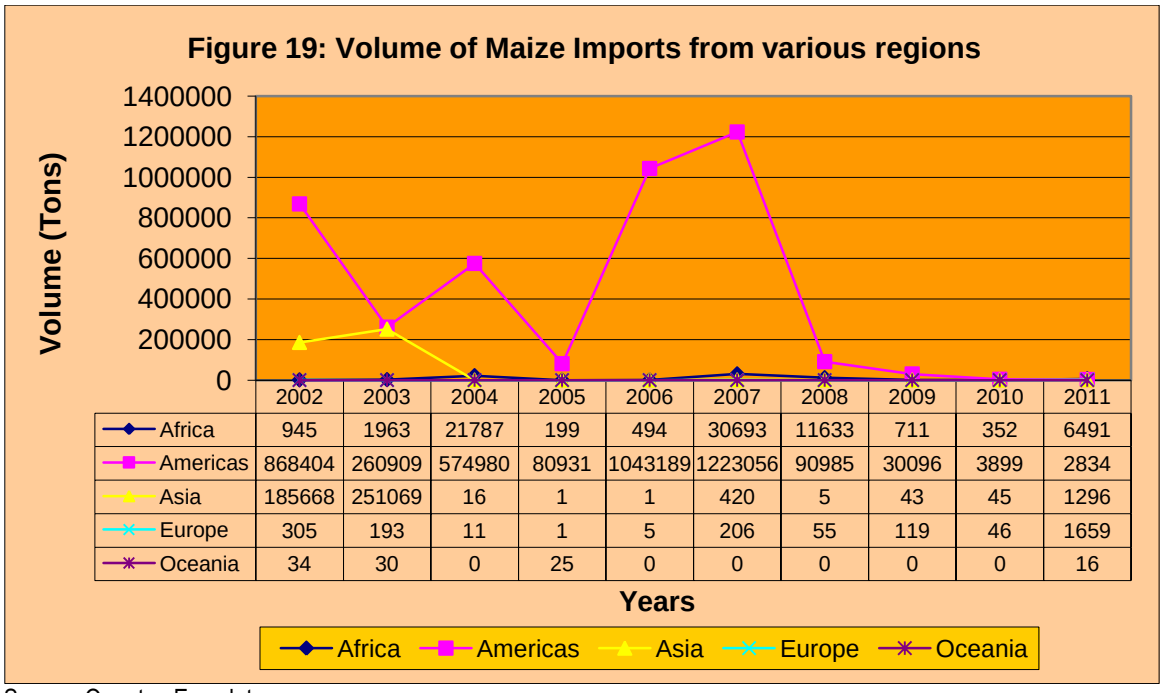
Table 12: Contribution of district maize exports to the total Gauteng provincial maize exports (%)

Years District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Sedibeng	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	9.92
Metsweding	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
West Rand	0.59	2.70	0.43	0.87	0.09	0.84	0.49	0.62	0.31	0.28
Ekurhuleni	6.64	1.09	9.83	5.02	7.69	4.97	0.97	4.18	0.53	0.14
City of Johannesburg	92.15	91.27	87.06	91.37	90.11	80.27	86.95	81.48	76.12	95.13
City of Tshwane	0.57	4.92	2.66	2.69	2.09	13.90	11.57	13.72	23.04	4.44

Source: Calculated from Quantec Easydata

2.4. Imports

South Africa imports maize mainly from the Americas, Asia, Europe and Africa as shown in Figure 19. However, greater import values for maize come from the Americas followed by Asia and Africa.

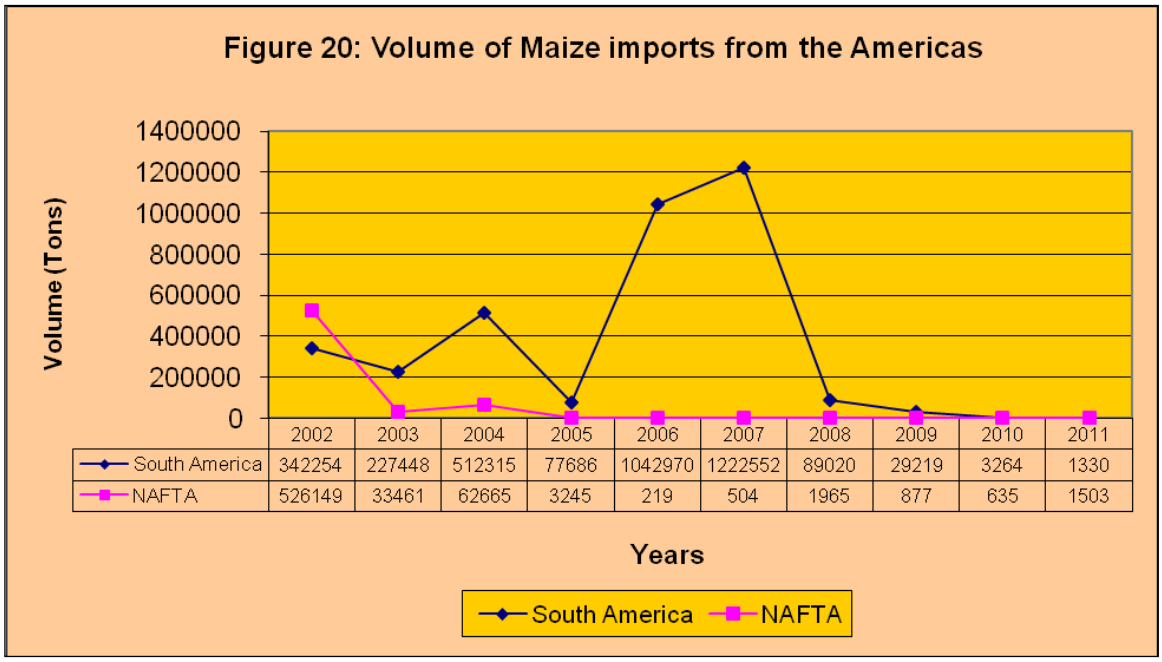


Source: Quantec Easydata

During the period under review, the volume of maize imports originating from the Americas fluctuated tremendously with peaks attained during 2002 and 2007. Imports of maize from the Americas and other regions declined substantially between the years 2008 and 2011. There were also marginal increases in the volume of maize imports originating from Asia between the period

2002 and 2003. The years 2010 and 2011 were characterized by lower volumes of maize imports from all the regions.

