AGRICULTURE — PRODUCTS

COTTON

1994 - 1999

World cotton price soaring

Star 17/3/94

BY STEPHEN CRANSTON

The battered clothing and textile industries have been hit by large increases in the international cotton price.

A world shortage of raw cotton has seen the Liverpool Index cotton price increase by 48 percent since November.

A severe crop failure in Pakistan and India, mainly through leaf-curl virus and crop mamagement problems in China has seriously reduced output in all these three large exporters.

The Indian government has suspended export shipments of raw cotton already contracted for and in Pakistan, domestic mills are clamouring for all available cotton.

Turkey has recently imposed an export tax on raw cotton and in Australia the forthcoming crop is expected to be well down because of drought.

The South African crop will be good this year but at 135 000 bales supplies barely a third of local cotton lint requirement.

Under the cotton marketing agreement, the local cotton price has been fixed at R5,12/kg but the balance will need to be imported at the world price, currently R6,30/kg.

Textile producers will pay an average price 31 percent up on last year, with a total additional cost of R116 million.

Textile Federation president Mervyn King says the industry cannot absorb this increase and will have to pass it on.

One positive factor for the industry is that there will be less disruption from imports, as the combination of the higher cotton price and duties makes them far less competitive.

(3) Cotton

And supplies from overseas are uncertain as there is reluctance to set prices for longer than 72 hours while prices remain so volatile.

King says he expects blended fibres to increase their polyester content to keep prices down but polyester fibre is also up in price.

The second quarter price for terephthalic acid, a major feedstock of polyester, has increased by $125 a ton since the third quarter of last year.

China has been forced to import between 300 000 and 400 000 tons of polyester staple fibre this year, absorbing the excess capacity of low cost producers in the Pacific Rim.

Taiwan, up until now a low cost producer of polyester fibre has raised its prices to the levels of Italy and Germany,

Ginners puzzled by 'poaching' allegation

(3) Cotton

PETER DELMAR

B/DAY 29/4/93

SA's cotton ginning industry was yesterday puzzling over Zambian government allegations that it had engaged in a cloak-and-dagger operation to siphon off that country's cotton crop.

Zambia's Deputy Agriculture Minister Gibson Nkausu charged that an SA "cartel" was engaging in "shady deals" to get Zambian farmers to export their unprocessed seed cotton illegally, Sapa reports.

Nkausu, who confirmed that a ban had been placed on seed cotton exports to SA, said some SA buyers had put up posters in the cotton growing areas urging farmers to sell to them.

SA Cotton Ginners' Association chairman and Clark Cotton MD Eugene Brock said the only tenders he knew South Africans to be involved in had been negotiated by telephone and correspondence. He said Zambian producers, no doubt attracted by the prospect of earning foreign exchange, had approached SA ginners.

SA's ginners have the capacity to process about 350 000 bales of seed cotton.

Cotton Board GM Johan Gillen said SA had experienced a bad season, reaping a cotton crop of about 100 000 bales. The board had approved a ginners' request to import seed cotton. Keeping the ginners operating at higher capacity would result in improved economies of scale and better prices for producers, he said.

The Zambian government's objection to SA's "poaching" of its bumper produce was apparently based on the belief that its ginning industry had the capacity to process the whole crop.

Nkausu said exports of processed lint and cotton seed would not be banned.

Cotton Board defends itself

YURI THUMBRAN

COTTON Board GM Hennie Bruwer has rejected accusations that the board botched the setting of cotton prices. B/Day

He was responding to Frame Group MD and Textile Federation executice committee member Walter Simeoni's call for the scrapping of the board.

Bruwer said the average lint price of locally produced cotton rose 2,05% over the past five years in comparison with the consumer price index of 11,8% over the same period.

He said that inconsistencies within the pricing structure, when compared with international methods, had been caused by the disbandment of the former USSR.

"During this period cotton lint was dumped on the market by CIS countries . . . at between 10c and 17c a pound lower than the world price," he said. 18/1/94

Bruwer said the board was not equipped fix price and marketing arrangements.

Bruwer said 75 000 bales weighing 200kg were produced locally, while 248 000 were imported during 1993/94. (3) Cotton

Meanwhile, Simeoni pointed out that SA's cotton consumption was 340 000 bales of cotton a year, of which 70 000 bales were bought locally last season, instead of the 240 tons and 70 tons published in Business Day yesterday.

SA cotton output expected to drop: South Africa's cotton production would fall by more than 3 000 tons to 24 297 tons this season from last season's crop of 27 751 tons, according to Cotton Board estimates. General manager Hennie Bruwer said cotton production had been curtailed in the mid-Transvaal region as a result of the drought. South Africa consumes about 80 000 tons of cotton a year and has only managed to produce enough cotton to meet domestic demand in the 1989/90 and 1990/91 marketing seasons.

(3) COTTON. CT(BR) 12/7/95

Frame MD keen to scrap Cotton Board

BIDay

YURI THUMBRAN

DURBAN — A call was made yesterday for the scrapping of the Cotton Board, described as a "dinosaur-like body" at a meeting of the Textile Federation (Texfed) yesterday.

The call was made by Frame Group MD and Texfed executive committee member Walter Simeoni.

The SA industry uses 240 tons of cotton of which 70 tons are bought locally. Simeoni said SA cotton prices were not consistent with those prevailing on international markets.

While SA textile manufacturers sometimes paid a lower price than the international market, it often had to contend with a higher price.

Simeoni said the board's pricing led to a "yo-yo" effect in the agricultural sector. (3) Cotton

"If the price increases, farmers opt to grow cotton. If it is down and maize prices are high they opt for maize," he said.

It was necessary to scrap the present marketing system to conform to international pricing.

He said if peace returned to Angola and Mozambique, SA would have additional sources of cotton, once the agricultural sectors in those countries were back on their feet.

Meanwhile, Texfed president Mervyn King has called for the phasing down of import duties over a 10-year period — which was two years less then the 12 years required by the General Agreement on Trade and Tariffs (GATT).

This was in line with proposals by the Swart panel which investigated the long-term strategy for the textile and clothing industries.

King said the R8,8bn industry which supported 360 000 jobs (directly and in supporting industries), viewed the 10-year phase-down period as the most critical factor for its survival. 17/11/1994

"Giving us the time we need involves no material cost to anyone, but would minimize job losses."

King said the industry had plans to invest R3bn on increasing its efficiency and global competitiveness.

He warned against a shorter phase-down period, which the Trade and Industry Department had signalled was possible.

King said, for example, if a five-year phase down was implemented, duties would be down to 40% after a period of two years, while the benefits of investment would not yet have been felt.

"Clearly in these circumstances the initial investment would not be viable and would not be sanctioned by shareholders," he said.

Giving the textile industry the ten years it needed to remodel would entail no material cost to South Africans. It could not be an obstacle to clothing export growth, because of a rebate provision which allowed clothing exporters to purchase fabric duty free for the manufacture of garments for export.

COMPANIES CAPE **NEWS** GOVERNMENT ECONOMICS

Cotton converters push for free-market system by 1997

CT (BR) 17/11/95 (3) COTTON

By Maggie Rowley

Cape Town — Downstream converters of ginned cotton are laying siege to the Cotton Board — the country's last remaining agricultural control board able to influence the price of the commodity it regulates — by stepping up pressure to have a free market system by 1997.

The South African Cotton Textile Manufacturers' Association, an affiliate of the Textile Federation, commissioned an independent study on marketing arrangements for cotton lint, which is currently before the government.

The Association has given notice to the board that from next year it will not participate in the annual price fixing negotiations.

Downstream converters of ginned cotton, South African spinners, weavers and knitters, are also to petition government to implement a recommendation by Trade and Industry Minister Trevor Manuel to abolish mechanisms for stabilising the cotton price.

Industry sources said that pressures would intensify in the next few weeks as producers, ginners and spinners met to discuss the new season's production volumes and price.

Brian Brink, the executive director of the textile federation, said while international cotton prices were currently higher than the fixed price in terms of the 1995 cotton marketing agreement, this situation could change overnight and jeopardise the future of the South African cotton textile manufacturing industry.

The free importation of cotton lint is now inhibited by an import duty of 160c a kilogram. Although this has seldom been invoked, as domestic production seldom exceeds 25 to 30 percent of local demand, the mere existence of the impost is a menace to textile manufacturers and threatens price negotiations.

Brink said this duty would soon need to be converted to an ad valorem tariff, in line with the tariff recommended by the WTO on agricultural products.

Attempts by the board and the cotton marketing committee to stimulate increased production by pushing for early season minimum price guarantees for growers and ginners had failed.

"Ironically, the prices so fixed were often lower than those the producers would have received had cotton marketing not been subject to statutory constraints.

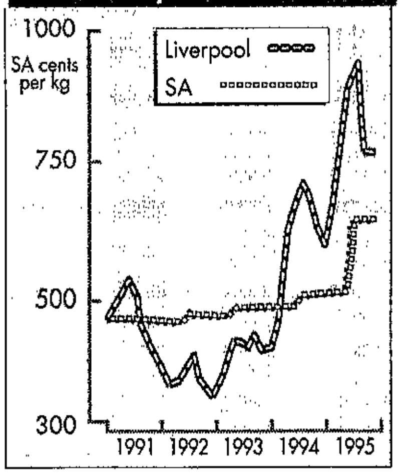
"In fact, for 10 out of the 13 seasons between April 1983 and the end of June 1995, the Cotton Board's minimum price lagged the free price, represented by the Liverpool A-Index benchmark. This year the Liverpool A-Index price was at 1000c against the South African fixed price of 635c a kilogram.

"Not that this outcome favoured the textile sector. The current system — where South African spinners are legally bound to accept whatever is produced locally and take delivery of it in the months specified — makes it hazardous to negotiate imported supplies and prevented any speculation in cotton."

He said that at the time of the 1995 cotton marketing agreement, the ginners and the board were forecasting a local crop more than twice the size of the one that was picked.

"When it became clear that the local crop would be short, world supplies fell critically because of crop failures in Asia, and prices rose to $1,10 a pound — the highest since the American Civil War. That was the price the local spinners ended up paying to make up the shortfall in local volumes."

Cotton prices



Cotton yield 'disappointing'

(3) COTTON

FROM SAPA

CT(BR) 4/8/95

The Cotton Board's estimate for South Africa's 1994/95 cotton crop was 121 575 lint bales (24 315 tons), down from last season's 134 883 lint bales (26 977 tons).

South Africa ginned 63,88 percent of the current crop at the end of last month.

Abel Stoltz, the secretary of the board, said the end-of-season intakes were disappointing.

He predicted the actual crop could be a further 6 200 bales less, at 115 375 (23 075 tons).

In a normal production year the country's crop was about 300 000 lint bales (60 000 tons).

Stoltz said spinners paid R6,35 a kg for local cotton. The difference between the producer and spinner price was mainly due to ginning costs. Spinners buy imported cotton for between R8,00 a kilogram and R9,00 a kilogram, depending on world prices.

Local consumption is about 80 000 tons a year. The pre-announced average realisation price to farmers for average grade cotton, is R1,86 a kilogram excluding VAT.

South Africa has only twice produced enough for local consumption — during 1989/90 and 1990/91.

Drought slashes SA's cotton crop

ST 20/8/96

③ COTTON

By DON ROBERTSON

CLOTHING prices are expected to increase this year with textile manufacturers forced to import R540-million worth of cotton because of the poor crop.

The drought in the principle growing areas of Northern Transvaal has reduced growers' yield to only 100 000 lint bales of 200kg each substantially below early season estimates of 250 000 bales and far short of industry consumption of about 400 000 bales.

Compounding the problem has been a sharp rise in international prices, which, at the equivalent R9/kg, are the highest in over 100 years.

Brian Brink, executive director of the Textile Federation, says this will translate into imports of about 300 000 bales worth R540-million at current prices.

On a positive note, the shortages of last season could encourage local farmers to plant more cotton from October to December for the 1995-96 season, with some sources suggesting an increase of as much as 60%.

"Farmer's hopes, however, will depend on the weather, and the outlook for textile prices will depend on the price they negotiate with ginners."

World demand has exceeded production of between 17-million tons and 21-million tons a year for the past four years, says Mr Brink, but slumped last season because of droughts in China, India, Pakistan and to a lesser extent Uzbekistan.

This pushed the international price to about R9 a kg compared with the fixed price of R6,35/kg for local cotton.

In a market such as this, polyester staple fibres could have been substituted for cotton, but prices for these man-made fibres have also rocketed. Based on an import parity with cotton, polyester prices in South Africa have risen by more than 100% to R9,50/kg since 1993.

Industry must pay higher price for local cotton or lose R56m

(3) COTTON

BY SHIRLEY JONES

Durban — South Africa's cotton spinners and weavers fear losses of up to R56 million if they refuse to pay local farmers inflated prices for cotton.

Walter Simeoni, the chairman of the South African Cotton Textile Manufacturers Association, said the price should be set at next week's meeting of the cotton marketing commission chaired by the agriculture minister, Kraai van Niekerk, with farmers, ginners and manufacturers.

Ginners are insisting on a lint price of R7,70, a 21 percent annual increase. If they stick to their demands, the industry may dig in its heels.

"For 1996, they want R7,70, despite the fact that international fibre prices are on a downward trend and world prices are around R6,80 a kilogram." Simeoni said a 21 percent increase was absurd on the back of a 25 percent increase for last year.

CT (BR) 6/2/96

Shortfall

But should the industry refuse to pay, van Niekerk could refuse to sign an import permit, forcing manufacturers to pay a duty of R1,60 a kilogram on offshore purchases.

The industry uses 400 000 bales of cotton. With good rains, this year's crop is estimated to be about 225 000 bales, leaving a shortfall of 175 000 bales, which would have to be imported.

"This seems to be a move to blackmail us to agree to a price increase which makes our lint price 30 percent higher than the world price. The irony is that we have been told to let normal market forces determine the price. But if no price is agreed to, the minister will withdraw our rebate facilities. This so-called free market system is a farce," said Simeoni.

But, if the industry found its back to the wall, economic sense would prevail and manufacturers would be forced to pay the higher price rather than foot large duties on imports, said Simeoni.

For the many local manufacturers with international commitments, this would mean massive knocks if they had to accommodate prices which were 13 percent higher than international competitors.

Simeoni said retailers and garment manufacturers only allowed manufacturers increases of 3 to 4 percent, leaving a potentially huge shortfall to be absorbed by the textile industry.

However, Eugene Brock, the chairman of the South African Ginners Association, said the price decided on by the association was calculated according to the New York futures price, rather than the present cotton price.

He said the association expected the cotton price to rise and the exchange rate to weaken by the time next year's cotton crop was harvested at the end of April.

Brock said last year textile manufacturers paid R6,35 a kilogram, 25 to 30 percent below the world cotton price of R9,00 a kilogram. "The gap has now closed. All we are asking is that they pay world prices," he said.

Samantha Sharpe

BD 7/3/96

Cotton industry players seek agreement on SA price

(3) COTTON

CAPE TOWN — Agreement on this year's cotton price was three months overdue, signalling a possible falling-out of government, cotton producers and the textile industry over the fixed pricing strategy, sources said yesterday.

The cotton board set the local cotton price in November, with the pricing effective from April to the following March, but there was still no decision on the 1996 price.

A cotton board spokesman said yesterday a meeting had been scheduled between the various parties for March 26.

However, exchange rate volatility and a lack of direction in the international cotton price made it increasingly difficult to set local cotton prices up to a year in advance.

"The textile industry appears to have agreed to a fixed price in 1996, although they are strongly in favour of a free market pricing system from next year," he said.

A resolution was expected by the time of this month's meeting, but failure to compromise "could result in a free market pricing system anyway".

If there were no board-determined price, cotton producers would have to negotiate their own market-related strategies.

Textile industry sources said the delay in setting a local price was of some concern, but there was no real cause for alarm until April, when last year's price fell away. However, continued uncertainty in the market boded ill for the industry, which was already under siege by illegally imported goods.

SA cotton production up

(3) COTTON

PRETORIA. – South Africa's cotton crop for the 1996 season is expected to total 176 182 lint bales of 200kg each, according to figures from the Cotton Board.

The estimate, reflecting the position at the end of April, is up on the 112 000 bales produced in 1995 but way short of domestic consumption of around 400 000 bales.

In a good year, South Africa can produce 350 000 bales. – Sapa-AFP.

ARG 17/5/96

1996 cotton crop estimates raised

(3) COTTON BD 5/6/96

THE Cotton Board's latest crop estimate for the 1995/96 production year is 214 286 bales or 57 200 tons — 2,3% up on the estimate given at the end of April.

The estimate released yesterday was more than 100 000 bales up on the final crop last season when the yield was 112 000 bales.

An average southern African crop (known by cotton producers as a SA crop), which included the crops of Swaziland, Botswana, Namibia and Zimbabwe, was about 300 000 lint bales, or 60 000 tons.

Board secretary Abel Stoltz said late rains, especially in Northern Cape, could affect the quality of cotton. Hail damage was experienced in the Vaalharts area near Warrenton in Northern Cape.

"Harvesting is in full swing and 10% of the crop has been ginned," Stoltz said.

SA's local consumption was about 80 000 tons annually and SA had only twice produced enough cotton for local consumption — during 1989/90 and 1990/91.

Production years precede marketing years by one year. — Sapa.

(3) COTTON

Cotton yield down

COTTON farmers in the Northern Province were expecting less than half of last year's yield as a result of bad rains since the start of 1997, the chairman of the Potgietersrus District Agricultural Union, Leonard Venter, said yesterday.

The Springbok Flats, near Potgietersrus, and its surrounding areas, produced about 65 percent of the country's total annual cotton yield, he said.

If sufficient rains fell in the first week of March, only young plants would benefit. If it did not rain within two weeks, the country might have to import cotton to meet local demands, he said.

The union has asked the departments of water affairs and forestry, and agriculture to consider building a dam in the Olifants River in the Strydpoort Mountains. ST 2/3/97

ET (BR) 27/6/97

INSIDE AGRICULTURE

(3) COTTON

Cotton a key strand in survival of small-scale farmers

South Africa urgently needs more cotton growers so it can import less cotton. Over the last five years the country has spent more than R1 billion on cotton imports. If cotton production does not increase, South Africa will be spending at least R500 million a year on cotton imports by the end of the century.

Difficulties in the textile industry over the past several years have overshadowed the cotton shortage. For instance, the country's domestic consumption figure for the 1997-98 market season is about 80 000 tons while the total expected production is less than 36 000 tons.

JUSTINE NOFAL

The 44 000 ton shortfall must be imported. This is nearly 25 percent more than local production. The imports will come from African countries such as Zimbabwe, Zambia, Mozambique, Uganda and Tanzania.

Unless the government, farmers, processors and input suppliers put their heads together to promote cotton production, the gap is likely to widen.

In response to the government's 1995 plan for the textile industry, manufacturers have begun gearing up to compete on the international market. In terms of the plan, South Africa is scaling down import tariffs on textile products over seven years rather than the 12 years called for by the General Agreement on Tariffs and Trade (Gatt).

This makes it imperative tha the textile industry realigns itself quickly. The industry launched a capital programme of R3 billion which will extend over the seven years of the tariff downscaling. It appears the programme is going according to plan. By last year textile manufacturers had spent about R1,1 billion on upgrading their production facilities.

The upgrading is underpinned by other changes of emphasis. The Textile Federation said there is a move away from exporting primary products in the textile and clothing industries to value-added products. Also, the spotlight is on South Africa's export potential.

The federation said textile products exported by South Africa in 1995 were about 0,4 percent of world exports. There are immense opportunities for local textile manufacturers in the export market that the industry could exploit. In addition, Customs and Excise is paying more attention to curbing illegal imports of textile products.

The textile industry has potential and consumption of cotton can only escalate.

About 900 commercial farmers and 6 000 small-scale farmers produce cotton in South Africa. Cotton growing is labour, land and water intensive, and local cotton prices are pegged so as not to depend on the farmer and the farm involved.

Small-scale cotton growing is viable. There are nearly 2 million small-scale cotton farmers in neighbouring states. Promoting a culture of small-scale cotton growing on a co-operative or contractual basis could pay dividends.

But small-scale farmers in South Africa tend to survive hand-to-mouth, so they are more inclined to produce food.

Big shortfall in SA cotton predicted

CT (BR) 28/7/97

JONATHAN ROSENTHAL

(3) COTTON

Johannesburg — Cotton imports could rise to R500 million a year towards the end of the century unless cotton production was dramatically increased, Hennie Bruwer, the general manager of the Cotton Board, said last week.

He said domestic producers provided only 45 percent of the total domestic demand for cotton lint. The Cotton Board said it had signed production contract for almost 8 000 ha with irrigation farmers, offering them a further 4 percent increase in contract prices.

This comes after a 9,1 percent price increase to R2,40 for a kilogram of standard grade seed cotton earlier this year.

Dries Fourie, the chairman of the SA Cotton Ginners' Association, said: "Indications are that cotton lint prices will increase in the following year.

"The present stability in the world market and the weakening of the rand/dollar exchange rate will contribute to better prices. If this tendency progresses beyond expectation, a further price increase will be made."

The Cotton Board said cotton boasted outstanding gross profit margins in comparison with other crops, was resistant to drought and provided a low risk crop for producers in dry regions because of the non-perishable nature of the product.

The board also announced that it would present a proposal to the minister of agriculture that the board's assets and funds be transferred to the newly founded Cotton Trust. Certain functions performed by the board would be handled by a Section 21 company.

Housing board makes changes to accelerate delivery

Farouk Chothia

DURBAN — The KwaZulu-Natal housing board yesterday announced new measures to accelerate housing delivery, saying it would accept applications for project-linked, consolidation and institutional subsidies at any time of the year.

This was in contrast to the previous approach, where subsidy applications were accepted only on a tranche basis and at specific times of the year.

Board CEO Seymour Bedderson said the board had been mandated to allocate a minimum of R50m a month for the provision of housing in KwaZulu-Natal.

Housing delivery had fallen short of the target because developers had not taken advantage of the subsidies available to them. The board believed there would now be an improvement in the allocation of funds as a result of the new applications policy.

Bedderson said that developers who had applications refused for any reason should reapply.

Applications would be considered on merit.

BD 29/7/97

Scheme launched to boost growth in cotton production

Louise Cook

THIS year could see hundreds of farmers taking up cotton production with the introduction of contract growing in SA for the first time, sources said yesterday.

Ginner Clark Cotton and the Vaalharts Co-operative in North West Province confirmed they were hoping to attract between 25% and 50% more farmers than last year and were offering a 9% higher price (R2,50/kg) for this year's seed cotton.

Clark Cotton MD Trevor Wilkinson said that last year farmers did not know what price they would get until three weeks before harvesting.

"But drought pushed the yield down to 1,75t/ha compared to 5t/ha in Zambia. This time we are hoping for better conditions. Transport costs make imports from neighbouring countries expensive," he said.

Clark Cotton deputy MD Dries Fourie said that further price improvements due to a stable world market and weaker rand/dollar exchange rate were likely.

SA's main producing areas were the Makatini Flats in KwaZulu-Natal and Vaalharts at Hartswater.

Vaalharts Co-operative said it had been involved for the past three weeks in canvassing new farmers. Planting was due to begin in October.

Co-operative manager Louis Olivier said: "We are hoping for a crop of 6 000 tons, more than double that of last year."

SA's cotton production compares poorly with neighbouring states such as Zimbabwe, Zambia, Mozambique, Uganda and Tanzania, where 2-million small farmers made up SA's annual shortfall of 44 000 tons cotton lint a year through exports.

Only 6 000 small farmers grow cotton locally — 80% of the SA crop is cultivated by about 900 commercial farmers.

Cotton Board GM Hennie Bruwer warned that unless production was increased, SA would soon be forced to spend R500m a year on imports for the production of cotton lint. "Cotton's unique resistance to drought and the non-perishable nature of the product provide a low-risk solution, particularly for dryland producers," Bruwer said.

(3) COTTON

BD 29/7/97

Phosa tried to intimidate me — witness

Nomavenda Mathiane

MPUMALANGA premier Mathews Phosa had tried to intimidate former Umkhonto we Sizwe (MK) ...

ficers, MK members or hostel inmates.

Winnie Makhubela said she had been a Std 1 pupil in Thokoza when she was abducted with three ...

Cotton growers meet over complaint by Woolworths

eT(Bar) 4/8/97 (3) COTTON

Jabu Matsebula

Manzini — Frame Textile, the clothing firm, summoned cotton growers from Swaziland and South Africa last week to a meeting in Durban after a complaint by retailer Woolworths, which found contaminated cotton in its stock.

The problem was caused largely by new, inexperienced growers packing cotton into plastic bags rather than the usual cotton ones. Some of the plastic ended up in the final products.

Tom Jele, the chief executive of the Swaziland Cotton Board, who was part of a five-man team that included farmers and Swaziland's agriculture director, said they were relieved to find representatives of the South African industry present and the complaint was not against any specific cotton supplier.

"The Frame Textile Corporation called all cotton suppliers, including farmers, spinners, weavers and cloth makers, for a tour of the factory and discussions on how a similar problem can be prevented," Jele said.

He said though the claim for compensation by Woolworths was small and was probably settled internally, it set alarm bells ringing.

Jele said the board's concern was that a R2,08 million grant for free seed last season may have attracted many new farmers not experienced with the cotton industry. Some of the cotton had been harvested into plastic bags.

Meanwhile, a bumper cotton crop projected for this year may not be fully realised because of a dry weather spell during the critical months of January and February. "However, rain then fell in March, prolonging the cotton season. Some farmers are still harvesting as a result," Jele said.

"In view of the bad weather predictions for a dry spell this season, we are warning cotton farmers to plant early so that by the critical month of January, when rain becomes a problem, the cotton will be beyond the danger point."

COTTON

Sucked into a system of economic suicide

(3) COTTON CT(MR) 5/6/98

SHIRLEY JONES

The year-long wait while the government makes-up its mind about a cotton policy had forced the local cotton textile industry to become part of a system tantamount to economic suicide, Walter Simeoni, the chairman of the South African Cotton Manufacturers' Association (Sactma), said last week.

Simeoni, who is also managing director of Frame, South Africa's largest cotton textile manufacturer, is lobbying for a radical change in the national department of agriculture (NDA) policy, which is accused of controlling imports to favour local producers.

On the one hand, there are 1 100 commercial farmers and 2 700 emerging cotton farmers. On the other, there is the cotton spinning industry, with a capital base of R20 billion. It has grown from meagre beginnings 70 years ago to its peak in the 1980s when it employed 95 000. The industry at present has some 72 000 employees

Simeoni explained that the spinning industry was forced to buy whatever local cotton was available regardless of grade, class and general quality. It was then issued with permits to import the balance in impractical monthly instalments.

However, Bongiwe Njobe Mbuli, the director-general at the NDA, differs. "Information at my disposal clearly shows that South African producers and ginners supply the quantities, grade and class of cotton required by spinners except for a very small quantity of surplus below standard grade. I would be strongly opposed to anyone being forced to purchase a product that is not within the quality standards they require," she said.

She said local cotton producers deserved protection similar to that provided to textile manufacturers in a global trading environment where only 16 percent of cotton was traded on free market principles.

Simeoni argued that this year the NDA had issued Sactma with permits to import only 232 200 bales of cotton lint between April 1998 and March 1999. This meant 19 000 bales had to be split between 20 spinners each month. He added that it was impractical to buy in small quantities from different countries.

"We need to blend qualities together with local cotton in order to get a sufficiently long manufacturing run ... which results in a loss of spinning production and high levels of dyehouse downgrades."

Simeoni estimated that if the local cotton ginning industry was forced to sell its output on the world market, it would get about 50c less a kg. This season, this would translate into a R20 million loss, substantially less than shortfalls manufacturers were having to absorb.

Meanwhile, the cotton spinning industry would probably save R90 million by more appropriate imports, making it far more competitive nationally and internationally, he said.

"Never, in our darkest hours, have we had such an unworkable system thrown at us. If changes aren't made urgently, some mills could run into serious problems," Simeoni said.

Already there were retrenchments. Whiteheads, the KwaZulu Natal-based textile mill, blamed raw material supply problems for closing its spinning division with the loss of 450 jobs.

Local cotton prices needed to be equal to international prices, Simeoni said. The price of local seed cotton, the raw cotton delivered from the grower to the ginner, had increased by 166 percent, from 94c/kg in the 1987/88 season to 250c/kg in the 1997/98 season. Cotton lint, the fibre received by spinners from ginners, increased by 184 percent to 795c/kg over the same period. In contrast, the price of cotton textiles had risen by just 60 to 70 percent over the same period, according to Sactma.

"We will not accept any price increases for cotton lint this year as cotton prices internationally have decreased by 20 to 23 percent. (The increase) has resulted in our customers refusing to accept price increases for our own products," he said.

Mbuli said Sactma had applied to the department of trade and industry (DTI) to remove the current tariff structure while the SA Cotton Growers' Association had proposed a tariff band. The DTI, National Agricultural Marketing Council and the NDA had agreed to formulate a strategy, including a tariff policy for the sector. While this was happening, tariff arrangements would remain in place for the 1998/99 season.

Simeoni replied that spinners were prepared to accept a banded tariff structure with certain modifications.

This had been gazetted 20 months ago. Nothing had come of it.

"We believe the matter is purposely and continually drawn out to force us to accept an inflated cotton price. The NDA is holding a gun against our heads," Simeoni said.

He also argued that a general duty on cotton lint would do great harm to the local cotton textile industry. It would also work against equalising trade between South Africa and the Southern African Development Community from which the majority of imported cotton was sourced.

He said the government should be forcing growers and ginners to become more competitive, in much the same way it had taken a hard line with textile manufactures and forced them to accept tariff reductions.

The spinning industry can only produce cotton and cotton blends, Simeoni said. "We do not have the luxury of switching over to another product when the price is not favourable ... I can't spin tomatoes," he said.

While the employment decline in the industry is expected to continue, overall output is expected to grow, according to Sactma.

Cotton industry meets to resolve lint import row

(3) COTTON BD 15/6/98

Samantha Sharpe

CAPE TOWN — Representatives of SA's cotton textile industry met local cotton growers late last week to resolve an ongoing dispute over the rationing of cotton lint imports into SA.

Local cotton lint consumption this year — cotton lint is used in the spinning of all cotton-based fabrics — is estimated at 450 000 bales, of which local supply will only be about 150 000 bales.

Until the meeting last week SA cotton spinners were obliged to place their import orders in such a way that the cotton arrived in twelve equal monthly shipments if they wanted to qualify for the relevant rebates. Industry sources said this was placing tremendous pressure on the textile industry, which was unable to cope with the unnatural supply arrangement.

Textile Federation spokesman Brian Brink said the meeting with cotton growers resulted in an agreement which would hold for the year and would see an end to the effective tight monthly quotas during this period.

However, it was vital that the duty application on cotton lint submitted by the cotton sector in November 1996 be finalised by the Board of Tariffs and Trade as soon as possible, he said.

"Generally in SA, tariff protection is only afforded and justified in instances where an industry sector produces 70-75% of the country's market requirements. However, it appears that this requirement was not being adhered to in the case of cotton.

"One can only speculate on the level to which the local cotton production would have to drop before unwarranted protection of an uncompetitive sector would be terminated. The holding of an entire cotton textile sector to ransom cannot be allowed to persist any longer," Brink said.

INSIDE AGRICULTURE

SA's cotton crop potential lies fallow so far

(3) COTTON ET(BE) 10/7/98

JUSTINE NOFAL

The latest figures for South Africa's cotton crop once again highlight the potential for growing cotton in this country.

Cotton South Africa says 194 000 lint bales will be produced this season. This is less than half of the 450 000 bales local spinners say they will consume during the marketing year, indicating that they will have to import the shortfall.

There are about 900 commercial cotton growers in South Africa, employing about 180 000 workers. This year, there are about 20 000ha of cotton under irrigation and 70 000ha of dry land cotton.

The irrigated production areas are in the Upington area, the Vaalharts and Loskop Dam irrigation schemes and along the Limpopo. The dry land areas are in the so-called southern and northern Springbok flats area in Northern Province, stretching from Warmbaths to Potgietersrus.

Included in the South African production figures are cotton purchases from Swaziland, Botswana, Namibia and Zimbabwe. The cotton is ginned and sold in South Africa.

This year, Swaziland's small-scale cotton growers will produce about 1 750 bales on irrigated land and 27 000 bales on dry land. The other three countries combined will contribute a mere 10 000 bales. The crop harvested now shows an increase of about 30 percent over that of last season, mainly because of a 27 percent increase in irrigated hectares and improved yields.

The deciding factor for farmers when planning which field crop to plant is the potential return on investment. Before the deregulation of agricultural marketing, cotton was not as attractive as maize and sunflowers. But now that all commodities are linked to world prices, cotton is a serious competitor for hectares.

The region has proved it can produce large amounts of cotton. In 1988-89, the crop was 400 000 bales from 208 000 hectares, the all-time record.

During the 1998-99 production season, southern African farmers will receive R2,50 a kilogram for basic grade, hand-picked cotton. There are 200kg to a bale. According to Cotton South Africa, this is the same price as last year and compares well with returns on other commodities which have cropped this season.

Although world prices for cotton declined earlier this year, they are now in an upward phase again, moving towards the long-term average of US74c a pound. If the price rises sufficiently, southern African farmers could receive more for their cotton later in the marketing season.

As usual with the main farming commodities, what goes on in the US and China has a significant influence on supply, demand and, eventually, price.

Despite the US cotton production in 1998-99, bringing world production to about 18,9 millions tons, prices are likely to increase as mainland China is expected to market an extra 700 000 tons, offsetting the US underproduction.

This expectation, coupled with the fact that no growth in world consumption is expected in the period, prompted the International Cotton Advisory Committee to forecast similar prices to last season.

The committee says world cotton prices may strengthen if there is stronger economic growth in eastern Asia, resulting in greater consumer demand and a decline in exports from China with reduced production.

China accounts for about 25 percent of world cotton used. But reduced textile industry employment, the destruction of old spindles and greater use of chemical fibre are expected to cut cotton use in 1998-99.

WS

LEFT HOLDING THE BAGS *Michael Candy displays the type of bags which could be made locally* PHOTO: BARRY TUCK

Fingers pointed at banks for importing cotton bags

(3) COTTON (7)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — Some South African banks were importing cotton bank bags, depriving local manufacturers of crucial business, Walter Simeoni, the chairman of the South African Cotton Textile Manufacturers' Association, said this week.

"Banks are purchasing cotton fabric bank bags (from) countries where wages represent 5 percent of South Africa's wages," Simeoni said.

"There is even a rumour that some of the products originate from countries where child labour is used." He said more than half of all bank bags in South Africa were imported from so-called cheap labour countries.

Simeoni said the problem was a long-standing one and had already led to liquidations. Paramount Fashions, a small manufacturer in the Eastern Cape that relied heavily on bank bag manufacture, closed down about a year ago.

Local bank bag manufacturers, who asked not be named, said most imported bank bags came in duty-free and permit-free from Malawi.

The only banks whose bags are 100 percent local are Boland and Absa.

A spokesman for Standard Bank, one of the importers targeted by the Cotton Textile Manufacturers' Association, denied importing any bags, pointing out that with current exchange rates this practice would be out of the question.

Nedbank said at least half of its bags were sourced locally.

CT (BR) 4/8/98

Genetically modified seed to benefit next cotton crop

Louise Cook (3) COTTON

BD 17/9/98

SA WOULD start growing its first cotton from genetically manipulated seed in the new season starting next month, making it the second crop-type in SA after maize to benefit from international biotechnology research.

Modified maize seed from Chile is on sale next month, while cotton seed is imported from the US where most of the crop grows from engineered seed.

In Europe lobby groups have voiced their opposition to "interventionist" use of soil bacterium genes to engineer a plant with such strong resistant qualities that chemical control against specific pests and insects is no longer needed.

However, in SA scientists and agriculturalists say it is a potential breakthrough in cheap food production and feeding the poor. They have estimated that R100m a year could be saved on pest and disease control in maize production.

Cotton SA CEO Hennie Bruwer said yesterday local cotton growing was expected to flourish from the introduction of the new seed. "Farmers are very excited. We estimate it will take three years for the product to take off," he said.

