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# How is South Africa Affecting Food Security in the Region?

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# Outline of Presentation

- The importance of market confidence in regional trade
  - Maize production in South Africa
  - SA export capacity for white maize
  - GMO – implications for trade
  - Land – implications for production
  - Transport
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Warm-up:

## Market Confidence – Q and A

- Q: Why does **South Africa** have no export ban on maize?
  - A: Because **Argentina** does not have any
  - Q: Why does **Mozambique** have no export ban on maize?
  - A: Because **South Africa** does not have any
  - Q: Where is the maize sector doing well?
  - A: In all 3 countries: open trade → investment
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## South Africa – Market Confidence

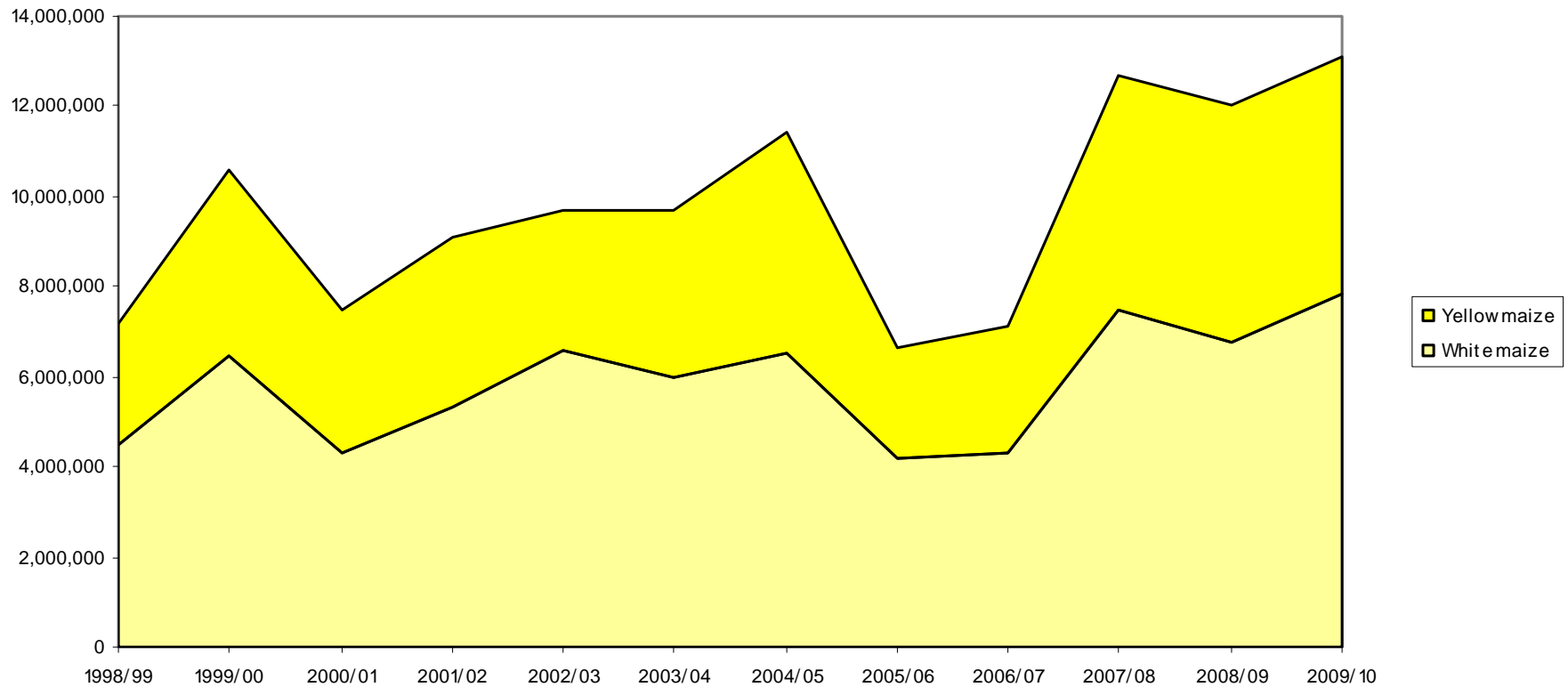
- No national food shortages
- Production increasing, sector investments
- Reliable supplier of BNML, Zimbabwe, Kenya, DRC, Zambia, Malawi
- Risk management instruments – e.g. SAFEX