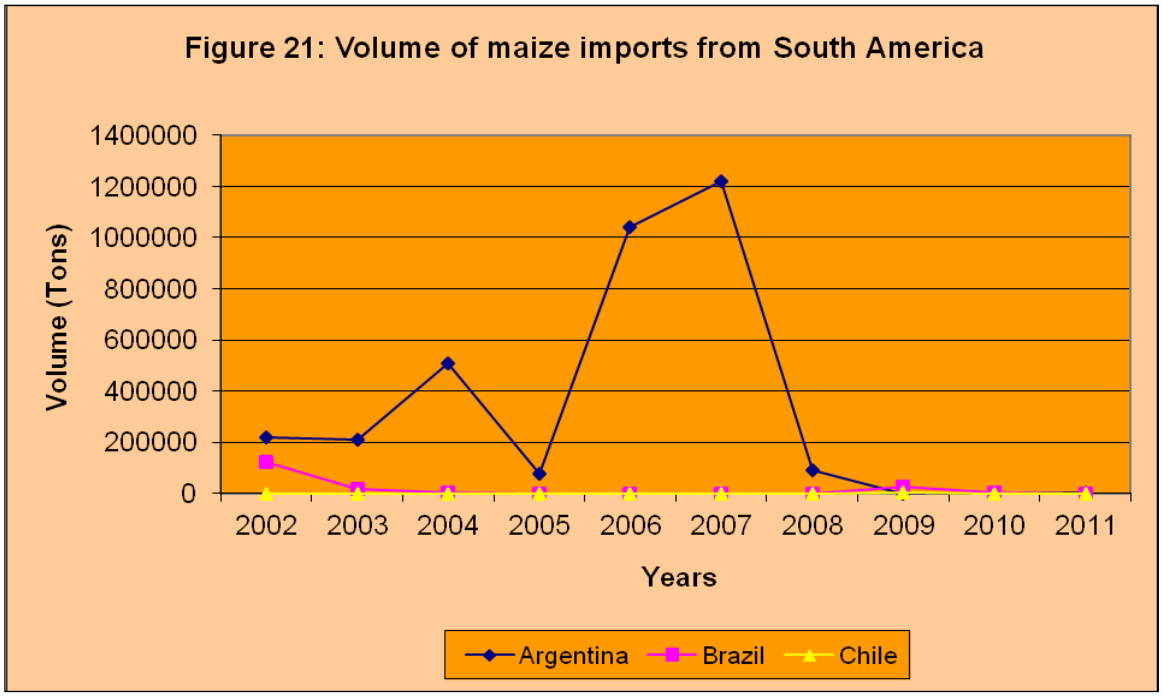
As indicated in the previous figure (Figure 19) and in Figure 20, maize imports from the Americas were mainly from South America and NAFTA (North American Free Trade Area). In recent years, imports of maize from NAFTA have shown significant declines from 2003 until 2011 while maize imports originating from South America have increased phenomenally, particularly between 2006 and 2007. This was followed by a decline in the volume of maize imported South Africa from the year 2008 until 2010.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
South America	342254	227448	512315	77686	1042970	1222552	89020	29219	3264	1330
NAFTA	526149	33461	62665	3245	219	504	1965	877	635	1503

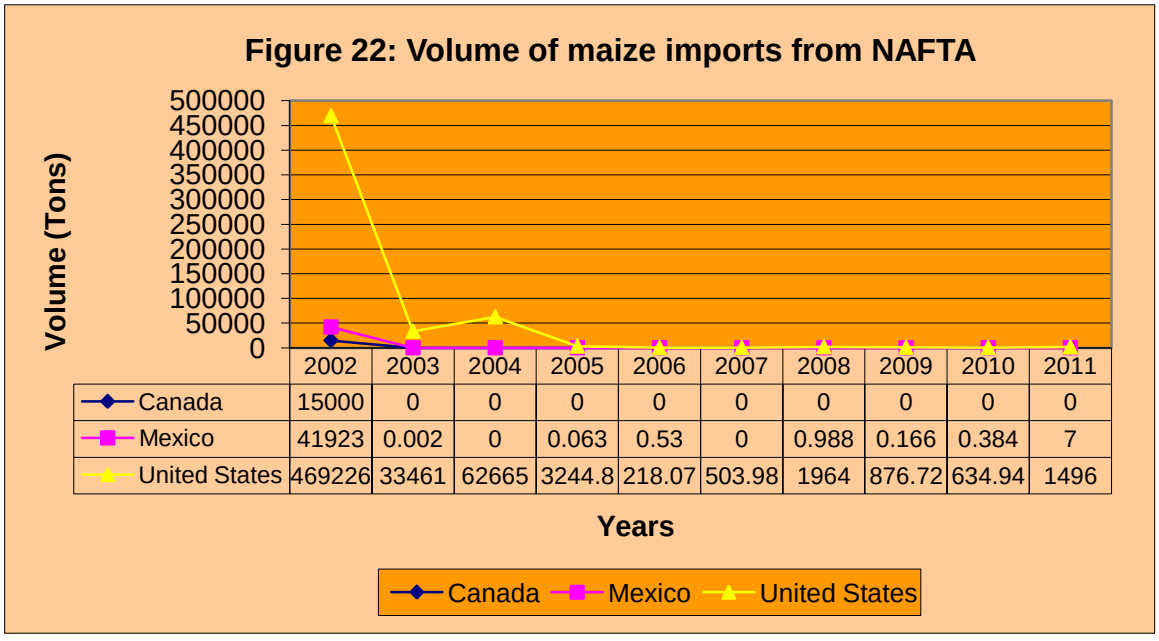
Source: Quantec Easydata

Figure 21 below shows the volume of maize imports from South America for the period 2002 to 2011.



Source: Quantec Easydata

Figure 21 indicates that during the period between 2002 and 2011 maize imports originated mainly from Argentina with intermittent exports recorded from Brazil and Chile in South America. As it is one of the principal world maize producers, Argentina is South America's leader in exportation of maize to South Africa followed by Brazil. Maize Imports from Argentina increased steadily from the year 2002 until 2004 and then experienced a sharp decline in 2005. Phenomenal increases in the volume of maize imports originating from Argentina were experienced in recent years between 2006 and 2007 and this was followed by a decline in the volume of maize exports from the year 2008 until 2010.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Canada	15000	0	0	0	0	0	0	0	0	0
Mexico	41923	0.002	0	0.063	0.53	0	0.988	0.166	0.384	7
United States	469226	33461	62665	3244.8	218.07	503.98	1964	876.72	634.94	1496