The industry was also trying to interest black farmers in cotton. They produce only 10% of the crop.

BUSINESS DAY, Monday, December 7 1998 3

Sectoral role player expects cotton crop to increase by 42%

Louise Cook
and Financial Times

(3) COTTON
BD 7/12/98

THIS year's locally produced cotton crop is likely to be 42% bigger than last year's harvest because of improved irrigation and dryland yields and more cotton planted to irrigation, Cotton SA says.

Cotton SA, a nonprofit company representing the stakeholders in the industry, says in some cases on the Makitini Flats in KwaZulu-Natal — SA's main cotton-producing area — yields are up on the previous crop by as much as 24%-44% because of benefits of irrigation.

However, world prices for cotton are at a record low and it is expected that this year less cotton lint would be sold.

Cotton SA CEO Hennie Bruwer says: "Local demand for cotton lint for the 1998/99 marketing season is likely to be 350 000 lint bales, 18% less than last season. Yet for the first time in the past seven years substantial quantities of cotton lint have also been exported from SA. The export figure for the end of October is a phenomenal 35 000 bales."

Demand for cotton, like most other natural fibres like wool, has diminished dramatically in the past decade because of competition from synthetic fibres.

However the Australian cotton industry is reported to be booming despite adverse world conditions.

"The country's cotton growers are benefiting from the weak Australian dollar, the fact that Australian cotton is priced against US cotton futures and because US cotton futures themselves have been boosted by the US government's record subsidy regime aimed at maintaining the competitiveness of US cotton exports."

Australian prices have never been so high despite a collapse in world prices on the back of the slump in Asian demand. Yet the boom may not last much longer. US cotton futures have fallen 18% in the past six weeks; with overall prices dipping, Australia's cotton "picnic" could run out of steam, says the report.

INSIDE AGRICULTURE

Modified cotton for the picking

(3) COTTON CT(BR) 9/9/99

Biotechnology has the most likely solution to South Africa's chronic shortage of locally produced cotton. About 500 farmers grew new varieties of genetically modified cotton this season, and reported increased yields of about 5 percent for dry-land cultivation and 20 percent for irrigated cotton.

The new varieties are insect-resistant. The high yields were achieved in most cases without spraying the crops with insecticide for American bollworm, which is usually necessary about five times a season.

This led to savings of more than R200 per hectare on insecticides for dry-land cotton and R400 per hectare for irrigated cotton, and allowed the natural predators of the insects to control the insects.

Experts said the new varieties would make it possible to produce substantial amounts of cotton in marginal areas. In addition, the lowered risk of cotton production made it a viable alternative field crop for farmers who preferred wheat, maize or soya beans to cotton.

The availability of genetically modified varieties has come at a good time for field crop farmers, who want to take advantage of South Africa's demand for the fibre.

JUSTINE NOFAL

Many cotton growers have switched to irrigating their cotton fields this season in an attempt to increase the yield. Irrigated cotton accounts for an increase of about 28 percent in the estimated crop size over that of the previous season.

Cotton South Africa, the industry's Pretoria-based commodity organisation, estimated the southern African crop to be 52 000 tons (or 260 933 lint bales of 200kg each) this season. Of this, about 44 000 tons (219 219 lint bales) were produced in South Africa.

The balance, 8 000 tons (41 714 lint bales) related to expected seed cotton purchases from neighbouring countries, mainly Swaziland, by ginners. Total South African consumption this year was estimated to be 74 000 tons (370 000 lint bales). The shortfall was likely to be made up by imports mainly from other African countries.

As with all agricultural commodities, cotton prices are determined by international supply and demand.

The International Cotton Advisory Committee said it did not expect lower world prices to recover this season, mainly because of an increase in US cotton production, but also higher exports by China and depressed agricultural commodity prices.

Depressed international cotton prices and the position in South Africa translated into current lint prices of 659,84c per kilogram (the price on Tuesday), compared with last year's average price of 806c.

Even at these prices, it is worth the effort for South African farmers to produce cotton. With the insect problem apparently out of the way, all that remains is to find ways to mechanise further a type of farming that is prohibitively labour-intensive.

South African farmers must continually look for ways to cut production costs, for they compete against other cotton producing countries whose governments protect farmers from the pain of lower commodity prices. This can lead to overproduction, which then pushes down international prices.

ST 28/11/99

As the debate over genetically modified organisms rages, small-scale farmers in Kwazulu-Natal are using the new technology to change the way they work, writes LAURICE TAITZ

MORE CROP, LESS WORK: Danie Olivier and Thembitshe Buthelezi

(3) COTTON

FOR as long as anyone can remember, the Buthelezi family have eked out a living farming cotton in northern KwaZulu-Natal. Thembitshe "TJ" Buthelezi had been content with this hand-to-mouth existence on a patch of land in the Makhatini Flats, about 120km from Pongola.

But last year was different. Buthelezi planted genetically modified cotton seed and harvested a bumper crop — nine more bales of cotton, worth about R4 500, than usual. The seed he planted — Bollgard — is lethal to the bollworm, cotton's traditional enemy.

Developed by seed company DeltaPine and international biotechnology giant Monsanto, Bollgard contains a bacteria gene called Bacillus thuringiensis (B.t.).

In the life cycle of the bollworm, eggs are laid on the leaves of the growing cotton plant. Once they hatch, the worms start to feed, eating 24 hours a day and growing rapidly.

Danie Olivier, general manager of DeltaPine SA, says: "They start by chewing up the flower parts of the plant and then move onto the softer areas, taking out the fruiting parts. By the time the farmer can see the damage, it has already been done. With transgenic cotton, bollworms take one bite and are killed by the B.t. toxin."

For opponents of genetic engineering, the idea is horrifying. They point to the unintended consequences of "playing God", using the example of the near-extermination of the harmless Monarch butterfly. Researchers at Cornell University, New York, found that a strain of corn with built-in pesticides was killing the butterfly's larvae.

But Monsanto says the adoption of Bollgard cotton in the US in 1996 saved the spraying of the equivalent of a 250 000 gallons of insecticide.

For Buthelezi and hundreds of other small-scale farmers in northern KwaZulu-Natal, the benefits of Bollgard are evident. Buthelezi sits under a tree at his homestead. Behind him lies the fruit of last year's labour — the foundation of a concrete brick home that will replace the mud and thatch hut belonging to one of his wives. "It's wonderful," he says.

Buthelezi is chairman of the Ubongwa (Ubombo Ingwavuma) farming association, and of an umbrella body of 38 associations which vary in membership between 20 to 300 farmers, about 55 percent of whom are women.

Transgenic seed was commercialised with the passing of the Genetically Modified Organisms Act in 1997.

Buthelezi says at first his association's executive was divided over Bollgard. But this year only about seven percent of the association's members will be planting commercial cotton.

"Most who have seen it realise we are going to harvest more and with less work," he says. The seed comes with a guarantee of 80 percent germination.

"With the Bollgard it's easy," says Buthelezi. "You see the flower and you are sure it will become a boll — and you know you will harvest it."

The boll is the fluffy fruit produced by the cotton plant. It contains two types of fibres — long fibres which are processed into yarn for making fabrics, and shorter fibres used in the production of rayon, plastics, explosives, film paper and sterile absorbent cotton.

The new seed has changed the way the farmers operate. With conventional cotton, crops have to be sprayed four or five times a season. But the chemicals used in these insecticides break down after three to four days, leaving plants unprotected.

Small-scale farmers usually spray with a knapsack of insecticide, carrying up to 25 litres on their backs. The process can take up to five days and by the time they finish one end, the crop they started spraying could be ruined. And, Buthelezi says, "If you spray on a windy day you can get sick".

Another indirect problem caused by the pesticides has been that people have used the pesticide containers to collect water from the Pongola River — contaminating their water supply.

With fluctuating world prices for cotton, battles to raise money for seed or fertiliser, and the fact that they aren't legally recognised as landowners — although families might till the same ground for generations in terms of agreements with chiefs — these small-scale farmers face huge obstacles.

"People say there's no place for this technology with up-and-coming farmers, but I believe it's made for them," says Olivier. "It's important to help small-scale farmers become self-sufficient. This could create stability in the cotton sector, making it more profitable to supply local demand."

While the jury is out on genetic engineering, the farmers of the Ubombo Ingwavuma district have cast their votes. Living at the mercy of Mother Nature, banks and world markets, the new technology is the answer to their age-old problems.

COTTON

Farmers on clash course with govt

Business Day Reporter

PRETORIA — Transvaal farmers are on course for a clash with government on the issue of land security in any new dispensation negotiated with the ANC and other black groups.

This and other major grievances would be raised at a mass meeting of Transvaal farmers organised by the Transvaal Agricultural Union in the Pretoria City Hall on October 5, a TAU member said. B Day 14/9/90

TAU president Dries Bruwer indicated at last week's annual conference of his organisation that they had come away from last month's agricultural summit convinced government either had little understanding of the massive problem facing farmers, or was ignoring them.

What angered farmers at the summit was government's tough new approach to aid for the distressed agricultural industry.

Finance Minister Barend du Plessis indicated there that indiscriminate aid was out and that in future aid applications would be assessed strictly on merit.

On the land issue, the TAU is opposed to blacks taking over or buying into white farm lands, and the repeal of the Land Acts of 1913 and 1936 which would make this possible.

Capacity grows to process cotton crop

B Day 14/9/90

3 cotton

GERALD REILLY

PRETORIA — The SA textile industry's spinning capacity expanded to cope with the expected potential crop, Agriculture Minister Jacob de Villiers said yesterday.

Speaking to cotton producers at Potgietersrus, he said local textile industrialists were hesitant to enlarge existing capacity because of the low return on capital and costly equipment needed to achieve capital expansion.

To install a net plant R415m would be needed.At the tempo of expansion SA would soon reach a stage of self-sufficiency.

De Villiers said to cope with additional production an investment of about R180m in local industries would be necessary. The Cotton Board's policy would have to stimulate further investment by industrialists to cater for longer term interests.

Increased protection for the industry and the new export incentive measures could create a better climate for expansion.

Since 1985, world production of cotton went up in four succesive years. Due to a sharp increase in world use, international stocks began to decline from 1986 which resulted in a stiffening of prices. The expectation was that stocks should go up and prices would again decline.

De Villiers said the quality of SA cotton was generally higher than world standards, because most local production was picked by hand.

The entire cotton production was processed locally. Last year a record crop of 388 300 bales was produced; 1990's crop amounted to about 300 000 bales, he added.

Union seeks meeting on sailors

B Day 14/9/90

CAPE TOWN — The Food and Allied Workers' Union wants to meet Taiwan's local representatives over Taiwan's offer to compensate frostbitten sailors.

Fawu spokesman Nosey Pieterse said yesterday it also wanted to meet SA government officials to discuss legal protection for offshore workers, the "crisis in the fishing industry" and "future Taiwanese investments".

Taiwan's consulate-general in Cape Town, Tom Chou, said on Wednesday his government would "remunerate" families of SA sailors disabled by frostbite.

Pieterse said: "It would be naive to believe the Taiwanese government is committed to ending the human misery on their trawlers and stopping the plundering of our seas." The union wanted to discuss proper compensation for the injured workers, insurance, and safe working conditions. — Sapa.

B/Day 28/9/90 cotton

Great future possible for cotton industry

GERALD REILLY

PRETORIA — Local textile needs would be 80% higher at the end of the century, with a retail value of R9,6bn, Agriculture Development Minister Kraai van Niekerk said yesterday.

He told delegates at the Natal Cotton Association's congress in Pongola that while cotton had a market share of about 30%, a far larger market potential waited to be exploited.

Last year's crop totalled a record 388 800 bales; 300 000 bales were expected this year. Local consumption had increased to almost 400 000 bales.

While SA had the potential to more than double production capacity, this was resisted because of a low return on capital.

Manufacturers slam rise in cotton price

Cape Times 19/6/90

(3 cotton)

By AUDREY D'ANGELO
Business Editor

THE retail price of cotton clothes may be pushed up by as much as 30% as a result of a decision to raise the price of cotton lint by 33% this season, Seardel executive director Mike Getz said yesterday.

Critising the Cotton Board for setting it at this level, the chairman of the Cape Garment Manufacturers Association, Simon Jocum said it could lead to retrenchments as a result of falling sales.

He urged the Cotton Board to think again about such a high price rise at a time when the economy was in a downturn.

But the chairman of the SA Textile Manufacturers Association, Roland Hammerle, said the price of R4,72 a kg was below the price on international markets. It was a compromise reached after lengthy negotiations between the cotton producers and spinners.

Brian Brink, executive director of the SA Textile Manufacturers' Association, said the international price set in England had soared to R5,40 a kg. This is significantly higher than the price we have agreed on, but that is as much as our industry can pay.

"The farmers, who were paid R3,55 a kg last season, are getting less than they asked for and we are paying more than we wanted to."

Brink said the spinners felt they should be given some price advantage for a product grown in this country rather than paying the international price. But the international price had been used as a reference for the passed 15 years and this had worked reasonably well.

Jocum said, "a rise of this magnitude is really bad news. It will cause consumer resistance and business is bad enough as it is.

"I think the Cotton Board is being unreasonable and if it had the power to reduce the price it should do so right away in the interest of the consumer and of saving jobs."

Getz said a 33% rise in the price of lint meant an 18% rise in the price of pure cotton fabrics. This would mean a rise of 8% or 9% in the factory price of a garment.

"The retailers' mark-up averages 80% — the stores giving credit charge more and outlets like Pep Stores less."

"This means the garment will cost 15% more than last year. Add to that the inflation in the pipeline of the textile industry which, historically, has been 15% a year, and you have a 30% rise in the retail price of the garment."

Getz said this would mean a rise in demand for clothing made from synthetic fibres. This would push up their price too.

Cotton lobbies reach a compromise on price rise

3 Cotton

CHARLOTTE MATHEWS

THE DISAGREEMENT between cotton spinners and cotton ginners on the proposed increase in the cotton price to 482c/kg has resulted in the rise being re-negotiated down to a 33% increase, to 472c/kg.

This was announced yesterday in a statement by the SA Cotton Textile Manufacturers' Association (Sactma).

Originally the Cotton Board proposed a 36% increase from last year's 355c/kg, while spinners felt 465c/kg, or a 30% increase, would be more reasonable. Friday's settlement pegs the halfway mark between the two.

"Circumstances are such that the international price has increased very sharply to even higher levels while domestically the severe economic downturn makes acceptance of high price increases for a major raw material component extremely difficult," Sactma chairman Roland Hammerle said. B/Dam 19/6/90

"The finally agreed price of 472c/kg therefore amounts to a compromise position with sacrifices being made both by the spinner and the ginner in the overall interests of the SA economy and consumer."

Frame chairman Mervyn King said the input cost of cotton to spinners would still be increasing and there would be an inevitable rise in the price of clothing. However it was impossible to put a figure on this as cotton was used in mixing and finishing items.

"We were trying to keep the price down as much as possible in the interests of the clothing manufacturers and consumer. We had the support of every major distributor in the country."

BYLAE

Die Bylae by Goewermentskennisgewing No. R. 1391 van 26 Junie 1987, soos gewysig by Goewermentskennisgewings Nos. R. 2145 van 25 September 1987, R. 1274 van 1 Julie 1988 en R. 944 van 12 Mei 1988 word hiermee verder gewysig deur in klousule 3 (1) (b) die uitdrukking "48,965 sent per kilogram" deur die uitdrukking "52,965 sent per kilogram" te vervang.

SCHEDULE

The Schedule to Government Notice No. R. 1391 of 26 June 1987, as amended by Government Notices Nos. R. 2145 of 25 September 1987, R. 1274 of 1 July 1988 and R. 944 of 12 May 1988 is hereby further amended by the substitution in clause 3 (1) (b) for the expression "48,965 cent per kilogram" of the expression "52,965 cent per kilogram".

No. R. 1240 **8 Junie 1990**

BEMARKINGSWET, 1968 (WET No. 59 VAN 1968)

KATOENSKEMA.—WYSIGING

Ek, Jacob de Villiers, Minister van Landbou, handelende kragtens artikel 14, soos toegepas by artikel 15 (3), van die Bemarkingswet, 1968 (Wet No. 59 van 1968)—

(a) publiseer hierby die wysiging in die Bylae uiteengesit, van die Katoenskema gepubliseer by Proklamasie No. R. 37 van 1974, soos gewysig; en

(b) verklaar hierby dat genoemde wysiging op die datum van publikasie hiervan in werking tree.

J. DE VILLIERS,
Minister van Landbou.

BYLAE

Die Katoenskema gepubliseer by Proklamasie No. R. 37 van 1974, soos gewysig by Proklamasies Nos. R. 233 van 1975, R. 266 van 1977, R. 16 van 1978, R. 133 van 1978, R. 135 van 1979, R. 161 van 1979, R. 158 van 1980 en R. 188 van 1982 en Goewermentskennisgewings Nos. R. 822 van 12 April 1985 en R. 2613 van 20 November 1987, word hierby verder gewysig deur subartikel (1) van artikel 7 deur die volgende subartikel te vervang:

"7. (1) Die Raad bestaan uit nege lede van wie—

(a) vyf die verteenwoordigers moet wees van produsente van katoenpluksel;

(b) twee die verteenwoordigers moet wees van pluismeulenaars waarvan een 'n verteenwoordiger moet wees van 'n koöperatiewe vereniging of koöperatiewe maatskappy en een nie so 'n verteenwoordiger moet wees nie;

(c) een die verteenwoordiger moet wees van spinners; en

(d) een die verteenwoordiger moet wees van die klerebedryf, kleinhandelsektor en huishoudelike tekstielvervaardigers.".

No. R. 1240 **8 June 1990**

MARKETING ACT, 1968 (ACT No. 59 OF 1968)

COTTON SCHEME.—AMENDMENT

I, Jacob de Villiers, Minister of Agriculture, acting under section 14, as applied by section 15 (3), of the Marketing Act, 1968 (Act No. 59 of 1968), hereby—

(a) publish the amendment set out in the Schedule, of the Cotton Scheme published by Proclamation No. 37 of 1974, as amended; and

(b) declare that the said amendment shall come into operation on the date of publication hereof.

J. DE VILLIERS, (3) cotton
Minister of Agriculture.

SCHEDULE

The Cotton Scheme published by Proclamation No. R. 37 of 1974, as amended by Proclamations Nos. R. 233 of 1975, R. 266 of 1977, R. 16 of 1978, R. 133 of 1978, R. 135 of 1979, R. 161 of 1979, R. 158 of 1980 and R. 188 of 1982 and Government Notices Nos. R. 822 of 12 April 1985 and R. 2613 of 20 November 1987, is hereby further amended by the substitution for subsection (1) of section 7 of the following subsection:

"7. (1) The Board shall consist of nine members of whom—

(a) five shall be the representatives of producers of seed cotton;

(b) two shall be the representatives of ginners of whom one shall be a member of a co-operative society or co-operative company and one shall not be such a member;

(c) one shall be the representative of spinners; and

(d) one shall be the representative of the clothing industry, retail sector and household textile manufacturers.".

No. R. 1242 **8 Junie 1990**

WET OP MISSTOWWE, VEEVOEDSEL, LANDBOUMIDDELS EN VEEMIDDELS, 1947 (WET No. 36 VAN 1947)

REGULASIES BETREFFENDE DIE REGISTRASIE VAN MISSTOWWE, VEEVOEDSEL, LANDBOUMIDDELS, VEEMIDDELS, STERILISERINGSINSTALLASIES EN PLAAGBEHEEROPERATEURS, APPÈLLE EN INVOERE.—WYSIGING

Die Minister van Landbou, handelende kragtens artikel 23 (4) van die Wet op Misstowwe, Veevoedsel, Landboumiddels en Veemiddels, 1947 (Wet No. 36 van 1947), het die regulasies in die Bylae uiteengesit, uitgevaardig.

No. R. 1242 **9 June 1990**

FERTILIZERS, FARM FEEDS, AGRICULTURAL REMEDIES AND STOCK REMEDIES ACT, 1947 (ACT No. 36 OF 1947)

REGULATIONS RELATING TO THE REGISTRATION OF FERTILIZERS, FARM FEEDS, AGRICULTURAL REMEDIES, STOCK REMEDIES, STERILISING PLANTS AND PEST CONTROL OPERATORS, APPEALS AND IMPORTS.—AMENDMENT

The Minister of Agriculture, acting under section 23 (4) of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act No. 36 of 1947), made the regulations set out in the Schedule.

Minister hopes for quick resolution of cotton price dispute

B Day 30/5/90

ACHMED KARIEM

AGRICULTURE Minister Jacob de Villiers said yesterday he trusted an agreement would soon be reached on the cotton price dispute involving producers, spinners and ginners.

The cotton marketing committee will consider the prices of cotton lint for the 1990/91 season on June 12. The Cotton Board has imposed a price of R4,82/kg while the spinners want R4,65/kg.

(3) cotton

De Villiers said he was not prepared to speculate on the outcome of the meeting to be chaired by the National Marketing Council, the advisory body to the Minister.

SA Cotton Textile Manufacturers' Association (SACTMA) chairman Roland Hammerle said the textile market was under heavy pressure, since cotton was one of the industry's major raw materials.

"R4,65c/kg for cotton is an acceptable price which spinners could live with," he said.

Spinners told to defy Cotton Board

ACHMED KARIEM

THE Textile Federation of SA had advised spinners to pay 465c/kg for cotton instead of the Cotton Board price of 482c/kg, executive director Brian Brink said in an interview yesterday.

He said this was an "interim measure" until agreement could be reached on new cotton prices.

Farmers, spinners and ginners are to meet in Pretoria on June 12 to try to solve the cotton price controversy.

Spinners recently rejected the Cotton Board's powers to regulate the market.

"Given the climate of inflation, spinners could never absorb the recently announced 36% increase in the cotton price from 355c/kg to 482c/kg," said Brink.

Cotton Board marketing manager Abri van Vuuren said the advice was "irresponsible" as it would add to the conflict.

"The board will continue to negotiate with the SA Cotton Textile Manufacturers' Association (SACTMA) to try and resolve the deadlock," he said.

He denied reports that the board had threatened to revoke ginners' licences if they sold cotton for less than 482c/kg.

According to the Cotton Board, the world price of cotton was still "firming" at 528c/kg (in SA terms) on the Liverpool A-index.

BDay 25/5/90

3 Cotton

Cotton price rising 36%

ACHMED KARIEM (3) cotton

THE price of cotton is to increase by 36% to 482c/kg from 355c/kg for 1990/91, Cotton Board chairman Gert Schoonbee said yesterday.

He said growers and ginners could not get the agreement of all the spinners concerning the new price.

"The breakdown in communications has serious financial implications for cotton farmers because they have started harvesting and delivering to ginners," he said.

Schoonbee said the new price was 30c/kg below the world price.

Last September local spinners refused to accept a price range which reflected the high world lint prices then prevailing. BDay 2/5/90

The SA Cotton Textile Manufacturers' Association (Sactma) — in a letter to the National Clothing Federation (NCF) — said the "hard-line stance" of the cotton producers was the reason for the delay in settling the cotton price.

Under the Cotton Marketing Agreement (CMA), farmers, ginners and spinners set the price for each following season during September of the preceding year, based on the average Liverpool Index world price established in August.

Cotton-mark label monopoly stirs row

STimes (BUSS) 17/11/91 (3) Cotton

RN AFRICA

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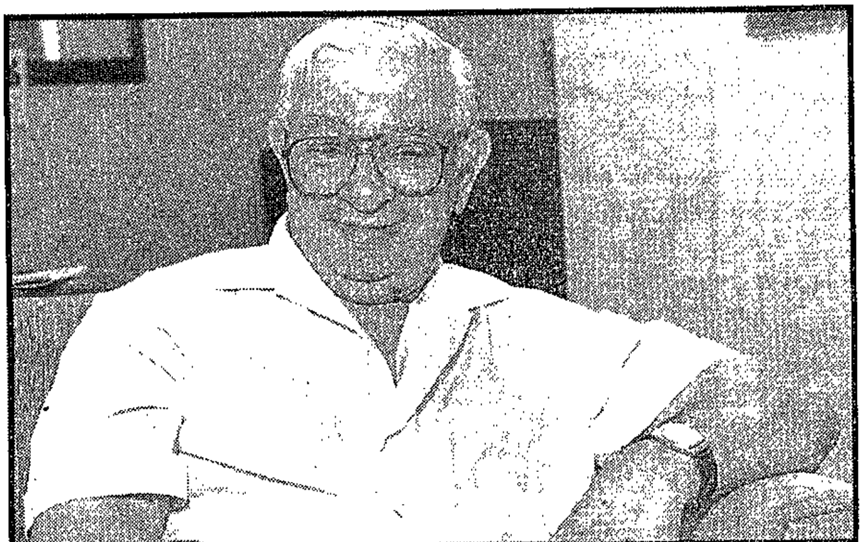
TEL:

By JULIE WALKER



JULIUS SOLOMON: SA Bias gets a licence to print money Picture: SUE KRAMER

A ROW has erupted over the Cotton Board's award of a five-year contract with an SA Bias company.

It receives the sole right to print labels bearing the cotton mark.

Independent Cape Town label printer Julius Solomon of Julius Solomon Group is shocked by the decision.

The contract precludes him and other competitors of SA Bias from making labels bearing the cotton mark.

Mr Solomon says he was not consulted about the contract. He heard of it only when one of his customers turned him away on the grounds that it was obliged to buy from SA Bias.

Tender

"It is like a licence to print rand notes," says Mr Solomon. "What business has the Cotton Board to go around saying who may and may not print labels bearing the cotton mark?"

Mr Solomon visited the board in Pretoria and was told that it did not have to put such orders out to tender. It could award contracts at its discretion.

General manager Johan Gillan says the board has found considerable abuse in the labelling of cotton garments. Clothing manufacturers must be registered with the board if they wish to use the trade mark belonging to the board.

Mr Gillan says the board can best control the labelling of garments by requiring licensed manufacturers to buy labels from a single supplier.

"SA Bias already had 90% of the market," says Mr Gillan.

"We have agreed with SA Bias that the price of cotton-mark labels will not be increased without their consulting us."

Mr Solomon is not impressed, asking: "Why shouldn't we be treated as fairly as the next business?

"The consequences for my business are large. Customers do not want to have to hunt for labels and they will drift to the manufacturer that can supply everything — something we can no longer do."

He has taken the matter up with the Cape Chamber of Printing, which will raise the matter at national level.

Mr Solomon questions whether he would be breaking the law by supplying customers with cotton-mark labels, or whether they would be breaking the law by buying from him.

"It is a bureaucratic decision and on what grounds? There is no control over how the clothing manufacturer buying the labels uses them. He is trusted to put them only on cotton goods.

"How will he like it if the sole supplier raises the price? SA Bias is entitled to sub-contract the manufacture of cotton-mark labels and it looks as if the price will rise. This is a matter for the Competition Board."

Mr Gillan replies: "Nobody is forced to use the cotton-mark labels. We try to maintain standards for genuine makers of cotton clothing. If manufacturers want to use the cotton mark, they will have to buy their labels from the approved supplier."

To which Mr Solomon replies: "Does the Cotton Board require SA Bias to print the Sunday Times if it runs the cotton mark on one of its pages?

"The contract covers all printing of the mark, not only on clothing labels."

The Cotton Board

A Star advertising feature

South Africa's cotton production for last year was down by 80 000 bales, and predictions are that there will be a further drop of 60 000 bales this year. According to Cotton Board general manager Johan Gillen, even if consumption increases, production will exceed demand and prices are likely to be lower on average. MANDY JEAN WOODS, with help of represenatives of the industry, looks at the past and future of the fibre.

Production set to drop again

STAR 25/11/91 (3) cotton

Poor weather and price uncertainty played havoc with South Africa's cotton production in the past few years, resulting in a significant drop in production of almost 80 000 bales of cotton in 1990/91 and a further drop of 60 000 bales (to 240 000 bales) forecast for 1991/92, Cotton Board chairman G Schoonbee said in his annual review.

He said current problems were being aggravated by labour legislation; and rumours of the establishment of trade unions in the industry were making farmers hesitant to produce cotton, which largely depended on seasonal labour.

The past year was characterised by a tardiness in the intake of cotton lint by spinners, despite the nearly 21 percent smaller crop, he said.

The record 1989/90 consumption locally of cotton — 398 054 bales of lint — could not be repeated in the 1990/91 year and total consumption came to 381 070 bales. Consumption for 1991/92 is expected to be lowerstill.

"The drop in local consumption can be attributed to the fact that fibre processors were exposed to increased competition from imported textile goods," Mr Schoonbee says.

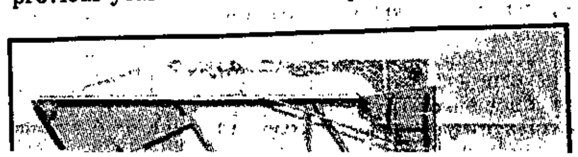
Worldwide, production was up 9 percent on the previous year while consumption was more or less the same as the previous year. Latest indications are that a consumption of about 86 million bales worldwide can be expected.

The Cotton Board, which Mr Schoonbee heads, was established in 1974. A marketing agreement scheme established the following year allowed everyone in the cotton/textile pipeline to negotiate cotton prices. This was the case until recently when the scheme lapsed. Efforts are currently under way to explore new marketing arrangements with principals in the industry.

The board sees itself as a marketing body which adheres to free-market principles. Members of every step of the cotton/textile pipeline are represented on the board, ensuring consensus in decision making.

Members of the board comprise representatives of the producers, non-co-operative ginners, co-operative ginners, the clothing industry, retail sector, spinning sector and household textile manufacturers. All appointments are made by the Minister of Agriculture, under whose portfolio the board falls.

In addition to its administrative powers, it also conducts research related to the industry and offers financial aid to various industry participants.



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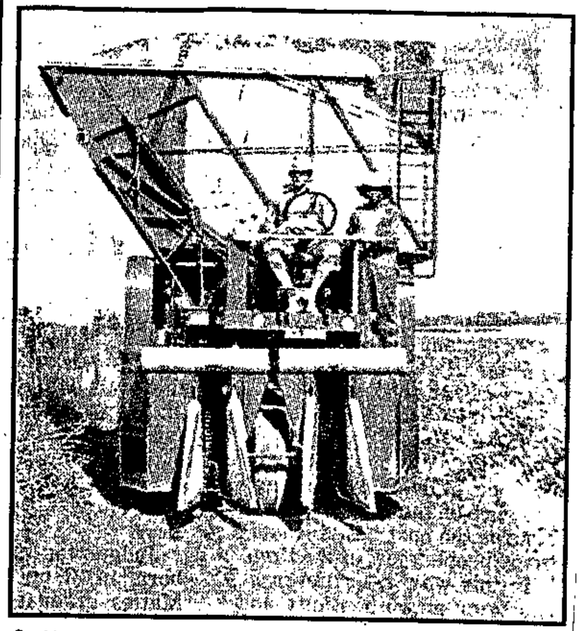


Cotton cruise . . . South Africa's cotton crop dropped by almost 21 percent ovet the past year.

Breakthrough as board joins ICAC

STAR 25/11/91 (3) COTTON

STAR 25/11/91

A major breakthrough was achieved this past year when, for the first time, the South African Cotton Board was invited to join the International Cotton Advisory Committee (ICAC).

The ICAC is an association of governments that have an interest in the production, export, import and consumption of cotton. It was established in 1939 with a view to promoting co-operation on cotton matters between countries. The United Nations has given consulting status to the ICAC and its specialist agencies co-ordinate very closely with the ICAC.

In September this year, delegates met in Turkey to discuss matters pertaining to the cotton industry worldwide. The ICAC estimate consumption of cotton is headed towards record levels as incomes rise

The world supply of cotton during 1991/92 is forecast at 26 million tons, one million tons greater than the previous year. Most of the increase in supply is occurring in the medium and coarse categories; extra fine and high medium cotton types are expected to decline as a percent of total cotton supply during this coming year. As a result, exports of extra fine and fine cotton is forecast to drop by 15 percent.

Current forecasts indicate the rate of growth in world income will rise during the next two years, suggesting continued increase in world fibre consumption. South Africa, for example, experienced demand for 387 000 tons of cotton last year but could only be supplied with 230 tons produced locally.

Worldwide, consumption is forecast to increase an average of 2,5 percent during the 1990s and reach 24 million tons by 2000, compared with 19 million this year.

In his annual review, Cotton Board general manager Johan Gillen noted that world production of cotton in 1991/92 was forecast to reach record numbers in response to high cotton prices and an increased emphasis on cotton production by China.

"Even if world consumption rises, production will exceed demand, stocks will increase and prices are likely to be lower on average," he says.

Cotton's marks of pure excellence

STAR 25/11/91.

3 COTTON

COTTON BLEND

The distinctive pure cotton and cotton blend marks have become hallmarks for quality cotton products.

Any product carrying the pure cotton mark guarantees consumers the item on which is appears is a pure cotton product. The cotton blend mark is a guarantee that the item on which it appears is manufactured of a cotton blend.

The Cotton Mark and the Cotton Blend Mark are only awarded after stringent laboratory testing and measured against performance requirements of the highest standard. Cotton Blend must contain a minimum of 33 percent cotton.

The Cotton Board has established its own fabric-testing laboratory to determine the cotton-content dimensional stability, colourfastness to light, washing and perspiration and mass of fabrics, all of which market research has shown to be of most concern to consumers.

About 29 000 samples are tested annually but only those that confirm with the board's fabric-evaluation programme may use the two logos. And the growing popularity of cotton in South Africa is demonstrated by the increasing consumer demand for quality goods and the need for manufacturers and retailers to meet this challenge.

Already, more than 200 manufacturers and retailers take part in the Cotton Board's certification scheme — and use the Cotton Mark as a symbol of quality.

Life without cotton could be very uncomfortable, one devoted wearer of the product says. "It is comfortable and easy to wear and always cool. It is the complete fibre."

Cotton is considered the "first" fibre and has many unique aspects. The cotton fibre is yet to be duplicated. Here lies the secret of its absorbency, softness, strength and durability.

More than 50 qualities are deemed important to consumers in various textile products — such as moisture absorbency for comfort, colour fastness, elasticity, warmth and washability.

When all fibres are ranked on the basis of desirable, inherent qualities, cotton emerges as number one. It is the most versatile and adaptable of all fibres.

Cotton can be modified chemically to improve its performance in quality characteristics where it may rank low in the natural state. It is matchless as a fibre. It is a soft, fabric, which does not irritate the skin and isn't stick or clammy on hot, humid days. Just the opposite, in fact.

It can be woven or knitted loosely or tightly for coolness or warmth. Cotton also looks great in all circumstances. It takes the fastest dyes, holds its shape, launders well, resists fraying and is adaptable to a wide variety of construction and finishes.

Cotton is exceptional, whichever way you package it. It is durable and strong. It takes naturally to laundering because it is stronger when wet, resists heat and alkali and can be washed in water hot enough to get it really clean.

Cotton is universal, at home in a fashion salon and in the factory. It sets the pace with the "now" look — colourful, casual, comfortable and carefree.

PURE COTTON

Cotton: fabric as old as time

3 COTTON STAR 25/11/91.

The word "cotton" has its origins in the Arabic world "qutun". Ancient records show that it was being used by people several centuries before the birth of Christ.

Cotton's origin in South Africa stems back to 1516 when Odoardo Barbosa met natives in South Africa who grew cotton and wore cotton clothing. This was a type of wild cotton, species of which still exist today.

In 1846, cotton seed from the United States was brought to South Africa and planted in Natal and the Cape. Between 1860 and 1870 cotton was grown on a fairly large scale in the two provinces as a result of a demand for the natural fibre brought on by the American Civil War.

Between 1870 and 1900, demand for cotton dipped to the extent the farming of cotton crops virtually came to a standstill. But by 1095, demand had picked up enough to warrant the establishment of a ginnery in Tzaneen. Cotton was cultivated on a larger scale in the Transvaal in 1906 with Britain sending cotton seed to farmers who wanted to experiment with the crop. Between 1913 and 1922 cotton was cultivated mainly in the Transvaal.