### ***Required: Incentives***

- Market access by farmers
- Free trade: Import **and** exports
- No unpredictable govt. market interventions
- Regulatory framework

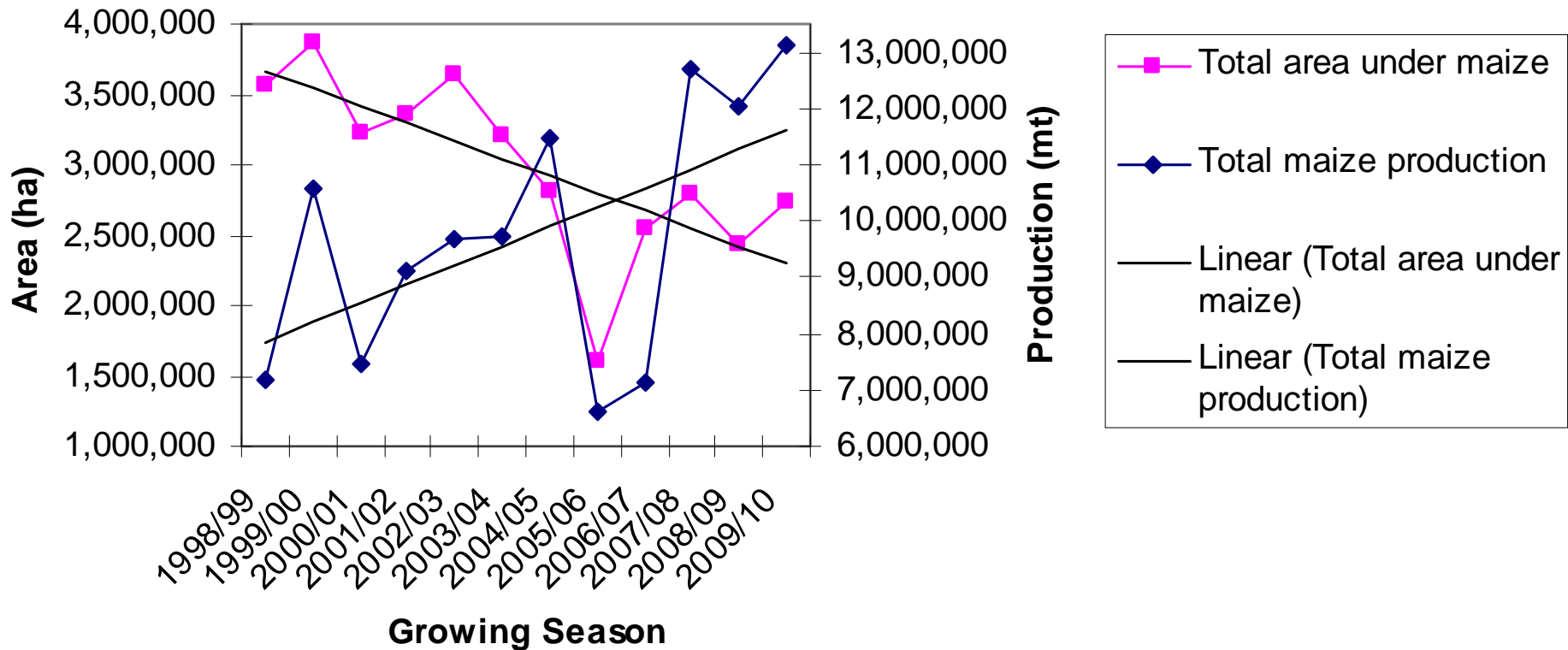
# Maize Production in South Africa

White and Yellow Maize Production in South Africa



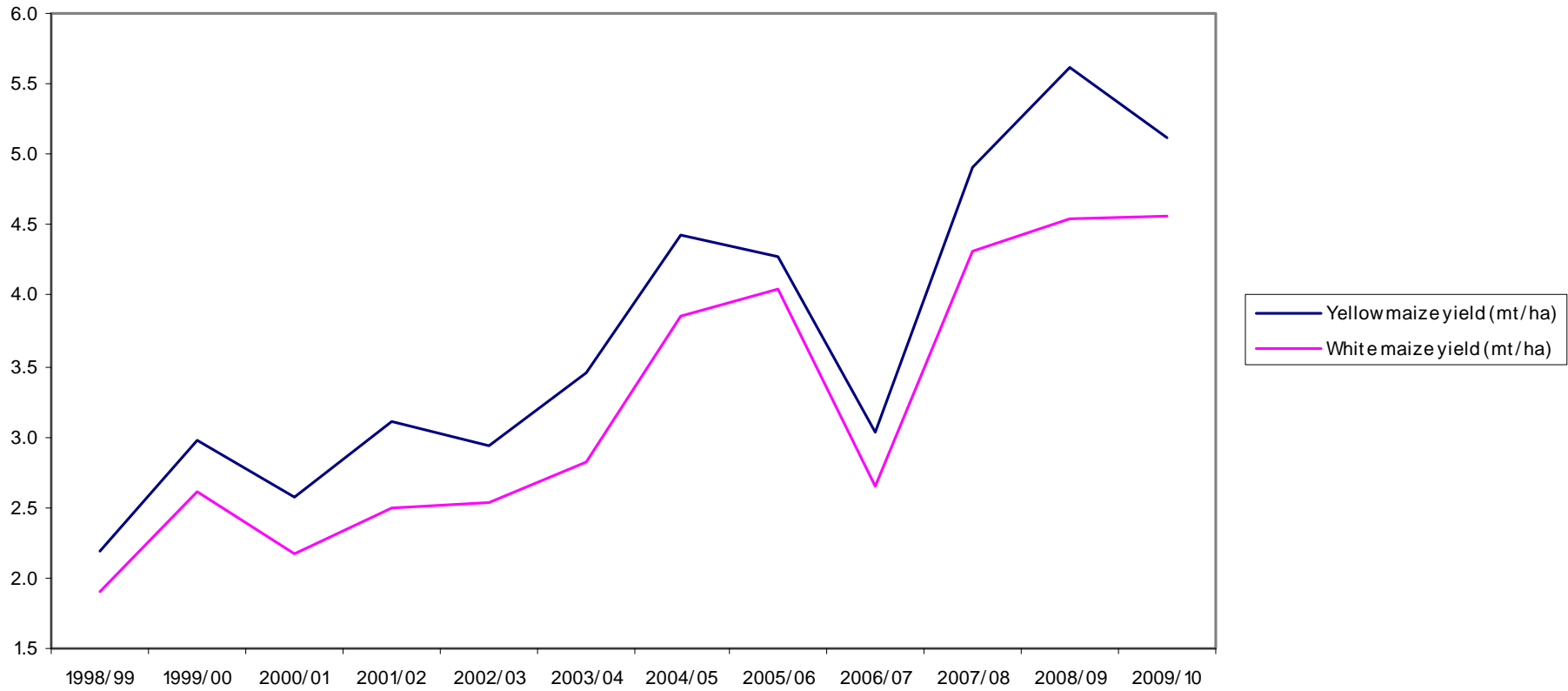
# Maize Area and Production

## Maize Production and Area Planted in South Africa



# Maize Yields

Maize Yields in South Africa



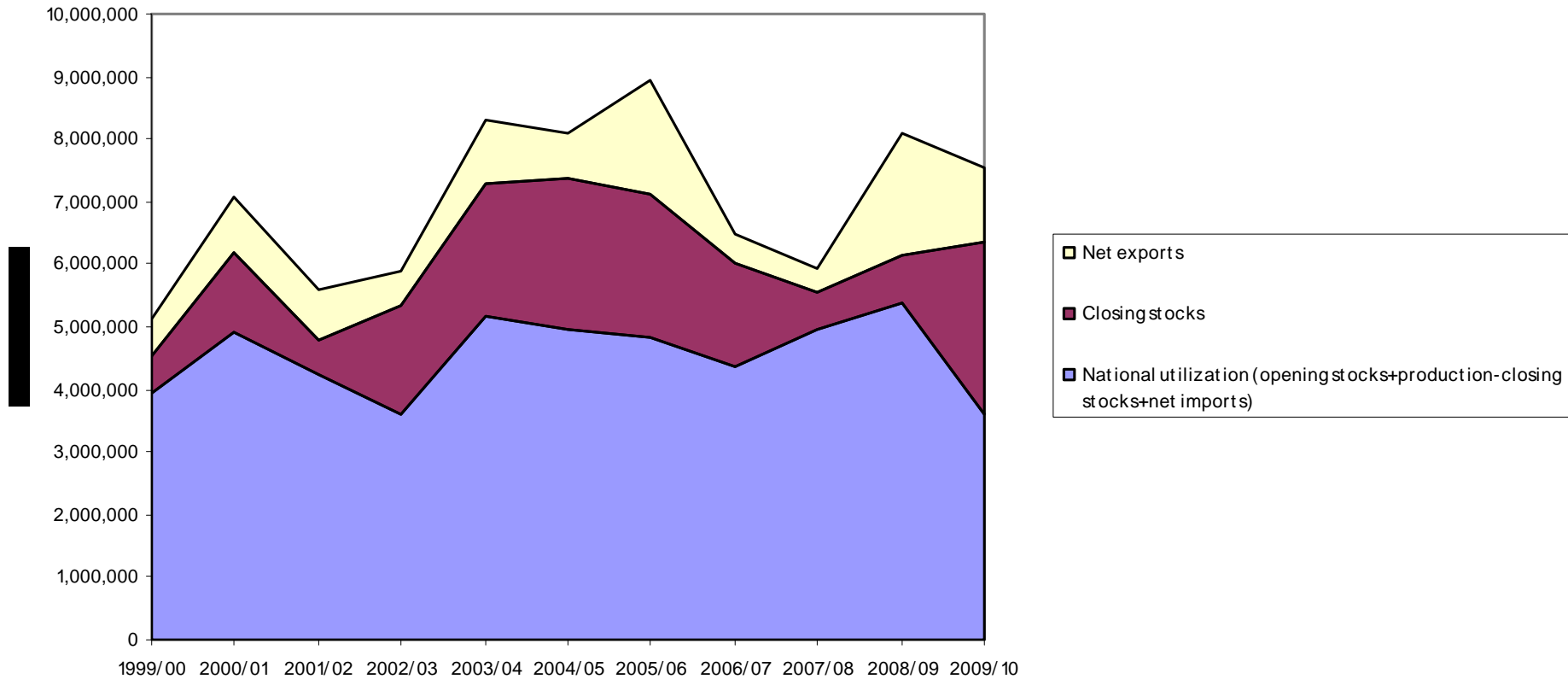
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# Export Capacity of SA's White Maize Industry

- Stock levels reduced during 07/08 economic crisis
  - Yet, production booming and exports substantial
    - 08/09: ~1.9m tonnes
    - 09/10: ~1.2m tonnes (preliminary estimate)
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# White Maize Utilization, Stocks, Exports

National Utilization, Stock Levels, and Exports of White Maize in South Africa



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# GMO – Implications for Trade

- 56-90% of white maize production is GMO:
    - Monsanto-licensed traits:
      - Roundup Ready™
      - YieldGuard™