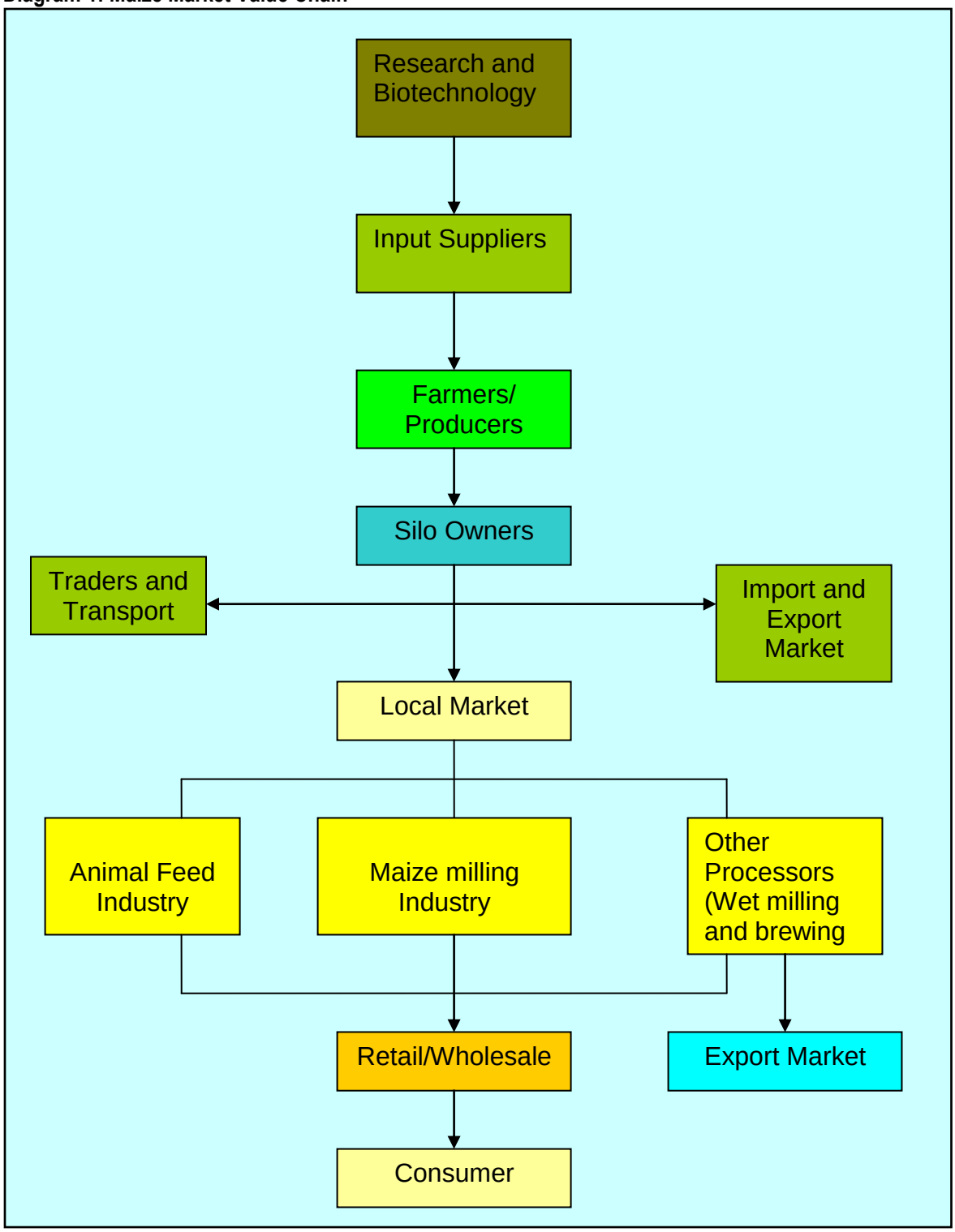
Source: Quantec Easydata

Figure 22 indicates that in the North American Free Trade Area (NAFTA), we import maize primarily from the United States of America with fractional amounts being imported from Canada in 2002 only, and from Mexico between 2001 and 2003. In the United States of America maize is not produced primarily for human consumption as it is mainly used as input for animal feed manufacturing. As indicated in Figure 22, the volume of maize imports from the USA started to experience a decline from 2005 until 2007 primarily due to the fact that the USA has diverted its maize surpluses into their local bio-fuels industry. The volume of maize imports from USA remained at lower levels between the years 2006 and 2011.

2.5. Market Value chain

The maize market value chain is presented in Diagram 1 below.

Diagram 1: Maize Market Value Chain



Source: Maize Tariff Working Group (2005)

The maize market value chain can be broken down into the following levels: producers of maize (farmers); silo owners (who store maize for their own account and on behalf of others); traders in

maize (who market and sell maize); millers of maize (who convert it into usable form); and end users.

The primary sector consists of input suppliers, producers and silo owners. Silo owners provide storage facilities to handle the crops, to store maize safely and to supply it to buyers on a continuous basis throughout the year. The secondary sector consists of millers and animal feed manufacturers. Millers convert maize to maize meal for human consumption while animal feed manufacturers use yellow maize for the manufacture of broiler and layer feed rations. Maize products in the form of hominy chop (white maize by-product) are used in feedlots.

The tertiary sector consists of traders, retailers and transporters. Traders move the produce to the domestic or export market. There are three types of traders in the maize industry: *hedgers* who use futures and options to protect an existing portfolio against possible adverse market movements; *arbitrageurs* who profit from price differentials of maize in different markets; and *speculators* who use futures and options in the hopes of making a profit on short-term movements in prices. The retail sector provides infrastructure and services for the distribution of maize products from the miller to the final consumer. Transport helps to move the maize from the farmers to the silo owner, from the silo owner to the miller and from the intermediaries to the final consumers.

2.5.1. Seed suppliers as inputs

Monsanto is currently the largest seed company in South Africa after purchasing shares in Sensako and Carnia. Other major players in this market include companies such as Pannar and Pioneer Hybrid International.

2.5.2. Handling and Storage

The farmer has the following maize storage options:

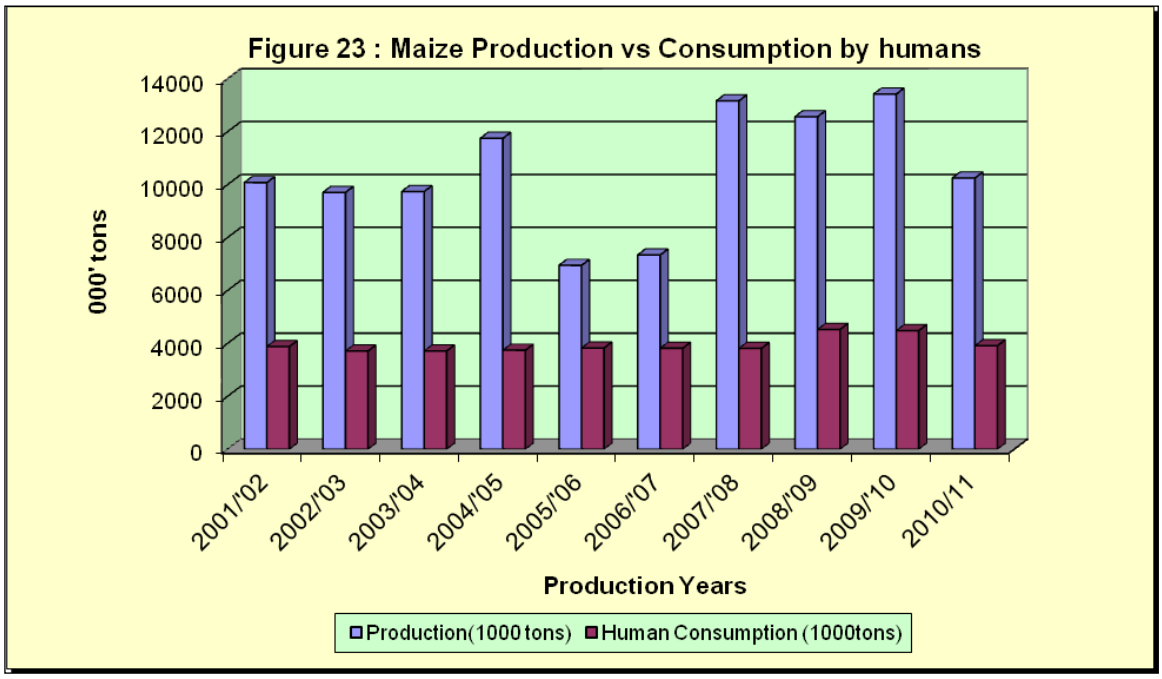
He/she can deliver the maize immediately to a miller;
He/she can make use of the new storage method in the form of silo bags;
He/she can erect his/her own silos;
The most common method is to make use of commercial silos off-farm.