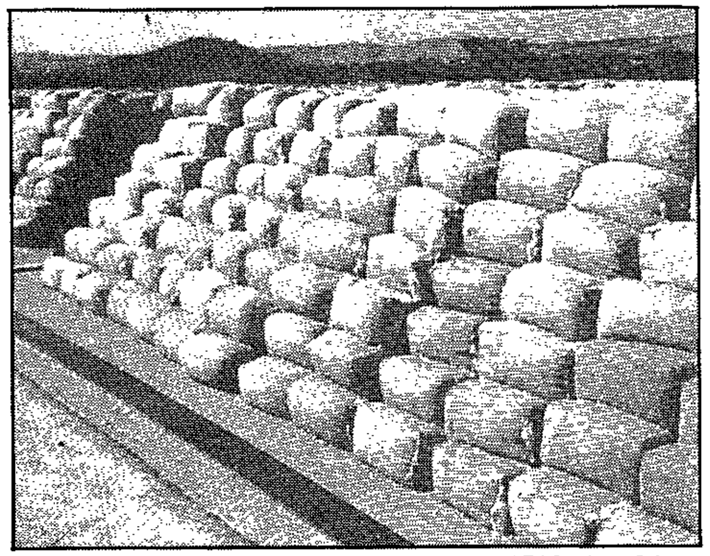
Cotton co-operatives [illegible] gether with a ginnery. A further sign of the development of cotton as a viable crop was the establishment of ginneries at Umbogintini and Magut in Natal in 1924 and at Louis Trichard in 1925.

At that stage, however, there were no facilities for weaving and spinning in South Africa. The raw fibre was exported to Liverpool from where it was sent to the various textile factories in terms of a Commonwealth agreement.

The single largest textile factory currently found in South Africa had its origins in 1952 when Philip Frame, in partnership with the Consolidated Lancashire Cotton Corporation, erected a spinning and weaving factory in Ladysmith, Natal, and in this way the South African cotton industry began to flourish.

Cotton was officially declared an agricultural crop in 1939 and the result of this was that cotton farmers in certain areas had to sell their cotton to co-operatives in their area. Cotton fibre was usually sold as it was at one price for all qualities.

The establishment of a cotton scheme in 1973 allowing for the unified marketing of cotton proved to be the final boost



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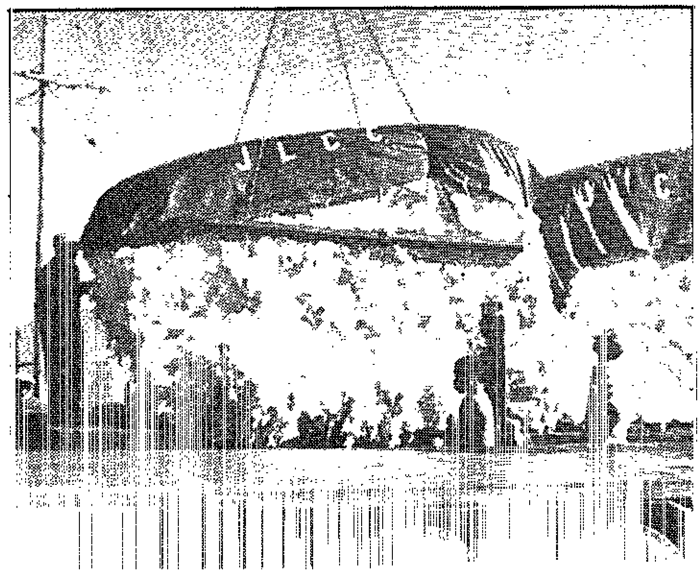
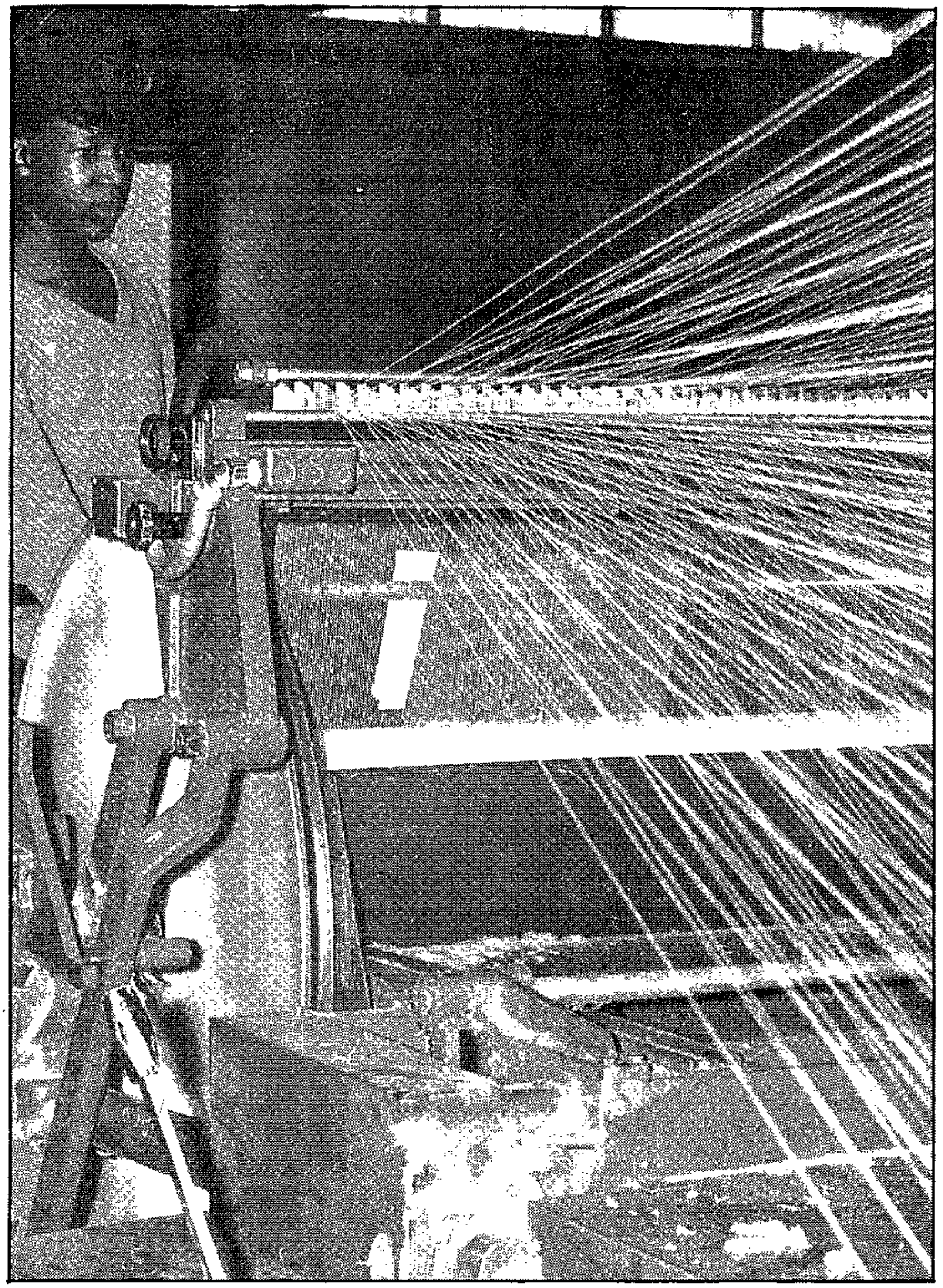


when the first co-operative was established at Barberton to- as one of South Africa's most important products.



Cotton, being a natural cellulosic fibre, is completely biodegradeable and in the cotton-spinning process, almost no pollutants are created.

A cotton-picker comes to grips with a fine strand of cotton.

Seed gives birth to 1 000 products

(3) COTTON STAR 25/11/91.

So, you thought cotton was just used for making cloth! Think again!

It is true that cotton is cultivated mainly to obtain or use the fibre in the manufacture of cloth.

Cotton is regarded as one of the most versatile fibres in the world and is used in the manufacture of more than 1 000 products.

Cotton seed is of great economic importance and is processed to make raw oil and oilcake. The seed oil is used in a refined form in salad and cooking oil, mayonnaise, margarine and packing oils. Oil, in its sediment form is used in soap. The cotton seed oil is also found in glycerine, used in the manufacture of explosives, cosmetics and pharmaceuticals.

Rubber, fertilizers, plastics and synthetic rubber round out the main products derived from cotton seed.

Raw cotton fibre, lint, has the most recognisable uses. Almost every item of clothing a person wears is cotton or contains cotton. The same goes for towels, nappies, shirts, dress fabrics, curtains, furniture coverings, sheets, bedspreads, dressing gowns, cotton thread, string and jackets, just to name a few things.

But less recognised is the fact that all denim fabric is 100 percent cotton, as is corduroy, chenille, towelling and canvas products (belting, tarpaulins, tents and shoes). Tyre cords and conveyor belts are just two of the many industrial uses of cotton.

While having a wide variety of uses, cotton is also beneficial in many ways. It is a flammable fibre which will burn readily at about 400 deg C.

This compares very favourably with polyester and acrylic fibres which ignite easily.

Cotton is also able to be treated with flame-retardant chemicals in a commercially viable process while synthetic fibres similarly treated have been found to be highly carcinogenic and recently banned from commercial use.

Burning synthetic fibres melt and stick to the skin causing serious burns and often, in such cases, necessitating skin grafts. Burning cotton, however, pulls away from the skin and has no toxic emissions.

Cotton, being a natural cellulosic fibre, is completely biodegradeable and in the cotton spinning process, almost no pollutants are created. The manufacture of polyester from raw materials, on the other hand, uses a number of possible environmental pollutants.

Because of these qualities, cotton is seen as a "safe" fabric for use in homes, offices and hospitals.

Cotton co-operatives in South Africa trace their beginnings back to 1922, when the first co-operative was established at Barberton.

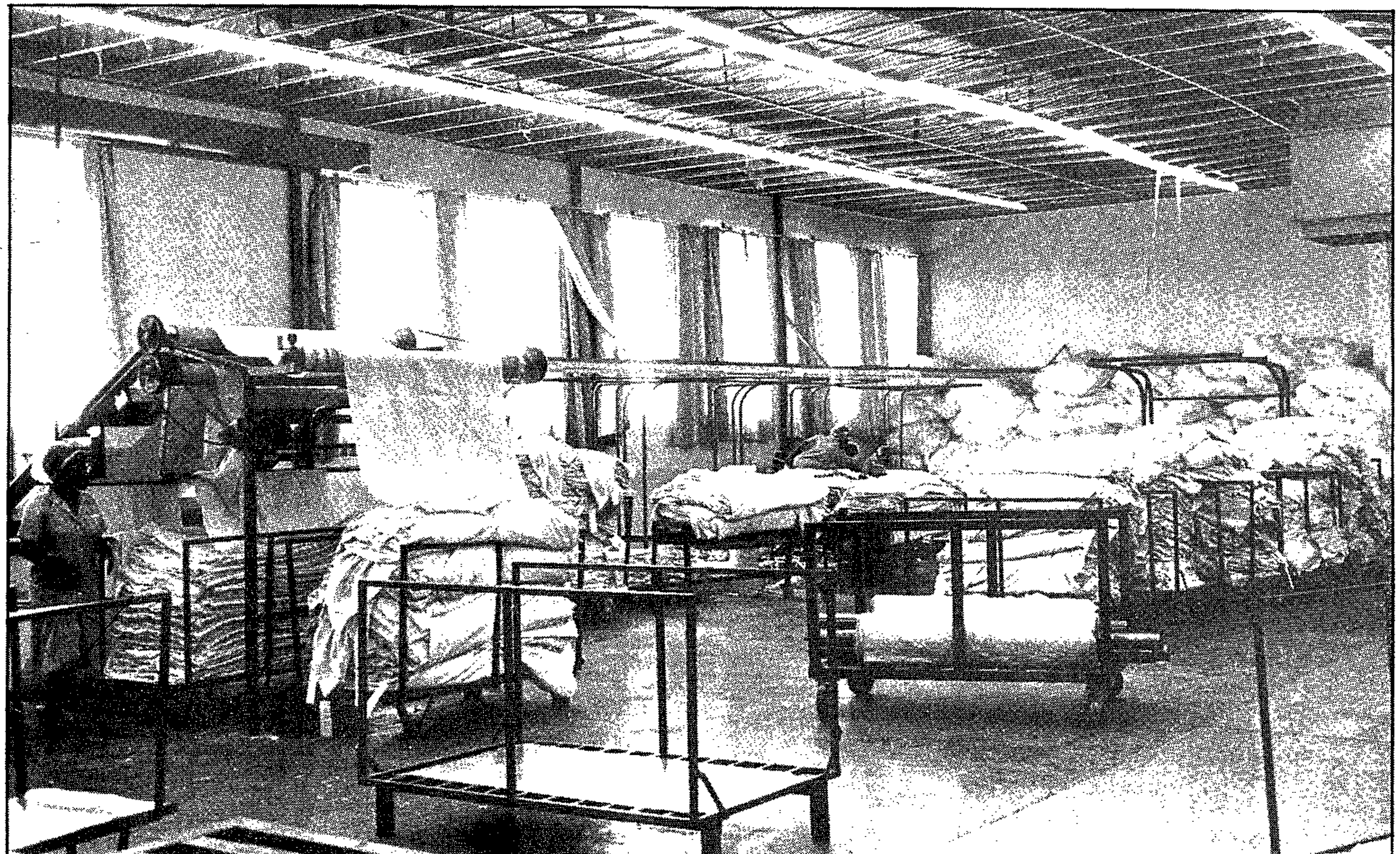
The creation of a cotton scheme in 1973 proved to be the final boost that firmly established cotton as one of South Africa's most important products.

Tips for keeping cotton fabrics clean

STAR 25/11/91 (3) COTTON

1. Treat all stains promptly, before they dries if possible. Fresh stains react better than old ones.
2. Before using any stain remover on coloured clothes, first experiment with a sample from the seam or another inconspicuous section.
3. If a garment needs overall cleaning do not try to treat isolated stains.
4. If in doubt about what caused the stain, try cool water and cleaning fluid or powder. Sponge with cool water first and then let fabric dry before applying the cleaning fluid.
5. Stains should always be treated from the reverse side as this will prevent further penetrating through the fabric.
6. Stains on washable fabrics are removed at home easier than are stains on dry, cleanable fabrics.
7. Chlorine bleach, hydrogen peroxide or any other bleach should not be used on coloured fabrics.
8. Stained fabrics should not be pressed. The heat of pressing causes many stains to become permanently set.
9. Cleaning products should be used and stored carefully, according to the directions and precautions given by the manufacturer.

● Enjoy wearing your 100 percent cotton garments.



Cotton's most commonly known use is in fabrics but it is one of the most commonly used fibres in the world, used in the manufature of more than 1 000 products.

Cotton's marks of pure excellence

STAR 25/11/91.

3 COTTON

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PURE COTTON

Cotton index fall a boost to world spinning

(3) Cotton

EDWARD WEST

THE cotton index had fallen from a 1990/91 season price of 83c to 56c a pound and was improving profitability of world spinning industries, the Cotton Board said in a statement yesterday.

Higher consumption and trade levels were forecast for next season, the board said.

World consumption during 1991/92 was estimated to match the previous season's 18,6-million tons.

But a rise of more than 2% to 19-million tons was forecast for 1992/93, the statement said.

World trade was forecast to increase in 1992/93 because of growth in consumption and stock rebuilding by importers.

According to the board season ending stocks by importers fell to 1,2-million tons, just a quarter of the amount of cotton used during the season.

The board forecast that season ending stocks would increase to 29% of use to 1,4-million tons in the 1992/93 season.

In SA the crop estimate decreased by 17 295 bales to 152 540 bales.

This was 187 460 bales less than SA's anticipated consumption of 340 000 bales, the statement said. BDay 4/3/92

Final SA production for the 1990/91 year was estimated to be 250 000 bales, a 23,35% drop when compared with the 1989/90 season.

The board said if present weather conditions persisted further reductions were likely.

BD3037

Cotton growers angry over price delay

(3) Cotton
STAR
12/3/92

By George Nicholas

South Africa's cotton growers are livid about the Government's delay in announcing the producer price for this season's crop.

Some cotton gins are even refusing to accept deliveries until the price is announced.

The chairman of the National Cotton Commmittee of the SA Agricultural Union, Nic Strauss, said price negotiations would only be possible after the release of the Hatty Committee's report.

This committee was appointed by the Minister of Trade and Industry to investigate the degree of protection accorded to the country's cotton industry.

Mr Strauss said cotton yarn and products could be imported freely while the existing import duties were totally inadequate to protect the local industry.

He said unnecessary delays in the release of the Hatty Report had caused the gins to offer an advance payment of less than 30 percent of last season's amount.

Cotton Board seeks levy on imports

B Day 20/5/92 (3) Cotton

LINDA ENSOR

CAPE TOWN — The collapse of price talks between cotton farmers and spinners this year — which led to the Cotton Marketing Agreement falling away — has led the Cotton Board to seek to generate funds for its stabilisation fund by imposing a levy on all cotton and cotton lint imports.

A notice in Friday's Government Gazette proposed an amendment to the Cotton Scheme which would empower the Cotton Board to impose a levy on the import of cotton and a special levy on the import of cotton lint. The notice allowed a four-week period for industry representations.

Most affected would be the cotton spinners in the textile industry.

Textile Federation executive director Brian Brink said yesterday the proposed levy was "untenable and unacceptable" as it was open-ended, would elevate the cost of a vital raw material and would have a cascading effect on prices.

It would also give the Cotton Board the power to unilaterally decide the price of cotton lint.

Brink thought the levy might be used to subsidise the cotton farmer to bridge the gap between the local and international price. He said SA would have to import about two thirds of its local projected demand of 350 000 to 360 000 bales of cotton this year.

Cotton Board GM Johan Gillen said the previous pricing formula agreed upon by cotton farmers and spinners and embodied in the Cotton Marketing Agreement included a 1% levy for the board's stabilisation fund in addition to other elements which compensated farmers.

As this formula had fallen away, a levy on imports would have to be imposed, though he did not think it would be as high as 1%. The stabilisation fund was used for promotional, research and development and marketing expenses.

He said because the talks between cotton growers and spinners had collapsed, the question of the price of local cotton had been referred to Agriculture Minister Kraai van Niekerk, who in conjunction with Trade & Industry Minister Derek Keys would have to decide on the level at which the local cotton price was to be protected.

Tariffs would have to be imposed to prevent the local market being flooded by low priced and subsidised cotton imports, Gillen said, and the level of the tariff would determine the local price.

Gillen said the price talks had collapsed because the spinners wanted the local price to be on a par with the international price.

Stabilisation fund 'a key need' for cotton growers'

BDay 8/6/92 MICK ELLINGHAM (3) Cotton

THE only way to overcome periods of low SA cotton prices is through a stabilisation fund, according to Da Gama director Riaan Wolfaardt.

With the international cotton market dependent upon the vagaries of volatile price markets, it could be difficult if not impossible for local growers to profitably produce cotton, he said in an article in Textile Topics.

He said the National Marketing Board committee had handled cotton lint marketing for the past 20 years. However, cracks started to appear in 1989 when:

- Producer cost pressures assisted by a bullish global market pushed the local price of cotton into a year-on-year increase of 35%;
- Cotton inventories around the country started to rise;
- Austere economic conditions were exacerbated by a flood of textile imports; and
- High world pricespaved the way for a drop in 1991.

He said a stabilisation fund, to be funded from levies and/or subsidies, was the best way for the industry to tackle "its present lack of competitiveness".

Call renewed for cotton subsidy

Cotton 3 STAR 22/6/92

By Des Parker

DURBAN — Fabric manufacturers are paying substantial premiums on prices elsewhere in the world for raw cotton and polyester, says Textile Federation president Wallace Grace.

Repeating calls for a cotton subsidy to be paid to farmers, Mr Grace says SA textile mills pay almost 74 percent more for the material than do their counterparts in the fabric-producing countries in the Far East.

While local manufacturers are tied to a price of R4,72/kg, the approximate subsidised price in Pakistan, India and China is R2,72.

US companies pay the equivalent of R3,43/kg, while the world price is around R3,86, he writes in the latest edition of the federation's Textile Topics newsletter.

"Due to the size and age of SA's polyester plants, the price in the Far East is about 35 percent lower.

"Since mills cannot compete on this basis, raw material input costs must be addressed.

"A cotton subsidy to the SA farmer — equivalent to that granted in all cotton-producing countries — is required so that the maximum price paid by textile manufacturers at least equates with that of the US."

Earlier this year, the Government cited unaffordability when it rejected a subsidy as part of a trade protection plan formulated by the Hatty Committee.

The plan, an 18-month interim structure of import duties and quotas based on recommendations by a committee of players in the textile and clothing field chaired by Barlow Rand executive Paul Hatty, attracted controversy when garment-makers claimed it would cost companies their business and employees their livelihoods.

Textile producers have cautiously welcomed it. Mr Grace says textile producers should feel the benefits in about six months' time when their volumes start rising as imports are cut.

However, he says, a long-term programme for introduction at the end of the 18 months will have to include measures to alleviate raw-material costs of the fabric producers if the sector is to survive without excessive duties and a quota system.

Apart from a cotton subsidy, he calls for capital grants for upgrading and rebuilding plant, tax-breaks for manufacturers, capital allowances and other unspecified incentives.

New MD... Sales Hou...

By Stephen Cranston

Arthur da Costa, ... Edgars distribution services arm, UPC, appointed MD of Sal...

He replaces Ian ... who resigned ear... week to return to the ... of British Shoe Corp.

Edgars corporate ... rector Fred Haupt ... son's resignation wa... ed and purely for p... sons.

Mr da Costa, a ... joined Edgars in ... worked in both the ... Sales House chains.

Edgars says Da... has joined the corp... Mr Cousins is cha... Celrose and MD of ... vestment Holdings.

Coffee drinkers face another big price rise

17/3/86

3. Coffee

Mercury Reporter

THE cost of that favourite cup of coffee thousands of South Africans consume every morning is expected to be hit by further dramatic price rises, says Mr Gerry Parginos, a top importer of pure Arabica coffees.

Mr Parginos says two factors are responsible for the increases consumers have had to face over the past few months.

One is a drought which halved Brazil's coffee crop and created a worldwide shortage, resulting in the price of coffee doubling.

The other is that world coffee prices are now quoted on the same basis internationally.

South Africa used to have a slight advantage by not belonging to the International Coffeee Organisation, and as such was usually quoted more favourable rates.

The levelling off of the prices has now done away with this advantage.

Temporary

But an improvement is expected by mid-year if the rand/dollar exchange rate improves significantly and the Brazilian crop improves.

Consumers who are currently paying about R3,40 for a 250 g pack of pure coffee can expect to pay more than R5 in future.

"But," said Mr Parginos, "we are hoping that the situation is temporary although other factors such as increased transport costs and wage bills have also affected the South African situation."

He said that historically the consumer price had dropped while the world commodity price had been reduced.

Instant coffees, which did not contain a great amount of pure coffee, would not be affected as greatly by the increase, he added.

Cotton farmers fear cutbacks

TIM MARSLAND

AGRICULTURE Minister Kraai van Niekerk was set to curtail severely government assistance to cotton farmers, industry sources said yesterday. (3) Cotton

Van Niekerk meets the SA Agricultural Union today to discuss problems in the cotton industry.

An industry source said: "We expect a lot of trouble at that meeting."

Also on the agenda would be the price local farmers are guaranteed by the Cotton Board for their crop. The SA cotton price was fixed at R4,80c/kg for 1992 compared with an international average of about R3,50c/kg. BDay 1/10/92

A government spokesman said the textile industry was obliged under agreements with the board to purchase the local cotton crop before turning to exports to fill their quotas.

Consumption of cotton by the textile industry has dropped sharply due to continuing recession.

Latest Cotton Board figures showed the industry would consume 320 000 cotton bales of 200kg each in the 1992 year, down from last year's 390 000 bales. Following the failure of the local crop due to drought, about 200 000 bales had to be imported at a cost of more than R200m.

COTTON INDUSTRY FM 2/10/92

Backed against the wall

(3) Cotton

The future of local ~~cotton~~ production is on the line, say producers, but so is the future of the textile industry, which claims it needs cheaper cotton to save manufacturing jobs.

Cotton producers face growing pressure from the politically powerful textile industry to allow it to import its entire cotton requirement tariff-free. Government appears likely to drop the cotton tariff to help the failing textile manufacturers but will consider other ways to protect cotton producers.

The producers and the SA Agricultural Union were to meet Agriculture Minister Kraai van Niekerk this week to discuss various schemes to keep the industry alive.

This year the drought cut the crop to 105 000 bales from 247 000 last year. This was a boon for local spinners because they could import the balance of the local demand for cotton — 320 000 bales — at low world prices. The local cotton lint price — R4,80/kg — is well above the current world price of R3,52/kg, and excellent-quality cotton can be obtained at the world price from as close as Zimbabwe.

The tariff is R1,60/kg, assuring that the entire crop is sold before cheaper imports are shipped in.

The World Bank is believed to want this tariff scrapped to encourage regional economic integration by spurring imports from Zimbabwe. The stumbling block is finding a way to protect the 80 000 workers employed by the labour-intensive cotton industry. The Hatty Committee on the textile and clothing industries proposed subsidies for cotton producers but government rejected this idea. Now the Textile Federation has drawn up a plan for a compensation fund for producers.

"When local prices fall below world prices (as happened in seven of the last 10 years), local buyers would pay the difference as a levy into the fund, while farmers would be assisted from the fund when world prices drop below the local cotton price," says the Cotton Board's Hennie Bruwer. In other words, the spinners would pay the world price every year.

The problem is that drought-stricken producers don't have the money to start the fund. So the board has asked government to guarantee a R50m, five-year loan based on the expectation that world cotton prices will soon exceed local prices and enable the board to repay the loan. The Agriculture Minister, however, is not rushing to sign the cheque but is expected to do something because he is on record saying he won't throw the cotton producers to the wolves — by forcing them to compete with subsidised imports without any assistance.

 (3) Cotton

FM. 2/10/92

To add to the complexity, the issue must be decided quickly because the cotton planting season starts this month and producers must decide whether to switch to another crop or gamble that a tariff or some other form of protection will be in place at harvest time. Whatever is decided will also affect the current study of how tariffs should be adjusted in the textile and clothing industries. Cheaper cotton would slow the haemorrhaging in the textile industry, which has lost 27 000 jobs since its peak employment of 115 000 in the mid-Eighties. ■

COTTON

Price of cotton clothing to soar

W/C ARGUS 18/11/89 (3 Cotton)

By TREVOR WALKER
Business Staff

PRICES of cotton garments are set to rocket in 1990 as a result of world cotton prices rising more than 40 percent.

South Africa's prices are based on the Liverpool cotton market which has been booming in recent months.

South African spinners who are forced to buy from the farmers are horrified at the soaring rise in Liverpool and this has placed the South African Cotton Marketing Agreement under severe strain.

Local farmers meet 95 percent of this country's cotton requirement and want to share in the Liverpool bonanza.

The South African price based on Liverpool was 355c/kg last year but this year farmers are looking for 500c/kg.

Cotton manufacturers and the farmers via the Cotton Board annually fix the price ofthe commodity for the year.

This stability in price structure has enabled farmers to plan plantings and spinners to plan market offtake.

In the past Liverpool might have been below or above the local price, but the industry generally accepted this as in its best interest.

But farmers argue that they have fallen behind in recent years and now under the existing marketing agreement they want their quid pro quo.

While the country's best cotton is grown in the Upington region, the bulk of the crop comes from the Western Transvaal.

The region is now demanding substantially higher cotton prices while farmers convert to mechanical pickers because of the high costs of local labour.

Mechanisation has led to a deterioration in quality due to leaves and dirt getting into bags and spinners complain that streaky colours in fabrics are now almost an accepted fact.

The South African Cotton Marketing agreement is to be suspended next year and the maximum and minimum price parameters that have curtailed the industry in the past will fall away.

This means that the local Liverpool-based price of cotton, which is computed on an average price for the months of August and March, will not be used and the price in Liverpool next March will be used to set the local South African price.

The country is self-sufficient in most grades of cotton, but quality remains a contentious issue in the trade.

One executive said: "We are in the top end of the market and quality is paramount, yet today we can never be sure of our cloth. Spots and streaky colouring are unfortunately too common.

"We could satisfy our European partners in the past, but today every discussion ends up with the likely quality of our local cloth."

A store owner said: "It is such a pity that a natural fibre such as cotton has become so expensive. It used to be a cheap and very useable commodity, but today it has become a luxury."

3 Cotton

COTTON 3 Cotton

The China syndrome

SA cotton farmers will receive only a small spin-off from the surge in world cotton prices — caused by simultaneous falls in the Chinese and US crops.

Local producers will have to wait until next year for the full benefit as the Cotton Board (CB) contracted lower fixed prices on their behalf earlier in the season for about 80% of the crop.

The CB's growing and selling season runs from August 1 to July 31. The new year's crop prices will only be determined after the current season is over.

World cotton prices have moved up from an average of about US68c/lb in the 1988 season, to the current 81c/lb average. But, in real terms, prices have moved up from a low of about 55c/lb to 84c/lb last week.

"Current prices are well above the 61c/lb average our computer models projected last year, when local contract prices were determined. World prices are still moving up, based on the Chinese and US crop situations," says CB GM Johan Gillan.

The massive Chinese market of about 20m, 200 kg bales a year is normally met by a Chinese crop of about 21m-22m bales. But China's last crop was only about 19m bales, changing the country from a net exporter to a net importer. Cotton is China's staple fibre.

"Meanwhile, excessive rains in US growing areas have damaged their crop. The current US cotton crop should not exceed 12,5m bales, compared with an average US crop of about 15m bales a year. US stocks are still falling and world prices are moving up," says Gillan.

Cotton roll . . . too bad we missed the high price

But, due to the fixed price system operated by the CB, SA farmers cannot benefit from the excellent world prices. SA's cotton price is determined once a year with the local ginning and spinning industries. Ginners are forced to sell at least 80% of the previous year's allocation to local spinners at these prices.

The result is that at least 305 000 bales of this year's 360 000-bale crop were contracted at average prices of 355c/kg, compared with current world prices of about 515c/kg. The balance of about 55 000 bales can now either be exported by ginners, or sold at higher "world" prices to local spinners.

SA's spinners obviously also benefit from the discrepancy between contracted ginning prices and world prices, though the world price has only reached its current high level in recent weeks. Garment manufacturers, too, benefited from the low price of "dumped" Far East textiles, before the Board of Trade & Industry (BTI) recently "restructured" the industry to protect local textile producers.

"We had projected local demand for SA cotton to be about 420 000 bales by this year, but it peaked at about 380 000 bales. The damage was done by the import of cheap Far Eastern textiles," says Gillan.

But he's confident that BTI's new policy, combined with rising world prices, will lead to increased demand for local cotton in 1989/90. Farmers, too, should be encouraged by price trends to increase plantings. ■

Fmail 4/8/89.

Cotton worth R1-m goes up in smoke

Own Correspondent

DURBAN — Raw cotton, estimated to be worth R1 million, was destroyed in a fire at Maydon Wharf in Durban when a warehouse, owned by Afship, caught fire on Saturday. (3) Co4/07

Star 5/12/88

The fire broke out at approximately 6am. A spokesman for the fire brigade said that although the flames had been brought under control within a few hours, some of the cotton was still smouldering and firemen would remain at the scene.

The cause of the blaze had not been established, police said.

Cotton 3

COTTON PRODUCTION 16/9/88

Cropping quality

Another agreement to protect local farmers, is running into problems. Cotton farmers aren't producing enough top-quality cotton to keep the textile and garment industries happy.

Cotton production has soared in the last five years, From 135 000 bales in 1983, worth R60m, to 360 000 bales, worth R300m, last year. Under the 13-year-old Cotton Marketing Agreement (CMA), local mills agree to buy 80% of the local crop at a fixed price based on the average of the previous October and March world prices.

Says SA Cotton Textile Manufacturers Association (SACTMA) chairman Roland Hammerle: "We need to encourage local production. The CMA has certainly brought us more stability of supply."

But the agreement stipulates that each SACTMA member must take up an allocation not less than 80% of the previous year's consumption, irrespective of grades. However; customers are complaining that the latest allocations contain too little top-quality cotton.

Berg River Textiles MD Koos Redelinghuys explains: "There is an imbalance in favour of coarser grades, more suitable for industrial uses. Finer grades are needed for fine yarns. The best grades of cotton are grown in the Upington and Vaalharts areas but the floods have hit these area particularly badly."

Moreover, because the CMA price is based on past prices in a fluctuating market, local customers often pay above current world rates. Redelinghuys says he is presently paying 10% more than he would pay on the world market.

Cotton demand has increased, partly because of changing fashion, but also because of price increases in man-made fibres. A good cotton grade costs the mill R3,50 a kg ex-gin but a comparable grade of polyester is R3,90 a kg — and the price is expected to increase by 15% on October 1.

Cotton accounts for 45% of the spinning industry's fibre demand, up from 40% in 1984. And while 100%-cotton demand increased by 5,1% in 1987 to 25% of total yarn demand, polyester-cotton blends are in decline. They account for less than 9% of yarn demand.

Cotton Board marketing manager Abri van Vuuren says the board is aware of the quality problems and is encouraging farmers to produce higher grades. "Farmers should realise that if they grew the cotton the market required, mills would buy 100% and not just 80% of local production." ■

Cotton prices are set to continue upward trend

CHARLOTTE MATHEWS

A STRONG upward trend is evident in the world price of cotton. Experts predict it will continue well into 1990, a statement from the Cotton Board said on Wednesday.

World prices for cotton have risen steadily since the beginning of February. Since the end of last week the world price of cotton has reached $0,8040 a pound against $0,7975/lb the previous week, according to the Liverpool A-index.

Experts forecast the price will rise to $0,85/lb in November. (3) Cotton

The world cotten price has been affected by strong demand and poor harvests.

Irreparable damage had been caused to harvests in the Delta and Texas cotton production areas and experts predict the American output will be as low as 12,5-million bales, 2,5-million bales lower than last year. BD 31/7/89

Prices have also been pushed upwards by very strong demand for American cotton, locally and overseas.

AGRICULTURE - COTTON

1983 - 1987

SA's cotton output shows big drop

6/11/83 3 Cotton Star

Financial Staff

South Africa's cotton production has dropped by 44 percent between 1980 and last year.

Mr Johan Gillen, manager of the Cotton Board, said production fell as many farmers switched to more profitable crops.

Figures released by the Cotton Board put last year's yield at 180 000 bales of 200 kg each, compared to more than 325 000 bales in 1980.

The soil area used for cotton cultivation decreased by 10 percent from 120 098 ha in 1980 to 108 046 ha in 1982.

"The decrease could be attributed to cotton prices not keeping pace with rising production costs," Mr Gillen said.

"The result was that producers switched from cotton to more profitable crops."

The main producing areas are northern Natal, Upington and the Vaalharts/Douglas area in the Cape Province, the Limpopo Valley, the mid-northern Transvaal, the northeast and southeast Transvaal lowveld, and Swaziland (whose marketing marketing is done by the South African Cotton Board.)

Mr Gillen said farmers did not get a satisfactory price because of a world drop in demand for raw cotton and South African prices were related to the international price.

The price of cotton fibre rose by an average of only 2,94 percent a year from 1977 to 1982.

The Cotton Board announced a guaranteed minimum lint price of 216c a kg for 1983 to stop more farmers switching overto other crops, he said.

As spinners would pay only 193c a kg, the farmers would have to be subsidiesed by 23c a kg.

About R9,2 million would be needed for this purpose, he said.

The Cotton Board had about R6 million in its stabilisation fund, and the Government agreed to contribute R3,5 million.

Mr Gillen said an action committee had been established to look into research, extension services, technological progress and the manpower situation.

"The committee will also evaluate the weakened countrywide cotton situation," he said.

"An amount of R500 000 has been set aside for this purpose, as cotton would not be able to maintain its position in South African agriculture without such action."