    - No new GMO licenses since 2005
      - Double and triple stacked varieties not approved for imports or production
  - Cartagena Protocol on Biosafety requires:
    - Non-GMO certification for exports
    - Non-GMO affidavit by exporter
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# GMO – Implications for Trade (cont...)

- Market uncertainty for SA maize exports:
    - SA non-GMO certification process does not guarantee non-GMO status
    - Unclear and unpredictable GMO policies by importing countries
    - Kept some traders from supplying Kenya and Zimbabwe
  - Solutions?
    - SA Consumer Protection Act – labeling
    - Niche market development
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# Land – Implications for Production

- Unresolved land claims involving 25% of commercial farm land:
    - Uncertainty, violence
    - Lack of investment
    - Decline of commercial agriculture?
  - Structure of commercial agriculture
    - Less land, higher yields, higher maize production
    - Will that make maize production more vulnerable to drought?
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# Transport

- Transnet (formerly Spoornet) becoming inefficient
    - Insufficient investments, e.g. locomotives
    - One large trader: 10 yrs ago 95% rail, now 50%
  - Out of SA: long turnaround times
    - Management problems
    - Fuel shortages
    - High road transport costs
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# Conclusions

- Structure of SA maize sector has changed
  - SA can remain a reliable regional supplier if:
    - GMO policies and regulatory systems develop in SA and in the region
      - Non-GMO niche market development
    - SA's land issues are resolved in a way that encourages commercial farming sector investments
  - Investments and management changes in rail transport are needed
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Thank You

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# Sources

- All production, area, stock, import and export data: SAGIS and CEC (Crop Estimates Committee)
  - 2009/10 SAGIS/CEC data as of 9 May 2010, including 3<sup>rd</sup> (not final) crop estimate
  - All opinions expressed and information provided by traders, brokers, SAFEX, and others is gratefully acknowledged
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