With deregulation of the maize industry, 90% of the co-operatives converted to private companies, which own 85% of the total storage capacity, which is currently 16.3 million tons. There are 432 silos, of which 172 are on-farm and 260 commercial. The commercial silos, owned by 17 silo owners, account for 94% of the available silo capacity. The three major commercial silo owners, namely AFGRI, NWK and SENWES Group, own 73% of the available storage capacity within the national grain storage market. Most of this storage capacity is also located in the provinces situated in the northern parts of the country.

2.5.3. Maize milling

The maize kernel is processed by two industries namely the Wet and Dry Milling Industries. During the dry milling process the maize kernels are refined to maize meal. The products derived are samp, maize grits and maize rice, unsifted, sifted, coarse, super and special maize meal. Wet milling is a process carried out in water during which pure starch is obtained from maize. After the steeping process of 36 hours the kernel can easily be separated into its various components, namely the husk, starch, gluten and the germ.

Since deregulation, the number of informal millers increased sharply from 111 to 296 after 1996. Business forms within the milling industry include private and public companies. Major players include Pioneer Food Group (Pty) Ltd, Premier Foods Ltd, Pride Milling Company (Pty) Ltd, Ruto Mills (Pty) Ltd and Tiger Brands Ltd, as well as some silo owners such as NTK.



Source: Statistics and Economic Analysis, DAFF

The milling industry was deregulated in 1991, which implied that millers are free to buy from and sell to their preferred customers. During the regulated years maize milled was as high as 5 million tons. After deregulation the amount of maize milled showed a declining trend. This trend only represents 73% of the market according to the National Chamber of Milling statistics. The quantity milled for human consumption remained relatively stable while total production fluctuated dramatically. Factors like increased prices, consumer preferences and substitutes have a direct impact on the demand of milled products. During the period under review utilization of maize for human consumption has never exceeded 4 million tons, except during 2008/09 and 2009/10 seasons as shown in Figure 23. The domestic production of maize has always exceeded the domestic consumption by humans as depicted above.

2.5.4. The animal feed industry

The germ, gluten, husks and steep water that are obtained from wet milling are put to valuable use in animal feed production, and they find their way into the supplements of animal feed. This industry supplies feed to all farmed animals in the country and some are exported to BLNS countries. The industry is divided into the formal feed industry (members of the Animal Feed Manufacturers Association) and the other includes feedlots, smaller feed mills and home mixers. The feed industry consists of about 100 – 150 feed millers of different sizes. The formal feed industry is responsible for about 60% of all feeds produced in South Africa. The poultry industry consumes most of the yellow maize for feeds, and other animal feeds are the combination of most of the grain commodities. The animal feed industry uses primarily yellow maize for the purpose of animal feed manufacturing. According to the Animal Feed Manufacturers Association (AFMA), maize constitutes approximately 55% of the 4.2 million tones of feed produced by its members. Business forms within the animal feeds industry consists largely of private companies, co-operatives and converted co-operatives. The top animal feed manufacturers are AFGRI, Bokomo Voere, Epol, KK Animal Nutrition, Meadow Feeds, Noordwes Voere, and Senwesko Voere.

2.5.5. Traders

Traders perform a fundamental and core function in a free trade environment by moving the farmer's produce to domestic or export markets. During times of shortage the traders source goods externally and bring products to the processor or the consumer in the domestic market. Grain traders take positions (forward buying and selling), assume risk, establish value and provide the real cash market for grain. Traders include local grain traders, international grain houses and financial institutions that provide credit facilities.

With the conversion of co-operatives to public companies, many entities expanded their operations to also include other services such as the trading of grain. National players in the marketing and trading level of the maize supply chain include local traders, international houses and financial institutions that provide credit facilities. The large traders include Rand Merchant Bank, Senwes, Afgri, Cargill, Louis Dreyfus and Verus Farms. The smaller competitors are amongst others, Brisen, Bester Feed Exchanges, CTH, Farmwise, Unigrain and Free State Maize. Table 18 below provides an indication of the level of concentration in this market.

2.5.6. Retailing

The formal retail market is relatively concentrated, with some national chain stores dominating the market. The seven major players in the formal retail industry include Pick'n pay, Shoprite, Metcash, Spar, Massmart, Fruit & Veg City and Woolworths. Table 19 below their relative market share based on turnover.

2.5.7. Transport

Historically, rail transport dominated the maize market however, the free market system led to the development of a huge expansion in road transport and a reduction in the quantities transported by rail. The reason behind this is that in a deregulated market transport requirements are more complex as participants' source products independently, creating diversifies transport demands. In general, the ratio of rail and road transport used within the maize value chain has changed from 80% rail and 20% road to 50% rail and 50% road. The rail transport industry comprises a monopoly, Spoornet. Players in the road transport sector include companies such as Unitrans, Imperial Logistics and Bidfreight.