The Star

For cotton growers it could be 'live or die'

Cotton Star 9/12/83

By Malcolm Fothergill

The next few months will decide whether South Africa's R120 million-a-year cotton industry lives or dies, says Cotton Board chairman Mr Gert Schoonbee.

His view is that unless the Government allows some form of protection for the industry, it will be priced out of existence.

On the face of it, cotton seems ideally suited to Southern Africa. It is easily grown, needs little capital, water or attention and provides work and cash for thousands of small farmers, many of them black.

What is putting it at risk is the increasing gap between farmers' input costs and the prices they receive for their crops.

The industry's annual production figures tell the story:

In 1980, South Africa produced 325 000 bales; in 1981, this fell to 288 520; in 1982, it slipped even further to 188 000; and last season it was only 130 000.

This season's crop is difficult to estimate because of recent hail and flooding damage, but Mr Schoonbee and Cotton Board manager Mr Johan Gillen believe it will be 175 000 to 200 000 bales.

As the local textile industry needs 320 000 bales a year, the difference will have to be imported.

"In all other countries where cotton is produced, some form of assistance is given to the grower, because those countries see cotton as a strategic product," says Mr Schoonbee.

"We are fighting like hell to get some Government help."

Mr Schoonbee is pinning his hopes on the Jacobs committee, chaired by the Reserve Bank's Dr Japie Jacobs, which has been asked by the Government to look into the cotton industry and make recommendations.

Unless those recommendations include some form of protection, the cotton industry is doomed, Mr Schoonbee believes.

In support of his opinion, he quotes figures showing how quickly input costs have grown and how prices — determined not by local demand but by the cif Liverpool "A index" — have lagged far behind.

Taking 1977/78 as base year with an index of 100, raw cotton in 1982/83 fetched 107,2 and lint 110,9, while input costs shot up to 207,9.

Proponents of totally free enterprise tend to send the temperature under Mr Schoonbee's collar soaring.

"Where in the world is there a free-enterprise story?" he asks. "Subsidies are built in all over the world except here, where we have what you might call negative subsidies.

"Here, farmers' costs are not determined only by market forces. There's the local-content programme, which pushes up the prices of the capital goods a farmer must buy. Labour, too, is not ruled only by supply and demand.

"The European Economic Community subsidises its farmers. Why can't we in South Africa get the same?"

Mr Schoonbee believes South Africa can ill afford to allow its cotton industry to die.

"How is it possible that Government economists won't take my point that if I can potentially produce a crop worth R158 million, it stands to reason that I save the country that amount of foreign currency?"

Mr Gillen echoes his chairman's impatience with free-enterprise rhetoric.

"How can you apply pure economic theory to the case of guys who had two years of drought, followed by hail? You can't do it."

Drought and hail are not the only difficulties cotton farmers have to contend with.

High interest rates — 60 percent of the crop is financed through the commercial banks at the moment — and ginning costs are also forcing cotton farmers to look for other ways of earning a living.

A crop as low as last season's 130 000 bales costs the farmers almost double the ginning costs per bale that they would have to meet for one of 300 000 bales.

As Mr Gillen notes: "It could mean 15c a kg to the farmer. That's 25 percent of what he received last year."

Textile industry wants action to curb imports

3 Cotton

Star 3/10/84

By Hannes Ferguson

Faced with a flood of imports in a declining market, the textile industry has called for a new deal.

Industrial strategy should accept job creation as a priority, says Mr Gert Schoonbee, chairman of the Cotton Board.

Re-affirming the cotton farmer's solidarity with the textile industry which processes their crops, he says a new price agreement between the board and the spinners would save up to 80 000 jobs on cotton farms. Dwindling cotton production would rise again.

Similarly, the state should protect the jobs of 110 000 textile workers who had no other job opportunities and who represented eight percent of total industrial employment.

Mr Schoonbee says that the flood of imported cotton goods could bring the South African consumer no real benefit; it amounts to importing unemployment, deepening the South African recession to the detriment of all concerned.

Mr Stan Shlagman, executive director of the SA Textile Federation, says that for every job in the textile industry two-and-a-half more are directly created in other sectors.

This was not an inefficient local industry clamouring for shelter from more productive foreign competition

The industry's productivity was increasing by 4,3 percent a year, and the real price level of cotton goods had remained fairly constant since 1970.

The problem was that South Africa was not a signatory to the international multi-fibre agreement which laid down quantitative limitations to imports to most Western nations.

Exporting nations in the East were now forced to channel cotton-goods exports to non-signatory nations. Dumping happened too often.

South Africa's textile industry had to bear the brunt of the recession, but imports had actually been allowed to increase.

In this crisis situation a new deal for the industry has to be urgently worked out, says Mr Shlagman says.

Mr Vivian Cunningham, the industry's representative on the Steenkamp Commission which for two years investigated the textile industry, says the official stance was that the textile industry should look to normal customs tariffs as a means to protection and not rely on quantitative controls.

Mr Cunningham, a senior executive of a major textile group, says that with many misgivings the industry has finally accepted this line, on the clear understanding that additional tariff protection could be invoked whenever exporting nations resorted to disruptive trade practices.

This understanding has, however, proved to be a dead latter, and the industry was back to square one.

RDM 10/4/85 3 - Cotton

Lint price rise

THE price of lint is to be increased by 22%, the Cotton Board announced in Pretoria yesterday. The entire increase is to be passed on to cotton farmers. The chairman of the Cotton Board, Mr Gert Schoonbee, said after a meeting of the Cotton Marketing Committee that he hoped the increase would encourage farmers to increase their production and plantings.

(3) Cotton & Post

Lint price rise of 22% for SA cotton farmers

11/4/85

PRETORIA — The price of lint will be increased by 22%, the Cotton Board has announced. The increase is to be passed on to cotton farmers in its entirety.

Cotton Board chairman Mr Gert Schoonbee said after a meeting of the Cotton Marketing Committee that he hoped the increase would encourage farmers to increase their production and plantings.

"The increase is a direct consequence of the present rand/dollar exchange rate and follows on an agreement reached between the board and representatives of the various sectors in the cotton industry," Mr Schoonbee said.

"The price of lint is being increased from 237,5c/kg to 290c/kg for Grade Dirk A2 fibre — an increase of 22% to the cotton producer. In its consultations, the board negotiated a net price for farmers of at least 80c/kg for the finest grade of hand-picked raw cotton," he said.

South Africa's consumption of cotton last year was 328 000 bales, while local production was only 171 000 bales, Mr Schoonbee said. The present level of production thus left much scope for increase.

He hoped the price rise would encourage farmers to increase production. — Sapa

RDM 16/4/85 3-Cotton

Cotton mark to spearhead sales drive

By Financial Reporter

THE Cotton Board will put its mark on some high-quality textiles to try to increase consumption.

This will be the board's main marketing thrust this year. The mark will be used by retailers who have maintained high standards.

Mr Johan Gillen, Cotton Board manager, said that internationally cotton made up 50% of total fibre consumption but in SA it was only 20%-30%.

Cotton and polyester are the two main fibres used for textile manufacture. Mr Gillen noted that in the past 10 years there had been no growth in local cotton consumption of about 320 000 bales a year.

What is worrying to the industry is that textile mills, which produce artificial and natural fibre blends, may start to change a 50% cotton-50% polyester blend to 35% cotton-65% polyester.

The cotton industry is the most labour-intensive sector in agriculture and employs about 10 times more people than maize farming.

The main area for cost saving in the cotton industry is ginning where the seed and fibres are separated.

If a greater throughput could be achieved by the gin unit costs could be reduced.

Once gin costs are reduced a larger portion of the rand derived from the consumer could be given to the farmer and should, therefore, encourage more cotton production.

Production cannot be stimulted, however, before consumption is increased.

SA is not self-sufficient in providing local cotton requirements. Even in a normal rainfall year 40 000 to 50 000 bales are imported.

Since 1981 the cotton crop has been affected by drought. In that year it was fairly good at 288 000 bales, in 1982 it was 188 000 bales, in 1983 about 135 000 and last year 171 000.

The latest crop estimate for this season is 220 000 bales.

The local price of cotton is linked to the international price which is transacted in dollars quoted on the Liverpool exchange.

The exchange rate fluctuation between the strong dollar and the weak rand has seriously affected the price of cotton to the local consumer.

This month the price was 66,9 US cents a pound converted at an exchange rate of 0,4993 US cents. The price a kg in SA was 295c, said Mr Gillen.

A year ago on April 13 the internatational price was 88,6 US cents a pound which, converted at a 0,8019 US cents to the rand, equalled 243c a kg in SA.

The international price of cotton has slumped in the past year because of a world surplus.

FIN MAIL 21/11/86.

AGRICULTURE (3) COTTON

Cotton pickings

Recent rains have raised hopes that SA's 2 500-odd cotton producers will provide the country's total demand — some 370 000, 200 kg bales — next year.

At 1987/88's predetermined price of 280c/kg this would gross growers R207m, a new high after last season's record R151m from 232 000 bales sold to the Cotton Board (CB) at 295c/kg.

Self-sufficiency would mean substantial foreign exchange savings. In 1985/86, the CB imported about 107 000 bales at a cost of R62m and imports in the previous two seasons ran at R83m and R64m.

Last year growers put a record 125 000 ha under cotton and all the signs are that this season's planting will be even bigger. "The drought reduced last year's yield crop to only 230 000 bales, but with better rains this year we hope to meet projected local demand," says CB manager Johan Gillen.

Prospects on export markets are not good because world prices are tumbling in the face of large international surpluses, but the local market could be experiencing the beginning of a healthy recovery in cotton fabric sales.

"If we achieve 8% annual growth over the next four years, an additional 12 000-15 000 jobs could be created in the textile industry," Textile Federation executive director Stanley Shlagman tells the *FM*. But before this becomes reality, some R400m will have to be invested in the industry over the next five years.

The past year's supply battle between the textile industry and clothing manufacturers has highlighted structural problems in the sector (*Business* October 31).

The clothing industry reduced cotton imports after the rand fell and sharply increased local fabric orders. Further increases came with the first sign of an upturn in demand and supply problems developed.

Now the Board of Trade and Industry (BTI) has launched an investigation into the problems of both industries.

Frame Group director Abe Frame says inventory restocking by clothing manufacturers has led to a 10%-15% growth in demand for all textiles. He says his group alone would invest "hundreds of millions" in new plant if the BTI increases import tariffs from the current 20%-25% to forestall another swing to imports.

"The whole industry will have to invest R500m-R600m over the three years to keep up with projected demand," says Frame.

For its part, the CB has launched a promotional campaign to increase local sales to the growing black market, using a cotton mark as an indication of quality. Until market growth becomes apparent, the CB does not want to encourage increased cotton planting, Gillen says.

"Nevertheless, with 71% of our crop still hand-picked, the industry is a valuable supplier of industrial raw material and an important job creator." ■

DD 26/11/87

Cotton price set to soar

(3) cotton

Implications of a significant rise in the domestic cotton price of up to 60 per cent.

Mr Mike Getz, past president of the National Clothing Federation (NCF) and newly elected president of the Cape Chamber of Industries, said the cotton price was expected to rise by R3,50 to R4.50 a kilo from the current level of R2,80 a kg.

"This is equivalent to 25 and 60 per cent and constitutes a serious threat to off-take of the fibre domestically," he said.

Mr Getz warned that unit sales of garments were likely to fall since the price/volume relationship was an "acute and sensitive one."

While the price of cotton had been stable for about three years, fabrics of cotton had increased in price by about 20 to 30 per cent a year since 1984.

"It is important therefore that serious attempts are made by the textile industry to contain and trim costs, lest its products push garment prices further out of the reach of consumers."

Mr Getz added that particular attention should now be devoted to the cost of converting raw cotton into yarn and fabric in South Africa. — Sapa

AGRICULTURE - CITRUS

1982 - 1985

Sapa-AP

(3) citrus

13/7/82

'Operation Grapefruit' needs help

Post Reporter

THE Citrus Board wants to donate tons of grapefruit to hungry children in the Eastern Cape — but may be thwarted if trucks are not found soon to bring the fruit from the Transvaal.

World Vision South Africa, a non-profit interdenominational Christian relief agency, devised the scheme — known as Operation Grapefruit — to help alleviate winter malnutrition in South Africa.

In May and June, 70 tons of grapefruit, donated by the Citrus Board of South Africa, supplied 450 000 Transvaal schoolchildren with sufficient vitamin C on a daily basis for about 17 days.

World Vision plan a similar delivery in the Eastern Cape next month but haven't enough money for transport.

"The fruit might go rotten while it waits for trucks," said Mr Jonathan Stubbs, the publicity officer for World Vision.

"We're not sure yet how much will be available, but it is highly likely there will be a surplus, and when the fruit becomes available we must be able to pick up a telephone and ask for trucks to take it away."

Due to a lack of finance, World Vision had a transport problem in Johannesburg and could not distribute their full quota of fruit.

"The funds received barely covered the cost of the loads delivered. It's such a waste and we don't want it to happen again," said Mr Stubbs, who appealed to willing truckers in the Eastern Cape to contact him at Norton Glyn Communications, PO Box 91146, Aukland Park 2006.

The Transvaal's "Operation Grapefruit" was the result of a surplus donated by the Citrus Board. The quantity of grapefruit for the Eastern Cape will depend on the size of this month's surplus.

"Operation Grapefruit" is the first programme of its type in Southern Africa. Despite its success, the response to an appeal for funds had been slow.

To give 50 children a day's dose of vitamin C — half a grapefruit — costs 30c in transport costs. A R1 000-donation would sponsor an entire 23-ton load — enough to supply the vitamin C needs of 15 000 children for 2½ weeks.

ELECTRICAL AND ALLIED TRADES UNION OF S.A.

Year	Membe	
	African	Asian and Coloured
1970		
1971		
1972		
1973		1 692
1974		
1975		1 692
1976		1 692
1977		1 692
1978		1 692
1979		5 400
1980		5 400

Address: P.O. Box 9692
Johannesburg
2000

Officials: Secretary: B. Nicholson

Area of Operation: National

Founded:

Registration: Yes

Industrial Council:
1) Building Industry F
2) National Industrial and Metallurgical I
3) National Industrial Engineering and Met Agreement
4) National Industrial Engineering and Met facturers Agreement

1975 - The Union terminates its membership c

1980 - Forms with Electrical and Allied Work Workers Association an umbrella body Unions of South Africa.

(3) Citrus Star 28/4/82

Huge grapefruit surplus may go to ground

By Caroline Braun,
Consumer Reporter

More than a million 10 kg bags of grapefruit may have to be ploughed into the ground as South Africa faces a massive surplus of the fruit.

This year's estimated crop for the local market is a record 5,5 million 10 kg bags — 1,5 million bags more than last year.

Of this 2,2 million bags will go to factories to be processed into juice and segments and 1,3 million bags will be sold as fresh fruit to consumers.

This leaves a surplus of two million bags.

Mr Hennie Liebenberg, marketing manager of the Citrus Exchange, said the surplus fruit had been offered free of charge to charities, the Defence Force, and to farmers for cattle feed.

"So far we have had very little positive response.

"The recipients would have to transport the fruit themselves from the packhouses. Because this cost is about 20c a bag it is too prohibitive for most organisations.

"If we cannot give away the fruit the only alternative is to plough it into the ground. This would be a great shame."

The grapefruit season is now well under way and half-pockets are selling at between 65c and 85c — the same price as last year.

Grapefruit is high in Vitamin C. One grapefruit has almost the total adult Vitamin C daily requirement.

Grapefruit is low in kilojoules, making it an ideal slimmer's food.

S.A. DIAMOND WORKERS UNION

Year	Membership					
	African	Asian	Coloured	White	Total	
1970					581	Ø
1971					670	Ø
1972					773	Ø
1973				1 018	1 018	+
1974				967	967	ж
1975				945	945	ж
1976				894	894	ж
1977				880	880	ж
1978				850	850	$
1979				825	825	$
1980				801	801	$

Address: P.O. Box 8304
Johannesburg
2000

Telephone: (011) 371 854

Officials: Secretary: R. Rich

Area of Operation: National

Founded:

Registration: Yes

Industria

The Union
It joined ... 1973

(3) Citrus RDM 30/4/82

Grapefruit: a segment gone

By JAYNE LA MONT

SEVERAL schools and charity organisations are interested in taking over some of the 18 000 tons of surplus grapefruit which the South African Citrus Exchange faces this season.

Unless charities accept the 1 800 000 10kg bags of fruit, it will have to be "dumped" in production areas.

A spokesman for the Exchange said yesterday they had received "several" telephone calls from interested charities and schools, but a large amount of the fruit was still available.

Heavy competition from Israel combined with depressed economic conditions in Western Europe and strict sterilisation requirements in Japan is expected to result in a big drop in export sales.

The 1982 crop estimates indicate that there will be 11% more export quality grapefruit available than last year.

Exports to Europe are only expected to total 4 500 000 15kg cartons, compared with 4 700 000 last year.

Juice factories are also expecting a lean year and have dropped their orders to 23 000 tons.

The Citrus Exchange has asked farmers to collect the fruit to use as cattle fodder and offers of free fruit have been made to various charities and the South African Defence Force.

4 000 jobs out of river plan?

3 Citrus

E. Post 12/2/83

By Louis Beckerling
Business Editor

PRIORITY attention should be given to boosting the amount of irrigable land in the Sundays River Valley — thereby creating an additional 4 000 jobs and substantially increasing the region's income from the agricultural sector.

This is the opinion of Gabdec (Greater Algoa Bay Development Committee) members Mr Rocky Ridgway and Mr Tony Gilson.

Reacting to last week's BUSINESS POST report on the dwindling share commanded by "Region D" in the country's economic growth, the Gabdec men said emphasis should be placed on those growth areas which would show the quickest returns from relatively small investments.

Expansions to the irrigation system supplying the citrus farmers of the Sundays River valley with water fell into just such a category, argued the Gabdec men.

A Pretoria consultant commissioned by Gabdec to identify investment targets had produced an interim report on the Sundays River area which largely coincided with the views held by farmers and agricultural experts.

"By raising the level of the Wellington Grove weir on the Schoenmakers River (which feeds into the Sundays River) some 20 metres, it will apparently be possible to increase the existing 9 000 hectares under irrigation by 3 000ha to 4 000ha," explained Mr Ridgway.

"This would provide in the region of a further 4 000 jobs."

At a cost of about R12 million (spread over three years), that proposal works out costing about R3 000 per job, in line with the experience of the Corporation for Economic Development's (CED's) 10-year record of producing jobs in the agricultural sector at some R2 700 each.

It is also way below the cost of producing jobs in the industrial sector. In its latest annual report (for the period to March 1982), the CED indicated that accumulated investments in industrial development in the various homelands amounted to R304 million.

To this figure should be added some R180 million finance provided by the private sector — the joint investment of R484m creating 39 000 jobs, or about R12 400 per job.

The second growth area which should be developed, said Mr Ridgway and Mr Gilson, was tourism.

"Mr Heyl has calculated that our current share of the tourism market is 5% and at this rate it would be worth some R125 million per annum by the year 2 000. But properly promoted this could be boosted to R200 million," said Mr Ridgway.

Obstacles to be overcome if PE is to meet this potential included "the monopoly SA Airways has over airfares — South Africa is too expensive a destination in comparison with other tourist areas"; and inadequate funds to promote PE as a place to play.

"Commercial houses should be approached for support much more vigorously than in the past."

Mr Ridgway said it was also his personal opinion that the Port Elizabeth City Council should — as soon as its budget permitted — reconsider the appointment of a full-time industrial relations officer.

"Either such an appointment should be made or the council should find a method of centralising a point at which prospective industrialists can get all the information they require to make a local investment."

Paper No. Gwm-Flag.
(to be copied from the heading on the Examination Paper)

Initials

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

EVENING POST, TU

(3) Citrus

E. Post

19/7/83

Citrus quality affected by wind, drought

THE drought has had a strange advantage for at least some farmers — it has helped citrus producers in the Sundays River valley by improving the appearance of navel oranges.

But this has been countered by harsh winds resulting in the internal bruising of crops for some farmers this year.

A Kirkwood citrus farmer, Mr Andrew Whyte, said his crops were "moderate" but that the quality of some crops had been good and others disappointing.

The quality of the navel crops was good because of the drought.

"We tend to overwater our crops too often," he said.

But the strong north-westerly winds last week and five weeks ago had resulted in the bruising of much citrus fruit.

As a result there had been a decrease in export quantity and an increase in the number of orange pockets marketed locally.

Before the winds, he said, 800 pockets were marketed a week. Since the winds, however, with fewer oranges being exported, about 2 000 pockets were marketed in South Africa.

A Sunland farmer, Mr Peter Burton, agreed that the advantages of the drought were cancelled by the severe winds.

Mr Burton said his crops' yield had decreased by one-third this year.

"Because of the lack of rain, navel oranges weren't susceptible to skin damage. But other factors, like the wind, have blemished the oranges externally although the internal quality is good.

The general manager of the Sundays River Co-operative, Mr E Gillette, said the crops were "reasonable" this year.

Continuing unrest plagues Kirkwood and its district

E-Post 18/5/85

citrus 3

By KIN BENTLEY

SINCE March the Kirkwood area has been the scene of ongoing unrest during which four of the six members of the black community council at Bontrug and the four-man Kirkwood Coloured Management Committee have resigned in the face of threats to their property.

Some of the main incidents were:

● On April 11 the driver of a delivery van died when his vehicle was set on fire. The following day police arrested 39 people on charges relating to this incident, as well as arson and public violence.

● On May 3 a grader, tarring machine and three temporary shacks belonging to the Dias Divisional Council were destroyed by arsonists between Kirkwood and Addo.

● On May 4 damage estimated at R40 000 was done when a general store on Kirkwood's West Bank was set on fire.

● On May 7 about R400 000 damage was done when a warehouse and cottage and three tractors belonging to Mr Ray Riggs were destroyed by arsonists. Several young orange trees were also broken.

● On May 8 a further 36 people were arrested in connection with the incidents.

● On May 9 about 620 workers employed by the Sunday's River Citrus Co-operative Company went on strike at a time when the picking season was at its height.

● Last Saturday a 70-year-old farmer, Mr Stephanus du Preez, was found stabbed to death in his pickup truck. Earlier he told police how he had shot a black man, Mr Willem Tobeni, 47, — a statement which police later discounted as "incorrect".

A 46-year-old white man from the farm Brandwag, Mr Johannes Frederick de Lange, Miss Lindiwe Mavis Bam, 18, and Mr Simon Ballovani, 53, both of Brandwag and Mr Jongile Alfred Yumata, 21, of Bontrug, face charges in connection with the murder.

● Also on Saturday, three coloured men were arrested in connection with a fire at the shop of Mr H Potgieter which caused damage estimated at R22 000. The men had allegedly recently been fired by Mr Potgieter.

Farmers have also reported that their lives have been threatened.

The Mayor of Kirkwood, Mr JOHAN ERASMUS (right), with (from the left) Mr ANNO NORT Kirkwood Farmers' Association), Mr CALA POTGIETER and Dias councillor Mr MEL SKI Swartkop, near Kirkwood. The men are confident the district has a bright fut

US

Don't write off – Kirkwood

(3) Citrus

E. Post

ood

18/5/85

By KIN BENTLEY

THE Mayor of Kirkwood, Mr Johan Erasmus, has rejected claims that the citrus farming town is embroiled in inter-race conflict and characterised by security fences and gun-toting farmers.

The town has received adverse publicity after a series of incidents during which a farmer was stabbed to death and R400 000 arson damage was done to the property of another farmer.

Mr Erasmus was joined yesterday by Kirkwood's representative on the Dias Divisional Council, Mr Mel Skinner; the chairman of the Kirkwood Farmers' Association, Mr Anno Nortje, and another farmer, Mr Cala Potgieter, in dissociating the white community of Kirkwood from a claim by certain farmers that the area had become a "little Rhodesia" in which floodlights and wire-mesh were required for security.

They also rejected suggestions that some white traders were withholding goods, like petrol, from black buyers in the town.

The men are concerned about the image of their town, which they say does not warrant the tag it has been given.

Mr Erasmus said the situation on Kirkwood's approximately 150 farms was calm. He ascribed the adverse publicity to "isolated incidents which have nothing to do with the unrest".

The men said unrest in the black township of Bontrug, near Kirkwood, had occurred regularly over the past few months, but they saw it as part of a pattern throughout townships in the Port Elizabeth-Uitenhage metropole, as well as elsewhere in the country.

As a result there was a temporary police and military presence in the area, Mr Erasmus said.

However, he did not think even 1% of the farmers had installed additional lighting and fencing or deemed it necessary to go around armed.

Mr Erasmus said the strike at the Sundays River Citrus Co-operative Company, which started on May 7, had partially ended, with about 200 of the 620 workers returning. The remainder were expected back on Monday, following negotiations with management. The picking of citrus was continuing and there was no fear of the fruit going off.

Kirkwood exports about 65% of its citrus production, with their "navelates" fetching optimum prices overseas.

Discussing the town's future, Mr Erasmus said recommendations made to the Kirkwood Farmers' Association in April by two experts in farming labour relations, Mr Arnold Moll, of Unisa, and prominent wine farmer Mr Boland Coetzee, the former Springbok rugby player, would be implemented soon.

This would lead to "full participation by labourers in farming administration, planning and decision-making".

"The days of *wit baasskap* are over," he said.

Mr Erasmus said it was planned to improve the standard of living of the approximately 7 000 people in Bontrug by supplying the township with purified water from the town's waterworks.

The mission station at Enon, a coloured area, would also soon receive water from the town, he said. The other major coloured area, Bergsig, already had purified water.

About 50 sub-economic houses are to be built there and economic sites are also being provided. Sports facilities in the area will also soon be created.

Referring to the resignations of black and coloured community councillors, Mr Erasmus said this was part of a national problem which he believed the Government was attempting to solve by bringing blacks into the decision-making process, through the regional service councils.

Mr Erasmus said Kirkwood and the other citrus farming towns on the Sundays River had a bright future, particularly after the Government's announcement that R100 million would be spent on the Sundays and other irrigation schemes. This would bring hundreds more hectares of land under irrigation and provide more employment.

Kirkwood was responsible for 16% of South Africa's citrus exports. The market within South Africa was undersupplied, which meant there was room for greater production. There was also a 20% shortage on the world market.

In a statement yesterday, the police also said the "little Rhodesia" tag for the Kirkwood area was unjustified.

● See Page 2

Petite SUSAN ZATARA
Eastern Province fro

By CATHY SCHNELL

AGRICULTURE – COTTON

1980
to
1982

8/2/80. 3(cotton)

Cottoning on at King

DD

The attention of farmers in the King William's Town area will be focussed on the farm Wilson's Wrest where tobacco and cotton crops will soon be reaped.

The project is the brainchild of a three-man partnership, Mr Ray Radue, Mr Dave Wilson (both King William's Town businessmen) and Mr Mike Thompson, a man with 22 years' of tobacco and cotton growing experience in Rhodesia.

Mr Wilson, a Selborne College product, emigrated to Rhodesia in 1956. He farmed with tobacco and cotton and 600 head of Sussex cattle in the Odzi, Umtali, area.

After 22 years he returned to South Africa and bought a butchery in Durban. Left behind were two unsold farms.

But, for Mr Thompson, the change was anything but ideal. An advertisement in a national agricultural publication resulted in a telephone call from Mr Wilson and the culmination of the partnership.

"After a visit here I was confident tobacco and cotton could be grown successfully with proper attention," Mr Thompson said.

The results of soil samples, together with a visit of officials from the Balfour Tobacco Co-op, strengthened the belief in the farm's potential.

"We have nothing but praise for the co-op. The officials gave us every assistance. The co-op also supplied all our seed and fertiliser," the three partners said.

"We have already decided to plant the burley tobacco variety as well as CDL 28. In this we were encouraged by the co-op officials who also advised us not to grow Virginia tobacco. Although we could not get a quota for Virginia Fluecured tobacco, we hopefully will get one in the future."

Mr Thompson explained burley tobacco was used as a blend in cigarettes and was not a pipe tobacco as was CDL 28. The choice of these two varieties, especially burley, could be described as one of several results of the "business-experience"— investigate first and then decide.

"Because of a shortage of burley in South Africa a large quantity has to be imported," Mr Thompson explained

"As I only arrived here on September 5 last year, planting was rather late. Attention was focussed on the tobacco seedbeds. The cotton planting followed later.

"Whereas tobacco planting normally starts in July-August and only reaping 10 weeks later, we will be able to start reaping within the next three weeks."

And while some plants are nearly ready for reaping, planting is still being continued.

The cotton crop will be ready for harvesting at the beginning of April. This crop is grown on a multiplication scheme which includes the growing of seed for distribution among other growers another result of the "business-experience" mix as there is only one other seed grower in this area.

Workers employed on transplanting are thoroughly trained. Each has a special task — to bring the plants from the seedbeds and to put them on the spot where each plant is to be planted.

Then follows a man who makes a small hollow with a small garden spade and this is filled with water by a water carrier. The spade is used to make a hole in the watered area and the roots of the plant placed in the hole.

Then a man follows, also with a small garden spade, fills the hole with the wet soil and then, the secret, covering the wet soil with a layer of dry.

Watching these activities in extemely dry condition severe temperature (40 C) and no moisture in the soil for a considerable depth, it is unbelievable that these plants could survive these extreme conditions, particularly if it is taken into consideration that a small jam tin full of water with planting is the only moisture it receives for three weeks, unless it rains.

Most other plants would just shrivel up within days. The secret, of course, is the top layer of dry soil. It prevents evaporation of the moisture around the plant. Gardeners take note.

"Tobacco is a weed and in not irrigating it for three weeks it develops a deep and strong root system," Mr Thompson said

"If irrigated shortly after transplanting the root system will be shallow and result in a weaker plant.

"Under present conditions we need a proper irrigation system to cover a large area — an area which will no doubt be enlarged in the future. The system must be operable with the least number of operators and give optimum results.

"After several inquiries our choice fell on a gun sprinkler, a unit manufactured in Tzaneen and which is in use throughout the country for numerous crops. We brought two units and we are happy and satisfied."

The managing director of the manufacturing company, Mr Fred Hyde, says the unit develops three KW in horsepower which gives a 200m run. The precipitation, which varies from 42mm downwards, depends entirely on the speed setting of the unit.

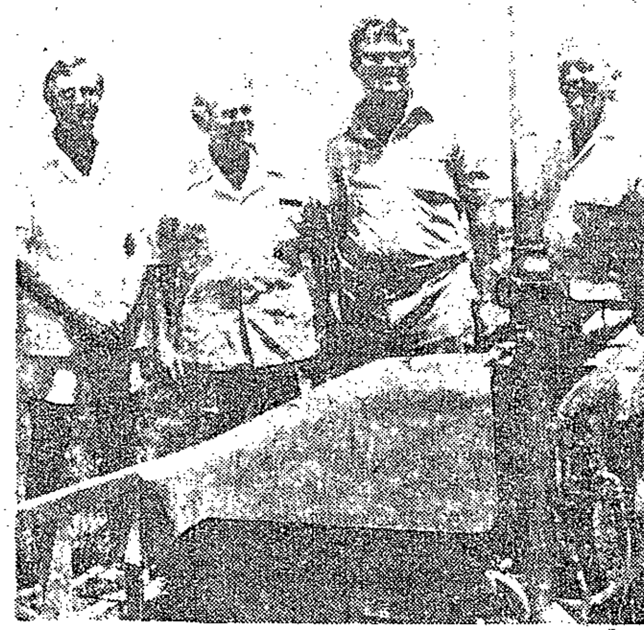
Normal coverage with the 70m spacing is 1,4 ha a day — 28 ha in 10 days of two 12-hours shifts. The speed of the unit will determine the amount of water sprayed on the land

"It is a versatile unit and is already used for practically every crop. Here it would be ideal for tobacco, cotton, maize, banana and vegetable crops," Mr Hyde Said.

Mr Thompson said they could acquire additional units Wilson's Wrest has an ample supply of water from the Buffalo River which has a low chlorine content. Tobacco with an above average chlorine content will not be accepted by tobacco companies.

Mr Thompson feels that if tobacco growing in Rhodesia returns to pre-UDI standards, it will have no effect on the South African market which, unlike Rhodesia, is an "internal market."

He emphasised that success and results depend entirely on management and reiterated his confidence in the future of tobacco growing in South Africa as an additional crop or facet of a farming enterprise.



The business-experience mix — Messrs Radue, Wilson and Thompson, with Mr Hyde, right, at the spray-gun unit.

COTTON PRODUCTION

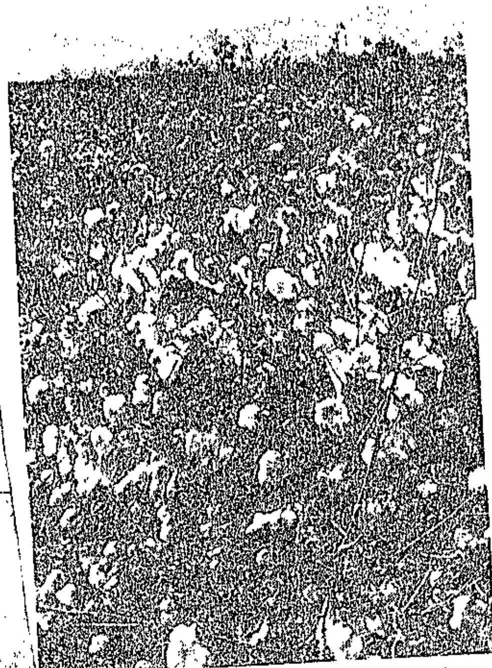
FM 4/4/80 B (Cotton)

Looking healthier

FM (Cotton)

Cotton this year could rank fourth in the earnings league of farm products, claims Cotton Board manager Danie Erasmus. Total income for cotton farmers may top R105m on an expected crop of some 60m kg, compared to R100m in 1979.

The domestic price for cotton fibre for 1980 is not yet known as it will be based on the average world market price between November 1979 and March 31 this year. Despite the slide in global prices in recent



Cotton fields . . . record harvest

weeks, however, Erasmus expects sales to be around 150c kg, up 10c kg on last year's price. In those areas with high yield, farmers' returns could be as much as R500/ha-R600/ha.

Good rains promise yet another record harvest and Eraşmus is confident that, with new acreage under cultivation near the PK le Roux dam in the NE Cape and the Eastern Cape Fish River Tunnel irrigation scheme, high production levels will be maintained in future years. "We believe we can provide the spinning industry with about 95% of its requirements," he tells the *FM*.

With the development of longer grain, higher quality cotton fibre in the past two years, the main shortfall in supply remains speciality long stapled and very short coarse-grained cotton. However, Erasmus does not expect imports of these types to exceed last year's totals.

He also hopes to maintain exports of standard medium-grade cotton to Europe and the Far East if the selling price is right. "I think it vitally important to build up a reliable market and a reputation as an exporter on a long term basis," he says.

Not that cotton farming presents an unremittingly bright scene. If the 1980 price should be 150c/kg, farmers' real earnings will be down 7.2% on last year. Expensive fuel has pushed up production costs dramatically.

Drought has taken its toll too, particularly in northern Natal where production has been severely hit. Goverment is reluctant to step in with subsidies and, last year, Agriculture Minister Hendrik Schoeman told a deputation of cotton farmers to plant something else if they couldn't grow cotton at a profit. Many have done so.

But Erasmus is optimistic about long-term prospects. Cotton's price is competitive with substitute synthetic yarns, whose reliance on oil-based chemicals in manufacture is causing their cost of production to rise faster than the cost of growing cotton.

STAR 14/5/80 (3 Cotton)

Cotton farming may grind to halt

Farming Correspondent

Cotton farmers in border areas will have to abandon their farms if the present method of cotton price fixing is not changed.

They regard the arrangement as exploitation by the trade.

Mr Gert Schoonbee, chairman of the cotton committee of the South African and Transvaal agricultural unions, said the textile industry had managed to reach an export figure of R50-m.

This had enabled cotton farmers to expand their production to R100-m worth.

This record crop had been planted in the expectation of a price of 170c a kg. But because of a one-sided agreement with the spinners, this price level had never been reached.