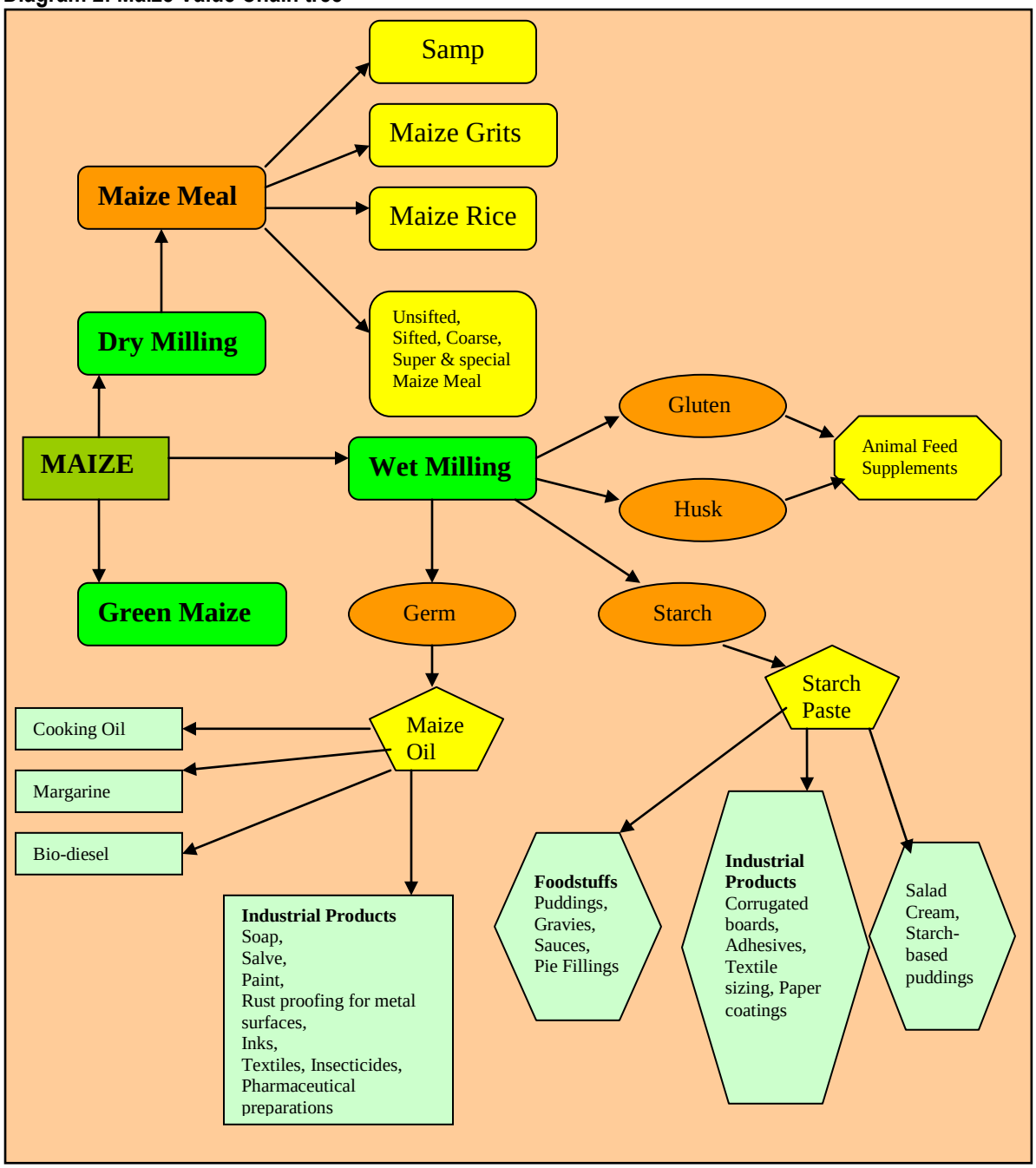
2.6 Maize Value Chain Tree

The following diagram (Diagram 2) represents the various products and by-products that can be derived from maize. Maize can be consumed as green maize or it can be milled. During the milling process the maize kernel is processed by two industries namely, the *wet* and *dry* milling industries. During the dry milling process the maize kernels are refined to maize meal and, the products that can be derived from this process are samp, maize grits, and maize rice, unsifted, sifted, coarse, super and special maize meal. Wet milling is a process that is carried out in water during which pure starch is obtained from maize. The kernel is separated into its components namely, the husk, starch, gluten and the germ.

When the Starch from the wet milling process is heated in water, its amylase and amylo-pectin hydrates form a paste which allows food technologists to create foodstuffs such as puddings, gravies, sauces and pie fillings. The starch pastes from maize can be allowed to cool, thicken and congeal into a gel that provides starch-based puddings, salad creams and some adhesives. The starch paste also has industrial uses for paper coating and sizing, textile sizing, the manufacture of corrugated boards and adhesives.

The germ and the gluten that are obtained from the wet milling process are used in the manufacture of maize oil and animal feed supplements. The maize oil can be used in cooking, where its high smoke point makes it valuable frying oil. It is also a key ingredient in some margarine. Maize oil is also used as one source of bio-diesel. Other industrial uses for maize oil include soap, salve, paint, rust proofing for metal surfaces, inks, textiles, and insecticides. It is sometimes used as a carrier for drug molecules in pharmaceutical preparations.

Diagram 2: Maize Value Chain tree



3. MARKET INTELLIGENCE

The major export markets for South African maize are countries such as Mexico, Italy, Republic of Korea, Chinese Taipei and Japan. The following tariffs are applied by the various export markets to maize originating from South Africa:

3.1. Tariffs

Tariffs applied by the leading markets for maize originating from South Africa during 2011 are presented in Table 13.

Table 13: Tariffs applied by the leading markets for maize originating from South Africa

Importer	PRODUCT	Trade Regime Description	APPLIED TARIFFS 2011	*TOTAL ADVALOREM EQUIVALENT TARIFF 2011*
Mexico	Maize (excl. seed) (100590)	MFN duties (Applied)	20%	20%
	Maize seed (100510)	MFN duties	0.00%	0.00%
Italy	Maize (1005)	MFN duties (Applied)	0.00%	0.00%
Republic of Korea	Maize seed (10051000)	MFN duties (Applied)	328%	328%
	Maize (excl. seed: Other) (10059090)	MFN duties (Applied)	328%	328%
Chinese Taipei	Maize (corn) (1005)	MFN duties	0%	0%
Japan	Maize (seed): Other (100510020)	MFN duties (Outside tariff quota rate)	$110.18/ton	N/A
		Preferential Tariff for GSP countries	$55.09/ton	N/A
	Maize (excl. seed): (100590010)	MFN duties (Applied)	0.00%	0.00%
Mozambique	Maize seed	MFN duties Preferential tariff for South Africa	2.50% 0.00%	2.50% 0.00%
	Maize (excl. seed)	MFN duties	2.50%	2.50%
Iran (Islamic Republic of)	Maize seed (100510)	MFN duties	10.00%	10.00%
	Maize (excl. seed) (100590)	MFN duties	45%	45%
Venezuela	Maize: Seed (100510)	MFN duties (Applied)	5%	5%
	Maize (excl seed) (100590)	MFN duties (Applied)	15%	15%

Importer	PRODUCT	Trade Regime Description	APPLIED TARIFFS 2011	*TOTAL ADVALOREM EQUIVALENT TARIFF 2011*
Zimbabwe	Maize seed	MFN duties	20%	20%
	Maize (excl. seed)	MFN duties	0%	0%

Source: ITC Market Access Map

Table 13 indicates that the South African maize industry experiences heavy market barriers in countries such as Iran, Zimbabwe, Japan and Republic of Korea due to higher tariffs that are charged by these countries. The countries that have lower tariff structures include Italy, Mozambique, Venezuela and Chinese Taipei. Tariffs in these countries range between 15% and 0% *Ad-valorem*. The South African maize does not face any duties when it is exported to countries such as Mozambique, Italy and Chinese Taipei.

In order to fulfill South Africa's commitment under the World Trade Organization: Marrakesh Agreement regarding market access, the Directorate: Marketing issues rebate permits under the Market Access rebate scheme to importers of maize for a total of 269 000 tons (for 2013) per annum. The import arrangements for maize are as in Table 14.

Table 14: Import arrangements for maize in South Africa

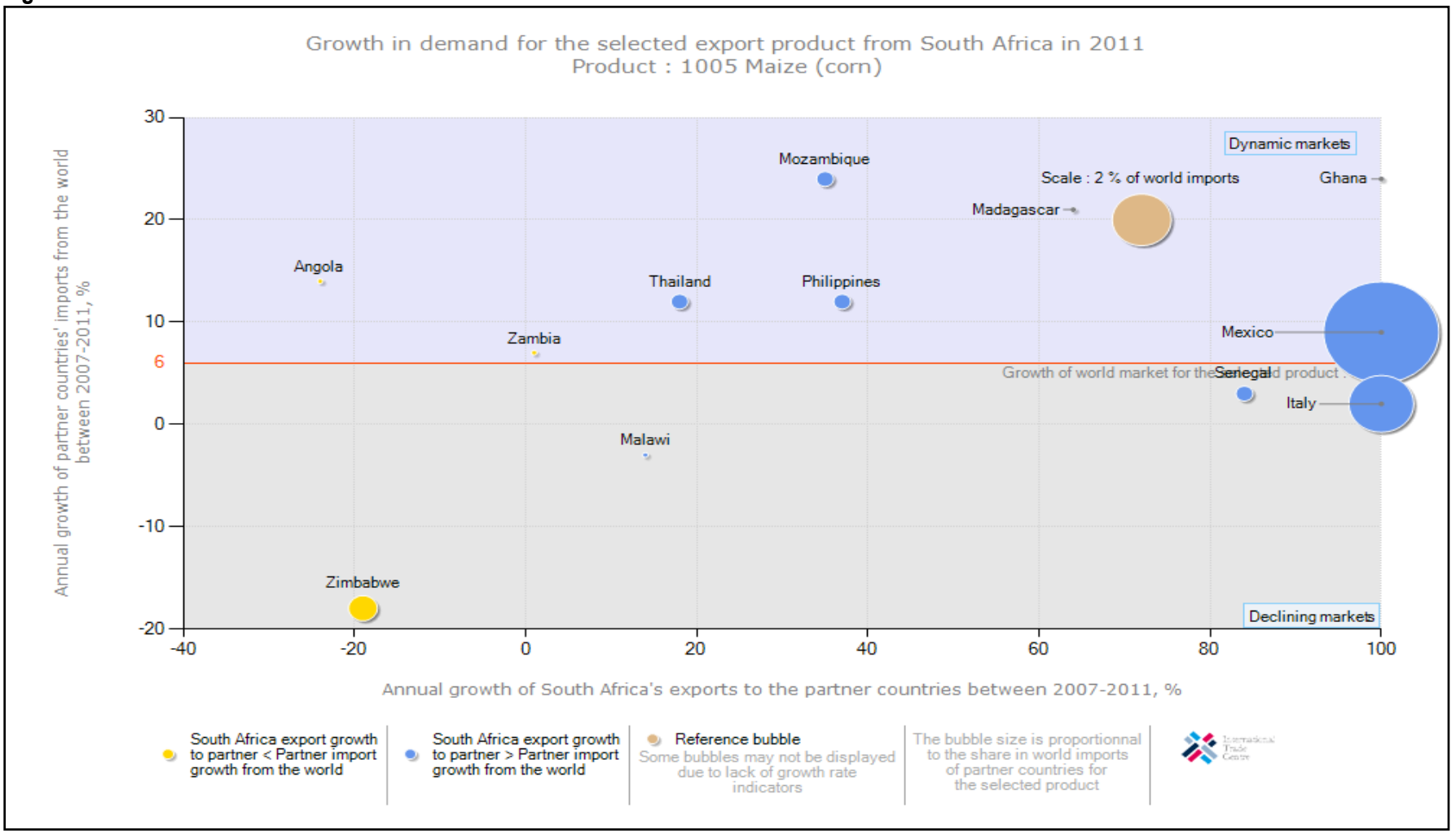
TARIFF HEADING	DESCRIPTION	EXTENT OF REBATE	ANNUAL QUOTA TONNAGE
10.05	Maize (corn)	Full duty less 10%	269 000

Source: Government Gazette Notice 748 of 2012

3.2. Performance of the South African maize industry in 2010

Figure 24 below illustrates growth in demand for South African maize during 2011.

Figure 24: Growth in demand for South African maize in 2011



Source: ITC Trade Map

Figure 24 and Table 15 indicate that exports of maize from South Africa to Mexico and Italy increased by more than 100% (in value terms) between the years 2007 and 2011. It is also clear from Figure 24 that maize exports from RSA to other markets such as Philippines, Zambia, Thailand and Mozambique have also experienced positive growth (in value terms) over the same period. Figure 24 also indicates that the South African maize exports to Zambia, Angola and Zimbabwe have increased at a rate less than the growth rate of Cameroon's maize imports from the world. The growth in the exports of maize from South Africa to the rest of the countries depicted in the figure is greater than those countries' maize import growth from the rest of the world.

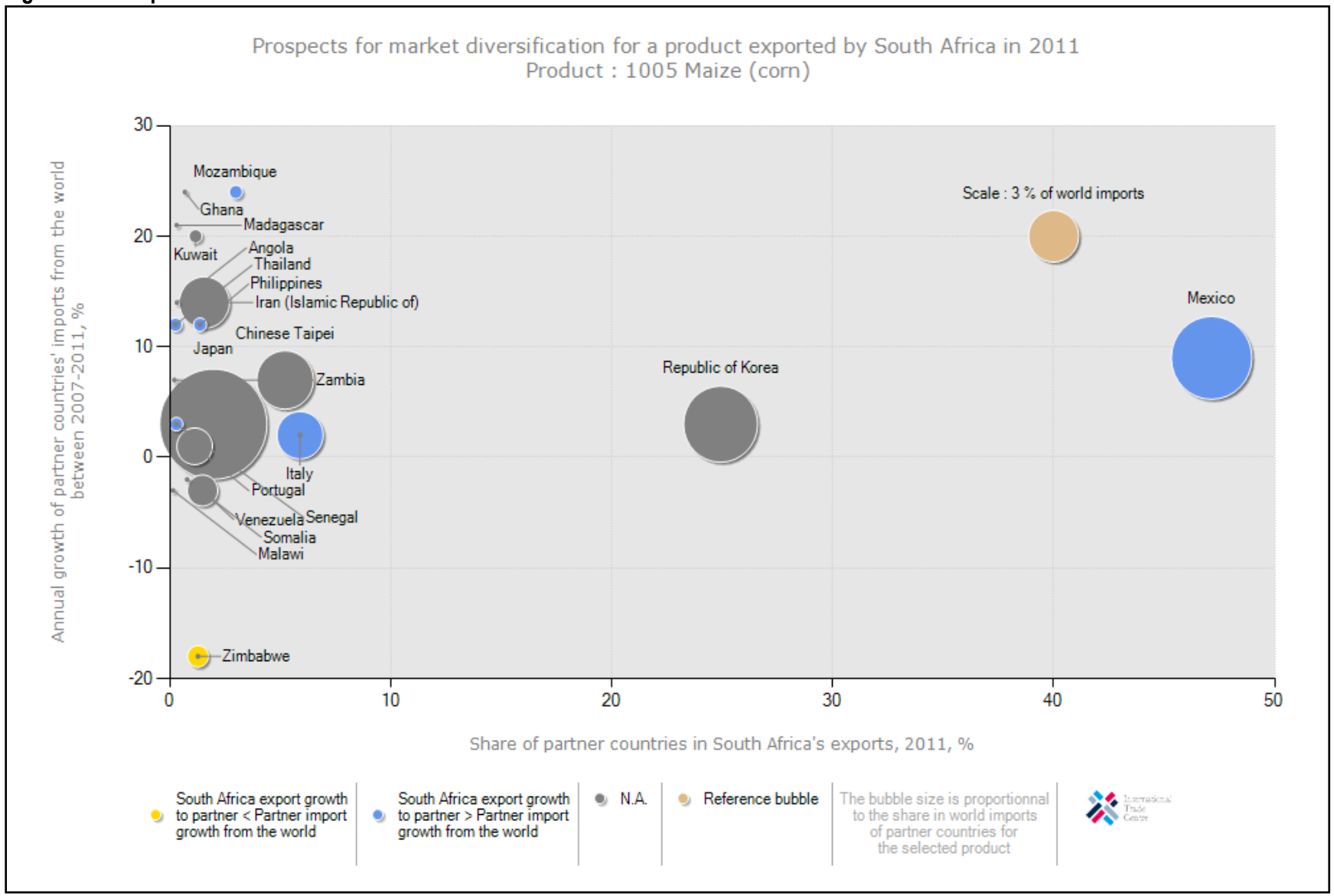
Table 15: South Africa's maize exports in 2011