The world price level was unprofitable in terms of rands and cents at the present exchange rate between the rand and the dollar, because of uncontrolled inflation in the agricultural sector.

Cotton farming would soon grind to a stop.

Areas where there was no viable alternative crop, including some of the more important border areas, now faced renewed depopulation and economic ruin, said Mr Schoonbee.

The cotton committee of the SA Agricultural Union had submitted a memorandum to the Minister of Agriculture and Fisheries, Mr Hendrik Schoeman, who would discuss it at Cabinet level in three weeks' time.

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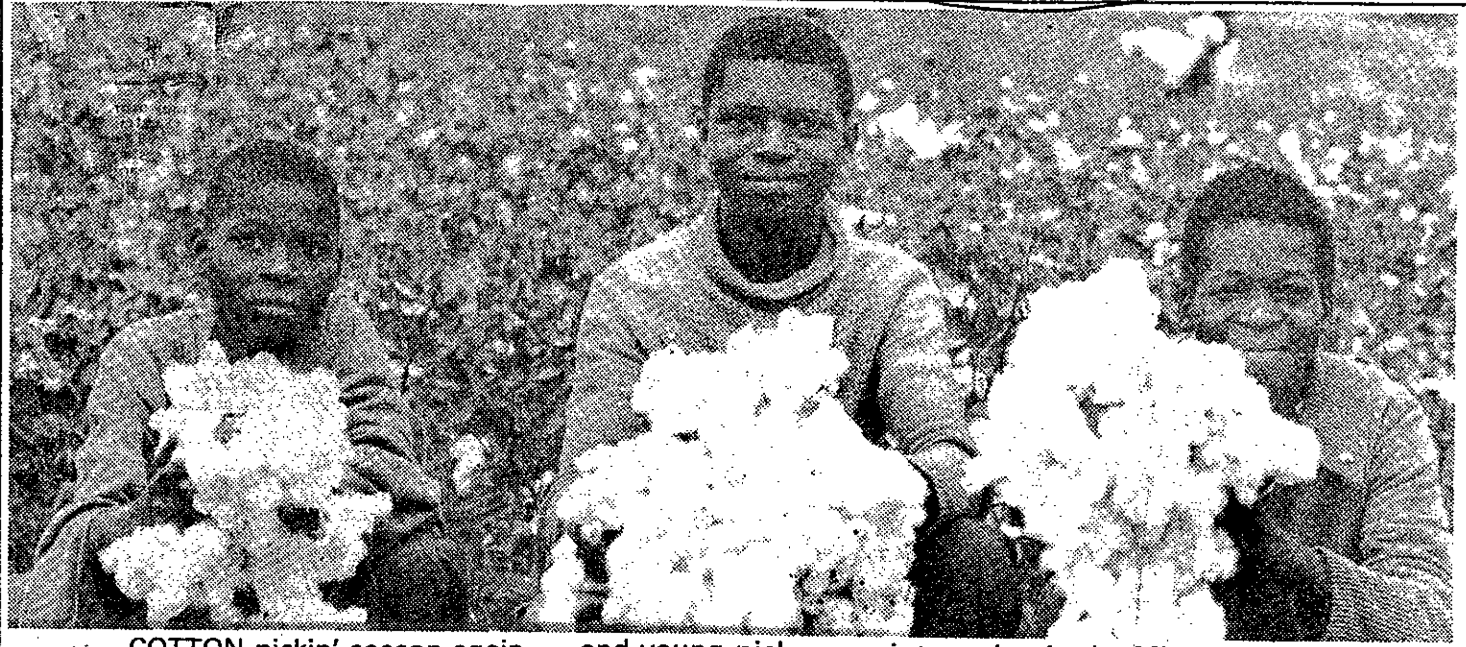
3-Cotton 3-Cotton

Another record crop likely

Cotton booming in SA



COTTON pickin' season again . . . and young pickers go into action in the Mkuze district.

Agricultural Reporter

SOUTH AFRICA is expecting a bumper cotton crop for the fourth successive year, the manager of the Cotton Board, Mr Danie Erasmus said last night.

According to Mr Erasmus, cotton was quickly becoming one of South Africa's most important crops.

In the past 10 years South African farmers had reached the point where they were producing sufficient cotton to meet the local demand, he said. Cotton in 1970 was 22nd on the list of 42 field crops and in 1980 this had increased to 14th.

Its growth in 10 years was a massive 1 085 percent compared with 199 percent for all other crops taken together.

According to Mr Erasmus, the industry, which employs 180 000 blacks, was ideally suited to the average South African climatic conditions.

The main areas were in the Limpopo Valley, Northern and Eastern Transvaal, Northern Zululand, and Namaqualand. More than 120 000 ha were under cultivation last year, he said.

Some areas such as Namaqualand and around the P K le Roux Dam were producing very high quality cotton.

'In the Cannoneiland area, near Upington, we have reached a situation where cotton is begining to compete with wine,' he said.

Mr Erasmus said the production and marketing of cotton was totally without Government intervention. Prices were related to world market prices and yet South African farmers were able to hold their own by being forced to improve their productivity to survive.

'We have had record crops for the past four years and where we produced 86 168 bales in 1970, we are expecting at least 328 000 bales this year.

'Where the crop was worth only R9,82 million in 1970, last year it was worth R116 million.'

Mr Erasmus said the Cotton Board was considering exporting about 30 000 bales this year.

An important factor in the re-emergence of cotton as a fabric was that it was competing favourably with petro-chemical based fibres.

The cost of producing fibres from oil based chemicals was rising faster than the cost of growing cotton.

other forms of society are possible. The argument ... exploitation is usually associated with alternative theoretical models which may respectively be described as 'liberal capitalist' and 'socialist'. The argument about socialism turns to a very large extent on the question as to whether a democratic socialist society is possible, rather than whether it is desirable. A debate on this vital topic would lead us very far afield.

However, if these difficulties are borne in mind, it may still be possible to find ways of reaching agreement. Currently, the main problem is that the argument is conducted at a fairly high level of generality. It may be

SA produces more cotton says US

ROM 10/7/81

3 cotta

WASHINGTON. — Cotton production in South Africa is expected to reach 330 650 bales (200kg each) for 1980/81 (Aug-/July), compared to 325 071 bales the previous year, a US agricultural attache in Pretoria said.

In a field report, the official projected 1981/82 cotton production at 335 000 bales, based on slightly increased acreage.

The report projected 1980/81 cotton imports will total 38 335 bales, then fall to 25 000 bales in 1981/82, because the cotton board is now restricting cotton imports from Zimbabwe to grades unavailable in South Africa.

Cotton consumption in 1980/81 is estimated to have risen to 334 140 bales, from 310 232 bales the previous year and is expected to further increase to 340 000 bales in 1981/82, the report said.

It estimated 1980/81 cotton exports at 13 000, well above the 2 870 bales exported a year earlier and projected a further increase to 30 000 bales in 1981/82. — Reuter.

QUANTITY SURVEYING (Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

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URBAN & REGIONAL PLANNING

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SA cotton forecast

CT 10/7/81 3 COT/a

WASHINGTON. — Cotton production in South Africa is expected to reach 330 650 bales (200 kg each) in 1980/81 (Aug/July), compared with 325 071 bales the previous year, a US agricultural attache in Pretoria said.

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Cost problems for cotton producers in SA

NM 15/9/81

Bcotton

Agricultural Correspondent

SOUTH African cotton producers are faced with two major problems — rising costs and how to meet the ever-increasing demand for the product by the textile industry, the general manager of the Cotton Board, Mr Danie Erasmus, said yesterday.

Mr Erasmus said rising input costs as a result of increased wages and the price of fuel had outstripped the price producers were being paid for the product.

The price of South African cotton was fixed to the world market price and there was no Government control in the industry, Mr Erasmus said. The South African price was worked out from the average between the November and March sales prices in Liverpool, he said.

Mr Erasmus said the price of cotton had been dropping because Red China had dumped about 1 000 000 tons of cotton on the world market last year.

He said there was a tremendous demand for cotton from the local spinning and textile industry and this year for the first time the cotton lint had been sold even before it had been delivered to the gins.

However, this year's crop had now fallen behind the record crop that had been produced last year, he said. While 325 000 bales were produced last year only 300 000 bales had been picked this year. Of this amount 60 000 bales were of low quality, but the spinners and textile industry had bought up all available stocks.

'Local spinners are going wild and although the producers might not have had the best season at the best prices, I believe the cotton industry is vital to South Africa,' Mr Erasmus said.

More than 180 000 people were employed in the industry and cotton was ideal for border industry development because in South Africa the industry was still labour intensive.

problems.

FM 5/2/82 (3) Cotton

COTTON GROWING

Hanging by a thread

Cotton farmers are being forced out of business by low prices which have risen only 1,7% a year over the last five years, says Danie Erasmus, manager of the Cotton Board (CB).

He claims they are leaving for more profitable crops such as maize, tobacco and sunflowers — which, ironically, are in oversupply.

Production has fallen 11% from 325 071 bales in 1980 to 288 000 in 1981, and the board expects production to plummet a further 17% to 240 000 bales this year.

Imports have risen 18% from 50 840 bales in 1978 to 60 000 in 1981 and are expected to double to 120 000 bales in 1982. Exports have fallen from 21 682 bales in 1978 to zero last year, and no sales abroad are expected in 1982.

Consumption, on the other hand, has risen steadily from 244 435 bales in 1978 to about 360 000 in 1981. Indications are that spinners will need at least this amount in 1982.

The Cotton Marketing Agreement obliges spinners to take a minimum of 80% of their previous year's consumption (both local and imported). Thus they must buy 288 000 bales this year while expected production is only 240 000 bales. A big slice of SA's needs will therefore have to be imported. This is a drastic turnabout for an industry which exported 21 682 bales in 1978.

The decline of cotton farming could put 48 000 workers out of their jobs this year says Erasmus. Cotton is very much a cash crop and the industry employs about 180 000 workers.

Using the Cotton Board's formula of 1,5 workers/ha, 180 000 people farmed 120 000 hectares in 1980. The expected production drop to 240 000 bales this year will mean only 88 000 ha are cultivated and 48 000 workers face retrenchment.

Erasmus claims that if the price is not subsidised, the livelihood of smaller farmers — mostly blacks operating on a few hectares — will be jeopardised. In addition, there is no crop substitution in some areas and small farmers do not have the capital or expertise to convert to other crops.

The cotton price formula is based on the average November and March cif Liverpool prices plus 1%, and fixed in April for

the year. Although local farmers, ginners and spinners have in the past agreed to the formula, present depressed world markets have pushed down the price to well below farmers' production costs.

There is some hope for farmers because they qualify for some relief from the CB stabilisation fund. And spinners want to keep them in business, even if this means departing from the formula and paying a higher price. Local prices are still comfortably below landed prices of imports.

The price of locally-produced cotton is 154,4 c/kg compared with the landed costs of at least 180 c/kg for imports.

SA cotton threatened

RDM 15/12/82 3 - Cotton

Own Correspondent

THE effect of five years of unrealistic price increases is destroying producer confidence at a time when the textile industry is increasing its demand for fibre, says the manager of the Cotton Board, Mr Danie Erasmus.

Mr Erasmus said in an interview in Durban that recent estimates had shown that this year's crop would fall by about 15% — a loss of about R14-million.

This was largely because the price of cotton had increased by less than 2% in the past five years while production costs had soared.

"More than 180 000 people are employed in the industry and unless something is done to give the producer a better deal, large-scale unemployment will result if more farmers swing away from cotton," he said.

Cotton competed with tobacco and groundnuts as well as maize. Farmers were considering changing to these crops.

The most important production areas were on the borders of the homelands or in the national states. It was vital that cotton production be encouraged in these areas because the crop was labour intensive.

Mr Erasmus said the textile industry has indicated that it supported the idea of increased SA cotton production, but was itself facing problems resulting from large quantities of cheap clothing from the Far East being dumped on the market.

Another problem facing the industry was that about 53% of the cotton shortfall was imported from Zimbabwe. However, if white farmers continued to leave Zimbabwe, South Africa cotton farmers might benefit in the long term.

South Africa might have to import as much as 100 000 bales of cotton in 1982.

He said cotton was a strategic product. The value of retail sales of clothing amounted to about R2 500 million a year of which cotton had a share of more than 50% of content.

King cotton comes a cropper as farmers lose confidence

Hannes Ferguson

Farming

King Cotton is king no more.

During his 10-year reign he saw South African cotton production rocket from 76 200 bales of 200 kg of cotton lint in 1971 to 325 071 bales in 1980.

Cotton became a major irrigation crop. In addition, in northern Natal and other areas, dry-land cotton became an important crop.

In 1979-80, cotton fields measured 66 000 ha under irrigation and 55 000 ha of dry lands. On irrigated fields a crop of two tons of lint a hectare was commonplace. Some cotton farmers reaped three or four tons a hectare.

Then the rot set in. Last year production was down by 15 percent. Irrigated cotton fields shrunk to 45 000 ha. This year plantings will be even lower, possibly down by 40 percent from 1980 and irrigated cotton fields may be down to about half of what they were in 1979-80.

Confidence

As elsewhere in agriculture, farm costs have risen much more steeply than producer prices. From 1980-81 to 1981-82, the producer price of cotton increased from 158,07c a kg to 163,64c/kg, a rise of only about three percent. But costs had gone up a whopping 16 percent.

But prices as such are only one of two factors usually involved when an agricultural industry begins to decline. The other factor is confidence. In the matter of cotton, farmers are disillusioned with their control board.

There is a good team of producer-members on the Cotton Board, but the men are up against an impossible system.

The State has loaded the dice heavily against them, they feel.

The key to farmer confidence in the control board system is the producer majority. It is recognised that the producer of a commodity has the first interest in its marketing. Even if the board's price recommendation is brushed aside by the Minister, the majority arrangement keeps the producer's spirit above ground level.

The Cotton Board has a producer majority of five out of eight. But the job of marketing cotton is not done by the board itself. Marketing is done by a separate eight-man committee, which is responsible for sales, grading, prices, payments, imports and the disposal of surpluses.

Although sponsored by the Department of Industry, Trade and Tourism, the committee has no legal standing. It exists only in terms of a private agreement between ginners and spinners.

The Cotton Board is secretary to the committee acting as the committee's legal umbrella and implementing decisions through legal powers vested in the board.

Marketing

To this all-important committee, no control board rules apply. Producers have only two members out of eight. Others do all the decision-making. So the producers feel cheated and when producer prices tend to freeze with costs rocketing, they lose heart and opt out of cotton.

Producer-members of the board have tried to bind the committee to majority rule by introducing one-channel marketing, but the Department of Industry, Trade and Tourism has thwarted them. The department tries to be an almighty "Godfather," farmers complain.

The existing price formula is said to have been a trapeze act by the Committee. Local demand and supply, costs of production, employment created by cotton farming, are all considered to be irrelevant when prices are discussed. Following a practice started 30 years ago when cotton fabrics were mostly made from imported lint, only the Liverpool cotton price is taken as relevant.

The South African cotton price is automatically fixed on the basis of the average annual overseas cotton price — landed at Liverpool — plus one percent.

At present freight and insurance rates from Liverpool, the South African spinners pay less for their South African-grown cotton than they would have paid if they had imported cotton from Liverpool. Except, of course, when the spinners' crystal ball tells them exactly when to buy on the fluctuating Liverpool market.

At the same time, the spinners and weavers themselves enjoy price protection with import duties.

Cotton growers complain bitterly about the anomaly. They blame the officials of the Department of Industry, Trade and Tourism and call them price-riggers.

Bales of cotton stacked ready for shipment.

In this climate, the whole textile industry, including the farmers, has fallen foul of officials on the issue of fabric importations.

Importing part of South Africa's cotton fabric requirements makes sound business sense. Some specialised cotton goods have too small a domestic market to justify the overheads necessary to produce them. They would require expensive specialised machinery or short production runs on existing machinery.

As the SA textile industry develops, it tends to increase its variety. Recently, the local manufacture of corduroy was started.

But against this trend, the Department of Industry, Trade and Tourism has opened the doors so wide to imports that the industry feels threatened.

Dumping

With domestic demand falling, imports may bedevil job opportunities in the textile industry. In the past, when the trade had been allowed to over-import, South African production had to be curtailed the following year. Thus in 1974, 8 000 jobs were lost, and 10 000 in 1976. More may be lost this year and next.

The textile industry fears that it might be sacrificed to free trade ideologies. Imports of cotton fabrics, bed linen, and clothing by sweated-labour countries like Hong Kong, Taiwan, South Korea and even Japan are giving the local industry nightmares.

Recently, Red China has come to the fore as a source of dumped textile goods. Part of the Hong Kong textile industry has shifted to the border area inside Red China. They quote artificial prices unrelated to costs but dictated by Red China's foreign exchange requirements.

This is institutional dumping, a spokesman for the textile federation says. It is impossible for the SA textile industry to compete with it.

He said the order books of South African textile mills were reasonably full, but unequal competition and dumping have already made it impossible for them to pay decent prices to South African cotton-growers. Cotton farmers are already losing heavily because of dumped imports of cotton fabrics and finished products.

The federation regarded cotton farming as part and parcel of the cotton industry and made an urgent request for improved import control. This would have immediately benefited the textile mills as well as the cotton farmers.

The industry had to provide jobs in the years ahead, the spokesman added, and the danger could arise that South Africa would follow Western Europe where the textile industry had been destroyed by the access to its markets given to "developing countries under the General Agreement on Trade and Tariffs (Gatt).

The attitude of the Department of Industry, Trade and Tourism is causing wide concern in the textile industry, including the farming sector. In theory cotton fabrics can be imported only with a licence. But this licence is in practice granted automatically and the department has always resisted attempts to have textiles put on the restricted list.

The attitude of Dr Dawie de Villiers's department may cost South Africa dear. Half a million jobs are at stake, 150 000 of them on cotton farms.

Now the Textile Federation has gone to the Cabinet. It has pleaded for adequate protection of the textile industry. It has put a convincing case that quantitive controls, as opposed to mere import duties, are necessary.

In doing so, it has demolished another departmental holy cow. Quantitive controls have traditionally been seen only as a means to improve the balance of payments, not as an instrument of protection.

cotton
COTTON ③
In a spin

FM 5/3/82

The SA cotton industry has long faced problems (*Business*, Feb 5), but things could be getting even worse. A severe drought and late rains have drastically reduced both this and last seasons' yield, and the depressed international cotton trade has pushed local prices down to well below farmers' production costs.

The SA cotton price is linked to world prices by a formula that gives local producers a price of at least 10% above that of US and other international growers for the same quality of cotton.

This has not been sufficient to maintain local farming viability. In addition, the local farmers' competitive position has been eroded by far higher cost increases than growers have faced in other cotton producing nations.

Cotton Board manager Danie Erasmus says that unless the price is subsidised by government the livelihood of farmers — especially smaller concerns — will be jeopardised.

According to Abe Frame of the SA Cotton Textile Manufacturers' Association, the fear in the textile industry is that with inadequate protection from international competitors (who buy cotton at depressed world prices) local industry may well cut back on its activities and thus drastically reduce demand for SA cotton.

He adds that local spinners and weavers see a very important need to maintain the local cotton price at a level which is acceptable to farmers.

They are, however, in a cleft-stick position. On the one hand there is the need to compete with the flood of imported cotton, cotton-blend fabrics and clothing. On the other hand there is the strategic necessity to support the local producer.

Local spinners have offered a further subsidy above world prices and some relief may come from the Cotton Board's stabilisation fund. But Frame says: "In the national interest, a declaration by government of its intention to subsidise the price — so guaranteeing continuation of cotton farming in SA — would be welcome." Taxpayers are hardly likely to agree, but then the quoted international cotton price is supported by overseas governments through direct subsidies and export incentives.

For example, the Brazilian government has recently given farmers a subsidy equal to 16% of the international cotton price. The US government has a loan support scheme and any cotton excess is bought and stored in federal warehouses.

The drought badly affected crop production in some growing areas for 1982/83. The northern Cape province — traditionally a producer of the highest quality cotton — had a disastrous fall-off in crop yield even though sufficient seed was taken up to maintain normal crop sizes. And although more hectares were put under cotton, the crop will be smaller than last year.

This comes on top of a production fall of 11% from 325 071 bales in 1980 to 288 000 in 1981. Meanwhile, imports have risen 18% from 50 840 bales in 1978 to 60 000 in 1981, and exports have plunged from 21 682 bales in 1978 to zero last year.

RDM 23/4/82 (3) Cotton

Clamp on cotton price rise

Pretoria Bureau

THE Government has taken a hard line on applications for a cotton price increase.

The chairman of the Cotton Board, Mr Gert Schoombee, said the new price was "totally inadequate".

Agricultural authorities said the Government's attitude indicated it would also limit maize price increase.

Mr Schoombee said in Pretoria yesterday the board would continue its representations to the Government on the new price, 167,19c/kg for average grade Dirk A2 cotton fibre, which was a mere 2,1% higher than last year's price.

He said the price was inadequate to cover production cost rises, to give farmers a reasonable return on capital, to prevent South Africa becoming totally dependent on imports, and to keep thousands of black workers in jobs.

Mr Schoombee said the industry employed more than 182 000 people.

The Government, he added, had to decide whether the country could afford to spend R35-million this year importing cotton fibre.

This figure could increase to R200-million if South Africa became totally dependent on imports, he warned.

HOUSE OF ASSEMBLY

③ Coffee

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Importing of coffee

262. Mr L F STOFBERG asked the Minister of Finance:†

(a) What quantities of each specified kind of coffee did the Republic import in 1987, 1988, 1989, 1990 and 1991, respectively, (b) what was the landed value of each kind of coffee in each of these years and (c) how many importers of coffee were involved in the importation of each of these kinds of coffee?

B627E

The MINISTER OF FINANCE:

(a), (b) and (c)

This information is only available in respect of 1991 (see below).

Coffee, not roasted: Of the species Coffea arabica

	Kilogram	Free on board Rand value
1987	1 446 522	8 188 803

Coffee, not roasted: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*
1987	13 195 465	41 032 061

Coffee, not roasted: Other

	Kilogram	*Free on board Rand value*
1987	762 712	4 478 268

Coffee, roasted

	Kilogram	*Free on board Rand value*
1987	15 782	197 955

Coffee, not roasted: Not decaffeinated: Of the species Coffea arabica

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	3 274 943	14 152 197	
1989	2 816 570	15 751 214	
1990	2 694 945	13 420 185	
1991 Jan.-Oct.	2 699 417	14 417 509	23

Coffee, not roasted: Not decaffeinated: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	11 174 765	36 545 105	
1989	12 211 607	30 912 791	
1990	13 288 454	25 878 480	
1991 Jan.-Oct.	11 818 328	25 270 833	7

Coffee, not roasted: Not decaffeinated: Other

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	355 232	1 957 478	
1989	471 366	2 430 855	
1990	580 586	3 407 237	
1991 Jan.-Oct.	226 105	633 132	12

Decaffeinated: Of the species Coffea arabica

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	324 625	2 817 008	
1989	165 420	1 098 507	
1990	219 818	734 826	
1991 Jan.-Oct.	242 463	1 325 469	6

Decaffeinated: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	329 776	2 809 296	
1989	435 792	4 287 268	
1990	464 450	1 106 391	
1991 Jan.-Oct.	229 550	525 262	1

JEWELLERS AND GOLDSMITHS UNION

Year	Membership			
	African	Asian and Coloured	White	Total
1970				
1971				
1972				
1973		98	320	418 x
1974		28	294	322 x
1975		26	305	331 x
1976		21	201	222 x
1977		30	347	377 x
1978				..
1979				445 $
1980				460 Fosatu Annual Report 1980/81

Address: 201/4 City Centre
Corporation Street
Cape Town

Telephone: (021) 433658

and with

(3) Cotton

Cotton growers upset at new price fixing

S. Post 15/5/82

THE provisional new cotton price announced in Pretoria has been described as "totally inadequate" by Mr Gert Schoonbee, chairman of the Cotton Board.

He said the cotton industry was continuing uninterruptedly with its representations to the Government over this price, which was only 2,17% higher than that of 1981.

Despite repeated appeals to the Government, the board had been forced in co-operation with the cotton spinning industry in South Africa to announce a provisional price of 167,19c/kg for the average grade Dirk A2 cotton fibre for the 1982 marketing year.

Mr Schoonbee said he regarded this price as totally inadequate to:

- Cover the producer's rising production costs.
- Give a reasonable return on the farmer's investment.
- Keep cotton producers in business.
- Prevent South Africa from becoming totally dependent on imports (with the attendant outflow of foreign exchange).

He also pointed out that the cotton industry kept thousands of black workers employed and contributed to the development of the national states and homelands.

He said: "We are continuing to stress the importance of cotton to the State.

"A completely new dispensation must be worked out for the cotton farmer — and the Republic."

The State had to decide finally whether the cotton industry, which comprised more than 53% of the textile market, which employed more than 182 000 people, and which provided for 3 500 farmers who had no alternative choice of crops, was of economic value to the country.

Loan of R27 000 'not authorised'

E. Post 17/5/82

~~Control Boards~~

Political Correspondent (3) Cotton

CAPE TOWN — The Auditor-General has discovered an unauthorised loan of R27 000 to a staff member of the Cotton Board for participation in a new car-financing scheme. But the manager of the board, Mr E Erasmus, seems a little surprised.

In his report on the accounts of the Cotton Board between March 1, 1980, and February 28, 1981, the Auditor-General said the loan had been disallowed by the Department of Agriculture and Fisheries because the official concerned did not qualify. The loan was therefore being regarded as unauthorised.

Approached for comment, Mr Erasmus, head of the 11-man Cotton Board staff, said it was the first he had heard of the loan and he would have to get the Auditor-General's report before he could comment.

Mr John Malcomess, MP for Port Elizabeth Central and a member of the parliamentary select committee on public accounts, said today he was astonished by Mr Erasmus's statement.

Cotton farmers welcome latest Govt price fixing

(3) Cotton E. Post 18/5/82

PRETORIA — Cotton farmers have welcomed the latest cotton price increase but feel existing marketing arrangements will have to be reviewed to get them out of trouble.

The Minister of Agriculture, Mr Pietie du Plessis, announced in Cape Town last night that the cotton price for 1982-83 had been fixed at 173c a kilogram.

In a statement issued last night, the chairman of the Cotton Board, Mr Gert Schoonbee, said cotton farmers were struggling because the cotton price had risen by an average of less than 2% a year from 1977 to 1981.

In the meantime, production costs had soared.

"Cotton farmers are grateful for the temporary relief which the Government's bridging aid will provide in the coming year but marketing arrangements will have to be reviewed to get them out of trouble," Mr Schoonbee said.

"In the light of the Government's aid gesture, I trust that it will also be amenable to another approach for the arrangement of cotton marketi[ng] in the Republic." — S[apa]

28/5/82

Cotton ~~Control Board~~ Boards

Hansard Q. 61.933 - 934

3

Cotton Board: loan to official

*7. Mr. D. J. N. MALCOMESS asked the Minister of Agriculture and Fisheries:

(1) Whether a loan of R27 068 was made to an official of the Cotton Board in the 1980-'81 financial year, if so, what position (a) was held by such official at the time and (b) is held by him at present;

(2) whether officials of the Board (a) authorized the loan and (b) signed the (i) cheque or (ii) authorization for the funds to be paid over; if so, what are the names of such officials in each case;

(3) whether any action has been taken in regard to the matter; if so, (a) when and (b) with what result?

†The MINISTER OF AGRICULTURE AND FISHERIES:

(1) Yes.

(a) Manager of the Cotton Board.

(b) Same position.

(2) (a) No—the loan was authorized by the Executive Committee of the Cotton Board.

(b) (i) Yes—Messrs. D. J. F. Erasmus and D. C. Matthysen

(ii) Yes—same as under (2)(b)(i)

(3) Yes—after a decision that the post of Manager of the Cotton Board did not qualify for the motor financing scheme applicable to certain officers of control boards.

(a) 15 January 1982.

(b) The capital amount has already been repaid and interest and certain allowances are being repaid monthly.

Soil Conservation Act

*8. Mr. R. W. HARDINGHAM asked the Minister of Agriculture and Fisheries:

Whether any farmers were prosecuted

in terms of regulations relating to overstocking under the Soil Conservation Act during the latest specified period of two years for which figures are available; if so, (a) how many and (b) what was the nature of the offences committed?

†The MINISTER OF AGRICULTURE AND FISHERIES:

Yes.

(a) 1980-'81 .... One.
1981-'82 .... One.

(b) Continued contravention of a direction regarding overstocking under section 3(1)(j) of the Soil Conservation Act, 1969 (Act No. 76 of 1969) in each case.

Cotton faces cost threat, warns expert

(3) Cotton

S. Post

27/7/82

Post Reporter

COTTON could phase itself out of the textile industry because of the trend towards cheaper synthetic fibres.

This was said by the manager of a leading international textile consultancy in Brussels, Mr Jack R Hearns, who is at present in Port Elizabeth attending a symposium on "New Technologies for Cotton".

He said in an interview yesterday that cotton still held about 45% of the textile market, but because man-made fibres were much cheaper to produce, cotton was rapidly losing its foothold.

He said at present there was not much direct contact between the South African textile industry and the European industry, but he hoped that this would improve.

"The staging of a symposium of this kind in South Africa shows advanced thinking on the part of the local people concerned," he said. "I am sure they can benefit greatly from an exchange of information with recognised experts in their fields from all over the world.

"Countries like Germany and Switzerland have made great advances in textile technology and some of the top representatives are attending the symposium."

An ex-Canadian, Mr Hearns now lives in Brussels.

It is his first visit to South Africa — something he said he realised "he should have done 20 years ago.

"I have just come from the Cape and can only say how beautiful everything here is."

Mr Hearns will be presenting a plenary paper on world developments in the textile industry and their implications for the future of South African cotton to the symposium.

Textile symposium to examine trends

Post Reporter

NEW technologies for cotton will be among the subjects discussed by more than 300 delegates, including 50 experts from 10 overseas countries, during a three-day symposium in Port Elizabeth.

According to the assistant director of the South African Wool and Textile Institute (SAWTRI), Dr L Hunter, not only would South Africa be able to learn about the latest developments in the overseas cotton industry, but overseas delegates would learn "a thing or two" from South Africa.

He said even though European countries, like Germany and Switzerland, were world leaders in textile technology, great breakthroughs had been made in South Africa.

The Sawtri Auto Creel and Sawtri Comb machines, designed by South Africans, had made a mark in the world textile field, and a large Italian manufacturing concern has already bought licensing rights for the machines.

The symposium, entitled "New Technologies for Cotton", being held by Sawtri and the Eastern Cape Section of the Textile Industry, at the University of Port Elizabeth, is one of the most important of its kind ever held in the Southern Hemisphere.

About 45 papers will be presented by delegates in fields ranging from the agricultural and mechanical processing of cotton through to the making up of garments.

Dr Hunter said the main reason for holding the symposium was to "bring home the latest developments in cotton technology".

"Cotton has become a very important industry in South Africa with local production in the past few years increasing to such an extent that it is no longer necessary to import the fibre.

"South Africa is largely self sufficent and the clothing and textile industries annually produce about R3 billion worth of goods. The cotton textile industy is more important for South Africa than the wool industry because most of our wool is exported while most of our cotton is used locally," he said.

"Besides being an economically important industry to South Africa, the textile industry also employs a quarter of a million people, making it is a great labour intensive industry."

Dr Hunter said he could not see cotton losing its foothold in favour of cheaper synthetic fibres, as rising oil prices were constantly pushing up the price of man-made fibres.

Cotton conference opens with sober warning

27/7/82 (3) Cotton E. Post

Post Reporter

TECHNOLOGICAL advances in the textile industry could soon force cotton from the market as it would not be economically viable to produce and manufacture, the Deputy Minister of Agriculture and Fisheries, Mr Sarel Hayward, said today.

He was opening the symposium on "New Cotton Technology" being held at the University of Port Elizabeth.

He said this situation could be remedied if cotton were backed by the necessary research

The fibre would be able to compete well with the strong competition from synthetic fibres as there was a consumer swing towards natural fibres. Increased oil costs had put prices of synthetics on a par with those for natural fibres.

Mr Hayward said research was being undertaken to make the protein isolated from cotton seed suitable for human consumption, to justify the use of arable land being used for growing cotton instead of for food.

At present, "in addition to its fibre production, cotton seed forms an important source of high quality edible oil and protein-rich cotton seed cake for animal nutrition".

The production of cotton had grown by 1 000% in South Africa during the past 10 years, and the crop had provided a livelihood for about 160 000 farm labourers.

In the past six years the volume of the textile and clothing manufacturing industries had grown by 71% and 97% respectively.

These industries provided employment for more than 250 000

The increased production of cotton has made the textile industry largely self-sufficient.

"At present 80% of the local textile requirements are locally produced and production has increased by an average of 3,6% for the period 1963 to 1977.

"The increase is expected to average more than 6% for the period 1977 to 1987 and it is expected that South Africa could become a textile exporting country in the future," Mr Hayward said.

● See Page 3

Coffee

Coffee prices likely to stay in a trough

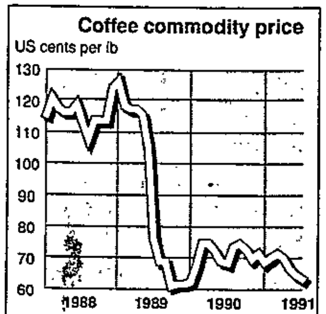
BDay 3/9/91 (2) coffee

WILLIAM GILFILLAN

FEW coffee addicts are aware that until recently their fix was, in dollar terms, the next biggest world-traded commodity after oil.

But now it has yielded its ranking to sugar, not because of any reduction in coffee-sipping, but because of the international slump in coffee bean prices. And according to London trade house ED & F Man, there is no sign of prices breaking out of the trough.

In the latest issue of its World Coffee Situation Report, Man says "the continuing depreciation of the cruzeiro means that the dollar equivalent of internal prices in Brazil are moving lower relative to international levels". Meanwhile, coffee supplies are set to increase with the Angolan Coffee Secretariat's recent announcement that Angola was negotiating to sell off large state-owned plantations. Before independence in 1975, Angola was the fourth largest coffee exporter in the world.



Graphic: FIONA KRISCH Source: F O LICHT COFFEE REPORT

In 1989 the International Coffee Organisation's (ICO) floor price of $1,20 a pound was abandoned and international prices fell about 40%.

Under the ICO floor price agreement, producers were obliged to withhold coffee from the market when the price fell below $1,20 a pound. Producers then sold surplus coffee to non-members of the ICO, which included SA, at discounted prices.

Eventually ICO members, comprising 80% of the world's consumers, tired of subsidising non-members, and retaliated by dumping the floor price.

South African Tea, Coffee and Chicory Association (SATCCA) secretary Ben Pienaar says international prices are now lower than production costs but warns this will change.

The international price is set by supply and demand, so a cutback in supplies will lead to an increase in prices.

SA has a fledgling coffee industry which has been helped in part by the imposition of a floor price equivalent of $1,20 a pound guaranteed to growers.

Chairman of the Coffee Growers Secretariat Gerrit Muller says that roasters areobliged to take from local growers up to 60% of the roasters' total demand.

Local roasters' demand for Arabicas, which is the only coffee grown locally, is about 4 500 tons each year.

This means roasters are obliged to take about 2 400 tons from local growers each year at the floor price and any surplus to this is sold by local growers at open market prices.

In 1990, which Muller describes as an off year, local production was 1 800 tons but this is expected to increase to 2 400 tons this year.

The local floor price is still in operation and Muller says it is unlikely local growers will make representation to government to increase the quota allocated to growers above 60% of the roasters' total demand.

As the landed cost of imported Arabicas is about $1,02 a pound, local growers will sell all coffee surplus to their quota at about a 20% discount to the $1,20 floor price.

Unlike most European countries, there are no import duties on coffee in SA. Speculation has it that the German fiscus derives more revenue from coffee duties than the growers of the coffee themselves.

The SA coffee drinker might well ask why local prices of coffee in the shops have been increasing while international commodity prices have dropped.

About 70% of the coffee consumed locally is a "mixed instant" type. Of this 50% is glucose, 25% chicory and only 25% is coffee.