Importers	Exported value in 2011 (thousand US$)	Share in SA's exports (%)	Exported quantity in 2011 (tons)	Unit value (US$/Ton)	Exported growth in value between 2007 and 2011 (% p.a)	Exported growth in quantity between 2007 and 2011 (% p.a)	Exported growth in value between 2010 and 2011 (% p.a)
World	809 779	100	2 563 159	316	80	107	165
Mexico	381 775	47.1	1 131 916	337	246	153	596 423
Republic of Korea,	201 877	24.9	750 471	269	-	-	167
Italy	47 786	5.9	173 425	276	897	975	560
Chinese Taipei	42 305	5.2	164 300	257	-	-	330
Mozambique	24 252	3	92 195	263	35	51	63
Japan	16 030	2	48 960	327	-	-	-30
Islamic Republic of Iran	12 712	1.6	40 000	318	-	-29	45
Venezuela	12 052	1.5	31 000		-	-	-
Philippines	11 132	1.4	3 087	3 606	37	20	-40
Zimbabwe	10 370	1.3	11 349	914	-19	-24	-67

Source: ITC Trade Map

Table 15 and Figure 25 indicate that during 2011 South Africa exported greater quantities of maize to Mexico, Republic of Korea, Chinese Taipei and Mozambique. The greatest share of South African maize exports were destined to Mexico, which absorbed about 47.10% of South Africa's total maize exports during the year 2011 followed by Republic of Korea and Italy, which absorbed about 24.9% and 5.9% of South Africa's total maize exports, respectively. South African maize exports to the world increased by 80% in value terms over the period 2007 to 2011. On the other hand, the value of maize exports from South Africa to the world increased by 107% in value between 2010 and 2011.

Figure 25: Prospects for market diversification for South African maize in 2011



Note: The area of the circles corresponds to the share in world imports of target markets for the selected products.
Source: ITC Trade Map

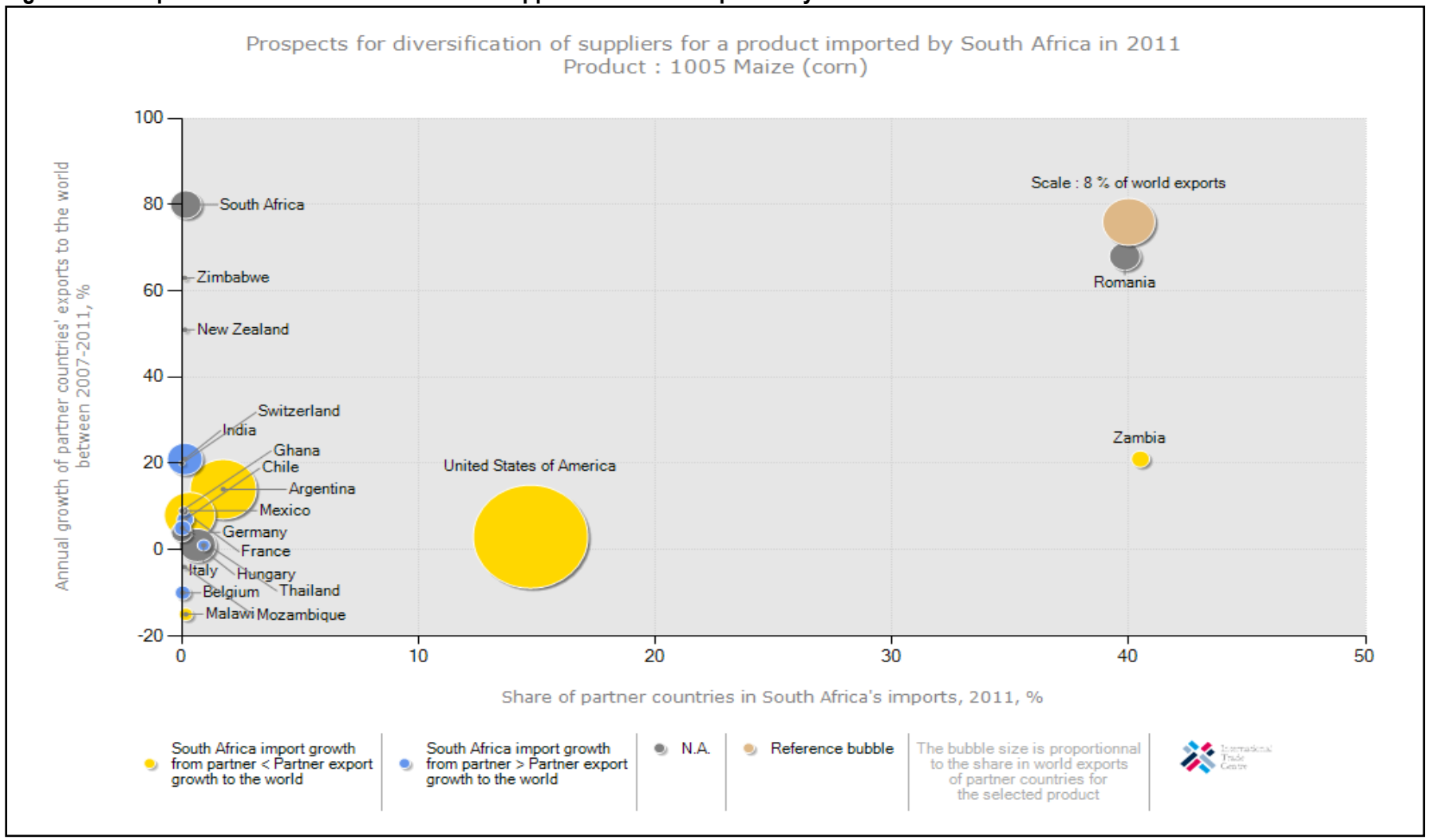
Table 16: South Africa's maize imports during 2011

Exporters	Imported value in 2011 (thousand US$)	Share in SA's imports (%)	Imported quantity in 2011 (tons)	Unit value (US$/unit)	Imported growth in value between 2007 and 2011 (% p.a.)	Imported growth in quantity between 2007 and 2011 (% p.a.)	Imported growth in value between 2010 and 2011 (% p.a.)
World	32 425	100	87 508	371	-37	-57	182
Zambia	13 130	40.5	42 632	308	-12	-35	19 497
Romania	12 917	39.8	43 000	300	-	-	-
USA	4 779	14.7	704	6 788	2	-5	3
Argentina	570	1.8	415	1 373	-80	-88	124
Italy	303	0.9	27	11 222	60	28	-
Hungary	217	0.7	37	5 865	-	-	239
France	109	0.3	17	6 412	-13	-6	289
Malawi	58	0.2	225	258	-43	-44	-78

Source: ITC Trade Map

During 2011 South Africa's maize imports originated mainly from Zambia, Romania and USA. It is clear from Table 16 and Figure 26 that Zambia was the largest supplier of maize to South Africa during the year 2011 after accounting for about 40.5% of South Africa's total maize imports during the same year. On average, imports of maize into South Africa from the world decreased by 37% in value and 57% in quantity between the years 2007 and 2011. However, South Africa's maize imports from the world increased by 182%, in value terms, between the years 2010 and 2011. Of importance to note is also the fact that about 39.8% of South Africa's total maize imports originated from Romania in 2011 while another 14.7% and 1.8% originated from USA and Argentina respectively.

Figure 26: Prospects for market diversification of suppliers for maize imported by South Africa



Note: The area of the circles corresponds to the share in world exports of supplying markets for the selected product.
Source: ITC Trade Map

4. ORGANIZATIONAL ANALYSIS

4.1. Strengths and Weaknesses

Some of the strengths and weaknesses of the maize production sector in South Africa are the following:

Strengths	Weaknesses
It is the second largest agricultural sector in terms of value after poultry slaughtered. Ensures self-sufficiency in the major basic food product. Ensures food security in SA and the SADC region. Is an earner of foreign exchange through exports. The existing production infrastructure is well developed. There is enormous intellectual capital and experience that is available in the maize sector. There are low entry barriers, in the sense that grain producers can easily substitute other grains produced with maize.	Production is largely dependent on climatic conditions which can only be partially manipulated by man through irrigation. International agricultural policies significantly distort international grain markets. Deteriorating research infrastructure and capacity may limit new technology development in the future. Export opportunities are mainly limited to African countries. Relatively high input and capital costs because a large proportion of production inputs are imported.

Some of the weaknesses inherent in the maize processing sector are the following:
High maintenance and delivery costs.
Research results not user friendly especially to the emerging sector.
Slow adoption of hedging mechanisms to reduce price risk.
Inadequate protection against unfair regional and international competition and food aid.
Lack of innovation for new products.
Low export orientation.

4.2. Strategic challenges and Opportunities

Transport by road has increased dramatically and this leads to out-loading problems as silos were constructed to primarily dispatch by rail. Furthermore, in the maize industry transport costs are high. The problem with transport arises from the inability of Spoornet to adapt to the market's increased service requirements as well as increased rail tariffs to maintain its old fleet. Moreover, Spoornet's inability to unilaterally increase rail tariffs is a clear indication of market power.

It is expected that the demand for maize for animal feed will increase as the domestic poultry industry expands and, the domestic demand for maize may be increased by approximately 30% in the medium term if the production of bio-ethanol from maize is commenced.

The importation of GMO maize is also threatening the domestic markets.

According to the Competition Commission there is evidence of vertical integration in the South African maize market. Vertical integration occurs when a firm has interests in more than one level of the supply chain, linking producers, silos, traders and millers to final consumers. In SA there are dominant silo owners such as NWK, AFGRI and Senwes who in addition to supplying production inputs, also own trading companies as well as animal feed manufacturing companies.

5. EMPOWERMENT AND TRANSFORMATION ISSUES

As mentioned above there are a significant number of maize producers in South Africa. As a result there is increased competition in the industry. Grain South Africa has established a Farmer Development Programme which aims to empower developing grain producers to become sustainable and commercial farmers. The programme helps the grain producers to establish study groups, arranging coordinated training during farmer's days, training courses, and advising through telephones. The study groups are people with same interest to work together more effectively. Individual farmers are welcome to subscribe to Grain South Africa, or groups from 2 to 25 people may subscribe as group by registering their group with the organization.

In terms of black economic empowerment in the milling industry, it is known that two companies namely, Foodcorp and Premier Foods have black empowerment companies as the majority shareholders.

6. GRAIN TRADERS IN SOUTH AFRICA

6.1. International Traders

Company Name	Contact Person	Contact Number	City	E-mail address
Cargill	Andreas Rickmers	011-799 2000	Johannesburg	Andreas_rickmers@cargill.com
Exatrade	Rob Abendanon	011-804 5080	Johannesburg	roba@exatrade.co.za
FR Waring	Gus Wolf	011-325 7010	Johannesburg	trading@frwaring.co.za
Glencore	Jason Littlewood	011-302 2300	Johannesburg	Jason.littlewood@joburg.glencore.com
Hochfield Commodities	Steve Hochfield	011-483 1920	Johannesburg	steve@hochfield.co.za
Louis Dreyfus	James Crichton	011-784 6446	Johannesburg	crichtonj@idcorp.com

Source: Grain South Africa

6.2. Local Traders

Company Name	Contact Person	Contact Number	City	E-mail address
Allem Brothers (Pty) Ltd	Geoff Allem Quinton Barnes	056-343 3111 056-343 3111	Viljoenskroon	gda@allems.co.za ghbarnes@allems.co.za
BNK Landbou (Edms) Bpk			Bredasdorp	bnkgraan@bnk.co.za
Bokomo Foods			Wadeville	ccox@pnr.co.za
Bokomo Voere (George)			George	lgroenew@pnr.co.za
Bokomo Voere (Malmesbury)			Malmesbury	jmostert@pnr.co.za
CRK Landbou Bpk			Caledon	evdmerwe@crk.co.za

Decillion	Riaan van Rensburg	082 808 0100		
EPKO Oil seed Crushing (Pty) Ltd			Lichtenburg	epkoil@isdnet.co.za
EPOL (Pty) Ltd (Berlin)			Berlin	milly@epol.co.za
EPOl Pietermaritzburg			Pietermaritzburg	jj@epol.co.za
EPOL Roodepoort			Roodepoort	epolrdp@mweb.co.za
EPOL (Pty) Ltd Worcester				john@epol.co.za
Farmwise	Jannie van Heerden	011-787 3666	Johannesburg	jannie@farmwise.co.za
GODRICH Flour Mills (Pty) Ltd			Bronkhorspruit	gfm@netactive.co.za
Grainco	Cobus van der Merwe	022-482 1316	Malmesbury	cobusvdm@grainco.SA.co.za
Greenbridge Commodities	Martiens du Plessis	051-436 1801 082 900 5019	Bloemfontein	greenbft@mweb.co.za
Greenbridge Grain	Hennie Engelbrecht	082 377 2417		Greenbridgegrain@cybertrade.co.za
Greenbridge Pretoria	Bennie van Niekerk	082 466 0103		greenpta@mweb.co.za
Greenbridge Vaalharts	Charles Coleman	082 902 4566		greenvaal@cybertrade.co.za
KOLK				kokl@global.co.za

Source: Grain South Africa

7. ACNOWLEDGEMENTS

The following organizations are acknowledged:

Grain South Africa
Tel: (056) 515 0918
Fax: (056) 515 1517
www.grainsa.co.za

National Chamber of Milling
P.O. Box 7262
Centurion
0046
Tel: (012) 663 1660
Fax: (012) 663 3109
www.grainmilling.org.za

South African Grain Information System
Tel: (012) 523 1400
Fax: (012) 349 9200
www.sagis.org.za

Grain Silo Industry
Tel: (012) 348 3044
Tel: (012) 348 2980
lizbe@graansilo.co.za

Statistics & Economic Analysis: Department of Agriculture, Forestry & Fisheries
Tel: (012) 319 8453
Fax: (012) 319 8031
www.daff.gov.za

Competition Commission of South Africa
Private Bag X 23
Lynwood Ridge
0040
Tel: 012 394 3200
Website: www.compcom.co.za

Quantec Research
P.O.Box 35466
Menlo Park
Pretoria
0102

Tel: 012 361 5154
Fax: 012 348 5874
Website: www.quantec.co.za

ITC Market Access Map
Website: http://www.macmap.org/South Africa

ITC Trade Map
Website: http://www.trademap.org