Pienaar says local prices have increased because of the depreciation in the rand which also hit shipping costs.

In the past 12 months the rand has depreciated about 17% against the dollar and international coffee prices have dropped about 9% in dollar terms. This means landed costs have jumped 8%.

Looking to the future Pienaar expects prices will depend on the rand/dollar exchange rate and the outcome of the ICO meeting later this month, at which the reintroduction of a floor price is to be discussed.

But Man says it appears that producers' positions have not changed a great deal since 1989.

Steady climb in wool price

PAUL ASH

STEADY improvement in local wool prices has resulted in the market reaching levels not seen since the Australians suspended their floor price scheme in February, the SA Wool Board said in its weekly review yesterday.

The average price of R11,73/kg realised to date for the current season has passed last season's R11,69/kg average.

The board's market indicator is 34c higher than the R13,50/kg of February 6, the last sale before Australia abandoned its wool scheme. B/Day 6/12/91

The market had improved about 31,5% since then, the board said.

More than 96% of the 14 743 bales on offer were sold at this week's auction in Port Elizabeth.

About 19 500 bales will be offered at next week's auction.

This is the last before the Christmas break.

Plan to boost coffee price

PAUL ASH

A PLAN to boost the flagging world coffee price by witholding a percentage of exports was proposed by Columbia during the second day of the International Coffee Organisation (ICO) conference in London yesterday. B/Day 6/12/91

"The Columbian plan has tentative support from Brazilian coffee producers, and they are hoping for an agreement by May," I & M Smith director Lionel de Roland-Phillips said.

The meeting ends today.

Coffee price untouched by slump

(3) coffee

PAUL ASH

SA COFFEE addicts hoping to benefit from the plunging world coffee price will be surprised to learn that their favourite brands will not be any cheaper.

While the world price is at its lowest level in 17 years, local producers are protected by a fixed floor price.

The floor price was "totally unrelated to the world price," Lionel de Roland-Phillips of coffee trader I & M Smith said yesterday. B Day 5/2/92

"The coffee price has very little to do with the cost of the finished product, anyway, and the low world price will not lead to lower supermarket prices of coffee."

Meanwhile, the composite daily price closed at $0,5598/lb compared to Friday's level of $0,5698/lb, AP-DJ reports.

The fall reflected global oversupply, sluggish buying by coffee-roasting companies and receding hopes of early progress towards a new agreement to stabilise the price of coffee internationally.

The ICO, which is made up of 24 consumer members and about 50 producer members, has struggled to reach consensus on a coffee policy for the future.

Coffee prices have flagged since the collapse of the ICO's export quota system more than 2½ years ago.

Last year Brazil and Colombia, the world's largest producers, attempted to bolster sagging prices by witholding about 10% of their yearly output from the market. The plan was dropped, however, as a result of differences between the two countries.

A group working on a new accord will hold its second meeting in London from today until Friday.

HOUSE OF ASSEMBLY

③ Coffee

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Importing of coffee

262. Mr L F STOFBERG asked the Minister of Finance:†

(a) What quantities of each specified kind of coffee did the Republic import in 1987, 1988, 1989, 1990 and 1991, respectively, (b) what was the landed value of each kind of coffee in each of these years and (c) how many importers of coffee were involved in the importation of each of these kinds of coffee?

B627E

The MINISTER OF FINANCE:

(a), (b) and (c)

This information is only available in respect of 1991 (see below).

Coffee, not roasted: Of the species Coffea arabica

	Kilogram	Free on board Rand value
1987	1 446 522	8 188 803

Coffee, not roasted: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*
1987	13 195 465	41 032 061

Coffee, not roasted: Other

	Kilogram	*Free on board Rand value*
1987	762 712	4 478 268

Coffee, roasted

	Kilogram	*Free on board Rand value*
1987	15 782	197 955

Coffee, not roasted: Not decaffeinated: Of the species Coffea arabica

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	3 274 943	14 152 197	
1989	2 816 570	15 751 214	
1990	2 694 945	13 420 185	
1991 Jan.-Oct.	2 699 417	14 417 509	23

Coffee, not roasted: Not decaffeinated: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	11 174 765	36 545 105	
1989	12 211 607	30 912 791	
1990	13 288 454	25 878 480	
1991 Jan.-Oct.	11 818 328	25 270 833	7

Coffee, not roasted: Not decaffeinated: Other

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	355 232	1 957 478	
1989	471 366	2 430 855	
1990	580 586	3 407 237	
1991 Jan.-Oct.	226 105	633 132	12

Decaffeinated: Of the species Coffea arabica

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	324 625	2 817 008	
1989	165 420	1 098 507	
1990	219 818	734 826	
1991 Jan.-Oct.	242 463	1 325 469	6

Decaffeinated: Of the species Coffea robusta

	Kilogram	*Free on board Rand value*	*Number of importers*
1988	329 776	2 809 296	
1989	435 792	4 287 268	
1990	464 450	1 106 391	
1991 Jan.-Oct.	229 550	525 262	1

Decaffeinated: Other

(3) Coffee

	Kilogram	Free on board Rand value	Number of importers
1988	69 544	369 225	
1989	42 109	196 819	
1990	39	8 757	
1991 Jan.-Oct.	55	911	4

Coffee, roasted: Not decaffeinated

	Kilogram	Free on board Rand value	Number of importers
1988	23 502	300 307	
1989	27 206	420 455	
1990	23 376	307 066	
1991 Jan.-Oct.	24 612	343 483	14

Coffee, roasted: Decaffeinated

	Kilogram	Free on board Rand value	Number of importers
1988	941	18 137	
1989	4 059	71 151	
1990	109	2 280	
1991 Jan.-Oct.	5 765	75 248	16

Coffee substitutes containing coffee

	Kilogram	Free on board Rand value	Number of importers
1987	829	15 653	
1988	680	4 416	
1989	535	21 272	
1990	1 357	39 818	
1991 Jan.-Oct.	38	1 569	2

Non-repayable grants to firms

266. Mr B B GOODALL asked the Minister of Trade and Industry:

(1) Whether he will furnish details on non-repayable grants given to firms in terms of the Programme of Innovation Support for Electronics administered jointly by his Department and the Industrial Development Corporation of South Africa Limited; if not, why not; if so, (a) how many firms have been given such grants, (b) what are their names, (c) how much (i) has each firm received and (ii) has been provided for this purpose in total, (d) what is the (i) identity, (ii) directorship/membership, (iii) shareholding and (iv) address of each of these firms, (e) what products have been produced with the aid of non-repayable grant finance and (f) in respect of what date is this information furnished;

(2) whether these products are open for inspection; if not, why not; if so, what are the relevant details?

B647E

The MINISTER OF TRADE AND INDUSTRY:

(1) Competitiveness in international markets is based on new products and on new and adapted technology.

Whilst governments are moving away from permanent subsidies and tariff protection .towards liberalization of trade, they increasingly give support for technology development because it is start-up support that stimulates growth. Products which are being initiated, must compete on their own merits. Contrary to a policy of perpetual protection, stimulation of technology and product development is the appropriate way of encouraging industrial growth.

The Department of Trade and Industry adheres to a policy of full disclosure of information on innovation support for the electronics industry by means of the Innovation Support for Electronics (ISE) programme. Financial and other administrative information are publicized bi-annually in progress reports. Project-specific information is reflected in the reports as projects are completed, coinciding with final payment of allocated grants.

On 7 April 1992 the Director-General of the Department of Trade and Industry held a media conference to fully inform the media of the working of the programme.

Innovation support for electronic products was instituted on the recommendation of the Working Group for the Advancement of the Electronics Industry, because it is a positive and active approach to counter the negative trade

balance of electronic products of almost R3 billion.

The ISE programme is modelled on programmes in Britain and France. Grants are not repaid in terms of the British programme, but are repayable without interest charge, if the project is successful, in the case of the French programme.

Grants such as those of the ISE programme, are the most common manner of support in countries of the Organisation of Economic Co-operation and Development—up to 50 per cent of project cost—according to its 1990 report on industrial policy. Support amounts to about 38 per cent in the case of the ISE programme, and it is taxable. Development support in the past often took the form of tax concessions, but it is considered undesirable because of intransparency. Tax concessions are "secret" in any case.

The General Agreement on Tariffs and Trade (GATT) limits support for basic research to 50 per cent, and for applied reesearch to 25 per cent in developed countries. Support from the ISE programme is only about 20 per cent effectively.

The programme in its current form has the administrative advantage that expenditure is subject to budgetary control and is confined because it is start-up support. It is not a subsidy that will make the beneficiary dependent on support, but is a stimulus for renewal and growth.

Progress of projects is inspected regularly by officials of the Industrial Development Corporation (IDC) and the Department of Trade and Industry. Projects are not finalized without inspection.

An entrepreneur develops new products to obtain a competitive advantage in the market. He therefore does not reveal his development plans. A programme aimed at stimulating development likewise cannot make public information pertaining to the development. The Department of Trade and Industry and IDC undertook to publicize all projects which are completed or terminated.

Amounts which are allocated to projects vary between approximately R30 000 and R2 million and if the grants are converted to loans, it will create a substantial administrative burden.

(a) Allocations were made to 113 projects submitted by 71 firms in the period to 31 March 1992.

(b) In the period to 31 March 1992, 23 projects have been finalized, as shown in the table below. Further names and projects will be publicized as projects are completed (or terminated) because early publication may deprive the developer of his competitive advantage.

(c) The table below shows amounts received, which are always limited to the amount originally allocated, but which may be less.

(d) The identity, directors/members, shareholding and address of each firm can be obtained from either the Registrar of Close Corporations and of Companies, or from the registered office of the company.

(e) The table below shows names of developed products. These products were exhibited at the Department of Trade and Industry on 11 to 13 May 1992. Brochures and other technical information are available from the relevant firms. Approximately 300 concerns and firms of the electronic industry were invited to the exhibition, amongst whom the press also.

(f) The information is for the duration of the ISE programme, being from October 1989 to 31 March 1992. In the first 18 months only 3 projects were completed and one terminated, whilst in the following periods of 6 months each, 3 and 15 projects respectively were completed, and another one was terminated. There is thus a significant increase in projects completed, and this trend continues.

cont →

...t to refugees by Serbians

starve it into surrender.

In the Bosnian capital Sarajevo, there was sniper and machine gun fire in the old town throughout the night, and shelling of Muslim suburbs.

Bosnian radio reported a severe infantry attack on Saturday near the village of Turbe, 5km from Travnik, where the defenders are making their major stand.

Bosnian President Alija Izetbegovic told the UN Security Council the Serbians might be deploying ground-to-ground missiles in the area.

Travnik, an ancient town surrounded by mountains, has been overrun by refugees, many of them starving and freezing outside for lack of accommodation.

The head of the International Committee of the Red Cross office in Split, Croatia, said: "Should there be a change in the front line (in the Travnik region) we'll have another refugee shock to absorb."

The capture of Travnik would open the road to Sarajevo, which has been under Serbian siege for seven months. — Sapa-Reuter.

US deficit may grow

LITTLE ROCK — US President-elect Bill Clinton had not ruled out a short-term increase in the federal deficit if needed to revive the economy in January, a senior aide said at the weekend. BDAY 23/11/92

"The details have not been worked out," Clinton's communications director George Stephanopoulos said. Questioned on whether Clinton would be willing to drive up the deficit in the short run in order to get the economy moving, Stephanopoulos said: "I haven't ruled it out."

On the stimulus package, Stephanopoulos said that Clinton had not settled on any specifics and had asked advisers for a list of policy options by mid-December, about the time he holds his economic "retreat" for academics and business and labour representatives.

Clinton has indicated that if the economy is showing little growth by January, he will probably try to push through an immediate jobs package which will speed up the availability of federal dollars for road and bridge projects and give tax breaks for business investment. — AP-DJ.

Farm subsidy deal not acceptable — France

BDAY 23/11/92.

PARIS — The agricultural accord struck between the US and the EC on Friday was "unacceptable", French premier Pierre Beregovoy said at the weekend.

Beregovoy stopped short of saying France would exercise its veto to torpedo the accord. "We have before us difficult negotiations," he said in a statement released by the prime minister's office.

Beregovoy's comments echoed those of agriculture minister Jean-Pierre Soisson, who also called the accord unacceptable. But Soisson said a "definitive position" would not be taken until Parliament and the EC had been consulted.

Farm groups also rejected the agreement, calling for immediate demonstrations. Some urged France to use its veto power to scuttle the accord.

Farmers in Dijon set fire to bales of straw and tyres and tried to attack a MacDonald's hamburger outlet — as a symbol of US commercial interests — in protest against the trade deal.

France is asking the EC to verify the compatibility of the accord with the Common Agricultural Policy. The EC is to meet on Wednesday, the same day the French National Assembly is to open debate on the state of GATT negotiations.

Soisson said government would then seek a meeting of the EC's council of ministers "at which the foreign and agricultural ministers (of the EC) would set the definitive position of France and the EC".

Hours before EC and US negotiators concluded their agreement, French Trade Minister Dominique Strauss-Kahn took swipes at Britain and the US, saying they were largely responsible for the deterioration in trade relations between the EC and Washington. "They (the US) want to become the world's biggest exporter of food products and to wield a kind of food weapon over the rest of the planet," Strauss-Kahn said. "We want to resist that, and it goes well beyond defending the interests of French or European farmers."

A French farm group said on Friday that the US demands would halve the EC's share of the world grain market by 2000.

The General Association of Wheat Producers said in its November newsletter that it based its estimate on studies by the Organisation of Economic Co-operation and Development, the World Bank and International Wheat Council.

Meanwhile, in Tokyo, Japanese Prime Minister Kiichi Miyazawa, having welcomed settlement of the farm subsidy dispute, said Japan would stick to its ban on rice imports.

"Japan for its part will present its own assertion," said Miyazawa when asked about Japan's rice policy in the Uruguay round of GATT talks. There would be no change in Japan's opposition to a proposal that it instead levy high tariffs that should be reduced gradually.

The GATT committee is expected to resume talks in Geneva next week. — Sapa-AFP.

Angola may shun Unita with new parliament

LUANDA — Angolan political parties, including the ruling MPLA, have decided to form a new parliament with or without Unita, which they have urged to end military moves threatening to plunge the country into renewed civil war. BDAY 23/11/92

A congress of a dozen parties attended by President Jose Eduardo dos Santos and the MPLA agreed on Saturday to call parliament on Friday this week at the latest, after which a new government would be formed, Information Minister Rui de Carvalho said.

A final communiqué called on Unita to refrain from force and respect May 1991 peace accords which ended 16 years of war.

It also said Unita chief Jonas Savimbi should accept the results of a September 29-30 election which his organisation said was rigged.

Carvalho told reporters that Unita failed to show up at the meeting in a Luanda congress hall and had only itself to blame for ignoring the government's invitation.

"Unita isolated its own self," he said.

Savimbi had expressed concern over safety following the capture or deaths of leading officials in battles in Luanda three weeks ago. He had also sought safety guarantees for officials travelling to the capital from the group's central headquarters of Huambo.

Diplomats said the government had made little effort to include Unita at the congress, although the real test would be whether the group would take its seats at parliament.

A high-level government delegation, probably to be headed by Armed Forces commander General Antonio Franca "N'dalu", planned to visit Savimbi in Huambo next week to try to open a dialogue.

In the first promising move in weeks of political impasse, Savimbi said earlier this week he would accept the legislative results, although he still considered them fraudulent, and face a second round. But he declined to say whether he would respect the peace accords. — Sapa-Reuter.

Agreement between coffee groups likely

ABIDJAN — African coffee producers are ready to compromise with consumer countries on export controls in a new world coffee pact, producer sources say. BDAY 23/11/92

The 25-member Inter-African Coffee Organisation voted last week to recommend that producers take the main responsibility for stopping illegal exports when talks between producers and consumers resumed in London this week. (3) Coffee

"It's a compromise with the consumers," said Ivory Coast Commodities Minister Guy Alain Gauze after a four-day meeting in Abidjan.

The African producers met before the International Coffee Organisation gathers in London this week for the latest round of talks aimed at clinching a new agreement to boost low world coffee prices after price-supporting mechanisms in the previous pact broke down in 1989.

Until now, producers have pushed for the burden of policing export controls to be shared, saying consumer countries should be ready to turn away illegal shipments. Consumers said producers had to block illegal exports at their own ports.

Delegates agreed that consumers should have the right to use any coffee, legally or illegally shipped, once it arrived. The consumers' role would be to document all imports and report shipments exceeding any country's quota. — Sapa-Reuter.

COFFEE

Coffee price plunges, but not in SA

3 coffee

By Jacqueline Myburgh

South African consumers are unlikely to reap the benefits of a dramatic drop in the international coffee price which is threatening to damage the economies and social stability of some African and Central American producers.

Colombia has already appealed to President Bush, saying that it needs an international revival of coffee prices to help combat drug traffic and Uganda's export revenue could slip by $300 million (about R600 million) if sales do not improve.

Star 20/10/89

Despite the enormous drop in the price of coffee, South Africans could expect a rise in the price of local products, since chicory producers in the eastern Cape have been badly hit by drought, drastically reducing the size of their crops.

Mr Tim Young, chairman of the SA Tea, Coffee and Chicory Association and managing director of Liptons, said South Africa has been forced to import chicory, costing 50 percent more than the local product, to supplement supplies.

ABSORB

He said the collapse of the international coffee price would therefore not be reflected here since increasing production costs would also absorb any marginal drop in price.

"The costs of labour and packaging are increasing at the same rate as that of inflation," he said.

The collapse of an International Coffee Agreement will not affect South Africa since it is not a member of the International Coffee Organisation (ICO) and buys coffee on the non-member market — thus enjoying discounts of up to 60 percent on world prices.

The drop in the coffee price has brought member prices down to the non-member level.

South Africa does produce a small amount of coffee, but most is imported — with an estimated 15 000 tons being shipped in last year.

Beer price up as coffee drops

ST Times 1/2/89

By CHARIS PERKINS

TAKE a coffee break and read this — the price of the much-consumed beverage is about to drop.

But the bad news is that beer will cost more from tomorrow.

The Department of Trade and Industry has decided to drop the 15 percent surcharge on imported coffee beans from this week.

The chairman of the South African Tea, Coffee and Chicory Association, Mr Tim Young, said pure coffees would be between four and six percent cheaper, while mixes would cost about two percent less.

"We will drop our prices to pre-surcharge levels with immediate effect," said Nestlé corporate affairs manager Dave Upshon.

The South African Tea, Coffee and Chicory Association made representation to the Department of Trade in October — two months after the surcharge was imposed.

Dumpies

"We pointed out that coffee was a basic commodity," said Mr Young. "The consumer does not have a cheaper alternative."

Meanwhile, South African Breweries has announced an average 8,6 percent increase in wholesale beer prices from tomorrow.

Bottled beer will cost 9,3 percent more for 750ml and 11,4 percent more for pints.

Dumpies will cost about six cents more in bottle stores.

Coffee prices expected to fall

13/Day 9/1/89 RICHARD BARTLETT (3) coffee

THE price of pure coffees is expected to drop by about 6% due to a 5% surcharge imposed on coffee bean imports being dropped.

The surcharge was imposed in August last year as part of currency protection measures, said SA Tea Coffee and Chicory Growers Organisation chairman Tim Young.

Nestlé corporate affairs manager David Upshon said the wholesale or list price of pure coffees would drop by about 6% immediatly but it was up to retailers to drop the consumer price when they pleased.

COFFEE

Full of beans

South Africans have always shown a preference for coffee/chicory blends over pure coffees. Even when SA could buy coffee at a 60% discount on world prices, pure coffees, including instant, accounted for less than 5% of the market.

But now there is evidence that the pure coffee market is picking up. While volume sales of blends have remained static, Nestlé says the market for ground coffee has grown by 5%-6% since prices peaked in 1986 and for instant coffee by 3%-4%. But they still have a long way to go to reach pre-1985 levels. In that year, ground coffee consumption fell by 26% and instant coffee by 23%.

Just as soaring prices then contributed to the fall in consumption, so falling prices are now helping bring back drinkers. A 250 g jar of Nescafé has fallen by 36% from R13,99 in December 1986 to R8,99 today. The fall in the price of a 750 g tin of Ricoffy has been less dramatic. In stores where it cost R7,29 at the end of 1986, it now costs R5,69 — 22% less.

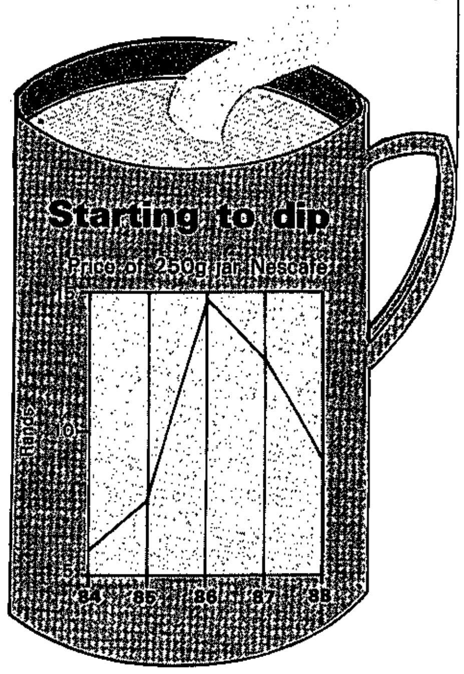
Price reductions would have been greater if they mirrored the fall in the commodity price. The London price has fallen to just over £1 000/t from a peak of £2 400/t two years ago.

But as a commodity broker points out: "To a large extent, this reflects the strength of sterling against the dollar." Checkers buyer Brian Sacks adds: "Prices are unpredictable, so coffee packers claim they need forward cover."

In theory, the existence of a fledgling South African coffee industry, based around Tzaneen, should help protect the country from the fluctuations of the world market. But so far, it produces 1 500 t out of total consumption of more than 18 000 t. Only arabica beans, which account for 3 000 t of local consumption, are grown commercially and, although 50% of those needs are met by South African growers, coffee packers have an agreement to buy at world prices.

The days are long gone when SA, as a non-signatory to the International Coffee Organisation (ICO), which controlled the world price, could buy coffee at a discount of up to 60% on official prices. This was before the failure of the Brazilian crop in the mid-Eighties, when the ICO quota system collapsed.

So that morning cup of coffee may cost less than it did last year, but the days of bargain basement prices are a thing of the past. Even our own emergent coffee industry won't take us back there. ■



D/Dispatch 11/02/88

Drought bites deep on Albany farms

(3) coffee

by JILL JOUBERT

GRAHAMSTOWN — Disaster drought conditions exist in many parts of the Eastern Cape.

"We are as badly off as the maize farmers," says the chairman of the Belton-Salem Farmers' Association, Mr Andre Bouwer.

At Paterson, farmers are having to collect water, some have been doing so for more than a year. Alicedale farmers, too, are drawing from the South African Transport Services (Sats) New Year's dam.

Several farmers are going, or have gone into liquidation.

"At least five — 10 per cent — of our farmers have left or are leaving the land," said the chairman of the Paterson Farmers' Association, Mr Amedee Buchner.

There is no cultivation of lands.

"We've been trying to save the little chicory there is, but for the rest we have not even planted crops," said Mr Calie Buchner of Paterson.

Two years ago, Paterson, with its 50 farmers, was on the crest of a wave. Farmers were planting crops as diverse as grapes and ground nuts.

Unless they have assistance, farmers spend their days collecting water. Some are making as many as five trips a day to the New Year's dam, travelling 20 km a trip.

Nanaga and Alexandria are in the same straits and to the north, less than one year's rainfall has fallen in two years.

Doyen of the Carlisle Bridge Farmers' Association, Mr Bennie Strydom, said: "My annual average should be 425 mm, but in two years I've had less than 325 mm, 100 mm less than the yearly expected rainfall."

Paterson is already on phase two of the drought relief scheme. Alexandria has been on drought relief since December 26, but Grahamstown's application for drought relief has been turned down.

Nanaga would get drought relief before Grahamstown, Mr Bouwer predicted. Yet all fell within the same ecological area.

"Let us take combined action in the future. At the moment there is no co-ordination, although all applications are handled by the Department of Agriculture," he said.

The situation at Kenton-on-Sea was also critical.

Many farmers would not be able to pay their chicory production accounts this year unless action was taken, he added.

At Eagles Crag, farmers Charles and Jennifer Fischer are spending their days riding water although so far they have been able to garner drinking water for themselves, two tenants and 10 black families from a number of rainwater tanks.

"We welcome every millimetre that falls. So far we have not had to drink water from the river which is of shocking quality now that it is running dry," Mrs Fischer said.

She has also lost her garden and says "it is heartbreaking, but we are pinching a bit of water for young trees".

The Fischers run about 600 boergoats, between 800 and 900 angoras and about 100 dorpers.

Their stock losses have been heavy as there is no regrowth on the veld, with the result that the stock are eating toxic plants.

Not all of these kill immediately. Sometimes there is a relatively long-term build up of toxicity in the system before the victim succumbs.

The Fischers are drawing about 30 000 litres a day just to water stock and provide household water.

"We are all suffering. A neighbour who relied on a relatively strong spring now has only a trickle," Mrs Fischer said.

Mr Piet Buchner said the rainfall at Paterson had declined notably during the last six years.

"The rivers and dams have dried up and we have had to ride water for about a year," he said.

He is running angoras and cattle and his son travels 125 km daily to collect five loads of water from the New Year's dam.

"Sats have been very co-operative," Mr Buchner added.

The dam has virtually become redundant now that the entire Port Elizabeth-Alicedale-Grahamstown-Port Alfred line has converted to diesel.

At least 14 Paterson farmers were riding water, Mr Amedee Buchner said.

"Boreholes have collapsed and some farmers have no water at all."

Some farmers, including Mr Piet Buchner, have struck it lucky.

He recently bored for ground water and had struck a strong spring. On other farms the ground water had all but disappeared.

"We are trying to salvage the little chicory, but fodder is our main problem," Mr Calie Buchner said.

Farmers were garnering what they could from the Fish River Valley, Drennan or Cradock where extensive lands are under irrigation from the Orange River.

"But there has been a terrific drain on surplus lucerne. Without a regular supplier it is very difficult," he added.

Previously he had managed to get some from the Kimberley and Hope Town Co-operatives and had gone as far as Hartzwater (Vaal Hartz irrigation scheme) in the past.

"We are very worried," Mr Buchner said.

However, the application of phases one and two had provided certain financial relief.

Phase one makes provision for a 75 per cent rebate on the railage of fodder, while phase two provides a subsidy on the price.

"It could be as much as R2 000 a month depending on a farmer's carrying capacity," he said.

AGRICULTURE - COFFEE

1987

JAN - JULY

36ffa

Chicory surplus concern

Southwell farmers are concerned about a projected chicory surplus which could be as much as 10 000 tons, it was revealed at a meeting of the Bathurst West Farmers' Association.

The demand for chicory in South Africa is 12½ thousand tonnes a year. It was estimated that this season's crop would be at least 17½ thousand tonnes.

Various export schemes had been suggested to Mr B F Weich, general manager of the Chicory Control Board, but the board had indicated they should await the surplus making plans for disposal. Suggestions about export markets through commercial channels had also been turned down.

Mr Weich told farmers: "We do our own exporting. Asked whether the board was keen to market out of South Africa, Mr Weich said this would be discussed at a board meeting in March.

Southwell farmers want to know what the board proposes doing with the sizeable surplus, and how much to plant for next season, it was added.

Mr Jas Clacey, extension Officer for the Department of Agriculture, told the meeting that the Bathurst Conservation Committee had set up a special sub-committee to look into chicory production and attendant problems.

Mr Dick Bladen, BWFA secretary, said one complaint was that some farmers got triple allocations at the drying plant when they had not even planted enough for a double allocation. Yet other farmers were being denied allocations.

He said: "It seems the board does not even know how much land is under chicory. Nor do members seem to be acting timeously in dealing with the surplus."

Dissatisfaction was expressed about the imbalance of farmers' representation on the Chicory Control Board.

The magisterial districts of Albany, Bathurst and Alexandria produce 98 per cent of South Africa's chicory crop — 60 per cent Albany and Bathurst and 40 per cent Alexandria.

Yet Alexandria farmers have three representatives on the board while Albany and Bathurst have only two.

It was decided to point out this imbalance to the East Cape Agricualtural Union and to take it to the Chicory Growers' Association for discussion.

The board also has two representatives of coffee manufacturers, one representative of the Chicory Growers' Asosociation and one extra by invitation.

FARMING ON FRIDAY

Edited by

GLYN WILLIAMS

POST, FRIDAY

POST

3 COFFEE

...wer coffee price to filter through

Post Correspondent

JOHANNESBURG — Coffee drinkers have not yet had the full benefit of lower prices of raw coffee beans on the international market but retailers expect prices to drop soon.

A survey by The Star showed that, between June last year and January this year, the price of pure coffee granules increased by 67%.

Over the eight-month period, Nescafe increased in price from R7,76 to R12,99 for a 250g bottle.

In January, supermarkets decreased their coffee prices slightly and a 250g bottle of Nescafe retailed at R11,75 — including GST.

A buyer for a retailing company said that, while some coffee suppliers had passed on dramatic price declines in raw coffee bean prices, others had not "seen fit to follow this lead".

A price reduction by one manufacturer enabled supermarkets to lower the price of one brand of instant coffee by R1 (for 250g) in January.

A survey conducted by a Johannesburg marketing company showed that between June last year and January this year, price increases for various brands of the cheaper instant coffees varied from 32c to R1,32.

Price variations are influenced by the type of beans and quantity of coffee in blends, many of which contain chicory or barley.

Pure coffee will benefit more from lower raw coffee bean prices on the London Coffee Futures Market.

Between July last year and January this year, the price of pure ground coffee increased by 14% for a 250g packet of ground coffee beans, previously sold for R4,79, now sells at R5,49.

The chairman of the South African Tea, Coffee and Chicory Association, Mr G D Varnals, said that the impact of lower overseas coffee prices would take a while to "filter through to the consumer".

Coffee prices tumble

DD
3 coffee
3/4/87

JOHANNESBURG — The prices of coffee, peanut butter and peanuts, which soared at the end of last year, have dropped.

The second cut in the price of coffee this year came into effect yesterday bringing the price of some house name brands down to R6 for 750 g, according to radio news reports.

This represents a drop of 15 per cent in the price of coffee in the past month.

Peanut butter, which shot up by about a rand for a 410 g jar at the end of last year, has come down by about fifty cents and now retails at about R2,29. —Sapa

FM 3/7/87 (3 Coffee)

COFFEE

More beans

Brazilian coffee production has bounced back from a 1985 drought and may push world output to its highest level since 1981-1982.

The US Department of Agriculture (USDA), in its first world coffee production forecast of this year, estimates production for 1987-1988 at 97,8m 60 kg bags, up 27% from last year. Virtually the entire increase is attributed to South American production, forecast at 50,5m bags, up 20,7m.

Brazil, the world's largest producer, is expected to harvest 35m bags, more than 2,5 times the drought-hit 13,9m of 1986-1987.

Jack Roney, a commodity analyst at USDA, says the seeds of Brazil's "terrific recovery" grew out of the drought. Higher prices in early 1986 allowed growers to make capital improvements and plant new trees.

In Colombia coffee production in 1987-1988 is forecast at 10,7m bags, down 3%. Output will be down as well in Ecuador, forecast at 1,95m bags, 14% less.

The forecast 15,7m bags for North and Central America and the Caribbean region is 2% below last year. Mexico, largest grower in the region, is set to produce a record 4,85m bags, up 5%. Incentive programmes — offering free nursery stock, loans of special chemical applicators and discounts on fertiliser — have boosted output. ■

AGRICULTURE - CATTLE

1983 - 1985

From Page 1

SA's future hangs in the balance

the complicated financial affairs of the Minister, but local politicians expect old loyalties to carry the day.

A defeat for the verligte Labour Minister, author of a series of enlightened laws that have transformed the labour scene, would be a devastating blow to Mr P W Botha's reform plans. It would almost certainly throw the Government into crisis, undermine the verligtes in the caucus, and probably lead in time to a general election.

In Waterberg, a constituency that still nurses the memory of the time Mr Hans Strijdom alone stood against the United Party in the Thirties, CP leader Dr Andries Treurnicht is trying to repeat history by leading a Right-wing revival.

However, the Right-wing vote is split between him and his arch-enemy, Mr Jaap Marais, leader of the Herstigte Nasionale Party, and this may enable the Nationalist candidate, Mr Eben Cuyler, to slip ahead.

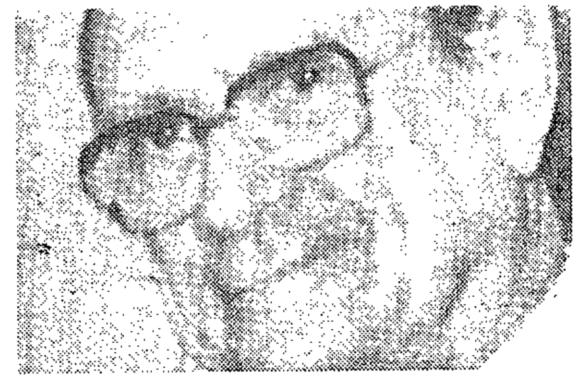
In Waterkloof, veteran political organisers say the contest between four parties is "too close to call" but the PFP's Mr Tertius Spies can win if he picks up 5 500 to 6 000 votes against the NP's Dr Org Marais. In the last election the PFP won about 4 800 votes, and party organisers say the outcome could hinge on 3 000 "missing" voters. A heavy poll is expected.

A Nationalist victory in all three constituencies would put fresh heart into Mr Botha's supporters and make rapid reform of the constitution inevitable. Mr Botha himself might become a virtual one-man ruler within a year. A PFP win in Waterkloof, far from weakening this move, might actually strengthen his hand.

It is in Waterberg and in Soutpansberg — and to a lesser extent in the provincial contest in Carletonville — that danger to his plans lies. Recent elections have shown that the Nationalists would be defeated by a united Right-wing opposition in Germiston, Parys, and the Free State constituency of Bothaville. Confirmation of this trend in the "Battle of the Bergs" would put Mr Botha's Premiership at risk.

A combined Left-Right defeat, in which the PFP took Waterkloof while the Conservatives took either of the northern seats, would be demoralising to the Nationalists.

☐ Report by Barry Streek, of 36 Woodside Road, Tamboerskloof, Cape Town; and Jean le May, 171 Main Street, Johannesburg.



● Mr Fanie Botha — labour reformer

Agonising wait for 'Suffering Tour'

By ANDREW DONALDSON

THE FATE of 'Suffering Tour' — the Quibell Brothers' package of militant Jamaican reggae acts that was due to start at the Colosseum on Tuesday night — is hanging precariously in the balance.

Mr Brian Quibell said yesterday confirmation that the tour was on could only be given tomorrow, when Don Carlos, the bill's headliner, picked up his South African visa in London, where he would arrive from Canada.

Confusion set in when the brothers "couldn't get it straight" from Carlos' London agent. There had been no political opposition to the tour, he said.

Because of the late arrival of the reggae stars, Carlos and Ashanti Roy, plus their backing groups, the venture will probably open at the Colosseum on Friday or next Monday.

● Posters at Johannesburg's Colosseum Theatre are still up, although the fate of the reggae tour is in the balance.

was off. No reasons for the "cancellation" were given.

"We have been refunding tickets since Tuesday," Mr Tucker said.

Mystery surrounds the tour's headlining act. It was first advertised that Carlos, a singer-songwriter whose popularity has emerged considerably in the last two years, was to top the bill.

Spokesmen at Gio Music, the company that markets Carlos' albums in South Africa, were sceptical. "I will only believe Carlos is coming to South Africa when I see him in the flesh," said one.

Later, Creation Rebels, a group reportedly fresh from a succesful European tour, were billed as the top act.

Mr Ian Ozrin, another record company spokesman who is banking on the tour to provide an audience to promote a local musi-

'Double standards will keep SA on ice'

By BARRY STREEK

APARTHEID and racial discrimination will still keep South Africa isolated from world sport.

This blunt warning to the Government was made by the Progressive Federal Party in Parliament this week.

PFP MPs said the discriminatory spending on school sports facilities, the application of apartheid off sports fields, racial decisions by local authorities and the refusal of a passport to Hassan Howa would reinforce South Africa's isolation.

The PFP's new spokesman on sport, Mr Mike Tarr, speaking in his capacity in Parliament for the first time, said the application of double standards in South Africa would ensure contin-

double standards was that although the racial laws governing sport had been changed, black sportspeople could not travel on the same train as their colleagues nor could they go to the same cinema.

The segregation of beaches and the banning of black people from parks in Pretoria also influenced the attitude of the outside world towards South Africa.

Mr Ken Andrew, MP for Gardens, said the Government spent R9,84 on the promotion of sport among white schoolchildren but only 41 cents on every black schoolchild.

It had spent only R14 700 that the 226 000 black people in the Cape Peninsula only had 12 sports fields.

"This fact not only makes the claim of no racial barriers in sport almost meaningless, but it is also an absolute disgrace and, I believe, is a scathing indictment of this Government and its policy down the years," Mr Andrew said.

In the Cape Peninsula there were over 3 000 black high school children but they only had one sportsfield.

"There has been welcome progress in the development of nonracial sport in South Africa, but the obscene discrepencies in facilities make a mockery of the concept of

President of the South African Cricket Board.

He said this decision would be used against South Africa throughout the world.

"More damage is being done to South African sport by the denial of Mr Howa's passport, than allowing him to go overseas and to be seen and heard in the custom in which we have seen and heard him in this country."

The Minister of National Education, Dr Gerrit Viljoen, should stop this government interference in sport, he said.

Replying to these attacks, Dr Viljoen defended the refusal of a passport to Mr Howa.

But he admitted there was "a big backlog" in the provision of sports facilities for

Yes.

(a) (i) 121.

(b) (i) 8.

(ii) and (iii) A list indicating the situation of each centre and the enrolment as at June 1984 will be made available to the hon member.

Hansard Q. 61. 1931 5/7/84

Tertiary education institutions

1097. Mr S S VAN DER MERWE asked the Minister of Internal Affairs:

(1) (a) How many (i) universities, (ii) technikons, (iii) training colleges and (iv) other specified tertiary education institutions were there for (aa) Coloured and (bb) Asian persons in the Republic as at the latest specified date for which figures are available and (b) in which province are they situated in each case;

(2) how many students were enrolled in each of these institutions in 1984?

The MINISTER OF INTERNAL AFFAIRS:

As at 26 June 1984:

			(aa)	(bb)
(1)	(a)	(i)	1	1
		(ii)	1	1
		(iii)	13	2
		(iv)	6	None

(b) and (2)

For Coloureds	Enrolment
Universities and Technikons:	
University of the Western Cape, Cape Province	6 068
Technikon Peninsula, Cape Province	2 271
Training Colleges:	
Athlone Training College, Cape Province	280
Bechet Training College, Natal	280
Bellville Training College, Cape Province	608
Dower Training College, Cape Province	583
Hewat Training College, Cape Province	717
Perseverance Training College, Cape Province	312
Roggebaai Training College, Cape Province	646
Sally Davies Training College, Cape Province	25
Söhnge Training College, Cape Province	188
Southern Cape Training College, Cape Province	273
Wesley Training College, Cape Province	217
Zonnebloem Training College, Cape Province	223
Rand Training College, Transvaal	347
Other Education Institutions:	
Kromme Rhee Agricultural College, Cape Province	9
Bethelsdorp Technical College, Cape Province	100
R C Elliot Technical College, Transvaal	80
Highveld Technical College, Transvaal	70
L C Johnson Technical College, Natal	180
Proteaville Technical College, Cape Province	250

Although Technical Colleges are not instituted to provide tertiary education, significant numbers of students at the technical colleges mentioned follow courses on a tertiary level and the institutions are therefore included in the reply. The enrolment figures given are of students taking courses on a tertiary level.

For Indians	
Universities and Technikons:	
University of Durban-Westville, Natal	6 573
M L Sultan Technikon, Natal	3 236
Training Colleges:	
Springfield Training College, Natal	1 246
Transvaal Training College, Transvaal	448

Hansard Q. 61. 1933 5/7/84

Institutions for the aged

1100. Mr S S VAN DER MERWE asked the Minister of Internal Affairs:

(1) With reference to his reply to Question No 1011 on 15 June 1984, (a) how many private institutions for the aged were there in the Republic for (i) Indian and (ii) Coloured persons as at the latest specified date for which figures are available, (b) what total number of (i) Indian and (ii) Coloured persons can be accommodated in these institutions and (c) how many applications from (i) Indian and (ii) Coloured persons for admission to these institutions were (aa) received and (bb) refused in 1982 and 1983, respectively;

(2) (a) how many persons can be accommodated in the old-age home for Coloured persons referred to in the above reply and (b) how many applications for admission to this home were refused in 1982 and 1983, respectively?

The MINISTER OF INTERNAL AFFAIRS:

As at 22 June 1984:

(1) (a) (i) 2.

(ii) 29.

(b) (i) 255.

(ii) 2 275.

(c) The admission and refusal of applicants to private old-age homes rest exclusively with the management of such institutions and no statistics are available in the Department in this regard.

(2) (a) 170.

(b) 1982—7;
1983—8.

3 Cattle ~~3 Wool 3 Meat~~

Cattle/sheep/goats/pigs

Hansard Q. 61. 1934 5/7/84

1120. Mr P A MYBURGH asked the Minister of Agriculture:

(1) How many (a) head of cattle, (b) sheep, (c) goats and (d) pigs were there in the Republic in each of the latest specified three years for which figures are available;

(2) how many (a) head of cattle, (b) sheep, (c) goats and (d) pigs were slaughtered in the Republic in each of these years;

(3) (a) how many (i) cattle, (ii) sheep, (iii) goats and (iv) pig carcases were imported into the Republic in each of the latest specified three years for which figures are available and (b) from which countries were these carcases imported in each case?

The MINISTER OF AGRICULTURE:

(1) (Period August/July)

	(a)	(b)	(c)	(d)
1980/81	8 352 737	30 743 088	2 758 103	977 739
1981/82	8 445 323	30 671 211	2 861 186	1 034 109
1982/83	8 203 891	29 121 307	2 774 448	1 005 100

(2)

	(a)	(b) + (c)	(d)
1981	1 667 657	6 782 078	1 333 358
1982	2 023 752	7 787 516	1 529 063
1983	2 087 751	8 128 771	1 721 299

(3) (a) and (b) Only beef was imported.

	SWA/Namibia	Botswana	Swaziland
1981	38 826	88 104	71
1982	50 255	74 939	439
1983	50 935	72 115	1 319

297 333 Hansard

Social workers

Q. 61. 1935 5/7/84

1132. Dr M S BARNARD asked the Minister of Internal Affairs:

(1) What are the present subsidies paid by his Department to private welfare organizations for the different post levels of social workers;

(2) what percentage of the scale average for social welfare positions is paid by his Department to private welfare organizations;

(3) whether this percentage is to be increased; if not, why not; if so, (a) when and (b) by what amount?

The MINISTER OF INTERNAL AFFAIRS:

(1) Social Worker R19 496,59;
Supervisor R23 791,09;
Control Post R25 201,84;
Chief Control Post ..... R25 969,84.

(2) 75 per cent.

(3) No, because no funds are available for higher subsidies.

Universities: Arabic/Islamic studies

1140. Mr G B D McINTOSH asked the Minister of Internal Affairs:

(a) At which universities falling under his Department are courses in (i) Arabic and (ii) Islamic studies offered and (b) how many students are enrolled for these courses at each specified university?

The MINISTER OF INTERNAL AFFAIRS:

		(a)	(b)
(i)	University of the Western Cape		22
	University of Durban-Westville		269
(ii)	University of Durban-Westville		152

FRIDAY, 6 JULY 1984

†Indicates translated version.

For oral reply:

*1. Dr M S BARNARD—Health and Welfare—Reply standing over.

Port Elizabeth: interview with mayor

*2. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

(1) Whether he recently received a request for an interview from the Mayor of Port Elizabeth; if so, when;

(2) whether he acceded to this request; if not, why not; if so, when?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The reply is yes. I received an indirect request, which reached me on 11 April. I reacted negatively to the request because I judged according to the circumstances that such an interview could not serve any purpose.

Pinetown area: telephone subscribers

*3. Mr R B MILLER asked the Minister of Posts and Telecommunications:

Whether his Department recently took any steps in respect of the (a) method of and (b) time cycle for rendering accounts to telephone subscribers in the Pinetown area; if so, (i) what steps, (ii) when and (iii) why?

The MINISTER OF ENVIRONMENT AFFAIRS AND FISHERIES (for the Minister of Posts and Telecommunications):

(a) and (b) No; but due to the tariff increase which came into effect on 1 April 1984, it was necessary to read all meters, including those of Pinetown, on that date. In the case of Pinetown the meters normally would have been read on 11 April 1984. The advancing of the meter reading date resulted in a shorter metering period for the April accounts and a longer period for the May accounts;

(i), (ii) and (iii); fall way.

Alcohol-free beer

*4. Dr M S BARNARD asked the Minister of Industries, Commerce and Tourism:

(1) Whether he has received any representations or complaints concerning alcohol-free beer; if so, (a) when, (b) from whom and (c) what was (i) the nature of the representations or complaints and (ii) his response thereto;

(2) whether he has caused any tests to be conducted on such beer to determine the alcohol content thereof; if so, (a) when and (b) what were the results; if not, why not;

(3) whether any action is to be taken in this regard; if not, why not; if so, what action?

†The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM:

(1) No.

(a), (b) and (c): Fall away.

(2) No, because there have been no representations or complaints.

(a) and (b): Fall away.

(3) No. In the absence of any representations or complaints it is not clear what action the hon member has in mind.

Cruelty to animals: legislation

*5. Mr R B MILLER asked the Minister of Justice:

(1) Whether he will give consideration to having a commission of inquiry ap-

The 'grazing raiders' from the dry Ciskei

E. Post 25/6/83 3 Cattle

Weekend Post Reporter

HUNDREDS of starving Ciskeian cattle are crossing the South African border at the Fish River to graze on bordering farms, according to farmers in the area.

In one case, they allege, prime land, which had been kept unused as part of a rotational grazing programme, has been "grazed flat" by hungry stock from the Ciskei.

Another matter for concern, the farmers say, is that the invading animals, often tick-ridden, are infecting herds with a variety of tick-borne diseases, among them redwater, heartwater and gall sickness.

The crisis has arisen because drought has exhausted grazing on the Ciskei side of the border.

Some South African farmers suspect that the animals are driven across the border by night, a situation known as "midnight grazing".

They want to maintain good relations with the Ciskei folk at the same time as protecting their rights and property.

A proposal from the Albany and Bathurst Farmers' League has been sent to the MP for the Albany district, Mr Errol Moorcroft, requesting him to ask the South African Government to contact the Ciskeian Government to find a way of overcoming the problem.

They believe a permanent border control would be one solution.

Mr Norman Clayton, convener of the farmers' group investigating the situation, was the farmer who complained that prize grazing land being kept away from his own stock as part of a rotational grazing plan had been grazed flat.

In addition, he said, one of his best bulls, valued at R3 000, nearly died after contracting redwater

A proposal to fence the border from the Fish River Mouth to Fort Brown has been rejected for practical reasons

The Fish River has been known to flood unpredicatably and a fence above the flood plain would deprive one or the other side of valuable riverside grazing.

Hunting and poaching on the South African side of the river are other worries facing the farmers.

There have been allegations of 15 or more men with packs of dogs being seen in hunting parties.

At times farmers have had to shoot dogs, but there is also reluctance to do so for fear of provocation.

The Department of Nature Conservation in Port Alfred now patrols the river bank

AGRICULTURE — OTHERS.

COFFEE — 1980 — 1986.

COFFEE

(3) Coffee FM 8/2/80

Percolating prices

Although coffee prices are tumbling on world markets, this is unlikely to effect a drop in retail prices in SA. But South Africans traditionally pay less for coffee than do overseas consumers anyway. The reason is that SA coffee roasters don't buy from South American growers, such as Brazil and Columbia, but from African producers.

Historically prices in Africa are 10-15% lower than reigning world prices. In London, coffee prices recently dropped about £35 a metric ton on cash deliveries for African and Indonesian robusta coffees and £28 for the same coffees on deliveries due in March.

Last year Bogata, the cartel of major coffee producers, held spot market prices firm at £1 700 to £1 800 per metric ton. The cartel had resources estimated at $400m to manipulate the market and buy back unsold stocks to keep prices artificially high. However, the financial muscle to keep prices artificially high is no longer available. Prices dropped and now average between £1 400 and £1 500.

Columbia decided to lower its export price in advance of "a hard-sell campaign on world markets." Comments one wholesale coffee buyer: "The main reason for the drop in coffee prices is world wide over-production."

He is unable to quantify by what percentage supply exceeds demand. He volunteers only: "They're starting to reap the new crop in major producer countries while a lot of unsold coffee is still left over from last year's crop."

SA coffee roasters normally carry a six months stock. One wholesaler says that even if coffee prices held around £1 400-£1 500, "there is no way we can consider a price reduction." In fact, prices are likely to go up about 5% in April.

In 1978 coffee prices in SA "came down substantially." Prices levelled off in 1979. Only one 15% increase was introduced last year. The situation now is that SA roasters are paying more for coffee than they did last year, if prices are averaged out. "So a price drop to consumers is most unlikely."

There is equally little likelihood of SA coffee growers producing enough to satisfy demand and at a lower price. In 1979, SA production filled only 4% of overall demand; 96% was imported.

It is expected that during 1980, SA growers will supply 5% of local needs. A realistic projection for the long term is no more than 10%. Prices for SA-grown coffee are roughly 20% cheaper than spot prices on overseas markets. Currently coffee imports into SA are an estimated 16 000 t a year at a cost of about R50m. We drink an awful lot of coffee in SA.

3 (coffee)

PIT DIGGERS GET A RISE — OF ONLY R6

By MATHATA TSEDU

WORKERS employed at the Phaswana Boerdery coffee plantation in Venda, who were paid a maximum of R23 for men and R16 for women a month, have been given R6 pay increases.

Added to this 'improvement" is a 25 kg bag of mielie meal twice a month and a number of "pills for round worms", according to the workers.

The Phaswana Boerdery is owned by the Venda Development Corporation (VDC) and the giant tea estate owners, Sapekoe. The project manager, a Mr Craib, refused to confirm the "improvement" and referred **POST** to a Mr Muller at the Sapekoe head office in Tzaneen who also refused to comment.

EXPOSED

The increase comes after **POST** exposed the harsh working conditions at the Tshifudi-based project coupled with meagre earnings for the workers.

Our investigations had revealed that: men and women who dig 108 pits each one metre deep a day are paid one rand and 70 cents respectively. This worked out to less than a cent for every metre deep pit. Also a worker who falls short of this quota forfeits his/her earnings.

The investigation also revealed that workers injured on duty are sent home or to hospital and have to pay their own hospital bills. There are no end of the year bonuses or pensions and workers are not paid for public holidays and work during rainy days. Tractor drivers were paid a nett wage of R38.

The workers said the R6 was given to all workers and was effective last month ' together with mielie meal and the pills. A worker who stays away from work forfeits the mielie meal, they said.

The work load has not improved, they said. The increase means that workers earn a maximum of R29 and R22,10 for men and women who dig pits. This works out to just a little over a cent for each pit.

The secretary for Venda-land Department of Economic Affairs, Mr M R Madula, told **POST** last December that his department had no say in salary determination of companies that operate in the "Republic". (Venda)

FATTIS & MONIS STRIKE

Inyanga ngoku sele izakuphela abasebenzi abangama - 88 bakwa Fattis & Monis efektri eBellville South benogwayimbo. Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi abahlanu ebebesebenza nabo. Bathi unobangela wokugxothwa kwaba basebenzi bahlanu, kukuba bebengamalungu eTrades Unions. Le union ibe izama ukwenza uphendo nonthethwathethwano lokuba kunyuswe imali ibeyi - R40 ngeveki yay kusetyenzwe iyure ezisi - 8 ngemini. Umphathi weFektri leyo uthe ezizinto bazifunayo zingaphezu kwamandla yaye ziya kwenza uqhushululu efemini.

Abasemagunyeni kumbutho weUnion onamalungu ayi 10 000 (amawaka alishumi) obizwa ngokuba yi Food and Canning Workers Union bathi abo bagxothiweyo bebesayinile amaphepha anika i-Union igunya lokuba benze uthethwathethwano ngemeko ezibetele ekunokuthi kusetyenzwe phantsi kwazo. Ifektri leyo ilalile oluthethwathethwano ne Union. Ifektri ibalula into yokuba omatshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Nangona aba bagxothiwyo ingabantu bebala uninzi lwabo bagwayimbi leyo ngamagoduka abantu abamnyama. Nangona bathe bagrogri
basebenzi bamnyama bame bemi kwicala lab
Ngosuku lokuqala logwayimbo indoda emele
Bala kubantu abamnyama xa bebemengaphand
omnye wabo uthe "Silapha sonke yaye iinj

Ayenda amanani abantu abazibanakanyi leyo
yeentlanganiso zokuxhasa abasebenzi kwi
University nakwano Kolegi ababafundi kwe
U.W.C., Hewat, Bellvill Technical Colleg
bathe abasebenzi mabaphinde baqeshwe kun
ingathengwa.

Umbutho oyi Western Province Traders Ass
awo ukuba angayithengi imveliso yaleFekt

Umbutho oyi South African Council of Spo
zonke izikolo ezinonxibelelwano kunye na

Improved coffee on way?

3-Coffee NM 28/11/80

London Bureau

THE NEW international coffee agreement will enable South African importers to buy improved-quality coffee.

Though Zimbabwe recently became the 69th member-nation of the International Coffee Organisation, South Africa's political policies keep it out in the cold.

The ICO is made up of importing and exporting nations and in terms of the new agreement, exporters will be restricted to quotas.

Big surplus

'Since there is likely to be a large coffee surplus next year, exporting countries will be only too happy to sell their excess coffee to non-member countries such as South Africa,' says Mr Angus Kerr of the coffee-trading firm, Socomex.

Mr Kerr deals with South African firms and advises them to take advantage of weak market conditions and buy top-rate Brazilian coffee at the discounts prevailing in the market.

He says that Brazil's crop will be large in the coming season unless there is a frost.

Awful lot of coffee nits in SA

(3) Coffee

S. Times 30/5/82

By MIKE WADDACOR

COFFEE, to South Africa, is about as traditional as beskuit and boerewors.

But, says a specialist, South Africans still need educating before they can really appreciate the beverage.

Many of them need to be educated about the art of selecting and preparing top-quality coffee, which is now being grown in Natal and the Eastern Transvaal.

The managing director of the Coffee Corporation of South Africa, Mr Elias Olivier, says South African coffee is among the finest in the world.

But many local folk are content to drink a lower-grade imported coffee mixed with chicory.

"The South African coffee industry represents one of the most exciting areas for public and agricultural investment today.

Tropical

"Traditionally, coffee has always been produced in tropical areas such as Brazil, Columbia and Indonesia.

"But after almost a decade of research, the Nelspruit Citrus and Sub-tropical Institute has developed a series of farming techniques that have overcome the climatic differences found on our subcontinent.

"Cultivars have been developed to suit our conditions," said Mr Olivier.

South Africa is producing about 600 tons of coffee on 1 500ha of land in various parts of the Eastern Transvaal and Natal each year.

The country imports between 18 000 and 20 000 tons of coffee a year.

Cheaper

"Of the 18 000 tons of coffee imported in 1979, only 3 000 tons was high-quality Arabica coffee.

"The balance was the lower-grade Robusta variety. This was due to two factors.

"Robusta is a different variety normally blended with chicory and other ingredients and is therefore much cheaper.

"South Africans have become used to coffee and chicory blends," he said.

As a result, the Coffee Corporation, in liaison with the House of Coffees, plans to launch a three-point educational programme over the next year:

- To introduce good quality coffee to the South African public.
- To show that local coffee is among the world's best.
- To dispel popular misconceptions about the brewing and serving of the beverage.

Coffee 3 D. Dispatch 3/8/82

Good chicory crop valued at R10,4m

ALEXANDRIA — The 1981/82 chicory crop totalling 18,3 million kg dried root, was the second largest in the history of the industry reports Mr B. F. Weich, general manager of the Chicory Control Board.

The market value for it has been fixed at a record amount of about R10,4 million as compared with the previous highest figure of R7,0 million for the 1980/81 crop.

It is expected that a fairly large middelskot on the crop will be paid to farmers in October, and the payment of the agterskot will be determined by the sales of the surplus early in 1983, said Mr Weich.

He said that the quality of the undried root received, except for some fibre in the beginning and thin root at the end of the season, was of a fairly high standard and the yield of dry matter at 29,4 per cent, well above the average.

The larger input and better utilisation of the factors of production coupled with the good yield of dry matter favoured the drying costs and a substantially higher producers' price can be expected.

Sales for 1982 have been estimated at about 14,1 million kg dried root as compared with 15,6 million kg last year Mr Weich said. The decrease in sales can be attributed to the fact that one or two of the larger buyers who started the year with substantial stocks have decided, with other buyers, to carry smaller stocks in view of the sharp increase in interest rates.

Mr Weich said that because of the prolonged drying season and low rainfall during the first half of this year, considerably less chicory has been planted so far and unless there was a substantial increase in late planting, the 1982/3 crop, together with this year's carry-over of about 4,2 million kg dried root, may not be enough to satisfy the country's needs for 1983, estimated to be about 15 million kg dried root.

According to Mr Weich, producers who still intend planting chicory this year can do so on a fairly big scale knowing that they will be receiving a good price for their product.

Coffee scheme: Experts cautious on quick returns

By SYLVIA VOLLENHOVEN

INVESTMENT experts have reacted with caution to a coffee-growing company's scheme which offers a quick money-making return from coffee plantations.

The Pretoria-based company, Coffee Corporation of South Africa (Cofcor), has launched a widespread advertising campaign which tells potential investors: "Make money out of coffee now!"

Dr Danie Craven, president of the SA Rugby Board, is a member of the board of Cofcor.

Cofcor's publicity blurb claims that "with every sunrise your dividend grows".

But experts warned this week that the fledgling coffee company could be dishing out "unrealistic" promises to investors.

Cofcor denies this and says that the coffee industry in South Africa could be developed into a very lucrative venture.

Cofcor recently registered as a public company. It has been selling coffee trees or rights to investors since it was launched two years ago.

Cofcor says these rights were being converted into shares in the company which owns coffee plantations in the Lowveld.

For a minimum R21 investment, Cofcor offers interest rates of between 25 and 40 percent in three years.

Cofcor advertising says the company has initiated "a unique investment plan" which makes it possible for individuals to invest in coffee in the form of an easy monthly saving.

The managing director of Cofcor, Mr Elias Olivier, told the Sunday Times the company would eventually be able to compete with the South African coffee giants — Nestlé and T W Beckett.

"We are the dumping grounds for the world's worst coffee. The importers are importing the cheapest coffee they can get," said Mr Olivier.

He said Cofcor would not only grow its own coffee, but would also roast, package and market it.

He said South Africans had been "brainwashed" into drinking inferior coffee.

The Cofcor coffee would be of superior quality and competitive pricewise, says Mr Olivier.

But investment experts approached this week say there could be many a slip between investing and reaping the rich rewards offered by Cofcor.

No problems

"With that kind of interest rates they should have no problems getting investors.

"But why are they going to the man in the street to raise money?" asked a Barclays Bank investment adviser.

The adviser, who did not want to be named for professional reasons, said any organisation that had a potentially valuable business proposal could normally get capital backing quite easily.

A director of a firm of stockbrokers said agriculture-related investments normally carried a high risk.

"The climatic risks make the outcome very uncertain. People have to ask themselves is it feasible and is it attainable," said the stockbroker.

"With a R21 minimum investment they are really looking at the lower end of the market.

"But you must look at how realistic their assumptions appear," he said.

Mr Derek Varnals, chairman of the South African Tea, Coffee and Chicory Association (SATCCA), said the Cofcor crop yield and price predictions were "considered to be unrealistic".

"In terms of the prices projected by them it could still be cheaper to import coffee. We think they are being too optimistic."

Mr Varnals explained that the local coffee industry used mostly the robusta type bean because it was particularly suitable for instant coffee extraction.

But only the arabica bean — there is a relatively small demand for it — was being grown commercially in South Africa.

"The roasters are worried that there could be excessive planting (of the arabica bean) in relation to the demand," said Mr Varnals.

Dr DANIE CRAVEN

Mr Olivier denied that the Cofcor crop yield and price predictions were unrealistic or that it was a very high-risk investment.

He said people who bought rights to Cofcor coffee trees could already make a profit of "over 100 percent on capital growth".

The Cofcor advertisements state that the crops are insured and in addition, the "value of (the) investment is insured by means of an endowment policy endorsed by a large insurance company".

Mr Olivier declined to name the insurance company. He said that although they had permission to do so it was "not company policy".

Dr Craven told me he had every faith that Cofcor was a profitable venture.

"The climate is right, the water is there and the soil is fertile. What's more we have experts at the helm.

"We import so much coffee, we can do with a local product. It will be superior quality and people will be willing to pay more for a better product," said Dr Craven.

Contact

He had invested "a considerable amount" with Cofcor.

Asked about Dr Craven's position on the three-person board of directors, a spokesman for Cofcor in Cape Town, Mr Walter Scott, said:

"He is a contact director. He is not a fundi on coffee or a businessman of any repute, but he knows all the Cabinet Ministers by first name.

"If we want to talk to the Minister of Commerce and Tourism we get Danie Craven to pick up the phone."

(3) Coffee

Instant, yes — but coffee . . .?

Hannes Ferguson, The Star's Farming Correspondent, investigated the coffee industry in South Africa. He believes consumers are paying too much for instant coffee and chicory extracts. His findings are disputed by the SA Tea Coffee and Chicory Association which claims the instant coffee market is highly competitive.

South African instant coffee could be a cheaper drink — but it is not.

According to the Central Statistical Services, the housewife is paying an average of R1,60 for 250 g of mixed instant coffee (about R6 a kg). A cost flow model drawn up by an expert shows that an instant coffee-chicory blend could be produced at a cost of R2,29 a kg.

The model shows what one kilo of instant mixed coffee should cost the packer to produce. The figures represent standard costs, not actual outlay by any individual firm.

If supermarkets take a 12 percent markup, the packers could be making up to R3 a kg.

How is such a situation possible? Some answers include:

● The packers buy in cheap coffee and this benefit is not passed on to the consumer.

Packers pay about R990 a ton for robusta coffee beans largely graded "residuo" (undergrade).

The quality is so poor that in one case the SA Council for Medical Research complained the beans used for instant coffee had been severely contaminated with a fungus which could cause kidney failure.

● The packers insist on buying robusta coffee beans for their instant mixes — although the quality is not as good as arabica coffee.

If arabica were used in instant coffee, the coffee flavour in instant would be milder and more true to real coffee.

Food technologists say packers prefer to use pungent-flavoured robusta beans because less coffee is needed in instant blends than if arabica were used. Only 2,6 kg of robusta coffee beans is required to make 1 kg of a coffee mixture, compared to 3,5 kg of arabica beans.

The difference arises because when robusta coffee is percolated, manufacturers can add water to the coffee by means of a chemical reaction known as hydrolysis.

This process is based on a famous Swiss patent which claims that the solids obtained from percolating robusta can be raised from 27 to 50 percent by chemically adding water to the solids.

BITTER SUBSTANCES

Mild coffee flavours are also replaced by bitter substances that are normally insoluble.

Bone-dry robusta instant coffee may therefore contain up to 46 percent water.

According to coffee technologists a label "100 percent coffee" is somewhat incorrect. Also, there is not a great deal of coffee in South Africa's instant coffee.

Packers say consumers prefer a blend of chicory, glucose and coffee because adding chicory was an old South African tradition. Historians differ, however. And a large packer which only sells coffee beans and pure ground coffee has established a sound market for its products.

The increasing demand for its coffee is some indication that South Africans can turn away from "substitute" drinks.

The prevailing taste has been created by the instant makers themselves, marketing experts say. Housewives have little option but to buy instant coffee made from coffee, chicory and glucose.

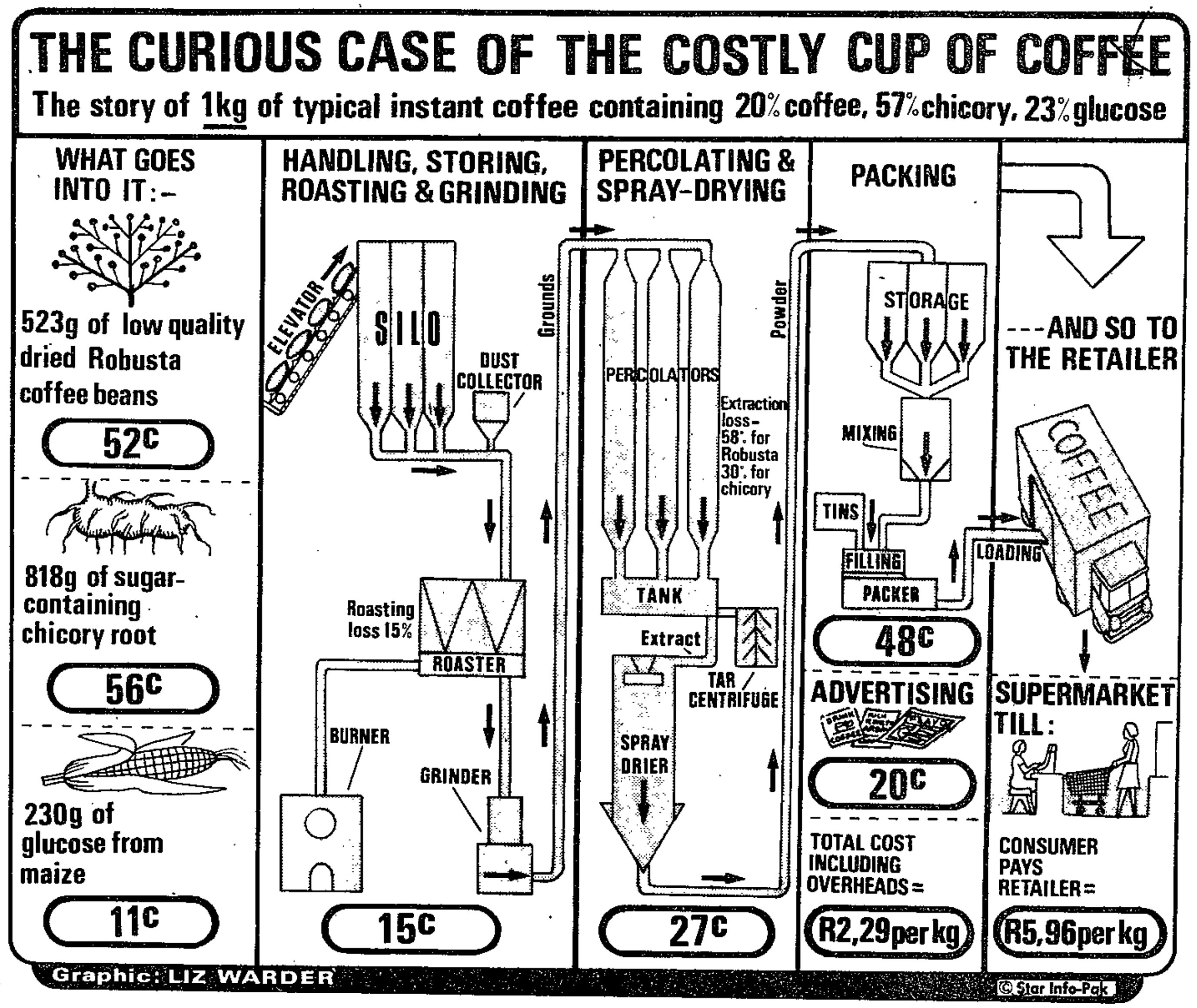
South Africa is unique in its tastes. In most Western countries the standard of coffee sold is high. The International Coffee Agreement (signed by most import and export countries but not by South Africa) contains a clause which states products sold as coffee must contain at least 90 percent coffee.

The South African Food and Disinfectants Act of 1929 states that coffee mixtures must contain at least 75 percent coffee. At the time the law was written, instant coffee was unknown although the wording of the law does cover instant coffees.

The 1929 act was succeeded by the Foods, Cosmetics and Disinfectants Act of 1972 and the 1929 provision was retained.

However, this law is not enforced. The Chief Director of the Department of Health, Dr G Oberholster, said that municipalities were responsible for the enforcement of the law.

This was confirmed by the Chief Medical Officer of Pretoria, Dr J P J Venter. He said health departments were not sufficiently staffed to enforce this rule.



Lawyer says Cofcor may have contravened the Companies Act

By Colleen Ryan, Consumer Reporter

The Coffee Corporation (Cofcor), a company which has taken millions of rands from small investors on the promise that it will pay rich returns, may have contravened the Companies Act.

Cofcor invited the public to invest in its coffee-growing scheme by buying the rights to the profits of coffee plants grown on their Lowveld farm.

In return, clients were promised annual profits worth 30 to 60 percent within three years of investing in the scheme.

The method it used to sell rights could, in the view of The Star's attorney, be a contravention of the law.

One of the contracts drawn up by the company enables Cofcor to exchange the investor's rights for shares at a later date.

The attorney said this meant Cofcor had in effect offered shares to the public and it may not do this without first having issued a prospectus and complying with all the requirements of the Companies Act.

Any person convicted of contravening that provision of the law faces a maximum fine of R2 000 or two years imprisonment or both.

"Only a public company may offer shares to the public — and this would include any rights to the profits. But it must first issue a prospectus, giving exact details of the company's state of affairs and the nature of its business," he said.

Launched in 1980, Cofcor has an aggressive advertising campaign to publicise its scheme. In a recent newspaper advertisement it invited people "to make money from coffee" and asked them to fill in a reply coupon for more details.

The company then sends agents to prospective clients who outline the healthy profits that can be made.

One representative who called on a Star reporter advised that it was best to invest the maximum available as a deposit and then to pay off for the rights offered on instalment sale.

The minimum investment on instalment sale was R2 100, she said.

The company has also issued glossy advertising brochures with pictures of its directors who include the South African Rugby Board's chairman, Dr Danie Craven.

Investment experts have responded with caution to the scheme and have pointed to the high risks involved in agricultural projects. Even if small investors are issued with shares it would be possible for the company directors to secure the majority shareholding in the company, said one analyst.

The controversial company has also run into difficulties with a major bank.

Agents for Cofcor had told some customers they could arrange a special deal if the customers were clients of a certain bank but that was untrue, a bank spokesman said.

"They are our clients but we are certainly not financing their operations," he said.

The bank, which has asked not to be named, released a Press statement late last year denying they were co-operating with Cofcor to offer special deals.

Cofcor chairman Mr Cas du Preez denied his company had contravened the Companies Act.

"We are not selling shares," he said. "The clause in our contract which referred to shares has been deleted."

Asked whether the deletion meant Cofcor knew it was contravening the Act, Mr du Preez said: "It was not necessary to have it in the contract."

The company attorney was drawing up a prospectus which would be submitted to the Registrar of Companies.

"If it is acceptable we will publish the prospectus in October," he said.

"I cannot give you any details of how the shares will be allocated until the prospectus has been issued.

"We will not force rights holders to change to shares, but I can guarantee you all of them will convert."

Mr Craven refused to comment on the "financial side" of Cofcor's operations.

"The legal documents are not drawn up by me an I take it the experts know what they are doing," h said.

The company has raised R10 million from inv tors, R2 million of which had been paid up, a Cof spokesman said.

● **TOMORROW: The production of coffee South Africa is on the increase, but is the market for the local product?**

Controversy rages on SA coffee crop

By Colleen Ryan and Hannes Ferguson

The production of coffee in South Africa is on the increase, but controversy rages over whether there is a market for the local product.

Coffee is grown in a broad belt from northern Natal to the Soutpansberg.

It is a labour-intensive crop and it costs more than R10 000 to develop one hectare which will yield a crop of 2,5 tons of dried coffee beans.

A few years ago when the current Lowveld woes of chaotic vegetable marketing, discriminatory rail and power tariffs and stagnation in the sugar industry started to bite, coffee seemed a way out of the crisis.

South Africa imports about 19 000 tons annually. Of this, 14 000 tons go into instant coffee, mixed with 10 000 tons of chicory and a large quantity of grain products, mainly glucose from maize.

The total consumption of instant coffee is estimated at 27 000 tons annually.

Growers calculate that if only half of South Africa's instant coffee were to be real coffee, there would be a home market for about 52 000 tons of high quality arabica coffee beans.

One of the producers supportying this view is the Barberton-based Coffee Corporation which began planting coffee trees in 1979.

Not everyone shares this optimistic view of the potential of the local coffee market.

The coffee that appears to thrive best in South Africa is arabica but the present demand for arabica beans is only 2 000 to 3 000 tons. The greatest demand is for robusta beans — imported on a large scale by the makers of instant coffee-chicory mixes.

There are also plantations in Venda, and Swaziland may soon enter the market.

The established importers who market instant coffee have reacted to the surge of interest in coffee.

South African growers would survive only if they could compete on the world market — which is controlled by importing and exporting countries which have signed the International Coffee Agreement.

DIFFICULT

South African growers would find it difficult to export their crops because signatories undertake not to buy more than small amounts of coffee from countries which have not signed the agreement.

If packers were forced to buy large quantities of South African coffee at Coffee Agreement prices, the cost of their raw materials would at least double and the consumer price of coffee would soar, they say.

Growers disagree and say packers can easily produce arabica-based instant coffee, pay world prices for South African-grown arabica and still make a profit without increasing their prices.

Claims of huge packer profits not true — expert

Consumer Reporter

Claims that packers are selling inferior coffee and making excessive profits are untrue, an SA Tea, Coffee and Chicory Association spokesman said.

Mrs Petraea Beardsley said the coffee market was highly competitive, involving 12 packers and four major manufacturers.

The expert who claimed instant coffee-chicory could be produced for R2,29 a kg had grossly underestimated expenses like packaging and distribution.

The allegation that consumers were drinking inferior "substitute" drinks was also unfounded.

South Africans developed their coffee drinking habits in the Voortrekker-Huguenot days. At that time, coffee was scarce and settlers resorted to supplementing it with roots. Later chicory was used and a taste preference developed for a coffee mix rather than a pure coffee.

"Manufacturers have spent thousands of rands on research and consumers have maintained their preference for a coffee-chicory mix. That does not mean South Africans drink inferior products — they are just different.

"About 90 percent of coffee consumed in South Africa is a mix. Consumers who prefer 100 percent pure coffee are catered for — there is a full range of products from 100 percent pure coffee to 100 percent chicory on the market with differing prices."

The Nielsen survey had found pure coffees cost between R15 and R20 a kg in supermarkets while blends cost between R4,80 and R5,20.

Packers used robusta beans in mixes because they blended well with chicory while arabica beans were used for pure coffee blends.

"Another claim is that South Africa is the dumping ground for inferior quality coffee beans. That is inaccurate because importers buy all qualities of coffee beans.

"South Africa is not a member of the International Coffee Organisation so it can buy coffee at good prices. Packers secure discounts of about 50 percent which are passed on to the consumer."

Mrs Beardsley said the batch of coffee examined by the SA Council for Medical Research was found to contain a mould caused by storage in a place where the humidity was too high.

"That had nothing to do with the quality of coffee grown and was an isolated case. In fact, the CMC did not test the beans themselves."

She also refuted the allegation that packers were not adhering to the Foods, Cosmetics and Disinfectants Act. This stipulates that products sold as coffee must contain at least 75 percent coffee.

The law referred to "mixed coffee" and "coffee mixtures" and was designed to cover ground coffee mixture labelling. It made no mention of instant coffee.

Instant coffee manufacturers were covered in another section of the law relating to coffee-chicory extracts.

Import quotas in the offing

By Hannes Ferguson

The South African coffee trade may never be the same again.

Concerned about the emergence of South African coffee-growing outside the International Coffee Agreement, the Government recently considered imposing quotas. These would limit local production to the quantities the coffee packing firms were prepared to buy within the framework of their present, import-oriented operations.

The Standing Coffee Committee, which functions within the Department of Industries, Commerce and Tourism, was expected to discuss the new policy.

The five main packing firms, the estates (Cofcor and Sapekoe), as well as the black homelands involved and the department itself, are among the members of the committee. They met last week, but did not take any decisions.

The producer interests represented on the committee were unwilling to forfeit their rights to expand.

If the parties cannot come to an agreement, the producers intend to petition the Board of Trade and Industries to protect them against the dumping of imported coffee.

Although the committee will soon meet again, farmers' representatives said that the quota plan was unlikely to be implemented. All growers were in favour of orderly, co-ordinated growth.

COFFEE GROWERS SEEK 25% PRICE INCREASE

RDM 24/4/85

By LAWRENCE BEDFORD

SOUTH AFRICAN coffee growers are seeking a 25% increase in the production price of their crop.

3 - Coffee

They supply about 4% of the country's annual coffee consumption (18 000 tons) and want a R1 000/t increase.

The chairman of the SA Agricultural Union's National Coffee Committee, Mr Johan Cronje, said its grower members would like a break-even price of R4 000/t.

SA has about 750ha of land under coffee.

"It's is a very expensive crop to grow, with a very long lead time of about four years. You need to invest about about R9 000/ha in production costs alone," said Mr Cronje.

Growers produced a good quality coffee, while an inferior quality was being imported, at lower prices, for blending purposes.

At the moment, the related price of the International Coffee Organisation (ICO) was to the producers' advantage, thanks to the rand-dollar exchange rate, but the situation could easily be reversed, he said.

Mr Cronje said producers had decided to bargin for a satisfactory price independent of the ICO price.

The national committee was meeting on May 7, with the aim of compiling a final price agreement to go to the SA Tea, Coffee and Chicory Association for consideration.

Producers were also engaged in making representations for the modification of guidelines regarding the growing and marketing of coffee, he said.

A study report on the production of the crop in South Africa, compiled by the Industrial Development Corporation (IDC), had been submitted to the Department of Commerce and Industry for consideration and comment.

S A coffee growers seek 25pc rise in production price

3 - COFFEE NM 29/4/85

Finance Reporter

SOUTH African coffee growers are seeking a 25 percent increase in the production price of their crop.

Locally-grown coffee is currently sold by producers at R3 a kg, but according to the chairman of the S A Agricultural Union's National Coffee Committee (SAAUNCC), Mr Johan Cronje, the producer wants a price of R4 a kg.

He said the national commmitee was meeting on May 7 to compile a price agreement to go to the S A Tea, Coffee and Chicory Association to determine a price.

Mr Peter Dowey, vice-chairman of the Natal Coffee Association, which falls under the SAAUNCC, said at the weekend the association was supporting the price increase.

He said the Natal growers were optimistic about the outcome but declined to speculate on the amount of the increase.

South African coffee growers supply about four percent of the country's annual coffee consumption, the bulk of it being grown in the Northern Transvaal.

Natal has nine growers, who produce about 20 percent of the locally-grown coffee, for most of them, growing coffee being a second crop to sugar-cane.

According to Mr Dowey, coffee is an expensive crop to grow compared with sugar with a long lead time of about four years and high production costs if grown under irrigation as in the Northern Transvaal.

He said Natal coffee was mostly grown under natural conditions, but production only yielded half of that grown under irrigation.

Mr Dowey said South African coffee is considered to be of excellent quality and superior to imports, which are often mixed with local coffee.

Current International Coffee Organisation (ICO) coffee prices, which South Africa is not a signatory to, is to the producer's advantage, thanks to the rand-dollar exchange rate, but the situation could easily be reversed, according to Mr Cronje.

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(3) Coffee

SA coffee growers push for monopoly

B. Day 21/5/85

By LAWRENCE BEDFORD

SOUTH African coffee growers are pushing for a monopoly on supplies.

Not only do they appear to be seeking price protection from imports, but also freedom to increase planting without reference to the needs of roasters and consumers.

Total coffee imports in 1984 amounted to 17 200 tons. Of that, 22,3% was the arabica variety, and the rest robusta.

World prices of arabica are between 460 and 480c a kg. Robusta prices are 350c to 360c.

The development depends largely on government acceptance of an Industrial Development Corporation (IDC) report on the viability of large-scale production of a coffee crop.

The chairman of the SA Agricultural Union's national coffee committee, Johan Cronjè, says development of an industry could create between 20 000 and 30 000 jobs in depressed areas of the Lowveld.

Such jobs could be created for about R6 000 each, compared with R25 000 for jobs in Reef industries, he says.

The industry is also considering the effect on imports of the rand-dollar exchange rate and the recent decision by the International Coffee Organisation to raise prices to non-members, such as SA.

As a result recent prices quoted to South African roasters have risen by 40%, says Derek Varnals, chairman of the SA Tea, Coffee, Chicory Association (Satcca).

IDC GM Malcolm Macdonald says if the ICO situation changed, South Africa could take the necessary action to ensure that coffee prices remained realistic.

The SAAU coffee committee met on May 7 to compile a final price agreement to go to Satcca.

South Africa has about 750ha of land under coffee at present.

Coffee growers seek monopoly on supplies

3 - Coffee

Mercury Correspondent NM 22/5/85

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Prices up

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Major row brewing over plans for SA own-brand coffee

B Day 11/6/85 (3) Coffee

By LAWRENCE BEDFORD

A MAJOR scrap between coffee producers and the Roasters' and Packers' Association is in sight as plans take shape to market South Africa's first own-brand in October.

The SA Coffee Corporation (Kofkor), formed three years ago to establish a strong producer, processing and marketing base, announced at the opening of its processing plant that it was going into the market with a five-ton-a-month output — with or without the blessing of the processors represented by the SA Tea, Coffee and Chicory Association (Satcca).

Kofkor wants to increase involvement in the coffee market — estimated to be between R300m and R500m a year.

It hopes to lift output of green beans of the Arabica type in the Eastern Transvaal to 2 400 tons, according to chairman Casper du Preez. Consumption is about 31 000 tons a year. Imports last year were 17 000 tons, of which 3 800 tons (22%) were Arabica.

The world price of Arabica — a peasant crop from the Ivory Coast and elsewhere — is 460c to 480c a kg.

Local growers have been negotiating with Satcca for years to reach an agreement to buy domestic production at premium prices to those available on import.

Satcaa chairman Derek Varnals said that the offers to buy a fixed maximum tonnage of domestic coffee at a premium to roasters' average imported price, have been rejected.

Growers were not prepared to accept any restriction on quantities to be sold at such prices, he said. The association has stated it would welcome a viable local coffee industry.

It feared, however, that government-backed development of a producer industry could result in a farmers' monopoly and higher prices to the consumer.

Kofkor's Du Preez said it had applied to join Satcca after its first crop. Planting started three years ago.

Kofkor intended to market its own roasted pure-ground Arabica. The company would also market imported pure, freeze-and-spray, dried instant coffees from Brazil because it did not yet have the technology for processing the instants nor sufficient bean production.

Du Preez said he could put an imported instant on the shelves for less than R25 a kg. A similar 125gm jar of instant in Barberton — centre of the Kofkor operations — cost R8,41c.

"I am not going to undercut Satcca members because I cannot afford a price war. Kofkor is not strong enough," he said.

But hand-labelled jars of Kofkor Gold, Silver and Bronze choice coffees were likely to be competitively priced.

Agriculture and Water Supply Minister Sarel Hayward — opening Kofkor's processing plant at the weekend — said imported coffee was worth R48m a year. Industry work opportunities could be created at an average capital investment of R11 000 a worker compared to R20 000 spent on decentralised industry.

Hayward added that government had asked the IDC to research the possibility of developing the coffee industry for small farmers within the existing infrastructure.

Kofkor investors are being asked to find a total of R28m to finance its operations. To date, it has raised R5m and has the Registrar of Companies' permission for another public share issue to raise the rest.

Du Preez claimed it would pay its backer a minimum 35% return on investment by the 1987/88 financial year.

Farmers seeking to copy Kofkor would have to fork out R194 000 in capital expenditure to reach the harvesting stage and need a further R50 000 operating capital. In the first full production year they would pocket R24 000 after paying tax at 25,5%.

Local coffee price set to soar

NM 18/9/85 3-Coffee

Finance Editor

LOCAL coffee prices are set to soar due to a combination of factors, the most serious one being the fall of the rand against the dollar, which has shoved up the landed price of beans considerably.

Nearly half of local tea needs are grown locally and the price of a 'cuppa' is not expected to perform as erratically.

South Africa no longer enjoys a discount on its imported coffee prices: local coffee growers and buyers have failed to reach agreement on price and the coffee nations started negotiations on a new coffee treaty this week.

Stability

Their talks will most likely continue the commodities price and supply stability — but the talks should lead to a price rise.

In London, coffee importing and exporting nations said they were optimistic they could negotiate a new agreement to stabilise volatile coffee prices and supplies for the next 12 months.

The International Coffee Agreement (ICA), which aims at keeping world coffee prices within an agreed price range through an export-quota system, is often regarded as the most successful of all inter-governmental commodity pacts.

But the agreement, which must be re-negotiated before the start of the new coffee year on October 1, has come under fire.

Producers want tighter quotas to limit supply and boost prices, while importers seek more flexible quotas to ensure ready supplies and avoid wide price fluctuations.

Delegates from 75 nations, meeting for their annual two weeks of talks at the International Coffee Organisation (ICO), say they nevertheless hope they can balance the interests of producers and consumers by adjusting the quota-setting mechanism.

Coffee-exporting countries may propose that the size of the global quota be reduced from its current level of 58,2m 60 kg bags, while importers are likely to want it increased to 60m bags or more, delegates said.

Pressure

Mr Jan Robbertze, chairman of T W Beckett (which covers Ciros, Ellis Brown and Koffiehuis) notes that pressure from European and American coffee importers led to the slashing of the discount which South Africa had enjoyed as a non-member of the ICO.

This action, with a natural shortage of Robusta beans — the principal source of coffee in this country — aggravated the situation.

'Coffee costs have escalated sharply, especially for Robusta beans,' he said, noting that Arabica beans are in plentiful supply from most traditional sources.

There is a 'theoretical' world over-supply of coffee but, says Mr Robbertze, says it is unlikely that reduced costs would be passed on to local roasters.

Also, local growers 'failed to confirm an agreement regarding the price of locally-grown coffee.'

Another factor that will affect the local industry will be a report from the Industrial Development Corporation on the viability of local coffee growing.

Mr Robbertze notes what he calls a disturbing trend: 'the swing from traditional packeted teas and ground coffees to the more modern convenience variants of teabags and instant coffee continues.'

1985

Coffee plans strike a snag

3-Coffee

28/10/85 Finance Editor Mercury

LOCAL coffee producers planning to increase plantings and create jobs have come up against the reluctance of coffee roasters to give them a good price for their coffee beans, the annual report of the SA Agricultural Union shows.

Business Mercury

Roasters have been importing coffee at prices lower than those fixed by the International Coffee Organisation but 'in the process quality has been sacrificed for the sake of lower prices.'

The market share of locally grown quality Arabica beans has risen from 7,92 percent in 1980 (or 254 tons) to an estimated 26,7 percent (1 275 tons) in 1984.

Consumption of Arabica coffee has grown by some 48 percent in the five years and the crop is now worth well over R5 m to farmers. The price, to farmers, has risen in that period from R2,95 to R4 a kg.

Producers are asking the roasters and packers for co-operation so that they can plan for the future; they ask for recognition by the authorities and the roasters and packers; and a 'reasonable price' for their product.

Prices

They propose a price of R4 000 a ton for class 3b choice grade and a price structure ranging from R4 465 for the very best to R2 360 for the lowest of 30 grades.

Coffee-farmers told the Minister of Agriculture, Mr S A S Hayward, earlier this year that 35 000 jobs in the decentralised areas could be created in the industry at a cost of about R9 000 a job compared with R28 000 for each industrial job.

Establishing a self-sufficient coffee industry would save the country R55 m in foreign exchange used to buy coffee abroad.

They went to see the minister because proposed guidelines for developing the industry, both for local consumption and potential exports, were not acceptable to the coffee-farmers.

They have suggested requesting 'partial tariff protection' to make the local industry economically viable.

And they want the public to be encouraged to consume a better quality pure coffee.

Cocoa up

LAGOS—Nigeria has raised the producer price for cocoa from $1 650 a ton (R4 300) to $1 760 (R4 630) for the 1985/86 buying season.

An official statement said prices of Arabica coffee remained unchanged at $1 600 a ton (R4 210) but the price for Robustas was increased to $1 375 (R3 620).

The producer price for tea was unchanged at $770 (R2 220). —(Sapa-Reuter)

Coffee drinkers face another big price rise

17/3/86

3 - coffee

Mercury Reporter

THE cost of that favourite cup of coffee thousands of South Africans consume every morning is expected to be hit by further dramatic price rises, says Mr Gerry Parginos, a top importer of pure Arabica coffees.

Mr Parginos says two factors are responsible for the increases consumers have had to face over the past few months.

One is a drought which halved Brazil's coffee crop and created a worldwide shortage, resulting in the price of coffee doubling.

The other is that world coffee prices are now quoted on the same basis internationally.

South Africa used to have a slight advantage by not belonging to the International Coffeee Organisation, and as such was usually quoted more favourable rates.

The levelling off of the prices has now done away with this advantage.

Temporary

But an improvement is expected by mid-year if the rand/dollar exchange rate improves significantly and the Brazilian crop improves.

Consumers who are currently paying about R3,40 for a 250 g pack of pure coffee can expect to pay more than R5 in future.

"But," said Mr Parginos, "we are hoping that the situation is temporary although other factors such as increased transport costs and wage bills have also affected the South African situation."

He said that historically the consumer price had dropped while the world commodity price had been reduced.

Instant coffees, which did not contain a great amount of pure coffee, would not be affected as greatly by the increase, he added.

Coffee growers in pickle over prices

(3) coffee

Own Correspondent

DURBAN — While coffee drinkers suffer from higher world prices, the local industry is the scene of disagreement between growers, roasters and packers over pricing policy.

The growers (14 of them in Natal) want buyers to agree to peg local producer prices to international levels. But the roasters and packers want to stick with the current "willing seller, willing buyer" pricing method.

The rand's poor performance on foreign exchange markets has added to the higher cost of imports — already climbing because of the world under-supply caused by a Brazilian drought.

Local coffee could join the spiral.

The relatively recently-formed Coffee Growers' Secretariat of Southern Africa has tried to persuade the SA Tea, Coffee and Chicory Association (SATCCA) — representing roasters and packers — to accept world prices as a base.

Johan Kriek, secretary of the secretariat, says producers have invested considerable sums in their operations and want protection from "dumped coffee".

Earlier efforts to get SATCCA to set local prices according to producer costs were rejected.

Producers — like other branches of agriculture in South Africa — want an element of control in the prices of their produce, says SATCCA member Toby Gawith, managing director of TW Beckett.

"As commodity buyers on international markets, we are used to taking the rap when prices go against us, and making a profit when prices are favourable.

"I do not want to be obliged to buy raw materials at the same price as my competitor, and for this reason we oppose local controlled prices."

Natal expects to produce 225 tons of coffee this season.

For the past year, prices have been thrashed out on behalf of producers by the Coffee Growers' Secretariat.

GROWING AREA

This body was formed last year to take in the increasingly important coffee growers in the Eastern and Northern Transvaal homelands of Lebowa, Gazankulu and Venda.

In recent years, the Eastern Transvaal has overtaken Natal as the country's most important growing area; about 90 percent of the about 1 675 tons of mainly Arabica coffee it is estimated will be produced around the country this season is now grown in the hot — and most importantly, irrigated — soils of the Eastern Transvaal.

Pegging the local producer price to imported prices would mean good profits for the labour-intensive coffee growing industry — but no relief for coffee drinkers from escalating prices.

COMMODITIES

Argus 1/7/86 (3 coffee)

Coffee growers, packers differ on pricing policy

The Argus Correspondent

DURBAN. — While coffee drinkers are affected by higher world prices, the local industry is the scene of disagreement between growers, roasters and packers over pricing policy.

The growers (14 of them in Natal) want buyers to agree to peg local producer prices to international levels. But the roasters and packers want to stick with the current "willing seller, willing buyer" pricing method.

Meanwhile, the whole industry is waiting for a report by the Industrial Development Corporation on the viability of farming the crop.

The rand's poor performance on foreign exchange markets has added to the higher cost of imports — already climbing because of the world under-supply caused by a Brazilian drought.

Local coffee could join the spiral.

WORLD PRICES

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Mr Johan Kriek, secretary of the secretariat says producers have invested considerable sums in their operations and want protection from "dumped coffee".

Earlier efforts to get SATCCA to set local prices according to producer costs were rejected, and the latest proposals are on ice pending the IDC report, says Mr Peter Dovey, chairman of the Coffee Growers' Association of Natal.

Producers — like other branches of agriculture in South Africa — want an element of control in the prices of their produce, says SATTCA member Mr Toby Gawith, managing director of T W Beckett.

"As commodity buyers on international markets, we are used to taking the rap when prices go against us, and making a profit when prices are favourable.

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REMAIN THAT WAY

Marketing is presently done on a "willing seller, willing buyer" basis — and SATCCA wants it to remain that way.

The 14 producers with the Natal association — all of whom grow coffee as a supplementary crop, mainly to sugar cane — send the beans grown on about 250 ha along the North and South coasts, to the Tongaat-Hulett plant at Kearsney.

There it is hulled and graded and then sold to roasters and packers via brokers at prices negotiated according to grade.

Natal expects to produce 225 tons of coffee this season.

For the past year, prices have been thrashed out on behalf of producers by the Coffee Growers' Secretariat.

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OVERTAKEN NATAL

In recent years, the Eastern Transvaal has overtaken Natal as the country's most important growing area. It is estimated that 1 675 tons of mainly Arabica coffee will be produced around the country this season, of which 90 percent will be grown in the hot, irrigated soils of the Eastern Transvaal.

Meanwhile, the unpalatable fact is that the retail price of ground coffee is now about R18 a kg, compared with R8,80 two years ago.

Roasters and retailers have warned that the collapse of the International Coffee Organisation (ICO) — which regulated sales before the Brazilian drought — is pushing prices up.

25/7/86

COFFEE INDUSTRY (3) coffee

On the bandwagon

It had to happen. Coffee growers, dazzled by prices paid on international markets for raw coffee beans, are pushing for an equivalent price for locally grown coffee.

Three weeks ago, the Coffee Growers' Secretariat let it be known through their brokers that they would be expecting packers to pay a price of about R10/kg for their Arabica; a price, which at the time, was in line with the world market.

Early last season, when world prices were low, a price marginally above the world price was agreed on between packers and local growers. However, as international prices began going up, pressure from growers for a more world market-related pricing policy increased.

Some packers are now charging that growers are "opportunistic" and are not "playing the game according to the rules." Their contention is that they initially willingly paid a premium for local coffee to assist the industry — although they could source Arabica cheaper abroad.

They feel growers are now being unfair in demanding a higher price at a time when coffee prices are generally up because of the drought in Brazil and the collapse of the International Coffee Organisation's (ICO) quota system.

Growers, on the other hand, retort that packers were reluctant to enter into formal price talks. At the same time, their input costs have risen while their prices have remained low. They consider that the time is ripe this season to move to a more market-related pricing structure.

Not all growers agree. Some feel that the new pricing policy might not be in the industry's best long-term interests. A set price in SA, they argue, would be preferable to following the roller coaster of the world market.

Moreover, as packers are not obliged to buy locally grown coffee, they could find themselves priced out of the market as piqued purchasers turn to the overseas market for their green beans.

At this point that seems unlikely. The world price for Arabica has already moved up to R11,58/kg, widening the price gap on South African coffee. Says Lionel de Roland-Phillips, of brokers I & M Smith: "As long as South African coffee remains competitive, quality for quality, with world prices, roasters will buy it."

What roasters and packers fear most is that they will be stuck with having to buy in local coffee at the world price with little room for price manoeuvrability in either market.

They also fear that once the coffee market stabilises, the ICO quota system is reintroduced and they are once again able to buy cheaper coffee — as a non-ICO member SA buys its coffee on a residual market at about 40% less than ICO members — growers will start demanding that prices be pegged to the higher ICO price.

The long-term industry concern is that, like tea, the price of coffee may eventually be controlled. With the high profile given to import replacement and the need to sustain local industry, packers could be obliged to buy coffee at prices even higher than those ruling on world markets — and to the detriment of consumers.

However, the chairman of the SA Coffee Growers' Secretariat, Gerrit Muller, brushes aside these concerns. He notes that growers and packers have a mutual dependency. "It is in the long-term interest of the industry that an equitable pricing policy be arrived at — perhaps one based on a formula which takes account of international price movements," he says. ■

3

COMPANIES Bus. Day 15/9/86 (tea) (coffee)

T W Beckett finds tea has a profitable taste

Mervyn Harris

T W BECKETT, the tea and coffee supplier in the Anglovaal group, expects a continued improvement in profits this financial year, chairman Jan Robertze says in the annual report.

Although the country's total tea sales were below the previous year's levels, Beckett increased its market share with its premium Five Roses brand maintaining its position while the new value-for-money brand, Trinco, was an instant success.

Prices of imported teas in rand terms have remained fairly constant because the lower rand absorbed the effect of decreased world market prices, thus making home-grown tea once again the most expensive brand component.

Prevailing stable conditions in the world tea markets are expected to continue.

The ground coffee market was hit by cost increases flowing from escalating world prices and the lower value of the rand. Robertze says: "Although the final effect of a series of cost increases has not yet reached the consumer, this market has already shown signs of weakness.

"Fortunately, the company has maintained its position within the market, while in the instant coffee segment, it improved sales and market share. Sales of coffee creamer and Isotonic Game were most satisfactory."

SA roasters had another sharp increase in coffee costs because of unfavourable climatic conditions in the growing countries. Nor is there any immediate prospect of sufficient supplies coming into the market to have any marked downward effect on prices.

High prices are therefore expected to continue with a consequent adverse effect on local prices and, ultimately, consumption.

Coffee growers and roasters are waiting for government's reaction to the Industrial Development Corporation's report on the feasibility of increasing local coffee production.

Robertze says: "Roasters believe further planting would not be in the interest of consumers if it requires price support mechanisms similar to those enjoyed by local tea growers."

Beckett does not expect any problems in obtaining supplies of either beverage from overseas.

FIN MAIL

COFFEE (3) coffee 3/10/86

Blending prices

Major coffee growers seem to be over the worst of their problems and lower prices on international markets should percolate through to South African coffee drinkers early next year.

That's good news for the housewife, but it does pose problems for SA's embryonic coffee growing industry.

With the 15-day moving average price being quoted at US$1,85c/lb, world prices are still comparatively high and are expected to remain so until late November. But brokers say if good rains fall in Brazil in October, the drought would have been broken and crop estimates will return to normal. This, coupled with the 24m bags from Colombia and Central America expected to flow into the market from December, and the later-bearing West African and Indonesian Robusta, should bring supply and demand into better balance and prices should decline.

Panic prices

It was the severe drought in Brazil last season which panicked the market when crop estimates were cut by around 15m bags. The effect was that international prices shot up to a high of $1,82c/lb for Robusta and $2,91c/lb for Arabica. The International Coffee Organisation's (ICO) quota system imposed on producer countries fell away when prices stayed above $1,50c/lb in the general clamour for raw beans.

Although most concede the general direction of international coffee prices is downwards, brokers, packers and roasters are divided over where prices will stabilise. Some can see prices returning to quota levels (between $1,20-$1,40c/lb) by March, while others are predicting a low point of $1,50c/lb around the middle of the year.

Either way, the declining price levels and an appreciating rand, should work their way through to coffee prices on local retailers' shelves in the new year.

While the news will hearten consumers, local growers — mainly in the eastern Transvaal and Natal — will not be pleased. Recently, they persuaded packers to agree to pay prices equivalent to the current high international price of around R10/kg for their Arabica. As SA is not a member of the ICO, packers normally buy their coffee on a residual market at a discount of up to 40% of the ICO price.

Traditionally, they have paid local growers a preferential price for Arabica despite the fact that they could source it cheaper on the international market to encourage the industry.

The question that arises now is: if normality returns to the market and the quota system is reimposed, will growers be prepared to accept the preferential surcharge on world discount levels or will they hold out for a price at least equivalent to the ICO?

The question is relevant. The Industrial Development Corporation has just completed an investigation into the coffee industry which has revealed that the area under coffee could easily be quadrupled to 5 400 ha, creating 10 000 new jobs.

Packers, understandably, are reluctant to encourage agricultural inefficiences by being forced to offer growers unlimited price support. They would prefer to see a ceiling set on the size of the subsidy they will be expected to pay — and the quantity of coffee local growers can sell into the local market — if the scheme gets the nod. ■

AGRICULTURE — PRODUCTS

· COFFEE

93 – 95

Studies on zones to process exports

BDay 8/7/93

LINDA ENSOR

CAPE TOWN — The countdown to the introduction of export-processing zones has begun, underpinned by broad consensus on their merits and countrywide initiatives to determine which industries in each region are most suited for inclusion in the zones.

Municipalities all over SA were participating in feasibility studies to determine the best way to establish the zones, SA Special Economic Zones Association founder member Neels de Villiers said yesterday. The association had already received 14 requests by entrepreneurs in Cape Town alone who wished to set up businesses in such zones.

Urgency had been given to the issue as it was necessary to have channels for foreign investment in place once remaining sanctions were lifted.

De Villiers sits on the National Economic Forum's export-processing zones committee as a representative of Sapoa. De Villiers said the zones subcommittee would submit its report to the forum for discussion on July 27.

Once the forum had approved final proposals, legislation would hopefully be submitted to Parliament during its September sitting. By July 27, the association hoped to submit its zone tax-incentive structure and draft legislation to the forum and its labour relations committee would by then hopefully have established contact with trade unions.

By end-August the technical committee's report on Custom and Excise control and barcoding systems should be finalised.

Badenhorst said a crucial issue to be finalised was to identify which industries were most suitable on a regional basis for inclusion in export-processing zonesand the association had established a special technical committee to look into this.

A 400ha piece of land around Vereeniging Airport had been acquired, by the municipalities of Vereeniging, Sasolburg, Meyerton and Vanderbijlpark, for a zone concentrating on steel, metal and allied products, plastics, PVCs and polystyrenes.

In the PWV area the East Rand RSC, and the municipalities of Kempton Park, Benoni, Boksburg and Springs, had appointed consultants to investigate the feasibility of a zone around Jan Smuts Airport. Likely products were high-value, low-weight goods such as electronic and high-tech products, De Villiers said.

The East London and Port Elizabeth municipalities had each initiated opportunity studies into the best types of zone industries as had the Midland Chamber of Industries, while in Cape Town various bodies were participating in an investigation. KwaNatal had also launched a study for Durban and Richards Bay.

Feasibility studies were under way for a zone around the Pietersburg airport, with support being given by the Messina, Pietersburg and Tzaneen municipalities and the Lebowa Development Corp.

Chicory industry latest in free market

BDay 8/7/93

PRETORIA — The chicory industry is to be propelled into the free market on September 30 when the chicory scheme is discontinued, ending 53 years of control.

3) Coffee

Agriculture Minister Kraai van Niekerk said yesterday he had approved the discontinuation of the scheme and said it indicated that organised agriculture was keeping pace with changes in the economic circumstances in which it operated.

"Chicory producers envisage having the assets of the Chicory Board taken over by a public company which has to be established and which will compete in a free market," the Minister said in a statement.

The name of the company will be Chicory SA Ltd.

Van Niekerk said most producers had voted in favour of the discontinuation of the chicory scheme and its replacement by a public company.

Chicory is mainly ground in its roasted form and used in blends with coffee. — Sapa.

BUSINESS DAY

Coffee drinkers may have to pay 25% more

BiDay 19/7/94

BEATRIX PAYNE

LOCAL coffee drinkers could expect to see retail prices rise by up to 25% after international coffee prices reached an eight-year high last week, market sources said at the weekend.

Raw coffee prices had risen by 77% since late June and peaked at $4 000/ton in London last week on news that a second cold snap had bitten into Brazil's crops, analysts said.

(3) Coffee

Coffee bean prices had risen roughly 80% from February to June as growers conducted an Opec-style retention scheme and attempted to push prices higher by controlling exports, analysts said.

Coffee manufacturer Becketts marketing director Garth Hewitt said because of international export controls, retail prices for pure ground coffee beans and instant coffee could rise by 25% and prices for chicory blends could rise by around 18%.

Nestlé corporate affairs head Dave Upshohn said local prices for pure instant coffee had recently risen about 25% and prices for the chicory blends rose about 17%.

But he said the effects of the recent price rises would only be felt in local supermarkets from October, depending on the level of stocks.

He could not say to what extent prices would rise as this would depend on the strength of the rand.

But an analyst said the rand was likely to weaken against foreign currencies by the end of the year.

But tea manufacturers were confident that coffee drinkers would switch to tea, Tea Council of SA Director Joe Mocke said.

He said tea consumption generally increased when there was a rise in coffee prices. Tea was one of the cheapest beverages at 10c a cup and SA was estimated to down roughly 10-billion cups of tea a year.

Sapa reports that in Zimbabwe frost wiped out about 15% of Zimbabwe's forecast coffee crop this year and another 30% which survived but was damaged would have to be downgraded, industry officials said at the weekend.

(3) COFFEE

Exorbitant coffee prices to continue

Staff Reporter

THE current exorbitant coffee prices, which have soared by up to 80% in the past three months, are set to persist for another year.

This is the view of Nestle corporate affairs manager Mr David Upshon, who said severe frosts had decimated the Brazilian coffee crop, causing serious shortages worldwide. This had pushed coffee prices up to an eight-year high.

Frost damage is expected to wipe out half Brazil's 1995-1996 coffee crop and the international price of coffee would probably continue to fluctuate between \$3 500 and \$4 000 a ton (about R12 250 and R14 000) in the coming year, he said.

A spokesman for Shoprite Checkers said a 250g jar of Nescafé Classic which retailed at R14,74 in January now sold for R28,98. The same product sells for R29,49 at Spar supermarkets.

A 750g tin of Ricoffy, which sold for R11,55 at Shoprite Checkers in January, now costs R19,95. At Spar it costs R29,95.

Spar spokesman Mr Colin Patterson said their prices reflected the "full brunt" of the increases, while it was possible other stores were still working through old stock.

Mr Upshon said although the price of Nescafé coffee had increased by 80% since August, he did not fear that coffee would become a luxury good priced beyond the reach of the average consumer.

But there had been a slight decrease in sales in recent months and it was possible that some consumers would switch to other beverages like tea or to cheaper blended coffees, he said.

Frost put price of coffee through roof

(3) COFFEE STAR 28/3/95

The international price of coffee has rocketed by 127% in the past 12 months, causing the local market to reel and forcing retail prices sky-high.

Severe frost in Brazil in mid-1994 damaged the crop severly.

World coffee markets rose in anticipation of this event. In March last year, coffee was priced at R2,97 for 45g. This month, the price is R6,72 for 45g.

In August, the cost was R7,80 for a mere 45g.

The shelf price of coffee also climbed steadily, with some brands jumping by nearly 100%.

Lionel de Roland-Phillips, director of coffee and tea brokers I M Smith, said green coffee took up to 10 weeks to reach South Africa from South America.

Offloading and transporting also took time, as did roasting the beans. Therefore, November world coffee markets would have an impact on South Africa only in March. Last November, coffee was priced at R6,95/45g.

"Coffee is the world's second most traded commodity after oil. There is unfortunately nothing roasters can do about prices, because they are set by world markets," De Roland-Phillips said.

Sheila Lord of the Housewives' League said shoppers could sometimes get coffee at cheaper prices if they scanned the newspapers for specials, but these were often only one-day specials offered by stores.

"You'll often find that what was advertised at R12,99 today has gone back up to R19,99 the next day."